

Board of Accountancy

Washington State



REGULAR BOARD MEETING AGENDA

Date, Time: Thursday, April 26, 2012 – Regular Board Meeting – 9:00 a.m.

Location: The Doubletree Hotel Seattle Airport - Cascade 13 Room
18740 International Boulevard, SeaTac, Washington
(206) 246-8600

Chair Introductions/Special Notices

PUBLIC RULE-MAKING HEARING – 9:00 a.m.

Attachments at tab:

1. Public Rule-Making Hearing Outline..... A
2. Rule Under Consideration – WAC 4-30-058 Does the board authorize the use of any other titles or designations? B
3. Written Stakeholder Comments

REGULAR MEETING AGENDA

1. AICPA Presentation - “The 2012 CPA Examination Update”
2. NASBA
 - a. Foreign Credential Evaluation Services Pilot Program –NASBA Staff
 - b. Update
 - c. Western Regional Meeting..... C
 - d. Recommendation for Nomination of NASBA Director-at-Large..... D
3. Consent Agenda
 - a. Minutes – January 26, 2012, Regular Board Meeting..... E
 - b. Request Review Committee Report – Karen Saunders, Chair..... F
4. Rule Review
 - a. Board Deliberation on proposed rule considered at public rule-making hearing - See listing above under Public Rule-Making Hearing – Item 2.
 - b. WAC 4-30-130 What are the requirements for . . . quality assurance review (QAR)?
 - i. Draft rule..... G
 - ii. Current Rule-Making Criteria..... H
 - c. WAC 4-30-132 What are the program standards for CPE? I
5. Motion for Entry of Order on Default - ACB-1334 – Steven M. Carlson, CPA..... J
6. Board Policies – Annual Review
 - a. 2000-1 Continuing Professional Education..... K
 - b. 2002-1 Substantial Equivalency Jurisdictions L
 - c. 2002-2 Expert Witness Services M

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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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Washington Telecom Relay Service)

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- d. 2002-4 International Reciprocity N
 - e. 2003-1 Safe Harbor Report Language for Use by Non-CPAs (No changes)..... O
 - f. 2004-1 Sanction and Penalty Guidelines P
 - g. 2004-2 Exam Applicant Disability Documentation Q
 - h. 2011-1 Principles Underlying Board Rules (to replace WAC 4-25-610) R
 - i. 2011-2 Interim Policy Guidelines Pending Rule Changes..... S
7. Delegations of Authority – Annual Review
- a. Executive Director – Charges, Subpoenas, Negotiate Settlement T
 - b. Deputy Director – Investigation, Subpoenas, Negotiate Settlement..... U
 - c. CPE Waiver Extension Requests/Request Review Committee V
 - d. QAR Remedial Actions/Review of Publicly Available Professional Work W
 - e. Administrative Notices of Non-Compliance and Respondent Agreements (No changes) X
8. Legal Counsel’s Report – *No 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. Ethics Committee – Thomas Neill, CPA, Chair – *Update*
 - d. Legislative Liaison – Edwin Jolicoeur, CPA, Chair – *No Report*
 - e. Quality Assurance Review (QAR) – Emily Rollins, CPA, Co-Chair – *No Report*
 - f. Request Review – Karen Saunders, CPA, Chair - *See Consent Agenda – Vote*
11. Executive Director’s Report
- a. CPE Deficiencies – *Update*
 - b. Foreign Credit Evaluation Services..... Y
 - c. Government Management, Accountability & Performance (GMAP) - *Report*
 - d. Implementation of Performance Review Task Force Recommendations - *Update*
 - e. Investigation Statistics/Investigations & Administrative Sanctions - *Report* Z
 - f. Renewal Cycle and Online Services
 - g. Task Force Appointments
 - h. WBOA-News - *Update*
 - i. 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.

