

Board of Accountancy

Washington State



REGULAR BOARD MEETING AGENDA

Date, Time: Monday, April 25, 2011 – Regular Board Meeting – 9:00 a.m.
Location: WA State Criminal Justice Training Commission
Classroom # C-226
19010 First Ave So
Burien, WA (206) 835-7300

Chair Introductions/Special Notices

REGULAR MEETING AGENDA

1. Consent Agenda
 - a. Minutes – January 27, 2011, Regular Board MeetingA
 - b. Request Review Committee Report – Karen Saunders, ChairB
2. Motions for Entry of Order on Default
 - a. ACB-1260 - Richard H. MullenC
 - b. ACB-1225 - Weng Hong AoD
3. Board Policies Review
 - a. Recommendation to Restate or Retain
 - i. 2000-1 Continuing Professional EducationE
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 - iii. 2002-2 Expert Witness ServicesG
 - iv. 2002-4 International ReciprocityH
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 - b. Recommendation to RetireN
 - i. 1998-1 Education
 - ii. 2000-2 Public Inquiries
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 - vi. 2002-3 Responding to Inquiries Regarding Enrolled Agents . . .
 - vii. 2003-2 CPA Examination
 - viii. 2003-3 Interstate Reciprocity
 - ix. 2006-1 Directions to Staff
4. Delegations of Authority – Annual Review

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

Cheryl Sexton, Washington State Board of Accountancy
PO Box 9131, Olympia, WA 98507-9131
360/664-9194 Voice 360/664-9190 Fax

800/833-6388 (TT service) 800/833-6385 (Telebraille service)
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- a. Executive Director – Charges, Subpoenas, Negotiate SettlementO
- b. Deputy Director – Investigation, Subpoenas, Negotiate Settlement.....P
- c. CPE Waiver Extension Requests/Request Review Committee.....Q
- d. QAR Remedial Actions/Review of Publicly Available Professional Work.....R
- e. Administrative Notices of Non-Compliance and Respondent AgreementsS

- 5. Continuing Professional Education (CPE) Issues
 - a. CPE Deficiencies - Strategy
 - b. Board Approved Ethics CoursesT

- 6. Board Committee Structure

- 7. NASBA - Recommendations for Nomination of NASBA Director-at-Large, Regional Director, and Nominating CommitteeU

- 8. Legal Counsel’s Report

- 9. Chair’s Report

- 10. Committee/Task Force Reports
 - a. Compliance Assurance Oversight – Fred Shanafelt, CPA, Chair – *No Report*
 - b. Education/Exam Task Force – Elizabeth Masnari, CPA, Board Liaison – *Update*
 - c. Legislative Liaison – Edwin Jolicoeur, CPA, Chair – *Update*
 - d. Performance Review Task Force - Edwin Jolicoeur, CPA, Chair – *Update*
 - e. Quality Assurance Review (QAR) – Emily Rollins, CPA, Co-Chair
 - i. 2011 QAR desk review – *Update*
 - ii. 2010 CPE Audit – *Update*V
 - f. Request Review – Karen Saunders, CPA, Chair - *See Consent Agenda – Vote*

- 11. Executive Director’s Report
 - a. CPE Deficiencies – *Update*
 - b. Budget - *Update*
 - c. Investigation Statistics/Investigations & Administrative Sanctions - *Update*W
 - d. Meeting with Board Officers – *Report*
 - e. Renewal Cycle and Online Services - *Report*
 - f. WBOA-News - *Update*
 - g. Other

- 12. Executive and/or Closed Sessions with Legal Counsel

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

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 360/664-9194 Voice 360/664-9190 Fax Washington Telecom Relay Service)

**WASHINGTON STATE
BOARD OF ACCOUNTANCY
EXECUTIVE DIRECTOR'S SUMMARY – APRIL 25, 2011
REGULAR BOARD MEETING**

Day, time, location, special notices:

Meeting: **Monday, April 25, 2011 - 9:00 a.m.**
Location: **WA State Criminal Justice Training Commission**
Classroom # C-226
19010 First Ave So
Burien, Washington
(206) 835-7300

Notices: Note the meeting room change to **C-226**

Chair's Opening
Announcements:

The purpose of the Board meeting is for the Board to accomplish its business. After the Board completes its discussions on an agenda item, if appropriate, I will ask if anyone in the audience wishes to comment. As a reminder, individuals attending the meeting may participate only after recognition by the Chair. If you plan to address the Board during the public input section of the agenda, please sign the sign-up sheet.

APRIL 25, 2011 - REGULAR BOARD MEETING

1. Consent Agenda

- a. **Minutes – January 27, 2011** - Board staff presents the draft minutes from the January 27, 2011, regular Board meeting at **Tab A** for the Board's consideration.
- b. **Request Review Committee** - The Request Review Committee presents its report at **Tab B** for the Board's consideration.

Does the Board wish to approve the Consent Agenda as presented?

2. Motions for Entry of Order on Default

- a. **ACB-1260 Richard H. Mullen – Tab C**

Tab C contains a packet of documentation relating to the proceedings regarding Richard H. Mullen. The packet contains:

- Motion for Entry of Order on Default
- Declaration of Richard C. Sweeney
- Various Exhibits
- Draft Findings of Fact, Conclusions of Law and Default Order

Karen Saunders is the Consulting Board Member and will not participate in discussions.

You will note the Motion for Entry of Order on Default is not signed. The prosecuting assistant attorney general, Jacqueline Walker, AAG, has reviewed and approved the motion; we just have not received the signed copy. The Executive Director will hand carry a copy of the signed motion to the Board meeting.

Does the Board wish to enter an order based on your review of this material?

b. ACB-1225 Weng Hong Ao – *Tab D*

Tab D contains a packet of documentation relating to the proceedings regarding Weng Hong Ao. The packet contains:

- A Motion for Entry of Order on Default
- Declaration of Richard C. Sweeney
- Various Exhibits
- Draft Findings of Fact, Conclusions of Law and Default Order

Lauren Jassny is the Consulting Board Member and will not participate in discussions.

Does the Board wish to enter an order based on your review of this material?

3. Board Policies Review – *Tabs E through N*

The Executive Director reviewed all Board policies for consistency with the revisions to the Board's rules with the intention to:

1. Not duplicate that which is in statute or rule to avoid conflicting provisions within the regulatory framework;
2. Eliminate procedural guidance to the maximum extent possible;
3. Eliminate information that is not useful for decision making or definitive for constituents, e.g. range of sanctions in Policy 2004-1.

Tabs E through M contain two versions of each policy. The top version is the revised proposed policy. The second version provides the current policy in strike-and-delete so Board members can see all proposed revisions.

Tab N contains copies of each current policy that the Executive Director proposes be retired.

The Executive Director is proposing to restate, retain, or retire policies as follows.

a. Policies - Recommendation to Restate or Retain:

- Tab E** 2000-1 Continuing Professional Education
- Tab F** 2002-1 Substantial Equivalency Jurisdictions
- Tab G** 2002-2 Expert Witness Services
- Tab H** 2002-4 International Reciprocity
- Tab J** 2004-1 Sanction and Penalty Guidelines
- Tab K** 2004-2 Exam Applicant Disability Documentation . . .

Does the Board wish to revise these Board policies as proposed?

The Executive Director proposes retaining the following policy with no revision.

- Tab I** 2003-1 Safe Harbor Report Language for Use by Non-CPAs
(No changes recommended)

Does the Board wish to retain this Board policy?

The Executive Director proposes adding the following new policies:

- Tab L** 2011-1 Principles Underlying Board Rules (to replace WAC 4-25-610)
- Tab M** 2011-2 Interim Policy Guidelines Pending Rule Changes

Does the Board wish to adopt these Board policies?

b. Policies – Recommendation to Retire – Tab N

- i. 1998-1 Education
- ii. 2000-2 Public Inquiries
- iii. 2000-3 Quality Assurance Review Program
- iv. 2001-1 Compensation Arrangements
- v. 2001-2 Experience
- vi. 2002-3 Responding to Inquiries Regarding Enrolled Agents, Accredited Business Accountants, Accredited Tax Preparers, Accredited Tax Advisors, and Certified Financial Planners
- vii. 2002-4 International Reciprocity
- viii. 2003-3 Interstate Reciprocity
- ix. 2006-001 Directions to Staff

Does the Board wish to retire these Board policies?

4. Delegations of Authority – Annual Review - Tabs O through S

The Executive Director recommends that the Board review its delegations annually. The current Board includes three newer members who may not be familiar with the delegations. The Board's delegations include:

Delegated solely to Executive Director:

July 29, 2005:

1. *Subpoena, deposition, and other powers when conducting investigations.* (RCW 18.04.045(7)).

January 27, 2006:

1. *CPE Waiver Extension Requests* due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment for up to 16 credit hours (WAC 4-25-830).
2. *Review of Publicly Available Professional Work* (RCW 18.04.045(8) and WAC 4-25-820(2)(i)).

Delegated to Executive Director with Concurrence of a Board member:

January 27, 2006

1. *CPE Waiver Extension Requests* due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment over 16 credit hours (WAC 4-25-830).
2. *Firm Names* (18.04-345 and WAC 4-25-661)
3. *Professional/Education Organization Recognition Requests* (RCW 42.17.260(9) and WAC 4-25-520)
4. *Late Fee Waiver Requests* where individual hardship is a factor (WAC 4-25-530,750(6), 790, and 820).

April 26, 2006

1. *QAR Remedial Actions* pursuant to WAC 4-25-820(2)(h)
2. *Administrative Notices of Non-Compliance and Respondent Contracts* related to specific first time administrative violations including title use, address changes, record retention, and deficiencies in CPE.

The Executive Director is proposing minor changes to the delegations to reflect current practice and current staffing.

Tabs O through S contain two versions of each delegation. The top version is the proposed revised delegation. The second version provides the current delegation in strike-and-delete format so Board members can see each proposed revisions.

Does the Board wish to revise these Board delegations as proposed?

5. Continuing Professional Education (CPE) Issues

a. CPE Deficiencies – Strategy – See *Tab M* - At its July 2010 meeting, the Board provided the following directive to staff:

- Applicants for renewal that self-report continuing professional education (CPE) deficiency during renewal have six months until June 30 of the renewal year to obtain the required CPE. The applicants must pay the \$480 reinstatement fee and carry deficient CPE back to the CPE reporting period for that renewal. The applicants are subject to CPE audit.
- After June 30 or if the CPE deficiency is not self-reported, staff is to follow the Board's delegation related to the issuance of Administrative Notices of Noncompliance and related guidelines for those deficient up to and including 16 hours. For those individuals deficient 17 hours and above refer to Enforcement.

During the 1st quarter 2011, 57 individuals self-reported CPE deficiencies during renewal. Of those 53, 25 have already cured the deficiency and paid the reinstatement fee. The Executive Director will report.

Does the Board wish to continue to direct staff to follow the above directive when dealing with CPE deficiencies?

b. Board Approved Ethics Courses – *Tab T* - contains:

- A listing of all ethics and regulations courses currently approved by the Board. In January, the Executive Director notified all providers of changes to Board rules and required them to submit their revised course materials for approval by April 30. As of April 14, 10 providers have not responded. This list appears on the Board's web site. Board staff will update the web site promptly should any providers submit revised course materials for approval.
- A calendar showing when Board approved ethics and regulation courses will be provided during 2011.
- A proposed checklist to use when auditing a Board approved ethics and regulation course

Board members periodically audit Board approved ethics and regulation courses at no expense to the Board member. If you wish to audit a course, please contact Board staff, Michelle Eddy, at (360) 664-9191 or michellep@cpaboard.wa.gov to make arrangements with the course provider.

6. Board Committee Structure

The Executive Director suggested the following Board governance structure to the Performance Review Task Force:

Board Governance Committee

Agency Performance & Compliance Review Subcommittee

Quality Assurance Subcommittee

Initial Licensee Qualifications Subcommittee

The Executive Director will lead the discussion.

7. **NASBA – Update** - Laurie Tish does not have an update for this meeting. The NASBA leadership has not met since the Board's January 2011 meeting.

NASBA's Nominating Committee is asking boards to submit their recommendations for next year's Nominating Committee Members, Directors-at-Large and Regional Directors. Recommendations are due to the Committee by May 27, 2011. **Tab U** contains:

- NASBA's Request
- Oregon's Nomination for Pacific Regional Director

Does the Board wish to nominate anyone for NASBA's Nominating Committee, Directors-at-Large or Regional Directors for 2011-2012?

8. **Legal Counsel's Report**

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

9. **CHAIR'S REPORT**

The Board's Chair requests the agenda for regular Board meetings contain a placeholder item allowing for the Chair to report on any current issues related to the Board's activities.

10. **Committee Reports**

- a. **Compliance Assurance Oversight** – Fred Shanafelt, CPA, Chair

Fred has nothing to report at this meeting.

- b. **Education/Exam Task Force** – Elizabeth Masnari, CPA, Board Liaison; Robin Clark, CPA, Chair, Ronald Sabado, CPA, and Kay Carnes, CPA, Members.

Task force chair Robin Clark will have a report for the Executive Director to hand carry to the meeting.

- c. **Legislative Liaison Committee** – Edwin G. Jolicoeur, CPA, Chair; and Jerry Ryles, Member.

Ed Jolicoeur will report.

- d. **Performance Review Task Force** – Ed Jolicoeur, CPA, Leader; Members: Gerald Ryles; Karen Saunders, CPA; Judy Love, WSCPA; and Bea Nahon, CPA.

Ed will report.

- e. **Quality Assurance Review (QAR) Committee** – Emily Rollins, CPA and Robert Speicher, CPA, Co-Chairs; Members: Edwin Jolicoeur, CPA, and Elizabeth Masnari, CPA.

i. **2011 QAR desk review** - Emily will report.

ii. **2010 CPE Audit – Tab V** provides the Board with the results of the audit.

- f. **Request Review** – Karen Saunders, CPA, Chair; Laurie Tish, CPA, and Gerald Ryles, Members.

See Consent Agenda, Item 1.b., above.

11. Executive Director's Report

- a. **CPE Deficiencies** – See Item 5

- b. **Budget** – The Executive Director will provide the Board with an update on the status of the agency's budget.

- c. **Investigation Statistics/Investigations & Administrative Sanctions** –

Tab W contains the following:

- Case Status Report for the period ended March 31, 2011
- Investigations Results/Statistics through March 31, 2011 as posted on the Board's web site
- Investigation Statistics January 1990 through March 31, 2010

- d. **Meeting with Board Officers** – The Executive Director met with Board officers Friday, April 22, 2011. The Executive Director will report.

- e. **Renewal Cycle and Online Services** – The Executive Director provides the following renewal statistics as of April 15, 2011:

Individuals

1110 renewing online – 98%
23 renewing via paper
575 still to renew – 34%

Firms

127 renewing online – 96%
5 renewing via paper
102 still to renew – 44%

To date using the online application, the agency has collected in revenue:

ACH = \$947,485 – 50%
AMX = \$183,151 – 10%
Mas = \$194,766 – 10%
Vis = \$553,236 – 29%
Total = \$1,878,638

Online services recently added invoicing capabilities.

- f. **WBOA-News** – As of April 15, 2011, 1668 individuals have subscribed. This is a net increase of 66 individuals since January 20, 2011 – 4.1%.

- g. **Other**

12. Executive and/or Closed Session with Legal Counsel

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

13. Public Input

Board meeting time has been set aside to ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each with a maximum of three speakers at each board meeting. [Chair: Note the sign up sheet will be set out at the start of the Board meeting.]

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

- Time and Place of Meeting** 9:04 a.m. – 1:40 p.m. Thursday, January 27, 2011
Washington State Criminal Justice Training Commission
Classroom # C-220
19010 First Ave So
Burien, Washington
- Attendance** Donald F. Aubrey, CPA, Chair
Robert G. Hutchins, Vice Chair, Public Board Member
Lauren C. Jassny, Secretary, Public Board Member
Edwin G. Jolicoeur, CPA, Board Member
Elizabeth D. Masnari, CPA, Board Member
Emily R. Rollins, CPA, Board Member
Gerald F. Ryles, Public Board Member
Karen R. Saunders, CPA, Board Member
Laurie J. Tish, CPA, Board Member
Bruce L. Turcott, Assistant Attorney General
Thomas J. Sadler, CPA, Deputy Director
Cheryl M. Sexton, Executive Assistant
- Rules Hearing** The Board held a public rule-making hearing from 9:05 a.m. to 9:15 a.m. The Board proposed to amend and recodify two sections and add one new section:
- WAC 4-25-640 What are the requirements concerning records and clients confidential information?
 - WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?
 - WAC 4-25-670 What enforcement actions must be reported to the board

The Deputy Director presented the rule-making proposals.

Written Testimony

The Board received written comments from one individual prior to the hearing.

Oral Testimony

The Board heard oral testimony on the rules under consideration from Jerry Gintz, on behalf of the Washington Association of Accountants. Mr. Gintz provided Board members with a copy of the AICPA's Code of Professional Conduct Section 501 – Act Discreditable and interpretation.02 501-0—Response to requests by clients and former clients for records.

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

Call to Order

Donald Aubrey, Chair, called the regular meeting of the Board to order at 9:23 a.m. The Chair announced that the Board would discuss the item under Tab M of the agenda during committee reports, specifically the legislative liaison's report, rather than under the legal counsel's report.

Consent Agenda

The Board approved the following items on the consent agenda:

- Minutes of the October 29, 2010, Annual Board Meeting
- Minutes of the January 3, 2011, Special Board Meeting
- Request Review Committee Report

Rules Review

The Board adopted the proposed rules (WAC 4-25-640, WAC 4-25-670, and WAC 4-30-051) as published in the CR-102.

The Chair offered to write an article for the Washington Society of CPAs (WSCPAs) and Washington Association of Accountants (WAA) explaining the rule and suggesting solutions for their members.

Performance Review Project Update

Robert Hutchins provided the Board with an update on the Performance Review Project and the Zwilling & Knecht PC (Contractor) request for extra payment for the merger report. He provided the Board with a draft second amendment to the consulting contract plus a related draft freeze exemption request. The proposed second amendment authorizes an additional payment for the merger report of \$10,310 plus payments for identified supplemental services of \$16,378, including consultation respecting implementation of the performance review report, expert testimony at any legislative hearing, and, if necessary consultation respecting implementation of a merger. Mr. Hutchins reported that the Department of Licensing had questions about reasons given for the second amendment. The Board approved the amended contract and related freeze exemption request as presented with the understanding that Mr. Hutchins would be talking to others and may change language to address concerns. Mr. Hutchins will transmit any changes to Board members for concurrence via e-mail.

**Roy A. Lentz –
Request for
Modification
Revocation
Order**

At its October 2010 meeting the Board considered Roy A. Lentz' request to suspend the remaining time limitations contained in the Stipulation and Agreed Order he entered into with the Board on April 12, 2004.

In addition to other things, the Stipulation and Agreed Order requires Mr. Lentz to serve at least nine years and six months of the revocation before the Board will consider an application for the CPA examination. Under those terms, Mr. Lentz would not be allowed to apply for the exam until October 12, 2013, provided he meets the current education requirement. Mr. Lentz advised the Board that he has some education requirements to fulfill in order to meet the Board's 150-hour education requirement.

After considering Mr. Lentz' request in Executive Session with legal counsel, the Board agreed to modify the Stipulation and Agreed Order to require Mr. Lentz to serve at least seven years of the revocation to permit him to take the CPA examination.

**Mark Ekern –
Inquiry
Concerning
Reinstatement**

On July 5, 2002, the Board entered into a Stipulation and Agreed Order with Mark Ekern. The Stipulation and Agreed Order revoked Mr. Ekern's CPA certificate for ten years as a result of Mr. Ekern's guilty plea and conviction of forgery and theft in the second degree. The revocation continues until Mr. Ekern:

- Complies with the current education, examination, experience, and ethical requirements
- Serves at least nine years of the revocation before the Board will consider an application for reinstatement.

Mr. Ekern asked if the Board would consider the reinstatement his CPA license once he meets the above requirements. He does not want to incur the significant costs of retaking the CPA exam if reinstatement is unlikely.

After considering Mr. Ekern's request in Executive Session with legal counsel, the Board determined the Board is not authorized to make a prospective decision. The Board directed the Executive Director to work with Mr. Ekern to help him determine what actions Mr. Ekern might consider to favorably effect a Board decision to reinstate his CPA license with the understanding that the Executive Director cannot bind the Board.

**Education
Evaluator –
Foundation for
International
Services, Inc.**

The Foundation for International Services, Inc. (FIS) requested Board recognition as an evaluator of international education. The Board resolved to recognize FIS as a foreign education evaluation service.

NASBA

Laurie Tish provided the Board with an update on National Association of State Boards of Accountancy (NASBA) activities including:

Recommendations for Nomination of NASBA Vice Chair

NASBA's nominating committee is calling for recommendations for vice chair of NASBA for the 2011-2012 year.

Recommendations are due to NASBA's Nominating Committee by early to mid March.

Ed Jolicoeur advised the Board he is a member of NASBA's Nominating Committee. He recused himself and left the meeting room during the entire presentation and discussion of this agenda item.

The Board supported the nomination of Gaylen Hansen of Colorado for the NASBA position. The Board directed Board staff to provide Board members with a copy of Mr. Hansen's resume. The Board directed the Executive Director to prepare a recommendation letter to NASBA's Nominating Committee for the Chair's review and signature.

Proposed Revisions to Uniform Accountancy Act (UAA) and UAA Model Rules

Section 3 and Article 14 - Firm Names - The AICPA/NASBA Uniform Accountancy Act (UAA) Committee is proposing revisions to the UAA and UAA Model Rules to add a definition of "Network" and "Network Firm" and provide guidelines on CPA firm names. The AICPA/NASBA UAA Committee is asking for comments by March 4, 2011.

The Board directed the Executive Director to write a letter expressing the Board's general support for adoption of the proposed changes to the UAA and related model rules.

Rule 3-1c – Attest – The AICPA recently issued a new standard (SSAE 16) that will supersede SAS 70. In mid January, NASBA's Board of Directors adopted a UAA Model Rule regarding the definition of "attest" to incorporate by reference the Statements on Auditing Standards (SAS) issued by the AICPA as they existed prior to the effective date of the changes to SAS 70.

The Board directed the Executive Director to draft a letter expressing the Board's acceptance of the proposed model rule but encouraging NASBA to contact the AICPA and request the AICPA to delay implementation.

Legal Counsel's Report Bruce Turcott, the Board's legal counsel, provided the Board with an update on outstanding litigation.

Chair's Report The Chair reported that Ed Jolicoeur, Jerry Ryles, and Karen Saunders volunteered to participate on a task force with other stakeholders charged with reviewing the Contractor's Performance Review Project recommendations and making recommendations to the Board. The Chair will liaison with the task force. The task force will consider members from the WSCPA's Best Practice Task Force for stakeholder participation.

Compliance Assurance Oversight Committee Committee Chair Fred Shanafelt had nothing to report for this meeting.

Education Exam Task Force The Board approved the Education and Examination Task Force Charter as proposed. Elizabeth Masnari volunteered to liaison with this task force.

Legislative Liaison Committee Senate Bill 5095 and House Bill 1086 (the Governor's supplemental budget) propose a \$1 million sweep of the CPA fund balance. The Board discussed a letter drafted by Laurie Tish, Emily Rollins, and Robert Hutchins to the Governor and Legislature concerning the Governor's proposed supplemental budget. Laurie volunteered to rework the letter marked personal and confidential to the Governor only. The Board directed Board staff to send the revised letter to all Board members to inquire if they wish to have their signature affixed. If all members wish to sign, staff is to use agency letterhead. If even one member declines, staff will print the letter on plain white paper for delivery to the Governor.

Quality Assurance Review (QAR) Committee Committee co-chair Emily Rollins advised the Board that the Committee has been working hard to conclude on issues identified in the 2010 QAR and CPE review processes, as well as finalize Stipulation and Agreed Orders.

QAR Committee

The Board appointed the following individuals to serve on the Board's 2011 QAR Committee:

- Robert E. Speicher, CPA, Co-Chair
- James L. Holder, CPA, Vice Chair
- Christine Bogard, CPA
- James E. Coates, CPA
- Nina L. Gerbic, CPA
- Martin H. Oreschnigg, CPA
- David A. Stiefel, CPA

2010 CPE Audit

Emily reported that staff is currently auditing the CPE of 190 individuals and provided the Board with current statistics to date. Staff will provide the results of the review for the April meeting.

Request Review Committee

The following report was approved under the consent agenda:

CPE Extensions – During 4th quarter 2010, the Board received 16 extension requests where the CPE deficiency was more than 16 CPE credit hours. The Executive Director and a Consulting Board Member took the following action:

Approved: 7
Denied: 4
Pending: 1
Withdrawn: 4

Firm Names – The Executive Director and a Consulting Board member approved the following firm names during 4th quarter 2010:

- Washington Business Accounting & Tax, CPA, LLC
- Accounting Resource Group, LLC
- Petersen CPAS & Advisors, PLLC
- NSK CPA & Company
- Benchmark Accounting, PLLC
- Suncrest C.P.A. Services, P.S.
- MAS, Inc. – Certified Public Accountants
- VCB Consulting & Accounting Services
- Eastside Bookkeeping and Bellevue Bookkeeping-Tax

Late Fee Waivers – During 4th quarter 2010, the Board received no late fee waiver requests.

Professional/Educational Organization – Recognition Requests – During the 4th quarter 2010, the Board received three requests

for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs. The Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Recognized:

- Panagiotu Pension Advisors, Inc.
- ClineSys

Denied:

Aging Options

**Executive
Director's
Report**

In the Executive Director's absence, the Deputy Director reported:

CPE Deficiencies - During 4th quarter 2010, the Board received three requests for additional time to complete CPE of 16 hours and under. The Executive Director took the following action:

Approved: 1

Withdrew: 2

New processes – The Deputy Director reported on new processes for communicating with licensees and certificate holders.

Coordination of Enforcement Recommendations and Actions – The Deputy Director provided the Board with the Executive Director's written report on steps he is taking to coordinate enforcement recommendations and actions.

Renewal Cycle and Online Services – The Deputy Director provided the Board with the following renewal statistics:

Individuals

1509 to renew this year
433 renewing online – 99.1%
4 renewing via paper
1,072 still to renew – 71%

Firms

236 to renew this year
32 renewing online – 97%
1 renewing via paper
203 still to renew – 86%

Investigation Statistics/Investigations & Administrative Sanctions
The Deputy Director provided the following reports to the Board:

- Case Status Report through December 31, 2010
- Investigation Statistics January 1990 through December 31, 2010

Expedited Rule-Making

The Executive Director filed expedited rule-making with the code reviser on January 19, 2011. Staff noticed reference to WAC 4-25 in the rules adopted by the Board in October. Since all but two rules in WAC 4-25 were recodified as WAC 4-30, it is necessary to fix these references. Additionally, the Board added a 17th standard to the listing in WAC 4-30-048; but, the rule contains two references to “subsections (1) through (16).” The Executive Director proposes fixing the references to “subsections (1) through (17).”

If no one objects before March 22, 2011, to the expedited rule making, the Executive Director will file a CR-103 to adopt these proposed changes.

Meeting with Board Officers – The Executive Director met with Board officers on Wednesday, January 19, 2011. The Chair reported.

WBOA-News – Board staff was not able to provide the Board with the number of individual subscribed to WBOA-News.

Revising Board Policies – Due to the recent changes to Board rules, some of the Board’s policies contain references to rules that have been renumbered and in some cases amended. Staff placed the following language on the Board’s web site:

(Please note, due to recent changes to Board rules, some of the policies listed below contain references to rules that have been renumbered and in some cases amended. Please refer to Page 3 of the rule-making order for a table with cross references. The Board is in the process of reviewing its policies and expects to complete the process by July 2011. If you need clarification and/or have questions, please contact us directly.)

The Board approved the Executive Director’s recommendation to add:

Staff will interpret and implement the policies or portions thereof consistently with revised Board rules pending a complete policy review.

Minutes, January 27, 2011, Regular Board Meeting

Public Input During the course of the meeting, the Board heard public input from Judy Love representing the Washington Society of CPAs (WSCPAs).

Adjournment The Board adjourned at 1:40 p.m.

Request Review Committee Report April 25, 2011

Karen Saunders, CPA, Chair

CPE Extensions exceeding 16 CPE credit hours - All CPE extension requests were due on or before December 31, 2010. Staff treated any extension requests received during 1st quarter 2011 as self-reported CPE deficiencies and subject to reinstatement.

Firm Names – The Executive Director and a Consulting Board member approved the following firm names during 1st quarter 2011:

- Action Tax, LLC
- Anderson Accounting Services
- Blue Sky Accounting, LLC
- Brightline CPAs and Associates, Inc.
- Building on Tax & Accounting
- Hearthstone CPA Group PS
- Kwon's Accounting Co
- Raincity CPA
- Regal Street CPA
- SAS 70 CPA, Inc.
- Tri-Cities CPA PLLC

The Committee met by telephone on March 15, 2011, to consider several questions concerning firm names. Please see the attached.

Late Fee Waivers – During 1st quarter 2011, the Board received no late fee waiver requests.

Professional/Educational Organization – Recognition Requests – During the 1st quarter 2011, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs.

On March 15, 2011, Board Staff met with the Request Review Committee to review the following questions regarding firm names. Here is a summary of the Committee's review:

1. I am a lawyer and also a licensee. The name of my law firm is Jones JD. I also have CPAs on staff. Both my staff and I prepare estate tax returns and sign as a CPA.
 - a. Do I need a CPA firm license?
 - b. Am I in violation by using the CPA title on Estate Tax Returns?

Conclusion: No, the law firm would not need to license the firm. (RCW 18.04.195) As long as the individuals signing the tax returns hold a valid CPA license, he/she may use the designation CPA. [RCW 18.04.345(2)] The licensed CPAs may not offer to provide or provide attest or compilation services without a CPA firm license. (RCW 18.04.345(7))

2. I have a partnership with my son who is a non-licensee. Is the name Smith & Smith permissible, i.e. can the firm name include the name of a non-CPA firm owner?

Conclusion: Yes, the firm could include the name of a non-CPA firm owner in the firm name provided the non-licensee firm owner is registered with the Board. (RCW 18.04.195(11), WAC 4-30-056 and WAC 4-30-110)

3. I am a licensed individual performing consulting, training, and litigation support and tax services. Do I need a firm license?

Conclusion: No, this firm does not need a firm license as long as the firm does not offer to provide or provide attest or compilation services. (RCW 18.04.195)

4. I am a licensed individual registered with the state taxing authorities as a sole proprietor. I have no staff. Do I need a firm license to put CPA on my business card if I only perform the services in item #3?

Conclusion: No, the firm would not need to be licensed. (RCW 18.04.195 and RCW 18.04.345(2))

5. I am a licensed individual partner in a CPA firm licensed as an LLC. For tax reasons, I individually have formed an LLC to hold my ownership in the LLC firm.
 - a. Must I license my LLC as a CPA firm to comply with state law regarding ownership in a Professional LLC?
 - b. Must I license myself as a CPA firm to use the title CPA on my business card for the firm OR must I put Rick, LLC on my business card for the firm LLC?

Conclusion: The Committee requested that Board staff seek legal clarification. Assistant Attorney General, Bruce Turcott provided his advice.

The Committee is considering the advice and has not reached any conclusions. The AAG advised:

- a. It is unanswered by RCW 18.04 to what degree, if any, firms must comply with the business organization statutes to maintain professional licensure.
 - b. No. The individual's license allows the individual to use the CPA title on the individual's business card.
6. If an out of state firm (who is not licensed as a CPA firm in their home state) using the name Rogers, Murray & Miles, LLP wants to be licensed here in WA, but Miles is an attorney, can the firm name be licensed here in WA.

Conclusion: Yes, the "fictitious" firm name would need to be approved by the Board's Request Review Committee. (RCW 18.04.345(6) and WAC 4-30-056)

7. What if one of the owners would like to take the name and open a firm here in WA and the name of the firm Rogers, Murray & Miles, LLP – WA? Murray and Miles have never been owners of the WA firm.

Conclusion: Yes, the firm may use the brand name, as long as the name had been approved by the Board's Request Review Committee. [RCW 18.04.345(6) and WAC 4-30-056] This assumes the firm wants to be licensed as a CPA firm in Washington State. If the firm does not offer to provide or provide attest or compilation services or does not include "CPA" or "Certified Public Accountants" in the firm name, the firm is not required to obtain a CPA firm license. (RCW 18.04.195 and WAC 4-30-112)

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public
Accountant (CPA) Certificate and/or
License(s) to Practice as a CPA or CPA
Firm of:

Richard H. Mullen, CPA, PS, and
Richard H. Mullen, CPA,
Individually and as Owner of
Richard H. Mullen, CPA, PS,

Respondent.

NO. ACB-1260

MOTION FOR ENTRY OF
ORDER ON DEFAULT

COMES NOW the Washington State Board of Accountancy, appearing by and through its attorneys, ROBERT M. MCKENNA, Attorney General, and Jacqueline Walker, Assistant Attorney General, and moves the Board for entry of a final order against Respondent. This motion is based on Respondent's failure to respond to the Statement of Charges served on him on November 10, 2010, on the records and files herein, and on the accompanying Declaration of Richard C. Sweeney and the documents attached thereto, which provide prima facie proof of service and of the allegations contained in the Statement of Charges.

Respectfully submitted this _____ day of _____, 2011.

ROBERT M. MCKENNA
Attorney General

JACQUELINE WALKER, WSBA No. 31591
Assistant Attorney General

**PROCEEDINGS BEFORE THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public
Accountant (CPA) Certificate and/or
License(s) to Practice as a CPA or CPA
Firm of:

Richard H. Mullen, CPA, PS, and
Richard H. Mullen, CPA,
Individually and as Owner of
Richard H. Mullen, CPA, PS,

Respondent.

NO. ACB-1260

DECLARATION OF
RICHARD C. SWEENEY

I, RICHARD C. SWEENEY declare under penalty of perjury under the Laws of Washington that the matters set forth below are based upon my own personal knowledge and on the files and records of the Washington State Board of Accountancy (Board).

1. I am the Executive Director for the Board of Accountancy in the State of Washington, and in that capacity, I am custodian of records for certified public accountants.
2. The Washington State Board of Accountancy has jurisdiction over the certification, licensing, and discipline of certified public accountants in the State of Washington.
3. The Respondent, Richard H. Mullen, has held a Certified Public Accountant (CPA) certificate and license (No.10385) to practice public accounting in the state of Washington at all times material hereto. The Respondent is the sole owner of the CPA firm, Richard H. Mullen, CPA PS (a professional service corporation). At all times material hereto, the CPA firm, Richard H. Mullen, CPA, PS, held a valid license (No. 2155) to practice public accounting in the state of Washington at all times material hereto.
4. The Board mailed the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend and Appendix A to Respondent by United States certified mail, return receipt requested, and by United States first class mail on November 10, 2010,

addressed to the last address Respondent provided to the Board for the Respondent's firm (Richard H. Mullen, CPA, PS, 21407 44th Ave W, Mountlake Terrace, WA 98043) and to the last address Respondent provided to the Board for Respondent's individual license (15402 Larchway N, Alderwood, WA 98037).

5. The certified mailing to the Respondent's last firm address (Richard H. Mullen, CPA, PS, 21407 44th Ave W, Mountlake Terrace, WA 98043) was received and signed by "J. Roe" on November 12, 2010.
6. The certified mailing to the Respondent's last known individual address (15402 Larchway N, Alderwood, WA 98037) was returned unopened to the Board on December 2, 2010, by the United States Postal Service marked "UNCLAIMED." The first class mailing to the Respondent's last known individual address (15402 Larchway N, Alderwood, WA 98037) has not been returned to the Board.
7. The Respondent has neither answered the Statement of Charges nor requested a hearing on the matters set forth in the Statement of Charges.
8. The attached documents, Exhibits 1-7, are true and correct copies of documents that were produced or obtained in the Board's investigation regarding the circumstances described in the Statement of Charges under the above case number.
9. The attached document identified as **Exhibit 1** is a photocopy of the Stipulation and Agreed Order the Respondent entered into with the Board on February 2, 2005. In addition to other terms, the Agreed Order required the Respondent to submit to the Board the Respondent's next three compilation reports on financial statements, the next three review reports on financial statements, and the next three audit reports on financial statements along with the accompanying financial statements and workpapers, prepared for Respondent firm's clients before issuing such reports to clients. The Respondent was required to refrain from issuing these reports until the Board or its designee had completed an evaluation of the reports and

authorized the Respondent to issue the reports. The Respondent submitted two compilation reports on financial statements to the Board for evaluation. The last compilation report the Respondent submitted to the Board was dated June 20, 2006.

10. The attached document identified as **Exhibit 2** is a photocopy of an August 3, 2006, letter to the Respondent following the preissue evaluation of the compilation report dated June 20, 2006, that the Respondent submitted to the Board. I reminded the Respondent of the Respondent's agreement (§4.2.B.1 of the Agreed Order) to submit to the Board for preissue evaluation the next compilation report on financial statements (full-year), the next three review reports on financial statements, and the next three audit reports on financial statements prepared for his clients together with the accompanying financial statements and workpapers. The Respondent has not submitted a third compilation report, any review reports, or any audit reports on financial statements for Board evaluation before issuing the reports to clients.
11. The attached documents identified as **Exhibit 3** are photocopies of (1) the completed 2010 Quality Assurance Review (QAR) Status Form and (2) compilation report on financial statements dated June 12, 2009, that the Respondent submitted to the Board for the Board's 2010 Quality Assurance Review (QAR). The Respondent had not submitted this compilation report on financial statements to the Board for evaluation prior to issuing the report to the Respondent's clients in violation of the terms of the February 2, 2005, Stipulation and Agreed Order.
12. The attached document identified as **Exhibit 4** are a photocopies of Board inquiries dated July 1, 2010, and August 24, 2010, requesting the Respondent's response to a listing of potential deficiencies identified by the Board's QAR Committee. The August 24, 2010, inquiry also asked the Respondent the Respondent's answer to additional questions

regarding the report submitted for the Board's 2010 QAR. The Respondent did not respond to either inquiry.

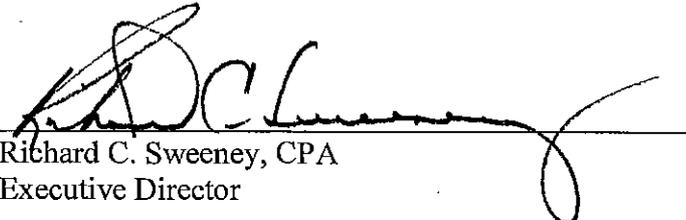
13. The attached document identified as **Exhibit 5** are photocopies of (1) a Final Notice the Board mailed to the Respondent on September 22, 2010, by U.S. Certified Mail—Return Receipt Requested and by U.S. First Class Mail, (2) the U.S. Postal Service Certified Mail Receipt, and (3) the Domestic Return Receipt showing the mailing was received at the Respondents address of record on October 7, 2010, by "Susan K. Mullen.". The Respondent's response was due October 12, 2010. The Board mailed the September 22, 2010, Final Notice to the last address the Respondent provided to the Board (21407 44th Ave W, Mountlake Terrace, WA 98043). The first class mailing was not returned to the Board. The Respondent did not respond.
14. The attached document identified as **Exhibit 6** are photocopies of the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, Appendix A, and Declaration of Service mailed to the Respondent on November 10, 2010, addressed to the last address Respondent provided to the Board for the Respondent's firm (Richard H. Mullen, CPA, PS, 21407 44th Ave W, Mountlake Terrace, WA 98043) and to the last address Respondent provided to the Board for Respondent's individual license (15402 Larchway N, Alderwood, WA 98037).
15. The attached documents identified as **Exhibit 7** are photocopies of: (1) the U.S. Postal Service Certified Mail Receipt showing the documents described in Paragraph 11 were mailed to the Respondent's firm address (Richard H. Mullen, CPA, PS, 21407 44th Ave W, Mountlake Terrace, WA 98043) on November 10, 2010; (2) the Domestic Return Receipt from the U.S. Postal Service showing the documents described in Paragraph 11 were received at the Respondent's firm address (Richard H. Mullen, CPA, PS, 21407 44th Ave W, Mountlake Terrace, WA 98043) on November 12, 2010, by "J. Roe;" (3) the U.S. Postal

Service Certified Mail Receipt showing the documents described in Paragraph 11 were mailed to the Respondent the last address Respondent provided to the Board for Respondent's individual license (15402 Larchway N, Alderwood, WA 98037) on November 10, 2010; and (4) the unopened envelope containing the documents described in Paragraph 11 mailed to the Respondent at the last address Respondent provided to the Board for Respondent's individual license (15402 Larchway N, Alderwood, WA 98037). The U.S. Postal Service returned the November 10, 2010, mailing to the Board's office unopened and marked "UNCLAIMED" on December 2, 2010. The first class mailings were not returned to the Board.

16. The attached documents form the basis for the Board of Accountancy's request for sanctions and are submitted in support of the Board's proposed Findings of Fact, Conclusions of Law and Default Order.
17. All documents that were mailed to Respondent, as referenced herein, were mailed to one or both of the last addresses the Respondent provided to the Board of Accountancy (Richard H. Mullen, CPA, PS, 21407 44th Ave W, Mountlake Terrace, WA 98043 and/or 15402 Larchway N, Alderwood, WA 98037). No other address for Respondent is known to the Board from its investigation of this matter.
18. The Washington State Board of Accountancy requests that the Board impose the sanctions set forth in the proposed Findings of Fact, Conclusions of Law and Default Order.

DATED this 14th day of Apr. 1 2011, in Olympia, Washington.

WASHINGTON STATE BOARD OF ACCOUNTANCY


Richard C. Sweeney, CPA
Executive Director

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the matter of the Certificate and/or
License(s) to practice as a Certified Public
Accountant of

Richard H. Mullen, CPA,

Respondent.

NO. ACB-873

Stipulation and Agreed Order

The Washington State Board of Accountancy (Board) and Richard H. Mullen
(Respondent) stipulate and agree as follows:

I. PROCEDURAL STIPULATIONS

- 1.1 Respondent is fully aware of the right to an administrative hearing to contest the Statement of Charges issued by the Washington State Board of Accountancy in this matter. Respondent voluntarily waives the right to a hearing and all other rights which may be accorded the Respondent by the Administrative Procedure Act, chapter 34.05 RCW, and the laws of Washington, including the right to petition the courts for judicial review.
- 1.2 Respondent understands that, should the State prevail at hearing based on a statement of charges, the Board has the power and authority to deny, suspend, revoke, or refuse to renew the Respondent's certified public accountant certificate or any individual or firm license to practice public accounting as a certified public accountant in Washington and may impose a fine plus the Board's investigative and legal costs in bringing charges or impose conditions precedent to renewal of the certificate or license.

- 1.3 Respondent wishes to expedite the resolution of this matter by means of this Stipulation and Agreed Order and does not desire to proceed to a formal hearing based on the issuance of a statement of charges.
- 1.4 The Respondent understands that the Stipulation and Agreed Order are not binding unless approved by the Board.
- 1.5 Should this Agreed Order be rejected, Respondent waives any objection to the participation of any members of the Board at a hearing on this matter.
- 1.6 The parties further stipulate to the following Stipulated Facts, Conclusions of Law and Agreed Order:

II. FINDINGS OF FACT

- 2.1 At all times material hereto the Respondent, Richard H. Mullen, held a Certified Public Accountant certificate and individual license (No. 09603) to practice as a certified public accountant (CPA) in the state of Washington. The Respondent is the sole owner of the CPA firm, Richard H. Mullen, CPA, PS. At all times material hereto the CPA firm, Richard H. Mullen, CPA, PS, held a valid license (No. 2155) to practice public accounting in the state of Washington.
- 2.2 On January 6, 2005, a Statement of Charges was duly served on Respondent alleging violations of chapter 18.04 RCW and chapter 4-25 WAC.
- 2.3 The financial statement report submitted by the Respondent for the Board's Quality Assurance Review (QAR) Program review during 2004 (QAR File Number 20040514) was not in compliance with the applicable professional standards.

Based on the foregoing Findings of Fact, the Board makes the following:

III. CONCLUSIONS OF LAW

- 3.1 The Washington State Board of Accountancy has jurisdiction over the subject matter herein.
- 3.2 The Respondent's conduct in Finding of Fact 2.3 constitutes cause for Board discipline under RCW 18.04.295(4) and WAC 4-25-910(8) for violations of WAC 4-25-610 and 630 that requires CPAs to use due care to comply with state law and the ethical standards, to discharge professional responsibility to the best of their ability, and to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism; WAC 4-25-631 that requires a CPA to exercise due care and professional judgment in order to comply with the pertinent accounting principles, professional standards, regulations, releases and rules promulgated by the appropriate bodies for each endeavor undertaken.

IV. AGREED ORDER

Based on the Agreed Findings of Fact and Conclusions of Law, Respondent agrees to entry of the following Order:

- 4.1 The Respondent shall:
- 4.1.1 Reimburse the Board the amount of three hundred fifty-five dollars and ninety-five cents (\$355.95) for the field review of the Respondent's practice by a Board technical consultant. This payment shall be remitted to the Washington State Board of Accountancy at P.O. Box 43123, Olympia, WA 98504-3123 in such manner that the Board receives it within 30 days of the acceptance and entry of this Stipulation and Agreed Order.
- 4.1.2 Reimburse the Board the amount of three hundred dollars (\$300) for investigative and legal costs. This payment shall be remitted to the Washington State Board of Accountancy at P.O. Box 43123, Olympia, WA 98504-3123 in such manner that

the Board receives it within 30 days of the acceptance and entry of this Stipulation and Agreed Order.

- 4.1.3 Pay a fine in the amount of three hundred dollars (\$300). This payment shall be remitted to the Washington State Board of Accountancy at P.O. Box 43123, Olympia, WA 98504-3123 in such manner that the Board receives it within 30 days of the acceptance and entry of this Stipulation and Agreed Order.
- 4.1.4 Respondent shall complete four hours in ethics Continuing Professional Education (CPE) applicable to the practice of public accounting in Washington state within 90 days of the of the Board's acceptance of this Stipulation and Agreed Order. Such CPE shall be *approved in advance* by the Executive Director as conforming with the Board's Order. Such course(s) shall NOT be eligible to satisfy part of the Board's CPE requirement for Respondent's CPA license renewal. Respondent shall provide the original supporting documentation of course completion to the Board in such manner that the Board receives it within 30 days of the Respondent's completion of the course(s).
- 4.1.5 Complete the American Institute of CPAs' (AICPA's) self-study Continuing Professional Education (CPE) course entitled "Professional Ethics for CPAs" or "Professional Ethics: The AICPA's Comprehensive Course." The Respondent is to complete this course with a score of 90% or better within 90 days of the of the Board's acceptance of this Stipulation and Agreed Order. The Respondent shall provide the Board with an original course completion certificate provided by the AICPA and confirmation from the AICPA that the Respondent acquired a score of at least 90%. Such course(s) shall be eligible to satisfy part of the Board's CPE requirement for Respondent's CPA license renewal. Respondent shall provide the

original supporting documentation of course completion to the Board in such manner that the Board receives it within 30 days of the Respondent's completion of the course(s).

- 4.2 In addition to the obligations in 4.1, Respondent shall comply with Alternative A or B as indicated by Respondent's signature within:

ALTERNATIVE A:

- 4.2.A.1 With the exception of management-use only compilations, meeting the standards established under Statements on Standards for Accounting and Review Services (SSARS) #8 issued by the American Institute of Certified Public Accountants, Respondent and Respondent's firm shall refrain from offering to provide or providing attest services including the issuing of auditors' reports on financial statements or accountants' review or compilation reports on financial statements
- 4.2.A.2 The Respondent may apply to the Board for relief from the practice restriction at ¶4.2.A.1 at such time as Respondent seeks, and obtains written permission from the Board. The Respondent's request must contain at the very least quality controls satisfactory to the Board to assure that subsequent financial statement reports will conform to professional standards.
- 4.2.A.3 The Board may elect to require the Respondent to obtain required Continuing Profession Education, obtain library materials, and/or submit one or more financial statement reports (and accompanying financial statements) to the Board for review as a condition of lifting the practice restriction at 4.2.A.1 of this Order. The Board may impose such additional conditions as it deems advisable (including assessing the cost of financial statement report reviews).

ALTERNATIVE B:

- 4.2.B.1. Respondent shall submit to the Board the three compilation reports (full year) on financial statements, the next three review reports on financial statements, and the next three audit reports on financial statements along with the accompanying financial statements and workpapers, prepared for Respondent firm's clients. Respondent shall submit these reports to the Board *before* issuing such reports to clients. Respondent shall refrain from issuing these reports until the Board or its designee completes a review of the reports and authorizes the Respondent to issue the reports. The Respondent shall reimburse the Board for its costs of reviewing these reports up to a maximum of \$320 per report and a minimum of \$80 for each report submitted. Board staff will bill the Respondent for review costs after the Board's technical consultant completes each review. If, in the Board's judgment, the financial statement reports submitted by the Respondent are not in substantial compliance with professional standards, the Board may seek to extend this review process or prescribe such other remedies as it deems necessary.
- 4.2.B.2 Complete the following Continuing Professional Education (CPE) or such other course(s) as Respondent and the Board may agree upon within 120 days of the Board's acceptance of this Stipulation and Agreed Order. Such CPE shall be approved in advance by the Executive Director as conforming with the Board's Order. Such course(s) shall be eligible to satisfy part of the Board's CPE requirement for Respondent's CPA license renewal. Respondent shall provide the original supporting documentation of course completion to the Board in such

manner that the Board receives it within 30 days of the Respondent's completion of the course(s):

4.2.B.2.1 8 hours in financial statement disclosures

4.2.B.2.2 8 hours in compilation and review standards

4.2.B.2.3 8 hours in accounting update

4.2.B.3 Document, to the Board's satisfaction, that Respondent has updated the Respondent firm's library including:

4.2.B.3.1 AICPA statements on standards for accounting and review services

4.2.B.3.2 AICPA general audit and accounting guide for analytical procedures

Respondent shall submit the documentation of acquisition of library enhancements within 90 days of the Board's acceptance of this Stipulation and Agreed Order.