**WASHINGTON STATE
BOARD OF ACCOUNTANCY
EXECUTIVE DIRECTOR'S SUMMARY – April 26, 2012
REGULAR BOARD MEETING**

Day, time, location, special notices:

Meeting: **Thursday, April 26, 2012 - 9:00 a.m.**
Location: **The Doubletree Hotel Seattle Airport**
Cascade 13 **Note change of room**
18740 International Boulevard
Seattle, Washington
(206) 246-8600

Notices:

**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 26, 2012 - 9:00 A.M. - PUBLIC RULE-MAKING HEARING

Rules Hearing - At **9:00 a.m.** the Board will hold its scheduled rules hearing to obtain public input on the proposed change to Board rule to allow certain individuals to use the title "CPA Retired."

1. **Public Rule-Making Hearing Outline** - See **Tab A** for the hearing script.
2. **Rules Under Consideration** - See **Tab B** for the CR-102 filing that includes the rule proposal.
3. **Written Stakeholder Comments** – The agency has not received any written comments prior to the preparation of the Board meeting agenda package. Staff will provide any comments received before the rule-making hearing to each Board member via email and in hard copy at the Board meeting for your reference and convenience.

APRIL 26, 2012 - REGULAR BOARD MEETING

Welcome Visitors:

- **Michael Decker**, Director of Operations and Development, Examinations Team, American Institute of CPAs (AICPA)
- **John Fields**, Director, Project Management Office, National Association of State Boards of Accountancy (NASBA)
- **James Suh**, Director, Continuous Improvement & Analytics, National Association of State Boards of Accountancy (NASBA)

Michael, John, and James are visiting the Board today to update the Board on their organization's activities. Welcome Michael, John, and James. We've arranged the meeting agenda to allow our guests to leave early, if necessary, to make any travel connections.

1. AICPA Presentation - "The 2012 CPA Examination Update"

Michael Decker, the AICPA's Director of Operations and Development, Examinations Team will make a 15 minute presentation to the Board and allow time for questions and answers.

2. NASBA

- a. Foreign Credential Evaluation Services Pilot Program – NASBA Staff -** John Fields and John Sun will briefly advise the Board of NASBA's foreign credential evaluation services project. They plan to meet informally with the Education Task Force during the lunch break.
- b. Update –** The Executive Director will provide a verbal update on NASBA activities.
- c. Western Regional Meeting – Tab C -** NASBA will hold its Western Regional meeting from June 27 through June 29, 2012, in Anchorage, Alaska. The reservation deadline for hotel accommodations is May 18, 2012. Ed Jolicoeur and the Executive Director are currently registered to attend. **Tab C** contains NASBA's announcements and the meeting agenda.

If members wish to attend and have not already notified Board staff, please notify Cheryl at the Board's office at your earliest convenience (cheryls@cpaboard.wa.gov). The block of rooms that NASBA sets aside are taken quickly. It is best to get these reserved soon.

- d. Recommendation for Nomination of NASBA Director-at-Large- Tab D -** The NASBA Nominating committee is calling for nominations for candidates for the 2012-2013 NASBA Board of Directors. Recommendation(s) are due to the Nominating Committee by May 30.

The Executive Director recommends the Board supports Ray Johnson from Oregon for a Director-at-Large position. **Tab D** contains:

- Call for Directors Nomination
- The Oregon Board of Accountancy's endorsement of Dr. Raymond Johnson, CPA
- Dr. Johnson's Short Bio and Curriculum Vitae

Ed Jolicoeur will not participate in this discussion since he is a member of NASBA's Nominating Committee.

Does the Board wish to nominate Dr. Raymond Johnson, CPA for NASBA Director-at-Large for 2012-2013?

3. Consent Agenda

- Minutes – January 26, 2012** - Board staff presents the draft minutes of the January 26, 2012, regular Board meeting at **Tab E** for the Board's consideration.
- Request Review Committee** - The Request Review Committee presents its report at **Tab F** for the Board's consideration.

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

4. Rule Review

- Board Deliberation on proposed rule considered at public rule-making hearing – Tab B** contains the CR-102 filing. The attachment to the CR-102 provides a summary of the proposed changes to WAC 4-30-058.