RESPONDENT'S ACCEPTANCE OF ALTERNATIVE (sign the appropriate line)

I accept the terms under 4.2 Alternative A _____

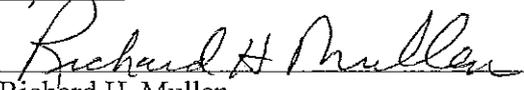
I accept the terms under 4.2 Alternative B Richard H. Mullen

- 4.3 Respondent is hereby reprimanded for failing to maintain compliance with professional standards. The Respondent is hereby warned that further violations may result in license suspension or revocation.
- 4.4 The Board will publish the terms of this Stipulation and Agreed Order.
- 4.5 Nothing in this Order precludes the Board from exercising its authority and responsibilities under chapter 18.04 RCW or chapter 4-25 WAC. Any violations of such chapters or this Order constitute independent grounds for the denial, suspension, revocation or refusal to renew the Respondent's certificate and/or license(s).

4.6 Any violation of the terms and conditions of this Agreed Order, Chapter 18.04 RCW, and/or Chapter 4-25 WAC following the date of acceptance by the Board and notification of such acceptance to the Respondent shall be grounds for denying, suspending, revoking, or refusing to renew the Respondent's certificate and/or license(s) as provided by Chapter 18.04 RCW. The terms of this Stipulation and Agreed Order apply to and resolve only the violations referred to herein.

I, RICHARD H. MULLEN, certify that I have read this Stipulation and Agreed Order in its entirety; that I fully understand and agree to all of it, and that it may be presented to the Board without my appearance. If the Board accepts the Stipulation and Agreed Order, I understand that I will receive a signed copy.

DATED this 24 day of January, 2005.

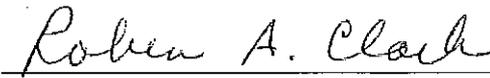

Richard H. Mullen
Respondent

V. ORDER

The Board accepts and enters this Stipulation and Agreed Order.

DATED this 2nd day of February, 2005.

WASHINGTON STATE
BOARD OF ACCOUNTANCY


Robin A. Clark, CPA
Chair



STATE OF WASHINGTON
BOARD OF ACCOUNTANCY
P.O. Box 9131 • Olympia, Washington 98507-9131
(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

August 3, 2006

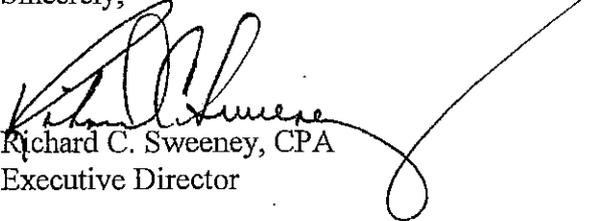
Richard H. Mullen, CPA
21407 – 44th Ave W
Mountlake Terrace, WA 98043

Subject: Monitoring Inquiry on Stipulation and Agreed Order – Case #2004-136

Thank you for your attention to the terms of the Stipulation and Agreed Order you entered into with the Board on February 2, 2005. The Board received the \$274 to reimburse the Board for costs involved in the preissue review of the compilation report, financial statements, and workpapers for your client, Lynnwood Lodge No. 2171.

As a reminder, you must submit to the Board for preissue review (§4.2.B.1 of the Agreed Order) the next compilation report on financial statements (full-year), the next three review reports on financial statements, and the next three audit reports on financial statements prepared for your clients together with the accompanying financial statements and workpapers. Please submit these reports to the Board for review before issuing to your clients. Board staff will make every effort to expedite the review of your reports. Please do not redact any identifying information on the reports. Generally, these documents are not considered public record. Thank you for your cooperation.

Sincerely,


Richard C. Sweeney, CPA
Executive Director

Please be advised: The Washington State Board of Accountancy is required to comply with the Public Disclosure Act, Chapter 42.17 RCW. This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the board, including personal information, may ultimately be subject to disclosure as a public record.





Washington State Board of Accountancy
 2010 Quality Assurance Review (QAR) Status Form

005916



Due Date: April 30, 2010**

Mailing Address: PO Box 43113, Olympia, Washington 98504-3113 Contact: Jennifer Sciba 360-586-0952

QAR File #: 20100514
 Firm #: 2155

RICHARD H. MULLEN, CPA, PS
 21407 44TH AVE W
 MOUNTLAKE TERRACE WA 98043

RECEIVED

APR 23 2010

OFM ACCOUNTING DIV

Address Correction: _____

Daytime Phone # _____

Email Address: _____

A firm with an office in this state must participate in the QAR program every three years and the year after an initial license. **All firms must submit reports to the Board for review unless they qualify for a Limited Scope Exemption or a Peer Review exemption.** Complete the appropriate section of this form (A, B or C), sign the certification on the reverse side of the form, and return it to the Board with the required documents and fee by **April 30, 2010**.

**Late Fee: Forms postmarked after April 30, 2010 MUST include a \$100 late fee to be processed.

A. Reports Submitted for Review (Fee \$400)

Firms not requesting an exemption in Section B or C must submit copies of each type of the most recent reports issued during the period May 1, 2007 to April 30, 2010.

Note: Financial Statement Audits and/or Performance Audits performed under Government Auditing Standards should not be submitted. These engagements are subject to Peer Review (see Section C).

Industry Type

Entity Type

AUDIT report, financial statements and all working papers are enclosed

N/A

REVIEW report and financial statements are enclosed

N/A

COMPILATION report and financial statements are enclosed

Non prof. F

Cor P

AGREED-UPON PROCEDURES report, engagement letter and any detailed schedules or statements (if applicable) are enclosed

N/A

FORECAST report and forecasted financial statements are enclosed

N/A

PROJECTION report and projected financial statements are enclosed

N/A

INTERNAL CONTROL report is enclosed

N/A

PERFORMANCE-AUDIT report and any detailed schedules or statements (if applicable) are enclosed

N/A

Enter the industry type and entity type of each report submitted - see attached enclosure for details

B. Limited Scope of Practice Exemption Request (NO FEE)

To request an exemption due to a qualified limited scope of practice, initial the following statement:

Initials _____
 The firm did not issue any of the reports listed in Section A during the three year period May 1, 2007 through April 30, 2010.

THIS IS A TWO SIDED FORM - PLEASE COMPLETE REVERSE SIDE

C. Peer Review Exemption Request (Fee \$60)

A firm may request a peer review exemption if they participate in a Board approved peer review program. Firms that participate in a Public Company Accounting Oversight Board (PCAOB) Inspection or the AICPA Peer Review Program may qualify for this exemption. Firms who receive a failed peer review will not qualify for a peer review exemption. These firms must submit reports to the Board for review (see Section A).

Please note: The AICPA issues the following types of peer review reports based on a firm's clientele:

- Firms that serve only SEC registered clients - the PCAOB Inspection is performed.
- Firms that serve SEC registered clients **and** non-public clients - the PCAOB Inspection **and** the AICPA peer review is performed.
- Firms that serve only non-public clients - the AICPA peer review (System Review or Engagement Review) is performed.

To request a peer review exemption, **initial** the appropriate statement(s) below

Initials _____
 _____ The firm (or a portion of the firm) has undergone a PCAOB Inspection within the 3-year period ending April 30, 2010. I certify the firm is registered with the PCAOB.

Initials _____
 _____ The firm has undergone an AICPA peer review (System Review or Engagement Review) within the 3-year period ending April 30, 2010. You **must** attach copies of the following review documents: Peer Review Report, Letter of Response (if applicable) and the Final Acceptance Letter from the AICPA.

Initials _____
 _____ **Peer Review Extension Request** - The firm is undergoing a Board approved peer review (one of the above programs) which **will be completed by October 31, 2010**. The firm will submit copies of all required peer review documents as soon as possible, but not later than December 31, 2010.

Fees - Total all fees that apply and make a check payable to the Washington State Board of Accountancy

	Amount
Section A - Reports and Financial Statements Submitted for Review.....	\$ 400
Section B - Limited Scope Exemption Request	\$ 0
Section C - Peer Review Exemption Request.....	\$ 60
Late Fee - Forms postmarked after April 30, 2010 MUST include late fee to be processed.....	\$ 100
Total Amount Enclosed	\$ <u>400</u>

Firm Profile & Certification

For clients in Washington State, please answer the following:

Number of firm owners that participate in the issuance of reports: 1

Estimated percentage of firm time devoted to the report function annually: 5%

Estimate the number of reports performed annually for the following types of reports:

Audit Report <u>0</u>	Forecast <u>0</u>
Review Report <u>0</u>	Projection <u>0</u>
Compilation Report <u>1</u>	Internal Control <u>0</u>
Agreed-upon Procedures Report <u>0</u>	Performance Audit <u>0</u>

I certify that the information on this form is true and correct, and I understand that providing false information to the Board may be cause for discipline.

Signature: Richard H. Mullan Date: 4/22/10 Email Address: rmullen@cpa-ad.com

Location (City, State/Province, Country): Mountlake Terrace, WA Firm's Website Address: _____

Lynnwood Elks Lodge No. 2171
Benevolent and Protective
Order of Elks

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Lynnwood Elks Lodge No. 2171

Accountant's Report

Richard H. Mullen, C.P.A. PS

21407 44th Ave. W

Mountlake Terrace, WA 98043

Phone (425) 778-5726

Fax (425) 771-1711

Email rmullencpa@aol.com

Auditing Committee

Lynnwood Lodge No. 2171

Benevolent and Protective Order of Elks

Lynnwood, WA 98036

I have compiled the accompanying combined balance sheets of Lynnwood Lodge No. 2171 (a nonprofit organization) as of March 31, 2008 and 2009 and the related statements of Lodge Fund Revenue, Expenses and Comparison to Approved Budget and Club Fund Revenue, Expenses and Comparison to Approved Budget, Restricted Funds, Combines Statements of Cash Flow and supplemental schedules on pages 8 through 11 for the years then ended on the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

My compilation is limited to presenting, on forms prescribed by the Grand Lodge of the Benevolent and Protective Order of Elks of the United States of America, information that is the representation of management. I have not audited or reviewed the financial statements referred to above and, accordingly; do not express an opinion or any other form of assurance on them.

These financial statements (including related disclosures) are presented in accordance with the requirements of the Grand Lodge of the Benevolent and Protective Order of Elks of the United States of America, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

I am not independent with respect to Lynnwood Lodge No. 2171. ✓

Richard H. Mullen, C.P.A.

June 12, 2009

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Exhibit 3
Page 5 of 20

**COMBINED BALANCE SHEET
(ALL ENTITIES)**

	Prior Year <u>March 31, 2008</u>	Current Year <u>March 31, 2009</u>	
<u>ASSETS:</u>			
CURRENT ASSETS:			
1 Cash on Hand & in Bank	\$ 113,745	\$ 55,995	
2 Prepaid Expenses	1,542	596	
3 Inventories	3,718	4,316	
4 Investments	<u>22,735</u>	<u>70,275</u>	
5 Total Current Assets	<u>\$ 141,740</u>	<u>\$ 131,182</u>	
FIXED ASSETS:			
6 Buildings	390,308	410,165	
7 Personal Property	<u>123,121</u>	<u>123,122</u>	
8 Total	513,429	533,286	
9 Less: Accumulated Depr.	<u>(222,440)</u>	<u>(235,124)</u>	
10 Net Book Value	290,989	298,163	
11 Land	<u>241,000</u>	<u>241,000</u>	
12 Total Fixed Assets	<u>531,989</u>	<u>539,163</u>	
OTHER ASSETS:			
13 Investments-Long Term	-	-	
14 Other	<u>-</u>	<u>-</u>	
15 Total Other Assets	<u>-</u>	<u>-</u>	
16 TOTAL ASSETS	<u>\$ 673,729</u>	<u>\$ 670,345</u>	
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES:			
17 Accounts Payable	\$ 3,718	\$ 2,199	
18 Note Payments - Due Within One Year	-	-	
18 Deferred Dues & Fees	23,436	24,261	
19 Other Payables	<u>6,774</u>	<u>7,517</u>	
5 Total Current Liabilities	<u>\$ 33,928</u>	<u>\$ 33,977</u>	
TERM LIABILITIES:			
22 Note Payments - Due After One Year	-	-	
23 Other Term Liabilities	<u>-</u>	<u>-</u>	
24 Total Current Liabilities	<u>-</u>	<u>-</u>	
DEFERRED INCOME:			
25 Other	<u>750</u>	<u>390</u>	
5 Total Deferred Income	<u>750</u>	<u>390</u>	
RESTRICTED FUNDS:			
27 Charity	2,627	2,075	
28 Other	<u>281</u>	<u>865</u>	
29 Total Restricted Funds	<u>2,908</u>	<u>2,940</u>	
EQUITY:			
30 From Page 8, Schedule 2	636,143	633,039	
16 TOTAL LIABILITIES AND EQUITY	<u>\$ 673,729</u>	<u>\$ 670,345</u>	

NOTE: The Notes to Financial Statements Are An Integral Part Of This Page
See Accountant's Compilation Report

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Lynnwood Elks Lodge No. 2171

STATEMENT OF LODGE FUND REVENUE, EXPENSES AND COMPARISON TO APPROVED BUDGET

PAGE 3

	Prior		Year Ended March 31, 2009		
	Year Ended March 31, 2008		Actual	Budget	Over(Under)
REVENUE:					
1 Dues (Page 10)	\$ 37,860		\$ 36,826	\$ 38,800	\$ (1,974)
2 Fees (Page 11)	1,240		1,255	1,360	(105)
3 Rent	13,530		13,860	15,000	(1,140)
4 Interest & Dividends	3,950		1,014	1,250	(236)
5 Contributions	4,098		7,156	4,150	3,006
6 Fund Raising	-		-	-	-
7 Other (Totals from Page 3A)	<u>13,069</u>		<u>18,248</u>	<u>16,050</u>	<u>2,198</u>
8 Total Revenue	<u>73,747</u>		<u>78,358</u>	<u>76,610</u>	<u>1,748</u>
EXPENSES: (List)					
9 Acctg. & Legal	-		-	-	-
10 Audit	1,250		1,250	1,000	250
11 Bulletin	1,924		1,281	2,000	(719)
12 Convention	3,971		2,190	3,800	(1,610)
13 Data Processing	-		-	-	-
14 Dignitary Entertainment	-		-	-	-
15 Employee Benefits	-		-	-	-
16 Insurance/Fid. Bonds	1,889		2,532	1,700	832
17 Interest	-		-	-	-
18 Janitorial Expense	550		783	600	183
19 Supplies	92		-	100	(100)
20 Office Expense	4,706		4,160	3,800	360
21 Officer's Expense	1,300		3,700	3,700	-
22 Per Capita - Grand Lodge	5,578		5,463	5,750	(288)
23 Per Capita - State	3,880		3,800	4,000	(200)
24 Rent Expense	-		-	-	-
25 Repairs & Maint.	1,671		7,136	3,000	4,136
26 Salaries & Wages	17,250		17,500	16,500	1,000
27 Taxes, Payroll	4,640		1,918	4,500	(2,582)
28 Taxes, Other	1,733		3,337	3,900	(563)
29 Telephone	1,149		895	1,200	(305)
30 Utilities	5,893		5,667	4,600	1,067
31 Fund Raising Expenses	-		-	-	-
32 Other (Totals from Page 3A)	<u>17,371</u>		<u>17,311</u>	<u>15,025</u>	<u>2,286</u>
33 Total Expenses	<u>74,847</u>		<u>78,924</u>	<u>75,175</u>	<u>3,749</u>
34 Increase/(Decrease) Before Depreciation Expense	<u>(1,100)</u>		<u>(566)</u>	<u>1,435</u>	<u>(2,001)</u>
35 Depreciation Expense	<u>6,336</u>		<u>6,336</u>	<u>5,844</u>	<u>492</u>
INCREASE/(DECREASE	<u>\$ (7,436)</u>		<u>\$ (6,902)</u>	<u>\$ (4,409)</u>	<u>\$ (2,493)</u>
36 EQUITY (PAGE 8)					

(Equity Actual Column to Page 8, Schedule 2.)

NOTE: The Notes to Financial Statements Are An Integral Part Of This Page
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Lynnwood Elks Lodge No. 2171

STATEMENT OF LODGE FUND REVENUE, EXPENSES AND COMPARISON TO APPROVED BUDGET

PAGE 3A

	Prior <u>Year Ended</u> <u>March 31, 2008</u>	<u>Year Ended March 31, 2009</u>		
		<u>Actual</u>	<u>Budget</u>	<u>Over(Under)</u>
REVENUE:				
OTHER: (Identify)				
1 Lodge Activities	\$ 7,533	\$ 11,975	\$ 10,450	\$ 1,525
2 Bulliten Adverising	530	412	500	(88)
3 Raffels	4,943	6,397	5,000	1,397
4 Sale of Lodge Pins	63	108	100	8
6 Miscellaeous	-	(644)	-	(644)
	<hr/>	<hr/>	<hr/>	<hr/>
7 Transfer Totals to Page 3	\$ 13,069	\$ 18,248	\$ 16,050	\$ 2,198

EXPENSES: (List)

OTHER: (Identify)

8 Lodge Committee Activities	16,718	11,255	11,775	(520)
9 Miscellaeous	350	1,047	200	847
10 Badges & Pins	343	40	250	(210)
11 Bank Charges	(20)	-	100	(100)
12 Loss on Bad Check	(121)	50	-	50
13 Website	101	-	200	(200)
14 Raffle		4,920	2,500	2,420
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36				
37				
38				
39				
40 Transfer Totals to Page 3	\$ 17,371	\$ 17,311	\$ 15,025	\$ 2,286

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Lynnwood Elks Lodge No. 2171

STATEMENT OF CLUB FUND REVENUE, EXPENSES AND COMPARISON TO APPROVED BUDGET

PAGE 4

	Prior Year Ended March 31, 2008	Year Ended March 31, 2009		
	Actual	Budget	Over(Under)	
REVENUE:				
1 Gross Profit (Page 8)	\$ 33,323	\$ 33,828	\$ 32,150	\$ 1,678
2 Facility Rental	-	-	-	-
3 Other (Totals from Page 4A)	24,543	24,248	25,000	(752)
4 Total Revenue	57,866	58,076	57,150	926
EXPENSES:				
(List)				
5 Advertising	2,228	2,220	2,200	20
6 Alarm Service	366	-	-	-
7 Accounting	-	-	-	-
8 Audit	1,250	1,250	2,200	(950)
9 Auto Expense	-	-	-	-
10 Cash Over/Short	5	(187)	100	(287)
11 Equipment Rental	-	-	-	-
12 Insurance	1,436	1,398	1,400	(2)
13 Janitorial Expenses	193	34	200	(166)
14 Laundry	-	-	-	-
15 Payroll Taxes	-	-	-	-
16 Licenses	729	1,268	1,150	118
17 Repairs & Maintenance	1,556	1,241	4,950	(3,709)
18 Salaries	9,750	9,500	8,500	1,000
19 Supplies, Bar	326	2,043	1,000	1,043
20 Supplies, Kitchen	2,919	2,716	3,100	(384)
21 Telephone	1,149	777	1,000	(224)
22 Utilities	7,214	7,299	6,350	949
23 Pro-Rated Overhead	-	-	-	-
24 Other (Totals from Page 4A)	16,643	18,371	15,800	2,571
25 Total Expenses	45,764	47,931	47,950	(19)
26 Increase/(Decrease) Before Depreciation Expense	12,102	10,146	9,200	946
27 Depreciation Expense	6,348	6,348	9,744	(3,396)
INCREASE/(DECREASE	\$ 5,754	\$ 3,798	\$ (544)	\$ 4,342

28 EQUITY (PAGE 8)

(Equity Actual Column to Page 8, Schedule 2.)

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Exhibit 3
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Lynnwood Elks Lodge No. 2171

STATEMENT OF CLUB FUND REVENUE, EXPENSES AND COMPARISON TO APPROVED BUDGET

PAGE 4A

	Prior Year Ended March 31, 2008	Year Ended March 31, 2009		
	Actual	Budget	Over(Under)	
REVENUE:				
OTHER: (Identify)				
1 Pull Tab Sales	\$ 10,083	\$ 9,636	\$ 10,000	\$ (364)
2 Bar Bingo	14,460	14,612	15,000	(388)
3				-
4				-
5				-
6				-
7 Transfer Totals to Page 4	\$ 24,543	\$ 24,248	\$ 25,000	\$ (752)
EXPENSES: (List)				
OTHER: (Identify)				
8 Pull Tab Prizes	7,554	6,386	5,500	886
9 Pull Tab Supplies	1,577	1,241	1,350	(109)
10 Gambling License	860	854	1,000	(146)
11 Gambling Taxes	312	1,344	400	944
12 Pull Tab Game Service	214	623	250	373
13 Taxes, Real Estate & Other	1,804	4,290	4,000	290
14 Bank Card Expense	1,780	1,635	1,700	(65)
15 Other Bank Charges	608	401	500	(99)
16 Replacements	23	-	200	(200)
17 Miscellaneous	420	-	400	(400)
18 Bar Bingo Expense	1,491	1,598	500	1,098
19				
20				
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34				
35				
36				
37				
38				
39				
40 Transfer Totals to Page 3	\$ 16,643	\$ 18,371	\$ 15,800	\$ 2,571

NOTE: The Notes to Financial Statements Are An Integral Part Of This Page
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Lynnwood Elks Lodge No. 2171

STATEMENT OF RESTRICTED FUND REVENUE, EXPENSES
AND COMPARISON TO APPROVED BUDGET

PAGE 5

(Use additional pages as necessary - Label Pages 5A, 5B, etc.)

(Use separate statements for each entity - Bingo, Las Vegas, Lucky 7.s, etc.)

COMBINED PAGE 5's MUST EQUAL DIFFERENCE BETWEEN PRIOR AND
CURRENT YEAR RESTRICTED FUND ON BALANCE SHEET, PAGE 2

RESTRICTED

ACCOUNT TITLE:

Charity & Other

	Prior			
	Year Ended March 31, 2008	Year Ended March 31, 2009		
		Actual	Budget	Over(Under)
REVENUE: (Identify)				
1 Elks National Foundation	\$ 2,842	\$ 3,122	\$ 3,000	\$ 122
2 Tall Elks	10,616	10,313	10,000	313
3 Childrens Hospital	1,222	850	1,000	(150)
4 Attendance Jackpot	766	657	800	(143)
5 Officer's Fund	2,383	-	-	-
6 Membership Jackpot	794	877	800	77
7 WSEA	1,360	640	600	40
8 Total Revenue	19,983	16,458	16,200	258
EXPENSES: (Identify)				
9 Elks National Foundation	\$ 2,587	\$ 3,140	\$ 3,000	\$ 140
10 Tall Elks	11,712	10,655	10,000	655
11 Childrens Hospital	736	1,042	1,000	42
12 Attendance Jackpot	773	707	800	(93)
13 Officer's Fund	2,384	-	-	-
14 Membership Jackpot	991	243	800	(558)
15 WSEA	1,360	640	600	40
16				
17				
18				
19				
20				
21				
22				
23				
24				
25 Total Other Expenses	20,543	16,427	16,200	227
26 RESTRICTED FUND INCREASE/(DECREASE)	(560)	32	-	32

RESTRICTED FUNDS ARE NOT A PART OF EQUITY !!!

DO NOT TRANSFER TO PAGE 8, EQUITY RECONCILIATION, SCHEDULE 2.

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Lynnwood Elks Lodge No. 2171

**COMBINES STATEMENT OF CASH FLOW
(ALL FUNDS)**

PAGE 6

Years Ended March 31, 2008 and 2009

	<u>Prior Year Ended March 31, 2008</u>	<u>Current Year Ended March 31, 2009</u>
<u>CASH FLOW FROM OPERATIONS ACTIVITIES:</u>		
1 LODGE - NET INCOME (Page 3)	\$ (7,436)	\$ (6,902)
2 CLUB - NET INCOME (PAGE 4)	\$ 5,754	\$ 3,798
3 TOTAL NET INCOME	\$ (1,682)	\$ (3,104)
<u>ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
4 DEPRECIATION	\$ 12,684	\$ 12,684
5 INCREASE /DECREASE IN PREPAID EXPENSES	\$ 547	\$ 944
6 INCREASE /DECREASE IN INVENTORIES	\$ (153)	\$ (598)
7 INCREASE /DECREASE IN SHORT TERM INVESTMENTS	\$ 18,780	\$ (47,540)
8 INCREASE /DECREASE IN OTHER ASSETS	\$ -	\$ -
9 INCREASE /DECREASE IN ACCOUNTS PAYABLE	\$ 754	\$ (1,519)
10 INCREASE /DECREASE IN NOTES DUE WITHIN ONE YEAR	\$ -	\$ -
11 INCREASE /DECREASE IN PREPAID DUES	\$ (1,343)	\$ 825
12 INCREASE /DECREASE IN OTHER PAYABLES	\$ 392	\$ 743
13 INCREASE /DECREASE IN DEFERRED INCOME	\$ 175	\$ (360)
14 INCREASE /DECREASE IN RESTRICTED FUNDS	\$ (560)	\$ 32
15 ADJUSTMENT(PAGE 8) ATTACH EXPLANATION	\$ -	\$ -
16 TOTAL ADJUSTMENTS	\$ 31,276	\$ (34,789)
17 NET CASH FROM OPERATIONS	\$ 29,594	\$ (37,893)
<u>CASH FLOW INVESTING ACTIVITIES:</u>		
18 PURCHASE OF FIXED ASSETS	\$ -	\$ -
19 REDUCTION OF LONG TERM DEBT	\$ -	\$ -
20 PURCHASE OF LONG TERM INVESTMENTS	\$ -	\$ -
21 CAPITAL IMPROVEMENTS TO BUILDING	\$ -	\$ -
22 ADJUSTMENTS - ATTACH EXPLANATION	\$ -	\$ (19,857)
23 TOTAL INVESTING ACTIVITIES	\$ -	\$ (19,857)
NET CHANGE IN CASH	\$ 29,594	\$ (57,750)
CASH AVAILABLE - MARCH 31,2007 AND 2008	\$ 84,151	\$ 113,745
CASH AVAILABLE - MARCH 31,2008 AND 2009	\$ 113,745	\$ 55,995

NOTE: The Notes to Financial Statements Are An Integral Part Of This Page
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Lynnwood Elks Lodge No. 2171

Notes to Financial Statements

For years ended March 31, 2008 and 2009

Summary of Significant Accounting Policies

Programs

The Lynnwood Elks Lodge No. 2171 is a subordinate lodge of the Benevolent and Protective Order of Elks of the United States of America. The lodge functions as a central meeting point for members to share fellowship and plan and carry out local, regional, state and national programs for charity and service to the community. These programs include scholarships, vocational grants, the drug awareness program, hoop shoot, soccer shootout, food baskets, veterans' programs, in home physical therapy for children and other programs.

Revenue recognition

All revenue, except dues and fees, ^{is} are recognized and recorded on the accrual basis of accounting. Member dues and fees are recorded on the cash basis unless received in a fiscal period prior to the period to which they apply. Dues, fees and hall rents received in advance are recorded as deferred revenue. Delinquent dues receivable are not recorded on the books.

Expense recognition

All expenses are recorded on the accrual basis except vacation pay which is recorded as an expense when it is paid.

Use of Estimates

These statements require the use of estimates from management. Actual results could differ from management's estimates.

Cash on hand and in bank

Cash on hand and in bank includes cash, checking account balances and amounts in money market funds with maturities of less than ninety days.

Inventory

Bar inventory is valued at cost on the FIFO basis (first in first out method) and includes liquor, beer, wine and mixers. Food inventory is negligible and mainly purchased just prior to a planned event.

	March 31, 2008	March 31, 2009
Liquor	2,347	2,783
Beer	468	647
Wine	372	407
Mixer	<u>531</u>	<u>479</u>
Total cost	<u>\$ 3,718</u>	<u>\$ 4,316</u>

Page 7a

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*AR 2008 03 20 - what the up year is - from 2007 to 2008
with the same amount the same amount*

Exhibit 3

Page 13 of 20

Lynnwood Elks Lodge No. 2171

Notes to Financial Statements

For years ended March 31, 2008 and 2009

Investments

The investments at March 31, 2008 and 2009 are composed of certificates of deposit and mutual funds as follows.

March 31, 2008

Name	cost	fair market value	unrealized gains (losses)
CD's	7,794	8,003	209
Growth Fund of America	12,444	11,681	(763)
New Perspective Fund	2,497	3,456	959
Totals	<u>22,735</u>	<u>23,140</u>	<u>405</u>

March 31, 2009

Name	cost	fair market value	unrealized gains (losses)
CD's	55,027	54,901	(126)
Growth Fund of America	12,526	7,123	(5,403)
New Perspective Fund	2,722	2,097	(625)
Totals	<u>70,275</u>	<u>64,121</u>	<u>(6,154)</u>

Fixed Assets

The building, personal property and land are recorded at acquisition cost. Land is not subject to depreciation. Depreciation is computed using the straight line method with estimated useful lives as follows:

Equipment	7 to 12 years
Building & improvements	40 years

Income tax

No provision is made for income tax as the lodge is exempt from income taxation under a group ruling granted to the Grand Lodge of the Benevolent and Protective Order of Elks of the United States of America by the Internal Revenue Service in 1939 and extended to subordinate lodges in 1951 and amended by the Tax Reform Act of 1969. Unrelated business activity is diminimus.

Concentration of risk

The lodge's primary risk is sustaining a large enough membership to cover its financial obligations. New members are needed to replace losses. The source of new members is geographically limited to south Snohomish County.

Contributions and Donated services

Cash contributions from members are recorded as contributions to the lodge. These amounts are given to help pay for various activities such as kids Easter baskets, veterans picnic, holiday food baskets and building maintenance. Members also donate various services for which no compensation is paid. The value of these services has not been recorded. These services include but are not limited to, bartending, food services, janitorial, bulletin editor, repairs and maintenance, administrative and management services.

Page 7b

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Rev. 2/09

See accountant's compilation report

Exhibit 3

Page 14 of 20

Lynnwood Elks Lodge No. 2171

Notes to Financial Statements

For years ended March 31, 2008 and 2009

Restricted Funds

Restricted funds represent money donated for a specific purpose. The Elks National Foundation, Tall Elks, and Children's Hospital are national, state or regional charities whereby the lodge acts as a conduit for these funds. Other donations may be restricted in the local lodge for charitable or other special purposes.

Page 7c

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Rev. 2/09

Exhibit 3
Page 15 of 20

SUPPLEMENTAL SCHEDULE

Years Ended March 31, 2008 and 2009

SCHEDULE OF GROSS PROFIT: Schedule 1.

	<u>Prior Year</u>	<u>Bar</u>	<u>Current Year</u> <u>Dining Room</u>	<u>Total</u>	<u>Budget</u>
SALES:					
1 Food	\$ 28,171	\$ -	\$ 23,219	\$ 23,219	\$ 28,850
2 Liquor, Beer & Wine	67,964	74,837	-	74,837	68,400
3 Other Bar Sales	<u>2,899</u>	<u>2,659</u>	<u>-</u>	<u>2,659</u>	<u>2,600</u>
4 Total Sales	99,034	77,496	23,219	100,715	99,850

COST OF SALES:

5 Inventory, April 1, 2007 & 2008	\$ 3,565	\$ 3,718	\$ -	\$ 3,718	
6 Purchases	<u>40,856</u>	<u>31,176</u>	<u>11,676</u>	<u>42,852</u>	<u>\$ 43,700</u>
7 Total	44,421	34,894	11,676	46,570	
8 Less; Inventory March 31, 2008 & 2009	<u>3,718</u>	<u>4,316</u>	<u>-</u>	<u>4,316</u>	<u>\$ -</u>
9 Cost of Sales	40,703	30,578	11,676	42,254	\$ 43,700

GROSS PROFIT ON SALES

	\$ 58,331	\$ 46,917	\$ 11,543	\$ 58,461	\$ 56,150
--	-----------	-----------	-----------	-----------	-----------

DIRECT EXPENSES:

10 Salaries & Wages	\$ 20,602	\$ 20,024	\$ -	20,024	\$ 20,000
11 Employee Meals, at cost	-	-	-	-	-
12 Payroll Taxes & Benefits	4,406	4,609	-	4,609	4,000
13 Music & Entertainment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
14 Total Direct Expenses	<u>25,008</u>	<u>24,633</u>	<u>-</u>	<u>24,633</u>	<u>24,000</u>

GROSS PROFIT (Total to Page 4)

	<u>33,323</u>	<u>22,285</u>	<u>11,543</u>	<u>33,828</u>	<u>32,150</u>
--	---------------	---------------	---------------	---------------	---------------

RATIOS

15 Cost of Sales(% Total Sales)	41.1%	39.5%	50.3%	42.0%	43.8%
16 Employee Expenses (% of Sales)	25.3%	31.8%	0.0%	24.5%	24.0%
17 Music & Entertainment (% of Sales)	0.0%	0.0%	0.0%	0.0%	0.0%
18 Gross Profit (% of Sales)	33.6%	28.8%	49.7%	33.6%	32.2%

RECONCILIATION - EQUITY ACCOUNT: Schedule 2.

	<u>Prior Year</u>	<u>Current Year</u>
19 Balance, March 31, 2007 & 2008	\$ 637,825	\$ 636,143
20 Net Increase/(Decrease), page 3	(7,436)	(6,902)
21 Net Increase/(Decrease), page 4	5,754	3,798
22 Adjustments-Increase/(Decrease), Attach Explanation	<u>-</u>	<u>-</u>
23 Balance, March 31, 2008 & 2009	<u>\$ 636,143</u>	<u>\$ 633,039</u>

NOTE: The Notes to Financial Statements Are An Integral Part Of This Page
See Accountant's Compilation Report

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Rev. 2/09

SCHEDULE OF INSURANCE COVERAGE AND FIDELITY BONDS

Year Ended March 31, 2009

*(See information on Reverse Side of this page)

MANDATORY PROGRAMS

- 1 *GRAND LODGE MASTER LIABILITY INSURANCE. (Providing general liability/liquor coverage)
(Mandatory program - premium paid as part of annual per capita - no additional premium or deductible is due - nor is an audit required)
- 2 *GRAND LODGE PROPERTY PLUS? (Mandatory program - premium billed directly to Lodge) (Please attach copy of current Property Plus Declaration page showing amount of coverage purchased)
- Has Property Plus free appraisal been obtained?

YES	NO
X	
X	

VOLUNTARY ELKS PROGRAMS

- 3 ELKS DIRECTORS & OFFICERS/EMPLOYMENT PRACTICES?
(This discount program is offered on a voluntary basis)
- 4 DIRRECTORS & OFFICERS COVERAGE WITH OUTSIDE CARRIER?
Insurance Carrier: _____

X	
	X

=====

- 5 WORKMER'S COMPENSATION INSURANCE? (It is recommended that every Lodge have such coverage - even if it has no regular employees)
(Worker's Compensation is the exclusive remedy for occupational injury claims - accident policies are not sufficient)

X

- 6 Name of Worker's Compensation Carrier: State of Washington
- 7 Worker's Compensation Policy Number & Expiration Date: Perpetual

FOR INFORMATION PURPOSES ONLY - PLEASE PROVIDE THIS INFORMATION

NUMBER OF EMPLOYEES	
8 LODGE?	3
9 BAR?	2
10 DINING AREA?	0
11 OTHER AREA?	0

LODGE OFFICERS RECEIVING PAY

- 12 SECRETARY? X
- 13 TREASURER? X
- 14 OTHER PAID OFFICERS? (List Below): X
- _____
- 15 AUTOMOBILE INSURANCE? (If Lodge owns vehicle) (The Master Liability Program does not provide coverage for owned vehicles) X
- 16 OTHER INSURANCE? (Please explain in detail below) X

(Attach separate sheet if necessary - Page 9a, 9b, etc indicate carrier and type of coverage)

NOTE: The Notes to Financial Statements Are An Integral Part Of This Page
See Accountant's Compilation Report

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Lynnwood Elks Lodge No. 2171

RECONCILIATION OF DUES WITH MEMBERSHIP STATUS

Year Ended March 31, 2009

page 10

MEMBERSHIP PER PRIOR YEAR AUDIT REPORT

1 Life Members	148	@	\$	50.00	\$ 7,400.00
2 Members	327	@	\$	95.00	\$ 31,065.00
3 TOTAL DUES FOR AUDIT YEAR BEFORE ADJUSTMENT	475				\$ 38,465.00
4 ADD: Gains (Schedule A - Line 14, below)	37				\$ 1,035.00
5 SUBTOTAL	531				\$ 39,500.00
6 DEDUCT: Losses (Schedule B - Line 8, page 11)	56				\$ 2,774.00
7 GROSS TO ACCOUNT FOR					\$ 36,726.00
8 CASH RECEIPTS ACCOUNTED FOR (to agree with Page 3, Line 1)					\$ 36,826.00
9 DISCREPANCY (IF ANY, EXPLAIN ON BOTTOM OF PAGE 11)					\$ 100.00

SCHEDULE A

	TOTAL		DUES COLLECTED FOR AUDIT YEAR		
1 <u>ADDED TO ROLL BY INITIATION:</u>					
Apr	0	@	\$ 88.75	\$	-
May	0	@	\$ 82.50	\$	-
Jun	1	@	\$ 76.25	\$	76.25
Jul	3	@	\$ 70.00	\$	191.25
Aug	0	@	\$ 63.75	\$	-
Sep	1	@	\$ 57.50	\$	57.50
Oct	1	@	\$ 51.25	\$	55.00
Nov	4	@	\$ 45.00	\$	180.00
Dec	2	@	\$ 38.75	\$	77.50
Jan	4	@	\$ 32.50	\$	130.00
Feb	6	@	\$ 26.25	\$	157.50
Mar	0	@	\$ 95.00	\$	-
11 <u>ADDED TO ROLL BY REINSTATEMENT:</u>	9			\$	110.00
12 <u>ADDED TO ROLL BY TRANSFER DIMIT:</u>	6				0
13 ADD: Dues for prior year collected during audit year from delinquent members					
14 TOTAL GAINS (Line 4, above)	37			\$	1,035.00

NOTE: The Notes to Financial Statements Are An Integral Part Of This Page
See Accountant's Compilation Report

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Lynnwood Elks Lodge No. 2171

SCHEDULE B
Year Ended March 31, 2009

Page 11

	Number of Members	Dues for Audit Year, Not Collected
1 DROPPED FOR NON-PAYMENT OF DUES	36	\$ 2,674.00
2 EXPELLED	0	
3 TRANSFER DIMIT TO ANOTHER LODGE	5	\$ -
4 ABSOLUTE DIMITS GRANTED	1	
5 DEATHS	14	\$ 100.00
6 ADD: Dues Remitted (Sec. 14.310 of Statutes)		
7 ADD: Dues owed by Delinquent Members, End of year		
8 TOTAL LOSSES (Transfer to Line 6, Page 10)	56	\$ 2,774.00

RECONCILIATION OF FEES COLLECTED

	<u>NUMBER</u>		<u>Fees Collected</u>
9 INITIATED	19	@	\$ 45.00
10 REINSTATED	6	@	\$ 10.00
11 AFFILIATED BY TRANSFER DIMIT	0	@	\$ -
12 AFFILIATED BY ABSOLUTE DIMIT	0	@	\$ 20.00
13 CERTIFICATE OF RELEASE	5	@	\$ 10.00
14 FORFEITED FEES		@	\$ -
15 ADD: Fees collected during Audit Year for Gains Occurring During Following Year			290
16 SUB-TOTAL			\$ 1,255.00
17 DEDUCT: Fees collected Prior Year For Gains Occuring During Audit Year			\$ -
18 GROSS TO ACCOUNT FOR			\$ 1,255.00
19 CASH RECEIPTS ACCOUNTED FOR (To agree with Line 2, Page 3)			\$ 1,255.00
20 DISCREPANCY (if any explain below)			\$ -

EXPLANATION OF DISCREPANCY, IF ANY (Line 9, Page 10) or (Line 20, Page 11):
Associate member dues of \$ 100 were collected during the year

NOTE: The Notes to Financial Statements Are An Integral Part Of This Page
See Accountant's Compilation Report

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Exhibit 3
Page 19 of 20

Lynnwood Elks Lodge No. 2171
Accountant's Recommendations and Suggestions
For improvement of Financial Records and Controls
Year Ended March 31, 2009

Page 12

Near break even year The period ended March 31, 2009 saw total gross revenues increase from the previous year by almost \$ 6,000 to \$ 203,321 from \$ 197,647. Expenses, including depreciation, were \$ 206,426 for 2009 compared to \$ 199,327 for 2008. The net result was the previous loss of \$ 1,682 increased to a loss of \$ 3,104. This shows the lodge's management is capable of increasing revenue, now they need to squeeze the costs to turn a profit. If that can be done 2010 could show a modest profit. The most fruitful place to find these savings is in the bar and kitchen cost of goods sold.

New Membership Program The new membership tracking program has consumed a great deal of time in the Secretaries office. The frequent software updates were a source of irritation. The determination of the lodge secretary should be applauded. It now appears to be running well with few glitches.

Membership losses The previous year's loss of 10 was more than doubled by the loss of 22 during the current year. Once again a large percentage of the losses were from members dropped for nonpayment of dues, 36 of the total losses of 56. Nothing can be done about members dying, but drops for non-payment can be managed. The membership chairman and Exalted Ruler should research these losses to determine their reason for non-payment. How long had the member been paying dues? Were they contacted to see if the Lodge doing something to drive them away or were they promised something that wasn't realistic in the first place? Recruiting quality members, making them welcome and getting them active will go a long way.

Correction of posting errors The number of posting errors continues to decline. The problem centers around interruptions in the office from visitors. Other than locking the office there is no real solution other than monitoring entries on a regular basis.

Repairs and maintenance Replacing the roof before it failed showed sound judgment. Protecting the lodge building from deterioration caused by neglect should be avoided at all costs. Keeping the building and equipment well maintained will always pay off in the long run.

Dining room volunteers The dining room continues to spill off gross profit because there is no labor cost. The food costs are still too high but with no labor cost there is significant amount going to the bottom line. Looking hard at pricing and waste could bring this around. Bar cost of goods also needs addressing.

Underlying accounting data good The secretaries' office continues to do a good job in keeping traceable accounting records. Keep it up.

Richard H. Mullen, C.P.A.
June 12, 2009

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Exhibit 3
Page 20 of 20



STATE OF WASHINGTON

BOARD OF ACCOUNTANCY

P.O. Box 9131 • Olympia, Washington 98507-9131

(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

July 1, 2010

RICHARD H. MULLEN, CPA, PS
21407 44TH AVE W
MOUNTLAKE TERRACE, WA 98043

QAR File Number: 20100514

Response Due: July 21, 2010

The Quality Assurance Review (QAR) Committee reviewed the financial statements and report you submitted for the 2010 QAR program. The type of report is noted on the attached summary. If other statements were submitted, the Committee did not select them for review.

The QAR Committee utilized the checklists provided in the AICPA financial statement preparation manual to identify the potential deficiencies noted on the summary of deficiencies. You are asked to respond to the potential deficiencies as explained in the following paragraph. The Committee needs your response in order to determine the final grade of the financial statements you submitted.

Please initial each question and/or finding and indicate whether you agree or disagree with the reviewer's findings.

- **If you disagree**, please state your reason(s) why. Use a separate sheet of paper if necessary.
- **If you agree**, please explain the specific steps you will take to improve the quality of future reports.

The Committee may recommend some type of corrective action based on your responses and the noted potential deficiencies. Possible corrective actions include:

- Attendance at specific CPE programs.
- Future pre-issue technical review of reports and workpapers.
- A field review of the working papers and your firm's quality control procedures by the Board's technical consultant.
- Referral to the Executive Director or the Board for consideration.

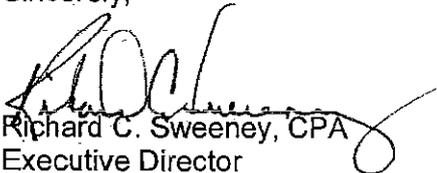


The objective of the QAR program is to improve the quality of reports and general credibility of financial statements. The Committee's comments and any recommended corrective actions are intended to help you strengthen your practice.

Board Rule (WAC 4-25-551) requires CPAs to respond in writing within 20 days of a Board inquiry. Please return your response to these comments by **July 21, 2010**. Failure to respond could result in disciplinary action by the Board.

If you have any questions or concerns, please contact Thomas J. Sadler, CPA, Deputy Director at (306) 586-0785 or at toms@cpaboard.wa.gov.

Sincerely,


Richard C. Sweeney, CPA
Executive Director

Enclosure: Summary of Potential Deficiencies

The Board of Accountancy has implemented an electronic newsletter/alert process - WBOA-NEWS. The Board recommends that you subscribe to WBOA-NEWS at <http://listserv.wa.gov/archives/wboa-news.html> to receive prompt notice of Board meetings, anticipated and/or actual statute, rule, and policy changes, etc.

Advisory: Please be advised the Washington State Board of Accountancy is required to comply with the Public Disclosure Act, Chapter 42.56 RCW. This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the Board, including personal information, may ultimately be subject to disclosure as a public record.

SUMMARY OF POTENTIAL DEFICIENCIES

Please initial each finding indicating whether you agree or disagree with the reviewer findings.

- o **If you disagree, please state your reason(s) why on a separate piece of paper.**
- o **If you agree, please explain the specific steps you will take to improve the quality of future reports.**

FSP SECTION 14,200 FINANCIAL STATEMENTS AND NOTES CHECKLIST

IV Additional Financial Statements – Statements of Cash Flows

Are cash receipts and disbursements classified as cash flows from operating, investing, and financing activities in accordance with the classifications prescribed by SFAS No. 95, Statement of Cash Flows, paragraphs 14–24 (as amended by SFAS No. 102, Statement of Cash Flows-Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale—an amendment of FASB Statement No. 95, and SFAS No. 117)? [SFAS 95 par. 14–24, as amended by SFAS 102 and SFAS 117]

AGREE _____ DISAGREE _____

FSP SECTION 14,500 ACCOUNTANTS' REPORT ON COMPILED FINANCIAL STATEMENTS CHECKLIST

Part I

If the basic financial statements are accompanied by information presented for supplementary analysis purposes, does the accountant clearly indicate the degree of responsibility, if any, he or she is taking with respect to such information? [AR 100.83]

AGREE _____ DISAGREE _____

When the accountant compiles both the basic financial statements and other data presented only for supplementary analysis purposes, does the compilation report or the separate report on the other data state that the accountant does not express an opinion or any other form of assurance on such data? [AR 100.83]

AGREE _____ DISAGREE _____

OTHER FINDINGS AND/OR CLARIFICATION BY QAR REVIEWERS

Accountants' Report

The report did not note degree of responsibility on supplementary information in the second paragraph, only noted degree on financial statements.

AGREE _____ DISAGREE _____

Statement of Cash Flows

Changes in investments are included in cash flows from operating activities.

AGREE _____ DISAGREE _____

General

The third paragraph of the compilation report does not clearly identify the supplemental schedule.

AGREE _____ DISAGREE _____



STATE OF WASHINGTON
BOARD OF ACCOUNTANCY

PO Box 9131 • Olympia, Washington 98507-9131

(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

August 24, 2010

Richard H. Mullen, CPA, PS
21407 44th Ave W
Mountlake Terrace WA 98043

QAR File Number: 20100514
Response Due: September 13, 2010

The Board sent the firm a letter dated July 1, 2010, requesting a response to the potential deficiencies found by the QAR Committee. After further review, the Board requests an answer to each of the following questions:

1. Why hasn't the firm responded to the QAR letter dated July 1, 2010? The response to this letter was due on July 21, 2010.
2. Did the firm issue the Elks financial statement for the year end 3/31/07?
3. If so, why was the report not submitted to the Board for pre-issue? Please review your Stipulation and Agreed Order, Case #04-136.

Board Rule (WAC 4-25-551) requires CPAs to respond in writing within 20 days of a Board inquiry. Please return your response to the questions above by **September 13, 2010**. Failure to respond could result in disciplinary action by the Board.

If you have any questions or concerns, please contact me at (360) 586-0952 or at jennifers@cpaboard.wa.gov.

Sincerely,

Jennifer Sciba
QAR Program Manager

Advisory: Please be advised the Washington State Board of Accountancy is required to comply with the Public Records Act, Chapter 42.56 RCW. This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the Board, including personal information, may ultimately be subject to disclosure as a public record.





STATE OF WASHINGTON
BOARD OF ACCOUNTANCY
PO Box 9131 • Olympia, Washington 98507-9131
(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

September 22, 2010

Richard H. Mullen, CPA, PS
21407 44th Ave W
Mountlake Terrace WA 98043

FINAL NOTICE

Subject: Responses Regarding QAR File 20100514
Response Due: October 12, 2010

Dear Richard Mullen:

To Date the Board has not received any responses from you.

Board staff sent you a letter dated July 1, 2010 (copy enclosed) regarding your 2010 Quality Assurance Review file, with a response due on July 21, 2010. We have not received a response. Therefore, the Board sent you a follow up letter, dated August 24, 2010 (copy enclosed) with a response due on September 13, 2010.

This is our last attempt to contact you.

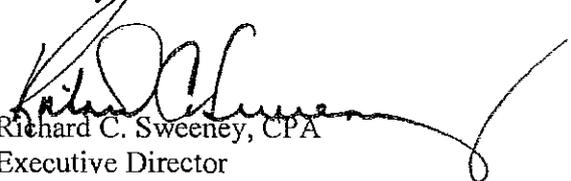
Board procedures require staff to prepare charges for violations of the Accountancy Act or Board Rules. If you do not respond as requested, Board staff must draw charges. The process of prosecuting and defending charges is time consuming for you and the Board.

Your response is due October 12, 2010

The Board must receive your complete response to both letters on or before October 12, 2010; otherwise, the agency will proceed with the issuance of charges.

If you have questions, you may contact me at: (360) 586-0163 or ricks@cpaboard.wa.gov.

Sincerely,


Richard C. Sweeney, CPA
Executive Director

rcs/jhs
Enclosure
Registered Mail Return Receipt Requested

Please be advised: The Washington State Board of Accountancy is required to comply with the Public Records Act, Chapter 42.56 RCW. This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the board, including personal information, may ultimately be subject to disclosure as a public record.



7004 2510 0004 0552 3358

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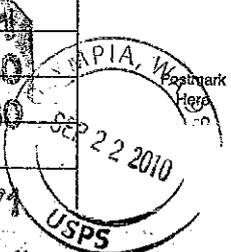
OFFICIAL RECEIPT

Postage	\$.31
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.71

Sent To
 Street, Apt or PO Box
 City, State

Richard H. Mullen, CPA, PS
 21407 44th Ave W
 Mountlake Terrace WA 98043

PS Form 3811, February 2004



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p><i>Susan K. Mullen</i></p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p><i>Susan K. Mullen</i> <i>9/22/10</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> <p><i>Susan K. Mullen</i></p>
<p>1. Article Addressed to:</p> <p>Richard H. Mullen, CPA, PS 21407 44th Ave W Mountlake Terrace WA 98043</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>7004 2510 0004 0552 3358</p>	

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public Accountant
(CPA) Certificate and/or License(s) to Practice
as a CPA or CPA Firm of:

Richard H. Mullen, CPA, PS, and
Richard H. Mullen, CPA,
Individually and as Owner of
Richard H. Mullen, CPA, PS,

Respondent.

No. ACB-1260

STATEMENT
OF CHARGES

RICHARD C. SWEENEY, CPA, Executive Director for the State of Washington Board of Accountancy, and acting in that capacity, states and alleges as follows:

I.

At all times material hereto, Richard H. Mullen, the Respondent herein, has held a Certified Public Accountant (CPA) certificate and license (No.10385) to practice public accounting in the state of Washington. The Respondent is the sole owner of the CPA firm, Richard H. Mullen, CPA PS (a professional service corporation). At all times material hereto, the CPA firm, Richard H. Mullen, CPA, PS, held a valid license (No. 2155) to practice public accounting in the state of Washington.

II.

The financial statement report submitted by the Respondents for the Board's Quality Assurance Review (QAR) Program during 2004 (QAR File Number 20040514) was not in compliance with the applicable professional standards.

III.

The Respondent entered into a Stipulation and Agreed Order with the Board On February 2, 2005. The Agreed Order included a reprimand for failing to maintain compliance with professional standards and warned the Respondent that further violations may result in license suspension or revocation. The Agreed Order required the Respondent to (1) reimburse the Board for the costs of a field review of the Respondent's practice, (2) reimburse the Board for investigative and legal costs, (3) pay a fine, (4) complete continuing professional education (CPE) in ethics, (5) complete a specific ethics course sponsored by the American Institute of CPAs, (6) complete 24 hours of accounting/auditing related CPE, and (7) update the Respondent's library. The Respondent complied with these terms of the Agreed Order. The Agreed Order also required the Respondent to submit the Respondent's next three compilation reports on financial statements, next three review reports on financial statements, and the next three audit reports on financial statements along with the accompanying financial statements and workpapers, prepared for Respondent firm's clients before issuing such reports to clients. The Respondent was required to refrain from issuing these reports until the Board or its designee had completed a review of the reports and authorized the Respondent to issue the reports. The Respondent submitted two compilation reports on financial statements to the Board. The last compilation report the Respondent submitted to the Board was dated June 20, 2006. The Respondent has not submitted a third compilation report, any review reports, or any audit reports on financial statements for Board review before issuing the reports to clients.

IV.

The Respondent submitted a compilation report on financial statements dated June 12, 2009, to the Board for the Board's 2010 Quality Assurance Review (QAR). The Respondent had

not submitted this compilation report on financial statements to the Board for review prior to issuing the report to the Respondent's clients.

V.

The compilation report on financial statements dated June 12, 2009, submitted by the Respondent for the Board's Quality Assurance Review (QAR) Program during 2010 (QAR File Number 20100514) was not in compliance with the applicable professional standards.

VI.

The Respondent failed to reply to Board inquiries dated July 1, 2010, August 24, 2010, and September 22, 2010, requesting the Respondent's response to a listing of potential deficiencies identified by the Board's QAR Committee. The August 24, 2010, inquiry requested the Respondent's answer to additional questions regarding the report submitted for the Board's 2010 QAR. The September 22, 2010, inquiry was mailed by U.S. Certified Mail—Return Receipt Requested and by U.S. First Class Mail to the last address the Respondent provided to the Board (21407 44th Ave W, Mountlake Terrace, WA 98043). The Board received a return receipt form showing the September 22, 2010, mailing was received at the Respondent's address of record. The first class mailing was not returned to the Board.

VII.

Respondent's acts and omissions described in Paragraphs III. through V. violate RCW 18.04.295 (11), RCW 18.04.305 (4), and WAC 4-25-910. (See Appendix A for reproduction of the rules.)

VIII.

Respondent's acts and omissions described in Paragraph VI. violate RCW 18.04.295 (9)(b), RCW 18.04.305 (4), WAC 4-25-551 and WAC 4-25-910. (See Appendix A for reproduction of the rules.)

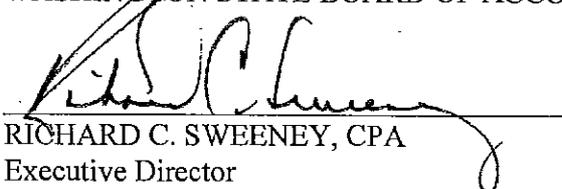
IX.

These violations constitute grounds for sanctions pursuant to RCW 18.04.295, RCW 18.04.305 and chapter 18.04 RCW including but not limited to the denial, revocation, suspension, or refusal to renew or reinstate the Respondent's Certified Public Accountant certificate and/or any license of the Respondent, the imposition of a fine plus the Board's investigative and legal costs, and imposition of full restitution to injured parties.

WHEREFORE, Richard C. Sweeney alleges that the conduct referred to in this Statement of Charges affects the public health, safety and welfare, that a notice be issued and served as provided by law to Richard H. Mullen giving him the opportunity to defend against the accusations of this Statement of Charges and provided that if he fails to defend against these accusations, that an order be entered imposing sanctions pursuant to RCW 18.04.295 including but not limited to suspending, revoking, or refusing to renew his certificate as a CPA and/or denying, suspending, revoking, or refusing to renew any license issued under Chapter 18.04 RCW, imposing a fine plus the Board's investigative and legal costs, and/or imposing full restitution to injured parties.

DATED at Olympia, this 10th day of November 2010.

WASHINGTON STATE BOARD OF ACCOUNTANCY


RICHARD C. SWEENEY, CPA
Executive Director

**PROCEEDINGS BEFORE THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public Accountant
(CPA) Certificate and/or License(s) to Practice
as a CPA or CPA Firm of:

Richard H. Mullen, CPA, PS, and
Richard H. Mullen, CPA,
Individually and as Owner of
Richard H. Mullen, CPA, PS,

Respondent.

No. ACB-1260

ANSWER TO
STATEMENT
OF CHARGES

Enter your answer below, sign, date and return this form within twenty (20) days after you are served (which is the date of deposit in the U.S. mail, if service is by mail, WAC 10-08-110) to:

Washington State Board of Accountancy
711 Capitol Way South, Suite 400, Mail Stop 43110
Post Office Box 9131
Olympia, Washington 98507-9131

If you desire a hearing, you must complete and return this form so that it is received at the above address within twenty (20) days of service. Failure to do so will constitute a waiver of hearing and result in a default (see RCW 34.05.440), and the Board may proceed to resolve your case without further notice, or hearing for your benefit. This may include the possible denial, suspension, revocation, or refusal to renew your certified public accountant (CPA) certificate and/or the denial, suspension, revocation, or refusal to renew your license(s) to practice in the state of Washington, and/or the imposition of a fine plus the Board's investigation and legal costs, and/or the imposition of full restitution to injured parties.

INSTRUCTIONS: Circle and initial your response and mail this document to the address set forth above.

Answer to Statement of Charges

1

Richard H. Mullen, CPA
Richard H. Mullen, CPA PS

Exhibit 6
Page 5 of 12

I.

I [DO] [DO NOT] request a hearing in this matter.

II.

I [WILL] [WILL NOT] be represented by an attorney. His/her name and address is:

III.

INSTRUCTIONS: list by Roman numeral in the spaces provided below, the admitted charges of the Statement of Charges. If you admit all of the charges, state "all." If you do not contest or if you deny any or all charges, see sections (2) and (3) of this paragraph.

(1) I DO ADMIT the following charges contained in the Statement of Charges:

(2) I DO NOT CONTEST the following charges contained in the Statement of Charges:

(3) I DENY the following charges contained in the Statement of Charges:

IV.

I [HAVE] [HAVE NOT] attached a sworn statement in my defense or in mitigation of the charges.

V.

You have the right to: demand a hearing; be represented by an attorney at your own expense at the hearing; subpoena witnesses or the production of books or documents, and otherwise defend against the Statement of Charges.

INTERPRETER REQUEST: I request that a qualified interpreter be appointed at no cost to me to interpret for (myself) or (my witness(es)). My, or my witness(es)', primary language is _____ (identify language). My, or my witness(es)', hearing impaired status is _____ (identify hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my witness(es).

DATED this ___ day of _____, 2010.

****SIGN****

Respondent

**PROCEEDINGS BEFORE THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public Accountant
(CPA) Certificate and/or License(s) to Practice
as a CPA or CPA Firm of:

Richard H. Mullen, CPA, PS, and
Richard H. Mullen, CPA,
Individually and as Owner of
Richard H. Mullen, CPA, PS,

Respondent.

No. ACB-1260

NOTICE OF OPPORTUNITY
TO DEFEND
STATEMENT OF CHARGES

THE STATE OF WASHINGTON TO: Richard H. Mullen

YOU ARE HEREBY NOTIFIED that a Statement of Charges has been filed with the Washington State Board of Accountancy, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that you may within twenty (20) days of the date you are served this notice (which is the date of deposit in the U.S. mail, if service is by mail, WAC 10-08-110), demand a formal hearing before the Washington State Board of Accountancy on the Statement of Charges. To demand a hearing you must complete and return the enclosed Answer to Statement of Charges requesting a hearing. If you demand a hearing, you will be subsequently notified of the time and place set for the hearing at least seven (7) days in advance of the hearing. See chapters 10-08 and 4-25 WAC and chapter 34.05 RCW for rules and statutes governing discovery, appearances and appeals.

ALTERNATIVELY, you may waive the formal hearing and, in lieu thereof, submit a written statement for consideration by the Board prior to disposition of the Statement of Charges. To exercise either alternative, merely check the appropriate box on the attached Answer to Statement of Charges form, sign, date and return it to the Washington State Board of

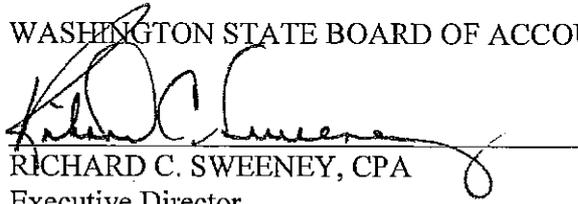
Accountancy; 711 Capitol Way South, Suite 400, Mail Stop 43110; Post Office Box 9131; Olympia, Washington 98507-9131.

YOU ARE HEREBY FURTHER NOTIFIED that if you do not return the Answer to Statement of Charges form so that it is received within twenty (20) days from the date you are served this notice, this will constitute a waiver of your right to a hearing and result in a default (See RCW 34.05.440), and the Board may proceed to resolve your case without further notice, or hearing for your benefit. This may include the possible denial, suspension, revocation, or refusal to renew your certified public accountant (CPA) certificate and/or the denial, suspension, revocation, or refusal to renew your license(s) to practice in the state of Washington, and/or the imposition of a fine plus the Board's investigation and legal costs, and/or the imposition of full restitution to injured parties.

INTERPRETER AVAILABILITY: If you or a witness for you are a person who, because of a non-English speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for you are a person who, because of a hearing impairment or speech defects, cannot readily understand or communicate in spoken language, including persons who are deaf, deaf and blind, or hard of hearing AND YOU NEED AN INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request the appointment of a qualified interpreter by indicating your request on the attached Answer to Statement of Charges form.

DATED at Olympia, this 10th day of November 2010.

WASHINGTON STATE BOARD OF ACCOUNTANCY


RICHARD C. SWEENEY, CPA
Executive Director

**PROCEEDINGS BEFORE THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public Accountant (CPA) Certificate and/or License(s) to Practice as a CPA or CPA Firm of:

No. ACB-1260

APPENDIX A

Richard H. Mullen, CPA, PS, and
Richard H. Mullen, CPA,
Individually and as Owner of
Richard H. Mullen, CPA, PS,

Respondent.

RCW 18.04.295 Actions against CPA license. The board shall have the power to: Revoke, suspend, or refuse to issue, renew, or reinstate a license or certificate; impose a fine in an amount not to exceed thirty thousand dollars plus the board's investigative and legal costs in bringing charges against a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, a non-CPA violating the provisions of RCW 18.04.345, or a nonlicensee holding an ownership interest in a licensed firm; may impose full restitution to injured parties; may impose conditions precedent to renewal of a certificate or a license; or may prohibit a nonlicensee from holding an ownership interest in a licensed firm, for any of the following causes . . .

(9) Failure to cooperate with the board by . . .

(b) Failure to furnish in writing a full and complete explanation covering the matter contained in the complaint filed with the board or the inquiry of the board . . .

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

[2004 c 159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

RCW 18.04.305 Actions against firm license. The board may revoke, suspend, or refuse to renew the license issued to a firm if at any time the firm does not meet the requirements of this chapter for licensing, or for any of the causes enumerated in RCW 18.04.295, or for any of the following additional causes:

(1) The revocation or suspension of the sole-practitioner's license or the revocation or suspension or refusal to renew the license of any partner, manager, member, or shareholder;

(2) The revocation, suspension, or refusal to renew the license of the firm, or any partner, manager, member, or shareholder thereof, to practice public accounting in any other state or foreign jurisdiction for any cause other than failure to pay a fee or to meet the CPE requirements of the other state or foreign jurisdiction;

(3) Failure by a nonlicensee owner of a licensed firm to comply with the requirements of this chapter or board rule; or

(4) Failure of the firm to comply with the requirements of this chapter or board rule.
[2001 c 294 § 15; 1992 c 103 § 12; 1986 c 295 § 12; 1983 c 234 § 13.]

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 RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive 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. [Statutory Authority: RCW 18.04.055(16). 08-18-016 § 4-25-551, filed 08/25/08, effective 9/25/08; 05-01-137, § 4-25-551, filed 12/16/04, effective 1/31/05; 01-22-036, § 4-25-551, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. 98-12-047, § 4-25-551, filed 5/29/98, effective 6/29/98; 93-12-072, § 4-25-551, filed 5/27/93, effective 7/1/93.]

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

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

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in chapter 4-25 WAC, by a licensee, defined in WAC 4-25-410, 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 . . .

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

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

(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 . . .

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

[Statutory Authority: RCW 18.04.055(16), 18.04.195(11)(d), 18.04.295, 18.04.305, and 18.04.350(2). 08-18-016 § 4-25-910, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055(16), 18.04.295, and 18.04.305. 05-01-137, § 4-25-910, filed 12/16/04, effective 1/31/05; 03-24-033, § 4-25-910, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(11), 18.04.295, and 18.04.305. 02-04-064, § 4-25-910, filed 1/31/02, effective 3/15/02; 00-11-078, § 4-25-910, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055 and 18.04.295. 94-23-070, § 4-25-910, filed 11/15/94, effective 12/16/94.]

STATE OF WASHINGTON
BOARD OF ACCOUNTANCY

In the Matter of the Certified Public
Accountant (CPA) Certificate and/or
License(s) to Practice as a CPA or CPA
Firm of:

Richard H. Mullen, CPA, PS, and
Richard H. Mullen, CPA,
Individually and as Owner of
Richard H. Mullen, CPA, PS,

Respondent.

No. ACB-1260

DECLARATION OF SERVICE

I certify under penalty of perjury under the laws of the state of Washington that the following is true and correct:

On November 10, 2010, I served a true and correct copy of a Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, and Appendix A by mailing same with proper postage affixed by U.S. Certified Mail—Return Receipt Requested #7004 2510 0004 0552 3785 and a second true and correct copy by U.S. First Class mail to the Respondent's address of record:

Richard H. Mullen, CPA
Richard H. Mullen, CPA, PS
21407 44th Ave W
Mountlake Terrace, WA 98043

I also served a true and correct copy of Findings of Fact, Conclusions of Law and Board Order and Appendix A by mailing same with proper postage affixed by U.S. Certified Mail—Return Receipt Requested #7004 2510 0004 0552 3808 and a second true and correct copy by U.S. First Class mail to:

Richard H. Mullen, CPA
15402 Larchway N
Alderwood, WA 98037

DATED this 10 day of November, 2010, in Olympia, Washington.


Cheryl M. Sexton
Executive Assistant

7004 2510 0004 0552 3785

U.S. Postal Service
CERTIFIED MAIL RECEIPT
Domestic Return Receipt for Registered Mail and Restricted Delivery

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 2.07
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.17

OLYMPIA, WA 98501
 NOV 10 2010
 PS

Richard H. Mullen, CPA
 Richard H. Mullen, CPA, PS
 21407 44th Ave W
 Mountlake Terrace, WA 98043

Instructions

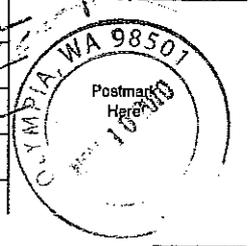
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) J. Roe</p> <p>C. Date of Delivery 11/2/10</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Richard H. Mullen, CPA Richard H. Mullen, CPA, PS 21407 44th Ave W Mountlake Terrace, WA 98043</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service)</p>	<p>7004 2510 0004 0552 3785</p>
<p>PS Form 3811, February 2004</p>	<p>Domestic Return Receipt 102595-02-M-1540</p>

7004 2510 0004 0552 3808

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Requires Mail Only. An Additional Coverage Fee May Apply)

For delivery information visit our website at www.usps.com
OFFICIAL USE

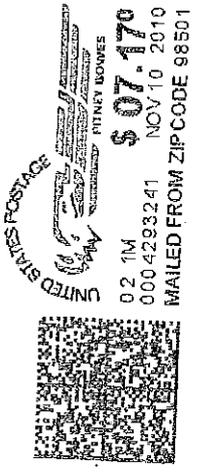
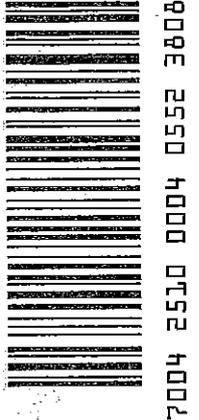
Postage	\$ 2.07
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.17



Richard H. Mullen, CPA
 15402 Larchway N
 Alderwood, WA 98037

PS Instructions

STATE OF WASHINGTON
 BOARD OF ACCOUNTANCY
 P.O. BOX 9131
 OLYMPIA, WA 98507-9131



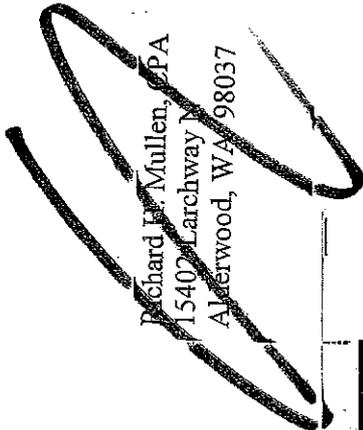
Handwritten: 12/1/10

Return Receipt
 Requested

DEC 02 2010

ACCOUNTANCY BOARD

FIRST CLASS MAIL



Richard H. Mullen, CPA
 15402 Larchway N
 Alderwood, WA 98037

1st NOTICE 11-19
 2nd NOTICE 11-28
 RETURNED

FOLD

SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mail piece, or on the front if space permits.		COMPLETE THIS SECTION ON DELIVERY A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee B. Received by (Printed Name) <input type="checkbox"/> Date of Delivery D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:	
1. Article Address: Richard H. Mullen, CPA 15402 Larchway N Alderwood, WA 98037		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Article Number (Transfer from service) 7004 2510 0004 0552 3808		3	

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public Accountant (CPA) Certificate and/or License(s) to Practice as a CPA or CPA Firm of:

Richard H. Mullen, CPA, PS, and
Richard H. Mullen, CPA,
Individually and as Owner of
Richard H. Mullen, CPA, PS,

Respondent.

NO. ACB-1260

FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND DEFAULT ORDER

I. INTRODUCTION

THIS MATTER, arises out of the Statement of Charges issued by the Executive Director of the Washington State Board of Accountancy (hereinafter Board) on November 10, 2010. The Statement of charges alleges that Richard H. Mullen (hereinafter Respondent) violated the provisions of RCW 18.04. Respondent has failed to answer or otherwise respond to the Statement of Charges.

THIS MATTER having come before the Board upon the motion of Jacqueline Walker, Assistant Attorney General; Respondent having failed to answer or otherwise respond to the Statement of Charges; the Board having reviewed the records herein and the Declaration of Richard C. Sweeney, Executive Director, and being advised in the premises, makes the following:

II. FINDINGS OF FACT

2.1 At all times material hereto, Richard H. Mullen, the Respondent herein, has held a Certified Public Accountant (CPA) certificate and license (No.10385) to practice public accounting in the state of Washington. The Respondent is the sole owner of the CPA firm,

Richard H. Mullen, CPA PS (a professional service corporation). At all times material hereto, the CPA firm, Richard H. Mullen, CPA, PS, held a valid license (No. 2155) to practice public accounting in the state of Washington.

2.2 The Respondent entered into a Stipulation and Agreed Order with the Board on February 2, 2005. The Agreed Order entered made a finding that the Respondent's financial statement submitted for the Boards Quality Assurance Review Program did not comply with applicable professional standards. The Agreed Order included a reprimand for the conduct and warned the Respondent that further violations may result in license suspension or revocation. The Agreed Order required the Respondent to (1) reimburse the Board for the costs of a field review of the Respondent's practice, (2) reimburse the Board for investigative and legal costs, (3) pay a fine, (4) complete continuing professional education (CPE) in ethics, (5) complete a specific ethics course sponsored by the American Institute of CPAs, (6) complete 24 hours of accounting/auditing related CPE, and (7) update the Respondent's library. The Respondent complied with these terms of the Agreed Order. The Agreed Order also required the Respondent to submit to the Board the Respondent's next three compilation reports on financial statements, next three review reports on financial statements, and the next three audit reports on financial statements along with the accompanying financial statements and workpapers, prepared for Respondent firm's clients before issuing such reports to clients. The Respondent was required to refrain from issuing these reports until the Board or its designee had completed an evaluation of the reports and authorized the Respondent to issue the reports. The Respondent submitted two compilation reports on financial statements to the Board for evaluation. The last compilation report the Respondent submitted to the Board was dated June 20, 2006. The Respondent did not submitted a third compilation report, any review reports, or any audit reports on financial statements for Board evaluation before issuing the reports to clients.

- 2.3 The Respondent submitted a compilation report on financial statements dated June 12, 2009, to the Board for the Board's 2010 Quality Assurance Review (QAR). The Respondent had not submitted this compilation report on financial statements to the Board for evaluation prior to issuing the report to the Respondent's clients.
- 2.4 The compilation report on financial statements dated June 12, 2009, submitted by the Respondent for the Board's Quality Assurance Review (QAR) Program during 2010 (QAR File Number 20100514) was not in compliance with the applicable professional standards.
- 2.5 The Respondent failed to reply to Board inquiries dated July 1, 2010, August 24, 2010, and September 22, 2010, requesting the Respondent's response to a listing of potential deficiencies identified by the Board's QAR Committee. The August 24, 2010, inquiry requested the Respondent's answer to additional questions regarding the report submitted for the Board's 2010 QAR. The September 22, 2010, inquiry was mailed by U.S. Certified Mail—Return Receipt Requested and by U.S. First Class Mail to the last address the Respondent provided to the Board (21407 44th Ave W, Mountlake Terrace, WA 98043). The Board received a return receipt form showing the September 22, 2010, mailing was received at the Respondent's address of record. The first class mailing was not returned to the Board.
- 2.7 The Board mailed the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend and Appendix A to Respondent by United States certified mail, return receipt requested, and by United States first class mail on November 10, 2010, addressed to the last address Respondent provided to the Board for the Respondent's firm (Richard H. Mullen, CPA, PS, 21407 44th Ave W, Mountlake Terrace, WA 98043) and to the last address Respondent provided to the Board for Respondent's individual license (15402 Larchway N, Alderwood, WA 98037).

- 2.8 The certified mailing to the last address Respondent provided to the Board for Respondent's firm (Richard H. Mullen, CPA, PS, 21407 44th Ave W, Mountlake Terrace, WA 98043) was received and signed by "J. Roe" on November 12, 2010. The first class mailing to the Respondent's last known firm address (Richard H. Mullen, CPA, PS, 21407 44th Ave W, Mountlake Terrace, WA 98043) has not been returned to the Board.
- 2.9 The certified mailing to the last address the Respondent provided to the Board for the Respondent's individual license (15402 Larchway N, Alderwood, WA 98037) was returned unopened to the Board on December 2, 2010, by the United States Postal Service marked "UNCLAIMED." The first class mailing to the Respondent's last known individual address (15402 Larchway N, Alderwood, WA 98037) has not been returned to the Board.
- 2.10 Respondent has neither answered the Statement of Charges nor requested a hearing on the matters set forth in the Statement of Charges.

III. CONCLUSIONS OF LAW

From the foregoing Findings of Fact, the Board makes the following Conclusions of Law.

- 3.1 The Washington State Board of Accountancy has jurisdiction over Respondent and the subject matter of the case. RCW 18.04.295.
- 3.2 Service is completed when mail is properly stamped, addressed, and deposited in the United States mail to the last known address of the licensee. RCW 34.05.010(19).
- 3.3 Based on the above Findings of Fact, and Conclusions of Law, Respondent has been served with the Statement of Charges, Answer to Statement of Charges, and Notice of Opportunity to Defend.
- 3.4 The failure of Respondent to file a request for a hearing in this matter within the time limit established by statute or agency rule constitutes a default, resulting in the loss of Respondent's right to a hearing. The Board is legally entitled to proceed to resolve the

matter without further notice to, or hearing for the benefit of, Respondent, except that a copy of this order shall be served upon Respondent. RCW 34.05.440.

- 3.5 Respondent's acts and omissions described in Paragraphs 2.3 through 2.5 violate RCW 18.04.295 (11), RCW 18.04.305 (4), and WAC 4-25-910.
- 3.6 Respondent's acts and omissions described in Paragraph 2.6 violate RCW 18.04.295 (9)(b), RCW 18.04.305 (4), WAC 4-25-551 (recodified as WAC 4-30-034) and WAC 4-25-910 (recodified as WAC 4-30-142). (See Appendix A for reproduction of the rules.)
- 3.7 Such conduct constitutes grounds for the denial, revocation, suspension, or refusal to renew or reinstate Respondent's Certified Public Accountant certificate and any license of Respondent, the imposition of a fine plus the Board's investigative and legal costs, and imposition of full restitution to injured parties pursuant to RCW 18.04.295, WAC 4-25-910, and chapter 18.04 RCW. (See Appendix A for reproduction of the statute and rules.)

IV. FINAL ORDER

Based upon the above Findings of Fact and Conclusions of Law, the Board hereby makes the following Order:

- 4.1 The Respondent Richard H. Mullen's CPA certificate and individual and firm licenses to practice public accounting are hereby SUSPENDED for ten years from the date this Order is accepted and entered by the Board.
- 4.2 Prior to and as a condition of the reinstatement of Respondent's CPA license or issuance of a CPA firm license, the Respondent must:
 - 4.2.1 Submit a complete reinstatement application with appropriate fee(s) and document the satisfactory completion of qualifying Continuing Professional Education (CPE) required for reinstatement by chapter 4-25 WAC (recodified as chapter 4-30 WAC), including a group or interactive self-study program of at least four hours of CPE in ethics and regulation applicable to the practice of public accounting in the State of

Washington, approved by the Board, and completed during the six-month period immediately preceding the Respondent's application for reinstatement.

- 4.2.2 Comply with all conditions for reinstatement as required by RCW 18.04 and WAC 4-25 (recodified as chapter 4-30 WAC) in effect at the time of application for reinstatement.
 - 4.2.3 Fully respond to the Board's inquiries dated July 1, 2010, and August 24, 2010, to the satisfaction of the Board.
 - 4.2.4 Pay a one thousand five hundred dollar (\$1,500) fine. This fine shall be payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO Box 43113, Olympia, WA 98504-3113 in such manner that the Board receives it prior to the Respondent's application for reinstatement.
 - 4.2.5 Reimburse the Board one thousand dollars (\$1,000) for investigative and legal costs. This payment shall be payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO Box 43113, Olympia, WA 98504-3113 in such manner that the Board receives it prior to the Respondent's application for reinstatement.
 - 4.2.6 Satisfy any other requirements imposed by the Board as a condition for reinstatement.
 - 4.2.7 Not violate any provisions of chapters 18.04 RCW or 4-30 WAC.
- 4.3 The Respondent shall not use the designation "CPA-Inactive," "certified public accountant-inactive," "CPA," "certified public accountant," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the Respondent is a certified public accountant-inactive, CPA-inactive, certified public accountant, or CPA or hold out as a "CPA" or "certified public accountant" until the Respondent's CPA certificate or license has been reinstated.

- 4.4 The Respondent shall make application for a CPA firm license coincidentally with or subsequent to reinstatement of the Respondent's individual CPA license as required by RCW 18.04 and WAC 4-30 in effect at the time of application.
- 4.5 The Respondent shall refrain from signing, affixing, or associating a firm name to any report prescribed by professional standards or designated as an "audit," "review," or "compilation," unless the Respondent is licensed under Chapter 18.04.RCW and the Respondent's firm is licensed under RCW 18.04.195 and all of its offices in this state are maintained and registered under RCW 18.04.205.

DATED this _____ day of _____ 2011.

WASHINGTON STATE BOARD OF ACCOUNTANCY

Donald F. Aubrey, CPA
Chair

MOTION TO VACATE DEFAULT

Pursuant to RCW 34.05.440(3), you have seven (7) days from the date this Order was mailed to file a written motion requesting that this Order be vacated, and stating the grounds relied upon. A motion to vacate together with any argument in support thereof should be filed by mailing or delivering it directly to the Washington State Board of Accountancy, 711 Capitol Way South, Suite 400, P. O. Box 9131, Olympia, Washington 98507-9131.

The filing of a motion to vacate does not stay the effectiveness of this Order and is not a prerequisite for filing a petition for judicial review pursuant to chapter 34.05 RCW.

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public Accountant (CPA) Certificate and/or License(s) to Practice as a CPA or CPA Firm of:

Richard H. Mullen, CPA, PS, and
Richard H. Mullen, CPA,
Individually and as Owner of
Richard H. Mullen, CPA, PS,

Respondent.

No. ACB-1260

APPENDIX A

RCW 18.04.295 Actions against CPA license. The board shall have the power to: Revoke, suspend, or refuse to issue, renew, or reinstate a license or certificate; impose a fine in an amount not to exceed thirty thousand dollars plus the board's investigative and legal costs in bringing charges against a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, a non-CPA violating the provisions of RCW 18.04.345, or a nonlicensee holding an ownership interest in a licensed firm; may impose full restitution to injured parties; may impose conditions precedent to renewal of a certificate or a license; or may prohibit a nonlicensee from holding an ownership interest in a licensed firm, for any of the following causes . . .

(9) Failure to cooperate with the board by . . .

(b) Failure to furnish in writing a full and complete explanation covering the matter contained in the complaint filed with the board or the inquiry of the board . . .

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

[2004 c159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

RCW 18.04.305 Actions against firm license. The board may revoke, suspend, or refuse to renew the license issued to a firm if at any time the firm does not meet the requirements of this chapter for licensing, or for any of the causes enumerated in RCW [18.04.295](#), or for any of the following additional causes:

(1) The revocation or suspension of the sole-practitioner's license or the revocation or suspension or refusal to renew the license of any partner, manager, member, or shareholder;

(2) The revocation, suspension, or refusal to renew the license of the firm, or any partner, manager, member, or shareholder thereof, to practice public accounting in any other state or foreign jurisdiction for any cause other than failure to pay a fee or to meet the CPE requirements of the other state or foreign jurisdiction;

(3) Failure by a nonlicensee owner of a licensed firm to comply with the requirements of this chapter or board rule; or

(4) Failure of the firm to comply with the requirements of this chapter or board rule.

[2001 c 294 § 15; 1992 c 103 § 12; 1986 c 295 § 12; 1983 c 234 § 13.]

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 RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive 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. [Statutory Authority: RCW 18.04.055(16). 08-18-016 § 4-25-551, filed 08/25/08, effective 9/25/08; 05-01-137, § 4-25-551, filed 12/16/04, effective 1/31/05; 01-22-036, § 4-25-551, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. 98-12-047, § 4-25-551, filed 5/29/98, effective 6/29/98; 93-12-072, § 4-25-551, filed 5/27/93, effective 7/1/93.]

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

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

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in chapter 4-25 WAC, by a licensee, defined in WAC 4-25-410, 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 . . .

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

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

(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 . . .

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

[Statutory Authority: RCW 18.04.055(16), 18.04.195(11)(d), 18.04.295, 18.04.305, and 18.04.350(2). 08-18-016 § 4-25-910, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055(16), 18.04.295, and 18.04.305. 05-01-137, § 4-25-910, filed 12/16/04, effective 1/31/05; 03-24-033, § 4-25-910, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(11), 18.04.295, and 18.04.305. 02-04-064, § 4-25-910, filed 1/31/02, effective 3/15/02; 00-11-078, § 4-25-910, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055 and 18.04.295. 94-23-070, § 4-25-910, filed 11/15/94, effective 12/16/94.]

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Inactive Certified Public
Accountant (CPA) Certificate of:

Weng Hong Ao,

Respondent.

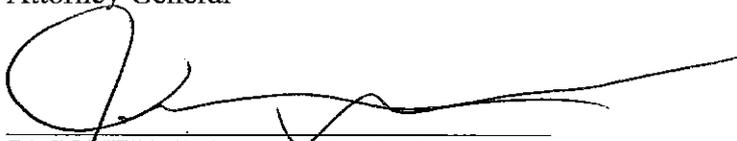
NO. ACB-1225

MOTION FOR ENTRY OF
ORDER ON DEFAULT

COMES NOW the Washington State Board of Accountancy, appearing by and through its attorneys, ROBERT M. MCKENNA, Attorney General, and Jacqueline Walker, Assistant Attorney General, and moves the Board for entry of a final order against Respondent. This motion is based on Respondent's failure to respond to the Statement of Charges served on Respondent on November 9, 2010, on the records and files herein, and on the accompanying Declaration of Richard C. Sweeney and the documents attached thereto, which provide prima facie proof of service and of the allegations contained in the Statement of Charges.

Respectfully submitted this 12th day of April, 2011.

ROBERT M. MCKENNA
Attorney General



JACQUELINE WALKER, WSBA No. 31591
Assistant Attorney General

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Inactive Certified Public
Accountant (CPA) Certificate of:

Weng Hong Ao,

Respondent.

NO. ACB-1225

DECLARATION OF
RICHARD C. SWEENEY

I, RICHARD C. SWEENEY declare under penalty of perjury under the Laws of Washington that the matters set forth below are based upon my own personal knowledge and on the files and records of the Washington State Board of Accountancy (Board).

1. I am the Executive Director for the Board of Accountancy in the State of Washington, and in that capacity, I am custodian of records for certified public accountants.
2. The Washington State Board of Accountancy has jurisdiction over the certification, licensing, and discipline of certified public accountants in the State of Washington.
3. Respondent, Weng Hong Ao, has held an inactive Certified Public Accountant (CPA) certificate (No. 16556) in the state of Washington at all material hereto. The Respondent's inactive certificate lapsed on June 30, 2009, due to the Respondent's failure to renew.
4. The Board mailed the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend and Appendix A to Respondent by U. S. Registered Mail – Return Receipt Requested and by U. S. International Airmail on November 9, 2010, addressed to the last address Respondent provided to the Board (97-A Avenida do, Almirante Lacerda, R/C, Macau).

DECLARATION OF
RICHARD C. SWEENEY

1

ATTORNEY GENERAL OF WASHINGTON
Licensing & Administrative Law Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
(206) 464-7676

5. The U.S. Postal Service returned the November 9, 2010, mailing via U.S. Registered Mail to the Board's office unopened and marked "UNCLAIMED." The November 9, 2010, mailing via U.S. International Airmail was not returned to the Board.
6. The Respondent has neither answered the Statement of Charges nor requested a hearing on the matters set forth in the Statement of Charges.
7. The attached documents, Exhibits 1-5, are true and correct copies of documents that were produced or obtained in the Board's investigation regarding the circumstances described in the Statement of Charges under the above case number.
8. The attached document identified as **Exhibit 1** is a photocopy of the *CPA-Inactive Certificate Renewal Application* the Respondent submitted to the Board and received by the Board on or about March 13, 2006, requesting renewal of the Respondent's CPA-Inactive certificate. On February 28, 2006, the Respondent signed the following renewal certification:

I certify under penalty of perjury that the information on this form is true and correct; and that I fully complied with the CPE requirements of WAC 4-25-830, WAC 4-25-831, WAC 4-25-833, WAC 4-25-793 and WAC 4-25-795 prior to December 31, 2005.

The Board renewed the Respondent's inactive CPA certificate through June 30, 2009.

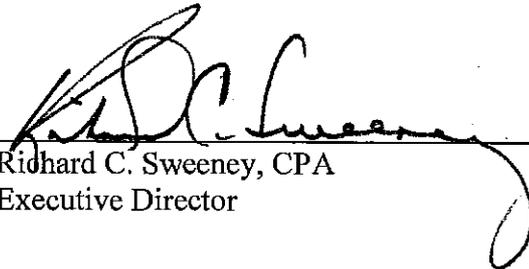
9. The attached document identified as **Exhibit 2** is a photocopy of a Continuing Professional Education (CPE) audit notice the Board mailed to the Respondent on September 27, 2006. The Respondent was required to send the following to the Board on or before November 27, 2006: (1) a completed CPE Summary Worksheet listing the courses the Respondent completed to meet the Board's CPE requirements and (2) copies of acceptable supporting documentation for each CPE course listed. The Board mailed the September 27, 2006, letter to the last address the Respondent provided to the Board (97-A Avenida do, Almirante Lacerda, R/C, Macau). The Respondent did not respond.

10. The attached document identified as **Exhibit 3** are photocopies of (1) the Final Notice the Board mailed to the Respondent on December 6, 2006, by U.S. Registered International Airmail – Return Receipt Requested and by U.S. International Airmail and (2) the unopened envelope containing the December 6, 2006, Final Notice. The Respondent’s response was due December 26, 2006. The Board mailed the December 5, 2006, Final Notice to 97-A Avenida do, Almirante Lacerda, R/C, Hong Kong. The Respondent did not respond. The December 6, 2006, mailing via U.S. International Airmail was not returned to the Board.
11. The attached document identified as **Exhibit 4** are photocopies of the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, Appendix A, and Declaration of Service mailed to the Respondent on November 9, 2010, by U.S. Registered Mail—Return Receipt Requested and by U.S. International Airmail to the last address the Respondent provided to the Board (97-A Avenida do, Almirante Lacerda, R/C, Macau).
12. The attached documents identified as **Exhibit 5** is a photocopy of the unopened envelope containing the documents described in Paragraph 11. The U.S. Postal Service returned the November 9, 2010, mailing to the Board’s office unopened and marked “UNCLAIMED.” The November 9, 2010, mailing via U.S. International Airmail was not returned to the Board.
13. The attached documents form the basis for the Board of Accountancy’s request for sanctions and are submitted in support of the Board’s proposed Findings of Fact, Conclusions of Law and Default Order.
14. The documents that were mailed to Respondent, as referenced in paragraphs 1 and 11, were mailed to the last address the Respondent provided to the Board of Accountancy (97-A Avenida do, Almirante Lacerda, R/C, Macau). No other address for Respondent is known to the Board from its investigation of this matter.

15. The Washington State Board of Accountancy requests that the Board impose the sanctions set forth in the proposed Findings of Fact, Conclusions of Law and Default Order.

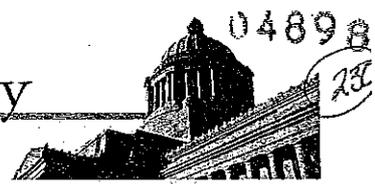
DATED this 15th day of Apr. 1 2011, in Olympia, Washington.

WASHINGTON STATE BOARD OF ACCOUNTANCY


Richard C. Sweeney, CPA
Executive Director

CPA-Inactive Certificate Renewal Application

Board of Accountancy Washington State

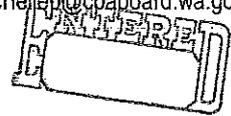


Mail To:
Washington State Board of Accountancy
PO Box 43113, Olympia, WA 98504-3113

Contact Info:
Michelle Paulsen, (360) 664-9191
michellep@cpaboard.wa.gov

Due Date: APRIL 30, 2006

If received after April 30, 2006 you must pay the \$100 late fee (WAC 4-25-790).



PERSONAL INFORMATION

Weng Hong Ao
97-A Avenida do
Almirante Lacerda, R/C
MACAU

CPA-Inactive Certificate #: 16556
Daytime Phone #: 853 315425
E-Mail Address (optional-please print clearly):

Mailing Address and/or Phone Corrections:

To change your name and/or order a replacement 9"X12" wall document, complete the Name Change/Wall Document Replacement Affidavit form found on our website. If you have changed your address, you must notify the Board in writing within 30 days (WAC 4-25-550).

TO RENEW YOUR WASHINGTON STATE CPA-INACTIVE CERTIFICATE

To renew your CPA-Inactive certificate you must have met all applicable CPE requirements of WAC 4-25-830, WAC 4-25-831, WAC 4-25-833, WAC 4-25-793 and WAC 4-25-795. (4 CPE hours in ethics and regulations applicable to the practice of public accounting in Washington State prior to December 31, 2005.)

Applications are not complete and cannot be processed until a complete form and the renewal fee is received. Please carefully review your renewal form prior to mailing it to the Board to ensure it is complete. Upon approval of your renewal application, a validation card will be mailed to the last address you provided to the Board. Your CPA-Inactive certificate will be valid until June 30, 2009.

Please do not submit CPE supporting documentation with this form. The Board performs random CPE audits to determine compliance with the CPE requirements. Should you be selected for CPE audit, you will be required to provide your CPE supporting documentation at that time.

RENEWAL CERTIFICATION (Required if Renewing)

I certify under the penalty of perjury that the information on this form is true and correct; and that I fully complied with all applicable CPE requirements of WAC 4-25-830, WAC 4-25-831, WAC 4-25-833, WAC 4-25-793 and WAC 4-25-795 prior to December 31, 2005.

I also certify under the penalty of perjury that in the past three years I have NOT been:

- Barred from practice before any government agency (foreign or domestic);
- Subjected to a disciplinary action by another state Board of Accountancy or other licensing body (foreign or domestic);
- Declared by court of competent jurisdiction, (foreign or domestic), to have committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on my fitness to represent myself as a CPA or CPA-Inactive; or
- Convicted of a felony.

If you are unable to sign the following certification, submit a signed explanation along with this renewal application.

Signature: Weng Hong Ao Date: 2006.2.28. Renewal Fee: \$230*
Location: _____ *Late Fee (\$100): _____
(City, State or Province, Country) **Total Enclosed: 270.00

*Late Fee: Applications postmarked after April 30, 2005 MUST include a \$100 late fee to be processed.

**Make checks payable and mail to: Washington State Board of Accountancy, PO Box 43113, Olympia, WA 98504-3113
Checks must be drawn on a US bank with US funds. We are unable to accept credit card payments.

THIS IS A TWO SIDED FORM

Form R-2

OTHER STATE INFORMATION

List all **OTHER** states or foreign jurisdictions where you hold or have applied for a CPA certificate, permit or license in the last 3 years (attach additional pages if necessary). RCW 18.04.215.(2):

State/Foreign Jurisdiction: _____

Number: _____

State/Foreign Jurisdiction: _____

Number: _____

State/Foreign Jurisdiction: _____

Number: _____

TO RETIRE YOUR WASHINGTON STATE CPA-INACTIVE CERTIFICATE COMPLETE THIS SECTION

(Do not complete this section if you are renewing your CPA-Inactive Certificate.)

I am applying to retire my CPA-Inactive certificate effective July 1, 2006. I understand that if I wish to renew my CPA-Inactive certificate at a later date, I must meet the then current CPA-Inactive certificate renewal requirements. I **certify under the penalty of perjury** that I will comply with the requirements of the Public Accountancy Act and WAC 4-25-793. I understand that while my CPA-Inactive certificate is Retired, I **may not use the title CPA, CPA-Inactive or CPA-Retired in any way**, nor may I exercise the privileges related to those titles. I understand that I may not allow anyone to refer to me as a Certified Public Accountant (CPA), CPA-Inactive or CPA-Retired nor may I assume or use, in writing or orally, directly or indirectly or through third parties, any words, letters, abbreviations, signs, cards, or devices tending to indicate I am a CPA, CPA-Inactive or CPA-Retired.

Signature: _____

Date: _____

Fee: -0- (There is no fee to retire your CPA-Inactive certificate.)

Location: _____

(City, State or Province, Country)

Please mail to: Washington State Board of Accountancy, PO Box 43113, Olympia, WA 98504-3113

This renewal application is due by April 30, 2006. Applications postmarked after April 30, 2006 **MUST** include the \$100 late fee. If your complete application is not postmarked by June 30, 2006, your CPA-Inactive certificate will lapse effective July 1, 2006 and you must **IMMEDIATELY** cease using the title.

The Board of Accountancy has implemented an electronic newsletter alert process - WBOA-News. The Board recommends that you subscribe to WBOA-News at <http://listserv.wa.gov/archives/wboa-news.html> to receive prompt notice of Board meetings, anticipated and/or actual statute, rule and policy changes, etc.

Thank you for promptly submitting your renewal application!

Please be advised the Washington State Board of Accountancy is required to comply with the Public Disclosure Act Chapter 42.17 RCW. This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the Board, including personal information, may ultimately be subject to disclosure as a public record.



STATE OF WASHINGTON

BOARD OF ACCOUNTANCY

P.O. Box 9131 • Olympia, Washington 98507-9131

(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

September 27, 2006

CPA-Inactive Certificate Number: 16556

Weng Hong Ao
97-A Avenida do
Almirante Lacerda, R/C
MACAU

SUBJECT: Continuing Professional Education (CPE) Audit
RESPONSE DUE: November 27, 2006

The Board is performing its annual CPE audit. Based on a random sample of CPAs, you have been included in the audit. Our records indicate that you signed your 2006 CPA-Inactive Certificate Renewal Application certifying that you completed the required CPE by December 31, 2005.

To renew your CPA-Inactive Certificate, you were required to complete 4 CPE hours in ethics and regulations applicable to the practice of public accounting in Washington State between January 1, 2003 and December 31, 2005.

To comply with the requirements of the audit, please submit acceptable supporting documentation (**COPIES ONLY**) by November 27, 2006. **Please note, these copies will not be returned.**

To speed up the audit process, be sure each copy submitted includes the following:

- Your name.
- Sponsor's name.
- Title of the program.
- Date(s) of completion.
- Number of CPE credit hours earned.

ACCEPTABLE DOCUMENTATION (COPY ONLY):

- Certificate of completion.
- CPE Summary from the course sponsor.
- Print out of certificate of completion for on-line courses.

UNACCEPTABLE DOCUMENTATION:

- Agenda.
- Registration forms.
- Literature about the course.

To request additional time to compile your supporting documents, you may request a 20 day extension to the November 27, 2006 due date. However, requests for an extension must be submitted in writing prior to November 27, 2006. This additional time would only be granted to collect the acceptable documentation.



If you are unable to provide acceptable documentation or you did not comply with the requirements you must submit your explanation in writing prior to the November 27, 2006 deadline.

You are required to respond to this audit by providing the acceptable documentation to the Board's office postmarked by **November 27, 2006**. Early responses are encouraged!

Our mailing address is:	Our overnight address is:
PO Box 9131 Olympia, WA 98507-9131	6639 Capital Blvd. South Tumwater, WA 98501.