The Executive Director will provide a summary of the proposed changes to the rule during the rules hearing. The Executive Director is prepared to summarize the changes for the rule or answer any questions for the Board during deliberation.

Does the Board wish to:

- **Adopt the rule as proposed with an effective date 30 days after filing?**
- **Adopt the rule with minor changes that do not change the general subject matter of the proposed rule with an effective date 30 days after filing?**
- **Amend the rule proposal and set another rules hearing date? or**
- **Withdraw the rule proposal?**

b. WAC 4-30-130 What are the requirements for . . . quality assurance review (QAR)?

At its January 26, 2012, meeting the Board resolved to transition Quality Assurance Review (QAR) to require CPA firms that issue any attestation or compilation reports to participate in a Board-approved peer review program administered by the American Institute of CPAs (AICPA) or the Washington Society of CPAs (WSCPAs) beginning in 2013. The Board directed staff to begin the rule-making process to amend the Board's QAR and CPE rules to accomplish the transition and additional CPE.

- i. **Draft rule – Tab G** contains a draft rule for the Board consideration.
- ii. **Current Rule-Making Criteria – Tab H** includes the following
 - Governor Gregoire's Executive Order Suspending Non-Critical Rule Development
 - The Governor's Guidelines when determining whether rule making should proceed
 - RCW 19-85.040 Small business economic impact statement
 - RCW 19.85.030 Agency rules – small business economic impact statement

The Board must determine if it is appropriate to proceed with this rule-making at this time. If so, does the Board anticipate the rule will have a disproportionate cost impact on small businesses? Staff hopes to provide statistics/information to help the Board with this determination at the Board meeting.

c. WAC 4-30-132 What are the program standards for CPE?- Tab I contains draft amendments to the Board's rule. The changes include:

- An increase of hours allowed for volunteer service on the Board and its committees and on board approved peer review committees. Members of the Washington Society of CPAs (WSCPAs) RAB committee have requested additional CPE for the time they spend preparing for committee meetings.
- Amendments regarding self-study Interactive CPE taken from the Board's current Interim Policy Guidelines Pending Rules Changes

Does the Board wish to:

- **Accept the proposed amendments as drafted**
- **Direct staff to file a CR-102 and schedule a hearing?**

5. Motion for Entry of Order on Default - ACB-1334 Steven M. Carlson, CPA

Tab J contains a packet of documentation relating to the proceedings regarding Steven M. Carlson, CPA. 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.

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

6. Board Policies – Annual Review

At its April 2011 meeting, the Board recommended the Board's policies be brought to the Board annually for review. **Tabs K through S** contain the Board's current policies. Staff reviewed the policies and found the need for minor change to three of the policies.

- a. **2000-1 Continuing Professional Education – Tab K** – No changes proposed.
- b. **2002-1 Substantial Equivalency Jurisdictions – Tab L** contains two versions of the policy. The first 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.

Staff recommends the Board change the title for better readability and correct a hyperlink to NASBA's web site.

Does the Board wish to accept these proposed changes to Policy 2002-1?

- c. **2002-2 Expert Witness Services – Tab M** – No changes proposed.
- d. **2002-4 International Reciprocity – Tab N** contains two versions of the policy. The top copy is the revised proposed policy. The second version provides the current policy in strike-and-delete so Board members can see all proposed revisions.

Staff recommends the Board correct a hyperlink to NASBA's web site.

Does the Board wish to accept the proposed change to Policy 2002-4?

- e. **2003-1 Safe Harbor Report Language for Use by Non-CPAs – Tab O**
No changes proposed.
- f. **2004-1 Sanction and Penalty Guidelines – Tab P** contains two versions of the 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.

Staff recommends the Board revise the policy to:

- Align the policy with the current administrative sanctions delegation solely to the Executive Director.
- Revise publication of stayed suspensions. Currently stayed suspensions are published on the agency's web site and ALD and then only if it survives settlement negotiations.
- Revise publication to ensure that respondents, the public, and other interested parties grasp (a) the ease of access to Board disciplinary actions on a global basis and (b) to be accurate by informing all interested parties that the ALD is not available to Board members or the general public. ALD information is only available to Executive Directors/Administrators and designated agency staff.
- Correct punctuation.