Please feel free to contact Michelle Paulsen, License Renewal/CPE Administrator, if you have any questions at (360) 664-9191 or by e-mail at: michellep@cpaboard.wa.gov

Thank you in advance for your timely response to this request.

Respectfully,



Sandra Shoemaker, CPA
Deputy Director

Enclosure: Board Rule WAC 4-25-833

Copy: Michelle Paulsen, License Renewal/CPE Administrator

The Board of Accountancy has implemented an electronic newsletter alert process - WBOA-News. The Board recommends that you subscribe to WBOA-News at <http://listserv.wa.gov/archives/wboa-news.html> to receive prompt notice of Board meetings, anticipated and/or actual statute, rule and policy changes, etc.

Please be advised the Washington State Board of Accountancy complies with the Public Disclosure Act, Chapter 42.17 RCW. This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the board, including personal information, may ultimately be subject to disclosure as a public record.



STATE OF WASHINGTON

BOARD OF ACCOUNTANCY

P.O. Box 9131 • Olympia, Washington 98507-9131
(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

December 5, 2006

Weng Hong Ao
97-A Avenida do
Almirante Lacerda, R/C
HONG KONG

#: 16556

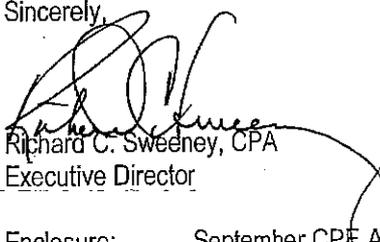
*****FINAL NOTICE*****

SUBJECT: Continuing Professional Education (CPE) Audit – Failure to Respond
RESPONSE DUE: December 26, 2006

We are concerned. Board staff has not received a response to the enclosed letter of inquiry mailed to you in September. Your response to this letter was due November 27, 2006. Since we have not received your response as yet, we are issuing this "FINAL NOTICE" which requires a written response within 20 days (WAC 4-25-551). Your complete written response is due by December 26, 2006. A complete response will include copies of all of your CPE documentation for the period 2003 – 2005 and/or a written explanation for any missing documentation.

Please be advised, Washington State law RCW 18.04.295(9a) allows the Board to sanction licensees for failure to furnish documents requested by the Board. If you do not respond as requested, charges will be filed based on failure to respond. The process of prosecuting and defending charges is time consuming and costly for you and the Board.

Sincerely,


Richard C. Sweeney, CPA
Executive Director

Enclosure: September CPE Audit Notification Letter

CERTIFIED MAIL – Return Receipt Requested

Copy: First Class Mail USPS
Michelle Paulsen, License/CPE Administrator

The Board of Accountancy has implemented an electronic newsletter alert process - WBOA-News. The Board recommends that you subscribe to WBOA-News at <http://listserv.wa.gov/archives/wboa-news.html> to receive prompt notice of Board meetings, anticipated and/or actual statute, rule and policy changes, etc.

Please be advised the Washington State Board of Accountancy is required to comply with the Public Disclosure Act Chapter 42.17 RCW. This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the Board, including personal information, may ultimately be subject to disclosure as a public record.





State of Washington
BOARD OF ACCOUNTANCY
PO Box 9131
Olympia, WA 98507-9131

United States Postal Service
REGISTERED MAIL



RB 253 013 693 US

Label 200 July 1999

(02595) 99-N-1904

AIR MAIL

封套 請寄 退回郵件
NÃO RECLAMADO
DE LA CLASSE AO REMETENTE
NE PAS RECLAMER
RETOUR A L'ENVOYEUR

Weng Hong-Ao # 16556
97-A Avenida do
Almirante Lacerda, R/C
~~HONG KONG~~

Weng Hong-Ao



02 1A \$10.59
0004305870 DEC 06 2006
MAILED FROM ZIP CODE 98501



RECEIVED

JAN 29 2007

**ACCOUNTANCY
BOARD**

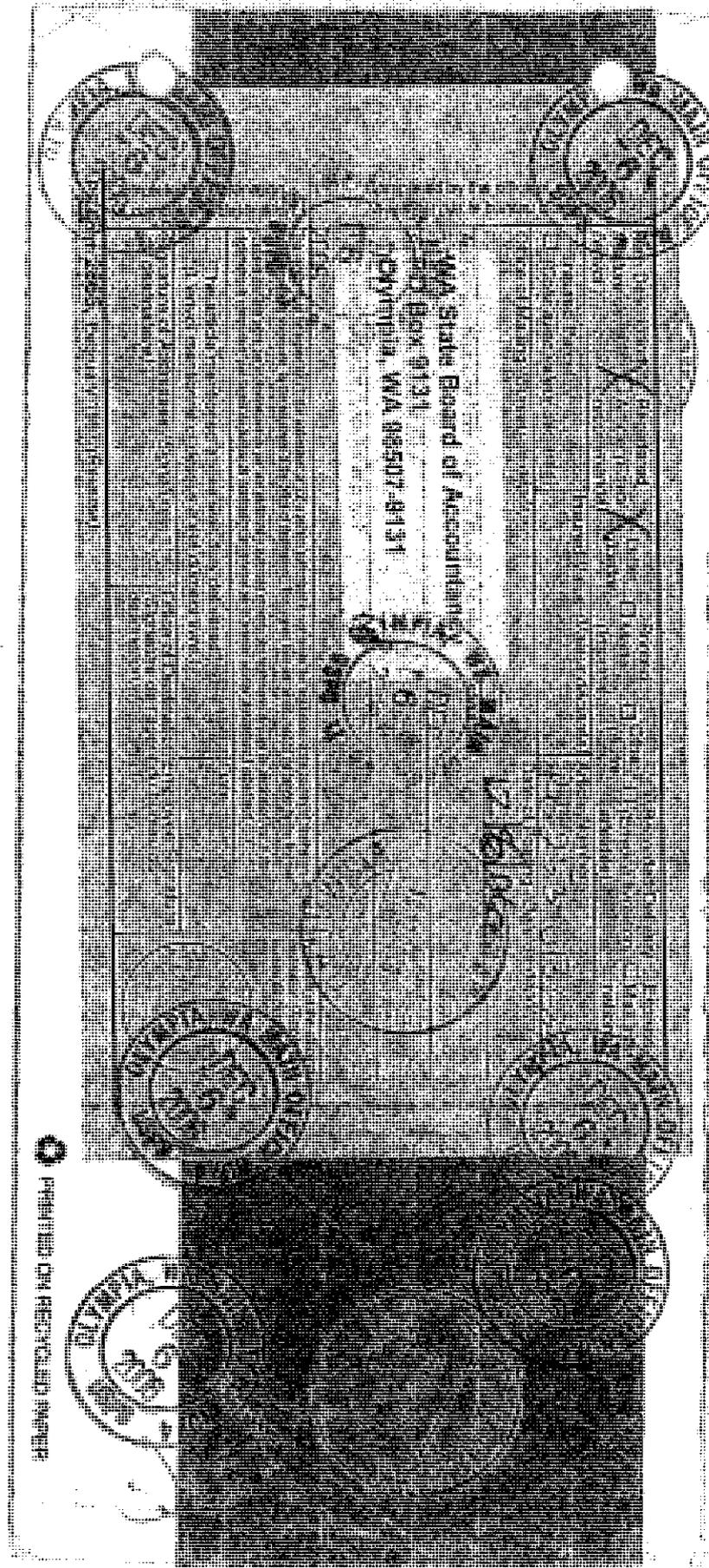
2

RETURN RECEIPT

Item No. 編號 RI 200 231 319 HK



入口掛號郵件 Inward Registered Mail



PRINTED ON RECYCLED PAPER

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Inactive Certified Public
Accountant (CPA) Certificate of:

Weng Hong Ao,

Respondent.

No. ACB-1225

STATEMENT
OF CHARGES

RICHARD C. SWEENEY, CPA, Executive Director for the State of Washington Board of Accountancy, and acting in that capacity, states and alleges as follows:

I.

Respondent, Weng Hong Ao, has held an inactive Certified Public Accountant (CPA) certificate (No. 16556) in the state of Washington at all material hereto. The Respondent's inactive certificate lapsed on June 30, 2009, due to the Respondent's failure to renew.

II.

On or about March 13, 2006, the Board received the Respondent's *CPA-Inactive Certificate Renewal Application* and the appropriate renewal fee of \$230. The Respondent requested renewal of the Respondent's CPA-Inactive certificate and on February 28, 2006, signed the following renewal certification:

I certify under penalty of perjury that the information on this form is true and correct; and that I fully complied with the CPE requirements of WAC 4-25-830, WAC 4-25-831, WAC 4-25-833, WAC 4-25-793 and WAC 4-25-795 prior to December 31, 2005.

The Board renewed the Respondent's inactive CPA certificate through June 30, 2009.

III.

On or about September 27, 2006, the Board mailed the Respondent a Continuing Professional Education (CPE) audit notice. The Respondent was required to submit a completed CPE Summary Worksheet and acceptable supporting documentation for each CPE course listed to the Board by November 27, 2006. The Respondent did not respond.

IV.

On December 5, 2006, the Board mailed a final notice to the Respondent advising the Respondent that the Board had not received the Respondent's response to the Board's September 27, 2006, audit notice and requested the Respondent's response within 20 days. The December 5, 2006, final notice was mailed by U. S. Registered International Airmail —Return Receipt Requested and by U. S. International Airmail to the last address the Respondent provided to the Board. On January 29, 2007, the U.S. Postal Service returned the December 6, 2006, mailing via U.S. Registered International Airmail to the Board's office unopened and marked "NAO RECLAMADO." The December 6, 2006, mailing via U.S. International Airmail was not returned to the Board. The Respondent failed to respond.

V.

The Respondent has not provided the Board with any evidence to demonstrate Respondent's completion of the required ethics CPE. The Respondent failed to respond to Board requests for documentation.

VI.

Respondent's acts and omissions described in Paragraphs III, IV, and V violate WAC 4-25-551 and constitute prohibited acts under WAC 4-25-910. (See Appendix A for reproduction of the rules.)

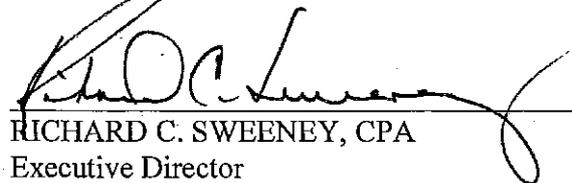
VII.

These violations constitute grounds for sanctions pursuant to RCW 18.04.295 and chapter 18.04 RCW including but not limited to the denial, revocation, suspension, or refusal to renew or reinstate the Respondent's Certified Public Accountant certificate and/or any license of the Respondent, the imposition of a fine plus the Board's investigative and legal costs, and imposition of full restitution to injured parties.

WHEREFORE, Richard C. Sweeney alleges that the conduct referred to in this Statement of Charges affects the public health, safety and welfare, that a notice be issued and served as provided by law to Weng Hong Ao giving Weng Hong Ao the opportunity to defend against the accusations of this Statement of Charges and provided that if Weng Hong Ao fails to defend against these accusations, that an order be entered imposing sanctions pursuant to RCW 18.04.295 including but not limited to suspending, revoking, or refusing to renew Weng Hong Ao's certificate as a CPA and/or denying, suspending, revoking, or refusing to renew any license issued under Chapter 18.04 RCW, imposing a fine plus the Board's investigative and legal costs, and/or imposing full restitution to injured parties.

DATED at Olympia, this 8th day of November 2010.

WASHINGTON STATE BOARD OF ACCOUNTANCY


RICHARD C. SWEENEY, CPA
Executive Director

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Inactive Certified Public
Accountant (CPA) Certificate of:

Weng Hong Ao,

Respondent.

No. ACB-1225

ANSWER TO
STATEMENT
OF CHARGES

Enter your answer below, sign, date and return this form within twenty (20) days after you are served (which is the date of deposit in the U.S. mail, if service is by mail, WAC 10-08-110) to:

Washington State Board of Accountancy
711 Capitol Way South, Suite 400, Mail Stop 43110
Post Office Box 9131
Olympia, Washington 98507-9131

If you desire a hearing, you must complete and return this form so that it is received at the above address within twenty (20) days of service. Failure to do so will constitute a waiver of hearing and result in a default (see RCW 34.05.440), and the Board may proceed to resolve your case without further notice, or hearing for your benefit. This may include the possible denial, suspension, revocation, or refusal to renew your certified public accountant (CPA) certificate and/or the denial, suspension, revocation, or refusal to renew your license(s) to practice in the state of Washington, and/or the imposition of a fine plus the Board's investigation and legal costs, and/or the imposition of full restitution to injured parties.

INSTRUCTIONS: Circle and initial your response and mail this document to the address set forth above.

I.

I [DO] [DO NOT] request a hearing in this matter.

II.

I [WILL] [WILL NOT] be represented by an attorney. His/her name and address is:

III.

INSTRUCTIONS: list by Roman numeral in the spaces provided below, the admitted charges of the Statement of Charges. If you admit all of the charges, state "all." If you do not contest or if you deny any or all charges, see sections (2) and (3) of this paragraph.

(1) I DO ADMIT the following charges contained in the Statement of Charges:

(2) I DO NOT CONTEST the following charges contained in the Statement of Charges:

(3) I DENY the following charges contained in the Statement of Charges:

IV.

I [HAVE] [HAVE NOT] attached a sworn statement in my defense or in mitigation of the charges.

V.

You have the right to: demand a hearing; be represented by an attorney at your own expense at the hearing; subpoena witnesses or the production of books or documents, and otherwise defend against the Statement of Charges.

INTERPRETER REQUEST: I request that a qualified interpreter be appointed at no cost to me to interpret for (myself) or (my witness(es)). My, or my witness(es)', primary language is _____ (identify language). My, or my witness(es)', hearing impaired status is _____ (identify hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my witness(es).

DATED this __ day of _____, 2010.

****SIGN****

Respondent

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Inactive Certified Public
Accountant (CPA) Certificate of:

Weng Hong Ao,

Respondent.

No. ACB-1225

**NOTICE OF OPPORTUNITY
TO DEFEND
STATEMENT OF CHARGES**

THE STATE OF WASHINGTON TO: Weng Hong Ao

YOU ARE HEREBY NOTIFIED that a Statement of Charges has been filed with the Washington State Board of Accountancy, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that you may within twenty (20) days of the date you are served this notice (which is the date of deposit in the U.S. mail, if service is by mail, WAC 10-08-110), demand a formal hearing before the Washington State Board of Accountancy on the Statement of Charges. To demand a hearing you must complete and return the enclosed Answer to Statement of Charges requesting a hearing. If you demand a hearing, you will be subsequently notified of the time and place set for the hearing at least seven (7) days in advance of the hearing. See chapters 10-08 and 4-25 WAC and chapter 34.05 RCW for rules and statutes governing discovery, appearances and appeals.

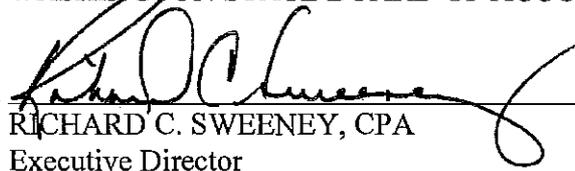
ALTERNATIVELY, you may waive the formal hearing and, in lieu thereof, submit a written statement for consideration by the Board prior to disposition of the Statement of Charges. To exercise either alternative, merely check the appropriate box on the attached Answer to Statement of Charges form, sign, date and return it to the Washington State Board of Accountancy; 711 Capitol Way South, Suite 400, Mail Stop 43110; Post Office Box 9131; Olympia, Washington 98507-9131.

YOU ARE HEREBY FURTHER NOTIFIED that if you do not return the Answer to Statement of Charges form so that it is received within twenty (20) days from the date you are served this notice, this will constitute a waiver of your right to a hearing and result in a default (See RCW 34.05.440), and the Board may proceed to resolve your case without further notice, or hearing for your benefit. This may include the possible denial, suspension, revocation, or refusal to renew your certified public accountant (CPA) certificate and/or the denial, suspension, revocation, or refusal to renew your license(s) to practice in the state of Washington, and/or the imposition of a fine plus the Board's investigation and legal costs, and/or the imposition of full restitution to injured parties.

INTERPRETER AVAILABILITY: If you or a witness for you are a person who, because of a non-English speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for you are a person who, because of a hearing impairment or speech defects, cannot readily understand or communicate in spoken language, including persons who are deaf, deaf and blind, or hard of hearing AND YOU NEED AN INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request the appointment of a qualified interpreter by indicating your request on the attached Answer to Statement of Charges form.

DATED at Olympia, this 8th day of November 2010.

WASHINGTON STATE BOARD OF ACCOUNTANCY


RICHARD C. SWEENEY, CPA
Executive Director

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Inactive Certified Public
Accountant (CPA) Certificate of:

Weng Hong Ao,

Respondent.

No. ACB-1225

APPENDIX A

RCW 18.04.295 Actions against CPA license. The board shall have the power to: Revoke, suspend, or refuse to issue, renew, or reinstate a license or certificate; impose a fine in an amount not to exceed thirty thousand dollars plus the board's investigative and legal costs in bringing charges against a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, a non-CPA violating the provisions of RCW 18.04.345, or a nonlicensee holding an ownership interest in a licensed firm; may impose full restitution to injured parties; may impose conditions precedent to renewal of a certificate or a license; or may prohibit a nonlicensee from holding an ownership interest in a licensed firm, for any of the following causes . . .

(3) A violation of any provision of this chapter . . .

(9) Failure to cooperate with the board by:

(a) Failure to furnish any papers or documents requested or ordered by the board . . .

[2004 c 159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

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 RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive 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. [Statutory Authority: RCW 18.04.055(16). 08-18-016 § 4-25-551, filed 08/25/08, effective 9/25/08; 05-01-137, § 4-25-551, filed 12/16/04, effective 1/31/05; 01-22-036, § 4-25-551, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. 98-12-047, § 4-25-551, filed 5/29/98, effective 6/29/98; 93-12-072, § 4-25-551, filed 5/27/93, effective 7/1/93.]

WAC 4-25-910 What are the bases for the board to impose discipline? RCW 18.04.055, 18.04.295, 18.04.305, and 18.04.350 authorize the board to revoke, suspend, refuse to issue, renew, or reinstate an individual or firm license, CPA-Inactive certificate, the right to

exercise practice privileges in this state, or registration as a resident nonlicensee firm owner; impose a fine not to exceed thirty thousand dollars; recover investigative and legal costs; impose full restitution to injured parties; impose remedial sanctions; impose conditions precedent to renew; or prohibit a resident nonlicensee from holding an ownership interest in a firm licensed in this state for the specific acts listed below.

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

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in chapter 4-25 WAC, by a licensee, defined in WAC 4-25-410, CPA-Inactive certificateholder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified for practice privileges . . .

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

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

(c) Respond to an inquiry of the board . . .

[Statutory Authority: RCW 18.04.055(16), 18.04.195(11)(d), 18.04.295, 18.04.305, and 18.04.350(2). 08-18-016 § 4-25-910, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055(16), 18.04.295, and 18.04.305. 05-01-137, § 4-25-910, filed 12/16/04, effective 1/31/05; 03-24-033, § 4-25-910, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(11), 18.04.295, and 18.04.305. 02-04-064, § 4-25-910, filed 1/31/02, effective 3/15/02; 00-11-078, § 4-25-910, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055 and 18.04.295. 94-23-070, § 4-25-910, filed 11/15/94, effective 12/16/94.]

STATE OF WASHINGTON
BOARD OF ACCOUNTANCY

In the Matter of the Inactive Certified Public
Accountant (CPA) Certificate of:

Weng Hong Ao,
Respondent.

No. ACB-1225

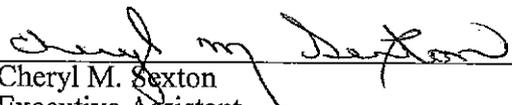
DECLARATION OF SERVICE

I certify under penalty of perjury under the laws of the state of Washington that the following is true and correct:

On November 9, 2010, I served a true and correct copy of a Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, and Appendix A by mailing same with proper postage affixed by U.S. Registered Mail—Return Receipt Requested and a second true and correct copy by U.S. International Airmail to the Respondent's address of record:

Weng Hong Ao
97-A Avenida do
Almirante Lacerda, R/C
MACAU

DATED this 9 day of November, 2010, in Olympia, Washington.


Cheryl M. Sexton
Executive Assistant

763 US

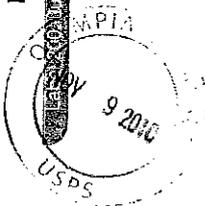
United States Postal Service
REGISTERED MAIL



RB 624 2JA 763 US

02-995 985 1984

STATE OF WASHINGTON
BOARD OF ACCOUNTANCY
P.O. BOX 9131
OLYMPIA, WA 98507-9131



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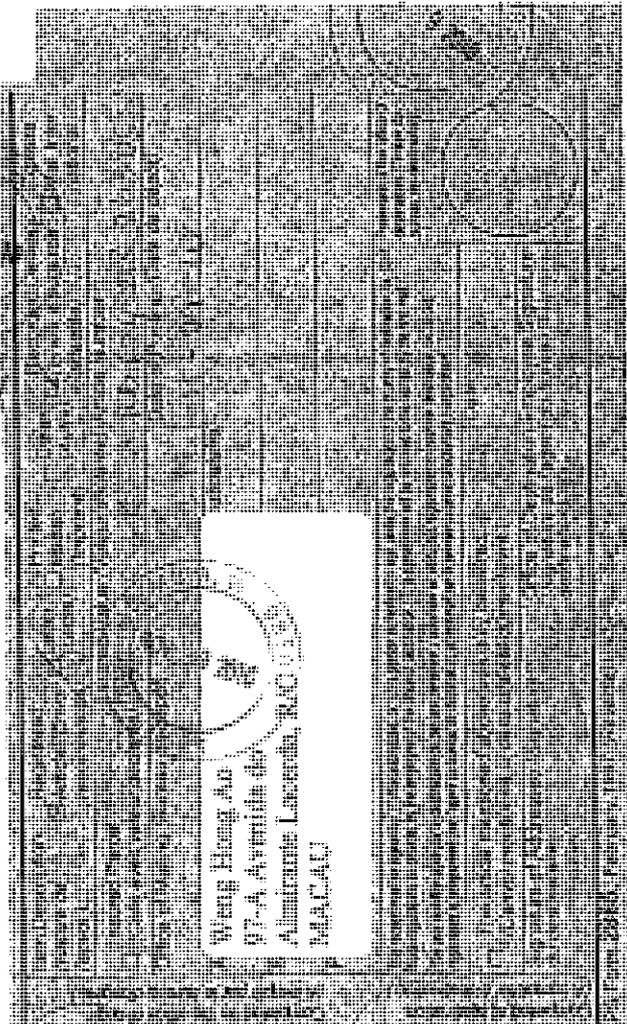
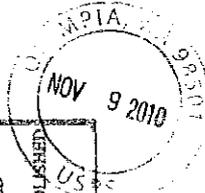
WA ACCOUNTANCY BOARD

AIR MAIL

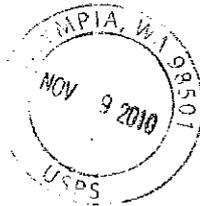
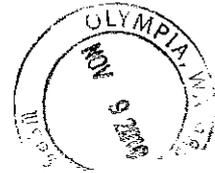
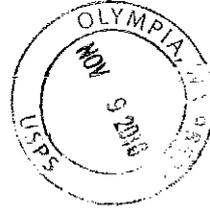
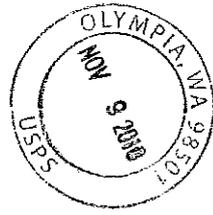
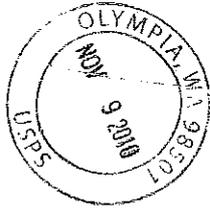
Return Receipt
Requested

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<input type="checkbox"/>	DEMOLISHED

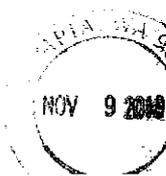
Weng Hong An
97-A Avenida do
Almirante Lacerda, R/C OVED
MACAU



Weng Hong An
97-A Avenida do
Almirante Lacerda, R/C OVED
MACAU



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**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Inactive Certified
Public Accountant (CPA) Certificate of:

Weng Hong Ao,
Respondent.

NO. ACB-1225

FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND DEFAULT ORDER

I. INTRODUCTION

THIS MATTER, arises out of the Statement of Charges issued by the Executive Director of the Washington State Board of Accountancy (hereinafter Board) on November 9, 2010. The Statement of charges alleges that Weng Hong Ao (hereinafter Respondent) violated the provisions of RCW 18.04. Respondent has failed to answer or otherwise respond to the Statement of Charges.

THIS MATTER having come before the Board upon the motion of Jacqueline Walker, Assistant Attorney General; Respondent having failed to answer or otherwise respond to the Statement of Charges; the Board having reviewed the records herein and the Declaration of Richard C. Sweeney, Executive Director, and being advised in the premises, makes the following:

II. FINDINGS OF FACT

- 2.1 Respondent, Weng Hong Ao, has held an inactive Certified Public Accountant (CPA) certificate (No. 16556) in the state of Washington at all material hereto. The Respondent's inactive certificate lapsed on June 30, 2009, due to the Respondent's failure to renew.
- 2.2 On or about March 13, 2006, the Board received the Respondent's *CPA-Inactive Certificate Renewal Application* and the appropriate renewal fee of \$230. The Respondent requested

renewal of the Respondent's CPA-Inactive certificate and on February 28, 2006, signed the following renewal certification:

I certify under penalty of perjury that the information on this form is true and correct; and that I fully complied with the CPE requirements of WAC 4-25-830, WAC 4-25-831, WAC 4-25-833, WAC 4-25-793 and WAC 4-25-795 prior to December 31, 2005.

The Board renewed the Respondent's inactive CPA certificate through June 30, 2009.

- 2.3 On or about September 27, 2006, the Board mailed the Respondent a Continuing Professional Education (CPE) audit notice. The Respondent was required to submit a completed CPE Summary Worksheet and acceptable supporting documentation for each CPE course listed to the Board by November 27, 2006. The Respondent did not respond.
- 2.4 On December 5, 2006, the Board mailed a final notice to the Respondent advising the Respondent that the Board had not received the Respondent's response to the Board's September 27, 2006, audit notice and requested the Respondent's response within 20 days. The December 5, 2006, final notice was mailed by U. S. Registered International Airmail — Return Receipt Requested and by U. S. International Airmail to the last address the Respondent provided to the Board. On January 29, 2007, the U.S. Postal Service returned the December 6, 2006, mailing via U.S. Registered International Airmail to the Board's office unopened and marked "NAO RECLAMADO." The December 6, 2006, mailing via U.S. International Airmail was not returned to the Board. The Respondent failed to respond.
- 2.5 The Respondent has not provided the Board with any evidence to demonstrate Respondent's completion of the required ethics CPE. The Respondent failed to respond to Board requests for documentation.
- 2.6 The Board mailed the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend and Appendix A to Respondent by U. S. Registered Mail – Return

Receipt Requested and by U. S. International Airmail on November 9, 2010, addressed to the last address Respondent provided to the Board (97-A Avenida do, Almirante Lacerda, R/C, Macau).

- 2.8 The U.S. Postal Service returned the November 9, 2010, mailing via U.S. Registered Mail to the Board's office unopened and marked "UNCLAIMED." The November 9, 2010, mailing via U.S. International Airmail was not returned to the Board.
- 2.9 Respondent has neither answered the Statement of Charges nor requested a hearing on the matters set forth in the Statement of Charges.

III. CONCLUSIONS OF LAW

From the foregoing Findings of Fact, the Board makes the following Conclusions of Law.

- 3.1 The Washington State Board of Accountancy has jurisdiction over Respondent and the subject matter of the case. RCW 18.04.295.
- 3.2 Service is completed when mail is properly stamped, addressed, and deposited in the United States mail to the last known address of the licensee. RCW 34.05.010(19).
- 3.3 Based on the above Findings of Fact, and Conclusions of Law, Respondent has been served with the Statement of Charges, Answer to Statement of Charges, and Notice of Opportunity to Defend.
- 3.4 The failure of Respondent to file a request for a hearing in this matter within the time limit established by statute or agency rule constitutes a default, resulting in the loss of Respondent's right to a hearing. The Board is legally entitled to proceed to resolve the matter without further notice to, or hearing for the benefit of, Respondent, except that a copy of this order shall be served upon Respondent. RCW 34.05.440.
- 3.5 Respondent's conduct set out in Findings of Fact 2.3, 2.4 and 2.5 constitutes violation of RCW 18.04.295 (9)(a), WAC 4-25-551 (recodified as WAC 4-30-034), and WAC 4-25-910 (recodified as WAC 4-30-142). Such conduct constitutes grounds for the denial, revocation,

suspension, or refusal to renew or reinstate Respondent's Certified Public Accountant certificate and any license of Respondent, the imposition of a fine plus the Board's investigative and legal costs, and imposition of full restitution to injured parties pursuant to RCW 18.04.295, WAC 4-25-910, and chapter 18.04 RCW. (See Appendix A for reproduction of the statute and rules.)

IV. FINAL ORDER

Based upon the above Findings of Fact and Conclusions of Law, the Board hereby makes the following Order:

- 4.1 Respondent's inactive Certified Public Accountant (CPA) certificate is hereby **SUSPENDED** for three years from the date this Order is accepted and entered by the Board.
- 4.2 Prior to and as a condition of the reinstatement of Respondent's CPA-Inactive certificate, the Respondent must:
 - 4.2.1 Serve the first year of the three-year suspension, the remaining two years will be stayed as long as the Respondent maintains compliance with the terms and conditions of this Order, Chapter 18.04 RCW, and/or Chapter 4-25 WAC following the date of acceptance by the Board.
 - 4.2.2 Submit a complete reinstatement application with appropriate fee(s) and report the satisfactory completion of qualifying Continuing Professional Education (CPE) required for reinstatement by chapter 4-30 WAC, including a group or interactive self-study program (not non-interactive self-study) of at least four hours of CPE in ethics and regulation applicable to the practice of public accounting in the State of Washington, approved by the Board, and completed during the six-month period immediately preceding the Respondent's application for reinstatement.
 - 4.2.3 Comply with all conditions for reinstatement as required by RCW 18.04 and WAC 4-30 in effect at the time of application for reinstatement.

- 4.2.4 Pay a five hundred dollar (\$500) fine.
- 4.2.5 Reimburse the Board seven hundred fifty dollars (\$750) for investigative and legal costs.
- 4.2.6 During the period after the acceptance and entry of this Order, Respondent shall not otherwise violate any provisions of chapters 18.04 RCW or 4-25 WAC.
- 4.2.7 Satisfy any other requirement imposed by the Board as a condition for the reissuance of the certificate or license.
- 4.3 The Respondent shall not use the designation “CPA,” “CPA-Inactive” or “certified public accountant” or hold out as a “CPA,” “CPA-Inactive” or “certified public accountant until such time that the Board has reissued a CPA-Inactive certificate or license to the Respondent under Chapter 18.04 RCW.
- 4.4 The Respondent shall not hold out to the public, or use in connection with his name, or any other name, the title or designation “certified accountant,” “chartered accountant,” “licensed accountant,” “licensed public accountant,” “public accountant,” “CPA (Retired),” “CPA-Inactive,” or any other title or designation likely to be confused with “certified public accountant” or any of the abbreviations “CA,” “LA,” “LPA,” or “PA,” or similar abbreviations likely to be confused with “CPA,” until such time that the Board has reissued a CPA-Inactive certificate or license to the Respondent under Chapter 18.04 RCW.

DATED this ____ day of _____ 2011.

WASHINGTON STATE BOARD OF ACCOUNTANCY

Donald F. Aubrey, CPA
Chair

MOTION TO VACATE DEFAULT

Pursuant to RCW 34.05.440(3), you have seven (7) days from the date this Order was mailed to file a written motion requesting that this Order be vacated, and stating the grounds relied upon. A motion to vacate together with any argument in support thereof should be filed by mailing or delivering it directly to the Washington State Board of Accountancy, 711 Capitol Way South, Suite 400, P. O. Box 9131, Olympia, Washington 98507-9131.

The filing of a motion to vacate does not stay the effectiveness of this Order and is not a prerequisite for filing a petition for judicial review pursuant to chapter 34.05 RCW.

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of the Inactive Certified Public
Accountant (CPA) Certificate of:

Weng Hong Ao,

Respondent.

No. ACB-1225

APPENDIX A

RCW 18.04.295 Actions against CPA license. The board shall have the power to: Revoke, suspend, or refuse to issue, renew, or reinstate a license or certificate; impose a fine in an amount not to exceed thirty thousand dollars plus the board's investigative and legal costs in bringing charges against a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, a non-CPA violating the provisions of RCW 18.04.345, or a nonlicensee holding an ownership interest in a licensed firm; may impose full restitution to injured parties; may impose conditions precedent to renewal of a certificate or a license; or may prohibit a nonlicensee from holding an ownership interest in a licensed firm, for any of the following causes . . .

(3) A violation of any provision of this chapter . . .

(9) Failure to cooperate with the board by:

(a) Failure to furnish any papers or documents requested or ordered by the board . . .

[2004 c 159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

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 RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive 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. [Statutory Authority: RCW 18.04.055(16). 08-18-016 § 4-25-551, filed 08/25/08, effective 9/25/08; 05-01-137, § 4-25-551, filed 12/16/04, effective 1/31/05; 01-22-036, § 4-25-551, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. 98-12-047, § 4-25-551, filed 5/29/98, effective 6/29/98; 93-12-072, § 4-25-551, filed 5/27/93, effective 7/1/93.]

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

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

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in chapter 4-25 WAC, by a licensee, defined in WAC 4-25-410, CPA-Inactive certificateholder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified for practice privileges . . .

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

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

(c) Respond to an inquiry of the board . . .

[Statutory Authority: RCW 18.04.055(16), 18.04.195(11)(d), 18.04.295, 18.04.305, and 18.04.350(2). 08-18-016 § 4-25-910, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055(16), 18.04.295, and 18.04.305. 05-01-137, § 4-25-910, filed 12/16/04, effective 1/31/05; 03-24-033, § 4-25-910, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(11), 18.04.295, and 18.04.305. 02-04-064, § 4-25-910, filed 1/31/02, effective 3/15/02; 00-11-078, § 4-25-910, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055 and 18.04.295. 94-23-070, § 4-25-910, filed 11/15/94, effective 12/16/94.]



Washington State Board of Accountancy

Policy Number: 2000-1

Title: Continuing Professional Education*

Revised: April 25, 2011

Effective: January 1, 2000

Approved:

Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To provide clarification and direction on the Board's continuing professional education (CPE) rules.

I. Guidance Regarding the Appropriate Classification of a CPE Course

Continuing professional education (CPE) is intended to impart to licensees that knowledge necessary to stay current with the knowledge base required to meet contemporary public expectations and comply with professional and regulatory requirements when rendering public accounting services or performing in the employ of an employer.

CPE credits are generally allowable for courses with content related to the primary focus of the licensee's public practice or specific job requirements if in the employ of an employer including but not limited to accounting for transaction, preparation of financial statements, budgeting, data analysis, internal or external auditing, preparation of reports to taxing authorities, controllership functions, financial analysis, performance auditing, specific types of consulting, or forensic investigations.

Generally the Board does not pre-approve programs as meeting the Board's CPE requirements. However, upon receipt of a CPE course description and outline, the Executive Director may provide informal, oral guidance regarding the appropriate classification of a course.

II. Acceptable Evidence Supporting Eligibility for CPE Credit

The Board will accept original CPE documents or copies of documents submitted by mail fax, e-mail or other electronic means. The Board, in its discretion, may require the submission of the original of any of these documents.

If documents and/or forms are submitted to the Board or Board staff by mail, fax, e-mail or other electronic means, the sender is responsible for ensuring that the Board or Board staff receives the transmittal.

The Board may request additional documentation such as program outlines, or statements from the participant or sponsor to determine the validity of the CPE claimed.



Washington State Board of Accountancy

Policy Number: 2000-1

Title: Continuing Professional Education ~~and Licensing Requirements~~*

Revised: ~~July 18, 2008~~ April 25, 2011

Effective: January 1, 2000

Approved: _____
Edwin G. Jolicoeur Donald F. Aubrey, CPA,

Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To provide clarification and direction on the Board's continuing professional education (CPE) rules ~~and licensing requirements~~.

I. Guidance Regarding the Appropriate Classification of a CPE Course

Continuing professional education (CPE) is intended to impart to licensees that knowledge necessary to stay current with the knowledge base required to meet contemporary public expectations and comply with professional and regulatory requirements when rendering public accounting services or performing in the employ of an employer.

CPE credits are generally allowable for courses with content related to the primary focus of the licensee's public practice or specific job requirements if in the employ of an employer including but not limited to accounting for transaction, preparation of financial statements, budgeting, data analysis, internal or external auditing, preparation of reports to taxing authorities, controllership functions, financial analysis, performance auditing, specific types of consulting, or forensic investigations.

Generally the Board does not pre-approve programs as meeting the Board's CPE requirements. However, upon receipt of a CPE course description and outline, the

Executive Director may provide informal, oral guidance regarding the appropriate classification of a course. ~~The Executive Director is to:~~

- ~~A. Be conservative in her/his guidance,~~
~~B. Clearly advise the individual that the:~~

- ~~• CPA, CPA Inactive certificateholder, or resident non-licensee firm owner is responsible for justifying classification of CPE courses, and~~
- ~~• Executive Director's guidance is not binding on the Board.~~

~~II. CPE Credit for Voluntary Service on the Board, the Board's Committees and Programs, Peer Review Programs, and Other Governmental Review Programs~~

~~Individuals volunteering on the Board, the Board's Qualifications Committee, Quality Assurance Review (QAR) Committee, or as QAR reviewers, may qualify for up to 32 hours of technical CPE credit for actual time spent on committee meetings and work. Individuals volunteering as reviewers for a society of CPAs peer review committee that discusses and approves peer review reports (for example: Volunteer service on one of the WSCPA's two Peer Review Report Acceptance Bodies) may qualify for up to 32 hours of technical CPE credit for actual time spent performing peer reviews of audits, reviews, and/or compilations. CPE credit hours claimed must be supported by a signed statement from the sponsoring organization containing: the volunteer's name, date earned, and number of CPE hours earned. Individuals volunteering in similar Washington state governmental report review programs may petition the Board's Executive Director for recognition of up to 32 hours of technical CPE for actual time spent.~~

III. Acceptable Evidence Supporting Eligibility for CPE Credit

A. General

The Board will accept original CPE documents or copies of documents submitted by mail fax, e-mail or other electronic means. The Board, in its discretion, may require the submission of the original of any of these documents.

If documents and/or forms are submitted to the Board or Board staff by mail, fax, e-mail or other electronic means, the sender is responsible for ensuring that the Board or Board staff receives the transmittal.

~~In addition to the evidence noted below, t~~**I**he Board may request additional documentation such as program outlines, or statements from the participant or sponsor to determine the validity of the CPE claimed.

B. Group Programs

1. **Certificate of Completion:** ~~An original, facsimile copy, or photo/electronic copy of certificate of completion for each CPE program claimed is generally considered acceptable evidence provided the certificate states the sponsor name, the participant's name, title of the program, date(s) attended, and number of CPE credit hours earned. An original, facsimile copy, or photo/electronic copy of signed statement from the sponsor containing all of the preceding elements is also accepted. The Board, in its discretion, may require the submission of the original of any of these documents. For online courses see Section III.C.~~

2. **Sponsor Summaries:** ~~The Board accepts the Washington State Society of CPA's (WSCPA) annual CPE summaries as acceptable documentation. To be acceptable documentary evidence the Board must be able to rely on the sponsor's summaries as accurately representing the participant's attendance. The following criteria must be met to provide such assurance:~~
 - a) ~~The summary statement must:~~
 - ~~Be generated from the actual sign-in and sign-out sheets which recorded the actual CPE credit hours attained by each attendee and display the attendee's signature,~~
 - ~~Contain the sponsor's name, the participant's name, the title and date of the program(s) attended, and the number of CPE credit hours attained for each program,~~
 - ~~Identify the contact individual responsible for confirming the accuracy of the summary, and~~
 - ~~Contain the statement that CPAs, CPA-Inactive certificateholders, and resident non-licensee firm owners are solely responsible for supporting the accuracy of the summary listing should they undergo Board audit.~~
 - b) ~~The sponsor must provide written confirmation to the Board of meeting the above requirements and agree to submit to a Board audit of the sponsor's system to confirm the accuracy of the representations.~~
 - c) ~~If the sponsor has not met the criteria in a. and b. above, in order for the summary statement to be acceptable evidence the CPA, CPA-Inactive certificateholders, or resident non-licensee firm owner~~

~~must present the original summary as evidence, and the original summary must:~~

- ~~• Be signed by the sponsor attesting to the accuracy of the summary statement and identify how to contact that individual, and~~
- ~~• State the sponsor's name, the participant's name, the title and date of the program(s) attended, and the number of CPE credit hours attained for each program.~~

~~C. Self Study Programs – Interactive and Noninteractive~~

~~**Certificate of Completion:** The original, facsimile copy, or photo/electronic copy of the certificate of completion for each self-study program claimed is generally considered acceptable evidence provided the certificate states the participant's name, sponsor name, title of the program, date of completion, and number of CPE credit hours earned. The date of completion as documented by the sponsor on the certificate of completion is the date the CPA, CPA-Inactive, or registered non-licensee firm owner must use for reporting purposes. For online CPE courses, a copy of the online certificate of completion is acceptable provided it contains all of the preceding elements. (See WAC 4-25-833[1].)~~

~~D. Accredited University or College Courses~~

- ~~1. **College courses taken for CPE credit:** The original, facsimile copy, or photo/electronic copy of the official grade report or official transcript is generally considered acceptable evidence provided it contains the following required information: the participant's name, the grade earned for the courses claimed, the university or college name, the title of the course, the course date(s), and the semester or quarter credit hours earned. If the official grade report or the official transcript does not contain all the required information, the CPA, CPA-Inactive, or registered non-licensee firm owner should also retain registration or other documentation evidencing the required information.~~
- ~~2. **College courses not taken for credit:** An original, facsimile copy, or photo/electronic copy of a statement signed by the instructor verifying the individual's attendance is considered acceptable evidence provided the statement contains the following required information: the university or college name, the title of the course, the course date(s), and the semester or quarter credit hours of the course. If the signed statement does not contain all the required information, the individual should~~

~~also retain registration or other documentation evidencing the required information.~~

~~**E. Instruction Credit**~~

- ~~1. **Presentation Time:** Sponsor generated statement or other document verifying the CPA, CPA Inactive certificateholder, or registered non-licensee owner as the instructor or discussion leader, the title of the program, the date(s) the program was conducted, and the length of the presentation is considered acceptable evidence.~~
- ~~2. **Preparation Time:** CPE credit is allowed for actual preparation time up to two times the presentation hours. An original, facsimile copy, or photo/electronic copy of a signed summary containing the dates and hours of preparation time compiled by the CPA, CPA Inactive certificateholder, or registered non-licensee owner is considered acceptable evidence of preparation time.~~

~~**IV. CPE Audit Reporting and Negotiated Settlement Guidelines**~~

~~**A. Time Period To Provide Proof of Compliance:**~~

~~Auditees will initially receive 60 days to submit proof of compliance. If an auditee requires additional time to obtain documentation, the request for an extension must be submitted in writing, and staff may extend the response time period up to a total of 90 days (i.e., provide an additional 30 days to submit proof of compliance).~~

~~If an auditee does not respond within the approved time period, the Board will send the auditee a final notice letter, with a 20 day response time, via both certified and first class mail.~~

~~**B. Additional Time Period to Meet CPE Requirements:**~~

~~If the audit identifies an auditee has insufficient CPE hours resulting from unintentional:~~

- ~~1. Misclassification of a course,~~
- ~~2. Use of credit for CPE hours obtained during a preceding time period, or~~
- ~~3. An apparent inadvertent miscalculation of hours.~~

~~The auditee will be allowed 60 days from the identification of the error to correct the deficiency and provide proof of compliance to the agency.~~

~~The CPE taken to bring the auditee into compliance with CPE requirements cannot be applied forward to the current reporting period.~~

~~**C. Non-Compliance - Inability to Provide Proof of Completion of CPE**~~

~~If an auditee cannot substantiate CPE hours, the issue will be treated within the parameters of Board Policy #2004-1, Sanctioning and Penalty Guidelines.~~

~~**D. Auditee does not respond to Audit**~~

~~If an auditee does not respond to the Board's 20-day final notice letter, the issue will be treated as a violation (assigned a case number and requiring resolution by the Board).~~

~~**E. Follow up Audit to Ensure Compliance**~~

~~Individuals receiving Board approval to carry back CPE credits to a prior reporting period may be included in the following audit cycle for the reporting group. The purpose of the second audit is to confirm that the auditee has not double reported the carry back CPE credits.~~

~~**V. Pre-Approval of Ethics Courses Meeting the Requirements of WAC 4-25-830**~~

~~The Board is committed to ensuring all Washington state CPAs, CPAs Inactive, and registered non-licensee firm owners maintain a clear understanding of the Public Accountancy Act and the Board's rules and policies, the profession's Code of Conduct (Code), and the differences between Washington State law and the Code.~~

~~The Board expects that as a result of attending a Board approved CPE ethics course, participants will have an understanding of the laws and regulations in Washington State governing accountancy, where to access those laws and regulations, and an understanding of the scope and nature of those laws and requirements. The Board anticipates this requirement will strengthen compliance.~~

~~To qualify as meeting the ethics CPE requirements of WAC 4-25-830 the course must be approved by the Board, it must cover all of the following topics, and the ethics CPE must substantially address only these topics:~~

1. ~~RCW 18.04 and WAC 4-25. The CPE must include general level information on the Public Accountancy Act, the board's rules, policies, and the rule making process.~~
2. ~~WAC 4-25-521 How can I contact the board?~~
3. ~~WAC 4-25-550 Do I need to notify the board if I change my address?~~
4. ~~WAC 4-25-551 Must I respond to inquiries from the board?~~
5. ~~WAC 4-25-600 Series — Ethics and Prohibited Practices. The CPE must include detailed information on each rule and all related board policies.~~
6. ~~WAC 4-25-800 Series — Continuing Competency: The CPE must include detailed information on each rule and all related board policies.~~
7. ~~WAC 4-25-910 What are the bases for the board to impose discipline?~~
8. ~~AICPA Code of Conduct: The CPE must include general level information on the AICPA Code of Conduct.~~
9. ~~Variances or key differences between Washington State law (RCW 18.04 and WAC 4-25) and the AICPA Code of Conduct.~~
10. ~~Other topics or information as defined by Board policy.~~

~~For CPE courses designed to meet the requirements of WAC 4-25-830 the Executive Director will, upon **written** request from the sponsor, review course materials and determine if the program or course meets the minimum requirements of WAC 4-25-830. To be considered for Board approval, course sponsors must submit the following:~~

- ~~Course outlines including the anticipated time that will be devoted to each topic.~~
- ~~All course materials including presenter handouts and guides, course objectives, participant handouts and overheads or slideshows.~~
- ~~Anticipated answers to all questions presented as part of the course materials.~~
- ~~For self study courses (both interactive and noninteractive), the process undertaken by the course provider to identify the CPE credit hours assigned to the course and "field test" documents supporting the hours assigned.~~

~~For live presentations, course sponsors must agree to allow Board representatives to attend the course at no charge to audit the course and materials. For on-line self-study courses, course sponsors must agree to provide Board representatives free access to audit the course and materials.~~

~~If the Executive Director determines a course does not meet the Board's requirements, notice as to the deficiencies will be provided in writing and the sponsor will have the opportunity to re-submit the course. The sponsor is responsible for researching, preparing and submitting corrections.~~

~~If the Executive Director deems the course as meeting the requirements of WAC 4-25-830, a written notice of approval will be sent to the sponsor and the approved ethics CPE course will be posted to the agency's web site along with the date the approval became effective. Upon receipt of the written notice of approval from the~~

~~Executive Director, the program sponsor may display the following statement on literature advertising the pre-approved program:~~

~~*Approved by the Washington State Board of Accountancy as meeting the minimum requirements of WAC 4-25-830(3) which requires four CPE credit hours in the subject area of approved ethics and regulation with specific application to the practice of public accounting in Washington State.*~~

~~To qualify to use this language, sponsors are required to monitor changes in RCW 18.04, Board rules, Board policies and the AICPA Code of Conduct and update course materials on a timely basis.~~

~~When there are substantial changes in Board rules, the Executive Director will notify sponsors that the changes are of a level requiring re-approval of the ethics course and sponsors will be provided a 3-month time period to revise and re-submit the ethics CPE course for approval. The sponsor is responsible for researching, preparing and submitting corrections.~~

~~The Board's approval of an ethics course will be withdrawn if a sponsor does not meet the re-submission requirements or if the sponsor's course re-submission does not meet the Board's requirements. In these cases, the date that the approval is withdrawn will be noted on the Board's website. Sponsors may at any time apply for re-approval.~~



Washington State Board of Accountancy

Policy Number: 2002-1

Title: Substantial Equivalency Jurisdictions

Revised: April 25, 2011*

Effective: January 25, 2002

Approved:

Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To provide guidance to:

- Individuals applying for a Washington State CPA license under the interstate reciprocity provision of WAC 4-30-092 and
- CPAs licensed in other jurisdictions exercising practice privileges under RCW 18.04.350(2) and WAC 4-30-090.

I. Exercise of Practice Privileges under RCW 18.04.350(2)(a)

Individuals who hold a valid license issued by one of the states deemed “substantially equivalent” by the National Association of State Boards of Accountancy (NASBA) are deemed to have met the requirements of RCW 18.04.350(2)(a).

II. Exercise of Practice Privileges under RCW 18.04.350(2)(b)

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

III. Substantially Equivalent States

The Board recognizes the states and jurisdictions identified as “Substantially Equivalent States” by the National Association of State Boards of Accountancy

(NASBA) for purposes of issuing a Washington State CPA license under the interstate reciprocity provisions of WAC 4-30-092 and exercise of practice privileges under RCW 18.04.350(2)(a). These states and jurisdictions can be found at http://www.nasbatools.com/display_page?id=105.

The Board does not recognize the states and jurisdictions identified by NASBA as “Non-Substantially Equivalent States” for purposes of issuing a Washington State CPA license under the interstate reciprocity provisions. These states and jurisdictions can be found at http://www.nasbatools.com/display_page?id=105.

IV. Individuals Applying for a CPA License under the Interstate Reciprocity Provisions of WAC 4-30-092

Individuals deemed by the National Association of State Boards of Accountancy (NASBA) as being substantially equivalent to the education, examination, and experience requirements of the Uniform Accountancy Act are deemed to have met the requirements of WAC 4-30-092(2).

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



Washington State Board of Accountancy

Policy Number: 2002-1

Title: Substantial Equivalency Jurisdictions

Revised: ~~January 28, 2010~~ April 25, 2011*

Effective: January 25, 2002

Approved:

Gerald F. Ryles Donald F. Aubrey,

CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To provide guidance to:

- Individuals applying for a Washington ~~s~~State CPA license under the interstate reciprocity provision of WAC ~~4-25-746 (2)~~4-30-092 and
- CPAs licensed in other jurisdictions exercising practice privileges under RCW 18.04.350-(2) and WAC ~~4-25-747~~4-30-090.

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

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

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

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

~~II. Exercise of Practice Privileges under RCW 18.04.350-(2)(a)~~

Individuals who hold a valid license issued by one of the states deemed "substantially equivalent" by the National Association of State Boards of

Accountancy (NASBA) are deemed to have met the requirements of RCW 18.04.350-(2)(a).

III. Exercise of Practice Privileges under RCW 18.04.350-(2)(b)

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

IV. Substantially Equivalent States

—The Board recognizes the states and jurisdictions identified as “Substantially Equivalent States” by the National Association of State Boards of Accountancy (NASBA) for purposes of issuing a Washington State CPA license under the interstate reciprocity provisions of WAC ~~4-25-746 (2)~~4-30-092 and exercise of practice privileges under RCW 18.04.350-(2)(a). These states and jurisdictions can be found at http://www.nasbatools.com/display_page?id=105.

—The Board does not recognize the states and jurisdictions identified by NASBA as “Non-Substantially Equivalent States” for purposes of issuing a Washington sState CPA license under the interstate reciprocity provisions ~~of WAG 4-25-746 (2)~~. These states and jurisdictions can be found at http://www.nasbatools.com/display_page?id=105.

IV. Individuals Applying for a CPA License under the Interstate Reciprocity Provisions of WAC 4-30-092

Individuals deemed by the National Association of State Boards of Accountancy (NASBA) as being substantially equivalent to the education, examination, and experience requirements of the Uniform Accountancy Act are deemed to have met the requirements of WAC 4-30-092(2).

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



Washington State Board of Accountancy

Policy Number: 2002-2

Title: Expert Witness Services

Revised: April 25, 2011*
Effective: January 25, 2002

Approved: _____
Donald F. Aubrey, CPA, Chair

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

Purpose:

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

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

Expert witness services may be performed by a licensed CPA using the title "CPA" in organizations other than CPA firms.

II. Requirements for Washington State CPA-Inactive Certificate holders

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

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

CPA-Inactive certificate holders who testify on another matter (not related to the services, skills, or activities identified above) may use the title "CPA-Inactive" as mandated by RCW 18.04.105 provided they advise the court

that they hold a Washington state CPA-Inactive certificate and they do not hold a Washington state CPA license to practice public accountancy.

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



Washington State Board of Accountancy

Policy Number: 2002-2

Title: Expert Witness Services

Revised: ~~October 17, 2008~~ April 25, 2011*

Effective: January 25, 2002

Approved: _____
Edwin G. Jolicœur Donald F. Aubrey,

CPA, Chair

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

Purpose:

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

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

Expert witness services may be performed by a licensed CPA using the title "CPA" in organizations other than CPA firms.

II. Requirements for Washington State CPA-Inactive Certificate holders

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

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

CPA-Inactive certificate holders who testify on another matter (not related to the services, skills, or activities identified above) may use the title "CPA-Inactive" as mandated by RCW 18.04.105 provided they advise the court

that they hold a Washington state CPA-Inactive certificate and they do not hold a Washington state CPA license to practice public accountancy.

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

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

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

~~Such testimony is considered to be within the purview of the courts and does not require licensure with the Washington Board of Accountancy provided the CPA clearly states to the court that s/he does not hold a Washington CPA license and the CPA identifies the jurisdiction(s) in which s/he is licensed, permitted, or holds a certificate.~~

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



Washington State Board of Accountancy

Policy Number: 2002-4

Title: International Reciprocity*

Revised: April 25, 2011*

Effective: October 25, 2002

Approved:

Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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

Statutory authority: RCW 18.04.183

- I. **Recognized credentials** - The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) have jointly established the United States International Qualifications Appraisal Board (IQAB) to eliminate impediments to reciprocity. IQAB serves as the link between the accounting profession in the United States and the accounting profession in GATS (General Agreement on Trade in Services) signatory countries and seeks mutual recognition of accounting qualifications.

The Board recognizes the international accounting credentials issued by the professional bodies that have established current mutual recognition agreements (MRA) with IQAB for purposes of issuing a Washington State CPA license under the international reciprocity provision of RCW 18.04.183. The professional bodies holding mutual recognition agreements may be found at <http://www.nasba.org/nasbaweb/NASBAWeb.nsf/Int?openform>.

- II. **International Qualifications Examination (IQEX)**

The Board requires that individuals applying for a CPA license based on international reciprocity complete a qualifying examination. The Board:

- A. Adopts the International Qualifications Examination (IQEX) prepared and graded by the AICPA as the appropriate examination to test the knowledge of subject matter unique to the United States, as determined by the AICPA in cooperation with NASBA, of those applicants holding an accounting credential issued by professional credential institutes that have established current mutual recognition agreements (MRA) with IQAB. The Board will continue to recognize passing grades from the predecessor Canadian Chartered Accountant Uniform CPA Qualification Examination (CAQEX).
- B. Accepts International Qualifications Examination (IQEX) grades from examinations administered by other state boards of accountancy or by the National Association of State Boards of Accountancy.
- C. Sets the passing score for the IQEX (and its CAQEX predecessor) at 75.



Washington State Board of Accountancy

Policy Number: 2002-4

Title: International Reciprocity*

Revised: ~~October 22, 2009~~ April 25, 2011*

Effective: October 25, 2002

Approved:

~~Edwin G. Jolicoeur~~ Donald F. Aubrey, CPA,
Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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

Statutory authority: RCW 18.04.183

- I. Recognized credentials** - The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) have jointly established the United States International Qualifications Appraisal Board (IQAB) to eliminate impediments to reciprocity. IQAB serves as the link between the accounting profession in the United States and the accounting profession in GATS (General Agreement on Trade in Services) signatory countries and seeks mutual recognition of accounting qualifications.

The Board ~~will recognize the following~~ recognizes the international accounting credentials issued by the professional bodies that have established current mutual recognition agreements (MRA) with IQAB for purposes of issuing a Washington State CPA license under the international reciprocity provision of RCW 18.04.183. The professional bodies holding mutual recognition agreements may be found at <http://www.nasba.org/nasbaweb/NASBAWeb.nsf/Int?openform>.

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

- ~~i. Canada is party to trade treaties with the United States (the US-Canada Free Trade Agreement and the North American Free Trade Agreement) that encourage mutual recognition of professional licenses and credentials.~~
- ~~ii. Canadian provincial and territorial bodies award more than one type of professional accounting credential. Various professional bodies award credentials as Chartered Accountants, Certified General Accountants, and Certified Management Accountants. The most stringent of these credentials, for purposes of this Board's recognition as basis for reciprocity, is the Chartered Accountant credential.~~
- ~~iii. The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) have conducted studies (published as *Principles for Reciprocity*, September 16, 1991) of the Chartered Accountant credentials issued by the Institutes of Chartered Accountants of the Canadian provinces and territories. NASBA and the AICPA agreed that the Canadian Chartered Accountant credential is based on education, examination, and ethics requirements that are substantially equivalent to those required for licensure as a CPA if the Chartered Accountant credential was based, in part, on passing the Canadian Uniform Final Examination.~~
- ~~iv. Canadian provincial and territorial Institutes of Chartered Accountants' experience requirements meet or exceed the requirements set by this Board for domestic candidates.~~
- ~~v. Some Provincial Institutes of Chartered Accountants require Washington licensees to establish residency in the province as a condition of granting a Chartered Accountant credential by reciprocity. Provisions of the North American Free Trade Agreement discourage members from using residency requirements to inhibit the movement of professionals between countries. This Board does not impose residency as a condition of interstate or international reciprocity, unless the reciprocating credentialing authority imposes a residency requirement on this Board's licensees. The Institutes of Chartered Accountants of **Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, and Saskatchewan** have no residency requirements for granting Chartered Accountant recognition to Washington State licensees.~~

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

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

- ~~i. The General Agreement on Trade in Services (GATS) is an international trade agreement that came into effect in 1995 and operates under the umbrella of the World Trade Organization (WTO). This agreement~~

~~encourages countries to set regulations that are not discriminatory or more burdensome for applicants from other countries. Provisions of the agreement discourage members from using residency or citizenship requirements to inhibit the movement of professionals between countries. Australia and the United States are members of the WTO.~~

- ~~ii. The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), operating jointly as the U. S. International Qualifications Appraisal Board (IQAB), have completed a thorough study of the Chartered Accountant credential issued by the Institute of Chartered Accountants in Australia (ICAA).~~
- ~~iii. The IQAB concluded (as summarized within *Principles Agreement for Reciprocal Licensing*, IQAB and ICAA, October 8, 1996 and within *Mutual Recognition Agreement*, IQAB and ICAA, August 15, 2002) the Australian Chartered Accountant credential is based on education and examination requirements that are substantially equivalent to those required by U.S. accountancy boards for domestic licensing.~~
- ~~iv. The IQAB further concluded ICAA experience requirements for CAs meet or exceed the requirements set by this Board for candidates for domestic licensing.~~
- ~~v. The Board has received the ICAA's written agreement to extend reciprocal credentialing to Washington licensees in accordance with the *Mutual Recognition Agreement* (without conditioning the grant of the ICAA CA credential on either Australian residency or citizenship).~~

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

- ~~i. The *General Agreement on Trade Services (GATS)* is an international trade agreement that came into effect in 1995 and operates under the umbrella of the World Trade Organization (WTO). This agreement encourages countries to set regulations that are not discriminatory or more burdensome for applicants from other countries. Provisions of the agreement discourage members from using residency or citizenship requirements to inhibit the movement of professionals between countries. Australia and the United States are members of the WTO.~~
- ~~ii. The National Association of State Board of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), operating jointly as the U.S. International Qualifications Appraisal Board (US IQAB), have completed a thorough study of the Certified Practising Accountant credential issued by CPA Australia.~~
- ~~iii. The US IQAB concluded (as summarized with *Principles Agreement for Reciprocal Licensing, Recommended by CPA Australia and The U.S. International Qualifications Appraisal Board*, October 19, 2000), the Australian Certified Practising Accountant credential is based on education and examination requirements that are substantially equivalent to those required by U.S. accountancy boards for CPA licensure (with certain specific~~

~~exceptions related to the completion the Auditing Module of CPA Australia's CPA Program.)~~

- ~~iv. The U.S. IQAB further concluded CPA Australia experience requirements for Australian CPA's experience requirements for Australian CPAs meet or exceed the requirements set by this Board for domestic CPA candidates.~~
- ~~v. The Board has received CPA Australia's written agreement to extend reciprocal credentialing to Washington State licensees in accordance with the *principles Agreement of Reciprocal Licensing* without conditioning the grant of Australia CPA's Certified Practising Accountant credential on either Australian residency or citizenship.~~

D. ~~New Zealand Chartered Accountant (CA) with Certificate of Public Practice (CPP)~~ issued by the New Zealand Institute of Chartered Accountants (NZICA) based on the following:

- ~~i. The General Agreement on Trade in Services (GATS) is an international trade agreement that came into effect in 1995 and operates under the umbrella of the World Trade Organization (WTO). This agreement encourages countries to set regulations that are not discriminatory or more burdensome for applicants from other countries. Provisions of the agreement discourage members from using residency or citizenship requirements to inhibit the movement of professionals between countries. New Zealand and the United States are members of the WTO.~~
- ~~ii. The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), operating jointly as the United States International Qualifications Appraisal Board (U.S. IQAB), has reviewed the educational requirements, the required body of knowledge and the required standards of professional practice with respect to the granting of the Chartered Accountant (CA) designation with a Certificate of Public Practice (CPP) credential issued by the New Zealand Institute of Chartered Accountants (NZICA).~~
- ~~iii. The U.S. IQAB agreed, as summarized within the *Mutual Recognition Agreement*, U.S. IQAB and NZICA, August 18, 2009, the New Zealand Chartered Accountant credential is based on education and examination requirements that are substantially equivalent to those required by U.S. accountancy boards for domestic licensing.~~
- ~~iv. The U.S. IQAB further concluded NZICA experience requirements for CAs with a CPP meet or exceed the requirements set by this Board for candidates for domestic licensing.~~
- ~~v. The Board has received the NZICA's written agreement to extend reciprocal credentialing to Washington licensees in accordance with the *Mutual Recognition Agreement* (without conditioning the grant of the NZICA CA with a CPP credential on either New Zealand residency or citizenship).~~

II. International Qualifications Examination (IQEX)—~~The Board:~~

The Board requires that individuals applying for a CPA license based on international reciprocity complete a qualifying examination. The Board:

- A. Adopts the International Qualifications Examination (IQEX) prepared and graded by the AICPA as the appropriate examination to ~~assess the competence in accounting principles, auditing standards, commercial law, income tax law, and professional ethics~~ test the knowledge of subject matter unique to the United States, as determined by the AICPA in cooperation with NASBA, of those applicants holding an accounting credential issued by professional credential institutes that have established current mutual recognition agreements (MRA) with IQAB.:
- ~~i. Canadian Chartered Accountants~~
 - ~~ii. Australian Chartered Accountants~~
 - ~~iii. Australian Certified Practising Accountant~~
 - ~~iv. New Zealand Chartered Accountants with a Certificate of Public Practice.~~
- The Board will continue to recognize passing grades from the predecessor Canadian Chartered Accountant Uniform CPA Qualification Examination (CAQEX).
- B. Accepts International Qualifications Examination (IQEX) grades from examinations administered by other state boards of accountancy or by the National Association of State Boards of Accountancy.
- C. Sets the passing score for the IQEX (and its CAQEX predecessor) at 75.

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

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

- A. ~~Possesses a:~~
- ~~i. Canadian Chartered Accountant credential in good standing issued by the Provincial Institutes of Chartered Accountants of **Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, or Saskatchewan** if the **credential is based**, in part, on passing the Canadian Chartered Accountant's Uniform Final Examination~~
 - ~~ii. Chartered Accountant credential in good standing issued by the Institute of Chartered Accountants in Australia (ICAA).~~
 - ~~iii. Australian Certified Practising Accountant (CPA) credential in good standing issued by CPA Australia. Note: Candidates who qualified as Australian CPA on the basis of recognition of credentials earned in other countries are not eligible to apply.~~
 - ~~iv. Chartered Accountant credential with a Certificate of Public Practice in good standing issued by the New Zealand Institute of Chartered Accountants.~~
- B. ~~Passes the International Qualifications Examination (IQEX) (or its CAQEX predecessor);~~

- ~~C. Those applicants possessing an Australian Certified Practising Accountant credential issued by CPA Australia who have not passed CPA Australia's Audit Module must successfully complete the AUDITING AND ATTESTATION section of the US Uniform CPA Examination;~~
- ~~D. Files such application forms and pays such license fees to this Board as would be required of an applicant for CPA licensure by reciprocity from another U.S. jurisdiction;~~
- ~~E. Satisfactorily completes the AICPA's self-study course and examination, "Professional Ethics for CPAs";~~
- ~~F. Demonstrates completion of 120 hours of acceptable continuing professional education with a limitation of 24 hours of non technical subjects, within the 36 months immediately preceding the application for license; and~~
- ~~G. Demonstrates one year of public accounting experience equivalent to the experience required under RCW 18.04.105(1)(d) within the eight years prior to applying for a license.~~



Washington State Board of Accountancy

Policy Number: 2003-1

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

Revised: October 17, 2008*

Effective: January 31, 2003

Approved:

Edwin G. Jolicoeur, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

RCW 18.04.350 (10) states that persons or firms composed of persons not holding a license under RCW 18.04.215 (i.e., non-CPAs) may offer or render certain services to the public, including the preparation of financial statements and written statements describing how such financial statements were prepared, provided they do not:

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

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

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

Safe harbor report language Sample #1:

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

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

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

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

Safe harbor report language Sample #2:

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

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

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

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



Washington State Board of Accountancy

Policy Number: 2004-1

Title: Sanction and Penalty Guidelines

Revised: April 25, 2011*

Effective: October 29, 2004

Approved:

Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Background Information:

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

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

If the Executive Director or designee determines:

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

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

- Sufficient evidence does not exist to merit Board action, the Executive Director may dismiss the case after obtaining concurrence from a Consulting Board Member
- Sufficient evidence exists to merit Board action and it is the first time an individual or firm is notified of a violation of the Public Accountancy Act or Board rule, the Executive Director may impose administrative sanctions approved by the Board for a first-time offense after obtaining concurrence from a Consulting Board Member
- Sufficient evidence exists to merit Board consideration but the situation or condition, if proven, is not eligible for administrative sanctions, the Executive Director or designee will discuss a resolution strategy and settlement parameters with a

Consulting Board Member. Once the Executive Director or designee and Consulting Board Member agree on those matters, the Executive Director or designee will initiate a discussion for resolution with the respondent consistent with that agreed upon strategy and those settlement parameters.

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

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

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

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

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

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

- Draw conclusions as to the allegations based solely on the evidence,
- Develop and present to the respondent a suggested settlement proposal that they believe the Board will accept because the proposal is fair and equitable and provides public protection, and
- If the case goes to a hearing before the Board, recommend an appropriate sanction or sanctions to the Board

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

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

The Board is not bound by this recommendation.

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

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

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

The Board recognizes that administrative hearings:

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

Policy:

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

To support the negotiation and settlement process, the Board provides the following guidance to the Executive Director or designee and Consulting Board Member in crafting a suggested settlement proposal for presentation to the respondent and for negotiating a settlement. This guidance is solely for the use of the Consulting Board Member and the

Executive Director or designee. It is not applicable to the prosecuting Assistant Attorney General.

I. Legal and Investigative Costs

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

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

II. Publication of Board Orders

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

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

- A. What are the enforcement goals of the particular case
- B. What are the permissible sanctions that the Board could impose
- C. What are the aggravating or mitigating factors relevant to the allegations
- D. What is the individual's past disciplinary or criminal history (if any)
- E. Are there identifiable trends, if any, in the individual's behavior
- F. What is the likelihood of the individual repeating the behavior
- G. What is the potential for future public harm
- H. What is the individual's potential for rehabilitation
- I. What is the extent of damages or injury
- J. What is the extent of public harm
- K. What is the extent of harm to the profession and the public's trust in the profession

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

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

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

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

General Categories of Misconduct	Examples of Sanctionable Acts:
<p>ADMINISTRATIVE NON COMPLIANCE</p> <p>Use of title or holding out in public practice with a lapsed license/certificate</p> <p>Use of the CPA title by a CPA-Inactive certificateholder</p>	<ul style="list-style-type: none"> • License/certificate lapsed because the individual failed to file a license/certificate renewal • License/certificate lapsed because the individual failed to notify the Board of a change of address, failed to receive their renewal application, and failed to file a license/certificate renewal • The individual disregarded the lapsed license and continued to knowingly hold out with a lapsed license • The individual discovered that their license/certificate lapsed and signed the reinstatement application stating that they did not use the title when the evidence demonstrates that they used the title • CPA-Inactive who is a corporate CFO uses the CPA title in filing corporate documents with the SEC • CPA-Inactive uses the CPA title to obtain a job in private industry

General Categories of Misconduct	Examples of Sanctionable Acts:
<p>CONSUMER/EMPLOYER HARM</p> <p>Embezzlement, fraud, dishonesty, or negligence</p> <p>Fiduciary malfeasance or breach of fiduciary duties</p> <p>Noncompliance with code of conduct including conflict of interest and confidentiality</p> <p>Failure to comply with a Board order</p> <p>Failure to respond to Board inquiry</p> <p>IRS/SEC sanction/denial of practice privilege</p>	<ul style="list-style-type: none"> • CPA-Inactive who is also an attorney uses the CPA title when offering legal services to the public • Theft from employer • Felony obstruction of justice • Theft of trust funds where the CPA was the trustee • Manipulated a client's trust for the benefit of the CPA's child • Manipulated a mentally impaired client for self enrichment • Failed to file personal tax returns and pay personal FIT • Failed to transmit FICA and FIT withheld from employee's salary • Failed to pay employer's portion of FICA • Provided services to both the seller and the buyer during a business transaction • Provided services to both parties during a divorce • Failed to make restitution to injured parties as required by Board order • Repeated non compliance with stipulated Board Orders • Suspended from practice before the IRS due to substandard tax work • SEC practice restriction and/or sanction due to fraudulent SEC filing • SEC practice restriction and/or sanction due to substandard accounting practices
<p>CONSUMER/EMPLOYER HARM</p> <p>Noncompliance with technical standards</p>	<ul style="list-style-type: none"> • Attest work is graded as Unacceptable by the Board's QAR program • CPA is referred to the Board by the SEC due to an audit failure as a result of the CPA performing substandard audit procedures • CPA is referred to the Board by HUD due to failure to comply with <i>Yellow Book</i> standards • Substandard tax work resulted in penalty to a tax client
<p>CONSUMER/EMPLOYER HARM</p> <p>Failure to provide client records upon reasonable notice and request</p>	<ul style="list-style-type: none"> • Refused to return client records until the client paid the CPA's fees • Did not return multiple clients' records due to procrastination • Did not return client records because the client terminated the relationship and obtained a new CPA

<p>ADMINISTRATIVE NON COMPLIANCE</p> <p>Acts and omissions in filing an application for reinstatement or renewal of a license, certificate, or registration</p> <p>Failure to comply with a Board approved CPE waiver request</p>	<ul style="list-style-type: none">• Represented on the CPE audit form that CPE courses were obtained when evidence discloses that no or only a portion of the required CPE courses were taken• Signed the reinstatement or renewal form under the penalty of perjury that the CPE requirements were met and the individual obtained only a portion of the required hours• Signed the reinstatement or renewal form under the penalty of perjury that the CPE ethics requirements were met and the individual did not take the required ethics CPE
<p>CONSUMER/EMPLOYER HARM</p> <p>Failed good character determination for initial licensure</p> <p>Cheating on CPA Exam</p>	<ul style="list-style-type: none">• The good character review was at the request of the applicant who was found guilty of a felony 3 years ago• The good character review as a result of the applicant's disclosure that 7 years prior they failed to file an income tax return and pay their tax obligation• The good character review was the result of the prosecutor alerting the Board to the applicant's being charged with a felony• Cheating observed by the exam proctor
<p>CONSUMER/EMPLOYER HARM</p> <p>Use of title or holding out in public practice by a nonCPA</p>	<ul style="list-style-type: none">• Used title after passing the exam but without a license• Used title to intentionally defraud investors



Washington State Board of Accountancy

Policy Number: 2004-1

Title: Sanction and Penalty Guidelines

Revised: ~~October 17, 2008~~ April 25, 2011*

Effective: October 29, 2004

Approved:

~~Edwin G. Jolicoeur~~ Donald F. Aubrey,

CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Background Information:

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

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

If the Executive Director or designee determines:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Board is not bound by this recommendation.

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

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

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

The Board recognizes that administrative hearings:

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

Policy:

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

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

I. Legal and Investigative Costs

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

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

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

II. Publication of Board Orders

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

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

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

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

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

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

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

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

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

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

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

	<p>number of years the license is suspended)</p> <ul style="list-style-type: none"> ➤ Meeting requirements established by the Board (such as restitution) ➤ A fine of \$500 to \$30,000 ➤ Payment of the Board's legal and investigative cost ➤ Restriction on services that may be offered to the public ● Payment of the Board's legal and investigative costs ● Payment of a fine of \$500 to \$30,000 ● Restriction on services that may be offered or provided to the public ● Pre issue review of reports/financial statements/work papers by a Board appointed consultant with the costs to be borne by respondent ● Technical CPE ● Ethics CPE ● Library enhancements ● AICPA ethics examination with a score of 90% or better ● Payment of a fine of \$300 to \$30,000 ● Payment of the Board's legal and investigative cost recovery ● Payment of field review cost ● Restitution ● Notice to clients ● Board reprimand (if no suspension) ● Referral or notice to appropriate law enforcement or regulatory agency 	<p>the Board by HUD due to failure to comply with <i>Yellow Book</i> standards</p> <ul style="list-style-type: none"> ● Substandard tax work resulted in penalty to a tax client
<p><u>CONSUMER/EMPLOYER HARM</u></p> <p>Failure to provide client records upon reasonable</p>	<ul style="list-style-type: none"> ● Publication of the Board's Order ● License, certificate, privilege, or registration suspension for up to 2 years with reinstatement possible after serving up to 1½ 	<ul style="list-style-type: none"> ● Refused to return client records until the client paid the CPA's fees ● Did not return

<p>notice and request</p>	<p>years with reinstatement contingent upon:</p> <ul style="list-style-type: none"> ➤ Filing a reinstatement application including form, fee, CPE, supporting documents, letters of recommendation, etc. ➤ Meeting the requirements established by the Board (such as restitution) ➤ Payment of a fine of \$500 to \$30,000 ➤ Payment of the Board's legal and investigative costs ● AICPA ethics examination with a score of 90% or better ● Ethics CPE ● Payment of a fine of \$500 to \$30,000 ● Payment of the Board's legal and investigative costs ● Return of client records ● Notice to clients ● Restitution ● Board reprimand (if no suspension or revocation) 	<p>multiple clients' records due to procrastination</p> <ul style="list-style-type: none"> ● Did not return client records because the client terminated the relationship and obtained a new CPA
<p><u>ADMINISTRATIVE NON COMPLIANCE</u></p> <p>Acts and omissions in filing an application for reinstatement or renewal of a license, certificate, or registration</p> <p>Failure to comply with a Board approved CPE waiver request</p>	<ul style="list-style-type: none"> ● Publication of the Board's Order ● License, certificate, practice privilege, or registration revocation for up to 10 years. Must re-qualify for a license, practice privilege, or registration by meeting the then current exam, education, experience, and ethics requirements. Must serve up to 9½ years of the revocation prior to applying to take the CPA exam with application for the CPA exam contingent upon: ➤ Fully responding to the Board's inquiries ➤ Meeting any other requirements established by the Board (such as restitution) 	<ul style="list-style-type: none"> ● Represented on the CPE audit form that CPE courses were obtained when evidence discloses that no or only a portion of the required CPE courses were taken ● Signed the reinstatement or renewal form under the penalty of perjury that the CPE requirements were met and the individual obtained only a portion of

	<ul style="list-style-type: none"> ➤ Payment of a fine of \$500 to \$30,000 ➤ Payment of the Board's legal and investigative costs ➤ Restriction on services that may be offered or provided to the public ● License, certificate, practice privilege, or registration suspension for up to 3 years with reinstatement possible after serving up to 2½ years with reinstatement contingent upon: <ul style="list-style-type: none"> ➤ Filing a reinstatement application including form, fee, CPE, supporting documents, letters of recommendation, etc. ➤ Meeting the requirements established by the Board (such as restitution) ➤ Payment a fine of \$500 to \$30,000 ➤ Payment of the Board's legal and investigative cost recovery ● AICPA ethics exam with a score of 90% or better ● Ethics CPE ● Completion of CPE deficit (CPE cannot be applied to future renewal periods) ● Payment of a fine of \$500 to \$30,000 ● Payment of the Board's legal and investigative cost recovery ● Board reprimand (if no suspension or revocation) 	<p>the required hours</p> <ul style="list-style-type: none"> ● Signed the reinstatement or renewal form under the penalty of perjury that the CPE ethics requirements were met and the individual did not take the required ethics CPE
<p><u>CONSUMER/EMPLOYER HARM</u></p> <p>Failed good character determination for initial licensure</p> <p>Cheating on CPA Exam</p>	<ul style="list-style-type: none"> ● Publication of the Board's Order ● Grades nullified ● Payment of a fine of \$500 to \$30,000 ● Payment of the Board's legal and investigative costs ● Application for the CPA exam or licensure not accepted for up to 	<ul style="list-style-type: none"> ● The good character review was at the request of the applicant who was found guilty of a felony 3 years ago ● The good

	<p>10 years and to include:</p> <ul style="list-style-type: none"> ➤ Payment of a fine of \$500 to \$30,000 ➤ Payment of the Board's legal and investigative costs ➤ Comply with other Board requirements (such as restitution) 	<p>character review as a result of the applicant's disclosure that 7 years prior they failed to file an income tax return and pay their tax obligation</p> <ul style="list-style-type: none"> • The good character review was the result of the prosecutor alerting the Board to the applicant's being charged with a felony • Cheating observed by the exam proctor
<p><u>CONSUMER/EMPLOYER HARM</u></p> <p>Use of title or holding out in public practice by a nonCPA</p>	<ul style="list-style-type: none"> • Publication of the Board's Order • Agreement to cease and desist illegal use of title • Referral or notice to appropriate law enforcement or regulatory agency • Payment of a fine of \$500 to \$30,000 • Payment of the Board's legal and investigative costs • Application for the CPA exam or licensure not accepted for up to 10 years and to include: <ul style="list-style-type: none"> ➤ Payment of a fine of \$500 to \$30,000 ➤ Payment of the Board's legal and investigative costs ➤ Comply with other Board requirements (such as restitution) 	<ul style="list-style-type: none"> • Used title after passing the exam but without a license • Used title to intentionally defraud investors



Washington State Board of Accountancy

Policy Number: 2004-2

Title: Exam Applicant Disability Documentation and Testing Modification Guidelines

Revised: April 25, 2011*

Effective: May 15, 2001

(Formerly Agency Administrative Policy #17)

Approved:

Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

PURPOSE:

Applicants with disabilities (physical or mental impairment) that substantially limit one or more major life activities may need testing modifications for the computer-based Uniform CPA Examination. This policy is established to describe the necessary components of acceptable evidence of a disability. Qualified individuals with disabilities are required to request accommodations every time they apply to take a section of the examination, and the request must be made at the time of application. This requirement allows the Board to determine if the qualified individual is “disabled” under the Americans with Disabilities Act of 1990 and to arrange reasonable and appropriate testing modifications prior to the administration of the examination. It is in candidate’s best interests to provide recent and appropriate documentation clearly defining the extent and impact of the impairment(s) upon current levels of academic and physical functioning.

PROCEDURES:

- A. Request for accommodations and appropriate, complete, supporting documentation, must be submitted with each application. Determinations of reasonable accommodations for testing modifications will be made on a case-by-case basis and will pertain to all sections applied for in a single application.
- B. Testing must be performed by a licensed and/or qualified (expert) specialist or physician (at the candidate’s expense). Information about their area of specialization and their professional credentials, including certification and licensure, should be clearly delineated.
- C. Documentation should be submitted on official letterhead from a licensed and/or qualified (expert) physician who has conducted a clinical examination of the individual and

diagnosed a physical or mental impairment. Depending on the disability and written evaluation, documentation may include a letter from a physician or a lengthy assessment report.

- D. Documentation should provide evidence of a substantial limitation to physical or academic functioning. For invisible disabilities, the following areas must be assessed (these suggested tests are not meant to preclude assessment in other relevant areas):
1. Ability – The Weschler Adult Intelligence Scale (WAIS-III), with subtest scores, should be included as a standard measure of overall intelligence. The WAIS is only one component of a full documentation report. This test alone is not acceptable.
 2. Achievement – A comprehensive academic achievement battery, with subtest scores, is essential. Current levels of academic functioning in relevant areas, such as reading (decoding and comprehension), mathematics, and oral/written language are required. Tests must be reliable, standardized, and valid for use in an adolescent/adult population.
 3. Processing Skills – Other tests in processing areas may warrant evaluation as indicated by the tests above. These areas include information processing, visual and auditory processing, and processing speed.
- E. Documentation should be recent (no more than three years old).
- F. Documentation for all disabilities should describe the extent of the disability, the criteria for the diagnosis, the diagnosis, the type and length of treatment and/or recommended testing modification. Terms such as learning “problems,” “deficiencies,” “weaknesses,” and “differences” are not the equivalent of a diagnosed learning disability. The following testing modifications are available for the Uniform CPA Examination and may be granted to an applicant by the Board if deemed eligible:
1. Additional Break Time – Extension of scheduled breaks or inclusion of additional breaks
 2. Additional Testing Time – Typically time and a half or double time
 3. Logistical Provisions – Adjustment of height of workstation table, monitor, or other similar accommodation, or allowance of specific items that have been approved by the Board (i.e. back wedge or pillow)
 4. Separate Room – Must be monitored throughout test administration
 5. Reader – An individual to read information verbatim from screen for examinees, separate room required
 6. Amanuensis – An individual to operate mouse and/or keyboard for examinee; separate room required
 7. Sign Language Interpreter – An individual to sign instructions and serve as interpreter between the testing center administrator and examinee. Sign language interpreters are normally not allowed to accompany examinees into the testing room
 8. Intellikeys Keyboard – Allows examinees with limited use of hands to operate keyboard
 9. Intellikeys Keyboard with Magic Arm and Super Clamp Attachment – Swivel arm that allows precise placement of keyboard
 10. Kensington Expert Mouse – Trackball mouse
 11. Headmaster Plus Mouse Unit – Mouse operated by head movements

- 12. Selectable Background and Foreground colors – Allows selection of text and background colors for ease of reading on-screen
- 13. Screen Magnifier – Attaches to monitor and enlarges screen
- 14. Zoomtext Software – Screen magnification

The following testing modifications are not required by the ADA and are not available as testing modifications for the Uniform CPA Examination:

- 1. Separate room in order to use breast pump;
- 2. English as a second language;
- 3. Audiotape, CD, or any electronic format;
- 4. Written examination; or
- 5. Braille

All denials of accommodations must be preapproved by the Executive Director or designee.



Washington State Board of Accountancy

Policy Number: 2004-2

Title: Exam Applicant Disability Documentation
And Testing Modification Guidelines

Revised: ~~October 29, 2004~~ **April 25, 2011***

Effective: May 15, 2001
(Formerly Agency Administrative Policy #17)

Approved: _____
Chair **Barbara J. Adams** **Donald F. Aubrey, CPA,**

*This policy rescinds and supersedes any previous Board policy.

PURPOSE:

Applicants with disabilities (physical or mental impairment) that substantially limit one or more major life activities may need testing modifications for the computer-based Uniform CPA Examination. This policy is established to describe the necessary components of acceptable evidence of a disability. Qualified individuals with disabilities are required to request accommodations every time they apply to take a section of the examination, and the request must be made at the time of application. This requirement allows the Board to determine if the qualified individual is "disabled" under the Americans with Disabilities Act of 1990 and to arrange reasonable and appropriate testing modifications prior to the administration of the examination. It is in candidate's best interests to provide recent and appropriate documentation clearly defining the extent and impact of the impairment(s) upon current levels of academic and physical functioning.

PROCEDURES:

- A. Request for accommodations and appropriate, complete, supporting documentation, must be submitted with each application. Determinations of reasonable accommodations for testing modifications will be made on a case-by-case basis and will pertain to all sections applied for in a single application.
- B. Testing must be performed by a licensed and/or qualified (expert) specialist or physician (at the candidate's expense). Information about their area of specialization and their professional credentials, including certification and licensure, should be clearly delineated.
- C. Documentation should be submitted on official letterhead from a licensed and/or qualified

(expert) physician who has conducted a clinical examination of the individual and diagnosed a physical or mental impairment. Depending on the disability and written evaluation, documentation may include a letter from a physician or a lengthy assessment report.

- D. Documentation should provide evidence of a substantial limitation to physical or academic functioning. For invisible disabilities, the following areas must be assessed (these suggested tests are not meant to preclude assessment in other relevant areas):
1. Ability – The Weschler Adult Intelligence Scale (WAIS-III), with subtest scores, should be included as a standard measure of overall intelligence. The WAIS is only one component of a full documentation report. This test alone is not acceptable.
 2. Achievement – A comprehensive academic achievement battery, with subtest scores, is essential. Current levels of academic functioning in relevant areas, such as reading (decoding and comprehension), mathematics, and oral/written language are required. Tests must be reliable, standardized, and valid for use in an adolescent/adult population.
 3. Processing Skills – Other tests in processing areas may warrant evaluation as indicated by the tests above. These areas include information processing, visual and auditory processing, and processing speed.
- E. Documentation should be recent (no more than three years old).
- F. Documentation for all disabilities should describe the extent of the disability, the criteria for the diagnosis, the diagnosis, the type and length of treatment and/or recommended testing modification. Terms such as learning “problems,” “deficiencies,” “weaknesses,” and “differences” are not the equivalent of a diagnosed learning disability. The following testing modifications are available for the Uniform CPA Examination and may be granted to an applicant by the Board if deemed eligible:
1. Additional Break Time – Extension of scheduled breaks or inclusion of additional breaks
 2. Additional Testing Time – Typically time and a half or double time
 3. Logistical Provisions – Adjustment of height of workstation table, monitor, or other similar accommodation, or allowance of specific items that have been approved by the Board (i.e. back wedge or pillow)
 4. Separate Room – Must be monitored throughout test administration
 5. Reader – An individual to read information verbatim from screen for examinees, separate room required
 6. Amanuensis – An individual to operate mouse and/or keyboard for examinee; separate room required
 7. Sign Language Interpreter – An individual to sign instructions and serve as interpreter between the testing center administrator and examinee. Sign language interpreters are normally not allowed to accompany examinees into the testing room
 8. Intellikeys Keyboard – Allows examinees with limited use of hands to operate keyboard
 9. Intellikeys Keyboard with Magic Arm and Super Clamp Attachment – Swivel arm that

- allows precise placement of keyboard
- 10. Kensington Expert Mouse – Trackball mouse
- 11. Headmaster Plus Mouse Unit – Mouse operated by head movements
- 12. Selectable Background and Foreground colors – Allows selection of text and background colors for ease of reading on-screen
- 13. Screen Magnifier – Attaches to monitor and enlarges screen
- 14. Zoomtext Software – Screen magnification

The following testing modifications are not required by the ADA and are not available as testing modifications for the Uniform CPA Examination:

1. Separate room in order to use breast pump;
2. English as a second language;
3. Audiotape, CD, or any electronic format;
4. Written examination; or
5. Braille

~~G. All accommodations must be pre-approved by the Executive Director or designee. Once accommodations have been granted, the approved testing modifications will be sent to the National Association of State Boards of Accountancy (NASBA) in the applicant's Authorization to Test (ATT). When NASBA transmits the Notice to Schedule (NTS) to Prometric, the testing modification will be included. The NTS sent to the applicant will include the approved testing modifications. Modifications may not be altered during the examination.~~

~~H. After receiving the NTS, the applicant must contact Prometric's Special Accommodations Unit (SAU) to schedule an appointment to take the examination. The contact information will be included with the NTS. After the appointment has been scheduled, a confirmation will be sent by Prometric to the applicant to confirm the arrangements that have been scheduled.~~

All denials of accommodations must be preapproved by the Executive Director or designee.



Washington State Board of Accountancy

Policy Number: 2011-1

Title: Principles Underlying Board Rules

Effective: April 25, 2011*
(Formerly WAC 4-25-610)

Approved: _____
Donald F. Aubrey, CPA, Chair

PURPOSE:

The purpose of this policy is to provide and communicate the Board's principles underlying the development and implementation of Board rules.

PRINCIPLES:

Board rules are intended to promote the following professional obligations:

- (1) **Serve the public interest** -A person representing oneself as a CPA, CPA-Inactive certificate holder, or using the CPA or CPA-Inactive title, CPA firms or firm owner and professional 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 a commitment to professionalism.
- (2) **Exercise Reasoned Professional Judgment** -In carrying out their responsibilities, a person representing oneself as a CPA, CPA-Inactive certificate holder or firm owner and professional employees of such persons must exercise professional judgment in all their activities.
- (3) **Demonstrate Integrity** - To maintain and broaden public confidence a person representing oneself as a CPA, CPA-Inactive certificate holder or firm owner and professional employees of such persons must perform all professional responsibilities with the highest sense of honesty.
- (4) **Maintain Personal Objectivity** – A person representing oneself as a CPA, CPA-Inactive certificate holder or firm owner and professional employees of such persons must maintain objectivity at all times when rendering professional services.

Specifically, a person representing oneself as a CPA or CPA-Inactive, firm owners, and professional employees of 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.

In sum, a person representing oneself as a CPA or CPA-Inactive certificate holder, firm owners, and professional employees of such persons must exercise due professional care to:

- (a) Comply with federal and state laws and the profession's technical and ethical standards;
- (b) Maintain competence and strive to improve the quality of services; and
- (c) Personally discharge professional responsibility with the highest sense of integrity, objectivity and ethical commitment.

POLICY STATEMENTS:

Board rules should be developed to promote and enhance the forgoing personal qualities as well as ensure that violations of the forgoing principles are adequately addressed.

Implementation of Board rules should ensure that violators of the public trust receive appropriate discipline on a “fair and equitable” basis.



Washington State Board of Accountancy

Policy Number: 2011-2

Title: Interim Policy Guidelines Pending Rule Changes

Effective: April 25, 2011*

Approved:

Donald F. Aubrey, CPA, Chair

POLICY STATEMENT:

The Executive Director periodically finds it appropriate to seek Board concurrence prior to providing agency staff necessary guidance to implement the Public Accountancy Act or codified Board Rules, 4-30 WAC. The practice and regulatory environments are periodically subject to rapid changes due to economic and/or state and federal regulatory developments. Board rule changes are subject to state rule making processes that can delay formal and responsive guidance to address emerging issues. This policy is to provide for public input and temporary guidance to facilitate responsible agency responses to changing circumstances.

This temporary Board guidance will be requested by the Executive Director for discussion at any open public Board meeting. The guidance will become effective on the date approved by the Board. The guidance will be subsequently posted on the agency's website in a conspicuous location to enhance the awareness of consumers and the members of the regulated population.

The temporary guidance will be simultaneously superseded upon the effective date of any adopted codified rule or rules addressing the issue as an outcome of the rule making process.

Washington State Board of Accountancy

Board Policy Number: 2011-2

Interim Policy Guidance

2010-2011 Interim Policy Guidance:

I. Continuing Professional Education (CPE):

A. Deficiencies and Penalties:

1. Applicants for license renewal that *self-report continuing professional education (CPE) deficiencies during renewal have six months until June 30 of the renewal year to obtain the required CPE*. Such applicants must pay the \$480 reinstatement fee and carry the deficient CPE credits taken by June 30 back to the reporting period preceding the renewal year. The applicant is subject to CPE audit to avoid double counting.
2. *If the CPE deficiency is self-reported after June 30 or if the CPE deficiency is determined during CPE audit*, staff is to follow the Board's delegation related to the issuance of Administrative Notices of Noncompliance:
 - a) Applicants with CPE deficiencies up to and including 16 deficient hours are *subject to delegated administrative sanctioning guidelines*; and
 - b) Applicants deficient 17 hours and above shall be referred to investigations and enforcement.

B. Self-Study Interactive Continuing Professional Education (CPE):

1. *Interactive* means electronic or other delivery formats for delivery of continuing professional education (CPE) in which feedback is provided during the study of the material in a manner to validate the individual's understanding of the material.
2. Self-study CPE courses registered with the National Association of State Boards of Accountancy (NASBA) as a Quality Assurance Service (QAS) sponsor may be accepted as interactive.

II. Electronic Transcripts:

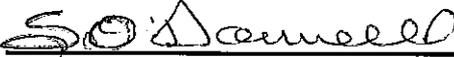
Electronic transcripts are acceptable *provided that the sender* is either:

1. The educational institution responsible for the credits and/or degrees granted; or
2. The electronic transcript service provider engaged by the educational institution responsible for the credits and/or degree granted.



Washington State Board of Accountancy

Policy Number: 1998-1
Title: Education*
Revised: April 27, 2007*
Effective: January 1, 1998

Approved: 
Sharron J. O'Donnell, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

The purpose of this policy is to provide and communicate the Board's guidelines on applying the education rules included in Board rule, WAC 4-25-710. Individuals who passed the exam in another state and are applying for licensure in Washington via transfer of credit must meet these same education requirements.

I. Education Requirements - WAC 4-25-710:

To be eligible to take the CPA examination current applicants must have at least 150 semester hour credits of college education, a baccalaureate degree or higher, and a minimum number of qualifying credit hours in accounting and business administration (concentration in accounting).

A. A concentration in accounting means:

1. 24 semester hour credits (36 quarter hours) in accounting subjects, of which at least 15 semester hours are at the upper level or graduate level. (For purposes of meeting this subsection, individuals will be given 1.5 credits for each 1.0 graduate level credit of accounting courses taken).

The following are considered to be accounting courses (provided the course is awarded academic credit from an accredited US college or university):

- Elementary, intermediate and advanced accounting courses,
- Auditing courses,
- Accounting information systems (however, courses targeted to a specific accounting software are not accepted as accounting courses),
- Cost and managerial accounting,
- Tax courses, accounting law (this does not include business law),

- Hybrid or special project courses offered by accounting departments, and/or
- CPA review courses.

An upper level course is defined as a course that frequently carries completion of a lower level course(s) as a prerequisite. The Board considers the following courses to be upper level courses:

- Intermediate Accounting
- Advanced Accounting
- Managerial Accounting
- Cost Accounting
- Governmental Accounting
- Auditing
- Tax Courses
- Accounting Information Systems
- Not-for-Profit Accounting
- Accounting Theory
- Forensic Accounting
- Fraud Examination
- Financial Statement Analysis
- Any accounting course taken as part of a Master's Program (See I.A.1. above.)

For the purposes of qualifying as a course meeting the requirements of "24 semester hour credits (36 quarter hours) in accounting subjects," the following are **not** considered to be accounting courses:

- Payroll accounting and/or bookkeeping,
- Lotus 123, Excel, Quicken, QuickBooks, Access, or other software training,
- Finance, economics, budgeting, statistics, real estate, investments, money and banking, securities and other courses not primarily concerned with accounting principles, tax, or attestation, and/or
- Business law (even if offered by the accounting department) and/or
- Credits awarded for 'life experience' or similar activities retroactively evaluated and recognized by colleges or universities.

2. 24 semester hour credits (36 quarter hours) in business administration subjects at the undergraduate or graduate level.

For the purposes of qualifying as a course meeting the requirements of "24 semester hour credits (36 quarter hours) in business administration subjects," the following are considered business administration courses:

- In general, courses offered by a school of business administration,
- Economics, finance, budgeting, statistics, investments, money and banking, business law courses, and accounting credits in **excess** of the required 24 semester hour concentration,

- Management courses,
- Law courses if focused on business transactions or regulation of business,
- No more than six undergraduate semester hour information technology credits, such as management information systems, computer information systems, programming, Lotus 123, Excel, Quicken, QuickBooks, Access, or other software training; and/or
- No more than six undergraduate semester hour statistics course credits.

For the purposes of qualifying as a course meeting the requirements of "24 semester hour credits (36 quarter hours) in business administration subjects," the following are **not** considered to be business administration courses:

- Real estate courses,
- Payroll accounting and bookkeeping courses, and/or
- Business math or other math courses (except statistics subject to limit noted above).

B. A baccalaureate degree or higher.

1. An applicant's college degree must be awarded by an accredited US college or university. Exceptions to this requirement are noted in B.2. A baccalaureate degree is required.
2. Education Obtained from a Foreign Institution or Non-accredited US College or University
 - a. Education obtained outside of the US: With the exception of c. below, prior to being eligible to take the examination, applicants who have completed the education requirements entirely, or in part, outside the US must have their credentials evaluated by a Board approved foreign credential evaluation service. This evaluation must be submitted with the examination application.
 - b. Education obtained at a Non-accredited US College or University: If you graduated from a four-year degree-granting institution that was not accredited at the time your degree was received or at the time your application was filed, you will be deemed to be a graduate of a four-year accredited college or university if a credentials evaluation service approved by the board certifies that your degree is equivalent to a degree from an accredited college or university.
 - c. Exceptions: If an applicant's degree was awarded by an accredited college, but the applicant has also obtained credits for a course(s) taken at a foreign institution or a nonaccredited institution (either before or after graduation) in order to be allowable the credits taken at the foreign institution or nonaccredited institution must be either:
 - Included for academic credit on the applicant's official transcript from the

- applicant's accredited degree granting institution, or
- The accredited institution that granted the applicant's degree must certify (certification must be in the form of an original letter from the degree granting institution) to the Board that it will (or would have) accept(ed) the courses from the nonaccredited institution as academic credit towards the degree, and
- In order to be allowable as accounting concentration credits, the title of the course must be identified on either the official transcript or the institution's certification.

C. At least 150 semester-hour credits of college education.

For the purpose of meeting the 150 semester-hour credits requirement, the Board accepts credits awarded for the following provided the course is awarded academic credit from an accredited US college or university:

- Internships,
- Correspondence courses,
- 'Life experience' or 'experiential learning' courses toward the general degree requirement or 150 hour requirement only (i.e., not allowed as credit towards the accounting concentration),
- Credit for successfully challenging a college course,
- Credits earned on the pass/fail system, and/or
- Credits earned while participating in a 'running start' program.

The Board does **not** accept:

- Courses taken on an audited course basis (i.e., not for academic credit),
- Continuing education courses (i.e., courses where college credit is not granted),
- Duplicate courses (i.e., credit is allowed for only one course), and/or
- Coursework deemed to be remedial or below college level by the university.

Prior to being approved to take the CPA exam, applicants are required to provide documentation demonstrating they meet the Board's education requirements. The only exceptions to this requirement are those individuals qualifying to use the 180-day provision. See Section II of this policy.

II. 180-Day Provision of WAC 4-25-710.

A Washington State applicant who does not meet the education requirements of WAC 4-25-710 will be eligible to take any section of the examination provided the applicant submits a Certificate of Enrollment form attesting to: (1) the specific courses the applicant expects to obtain within 180 days of taking the first section of the examination and (2) the degree the applicant expects to receive in order to complete the education requirements within 180 days of taking the first section of the examination.

The Certificate of Enrollment form must be completed in full and contain a signed confirmation from the institution where the applicant will obtain the credits confirming the

applicant's course and degree expectations.

The Board will not release the exam score(s) of any applicant who utilizes the 180-day provision unless the applicant meets the education documentation requirements as follows:

1. The applicant must complete the education requirements as specified on the Certificate of Enrollment form within 180 days of taking the first section of the exam and
2. The applicant must submit confirming documentation (official transcripts or a foreign credential evaluation) to the Board within 210 days of taking the first section of the exam.

If the applicant fails to fulfill either of these requirements:

1. Any of the applicant's exam score(s) falling outside of the 180/210 day requirements will be invalid
2. The applicant will have to retake any invalidated sections of the exam; however, to be eligible to retake any section of the exam the applicant must first demonstrate that s/he fully meets the education requirements of WAC 4-25-710.

Applicants transferring examination grades obtained while taking the examination as an applicant for another jurisdiction are granted the privilege of utilizing the 180-day provision. In other words, these applicants must document that, within 180 days of taking the first section of the examination, they met the Washington State education requirements in effect when they first took the examination. Such documentation must be submitted to the Board within 210 days of the applicant's transfer of grades to Washington.

III. Applicants Who First Took the CPA Examination Prior to July 1, 2000

The Board requires compliance with the education rule in place the first time the applicant sat for the CPA examination. To be eligible under this provision, the applicant must have taken all sections of the examination the first time the applicant sat for the CPA examination; however, the applicant is not required to have passed any section(s) of the examination.

A. **May 1993 to May 2000:** Applicants who first took the examination between May 1993 and May 2000 are required to have a baccalaureate degree including at least:

1. Twenty-four semester hours or the equivalent, in accounting subjects including no more than ten semester hours of lower level elementary accounting courses; and

2. Twenty-four semester hours or the equivalent, in business administration subjects which shall include finance and economics.
 3. A concentration in accounting for holders of graduate degrees for purposes of this for purposes of this rule shall consist of at least:
 - a. Sixteen semester hours or the equivalent in graduate level accounting subjects. Undergraduate accounting courses may be substituted at two-thirds of the stated undergraduate credit; and
 - b. Sixteen semester hours or the equivalent in graduate level business administration subjects which shall include finance, and economics. Undergraduate business courses may be substituted at two-thirds of the stated undergraduate credit.
- B. Individuals who first took the examination prior to May 1993, have credit for one course in information technology in addition to the requirements of A. above.
- C. Individuals who first took the examination prior to May 1987 and passed the examination prior to May 1993:
1. Must have a baccalaureate degree in any field but
 2. Would not need a concentration in accounting

IV. Documentation Requirement Note: Scanned, photocopied, or faxed copies of any of the documents below are not accepted.

Applicants are required to provide documentation of their education as follows:

1. Official transcripts from **each** college or university at which original credit(s) toward the educational requirements was earned (**Note:** Unofficial transcripts "issued to student" will not be accepted.)
2. If applicable, the original foreign credit evaluations, and
3. If applicable, the original Certificate(s) of Enrollment.

V. Miscellaneous

- A. The Board does not provide examination or experience alternatives to fulfill the education requirements. However, the Board does allow credits earned on the basis of proficiency examinations (such as CLEP or PEP) as counting towards the accounting concentration provided the credits are accepted by an accredited US college or university as academic credit towards a degree, or by a foreign institution and accepted by the approved foreign credential evaluation service.

- B. The Board does not perform pre-evaluations of education or pre-approve courses prior to submission of application for the CPA exam.

- C. Individuals who have completed the CPA examination and are **applying for licensure** via Interstate Reciprocity or Transfer of Credit must meet the Board's education requirements in effect when the individual first sat for the CPA examination. The applicant may apply course work taken after first sitting for the examination in order to meet this requirement.



Washington State Board of Accountancy

Policy Number: 2000-2

Title: Public Inquiries*

Revised: October 19, 2007

Effective: April 28, 2000

Approved: 
Sharron J. O'Donnell, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To provide clarification and direction on responding to public inquiries.

I. Requests for Information on Statute and Rules

The Board is the trier of facts in enforcement cases dealing with violations of the Public Accountancy Act and/or Board rule. Therefore, it is appropriate for the Board to ensure they do not prejudge situations and issues, nor should they pre-approve transactions, compensation arrangements, business scenarios, CPE courses (except for ethics courses meeting the requirements of WAC 4-25-830), ethical situations, practice structures, etc. However, to ensure effective services are provided and to protect public interest, the Executive Director and designated agency staff may provide informal guidance on issues dealing directly with the Public Accountancy Act and Board rules. Inquiries not related to the Board's rules or the Public Accountancy Act are to be referred to the appropriate authority if known.

When responding to inquiries the Executive Director and designated agency staff are to:

- A. Be conservative in their guidance.
- B. Clearly advise the individual that:
 - The CPA, CPA-Inactive certificateholder, CPA firm, or non-licensee firm owner is fully responsible for compliance with the Public Accountancy Act and Board rules, and
 - The guidance provided by the Executive Director or designated agency staff is not binding on the Board.

- C. Refer the inquirer to:
- The Public Accountancy Act,
 - The Board's rules and frequently asked questions and answers (FAQs),
 - The Code of Professional Conduct and Interpretations,
 - The AICPA's hotline and the WSCPA professional conduct committee,
 - Courses dealing with professional ethics, and
 - The agency's web site which contains the Act, Rules, and FAQs.
 - Recommend the inquirer seek legal advice.
- D. Recommend the inquirer seek legal advice.

II. Requests for Classification of College Courses and CPE Courses

Upon receipt of a course description and outline, the Executive Director may provide informal guidance regarding the appropriate classification of a course.

The Executive Director is to:

- A. Be conservative in her/his guidance.
- B. Clearly advise the individual that the:
- CPA, CPA-Inactive certificateholder, or registered non-licensee firm owner is responsible for justifying classification of CPE courses, or
 - Individual CPA examination candidate is responsible for justifying the classification of college courses, and
 - Executive Director's guidance is not binding on the Board.

III. Public Records Request

The agency fully complies with the Public Disclosure Act and the Executive Director acts as the agency's Public Disclosure Officer. Agency staff may provide oral responses to telephone requests for information per written office procedures. For the purposes of this policy, records and information include both paper and electronic files.

To support privacy and maintain a public record of document distribution, requests for copies of agency records should be made to the Executive Director in writing or e-mail. Payment for copies of public records must be made in advance as defined by Board rule.

Consistent with RCW 18.04.405(3) the agency shall not disclose the proceedings, records, and work papers of a review committee of a peer review as defined by RCW 18.04.025(15).

Consistent with RCW 42.56.050 and chapter 70.02 RCW the agency shall not disclose health care or medical information as defined in RCW 70.02.010(6). Consistent with the privacy interests stated in RCW 42.56.050 and recognized by the courts, the agency shall not disclose social security numbers of any individuals.

Consistent with RCW 42.56.210, .230, .240, .250, and .280 the agency may choose not to disclose:

- Internal memorandum containing attorney/client privileged communications or attorney work product,
- Any and all information or documents associated with an active investigation,
- Applications for public employment, including the names of the applicants, resumes, and other related materials submitted with respect to an applicant,
- The residential addressees and residential telephone numbers of employees or volunteers of a public agency which are held by the agency in personnel records, employment or volunteer rosters, or mailing lists of employees or volunteers, and
- Credit card numbers, debit card numbers, electronic check numbers, card expiration dates, or bank or other financial account numbers supplied to an agency for the purpose of electronic transfer of funds, except when disclosure is expressly required by law.

In general the Board does not release the existence of an investigation, the identity of an individual(s) or firm(s) under investigation, or the investigation files until the investigation is complete. An exception to nondisclosure may be made for other regulatory or law enforcement bodies or to further the Board's interest in conducting investigation or the public interest in law enforcement. The Executive Director makes the determination as to when an investigation is complete.

With the exception of information provided to other regulatory or law enforcement bodies, to support public protection and the privacy of Washington's citizens, the agency will provide a 15 calendar-day advance written notice to the subject of the request (unless the requestor is a law enforcement or regulatory agency, or the requestor is also the subject of the request or the request falls within the provisions of RCW 42.56.070[9]) prior to disclosing the following:

- Phone number(s),
- Street address(es) (except city, state, province, country, and zip code may be disclosed),
- E-mail address(es),
- Web address(es),
- Birth date(s),
- College transcript(s),
- Exam grades, and

- Credit card numbers, debit card numbers, electronic check numbers, card expiration dates, or bank or other financial account numbers supplied to an agency and not expressly exempt from disclosure under RCW 42.56.210.

When available, this notice will include the name(s), phone number(s), and address(es) of the individual and/or organization making the request.

IV. General Guidelines

Agency personnel are to:

- Ensure they follow established procedures for handling and disposal of public records and copies to provide reasonable assurances that those containing confidential personal information are properly safeguarded,
- Limit the collection of personal information to that reasonably necessary for purposes of program implementation, authentication of identity, security and other legally appropriate agency operations,
- Maintain an Internet Privacy Statement consistent with Executive Order 00-03,
- To the extent feasible, provide written notice to the public at the point of collection of their personal information that the law may require disclosure of the information as a public record,
- Exercise due care when responding to inquiries to ensure accurate information is provided to the public,
- Respond to all inquiries in a professional manner,
- Inform customers of the agency's web site and, as appropriate, offer to provide a hard copy of information posted on the web site,
- At a minimum, respond to phone calls within an average of 24 hours and written correspondence (except public records requests) within an average of seven working days,
- Participate in customer service training annually, and
- Upon employment and each June 30 thereafter employees will sign a statement confirming they have read this policy.

Questions outside of an employee's duties and responsibilities are to be promptly forwarded to the appropriate staff or to agency management.

V. Disclaimer

This policy and the agency's compliance with the policy should not be interpreted to mean the Board pre-approves transactions, compensation arrangements, business scenarios, CPE courses, ethical situations, practice structures, etc.



Washington State Board of Accountancy

Policy Number: 2000-3

Title: Quality Assurance Review Program*

Revised: July 27, 2007
Effective: April 28, 2000

Approved: Sharron J. O'Donnell
Sharron J. O'Donnell, CPA, Chair

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

Purpose:

The purpose of this policy is to provide and communicate the Board's guidelines on the Quality Assurance Review (QAR) program as established by WAC 4-25-820.

I. QAR Committee Appointments

The QAR Committee is Co-Chaired by a Board Member, or a former Board Member, and an individual selected among those serving on the QAR Committee.

Volunteer QAR Committee members are recruited by the Board and must be Washington licensees with a minimum of 5 years experience in public accounting. When making QAR Committee member appointments the Board seeks to ensure representation of various firm sizes, practice styles and locations. QAR Committee members qualify for up to 32 hours each calendar year of technical CPE credit for actual time spent on QAR Committee meetings and review activities.

II. QAR Program Timelines

Immediately upon registration with the Board, a CPA firm will be automatically included in the Board's next QAR cycle for its initial attest review.

After the firm's initial QAR review, the firm is required to participate in the QAR Program every three years unless additional participation is deemed appropriate due to an "Unacceptable" grade.

A *Quality Assurance Review (QAR) Status* form is mailed to each participating firm during the first week in January with the postmark due date of April 30. The QAR Status form acts as the Board's notice to the firm that the firm is scheduled to participate in the QAR program. The QAR Status form identifies the due date for submitting the completed form, fee, and required reports and associated financial statements to the Board. A courtesy reminder post card may be mailed to firms approximately two weeks before the due date. Failure to submit a complete QAR 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. Firms not responding by the due date are sent a final notice via first class and certified mail, under the Executive Director's signature, with a required 20-day response period as established by WAC 4-25-551. Firms not responding to the final notice are referred to the Executive Director for investigation

The Executive Director has the authority to modify a firm's three-year cycle, if deemed appropriate.

III. Firms Submitting Reports and Associated Financial Statements

Firms submitting reports and the information covered by those reports to the QAR Committee for review must:

- Submit, for each of its offices, one licensee report and the information covered by that report, for each of the following types of services:
 - Compilation report on historical financial statements,
 - Review report, on historical financial statements,
 - Audit report on historical financial statements,
 - Agreed-upon procedures,
 - Forecasts,
 - Internal controls,
 - Performance audits, and
 - Projections.

If reports issued by all offices of a firm are reviewed and issued in a controlled, centralized process, only one of each of the reports specified above must be submitted by the firm as a whole,

- Select these reports from all reports prepared during the twelve months preceding the date of Board's request or, if no reports were issued within that twelve month period, from all reports during the three years preceding the date of the Board's request, and
- Omit the name of the client, the client's address, and other identifying factors provided that the omission does not render the type or nature of the enterprise undeterminable. Dates must not be omitted.

Normally only **one** of the reports submitted will be selected for review and the highest-level report is selected for review. However, the Executive Director is delegated authority to use discretion to (1) determine the appropriate report for review and (2) review more than one submitted report.

Management-Use Only Compilations, meeting the standards established under SSARS 8, **are exempted** from the Board's Quality Assurance Review Program. These reports are for internal use only, are not to be used for third party distribution, and therefore do not have the public protection issues associated with attestation services.

IV. Exemption Requests - Independent Peer Review

Firms may request an exemption from the Board's QAR program if the firm has participated in a Board approved peer or quality review within the three years immediately preceding the date of Board request. The firm must submit a copy of an unmodified report, letter of comments (if applicable), response to the letter of comments (if applicable), and letter of acceptance from the reviewing organization. The Board's QAR Committee may request other documentation.

Firms that receive modified peer or quality review reports may request exemption to the Board's QAR program, but must submit copies of such reports and related correspondence, at the discretion of the Board, for consideration on an individual basis. When the QAR Committee identifies or suspects irregularities in the firm's peer review, the firm is to be forwarded to the Executive Director for action.

V. Board Approved Independent Peer Review Programs

Firms undergoing Public Company Accounting Oversight Board (PCAOB) inspection and/or enrolled in the American Institute of Certified Public Accountants (AICPA) Center for Public Company Audit Firms Peer Review Program (**Center PRP**) **are exempted** from participation in the Board's QAR program provided the firm submits the following to the Board along with the firm's QAR Status Form and fee:

- A. PCAOB Inspection - The firm must certify that it is registered with the PCAOB.
- B. Center PRP - The firm must submit the Center PRP Report, the letter of comment (if any), the response to the letter of comment (if any), and the final Center PRP acceptance letter.

The Board has **approved System Reviews and Engagement Reviews** of the American Institute of Certified Public Accountants (AICPA) Peer Review Program as meeting the requirements of WAC 4-25-820. This program is administered in Washington State by the Washington Society of CPA's (WSCPA).

The Board does not accept the Report Review level of the AICPA's Peer Review Program. Report Reviews do not conclude with a ranking of the firm's work, and, as a result, there is no basis for the Board to make a decision on whether they can rely on the Report Review.

Individuals participating as **volunteer reviewers** on the WSCPA Peer Review Acceptance Committee may qualify for up to 32 hours each calendar year of technical CPE credit for actual time spent reviewing peer review reports. The Executive Director may conduct an oversight review to determine if the AICPA Peer Review Program as administered by the WSCPA is operating effectively.

VI. Exemption Request - Limited Scope of Practice

Firms may request an exemption from the Board's QAR program if the firm has not issued any reports from any of its offices within the three years immediately preceding the April 30th due date for submitting the QAR Status form to the Board.

VII. Annual QAR Review Session

- A. **Volunteer Reviewers:** Qualified volunteer reviewers are recruited to serve as reviewers and team captains at the annual QAR review session. To qualify reviewers must hold a current Washington CPA license and have a minimum of five years of experience in public accounting. Reviewers qualify for up to 32 hours of technical CPE credit for actual time spent on QAR review activities.
- B. **Process:** The QAR Committee develops the review checklists to be used during the QAR reviews. Whenever possible, AICPA checklists are to be utilized. Reviewers are assigned to a review team based on their area of expertise. One member of each team will serve as the Team Captain. Team Captains will be selected based on experience with the QAR program. The other members of the team will serve as reviewers. All reports and financial statements selected for review will be assigned to an appropriate team based on the experience and independence of the team.
- C. **Report Grading:** Each selected report will be reviewed and graded three times: first by a reviewer, second by the team captain and a third and final review by a QAR Committee member. Grades may be one of the following: "Acceptable," "Acceptable With Comments," or "Unacceptable." To support grading consistency, the QAR Committee selects two or three QAR Committee members to perform the final review of all reports graded "Unacceptable" by either the Reviewer or the Team Captain. The QAR Committee member's grade is final and supersedes the other two grades.

- D. Review and Acceptance of Peer Review Submissions:** Peer reviews submitted under Section V of this policy are reviewed to determine whether the peer review meets the Board's requirements. QAR Committee members, the QAR Committee Co-Chairs, and/or board QAR staff licensed for five years or more may perform the review of the peer review submissions. Peer review submissions are deemed to meet or not meet the criteria established in Section V of this policy. If a firm's peer review submission does not meet the criteria established in Section V of this policy, the firm is required to participate in the Board's QAR program.

VIII. Communication of the Annual QAR Review Session Results

The results of the desk review are communicated to the firm as soon as possible. All QAR Committee approved reviewer comments are communicated to the firms. To ensure issues of substandard work are rapidly addressed, Board staff is to communicate the results of reports graded "Unacceptable" as rapidly as possible.

- A. If a firm's report is graded "Acceptable" by the QAR Committee member, the firm receives a closing letter advising the firm of the grade and their next QAR cycle. The firm is not required to respond to the closing letter.
- B. If a firm's report is graded "Acceptable With Comments" by the QAR Committee member, the firm receives a closing letter advising the firm of the grade, their next QAR cycle, and a list of the comments made by the review team during the desk review for the firm's consideration. The firm is not required to respond to the closing letter.
- C. If the report was graded "Unacceptable" by the QAR Committee member, the firm is sent a listing of the potential deficiencies identified during the annual QAR review session. The firm must respond in writing within 20 days to this listing. A firm may be granted a two-week extension to the 20-day response requirement; however, the firm must make the extension request in writing prior to the end of the 20-day period and submit adequate justification for the extension. The firm can either agree or disagree with each potential deficiency. If the firm disagrees with an item, an explanation must be included. If the firm agrees with the noted deficiency, the firm must provide a brief description of the corrective action to be taken. The firm's response is returned to the QAR Committee member who graded the firm's report as "Unacceptable" for review of the comments and finalization of the grade. Based on the response, the QAR Committee member will decide if the grade should be changed, or remain as "Unacceptable."
- D. If the grade remains "Unacceptable," prior to referring the firm to the Executive Director for action (See Section IX below) the QAR Committee member considers and recommends corrective action. Suggested corrective action may include recommendations such as:

- A field review to provide a more in-depth review of the practitioner's work, previously taken continuing professional education, library and other practice support tools, knowledge, abilities, and system of quality control
- An independent practitioner review the firm's reports and accompanying financial statements prior to issuance
- The firm/practitioner obtain continuing education courses in specific areas
- The firm participate in the annual QAR report review in the upcoming year
- The firm submit a specific report in the subsequent period for review

IX. Field Reviews

If a firm receives a final grade of "Unacceptable," the QAR Committee refers the firm, its recommendations for corrective action, and the accompanying files to the Executive Director for consideration.

The Executive Director will make the final determination as to whether a field review or alternative corrective action is appropriate. The Board contracts with specialists to perform field reviews. All field reviews are performed consistent with QAR Program established field review procedures and report formats.

X. Miscellaneous

Firm Name Change – Participation in the QAR Program: If a new firm is created as a result of a name change only (i.e., there has been no change in ownership) the new firm retains the same QAR cycle as the previous firm.



Washington State Board of Accountancy

Policy Number: 2001-1
Title: Compensation Arrangements*
Effective: February 5, 2001
Revised: December 31, 2004
Approved: Barbara J. Adams
Barbara J. Adams, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

The purpose of this policy is to provide guidance to CPAs, CPA-Inactive certificateholders, CPA firms, CPA firm owners, and others on the application of WAC 4-25-626 What restrictions govern commissions, referral, and contingent fees?

I. Disclosure

In order to ensure continued public protection and consumer awareness, the Board created sound disclosure requirements in WAC 4-25-626. When entering into engagements where the CPA, CPA-Inactive certificateholders, CPA firm, or CPA firm owner will or may be compensated on a commission, referral or contingent fee basis, written disclosure of the following must be provided in advance of the client's acceptance of the engagement:

- A. The fee arrangement
- B. The method of calculating the fee or amount of fee, and
- C. Specify the CPA's, CPA-Inactive certificateholders, CPA firm's, or firm owner's role as the client's advisor.

These are the minimum disclosure requirements. The Board anticipates CPAs, CPA-Inactive certificateholders, CPA firms, and CPA firm owners will provide clients with the required disclosure for each transaction. However, transactions that are recurring (i.e., where there is no change in the fee arrangement) do not require re-disclosure.

In view of the requirement for CPAs, CPA-Inactive certificateholders, CPA firms, and CPA firm owners to comply with the principles and rules of conduct established by Board rule, the Board recommends CPAs, CPA-Inactive

certificateholders, CPA firms, and firm owners consider disclosing all information which the general public or a client may consider relevant to making a decision on whether to engage the CPA, CPA-Inactive certificateholders, CPA firm, or firm owner. This may include disclosing additional facts, if any, surrounding the CPA's, CPA-Inactive certificateholder's, CPA firm's, or firm owner's relationship with the service provider.

II. Client Consent

WAC 4-25-626(7)(d) requires the CPA, CPA-Inactive certificateholders, CPA firm, or firm owner obtain the client's consent to the fee arrangement in writing. The Board anticipates the written consent will be obtain prior to the transaction; however, transactions that are recurring (i.e., where there is no change in the fee arrangement) may be covered the initially written consent if the original consent states that it includes such subsequent transactions.

III. Rules Governing Conduct

Regardless of the fee arrangement, engagement, or industry CPAs, CPA-Inactive certificateholders, CPA firms, and CPA firm owners are required to comply with the rules governing conduct which include the requirements that: (The Board does not intend this listing to be all inclusive.)

- A. The CPA, CPA-Inactive certificateholders, CPA firm, and CPA firm owner must act in a way that will *serve the public interest, honor the public's trust* and demonstrate a commitment to professionalism.
- B. The CPA, CPA-Inactive certificateholders, CPA firm, and CPA firm owner must maintain and broaden public confidence by performing all professional responsibilities with the highest sense of *integrity and honesty*. The CPA, CPA-Inactive certificateholders, CPA firm, and CPA firm owner must not misrepresent facts or subordinate their judgment to others.
- C. The CPA, CPA-Inactive certificateholders, CPA firm, and CPA firm owner must maintain *objectivity* and specifically they must:
 - Avoid rendering professional services where actual or perceived conflicts of interest exist and *remain free of conflicts of interest* unless such conflicts are specifically permitted by Board rule and professional standards; and
 - Be independent in fact and appearance when providing attestation services.
- D. The CPA, CPA-Inactive certificateholders, CPA firm, and CPA firm owner must demonstrate *due care* by:

- Complying with all federal and state laws and the profession's technical and ethical standards, maintain competence;
 - Striving to improve the quality of services; and
 - Discharging their professional responsibility to the best of their ability.
- E. The CPA, CPA-Inactive certificateholders, CPA firm, and CPA firm owner must not undertake any endeavor for the performance of services unless they reasonably expect to complete those services with *professional competence*.

IV. Due Care

The Board acknowledges the trend for expanding professional services into non-traditional fields. In this regard, the Board emphasizes that Board rules require all CPAs, CPA-Inactive certificateholders, CPA firms, and CPA firm owners to comply with all applicable Federal and State laws including those governing non-traditional service areas such as: financial advisory services, securities investment services, insurance services, etc.

V. Disclosure Forms and Retention

The addendum to this policy contains disclosure forms, which adequately meet the Board's disclosure requirements contained in WAC 4-25-626.

The Board recommends CPAs, CPA-Inactive certificateholders, CPA firms, and CPA firm owners consider establishing sound records retention procedures to ensure they maintain documentary evidence of meeting the advance, written disclosure requirements of WAC 4-25-626.

VI. Miscellaneous

- A. CPAs, CPA-Inactive certificateholders, CPA firms, and CPA firm owners may accept a markup from the sale of products. However, the Board cautions, if the arrangement meets the definition of a commission or referral fee, then the markup fee arrangement is only allowable with non-attest clients.
- B. CPAs, CPA-Inactive certificateholders, CPA firms, and firm owners may accept stock or other non-cash compensation for services provided to a non-attest client.

APPENDIX A – Disclosure Forms

Statement of Disclosure of Commissions, Referral, and Contingent Fees

WAC 4-25-626(7) requires all Certified Public Accountants (CPAs), CPA-Inactive certificateholders, CPA firms, and CPA firm owners who accept commission, referral and contingent fee arrangements to:

- Disclose the arrangement in writing and in advance of client acceptance;
- Disclose the method of calculating the fee or amount of fee;
- Specify the CPA's, CPA-Inactive certificateholder's, CPA firm's and/or CPA firm owner's role as the client's advisor, and
- Obtain the client's consent to the fee arrangement in writing.

The following form may be used to comply with the disclosure requirements of WAC 4-25-626(7). A licensee may use a form that contains additional information provided the form includes the minimum disclosure requirements.

Certified Public Accountants (CPAs), CPA-Inactive certificateholders, CPA firms, and CPA firm owners are required by law to disclose to clients certain fees and commissions they directly or indirectly are to receive related to goods and services provided to those clients.

The purpose of this disclosure statement is to acknowledge that the disclosure has been made, the client has consented thereto and a copy of this statement has been provided to each of the signatories thereof.

I hereby acknowledge that on this _____ day of _____, 200__.

_____ has disclosed that he/she/the firm will
CPA/CPA-Inactive certificateholder/CPA Firm/CPA Firm Owner

receive a commission, contingent fee, or referral fee of:

Commission/Contingent/Referral Fee Percentage, Method of Calculating Fee, or Amount

from: _____
Third Party Paying the Commission/Contingent/Referral Fee to the CPA/Firm

in relation to goods or services he/she/the firm has agreed to provide or recommend and hereby consent to the arrangement.

Client (please print)

Client (signature)

Date

CPA/CPA-Inactive certificateholder/CPA Firm/CPA Firm Owner (please print)

CPA/CPA-Inactive certificateholders/CPA Firm/CPA Firm Owner (signature)

Date

DISCLOSURE FORM - STATEMENT OF UNDERSTANDING

Washington rule, WAC 4-25-626(7), requires all Certified Public Accountants (CPAs), CPA-Inactive certificateholders, CPA firms, and CPA firm owners who accept commission, referral and contingent fee arrangements to:

- Disclose the arrangement in writing and in advance of client acceptance;
- Disclose the method of calculating the fee or amount of fee;
- Specify the CPA's, CPA-Inactive certificateholder's, CPA firm's, or CPA firm owner's role as the client's advisor, and
- Obtain the client's consent to the fee arrangement in writing.

As required by the above rule, clients are provided the following information regarding products, services or proposed services offered by _____ (CPA, CPA-Inactive certificateholder, CPA firm, or CPA firm owner).

The advice you receive may include recommendations to purchase products or services for which the CPA, CPA-Inactive certificateholder, CPA firm, or CPA firm owner receives additional compensation in the form of commissions, referral or contingent fees. This creates a monetary incentive for the CPA, CPA-Inactive certificateholder, CPA firm, or CPA firm owner that could bias his/her/their recommendations toward products or services having high commission, referral or contingent fees and to recommend more of such products or services than may be suitable for you. This monetary incentive to make biased recommendations while charging a fee for such recommendations constitutes a substantial conflict of interest.

Nevertheless, CPAs, CPA-Inactive certificateholders CPA firms, and CPA firm owners undertake to provide objective and unbiased recommendations for their customers. Any actual bias in the investment advice would constitute a breach of the undertaking to render objective advice for which the fee is paid.

1. While it may not be possible to ascertain an exact fee for these services until such time as more specific client data has been reviewed, the method or amount of the proposed fee is: \$ _____
2. Stated below is the percentage of clients during the CPA's, the CPA-Inactive certificateholder's, the CPA firm's, or the CPA firm owner's last fiscal year that paid a fee for receiving services/advice that recommended the client purchase products or services offered through the person or firm* rendering the advice, and resulted in additional compensation to such person for firm for the sale of the recommended products or Services.
_____ % *Including any affiliate or associate of such person or firm.

3. If _____ (CPA) or _____ (CPA-Inactive certificateholder) or _____ (CPA firm) or _____ (CPA firm owner) has any ownership or interest in any company offering the recommended products or services, that ownership or interest is described below:

I have read and understand the foregoing and consent to the described fee arrangement this _____ day of _____, 200_____.

Client/Prospective Client (please print)

Client/Prospective Client (signature)

Date

CPA/CPA-Inactive certificateholder/CPA Firm/CPA Firm Owner (please print)

CPA/CPA-Inactive certificateholder/CPA Firm/CPA Firm Owner (signature)

Date

**DISCLOSURE FORM - STATEMENT OF UNDERSTANDING
SUBSEQUENT TRANSACTIONS INCLUDED**

Washington rule, WAC 4-25-626(7), requires all Certified Public Accountants (CPAs), CPA-Inactive certificateholders, CPA firms, and CPA firm owners who accept commission, referral and contingent fee arrangements to:

- Disclose the arrangement in writing and in advance of client acceptance;
- Disclose the method of calculating the fee or amount of fee;
- Specify the CPA's, CPA-Inactive certificateholder's, CPA firm's, or CPA firm owner's role as the client's advisor, and
- Obtain the client's consent to the fee arrangement in writing.

As required by the above rule, clients are provided the following information regarding products, services or proposed services offered by _____ (CPA, CPA-Inactive certificateholder, CPA firm, or CPA firm owner).

The advice you receive may include recommendations to purchase products or services for which the CPA, CPA-Inactive certificateholder, CPA firm, or CPA firm owner receives additional compensation in the form of commissions, referral or contingent fees. This creates a monetary incentive for the CPA, CPA-Inactive certificateholder, CPA firm, or CPA firm owner that could bias his/her/their recommendations toward products or services having high commission, referral or contingent fees and to recommend more of such products or services than may be suitable for you. This monetary incentive to make biased recommendations while charging a fee for such recommendations constitutes a substantial conflict of interest.

Nevertheless, CPAs, CPA-Inactive certificateholders, CPA firms, and CPA firm owners undertake to provide objective and unbiased recommendations for their customers. Any actual bias in the investment advice would constitute a breach of the undertaking to render objective advice for which the fee is paid.

1. While it may not be possible to ascertain an exact fee for these services until such time as more specific client data has been reviewed, the method or amount of the proposed fee is:
\$ _____

2. Stated below is the percentage of clients during the CPA's, the CPA-Inactive certificateholder's, the CPA firm's, or the CPA firm owner's last fiscal year that paid a fee for receiving services/advice that recommended the client purchase products or services offered through the person or firm* rendering the advice, and resulted in additional compensation to such person for firm for the sale of the recommended products or Services.
_____ % *Including any affiliate or associate of such person or firm.

3. If _____ (CPA) or _____ CPA-Inactive certificateholder or _____ (CPA firm) or _____ (CPA firm owner) has any ownership or interest in any company offering the recommended products or services, that ownership or interest is described below:

4. It is anticipated that the parties will engage in similar transactions in the future and that consent to this fee arrangement shall be construed as consent to the same arrangement in such future transactions, unless and until revoked by the undersigned.

I have read and understand the foregoing and consent to the described fee arrangement this _____ day of _____, 200____.

Client/Prospective Client (please print)

Client/Prospective Client (signature)

Date

CPA/CPA-Inactive certificateholder/CPA Firm/CPA Firm Owner (please print)

CPA/CPA-Inactive certificateholder/CPA Firm/CPA Firm Owner (signature)

Date



Washington State Board of Accountancy

Policy Number: 2001-2
Title: Experience*
Revised: January 31, 2005
Effective: June 30, 2001

Approved: Barbara J. Adams
Barbara J. Adams, CPA, Chair

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

Purpose:

This policy is to provide clarification on how the Board interprets WAC 4-25-730 (What are the experience requirements in order to obtain a CPA license?) and to create and establish guidelines for the Qualifications Committee.

I. Qualifications Committee:

The Qualifications Committee is delegated authority to establish, process and approve experience required for issuance of an initial license.

A. Co-Chairs

To ensure alignment with the Board's direction and provide a sound liaison between the full Board and the Committee, the Qualifications Committee is co-chaired by a Board member. Board member selection for this assignment is made by the full Board and takes into consideration the member's attest experience. To ensure consistency, the Committee is to be co-chaired by the Executive Director.

B. Committee Members

Volunteer licensed CPAs are solicited to participate on the Qualifications Committee. Individuals volunteering to serve on the Qualifications Committee receive copies of and are briefed on all Board policies, in particular those policies dealing with: privacy, diversity, customer service, and regulatory reform. Volunteers must have held a valid Washington state license for a

minimum of 5 years. Volunteers will receive technical CPE credit (50 minutes equals one CPE credit hour) for Committee work performed up to a maximum of 32 hours a calendar year. Volunteers will be reimbursed for travel expenses based on the state regulations provided such expenses are pre-approved by the Executive Director.

C. Experience Affidavits and Instructions

The Qualifications Committee is responsible for providing recommendations to the Board to enhance the application affidavit and forms. The Committee is directed to focus its recommendations on enhancements which will:

- Improve clarity, language, and ease of use
- Allow for more rapid completion of the experience application
- Ensure the relevance of the competencies and associated abilities
- Minimize resources used (both resources required by candidates, CPAs, and agency staff)

Policy recommendations are to be forwarded to the Board for review and approval.

Minor, non-substantial verbiage changes that simplify improve the clarity of the Experience Affidavit and instructions forms may be made without the Board's approval.

E. Audit of Experience Applications

The Qualifications Committee is responsible for maintaining the relevancy and updating the audit procedures, including forms and boilerplate letters, to perform audits of Experience Applications.

The Qualifications Committee is authorized to select experience applications for audit. All audits of Experience Applications are to be performed under the direction of the Board Member Co-Chair. The Qualifications Committee is to forward identified discrepancies in application materials and/or apparent non-compliance with Board rules to the Executive Director for action.

II. Foreign Experience

The Board's experience requirements do not prohibit foreign experience.

Given the agency's limited resources, applicants are required to submit applications and/or application supporting information in English. Applicants are responsible for ensuring any additional documentation requested by the Committee is presented in English.

III. 2,000 Minimum Work Hours

The minimum of 2,000 hours includes hours worked rather than billable hours; additionally vacation time and/or personal leave time is not to be included in these hours. The experience must cover a minimum twelve-month period.

IV. Experience Application and Affidavit

Appendix A contains the Board's approved experience affidavit.

APPENDIX A

Washington State Board of Accountancy - Experience Affidavit

The Washington State Board of Accountancy is required to comply with the Public Disclosure Act Chapter 42.17 RCW. This Act establishes a strong state mandate in favor of disclosure of public records. As such the information you submit to the Board including personal information may ultimately be subject to disclosure as a public record.

Section 1 – CPA's Verification

This is the Only Section to be *Completed by the Licensed CPA Verifying the Candidate's Experience*

If more than one CPA is verifying the candidate's experience a separate Section 1 must be attached for each verifying CPA.

CPA's Name: _____ License Number*: _____
State of Issuance: _____
Address: _____ Phone Number: _____
_____ Fax Number: _____
_____ E-mail Address: _____

*You must have held a license for 5 years or more in order to attest to a candidate's competency.

CPA's Verification:

I certify under the penalty of perjury that I am qualified under the Board's requirements to verify a candidate's experience; and I verify the candidate has had experience supporting attainment of the following competencies (check each appropriate competency):

- _____ Understanding the Rules of Professional Conduct Contained in Chapter 4-25 WAC
- _____ Assessing the Achievement of an Entity's Objectives
- _____ Preparing Documents that Contain Sufficient Data to Support Analysis and Conclusions
- _____ Understanding Transaction Streams and Information Systems
- _____ Assessing Risk and Designing Appropriate Procedures
- _____ Making Decisions, Solving Problems, and Thinking Critically in the Context of Analysis
- _____ Communicating Scope of Work, Findings and Conclusions Effectively

CPA's Signature Date

City State Country

Section 2(a) – Candidate's Attestation

This Section is to be *Completed by the Candidate*

Date of Application: _____ Phone Number: _____
Candidate's Name: _____ Fax Number: _____
Social Security Number *: _____ Washington CPA Certificate # (if issued): _____
Address: _____ E-mail Address: _____

* Licensees and certificate holders are required to provide their social security number in order to assist in enforcement of child support laws. See RCW 26.23.150. Your social security number may also be used for identification purposes.

I certify under the penalty of perjury the representations I have made in this Experience Affidavit are accurate:

Candidate's Signature Date

City State Country

Section 2(b) – Experience History
This Section is to be *Completed by the Candidate*

Candidate Name: _____

List the company(ies) where you obtained your work experience (attach additional sheets if necessary):

Company: _____
 Industry: _____
 Address: _____

Company: _____
 Industry: _____
 Address: _____

Title or Key Job Responsibilities: _____

Title or Key Job Responsibilities: _____

Dates Worked: From: _____ To: _____

Dates Worked: From: _____ To: _____

Number of Hours Worked at this Company: _____

Number of Hours Worked at this Company: _____

Total number of hours worked in all organizations: _____ (Must be a minimum of 2,000 hours)

Total number of months worked in all organizations: _____ (Must be a minimum of 12 Months)

Section 2(c) – Experience in Skill Areas
This Section is to be *Completed by the Candidate*

For each ability listed (1.1, 1.2, 1.3, etc.) under the seven competencies, you must identify your experience in the specific skill area(s) that supports your attainment of the ability. **For each ability you must have experience in at least one skill area.** If you are unable to identify a skill area where you obtained experience supporting your attainment of each ability listed below, you have not met the competency requirements, you do not qualify for a license, and your application cannot be processed.

<i>Check the skill areas where you obtained experience supporting your attainment of this ability</i>	
Competency 1 - Understanding the Profession's Code of Conduct	
1.1 Understand the laws and regulations governing CPAs.	___ Accounting ___ Issuing Reports on Financial Statements ___ Tax Advisory ___ Tax ___ Management Advisory ___ Financial Advisory ___ Consulting Skills
1.2 Demonstrate the ability to work with integrity, objectivity, professional skepticism, and due professional care.	___ Accounting ___ Issuing Reports on Financial Statements ___ Tax Advisory ___ Tax ___ Management Advisory ___ Financial Advisory ___ Consulting Skills
1.3 Make appropriate judgments to undertake only those tasks that can reasonably be expected to be completed with professional competence and seek advice and supervision when confronted with challenges beyond your immediate expertise.	___ Accounting ___ Issuing Reports on Financial Statements ___ Tax Advisory ___ Tax ___ Management Advisory ___ Financial Advisory ___ Consulting Skills
1.4 Understand the need for independence in providing attest services.	___ Accounting ___ Issuing Reports on Financial Statements ___ Tax Advisory ___ Tax ___ Management Advisory ___ Financial Advisory ___ Consulting Skills
Competency 2 - Assessing the Achievement of an Entity's Objectives	
2.1 Plan an engagement or work program for entities of various size and complexity.	___ Accounting ___ Issuing Reports on Financial Statements ___ Tax Advisory ___ Tax ___ Management Advisory ___ Financial Advisory ___ Consulting Skills
2.2 Obtain an understanding of an entity's business (organization, objectives, goals, and operating characteristics) and matters affecting the entity's industry (economic conditions, government regulations, changes in technology, or other critical factors).	___ Accounting ___ Issuing Reports on Financial Statements ___ Tax Advisory ___ Tax ___ Management Advisory ___ Financial Advisory ___ Consulting Skills
2.3 Design and effectively perform analytical procedures.	___ Accounting ___ Issuing Reports on Financial Statements ___ Tax Advisory ___ Tax ___ Management Advisory ___ Financial Advisory ___ Consulting Skills

Candidate Name: _____

2.4 Identify conditions that may require the extension or modification of a work program or professional services.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
2.5 Evaluate the reasonableness of estimates and representations by others such as management.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
Competency 3 - Preparing Documents that Contain Sufficient Data to Support Analysis and Conclusions	
3.1 An understanding of an entity's internal control is obtained and considered in determining the scope of the work program or services to be performed.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
3.2 Sufficient, relevant data is obtained, analyzed and documented to provide a reasonable basis for the conclusion(s) expressed in a report or other document.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
Competency 4 - Understanding Transaction Streams & Information Systems	
4.1 Obtain and document an understanding of an entity's transaction streams and information systems, including key internal controls.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
4.2 Understands the interrelationships of transactions within an organization.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
4.3 Make appropriate decisions about the nature, timing, and extent of procedures that support an expected level of assurance.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
Competency 5 - Assessing Risk and Designing Appropriate Procedures	
5.1 Assess control risk for various accounts, assertions, or programs, etc.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
5.2 Assess the risk of misstatement of the underlying data.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
5.3 Identify and assess factors that may indicate the presence of fraud.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
5.4 Design policies and procedures to reduce management's risk that financial information would be materially misstated, or design the nature, timing and extent of tests or procedures to obtain a reasonable level of assurance, that financial statements properly present the following management assertions: completeness, existence and occurrence, rights and obligations, valuation and allocation, and presentation and disclosure.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
Competency 6 - Making Decisions, Solving Problems, and Thinking Critically in the Context of Analysis	
6.1 Assess the appropriateness of conclusions based on sufficient, relevant data.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
6.2 Evaluate the appropriateness of financial presentations and disclosures in accordance with the appropriate basis of accounting.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills
Competency 7 - Communicating Scope of Work, Findings and Conclusions Effectively	
7.1 Comply with appropriate reporting standards for professional services undertaken or draft appropriate communications expressing scope of work, findings, and conclusions.	<input type="checkbox"/> Accounting <input type="checkbox"/> Issuing Reports on Financial Statements <input type="checkbox"/> Tax Advisory <input type="checkbox"/> Tax <input type="checkbox"/> Management Advisory <input type="checkbox"/> Financial Advisory <input type="checkbox"/> Consulting Skills

Washington State Board of Accountancy

How to Meet the Experience Requirements for Initial Licensure

I. General Instructions

The Board's goals are to define the experience requirement and the verifying CPA's requirements in assessing whether a candidate's experience supports the competencies.

The experience requirements are as follows:

- A. The candidate must obtain experience supporting the attainment of the following seven competencies:
 - 1. Understanding the rules of professional conduct as contained in chapter 4-25 WAC;
 - 2. Assessing the achievement of an entity's* objectives (*the term entity includes: programs, projects, divisions, or an entire organization);
 - 3. Preparing documents that contain sufficient data to support analysis and conclusions;
 - 4. Understanding transaction streams and information systems;
 - 5. Assessing risk and designing appropriate procedures;
 - 6. Making decisions, solving problems, and thinking critically in the context of analysis; and
 - 7. Communicating scope of work, findings and conclusions effectively.
- B. The candidate's experience must be for a minimum of 12 months, consisting of at least 2,000 hours, through the use of accounting, issuing reports on financial statements, management advisory, financial advisory, tax, tax advisory or consulting skills. The 2,000 hours are work hours; i.e., the hours are not limited to billable hours. Nor are they limited to hours for which the candidate received a wage or salary.
- C. The experience must have been obtained within the eight years immediately preceding the date your application for licensure is filed with the Board. Except, if the candidate was a certificateholder on June 30, 2001 and submits their license application to the Board prior to June 30, 2004, the candidate is not limited to the eight-year limitation.
- D. A licensed CPA (or CPAs) must verify that the candidate's experience supported the attainment of the competencies. The verifying CPA does not have to be the candidate's day-to-day work supervisor. However, the CPA must be qualified to verify the candidate's experience and complete Section 1 of the Experience Affidavit.
- E. The candidate must fully complete Section 2 of the Experience Affidavit.
- F. *Note: The Board will confirm the verifying CPA's license status. If the verifying CPA is licensed in another jurisdiction the process of the application may be delayed depending upon the timeliness of the other jurisdiction's response to our request for information.*

II. Instructions to CPAs

The CPA verifies that the candidate has had experience supporting the attainment of the competencies by completing Section 1 of the Experience Affidavit. The CPA does not verify that the candidate has attained the competencies. The CPA verifying a candidate's experience must meet the Board's qualification. To be qualified to verify a candidate's experience the CPA must be a currently licensed CPA in one of the 55 US jurisdictions and have held a license to practice public accounting for a minimum of 5 years (the 5 years do not have to be continuous) prior to verifying the candidate's experience. The verifying CPA is not required to directly supervise the day-to-day work of the candidate nor is the CPA required to work for the same organization as the candidate. If a candidate's work experience is in a specialized service area, the CPA should have experience in the specialized service area. A licensed CPA intending to verify a candidate's experience is required to notify the candidate of any changes in their status as a licensee. The CPA should be able to support the candidate in locating opportunities where the candidate may obtain experience supporting the attainment of the competencies. A matrix showing the associations between the competencies and professional standards is contained in Exhibit 1 to these instructions.

III. Instructions to Candidates

The candidate must complete Section 2(a), 2(b) and 2(c) of the Experience Affidavit. It is the candidate's responsibility to establish a relationship with a qualified CPA. If the CPA verifying the candidate's experience does not meet the Board's qualifications, the Board will not accept the CPA's verification. Therefore, candidates need to confirm the CPA's qualifications **prior** to entering into a relationship. This can be done by contacting the Board of Accountancy where the CPA is licensed and confirming the CPA holds a valid license to practice public accounting and has been licensed for a minimum of five years. The status of a Washington CPA can be confirmed by calling the Board's office at 360/753-2586. The web site for the National Association of State Boards of Accountancy, www.nasba.org, lists the contact numbers for other accountancy boards.

IV. Suggested (Not Required) Relationship and Work Plan

Ideally the CPA will mentor, monitor, support and guide the candidate toward the attainment of the competencies through actual experience. The Board recognizes the CPA may oversee a candidate's experience even though the CPA may not be the candidate's employer-supervisor. The CPA has the primary role of evaluating whether the candidate has obtained experience meeting the Board's requirements. The Board recommends the candidate and the CPA establish a work plan, which includes a review of the candidate's CPE requirements, for attaining the competencies. The Board recommends the CPA utilize the competencies listed in Section 2(c) of the Experience Affidavit as a guide for developing a work plan or program for the candidate, for counseling and/or interim progress meetings, identifying CPE requirements, and discussions, and as a tool for communicating the CPA's decisions regarding the candidate's progress, areas of concern, and expectations for future focus to the candidate. The Board recommends frequent meetings directly between the candidate and the CPA to provide an opportunity for the candidate to seek the CPA's counsel and an opportunity for the CPA to provide interim evaluations of the candidate's experience. If the CPA and the candidate discontinue their relationship prior to the candidate meeting the Board's experience requirements, it is preferable that the CPA provide the candidate with an interim evaluation of the candidate's experience to date and be available to discuss the candidate's experience with CPAs that may, at a later date, agree to enter into a relationship with the candidate. However, the CPA is not required by Board rule to provide such an evaluation. The candidate will need to establish a second relationship to complete the experience requirement.

V. Disputes between the Candidate and the CPA

If the candidate disagrees with the CPA's decisions regarding verifying the candidate's experience, the Qualifications Committee has a resolution process established to review and conclude on such disagreements. The candidate must request such a resolution on the form provided by the Board and provide all requested information.

VI. Board Reviews and Audits of Experience Affidavits

The Board's Qualifications Committee and Board staff review all Experience Affidavits. The Qualifications Committee may require both the candidate and the verifying CPA to explain the representations made on the Experience Affidavit. To facilitate the processing of applications, both verifying CPAs and candidates are required to respond to Board staff and Qualifications Committee requests for information within 20 days of the date such an inquiry is posted in the U.S. mail. As part of the evaluation of the candidate's application the Qualifications Committee may require information relating to the candidate's fulfillment of the experience requirement.

All experience applications are subject to audit and the candidate must maintain supporting information for a minimum of twelve months after the date the candidate's experience is approved by the Board. Supporting information could include such information as: employment records, confirmations of work experience from former supervisors or peer employees, performance appraisals, discussion notes from meetings with the verifying CPA, interview documents, work plans, CPE records, or any other documents that could be used to support the validity of the representations made on the Experience Affidavit. The burden of proof of the validity of the Experience Affidavit is on the candidate.

The Board's Qualifications Committee audits compliance with these requirements on a random and/or select basis. Both the verifying CPA and the candidate are required to respond to Board staff and Qualifications Committee requests for information within 20 days of the date such an inquiry is posted in the U.S. mail. Both the verifying CPA and the candidate may be required to meet with Board staff or a Qualifications Committee representative and provide information as requested.

Exhibit 1 – For Your Reference Only

Professional Standards Supporting Competencies

COMPETENCY		1	2	3	4	5	6	7
STANDARD								
General Accepted Auditing Standards								
<i>General Standards</i>								
1	The audit is to be performed by a person or persons having adequate technical training and proficiency as an auditor.	X						
2	In all matters relating to the assignment, an independence in mental attitude is to be maintained by the auditor or auditors.	X						
3	Due professional care is to be exercised in the performance of the audit and the preparation of the report.	X					X	
<i>Standards of Field Work</i>								
1	The work is to be adequately planned and assistants, if any, are to be properly supervised.	X	X	X				
2	A sufficient understanding of internal control is to be obtained to plan the audit and to determine the nature, timing, and extent of tests to be performed.		X	X	X			
3	Sufficient competent evidential matter is to be obtained through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an opinion regarding the financial statements under audit.		X	X	X	X		
<i>Standards of Reporting</i>								
1	The report shall state whether the financial statements are presented in accordance with generally accepted accounting principles.					X	X	X
2	The report shall identify those circumstances in which such principles have not been consistently observed in the current period in relation to the preceding period.					X	X	X
3	Informative disclosures in the financial statements are to be regarded as reasonably adequate unless otherwise stated in the report.					X	X	X
4	The report shall either contain an expression of opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed. When an overall opinion cannot be expressed, the reasons therefor should be stated. In all cases where an auditor's name is associated with financial statements, the report should contain a clear-cut indication of the character of the auditor's work, if any, and the degree of responsibility the auditor is taking.					X	X	X
Attestation Standards								
<i>General Standards</i>								
1	The engagement shall be performed by a practitioner or practitioners having adequate technical training and proficiency in the attest function.	X						
2	The engagement shall be performed by a practitioner or practitioners having adequate knowledge in the subject matter of the assertion.	X						

For Your Reference Only

Professional Standards Supporting Competencies

COMPETENCY		1	2	3	4	5	6	7
STANDARD								
3	The practitioner shall perform an engagement only if he or she has reason to believe that the following two conditions exist: <ul style="list-style-type: none"> • The assertion is capable of evaluation against reasonable criteria that either have been established by a recognized body or are stated in the assertion in a sufficiently clear and comprehensive manner for a knowledgeable reader to be able to understand. • The assertion is capable of reasonable consistent estimation or measurement using such criteria. 		X	X	X	X		
4	In all matters relating to the engagement, an independence in mental attitude shall be maintained by the practitioner or practitioners.	X						
5	Due professional care shall be exercised in the performance of the engagement.	X						
<i>Standards of Fieldwork</i>								
1	The work shall be adequately planned and assistants, if any, shall be properly supervised.	X	X	X				
2	Sufficient evidence shall be obtained to provide a reasonable basis for the conclusion that is expressed in the report.		X	X	X	X	X	
<i>Standards of Reporting</i>								
1	The report shall identify the assertion being reported on and state the character of the engagement.					X	X	X
2	The report shall state the practitioner's conclusion about the reliability of the assertion based on the established or stated criteria against which it was measured.					X	X	X
3	The report shall state all of the practitioner's significant reservations about the engagement and the assertion.					X	X	X
4	The report on an engagement to evaluate an assertion that has been prepared based on agreed-upon criteria or on an engagement to apply agreed-upon procedures should contain a statement limiting its use to the parties who have agreed upon such criteria or procedures.					X	X	X
Statement on Standards for Accounting and Review Services		X	X	X	X	X	X	X
Statement on Standards for Consulting Services		X	X	X	X	X	X	X
Statement on Responsibilities in Tax Practice		X	X	X	X	X	X	X
Statement on Responsibilities in Personal Financial Planning Practice		X	X	X	X	X	X	X
Professional Code of Conduct		X						



Washington State Board of Accountancy

Policy Number: 2002-3

Title: Responding to Inquiries regarding
Enrolled Agents, Accredited Business
Accountants, Accredited Tax Preparers,
Accredited Tax Advisors, and Certified
Financial Planners

Effective: January 25, 2002

Revised: October 25, 2002

Approved:

James W. Caley, CPA, Chair

Purpose:

RCW 18.04.350(9) provides for the use of the title "Enrolled Agent," and "EA" provided "the person is properly authorized at the time of use to use the title or designation by the United States department of the treasury." RCW 18.04.350(9) mandates the Board responsibility for authorizing the use of other titles (i.e., titles other than the title CPA) which are not likely to be confused, by the general public, with the title "CPA" or "Certified Public Accountant." Statute further requires the Board to identify such titles or designations by rule. This is accomplished by way of *WAC 4-25-930 Does the board authorize the use of any other titles or designation?* RCW 18.04 does not provide the Board specific authority to regulate the use of such titles and designations.

This policy provides guidance to Board staff and others on how the Board will respond to complaints regarding Enrolled Agents, Accredited Business Accountants, Accredited Tax Preparers, Accredited Tax Advisors, and Certified Financial Planners or the use of the title "Enrolled Agent," "EA," "Accredited Business Accountant," "ABA," "Accredited Tax Preparer," "ATP," "Accredited Tax Advisor," "ATA," "Certified Financial Planner," and "CFP."

Procedure:

The Internal Revenue Services (IRS) is responsible for regulating Enrolled Agents and establishing provisions for the use of the title "Enrolled Agent" or "EA." Complaints received by the Board regarding Enrolled Agents (who are not also CPAs) and complaints regarding use of the title "Enrolled Agent" or "EA," will be forwarded to the IRS and not investigated by the Board.

Complainants will be advised that the Board is not the appropriate forum for such complaints and to contact the (1) IRS and (2) the Washington State Attorney General's Office - Consumer Protection Division.

The Board was not designated specific responsibility for regulating and enforcing the use of the titles and designations "Accredited Business Accountant," "ABA," "Accredited Tax Preparer," "ATP," "Accredited Tax Advisor," "ATA," "Certified Financial Planner," and "CFP." Individuals contacting the Board with inquiries regarding persons (who are not also CPAs) using such titles or designations will be advised that the Board is not the appropriate forum for such complaints and to contact (1) the professional organization associated with authorizing use of the title or designation and (2) the Washington State Attorney General's Office - Consumer Protection Division.

If the Board is formally notified in writing by the IRS or the professional organization authorizing the use of the title or designation "Accredited Business Accountant," "ABA," "Accredited Tax Preparer," "ATP," "Accredited Tax Advisor," "ATA," "Certified Financial Planner," and "CFP," that a person inappropriately used the title or designation, the Board will forward the information to the proper prosecuting authority.



Washington State Board of Accountancy

Policy Number: 2003-2

Title: CPA Examination

Revised: January 31, 2005

Effective: October 30, 2003

Approved: Barbara J. Adams
Barbara J. Adams, CPA, Chair

Purpose:

To provide guidance to individuals applying for or taking the CPA examination as a Washington State applicant under the provisions of WAC 4-25-710.

I. Exam Grade(s) Withheld

- A. Exam grade(s) for individuals utilizing the 180-day provision to qualify to take a section(s) of the examination will not be released unless the individual demonstrates **within 210 of sitting for the first exam section that** they met the Board's education requirement within 180-days of first sitting for the examination. Day one of both the 180-day period and the 210-day period is the day that the individual took the first section(s) of the examination.
- B. If an applicant's fee payment is incomplete due to non-sufficient funds (NSF) or a protest of a credit card charge, the applicant's grade(s) will not be released until the fee payment is complete.
- C. If an applicant took the examination after the Notice to Schedule (NTS) has lapsed the applicant's grade(s) will not be released. See IV (C).

II. Lapse of Notice to Schedule (NTS) and Fee Refunds

- A. A Notice to Schedule (NTS) authorizes an applicant to take a section(s) of the examination. A Notice to Schedule (NTS) is valid for six calendar months.

- B. Applicants who fail to take the authorized section(s) of the examination within the six-month time period identified on the NTS:
- Forfeit 100% of the associated fees and
 - Must reapply for those section(s) of the examination as a re-exam applicant.
- C. NASBA's Gateway System and Prometric's systems are designed to ensure applicants will not be allowed to schedule to take section(s) of the examination after the related NTS has lapsed. If for some reason these systems fail and an applicant is able to take a section(s) of the examination after the associated NTS has lapsed, the grade(s) for the section(s) of the examination taken after the NTS has lapsed will not be released.

III. Incomplete Application

Applications are not complete until all required documentation, application form(s) and fees are submitted to the Board (or its designee).

Applicants must submit all required documents within 60 days of the date their application is received by the Board (or its designee). Applicants are responsible for submitting all required documentation, application forms, and fees.

If an applicant fails to file a complete application within 60 days, the application will be denied and the applicant will be refunded the section fees (the AICPA, Prometric, and NASBA portion of the fee) only. The administrative fee will be forfeited. As provided by Board rule, the applicant may appeal the denial of the application through a Brief Adjudicative Proceeding (See WAC 4-25-540).

IV. Ineligible Applicant

Applicants must document that they meet the Board's education requirements to take the CPA examination. Applicants are responsible for submitting required documentation, application forms, and fees.

If an applicant is deemed ineligible to take the CPA examination because they do not meet the Board's education requirements, the application will be denied and the applicant will be refunded the section fees (the AICPA, Prometric, and NASBA portion of the fee) only. The administrative fee will be forfeited. As provided by Board rule, the applicant may appeal the denial of the application through a Brief Adjudicative Proceeding (See WAC 4-25-540).

V. Applicant Unable to take the Examination at the Scheduled Time

Applicants who are unable to attend the section(s) of the examination at the scheduled time at the scheduled Prometric site are required to comply with Prometric's requirements for rescheduling the examination.

Applicants who are unable to attend the section(s) of the examination at the scheduled Prometric site and/or the scheduled time, must reschedule the section(s) of the examination in advance and within the time period specified by Prometric, and are subject to Prometric's schedule of charges to reschedule the examination. If an applicant must contact Prometric to reschedule an examination, the examination must be rescheduled within the six-month time period for which the Notice to Schedule (NTS) is valid.

If an applicant arrives more than 30 minutes late for the scheduled examination time, the applicant will not be allowed to take the exam, the applicant will forfeit all related exam fees and the applicant will be required to apply to the Board for re-examination.

VI. Transfer of Exam Grades

Applicants to take the examination as a Washington applicant may transfer their grade(s) for the section(s) of the examination taken as an applicant of another jurisdiction. The Board will only accept the grade(s), provided the grade(s) notice is received directly from the other jurisdiction. Applicants are responsible for completing all application forms and fees required for the other jurisdiction to officially transfer the applicant's exam grade(s) to Washington State.

VII. Re-Exam

Applicants may not re-apply to take a section(s) previously taken until the grade from the prior section(s) has been released demonstrating the applicant did not pass the section.

Applicants who utilize the 180-day provision to initially sit for the exam may only take each section of the exam once within the 180-day period or until proof of satisfactory completion of in-progress education is submitted.

Applicants who utilize the 180-day provision to sit for the exam and failed to comply with the education documentation requirements are required to apply as a first-time candidate when applying to re-take the exam.

VIII. Fee Forfeiture

An applicant will forfeiture 100% of the exam fee for a section and will be required to apply to the Board for re-examination for any of the following reasons. The applicant:

- Fails to schedule the examination within the 6 month time period that the Notice to Schedule (NTS) is valid, or
- Does not attend the exam at the scheduled examination time, or
- Arrives more than 30 minutes late for the scheduled examination time, or
- Fails to reschedule the examination within the time period specified by Prometric, or
- Is not admitted to the testing room because they fail to provide identification at exam check-in that meets the identification requirements specified in Section XI below, or
- Is not admitted to the testing room because they fail to provide the Notice to Schedule (NTS) at exam check-in, or
- Is expelled from the testing room or not re-admitted to the testing room due to unscheduled breaks or because they are identified by Test Center personnel as having brought prohibited item(s) into the testing room, or
- Is not admitted to the testing room because they fail to provide a signature, refuse to allow a digital photograph, or attempt to take prohibited item(s) into the testing room.

IX. Check-In Requirements

A. Scheduled Examination Time

If an applicant arrives more than 30 minutes late, the applicant will be considered a "no show" and will not be permitted to test.

B. Identification Requirements

At check-in an applicant must present two forms of identification meeting the requirements outlined below, and the Notice to Schedule (NTS). An applicant will not be admitted to the examination without the proper identification and the NTS. If an applicant arrives without these three items, s/he will not be admitted to the testing room, the Board will be notified of the incident, the applicant will be marked as a "no show," and the applicant will forfeit all associated exam fees (see X. above).

Both pieces of identification must be signed, current or non-expired, and the government identification must bear a photograph.

C. Valid Identification

Applicants must have two qualifying pieces of identifications: a primary identification and a secondary identification. The identification must be current and cannot be expired.

1. Primary identification: As primary identification applicants must have one government issued identification. The only acceptable forms of government issued identification are listed below and **the government issued identification must include the applicant's signature and photograph and must exactly match the applicant's name as presented on the NTS. Acceptable forms of government issued identification may include:**

- Valid (not expired) driver's license with photo and signature issued by one of the fifty U.S. states or by a U.S. territory
- Valid (not expired) passport with photo and signature issued by the U.S. states or territories
- Valid (not expired) government issued passport for non-US citizens
- Valid state identification card issued by one of the fifty U.S. states or by a U.S. territory. (Applicants who do not drive may have an identification card issued by the agency which also issues driver's licenses.)
- Valid U.S. Military identification
- Exception: An applicant who does not possess a photo identification issued by one of the fifty U.S. states or by a U.S. territory must present a valid (not expired) government issued passport for identification. The name on the passport must exactly match the name on the applicant's NTS.

2. Secondary Identification: Secondary forms of identification must include applicant's signature and must match the applicant's name as displayed on the NTS. Acceptable forms of secondary identification may include:

- Any item listed under C.1 above that was not used for primary identification
- An additional U.S. Government issued identification
- Valid credit card
- Bank automated teller machine card (ATM)
- Bank Debit Card

The secondary ID must be valid, not expired, and it must display the same name as the name displayed on the NTS with the following allowable exceptions:

- Single-letter discrepancies (one letter difference, one letter transposition, one letter omission, one letter addition)
- Middle initial vs. written out middle name or missing middle name altogether
- Formal vs. Informal names (Mike vs. Michael)
- Maiden Name vs. Middle Name (Mary Rose Smith vs. Mary Jones Smith)
- Name reversed
- Appendages (missing Sr, Jr)

3. **Unacceptable Forms of Identification:** The following are unacceptable forms of identification:

- Permanent Residency Card (sometimes referred to as a “green card”)
- Social Security card
- Draft classification card
- Student identification card
- Expired identification
- Driver's license or other form of government ID issued by non-U.S. government (except passport)
-

D. Security Measures

1. **Digital photograph:** A digital photograph (Image Capture Method) will be taken at the test center and will accompany the applicant's examination results. The signature and photograph may be used by the Board to confirm the applicant's identity. An applicant cannot be tested without having a photograph taken.
2. **Sign in/out:** Each applicant will be required to sign in and out of the testing room on a log sheet. Signatures will be compared against the identification presented. Signature logs will be maintained by the Prometric test center and may be requested by the Board.
3. **Observation:** Applicants will be observed at all times while taking the examination. This observation will include direct observation by test center staff as well as video and audio recording of the examination session.

4. **Permitted materials:** Only materials provided at the test center (pencils, scratch paper, and earplugs), the two pieces of identification, and the NTS are allowed into the testing room.
5. **Storage of personal items not permitted into the testing room:** Secure storage will be provided for prohibited items such as purses, watches, jewelry (a pendant necklace or large earrings that could conceal an electronic or other device), wallets, glasses cases, pens, pencils, cell phones, beepers, pagers, and other valuables. Coats, jackets, hats, etc. remain outside the testing room. All paper brought to the testing center by an applicant is prohibited in the testing room and must be stored in the locker during testing.
6. **Inspection of items taken into the testing room:** If an applicant requires a separate sweater or a jacket, due to room temperature, or chooses to wear jewelry (a pendent necklace or large earrings that could conceal an electronic or other device), the item must be inspected by test center staff for prohibited items prior to allowing it into the testing room and will be subject to inspection upon each re-entry to the testing room. Exception: head coverings worn for religious reasons.
7. **Scratch paper:** Only scratch paper and pencils issued by the test center will be permitted in the testing room, and their use will be strictly monitored and controlled. Scratch paper will be secured, controlled and verified with the applicant, as to the number of pieces of scratch paper provided prior to entry into the testing room and again when the applicant completes the examination. An applicant will not be permitted to leave the testing center until test center personnel account for all scratch paper that was provided to the applicant. Any confiscated paper or writing instrument(s) will be retained and sent to the Board or its designee in accordance with established protocol that legally preserves the chain of custody of the evidence.
8. **Testing center pencil:** Applicants will be provided a distinctly marked testing center pencil and will be required to return the pencil upon exiting the testing center. All forms of writing instruments, pens, and pencils are prohibited items. Applicants may only use pencils issued by the testing center.
9. **Seating:** When possible, applicants for the CPA exam will not be seated next to each other.

10. **Exam password:** The applicant must enter the Exam Password to launch the examination section. Since this password is unique to this applicant and will be secure, the applicant will be instructed to have their Notice to Schedule (NTS) with them at the testing site, and will be allowed to take it to the workstation. The NTS will be formatted in a manner that allows the applicant to present the information for name identification scrutiny by test center staff without exposing the Examination Password. Test center staff will be allowed, however, to quickly inspect the NTS for any notations that were not originally printed on the document. This will be done routinely whenever an applicant exits or reenters the testing room.
11. **Confidentiality statement:** A "Statement of Confidentiality" will be electronically provided to the applicant who must agree to the terms prior to the launch of each section of the examination. It will provide rules of conduct for the test and consequences for failure to comply.
12. **Walk-ins:** Applicants are not permitted to "walk-in" for an unscheduled examination.

X. Name Change Requires a New Notice to Schedule (NTS)

If there has been a legal name change since the issuance of the Notice to Schedule (NTS), the applicants must have a new NTS issued by the Board (or its designee) reflecting the name change or the applicant will not be allowed to sit for the exam, the applicant will be marked as a "no show," and the applicant will forfeit all related exam fees.

XI. Scheduled and Unscheduled Breaks

All breaks (scheduled and unscheduled) will count toward the total time for the examination section. An applicant may either leave the testing room during a break or remain seated at the assigned workstation in the testing room as long as they are not being disruptive to other applicants.

Applicants will be required to sign-out and sign-in on a log for all breaks. Upon return to the testing room, the test center staff will check the identifications and compare the signature to the log.

- A. **Scheduled breaks:** Scheduled breaks are optional and are allowed when an applicant completes an exam testlet and prior to beginning a new exam testlet. An applicant has the option to continue the exam section without

taking an optional scheduled break. Prohibited activities and the use of prohibited items are not permitted during any break.

- B. **Unscheduled breaks:** Unscheduled breaks are breaks that are not planned (i.e., not optional scheduled breaks) and are taken while a testlet is open and the applicant has the ability to review questions that have already been answered. If an unscheduled break must be taken, the duration and reason for it must be reported. Test Center staff will instruct the applicant to exit (close) the testlet. In the event of applicant non-compliance, the score could be cancelled by the Board of Accountancy for failure to comply. If an applicant takes a second unscheduled break during the examination without complying with a repeated instruction to close the testlet, Test Center staff will not permit the applicant to continue testing after the break and the Test Center staff will not re-admit the applicant to the testing room.



Washington State Board of Accountancy

Policy Number: 2003-3

Title: Interstate Reciprocity

Revised: January 26, 2007
Effective: October 31, 2003

Approved: Sharron J. O'Donnell
Sharron J. O'Donnell, CPA, Chair

Purpose:

To provide guidance to individuals applying for a Washington state CPA license via the provisions of RCW 18.04.180 and WAC 4-25-746. The Board understands the 2001 changes in the Public Accountancy Act were designed to eliminate barriers to CPAs crossing state lines to practice, to recognize experience obtained in government/academia/industry, and to transition to one level of licensure. Additionally, because the requirements for interstate reciprocity are based on prior Board rules and the Board's rules have changed a substantial number of times in the past 20 years, the Board has interpreted RCW 18.04.180 and WAC 4-25-746 in a manner to facilitate application via interstate reciprocity while maintaining the current high standards for entry.

I. Valid License:

The Board may issue a license through interstate reciprocity only if an individual holds a valid CPA license to practice public accounting issued by another state/jurisdiction.

If an applicant holds, or has held, licenses in multiple states/jurisdictions, the Board requires the applicant to hold at least one valid license to practice public accounting in one state/jurisdiction at the time of application and that license does not have to be in the state/jurisdiction that originally issued the applicant's first license.

However, applicants must list on the Washington State license application all state/jurisdictions where they hold, or previously held, a CPA certificate or CPA license to practice public accounting.

II. Reciprocity Provisions in the Applicant's State of Licensure:

The Board may issue a Washington State CPA license through interstate reciprocity only if the applicant's state/jurisdiction of licensure makes similar provisions for granting reciprocity to holders of a valid Washington State certificate or license.

All 55 states and jurisdictional members of National Association of State Boards of Accountancy (NASBA) meet this requirement.

III. Exam Grades:

Applicants must have passed the examination required for issuance of their certificate or license in the other state/jurisdiction with grades that would have been passing grades at that time in Washington State.

The "examination" is the Uniform CPA Examination. Based on Washington's regulatory history, a passing grade is 75 or higher.

Applicants are not required to meet the conditioning requirements that were in effect prior to automation of the examination (i.e., must sit for all unpassed sections of the exam, must pass at least two parts and score 50 or better on the unpassed parts in order to retain the passing grades, etc.).

IV. Education, Experience, and Ethics:

Applicants must meet one of the following four requirements: (A) meet the Board's current requirements for licensure, or (B) meet the Board's requirements applicable at the time of issuance of the licensee's initial license in the original state/jurisdiction of licensure, (C) had five years of experience in the practice of public accountancy within the ten years immediately preceding filing an application in Washington State, or (D) had three years of experience in the practice of public accountancy within the five years immediately preceding filing an application in Washington State. See detail provided below.

A. Meet Washington's Current Requirements

This means that on the date the license application is received by the Board the applicant meets the Board's current education, experience and ethics requirements.

- 1. Education** - The applicant may apply course work taken after first sitting for the examination in order to meet this requirement. See Board *Education Policy #1998-1* for information on the education requirements.

2. **Experience** - The applicant may use either the Experience Affidavit - Public form (which provides for one year of public accounting) or the Board's current Experience Affidavit (which provides for one year of experience meeting the Board's competencies). Applicants may use experience obtained at any time up to eight years prior to the date their initial license was issued in the original state/jurisdiction of licensure.
3. **Ethics** - The applicant may utilize an ethics examination taken in any state/jurisdiction where the applicant was previously licensed, provided the examination is the AICPA ethics examination or a similar examination (for example: the California ethics examination).

B. Meet Washington's Requirements in Effect When Initially Licensed in the Original State/Jurisdiction

This means that on the date the license application is received by the Board the applicant meets the Washington education requirements in effect when the individual first sat for the examination, and meets the Washington experience, and ethics requirements that were in effect on the date that the individual was initially licensed in their original state/jurisdiction of licensure.

1. **Education** - The applicant may apply course work taken after first sitting for the examination in order to meet this requirement. See Board *Education Policy #1998-1* for information on the education requirements.
2. **Experience** - The applicant may use either the Experience Affidavit - Public form (which provides for one year of public accounting) or the Board's current Experience Affidavit (which provides for one year of experience meeting the Board's competencies). Applicants may use experience obtained at any time up to eight years prior to the date their initial license was issued in the original state/jurisdiction of licensure.
3. **Ethics** - The applicant may utilize an ethics examination taken in any state/jurisdiction where the applicant was previously licensed, provided the examination is the AICPA ethics examination or a similar examination (for example: the California ethics examination).

C. Five Years of Experience in the Practice of Public Accountancy Within the Ten Years Immediately Preceding Filing an Application

This means that on the date the license application is received by the Board the applicant had a minimum of five years experience in public practice within the ten years immediately preceding the date the application is received by the Board. Services considered to be within public practice include: tax, tax advisory, audit, review, compilation, other attest, accounting, management advisory, information technology consulting, human resource consulting, and similar services. The five years do not have to be continuous.

1. **Part-time experience** - If the applicant's experience includes part-time work, the applicant must compress the part-time work hours to the approximate full-time work hours. For example, an applicant who was employed in public practice for 20 hours a week for two years has one year of public practice experience.
2. **Documentation** - The applicant must submit the following documentation to verify this experience:
 - (1) Copies of IRS Form 1040, Schedule C (or equivalent from corporate or partnership returns), or
 - (2) Letter(s) from employer(s) stating you were employed as a CPA in a CPA firm for specific period of time, or
 - (3) A combination of items (1) and (2) above.
3. **Education** - Applicants using the 5-in-10 rule are not required to meet the Board's education requirements.
4. **Ethics** - The applicant may utilize an ethics examination taken in any state/jurisdiction where the applicant was previously licensed, provided the examination is the AICPA ethics examination or a similar examination (for example: the California ethics examination).

D. Three Years of Experience in the Practice of Public Accountancy Within the Five Years Immediately Preceding Filing an Application

This means that on the date the license application is received by the Board the applicant had a minimum of three years experience in public practice within the five years immediately preceding the date the application is received by the Board. Services considered to be within public practice include: tax, tax advisory, audit, review, compilation, other attest, accounting, management advisory, information technology consulting, human resource consulting, and similar services. The three years do not have to be continuous.

1. **Part-time experience** - If the applicant's experience includes part-time work, the applicant must compress the part-time work hours to the approximate full-time work hours. For example, an applicant who was employed in public practice for 20 hours a week for two years has one year of public practice experience.
2. **Documentation** - The applicant must submit the following documentation to verify this experience:
 - (1) Copies of IRS Form 1040, Schedule C (or equivalent from corporate or partnership returns), or
 - (2) Letter(s) from employer(s) stating you were employed as a CPA in a CPA firm for specific period of time, or

(3) A combination of items (1) and (2) above.

3. **Education** - Applicants using the 3-in-5 rule are not required to meet the Board's education requirements.
4. **Ethics** - The applicant may utilize an ethics examination taken in any state/jurisdiction where the applicant was previously licensed, provided the examination is the AICPA ethics examination or a similar examination (for example: the California ethics examination).

V. Substantially Equivalent to National Standards

Individuals deemed by the National Association of State Boards of Accountancy (NASBA) as being substantially equivalent to the education, examination, and experience requirements of the Uniform Accountancy Act are deemed to have met the requirements of Section III. And IV.

An individual holding a valid license from a substantially equivalent state is deemed to have met this requirement. See Board Policy 2002-1 *Substantially Equivalent Jurisdictions* for a listing of substantially equivalent states.

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



Washington State Board of Accountancy

Policy Number: 2006-1

Title: Directions to Staff

Revised: July 18, 2008

Effective: October 27, 2006

Approved:



Edwin G. Jolicoeur, CPA, Chair

Purpose:

To provide clarification to the staff on terms used in Board rules (Washington Administrative Code [WAC] 4-25) and the Public Accountancy Act (Revised Code of Washington [RCW] 18.04) while the Board undertakes an intensive study of the issues involved.

I. "In Writing"

For purposes of meeting the "in writing" requirement of WAC 4-25-540, WAC-4-25-550, WAC 4-25-551, and WAC 4-25-830 the Board will accept appeals, address changes, responses to Board inquiry, or waiver requests including the original or copies of signed forms or documents, if required by:

- Mail
- Fax
- Email, or
- Other electronic means.

Verbal responses to Board inquiry do not meet the "in writing" requirement.

The sender is responsible for ensuring that the Board or Board staff receives any transmittal.

The following types of documents may not be transmitted to the Board fax or email:

1. Any document that must be accompanied by monetary payment
2. Any original document that is requested by the board in an investigation

II. “Within the State or In the State”

“**Within the State or In the State**” means physical presence in the state of Washington and/or performing public accounting services for clients in Washington State.

III. Practice Privilege Education Exemption

RCW 18.04.350(2) allows out-of-state individuals to have practice privileges in Washington State if the individual, among other requirements, has at least 150 semester hours of college or university education including a baccalaureate or higher degree conferred by a college or university. Subsection (2)(b) of this section allows the Board to exempt any individual from these education requirements if the individual holds a valid license issued by any other state issued prior to January 1, 2012.

For purposes of exercising practice privileges, the Board will exempt individuals from the 150 semester hour education requirement of RCW 18.04.350(2)(a) provided the individual holds a valid license issued by any other state issued prior to January 1, 2012 and meets the other requirements of RCW 18.04.350(2)(a).

This is not to be interpreted that individuals making application for an initial license for a Washington State CPA license under RCW 18.04.105, RCW 18.04.180(1)(d) (Reciprocity), or RCW 18.04.183(3)(c) (Foreign Reciprocity) are exempt from the 150-hour semester education requirement set by Board rule, WAC 4-25-710.

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, DONALD F. AUBREY, Chair of the Washington State Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate to Richard C. Sweeney, Executive Director for the Board, the specific authority to:

- (a) sign, issue, and withdraw Statements of Charges and/or Statements of Intent to Deny that seek to suspend, revoke, reprimand, refuse to issue, reinstate, or renew a certificate or license, or otherwise discipline or impose a fine upon a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, or a nonlicensee holding an ownership interest in a licensed firm; and
- (b) in making investigations concerning alleged violations of RCW 18.04 and in all proceedings under RCW 18.04.295, 18.04.305, or chapter 34.05 RCW, to issue subpoenas to compel the attendance of witnesses and require the production of documents, administer oaths or affirmations to witnesses appearing before the Board, take testimony, and require that documentary evidence be submitted; and
- (c) negotiate settlement proposals during investigations of alleged violations of RCW 18.04 or Board rules Title 4 WAC and in all proceedings under RCW 18.04.295, 18.04.305, or Chapter 34.05 RCW. Such proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration.

The Executive Director is authorized to delegate this authority, or any part of this authority, to the Deputy Director if the Executive Director is recused or otherwise unavailable to fulfill this responsibility.

This delegation shall remain in effect for so long as Richard C. Sweeney is the Executive Director for the Washington State Board of Accountancy.

This delegation is made pursuant to the authority of RCW 18.04.045, 18.04.295, and 18.04.305.

DATED this ____ day of _____ 2011.

DONALD F. AUBREY, CPA
Chair, Washington State Board of Accountancy

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, ~~EDWIN JOLICOEUR~~DONALD F. AUBREY, Chair of the ~~State of~~ Washington State Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate to Richard C. Sweeney, Executive Director for the Board, the specific authority to:

- (a) sign, issue, and withdraw Statements of Charges and/or Statements of Intent to Deny ~~that seeking~~ to suspend, revoke, reprimand, refuse to issue, reinstate, or renew a certificate or license, or otherwise discipline or impose a fine upon a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, or a nonlicensee holding an ownership interest in a licensed firm; and
- (b) in making investigations concerning alleged violations of RCW 18.04 and in all proceedings under RCW 18.04.295, 18.04.305, or chapter 34.05 RCW, to issue subpoenas to compel the attendance of witnesses and require the production of documents, administer oaths or affirmations to witnesses appearing before the Board, take testimony, and require that documentary evidence be submitted; and
- (c) negotiate settlement proposals during investigations of alleged violations of RCW 18.04 or Board rules ~~WAC 4-25~~Title 4 WAC and in all proceedings under RCW 18.04.295, 18.04.305, or Chapter 34.05 RCW. Such proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration.

The Executive Director is authorized to delegate this authority, or any part of this authority, to the Deputy Director, ~~or other investigative personnel~~ if the Executive Director is recused or otherwise unavailable to fulfill this responsibility.

This delegation shall remain in effect for so long as Richard C. Sweeney is the Executive Director for the Washington State Board of Accountancy.

This delegation is made pursuant to the authority of RCW 18.04.045, 18.04.295, and 18.04.305.

DATED this ____ day of _____ ~~2008~~2011.

~~EDWIN G. JOLICOEUR~~DONALD F. AUBREY, CPA
Chair, ~~State of~~ Washington State
Board of Accountancy

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, DONALD F. AUBREY, Chair of the Washington State Board of Accountancy (“Board”), acting under authorization of a vote of the Board, delegate to the Deputy Director, the specific authority to:

Conduct investigations and negotiate settlement proposals concerning alleged violations of the provisions of Chapter 18.04 RCW as directed by the Executive Director of the Washington State Board of Accountancy. This includes the specific authority to negotiate settlement proposals. Settlement proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration. This also includes specific authority to administer oaths or affirmations to witnesses, subpoena witnesses and compel their attendance, take testimony, and to require that documentary evidence be submitted in the course of the investigation of alleged violations of chapter 18.04 RCW.

This delegation does not include the authority to extend confidentiality to any testimony or evidence. Settlement proposals negotiated under this authority are not binding on the Board or respondent until the settlement is accepted by a quorum vote of the Board.

This delegation shall remain in effect for so long as the Executive Director has designated a Deputy Director for the Washington State Board of Accountancy to exercise this authority, and through any necessary testimony at administrative hearings, should same be held.

This delegation is made pursuant to the authority of RCW 18.04.045, 18.04.295 and 18.04.305.

DATED this ____ day of _____, 2011.

DONALD F. AUBREY, CPA
Chair, Washington State Board of Accountancy

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, ~~EDWIN G. JOLICOEUR~~DONALD F. AUBREY, Chair of the ~~State of~~ Washington State Board of Accountancy (“Board”), acting under authorization of a vote of the Board, delegate to the Deputy Director ~~or Assistant Director of Investigations~~, the specific authority to:

Conduct investigations and negotiate settlement proposals concerning alleged violations of the provisions of Chapter 18.04 RCW as directed by the Executive Director of the Washington State Board of Accountancy. This includes the specific authority to negotiate settlement proposals. Settlement proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration. This also includes specific authority to administer oaths or affirmations to witnesses, subpoena witnesses and compel their attendance, take testimony, and to require that documentary evidence be submitted in the course of the investigation of alleged violations of chapter 18.04 RCW.

This delegation does not include the authority to extend confidentiality to any testimony or evidence. Settlement proposals negotiated under this authority are not binding on the Board or respondent until the settlement is accepted by a quorum vote of the Board.

This delegation shall remain in effect for so long as the Executive Director has designated a Deputy Director ~~or Assistant Director of Investigations~~ for the Washington State Board of Accountancy to exercise this authority, and through any necessary testimony at administrative hearings, should same be held.

This delegation is made pursuant to the authority of RCW 18.04.045, 18.04.295 and 18.04.305.

DATED this ____ day of _____, ~~2008~~2011.

~~EDWIN G. JOLICOEUR~~DONALD F. AUBREY
Chair, ~~State of~~ Washington State Board of —Accountancy

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, DONALD F. AUBREY, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate the following specific authority:

1. CPE Waiver Extension Requests – To the Executive Director the specific authority to review, approve or deny Continuing Professional Education (CPE) waiver extension requests where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment, results in a CPE deficiency of not more than 16 CPE credit hours pursuant to applicable section(s) of Title 4 WAC.
2. Request Review Committee - To the Executive Director with concurrence of one member of the Request Review Committee, the specific authority to review and approve or deny:
 - a) **Continuing Professional Education (CPE) Waiver Extension Requests** where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment, results in a licensee CPE deficiency of more than 16 CPE credit hours pursuant to applicable section(s) of Title 4 WAC.
 - b) **Firm Names** that do not comply with the requirements of RCW 18.04.345 and applicable section(s) of Title 4 WAC to ensure the Board that the firm name is not deceptive or misleading.
 - c) **Professional/Education Organizations Recognition Requests** for purposes of obtaining lists of individual applicants for a license of “Certified Public Accountant” (CPA), individual CPA licensees, individual CPA-Inactive certificateholders, or CPA firms pursuant to RCW 42.56.070(9) and applicable section(s) of Title 4 WAC.
 - d) **Late Fee Waiver Requests** where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment is a factor pursuant to applicable section(s) of Title 4 WAC.
 - e) **Domestic or foreign education credential evaluation services** applications for approval pursuant to WAC 4-30-060(3).
3. Appeal of Denials of Requests for Lists of Individuals – To one member of the Request Review Committee not involved in the review of the original request under delegation 2(c) of this delegation, the specific authority to review and uphold or overturn denials of requests for list of individuals pursuant to RCW 42.56.520. This Request Review Committee member shall complete the review by the end of the second business day following the denial. The Committee member’s decision is the final action the Board will take on the matter for purposes of judicial review.

This delegation shall remain in effect until rescinded or modified by a majority vote of the Washington State Board of Accountancy.

The Executive Director will report all actions taken pursuant to this delegation of authority at each regular quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.

This delegation is made pursuant to the authority of RCW 18.04.045 and 42.56.070(9).

DATED this _____ day of _____ 2011.

Donald F. Aubrey, CPA
Chair, Washington State Board of Accountancy

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, ~~GERALD F. RYLES~~ DONALD F. AUBREY, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate the following specific authority:

1. CPE Waiver Extension Requests – To the Executive Director the specific authority to review, approve or deny Continuing Professional Education (CPE) waiver extension requests where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment, results in a CPE deficiency of not more than 16 CPE credit hours pursuant to ~~WAC 4-25-830~~ applicable section(s) of Title 4 WAC.
2. Request Review Committee - To the Executive Director with concurrence of one member of the Request Review Committee, the specific authority to review and approve or deny:
 - a) **Continuing Professional Education (CPE) Waiver Extension Requests** where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment, results in a licensee CPE deficiency of more than 16 CPE credit hours pursuant to ~~WAC 4-25-830~~ applicable section(s) of Title 4 WAC.
 - b) **Firm Names** that do not comply with the requirements of RCW 18.04.345 and ~~WAC 4-25-661~~ applicable section(s) of Title 4 WAC to ensure the Board that the firm name is not deceptive or misleading.
 - c) **Professional/Education Organizations Recognition Requests** for purposes of obtaining lists of individual applicants for a license of “Certified Public Accountant” (CPA), individual CPA licensees, individual CPA-Inactive certificateholders, or CPA firms pursuant to RCW 42.56.070-(9) and ~~WAC 4-25-520~~ applicable section(s) of Title 4 WAC.
 - d) **Late Fee Waiver Requests** where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment is a factor pursuant to ~~WAC 4-25-530, WAC 4-25-750(6), WAC 4-25-790, and WAC 4-25-820~~ applicable section(s) of Title 4 WAC.
 - ~~d~~e) **Domestic or foreign education credential evaluation services applications for approval pursuant to WAC 4-30-060(3)**.
3. Appeal of Denials of Requests for Lists of Individuals – To one member of the Request Review Committee not involved in the review of the original request under delegation 2(c) of this delegation, the specific authority to review and uphold or overturn denials of requests for list of individuals pursuant to RCW 42.56.520. This Request Review Committee member shall complete the review by the end of the second business day

following the denial. The Committee member's decision is the final action the Board will take on the matter for purposes of judicial review.

This delegation shall remain in effect until rescinded or modified by a majority vote of the Washington State Board of Accountancy.

The Executive Director will report all actions taken pursuant to this delegation of authority at each regular quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.

This delegation is made pursuant to the authority of RCW 18.04.045 and ~~42.17.260(9)~~42.56.070(9).

DATED this ~~29th~~ _____ day of ~~July~~ _____ ~~2010~~2011.

~~Gerald F. Ryles~~Donald F. Aubrey, CPA
Chair, Washington State Board of Accountancy

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, DONALD F. AUBREY, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate the following specific authority:

1. **Quality Assurance Review (QAR) Program Remedial Actions** - To the Executive Director, with concurrence of the Board member who is co-chair of the Quality Assurance Review Committee, the specific authority to take those actions deemed appropriate pursuant to the applicable section(s) of Title 4 WAC for any CPA firm receiving an “Unacceptable” grade for the first time.

To implement this delegation, the Executive Director may execute Respondent Agreements including one or any combination of the actions deemed appropriate after concurrence of the Board member who is co-chair of the Quality Assurance Review Committee. These actions include:

- A field review to provide a more in-depth review of the practitioner’s work, previously taken continuing professional education, library and other practice support tools, knowledge, abilities, and system of quality control
- An independent practitioner review of the firm’s reports and accompanying financial statements prior to issuance
- The firm/practitioner obtain continuing education courses in specific areas
- The firm participate in the annual QAR report review in the upcoming year
- The firm submit a specific report in the subsequent period for review

CPA firms receiving a second “unacceptable” grade will be subject to investigation and appropriate Board action.

This delegation does not include matters that require Board action such as failure to respond to QAR participation or acceptance of voluntary practice restriction.

2. **Review of Publicly Available Professional Work** – To the Executive Director the specific authority to review publicly available professional work of licensees pursuant to RCW 18.04.045(8) and the applicable section of Title 4 WAC.

This delegation shall remain in effect until rescinded or modified by a majority vote of the Washington State Board of Accountancy.

The Executive Director will report all actions taken pursuant to this delegation of authority at each regular quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.

This delegation is made pursuant to the authority of RCW 18.04.045.

DATED this _____ day of _____ 2011.

Donald F. Aubrey, CPA
Chair, Washington State Board of Accountancy

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, ~~SHARRON J. O'DONNELL~~ DONALD F. AUBREY, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate the following specific authority:

1. **Quality Assurance Review (QAR) Program Remedial Actions** - To the Executive Director, with concurrence of the Board member who is co-chair of the Quality Assurance Review Committee, the specific authority to take those actions deemed appropriate pursuant to ~~WAC 4-25-820(2)(h)~~ the applicable section(s) of Title 4 WAC for any CPA firm receiving an “Unacceptable” grade for the first time.

To implement this delegation, the Executive Director may execute Respondent Contracts Agreements including one or any combination of the actions included in Board Policy 2000-3 deemed appropriate after concurrence of the Board member who is co-chair of the Quality Assurance Review Committee. These actions include:

- A field review to provide a more in-depth review of the practitioner’s work, previously taken continuing professional education, library and other practice support tools, knowledge, abilities, and system of quality control
- An independent practitioner review of the firm’s reports and accompanying financial statements prior to issuance
- The firm/practitioner obtain continuing education courses in specific areas
- The firm participate in the annual QAR report review in the upcoming year
- The firm submit a specific report in the subsequent period for review

CPA firms receiving a second “unacceptable” grade will be subject to investigation and appropriate Board action.

This delegation does not include matters that require Board action such as failure to respond to QAR participation or acceptance of voluntary practice restriction.

2. **Review of Publicly Available Professional Work** – To the Executive Director the specific authority to review publicly available professional work of licensees pursuant to RCW 18.04.045(8) and ~~WAC 4-25-820(2)(i)~~ the applicable section of Title 4 WAC.

This delegation shall remain in effect until rescinded or modified by a majority vote of the Washington State Board of Accountancy.

The Executive Director will report all actions taken pursuant to this delegation of authority at each regular quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.

This delegation is made pursuant to the authority of RCW 18.04.045 ~~and 42.17.260(9)~~.

DATED this ~~27th~~ _____ day of ~~July~~ _____ ~~2007~~2011.

~~Sharron J. O'Donnell~~ Donald F. Aubrey, CPA
Chair, Washington State Board of Accountancy

**DELEGATION OF AUTHORITY
BY THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

I, DONALD F. AUBREY, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate to the Executive Director, or designee in the absence or recusal of the Executive Director, with concurrence of a consulting Board member, the specific authority to:

Issue Administrative Notices of Noncompliance and execute proposed Respondent Agreements offering to resolve a matter by respondent’s consent to monetary penalties not to exceed the amounts specified and the other enumerated administrative sanctions in accordance with the guidelines in Appendix A attached hereto.

This authority may be used the first time an individual or firm is notified of one or more of the enumerated violations of the Public Accountancy Act or Board rule when sufficient evidence exists to merit Board action during any period the individual or firm is or was subject to Board jurisdiction.

If respondent chooses not to consent to the sanctions included in the proposed Respondent Agreement, the Executive Director, or designee, shall issue a Statement of Charges to begin the Board’s adjudicative process.

This delegation is made pursuant to the authority of RCW 18.04.045, RCW 18.04.305, and RCW 18.04.295.

DATED this _____ day of _____ 2011.

Donald F. Aubrey, CPA
Chair, Washington State Board of Accountancy

WASHINGTON STATE BOARD OF ACCOUNTANCY

Appendix A

	Administrative Violations:	Administrative Sanctions:
1.	<p>Noncommercial use of the CPA title on <i>Business Cards, Resumes</i> or other <i>Applications for Employment</i> in Washington state after establishing residency in this state but prior to obtaining credentialed status in Washington State.</p> <p><i>Provided:</i> the individual did not use the title in conjunction with rendering public accounting services in Washington State.</p>	<p><i>Administrative Notice of Noncompliance</i></p>
2.	<p>First time use of CPA or CPA-Inactive title by an unlicensed individual within the 12-month period following successful completion of the CPA exam</p>	<p>\$500 Fine + Cost recovery + Submission of proof of completion of a Board approved course in ethics and regulation applicable to the practice of public accounting in Washington State within 90 days of <i>signing an agreement consenting to an administrative sanction.</i></p>
3.	<p>First time use of CPA or CPA-Inactive title with a lapsed individual license or CPA-Inactive status.</p>	<p>\$750 Fine+ Late Fee + Cost recovery + Other Applicable fees</p>
4.	<p>First time representation on a reinstatement application that the CPA title had not been used when in fact the title had been used.</p>	<p>\$750 Fine+ Late Fee + Cost recovery + Other Applicable fees</p>
5.	<p>First time failure to <i>renew a firm license</i> by a <i>Washington-Resident CPA firm.</i></p> <p><i>Provided:</i> The firm that failed to <i>renew</i> did not issue attest or compilation reports subsequent to the lapse of the firm license.</p>	<p>\$750 Fine+ Late Fee + Cost recovery + Other Applicable fees</p>

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6.	<p>First time failure to obtain a firm license by a Washington resident firm.</p> <p><i>Provided:</i> The firm did not issue attest or compilation reports without a firm license.</p>	<p>\$750 Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation applicable to the practice of public accounting in Washington State within 90 days of signing <i>an agreement consenting to an administrative sanction.</i></p>
7.	<p>First time failure to timely change either or both individual and/or firm addresses. WAC 4-30-032</p>	<p>\$0-\$200 Fine + Cost recovery (unless <i>the failure to timely change the address results in a more severe first time administrative violation and sanction</i>)</p>
8.	<p>First time failure by a firm to timely notify the Board of changes in the firm name, ownership, or managing licensee of the firm's main office. WAC 4-30-114</p>	<p>\$500 Fine + Cost recovery</p>
9.	<p>First time CPE deficiency <i>not exceeding 16 hours.</i> (Separate \$500 fine for failure to have timely taken Board approved course in ethics and regulation in Washington State).</p>	<p>1. First time CPE deficiency <u>by a licensee excluding Washington ethics and regulation</u></p> <p>Sliding Scale: \$250 Fine for deficiency up to and including 8 hours; \$500 Fine for deficiency over 8 hours up to and including 16 hours + Cost recovery:</p> <p>2. First time failure by licensees and CPA-Inactive certificate holders to take required CPE in <i>ethics and regulation in the state of Washington either as part of the CPE deficiency or an omitted component of the 120 hour CPE requirement.</i></p> <p>Separate \$500 Fine + Late Fee + cost recovery + Submission of proof of completion of Board approved course in Ethics & Regulation in the State of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i></p>
10.	<p>First time misunderstanding of courses qualifying for the CPE in ethics requirement.</p>	<p>\$100 Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i></p>

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11.	First time failure to meet CPE documentation requirements determined by CPE audit. WAC 4-30-138.	\$250 Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of certified mailing of <i>signing an agreement consenting to an administrative sanction.</i>
12.	First time use of titles by non-CPAs likely to be confused with CPA or Certified Public Accountant. RCW 18.04.345	\$1,000 Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i>
13.	First time failure to timely deliver original client records and other records necessary to constitute a complete set of books	\$1,500 Fine + Cost recovery + Restitution for proven client costs incurred to reconstruct essential records + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i>
14.	First time failure to timely respond to a request for administrative information or documents directly related to efficient and effective administration of Board rules.	\$1,500 Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i>

If an individual or firm's conduct includes multiple **first time** administration violations, the Executive Director is to impose the more severe first time administrative sanction.

In cases of Administrative Sanction, the Board will not publish the individual's or firm's name; however, the Board will:

- Post statistics related to these sanctions on the Board's web site
- Comply with the Public Records Act

DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

I, ~~EDWIN G. JOLICOEUR~~ **DONALD F. AUBREY**, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate to the Executive Director, or designee in the absence or recusal of the Executive Director, with concurrence of ~~one~~ a consulting Board member ~~selected on a per incident rotational basis~~, the specific authority to:

Issue Administrative Notices of Noncompliance and execute proposed Respondent ~~Contracts~~ Agreements offering to resolve a matter by respondent’s ~~consenting to~~ Administrative Sanctions including monetary penalties not to exceed the amounts specified and the other enumerated administrative sanctions in accordance with the guidelines in Appendix A attached hereto.

This authority may be used the first time an individual or firm is notified of one or more of the enumerated violations of the Public Accountancy Act or Board rule when sufficient evidence exists to merit Board action during any period the individual or firm is or was subject to Board jurisdiction.

If respondent chooses not to consent to the sanctions included in the proposed Respondent Agreement, the Executive Director, or designee, shall issue a Statement of Charges to begin the Board’s adjudicative process.

This delegation is made pursuant to the authority of RCW 18.04.045, RCW 18.04.305, and RCW 18.04.295.

DATED this 17th _____ day of ~~October~~ _____ 2008~~2011~~.

~~Edwin G. Jolicoeur~~ **Donald F. Aubrey, CPA**
Chair, Washington State Board of Accountancy

WASHINGTON STATE BOARD OF ACCOUNTANCY

Appendix A

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~~These guidelines will be used the first time an individual or firm is notified of a violation of the Public Accountancy Act or Board rule when sufficient evidence exists to merit Board action during any period the individual or firm is subject to the jurisdiction of the Board.~~

	Administrative Violations:	Administrative Sanctions:
1.	<p>Noncommercial use of the CPA title on <i>Business Cards, Resumes</i> or other <i>Applications for Employment</i> in Washington state <u>after establishing residency in this state but</u> prior to obtaining <u>CPA credentialed</u> status in Washington <u>s</u>State.</p> <p>IF Provided: (a) the individual holds a valid license or certificate, in good standing, granted by another US jurisdiction, and (b) the individual did not use the title in conjunction with rendering public accounting services or offering to render public accounting services in Washington <u>s</u>State.</p>	<p><i>Administrative Notice of Noncompliance</i></p>
2.	<p>First time use of CPA or CPA-Inactive title by an unlicensed individual within the 12-month period following successful completion of the CPA exam</p>	<p>\$500 Fine + <u>e</u>Cost recovery + Submission of proof of completion of <u>a</u> Board approved course in <u>E</u>thics and <u>R</u>egulation applicable to the practice of public accounting in Washington State within 90 days of <i>Administrative Notice of Noncompliance signing an agreement consenting to an administrative sanction.</i></p>
3.	<p>First time use of CPA or CPA-Inactive title with a lapsed individual license or CPA-Inactive status.</p> <p><i>Provided: The individual did not use the CPA or CPA Inactive title for more than 90 days after certified mailing of Notice of Lapsed CPA License/Certificate by Board staff</i></p>	<p>\$750 Fine+ Late Fee + <u>e</u>Cost recovery + Other Applicable fees</p>

WASHINGTON STATE BOARD OF ACCOUNTANCY

Appendix A

4.	<p>First time representation on a reinstatement application that the CPA title had not been used when in fact the title had been used.</p>	<p>\$750 Fine+ Late Fee + eC<u>ost</u> recovery + Other Applicable fees</p>
5.	<p>First time failure to <i>renew a firm license</i> by a <i>Washington-Resident CPA firm.</i></p> <p><i>Provided:</i> The firm that failed to <i>renew</i> did not use restricted titles or issue attest <u>or compilation</u> reports <u>subsequent to the lapse of the firm license.</u> for more than 90 days after certified mailing of Notice of Lapsed Firm License by Board staff</p>	<p>\$750 Fine+ Late Fee + eC<u>ost</u> recovery + Other Applicable fees</p>
6.	<p>First time failure to obtain a firm license by a Washington resident firm owned by one individual and in operation for less than 90 days.</p> <p><i>Provided:</i> <u>The firm did not issue attest or compilation reports without a firm license.</u></p>	<p>\$750 Fine + eC<u>ost</u> recovery + Submission of proof of completion of Board approved course in <u>E</u>thics and <u>R</u>egulation applicable to the practice of public accounting in Washington State within 90 days of <u>Administrative Notice of Noncompliance of signing an agreement consenting to an administrative sanction.</u></p>
7.	<p>First time failure of a <i>Nonresident CPA firm</i> to obtain a firm license when providing non-attest public accounting services to Washington State residents in those situations where the firm uses CPA in the firm name, but does not have a principal place of business in this state and, in the case of a sole practitioner, has not entered the state WAC 4-25-400(16) and (34)</p>	<p>\$1,000 Fine + Late Fee + cost recovery + Applicable fees + Submission of proof of completion of Board approved course in Ethics & Regulation in the State of Washington by firm owner licensed in Washington</p>
8.7.	<p>First time failure to timely change either or both individual and/or firm addresses.</p> <p>–WAC 4-25-550<u>30-032</u></p>	<p>\$0-\$200 Fine + eC<u>ost</u> recovery (unless <i>the failure to timely change the address results in a more severe first time administrative violation and sanction</i>)</p>

WASHINGTON STATE BOARD OF ACCOUNTANCY

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<p><u>9.8.</u></p>	<p>First time failure by a firm to timely notify the Board of changes in the firm name, ownership, or managing licensee of the firm’s main office. WAC 4-25-750(8)30-114</p>	<p>\$500 Fine + eC<u>ost</u> recovery</p>
<p>10.</p>	<p>First time failure to obtain or renew practice privileges by a nonresident CPA holding a license from another substantially equivalent state or jurisdiction WAC 4-25-756</p>	<p>\$1,000 Fine + Late Fee + cost recovery + Applicable fee + Submission of proof of completion of Board approved course in Ethics & Regulation in the State of Washington within 90 days of certified mailing of Administrative Notice of Noncompliance</p>
<p>11.9.</p>	<p>First time CPE deficiency <u>by a licensee</u>, not exceeding 16 hours. (Separate and inclusive \$500 fine for failure to have timely taken Board approved course in Ethics and Regulation in Washington State).</p>	<p><u>1. First time CPE deficiency by a licensee excluding Washington ethics and regulation</u></p> <p>Sliding Scale: \$250 Fine for deficiency up to and including 8 hours; \$500 Fine for deficiency over 8 hours up to and including 16 hours + eC<u>ost</u> recovery:</p> <p>* First time CPE deficiency by a licensee excluding Washington Ethics and Regulation</p> <p><u>2. First time failure by licensees and CPA-Inactive certificate holders to take required CPE in ethics and regulation in the state of Washington either as part of the CPE deficiency or an omitted component of the 120 hour CPE requirement.</u></p> <p>Separate \$500 Fine + Late Fee + cost recovery + Submission of proof of completion of Board approved course in Ethics & Regulation in the State of Washington within 90 days of <u>certified mailing of Administrative Notice of Noncompliance</u> <u>signing an agreement consenting to an administrative sanction.</u></p> <p>• First time failure by a licensee to take required CPE in <i>Ethics & Regulation in the State of Washington either as part of the CPE deficiency or an omitted component of the 120 hour CPE requirement.</i></p>

WASHINGTON STATE BOARD OF ACCOUNTANCY

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12.10.	First time misunderstanding of courses qualifying for the CPE in ethics requirement.	\$100 Fine + e Cost recovery + Submission of proof of completion of Board approved course in E thics &and R egulation in the S tate of Washington within 90 days of certified mailing of Administrative Notice of Noncompliance signing an agreement consenting to an administrative sanction.
13.11.	First time failure to meet CPE documentation requirements determined by CPE audit. provided the documentation deficiency results from a cause clearly beyond the control of the CPA—WAC 4-25-83330-138.	\$250 Fine + e Cost recovery + Submission of proof of completion of Board approved course in E thics &and R egulation in the S tate of Washington within 90 days of certified mailing of Administrative Notice of Noncompliance signing an agreement consenting to an administrative sanction. (Fine Waived if documentation provided within 90 days of notice)
14.12.	First time use of titles by non-CPAs likely to be confused with CPA or Certified Public Accountant. RCW 18.04.345	\$1,000 Fine + e Cost recovery + Submission of proof of completion of Board approved course in E thics &and R egulation in the S tate of Washington within 90 days of certified mailing of Administrative Notice of Non-compliance signing an agreement consenting to an administrative sanction.
15.13.	First time failure to timely deliver original client records and other records necessary to constitute a complete set of books. WAC 4-25-640(5) and RCW 18.04.390(3)	\$1,500 Fine + e Cost recovery + Restitution for proven client costs incurred to reconstruct essential records + Submission of proof of completion of Board approved course in E thics &and R egulation in the S tate of Washington within 90 days of certified mailing of Administrative Notice of Nonecompliance signing an agreement consenting to an administrative sanction.
14.	First time failure to timely respond to a request for administrative information or documents directly related to efficient and effective administration of Board rules.	\$1,500 Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of signing an agreement consenting to an administrative sanction.

If an individual or firm's conduct includes multiple **F**irst-**T**ime administration violations, the Executive Director is to impose the more severe first time administrative sanction.

In cases of Administrative Sanction, the Board will not publish the individual's or firm's name; however, the Board will:

WASHINGTON STATE BOARD OF ACCOUNTANCY

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- Post statistics related to these sanctions on the Board's web site
- Comply with the Public [Disclosure Records](#) Act

APRIL 30, 2011 UPDATED BOARD APPROVED ETHICS

[Beacon Hill Financial Educators](#)

Attn: David Freed

144 Cape Newagen Rd.

Southport, ME, 04576

Phone: (800) 588-7039

Fax: (877) 902-4284

E-mail: contact@bhfe.com

Course Title: *Ethics for Accountants: Washington - Self Study*

[CPE World Inc.](#)

Attn: Melissa Sisich

2017 W Pacific Ave

Spokane WA 99201

Phone: (888) 869-1696

Fax: (509) 443-6704

E-mail: melissa@cpeworld.com

Course Title: *Ethics and Professional Conduct for Washington CPAs*

Finney Neill & Company PS

Attn: Thomas Neill, CPA

9757 Greenwood Avenue North

Seattle WA 98103

Phone: (206) 298-9811

Fax: (206) 298-9772

E-mail: tom@finneyneill.com

Course Title: *Ethics Training for CPAs in Washington*

[Thomson Reuter – PASS Online](#)

Attn: Cynthia K. Alderman

801 Cherry St 13th Floor

Fort Worth, TX, 76102

Phone: (817) 252-4131

Fax: (817) 252-4008

E-Mail: Cynthia.alderman@thomsonreuters.com

Course Title: *Ethics and Professional Conduct for Washington CPAs*

[Professional Education Services, LP](#)

Attn: Kathy Yates

4208 Douglas Blvd Suite 50

Granite Bay CA 95746

Phone: (800) 990-2731 or (916) 791-3675

Fax: (916) 791-4099

E-mail: kyates@pescpe.xohost.com

Course Title: *Ethics and Professional Conduct for Washington CPAs*

[Rigos Professional Education Programs](#)

230 Skinner Building
1326 Fifth Avenue
Seattle, WA, 98101
Phone: (800) 272-8273 or (206) 624-0716
Fax: (206) 624-0731
E-mail: rigos@rigos.net

Course Title: *Washington CPA Regulatory Ethics for Accountants*

[Washington Accounting & Tax Seminars](#)

Attn: Mary Ann Atkinson
830 N Riverside Drive Suite 101
Renton WA 98507
Phone: (800) 707-2460 or (425) 271-5484
Fax: (425) 271-5517
E-mail: heinenij@yahoo.com

Course Title: *Ethics for Washington CPA's*

[Washington Society of CPA's](#)

Attn: Mark Hugh
PO Box 50628
Bellevue WA 98015
Phone: (425) 641-2992
Fax: (886) 792-5546
E-mail: mark@markhugh.com

Course Title: *Washington State CPA Ethics and New Developments*

[Western CPE](#)

Attn: Steven Potratz
243 Pegasus Drive
Bozeman MT 59715
Phone: (800) 822-4194
Fax: (206) 774-1285
E-mail: steven.potratz@westerncpe.com

Course Title: *Ethics & Professional Conduct for Washington CPAs (submitted through Professional Education Services, LP)*

WASHINGTON STATE ETHICS CALENDAR

Mark Hugh (WSCPA) (800) 272-8273		
DATE	TIME	LOCATION
4/20/11	8:00 – 11:30	Webcast – At your desk
7/8/11	8:00 – 11:30	Webcast – At your desk
8/5/11	8:00 – 11:30	Webcast – At your desk
11/2/11	8:00 – 11:30	Lakeway Inn & Conference Center – Bellingham
11/7/11	8:00 – 11:30	Red Lion Hotel at the Quay – Vancouver
11/15/11	8:00 – 11:30	Meydenbauer Center – Bellevue
12/7/11	8:00 – 11:30	Red Lion Hotel Olympia – Olympia
12/19/11	8:00 – 11:30	WSCPA – Bellevue
Thomas Neill (WSCPA) (800) 272-8273		
DATE	TIME	LOCATION
9/28/11	8:00 – 11:30	WSCPA – Bellevue
11/7/11	8:00 – 11:30	Hampton Inn Spokane – Spokane
11/8/11	8:00 – 11:30	Red Lion Hotel Wenatchee – Wenatchee
11/9/11	8:00 – 11:30	Hilton Garden Inn Tri-Cities – Kennewick
12/1/11	8:00 – 11:30	Kitsap Conference Center – Bremerton
Jim Rigos (WSCPA) (800) 272-8273		
DATE	TIME	LOCATION
6/8/11	8:00 – 11:30	WSCPA – Bellevue
10/11/11	8:00 – 11:30	Pacific Grill Events Center – Tacoma
12/5/2011	8:00 – 11:30	The Conference Center at Convention – Seattle
12/6/11	8:00 – 11:30	Edward D. Hansen Conference Center – Everett

**Washington Accounting & Tax Seminars
(800) 707-2460**

DATE	TIME	LOCATION
10/28/11	AM	Riverside Residences
11/30/11	AM	Best Western Alderwood
12/8/11	AM	LaQuinta Inn Tacoma
12/19/11		Riverside Residences

Attendee Name: _____
Date/Time: _____
Title of Course: _____
Sponsor/Instructor: _____

2011 Board Approved Ethics Course Checklist

WAC 4-30-134(3) – The ethics and regulations CPE must cover all of the following topics:

- Chapter [18.04](#) RCW and chapter 4-30 WAC. The CPE must include general level information on the Public Accountancy Act, the board's rules, policies, and the rule-making process.
- WAC [4-30-026](#) How can I contact the board?
- WAC [4-30-032](#) Do I need to notify the board if I change my address?
- WAC [4-30-034](#) Must I respond to inquiries from the board?
- WAC [4-30-040](#) through [4-30-048](#) Ethics and prohibited practices. The CPE must include detailed information on each rule and all related board policies.
- WAC [4-30-103](#) Series -- Continuing competency. The CPE must include detailed information on each rule and all related board policies.
- WAC [4-30-142](#) What are the bases for the board to impose discipline?
- AICPA Code of Conduct: The CPE must include general level information on the AICPA Code of Conduct.
- Variances or key differences between Washington state law (chapter [18.04](#) RCW and chapter 4-30 WAC) and the AICPA Code of Conduct.
- Other topics or information as defined by board policy.

Comments – Was the information above addressed within the course?

Attached is more information we request the sponsor to address due to the frequency of the same issues being brought to our attention.

Please mail this checklist back to Board staff at:

Washington State Board of Accountancy
PO Box 9131
Olympia WA 98501

Additional Discussion Points:

Title Usage/Unlicensed CPA Firm – Problems include sole proprietors failing to obtain firm licenses; firms dissolving or reorganizing and failing to advise the Board and obtain new firm licenses; retiring or lapsing individual licenses, but continuing to use the title; passing the CPA exam and using the title prior to obtaining a license; and use of the title or similar title (such as public accountant) without a license.

Please remind your attendees that if they have an office in this state (whether as a sole proprietor or not) and using the title CPA in their name, or offering attest or compilation services, they must first obtain a CPA firm license with the Board.

Records Retention – The issue that the Board is seeing more prevalent is the failure to provide electronic records when requested by the client. WAC 4-30-051 (4) states, "Licensees, CPA-Inactive certificate holders, and firm owners must not refuse to return clients records, *including electronic documents*, pending client payment of outstanding fees." We are seeing an increasing number of complaints for the refusal to provide electronic records to clients, both with and without outstanding fee issues.

Failure to Respond to the Board – Please address the requirement in WAC 4-30-034 to respond to the Board within twenty days of the date of the Board's inquiry. We have seen an increasing number of CPAs failing to respond to Board inquiry (including QAR status letters).

Failure to Complete the Required CPE – Many licensed CPAs are failing to complete the required 120 hours of CPE. Even CPA-Inactive certificate holders are often failing to complete the required 4 hours of ethics (WAC 4-30-134).

Sexton, Cheryl (ACB)

From: NASBA (National Association of State Boards of Accountancy) [aholt@nasba.org]
Sent: Wednesday, March 16, 2011 1:03 PM
To: Sexton, Cheryl (ACB)
Subject: Call for NASBA Board of Directors and Nominating Committee

Share This: 



Call for NASBA Board of Directors and Nominating Committee

To State Board Chairs/Presidents; Executive Directors; Delegates and Associates:

On behalf of the NASBA Nominating Committee, we are asking boards to submit their recommendations for next year's Nominating Committee Members, Directors-at-Large and Regional Directors. If you are interested in one of these positions, please contact your state board's Chair or Executive Director, as all recommendations must come from the board.

NOMINATING COMMITTEE RECOMMENDATIONS:

At the 2011 Regional Meetings, designated voting representatives of states in the Mountain, Southwest, Great Lakes and Northeast Regions will select an elected member and an alternate member (in the event the elected member cannot serve) to serve on the Nominating Committee from 2011 to 2013. The terms of the Nominating Committee members shall be staggered so that half of the Regions hold elections each year.

As provided in the NASBA Bylaws, Nominating Committee members may serve two complete terms in succession plus any unexpired term. The term begins immediately following the Business Session of the Annual Meeting.

Additionally, please note that every state board and its regions are responsible for electing their Nominating Committee representative. If a Region cannot successfully elect a nominee, the Region will not have representation on the NASBA Nominating Committee. Therefore, we urge you to give this matter high priority.

BOARD OF DIRECTORS RECOMMENDATIONS:

The Board of Directors is composed of a Chair, Vice Chair, Past Chair, nine Directors-at-Large and a Regional Director from each of the eight

Regions. Directors-at-Large are elected for a three-year term and may serve a maximum of two terms, plus any unexpired terms. Thus, three of the nine Directors-at-Large will be elected at the 2011 Annual Meeting.

Regional Directors are elected for one-year terms and may serve a maximum of three terms. All Regional Directors must be Delegates (current board members) of their state board of accountancy at the time of or within six months prior to their election or appointment. Thus, all of the Regional Directors will be elected at the 2011 Annual Meeting.

The deadline for receiving these nominations is Friday, May 27, 2011. Please send your letter of recommendation(s) AND the individual's biographical information to Billy M. Atkinson, Nominating Committee Chair, via mail to NASBA, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219 via fax to 615-880-4291 or via e-mail to: aholt@nasba.org.

Sincerely yours,

Billy M. Atkinson, CPA
Chair, NASBA Nominating Committee

Trusted

Resource for Regulation and
Professional Services.

This message brought to you by National Association of State Boards of Accountancy
(NASBA)

150 Fourth Avenue North, Suite 700, Nashville, TN, 37219

www.nasba.org

This email was sent to cheryls@cpaboard.wa.gov. To ensure that you continue receiving our emails, please add us to your address book or safe list.

[manage](#) your preferences | [opt out](#) using TrueRemove®.

Got this as a forward? [Sign up](#) to receive our future emails.

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From: [Sweeney, Richard \(ACB\)](#)
To: don@rebarcpa.com; "[Robert G. Hutchins \(Email\)](#)"; laurenj@tcbwa.com; [Masnari, Elizabeth D](#); (emrollins@deloitte.com); "[Karen Saunders](#)"; laurie.tish@mossadams.com; [Ed Jolicoeur](#)
Subject: FW: Nomination for NASBA Pacific Region Director
Date: Tuesday, April 05, 2011 12:37:05 PM
Attachments: [Raymond Johnson - Biography.doc](#)
[RNJ SBA CV 2011.doc](#)

I attach the Oregon Board's nomination for Pacific Regional Director for your consideration at the April 25th public meeting.

Rick
Richard C. Sweeney, CPA
Executive Director
Washington State Board of Accountancy
(360) 586-0163

-----Original Message-----

From: Pat Hearn [<mailto:pat.hearn@state.or.us>]
Sent: Tuesday, April 05, 2011 9:22 AM
Executive Director
Oregon Board of Accountancy
3218 Pringle Rd SE Ste 110
Salem OR 97302-6307
503.378.2280
503.378.3575 (Fax)

>>> Pat Hearn 03/30/11 12:10 PM >>>

Dear Colleagues,

The Oregon Board of Accountancy is nominating Board member and current Chair, Ray Johnson, for the position of NASBA Pacific Region Director for the 2011-12 term.

Ray has been a member of the Oregon Board since 2005 and has served on numerous NASBA committees.

Please inform your Board members of Ray's candidacy. Ray and the Oregon Board would be very grateful for your Board's enthusiastic support of Ray's candidacy.

Ray's biographical summary and CV are attached.

Thank you!

Pat

L. Patrick Hearn
Executive Director
Oregon Board of Accountancy
3218 Pringle Rd SE Ste 110
Salem OR 97302-6307
503.378.2280
503.378.3575 (Fax)

Dr. Raymond N. Johnson, CPA
Harry C. Visse Excellence in Teaching Fellow
Professor of Accounting, Portland State University, School of Business Administration

Raymond N. Johnson, Accounting, is Chair of the Oregon Board of Accountancy and a past president of the Oregon Society of CPAs. Dr. Johnson currently serves on three committees of the National Association of State Boards of Accountancy, the Ethics and Strategic Professional Issues Committee, the State Board Relevance and Effectiveness Committee, and the Regulatory Response Committee. He chaired the Ethics and Strategic Professional Issues subcommittee that developed a NASBA position paper entitled "Audit Fees and Engagement Profitability: A Threats and Safeguards Approach to Strengthen Compliance with Standards of Ethical Behavior." He also chaired a subcommittee of the State Board Relevance and Effectiveness Committee that developed a legislative template for semi-independent State Boards of Accountancy.

Dr. Johnson is an Oregon CPA and teaches auditing concepts and practices and financial statement analysis at Portland State University. Dr. Johnson previously served as staff to the U.S. Auditing Standards Board, he authored an auditing textbook, and he has written numerous professional articles. Dr. Johnson has taught numerous CPE courses in accounting and auditing, and has served on numerous committees of the Oregon Board of Accountancy and the Oregon Society of CPAs. He has a B.S. from University of Oregon, an M.A.S. from University of Illinois, and a Ph.D. from University of Oregon. He had nine years of public accounting experience before entering higher education.

Curriculum Vitae

Dr. Raymond N. Johnson, CPA
Harry C. Visse Excellence in Teaching Fellow
School of Business, Portland State University

January 13, 2011

EDUCATION

Doctor of Philosophy, 1981, University of Oregon (Discipline: Accounting with Minors
in Finance and Behavioral Science Research)
Master of Accounting Science, 1974, University of Illinois
Bachelor of Science, 1972, University of Oregon (Discipline: Accounting)

EMPLOYMENT

- Professor of Accounting, Portland State University, July 1996-present.
- Visiting Professor, University of Queensland, January – June 2008.
- Visiting Professor, The Australian National University, January – June 2001.
- Special Assistant to the Provost and Professor of Accounting, Portland State University, July 1994-
July 1996.
- American Council on Education Fellow, Kent State University, July 1993 – July 1994.
- Special Assistant to the Vice President of Finance and Administration and Professor of Accounting,
Portland State University, July 1991 – July 1993.
- Accounting Department Chair and Professor of Accounting, Portland State University, July 1989 –
July 1991.
- Academic Fellow and Staff to Auditing Standards Board, American Institute of CPAs, 1988.
- Associate and Assistant Professor of Accounting, Portland State University, December 1981 –
January 1987.
- Arthur Young McClelland Moores Post-Doctoral Fellow, University of Southampton, September 1982
– September 1983.
- Faculty Associate, Deloitte, Haskins and Sells, December 1979 – July 1980.
- Graduate Teaching Fellow, University of Oregon, July 1977 – September 1979.
- Senior Accountant (Part-time working on particular audit engagements), Derickson and Gault, CPAs,
December 1977 – September 1978.
- Senior Accountant, Peat, Marwick, Mitchell & Co., September 1973 – September 1977.
- Staff Accountant, Derickson and Gault, CPAs, Summer of 1971 and 1972.

DISSERTATION

Audit Risk in Inventory Audits, an Empirical Study, August 1981, Van Ballew, Committee Chairman.

REFEREED PUBLICATIONS OR OTHER CREATIVE ACHIEVEMENTS

1. Books

Johnson, Raymond N., *Guide for Consideration of Internal Control Structure in a Financial Statement Audit*, AICPA, New York, New York, May 1990.

2. Articles

Johnson, Raymond N., and Wamser, Carl, "Respecting Diverse Scholarly Work: The Key to Advancing the Multiple Missions of the Urban University," *Metropolitan Universities*, Spring 1997, pp. 43-59.

Johnson, Raymond N., "Are You Ready to Apply the New SAS on Internal Controls in Your Audits," *Journal of Accountancy*, (August 1991), pp. 56-66.

Johnson, Raymond N., "Practical Application of SAS 55," *The CPA Journal* (May 1990), pp. 14 - 27.

Johnson, Raymond N., "Attest Engagements: The New Frontier of Auditing," *Journal of Accountancy* (November 1988), pp. 118-121.

Johnson, Raymond N., "Auditor Detected Errors and Related Client Traits -- A Sample of U.K. Audits," *The Journal of Business, Finance, and Accounting*, (Spring 1987), pp. 39-64.

Johnson, Raymond N., "Practical Evaluation of Audit Risk," *Accountancy*, (February 1987), pp. 124-125.

Johnson, Raymond N., "Sampling, Use Your Professional Judgment," *Accountancy*, (January 1984), pp. 70-73.

Murray, Dennis and Johnson, Raymond, "Differential GAAP and the FASB's Conceptual Framework," *Journal of Accounting, Auditing, and Finance* (Fall 1983), pp. 4-15.

Johnson, Raymond N., "The Role of Prior Workpapers in Audit Planning," *Accountancy* (July 1983), pp. 92-93.

NON-REFEREED PUBLICATIONS OR OTHER CREATIVE ACHIEVEMENTS

1. Books:

Boynton, William, and Johnson, Raymond N., *Modern Auditing, 8th Edition*, John Wiley & Sons, New York, New York, 2005.

Boynton, William, Johnson, Raymond N., and Walter Kell, *Modern Auditing, 7th Edition*, John Wiley & Sons, New York, New York, 2000.

2. Articles

Johnson, Raymond N., "What do the New Independence Requirements Mean for You?" *Oregon Certified Public Accountant*, March 2002, pp. 9 -12.

Johnson, Raymond N., "Shedding Light on the Future: CPAs Growing the Oregon Economy," *Oregon Certified Public Accountant*, November, 1998, pp. 7-10.

Dye, Nancy, Johnson, Raymond N., Johnstone, Bruce, "Collaborative Leadership for Institutional Change," *Liberal Education*, Spring 1998.

Johnson, Raymond N., "Pathways to the Accounting Profession: Oregon Adopts New Experience Requirement," *Oregon Certified Public Accountant*, July, 1997, pp. 17-20.

Series on the Future of the Accounting Profession published in the *Oregon Certified Public Accountant*.

- *Bridges to the Future*, January 1996.
- *Reengineering for the Future: Closing the "Certification GAP,"* July 1995.
- *Reengineering Your Tax Department: Making Your Clients the Top Priority*, with Richard Hawkins, May 1995
- *The Future of Auditing: Discontinuous Thinking*, with Donald Watne, March 1995.
- *An International Future: The Horizon Approaches!*, with Leighton Platt, February 1995.
- *Is the Road to the Future Paved with Permanent Whitewater?*, January 1995.

Johnson, Raymond N., "The New Auditor's Report, What it Says and Means for Bankers," *The Journal of Commercial Bank Lending* (January 1989), pp. 43-53. Reprinted November 1991 and again in Special Collection of the Journal in 1994.

Johnson, Raymond N., "Special Reports: An Avenue to Better Client Service," *The Practical Accountant* (October 1983), pp. 31-38.

Presentations at Professional Meetings

Johnson, Raymond N., "Audit Fees and Engagement Profitability: A Threats and Safeguards Approach to Strengthen Compliance with Ethical Standards," National Association of State Boards of Accountancy, Western Region Meeting, Seattle, WA, June 23-25, 2010.

Johnson, Raymond N., "Developing a Template for Semi-Independent Boards of Accountancy," National Association of State Boards of Accountancy, Western Region Meeting, Seattle, WA, June 23-25, 2010.

Johnson, Raymond N., "International Financial Reporting Standards Update," American Society of Women Accountants, Northwest Regional Conference, Portland, OR, June 18-19, 2010.

Johnson, Raymond N., "Audit Fees and Engagement Profitability: A Threats and Safeguards Approach to Strengthen Compliance with Ethical Standards, National Association of State Boards of Accountancy, Eastern Region Meeting, Charlotte, SC, June 7-9, 2010.

Johnson, Raymond N., "Developing a Template for Semi-Independent Boards of Accountancy," National Association of State Boards of Accountancy, Eastern Region Meeting, Charlotte, SC, June 7-9, 2010.

Raymond N. Johnson, Ph.D., CPA, L. Patrick Hearn, Thomas Sadler, CPA, ABV, CFF, CFE, Richard C. Sweeney, CPA, "State Regulation of Public Accountancy: Consequences for the Public Interest in an Age of Mobility" presented at the Western Region American Accounting Association Meeting, Portland, Ore. April 30, 2010.

Johnson, Raymond N., "Recent Evidence on Earnings Restatements and What it Means for Auditors," Institute of Internal Auditors, Portland, Oregon, February 20, 2007.

Johnson, Raymond N., "A Culture of Ethics and Fraud Prevention," presented to the Target Fraud Conference, American Association of Fraud Examiners, Wilsonville, Oregon, December 1, 2004.

Johnson, Raymond N., "Moving Complex Problems from Practice to the Classroom: A Framework for Evaluating Solutions and the Process of Developing Solutions," Presented at the Third Annual Conference on Critical Thinking in Undergraduate Education, SUNY Stonybrook, June 22, 2001.

Johnson, Raymond N., "Moving Complex Problems from Practice to the Classroom: A Framework for Evaluating Critical Thinking," Presented at the Australian National University Seminar Series, May 25, 2001.

Johnson, Raymond N., "Technology, The Faculty Role, and its Rewards," presented at the annual meeting of the Faculty Governance Association, April 1998.

Johnson, Raymond N., "Strategic Resource Management," presented at American Council on Education workshop on Chairing the Academic Department, San Diego, CA, February, 1998.

Johnson, Raymond N., Taylor, Phil, and Tucker, Richard, "Faculty Governance – Engaging Faculty in the Accomplishment of Institutional Mission," presented at AAHE Faculty Roles and Rewards Forum, January, 1998.

Dye, Nancy, Johnson, Raymond N., Johnstone, Bruce, "Collaborative Leadership for Institutional Change," a plenary session presented at the annual meeting of the Association of American Colleges and Universities, January 1998.

Diamond, Robert and Johnson, Raymond N. "Empowering the Mosaic of Faculty Talent in Today's Universities," presented to the Western States Association of Faculty Governance, February, 1997.

Johnson, Raymond N., Lieberman, Devorah, and McMahon, Joan, "Personal and Professional Rewards for Teaching Scholars: Experiences of Two Campuses," presented at AAHE Faculty Roles and Rewards Forum, January, 1997.

Driscoll, Amy and Johnson, Raymond, N., "Recognizing and Rewarding the Scholarship of Professional Service and Outreach in the Promotion and Tenure Process," a workshop presented at AAHE Faculty Roles and Rewards Forum, January, 1997.

Johnson, Raymond N., "New Developments on the Auditing Front," presented at the OSCP Accounting and Auditing Conference, June, 1996.

Johnson, Raymond N. and Suran, Sandra, "New Assurance Services, Transforming Compliance Work into Value Added Services," presented at the OSCP Accounting and Auditing Conference, June, 1996.

Johnson, Raymond N., Lieberman, Devorah, and Wamser, Carl, "Developing Faculty to Support the Multiple Missions of the University," presented at AAHE Faculty Roles and Rewards Forum, January, 1996.

Driscoll, Amy and Johnson, Raymond, N., "Supporting Faculty Community Outreach by Revising Promotion and Tenure Guidelines and Review Processes," a workshop presented at AAHE Faculty Roles and Rewards Forum, January, 1996.

Johnson, Raymond N., "Applying Benchmarking in Governmental Organizations," OSCP Governmental Accounting and Auditing Conference, June 1995.

Johnson, Raymond N., Perrin, Nancy, and Wamser, Carl, "The Role of Faculty and Administration in a Changing University," presented at AAHE Faculty Roles and Rewards Forum, January, 1995.

Information about presentations prior to January 1, 1995 are available upon request.

Resent Invited Presentations

Johnson, Raymond N., "The role of financial statement analysis in financial statement audit," Presented to Deloitte and Touche, Brisbane, Australia, 11 June 2008

Johnson, Raymond N., "Professional Accountability and the Role of State Boards of Accountancy in the United States: The Perspectives of a Regulator" University of Queensland Workshop Series, 30 May 2008.

Johnson, Raymond N., "Assessment of Learning" presented to the conference of AACSB Deans in Southeast Asia, Brisbane, Australia, 15 May, 2008

"The Role of Ethics in Financial Reporting: The Good, The Bad, and the Ugly," Presented to the Western Regional Meeting of the Turnaround Management Association, 14 September 2008, Portland, OR.

"Professional Accountability and the Role of State Boards of Accountancy in the United States: The Perspectives of a Regulator" University of Queensland Workshop Series, 30 May 2008.

"Assessment of Learning," The Conference of Assembly of Collegiate Schools of Business Deans in Southeast Asia, Brisbane, Australia, 15 May, 2008.

"The Role of Financial Statement Analysis in Financial Statement Audit," Deloitte and Touche, Brisbane, Australia, 11 June 2008.

WORK IN PROGRESS

ABC Learning Centers: A Lesson in IFRS

I have completed the first phase of a case on "ABC Learning Centers: A Lesson in IFRS." This case has been tested with several groups of undergraduates at PSU. The case explores the differences between IFRS and U.S. GAAP. I still have to develop teaching notes and I plan on submitting the case to the *Journal of Accounting Education* in the Fall of 2009.

Ethics in Accounting Education

I developed the first draft of a paper "Toward a Normative Theory of Ethics in Financial Reporting." I expect that I should have a paper to submit to the national meeting of the American Accounting Association which will be due for review in January of 2010.

The Effectiveness of Self Regulation by Boards of Accountancy

I presented a paper; "Professional Accountability and the Role of State Boards of Accountancy in the United States: The Perspectives of a Regulator" in the workshop series at the University of Queensland. After presenting an initial draft I plan on refining this paper during the upcoming year. I expect several papers to come out of this research on the effectiveness of self regulation by State Boards of Accountancy.

HONORS, GRANTS, AND FELLOWSHIPS

- Harry C. Visse Excellence in Teaching Fellow: 2010-2015.
- American Council on Education Fellow: 1993-94, Kent State University.
- Peat Marwick Mitchell Foundation Research Opportunities in Auditing grant recipient, 1985.
- Earl Wantland Outstanding Business Professor, Portland State University, June 1984.
- Arthur Young McClelland Moores Post-Doctoral Fellow, University of Southampton, Southampton, England, 1982-3.
- Certified Public Accountant, Licensed in Oregon since 1975.

OTHER TEACHING, MENTORING AND CURRICULAR ACHIEVEMENTS

New Course Development

- Developed new course for the accounting curriculum, Accounting 495, Integrated Accounting Issues. The course integrates the topics from other parts of the accounting curriculum in a series of cases that do not have clear cut solutions. Major topics address analyzing business performance, developing forecasts and projections, business valuation, and making business decisions considering the financial reporting and tax ramifications such as structuring the acquisition of a small business, lease / purchase decisions, or structuring stock options.
- Co-developed a course for the sophomore inquiry course for University Studies on the role of professions in society. In 1900 less than 4% of our workforce work in licensed professions. Today

nearly 30% of the U.S. workforce works in licensed professions and over 50% of the workforce is performing knowledge based work. This course is designed to meet the general education needs of the university while exploring these changes in the workforce and trends that are likely to influence professional work in the 21st Century.

OTHER PORTLAND STATE UNIVERSITY ACHIEVEMENTS

I co-chaired a PSU task force that proposed new Promotion and Tenure Guidelines for Portland State University. The end result was to broaden the pathways to promotion and tenures and accept a wider diversity of scholarship, while maintaining high academic standards for the level of achievement in terms of contributions to knowledge. This has had a significant impact on bringing promotion and tenure guidelines in keeping with the university's mission.

OTHER COMMUNITY OUTREACH ACHIEVEMENTS

I am leading an Oregon Board of Accountancy - Oregon Society of CPA effort to make the Oregon Board of Accountancy a semi-independent state agency. Legislation has been drafted and will be introduced in the 2001 legislative session.

I led a joint Oregon Board of Accountancy - Oregon Society of CPA Task Force that proposed an alternative to the existing audit experience requirement. Prior to July 1998 the only way to become a CPA in Oregon was to have experience performing a number of audit tasks. Today the Oregon Board of Accountancy has adopted an experience requirement that is based on seven competencies, rather than the performance of specific tasks. The competencies can be developed while performing auditing, tax, consulting services, internal auditing, or a variety of other services performed by CPAs. This has opened up new pathways to the accounting profession and created a number of new opportunities for candidates to earn the CPA credential. This has had an impact on over 400 new CPAs a year in Oregon.

GOVERNANCE AND OTHER PROFESSIONALLY RELATED SERVICE

SUMMARY OF KEY BOARD POSITIONS AND LEADERSHIP ROLES

- Chair, Oregon Board of Accountancy, 2010-2012.
- Vice Chair, Oregon Board of Accountancy, 2009.
- Board Liaison to the following Oregon Board of Accountancy Committees.
 - Complaints committee (2009)
 - Code of Professional Conduct Committee (2006-2009)
- Co-Treasurer, Oregon Board of Accountancy, 2008.
- Member, National Association of State Boards of Accountancy, Regulatory Response Committee, 2007-2011.
- Member, National Association of State Boards of Accountancy, Ethics and Strategic Issue Committee, 2008-2011.
- Member, National Association of State Boards of Accountancy, State Board Effectiveness Committee, 2010-2011.
- Member, Oregon Board of Accountancy, December 2004 to present.

- Treasurer, Chair of the Finance Committee and member of the Board of Directors, Portland Center Stage, January 2003 to 2006.
- Chair of the Audit Committee and member of the Portland State Bookstore Board of Directors, July 2001 to July 2003.
- Past President and Member of the Board of Directors, Oregon Society of CPAs, April 2000 to April 2001.
- President and Member of the Board of Directors, Oregon Society of CPAs, April 1999 to April 2000.
- President Elect and Member of the Board of Directors, Oregon Society of CPAs, April 1998 to April 1999.
- Vice President and Member of the Board of Directors, Oregon Society of CPAs, April 1997 to April 1998.
- Secretary and Member of the Board of Directors, Oregon Society of CPAs, April 1995 to April 1996.
- Member of the Board of Directors, Oregon Society of CPAs, April 1991 to April 1995.
- Special Assistant to the Provost and Professor of Accounting, Portland State University, July 1994-July 1996.
- American Council on Education Fellow, Kent State University, July 1993 – July 1994.
- Special Assistant to the Vice President of Finance and Administration and Professor of Accounting, Portland State University, July 1991 – July 1993.
- Accounting Department Chair and Professor of Accounting, Portland State University, July 1989 – July 1991.
- I have also chaired a number of university or school of business committees or task forces, including the university committee that changed promotion and tenure guidelines to better fit PSU's urban mission and the university budget committee.

GOVERNANCE ACTIVITIES FOR THE UNIVERSITY, COLLEGE, DEPARTMENT IN THE LAST 5 YEARS

2010-11

- Chair, PSU Educational Policies Committee
- Member, PSU Faculty Senate
- Member, PSU Financial Future Committee

2009-10

- Member, PSU Educational Policies Committee
- Member, PSU Financial Future Committee

2007-2008

- I was on sabbatical from Portland State University during the 2007-08 academic year.

2006-2007

- Chair, PSU Budget Committee
- Chair, School of Business, Advancement, Development, Promotion and Tenure Committee
- Member, School of Business Building Committee
- Member, PSU Committee related to the PCAT building project
- Member, PSU Educational Policies Committee
- Member, PSU Faculty Senate

2005-2006

- Chair, PSU Budget Committee
- Chair, School of Business, Advancement, Development, Promotion and Tenure Committee
- Member, PSU Educational Policies Committee
- Member, PSU Faculty Senate

A list of leadership roles activities prior to 2005-2006 are available upon request.

PROFESSIONALLY-RELATED SERVICE

- 2004 to present, Appointed by the Governor as a member of the Oregon Board of Accountancy
- 2007-2009, Member, National Association of State Boards of Accountancy, Regulatory Response Committee.
- 2008-2009, Member, National Association of State Boards of Accountancy, Ethics Committee.
- 2010-2011, Member, National Association of State Boards of Accountancy, State Board Effectiveness Committee
- 2004, Chair, Oregon Board of Accountancy, Independence and Ethics Committee.
- 2002, Member, Oregon Board of Accountancy, Independence Task Force
- 2000-2001, Chair of Oregon Legislative Action Committee and Past President of the Oregon Society of CPAs
- 1999-2000, Member of AICPA Council
- 1999-2000, President, Oregon Society of CPAs
- 1998-1999, President-Elect, Oregon Society of CPAs
- 1997-1998, Vice-President, Oregon Society of CPAs
- 1995-1996, Secretary, Oregon Society of CPAs
- 1991 – 1995, Board Member, Oregon Society of CPAs

A list of offices and activities prior to 1994 are available upon request.

OTHER COMMUNITY SERVICE

- 2003 – Present, Board Member and Chair of the Finance Committee, Portland Center Stage.
- 2001 - 2003, Board Member and Chair of the Audit Committee, PSU Bookstore.

MEMBERSHIPS IN PROFESSIONAL SOCIETIES

- American Institute of CPAs.
- Oregon Society of CPAs.
- American Accounting Association
- American Association of Higher Education

2010 CPE Audit Summary

Random Sample

A random sample of CPAs and CPA-Inactive Certificate holders was requested from the IT department September 30, 2010. The random list was provided to Kelly W. October 4, 2010.

Audit

Kelly combined the random sample list with the individuals that were required to be in the audit as a follow-up from an extension request or by regulation from enforcement.

- 61 extension request follow-ups
- 11 enforcement add-ins (2 certificates, 9 licensees)
- 84 random licensees – licenses issued prior to 2007
- 09 random licensees – licensed in 2007
- 25 random certificates

190 Total CPE Audits

Communication

The CPE Audit notice was e-mailed October 12, 2010 with a deadline of December 12, 2010. A follow up e-mail was sent December 22, 2010 to each individual that had not responded by the deadline. A new deadline of January 6, 2011 was provided.

Results

The results were submitted to the Executive Director and the Operations Team Supervisor on March 17, 2011.

- 176 individuals passed the CPE Audit
 - 141 Licensees
 - 35 CPA-Inactive Certificates
- 11 Individuals were referred to Enforcement for failure to provide acceptable documentation for their CPE requirements.
 - 10 Licensees
 - 1 CPA-Inactive Certificate
- 2 CPA-Inactive Certificates were referred to Enforcement for Failure to Respond
- 1 Individual is still attempting to collect data- outside of U.S.- audit status undetermined

**Washington State Board of Accountancy
Case Status Report**

	<u>3/31/2010</u>	<u>6/30/10</u>	<u>9/30/10</u>	<u>12/31/10</u>	<u>2010</u>	<u>3/31/2011</u>
Beginning Cases	176	157	150	131	176	93
Cases Opened	13	39	34	13	99	18
Cases Closed	<u>-32</u>	<u>-46</u>	<u>-53</u>	<u>-51</u>	<u>-182</u>	<u>-45</u>
Cases Pending						
Remaining Cases	<u>157</u>	<u>150</u>	<u>131</u>	<u>93</u>	<u>93</u>	<u>66</u>
Cases 07 and Older					14	10
Cases 08 and Newer					<u>79</u>	<u>56</u>
Totals					<u>93</u>	<u>66</u>

Investigation Completed:

Attorney General		12	7	9		11
CBM		38	27	7		9
S&AO		45	55	53		23
CBM Dismissals		<u>10</u>	<u>9</u>	<u>4</u>		<u>0</u>
		<u>105</u>	<u>98</u>	<u>73</u>		<u>43</u>

Investigation In Progress:

<u>Complaint Files</u>						
Active Investigation		18	14	20		19
<u>Agency Files</u>						
QAR		7	2	0		0
CPE		20	9	0		0
Admin		<u>0</u>	<u>8</u>	<u>0</u>		<u>0</u>
		<u>45</u>	<u>33</u>	<u>0</u>		<u>0</u>

Total		<u>150</u>	<u>131</u>	<u>93</u>		<u>62</u>
Active		149	129	90		62
Pending		<u>1</u>	<u>2</u>	<u>3</u>		<u>4</u>
Total		<u>150</u>	<u>131</u>	<u>93</u>		<u>66</u>

Classification:

Code of Conduct			23	20		22
Competency			18	16		11
Title			26	18		6
Fraud			<u>6</u>	<u>5</u>		<u>7</u>
			73	59		46
Administrative						
QAR			21	13		8
CPE			<u>37</u>	<u>21</u>		<u>12</u>
			<u>58</u>	<u>34</u>		<u>20</u>

Total			<u>131</u>	<u>93</u>		<u>66</u>
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Closed cases:

Reinstatements						1
Revocation			3	0	5	0
Suspension			1	6	8	4
Practice restriction			1	1	3	2
SAO-Fine/costs/other sanctions			8	18	68	24
Dismissals			11	17	57	12
Admin Sanctions			<u>29</u>	<u>9</u>	<u>41</u>	<u>2</u>
Total			<u>53</u>	<u>51</u>	<u>182</u>	<u>45</u>

Other:

Cases not opened	<u>14</u>	<u>13</u>	<u>12</u>	<u>17</u>	<u>56</u>	<u>10</u>
PCAOB/Peer Review Monitoring			<u>28</u>	<u>34</u>		<u>29</u>
Administrative Sanctions-CPE Failures under 16 hours					<u>255</u>	

Board of Accountancy

Washington State



Investigation Results/Statistics

2011

In carrying out its mission "to promote dependable, accessible financial information" the Board is responsible for investigating complaints against CPAs, CPA-Inactive certificateholders, and CPA firms. Complaints can originate from clients, other CPAs, federal or state regulators, or identified through agency oversight and review programs. Complaints result from allegations of technical errors, or ethical or legal violations. The Board has closed 45 cases during 2011. Complaints or inquiries originated from the following sources:

Source of Complaint

Agency oversight programs/Board initiated	16	36%
Clients	16	36%
Employer/Employee		
Other CPAs		
Media		
Miscellaneous	2	4%
Anonymous	1	2%
Federal, state, local or foreign jurisdiction		
Self-reported	10	22%
Non-governmental professionally related standard-setting entity		
Total	45	

The 45 cases closed during 2011 resulted from the following allegations:

Administrative

Failure to change address		
Failure to respond to Board oversight/inquiries	4	9%
Request for reinstatement of suspended license/certificate	2	4%

Code of Conduct

Conflicts	1	2%
Confidentiality	3	7%

Failure to complete engagement		
Failure to pay individual federal income taxes		
Independence		
Misrepresentations/fees		
Professional misconduct		
Records retention	2	4%
Competency		
Noncompliance with technical standards including Quality Assurance Review	4	9%
Sanction/denial of practice privilege by a federal, state, local or foreign jurisdiction		
Sanction by non-governmental professionally related standard-setting entity		
Tax return errors	5	11%
CPE		
Failure to substantiate CPE on audit	4	9%
Failure to substantiate CPE on renewal	5	11%
Fraud		
Embezzlement		
Theft		
Conspiracy		
Title Use:		
Use of title or holding out in public practice by a nonCPA or non WA CPA	3	7%
Issuance or offering to issue audit, review, or compilation report by unauthorized individual		
Use of title or holding out in public practice with a lapsed license/certificate or no CPA firm license	12	27%
Total:	45	

The Board resolved the 45 cases during 2011 as follows:

Closed via Board Order		
Fine/costs/other sanctions	24	55%
Reinstatement of suspended license/certificate	1	2%
Practice restriction	2	4%
Suspension	4	9%
Revocation		
Administrative Sanctions Imposed	2	4%
Lack of evidence of violation	12	27%
Total	45	

See Also:

[2011 License and certificate suspensions \(including stayed suspension\) and revocations](#)

[2011 Other Board Orders](#)

[Back to Investigation Statistics Main Page](#)

Investigation Statistics

Historical data: January 1990 through March 31, 2011

Year Opened	Number of Cases Opened	Number of Cases Closed
1990	79	68
1991	79	81
1992	83	83
1993	76	80
1994	83	67
1995	79	62
1996	78	91
1997	83	85
1998	93	109
1999	58	71
2000	33	40
2001	50	33
2002	45	58
2003	83	62
2004	144	92
2005	83	85
2006	131	64
2007	143	176
2008	90	99
2009	130	76
2010	99	182
2011	18	45

As of March 31, 2011:

Active Cases: **62**
Pending Cases: **4**
Total Open Cases **66**