Does the Board wish to accept the proposed changes to Policy 2004-1?

- g. **2004-2 Exam Applicant Disability Documentation . . . Tab Q**– No changes proposed.
- h. **2011-1 Principles Underlying Board Rules (to replace WAC 4-25-610) Tab R**– No changes proposed.
- i. **2011-2 Interim Policy Guidelines Pending Rule Changes – Tab S**– No changes proposed. Note: If the Board moves forward with the changes to the CPE rule as proposed at *Tab I*, this policy will need to be revised with the effective date of the revised rule.

7. Delegations of Authority – Annual Review

At its April 2011 meeting, the Board agreed with the Executive Director's recommendation that the delegations be brought to the Board annually for review.. **Tabs T through X** contain the Board's current delegations. Staff does not have any suggested changes to the delegations at this time.

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.

Due to an extraordinary schedule, the Board's legal counsel is not able to attend this meeting. He will be available by telephone should the need arise.

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.

Elizabeth will provide an update. On April 5, Robin Clark resigned from the Committee. She finds that she simply does not have enough time and energy to do the job properly. She stated: "I have enjoyed all my years association with WBOA and will always value my wonderful memories. I do think it is time for me to head other directions. The hardest part of that decision is that I won't talk with you and Cheryl on a somewhat regular basis. I send my best wishes for the Board's future."

c. Ethics Committee – Thomas Neill, CPA Chair; Richard Sweeney, CPA, Ex-officio Liaison.

Tom has nothing to report at this meeting.

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

Ed has nothing to report for this meeting

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

Emily has nothing to report for this meeting.

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

See Consent Agenda, Item 3.b., (Tab F) above.

9. Executive Director's Report

- a. **CPE Deficiencies** – All CPE extension requests were due on or before December 31, 2011. At January 1, 2012, three requests for extension of time to complete CPE of 16 hours and under were pending review: The Executive Director approved the three requests.

Pre Lapsed Reinstatement (PLR) - As of April 12, 2012 there were 123 individuals that have/or are going through the PLR processes:

- 118 processing or processed
- 4 who chose to let their status lapse
- 1 has been referred to enforcement for review due to back to back failures

- b. **Foreign Credit Evaluation Services** – The Executive Director provides the document at **Tab Y** for further discussion at the July or October meeting.

- c. **Government Management, Accountability & Performance (GMAP)** – The Executive Director will report.

- d. **Implementation of Performance Review Task Force Recommendations** – At its October 13, 2011, the Board adopted the recommendations of the Board's Performance Review Task Force and directed staff to include a place on the agendas for future Board meetings under the Executive Director to report on the status of further implementation of recommendations. The Executive Director will report.

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

Tab Z contains the following:

- Case Status Report for the period ended March 31, 2012
- Investigations Results/Statistics through March 31, 2012, as posted on the Board's web site
- Investigation Statistics January 1990 through March 31, 2012

The Executive Director will report.

- f. **Renewal Cycle and Online Services** – The Executive Director provides the following renewal statistics as of April 19, 2012:

Individuals

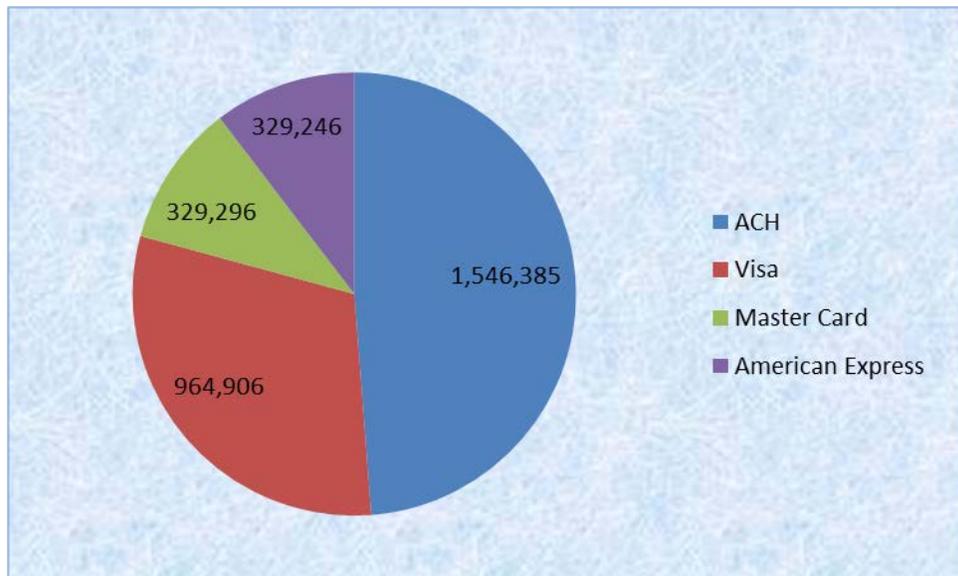
3062 renewing online – 92%
282 renewing via paper - 8%
2924 still to renew – 49%

Firms

292 renewing online – 83%
58 renewing via paper – 17%
534 still to renew – 60%

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

ACH = \$1,546,385 - 49%
AMX = \$329,246 –10%
Mas = \$329,296 – 11%
Vis = \$964,906 –30%
Total = \$3,169,833



- g. **Task Force Appointments** – The Executive Director recommends the Board appoint a co-chair to assist Elizabeth in guiding the Education Task Force. The Executive Director will lead the discussion.
- h. **WBOA-News** – As of April 19, 2012, 1769 individuals have subscribed. This is a net increase of 21 individuals since January 18, 2012 – 1%.
- i. **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

RULES HEARING OUTLINE

Presiding officer read or paraphrase BOLD type entries

Italics are explanatory notes to presiding officer

Opening statement:

The Board of Accountancy rules hearing is now in session. The date is April 26, 2012. The time is _____. My name is Don Aubrey. I am Chair of the Board of Accountancy.

Copies of the rule proposal are available at the back of the room. If you have not already done so, please register your attendance at this hearing on the attendance roster at the back of the room. Please indicate on the roster whether you wish to testify.

Introduce Board Members, legal counsel, and staff in attendance.

Explain hearing sequence and ground rules as follows:

The hearing will be conducted as follows:

I will identify the rule presented for testimony and the Executive Director will present a brief statement of the proposal.

2. I will use the attendance roster to invite testimony on the proposal. When you give testimony, please:

- **Stand**
- **State your name and organization if you speak for a group**
- **Limit your testimony to the rule proposal currently before the Board.**
- **After you testify, please remain standing for questions, and**
- **If you are testifying from text, please provide a copy to Board staff.**

Testimony is limited to 10 minutes for each speaker or group.

3. When the testimony is complete the hearing will be closed. The Board will consider the proposed rule change at its Board meeting later today.

*Check off
as
completed*

_____ **The rule proposal concerns WAC 4-30-058 Does the board authorize the use of any other titles or designations? Richard Sweeney, the Board's Executive Director, will present a brief statement of the proposal. Rick presents the statement.**

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

1. TESTIMONY FROM ATTENDANCE ROSTER

Ask for testimony from the audience according to the order on the attendance roster. After the testimony is complete you will invite questions from the Board members.

Will (name of individual) please come forward to present testimony?

When the testimony is complete you may ask questions of the individual.

2. OTHER TESTIMONY

After all persons on the attendance roster have testified, ask if others wish to testify. Is there anyone who wishes to testify that has not had the opportunity?

3. CLOSING STATEMENT:

Thank you for your testimony.

The Board will deliberate on the oral and written testimony and the proposed rule later today during its regular Board meeting. All participants will be notified in writing of the Board's decision regarding the proposed rule. Thank you all for your participation. This hearing is now closed.



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Board of Accountancy

- Preproposal Statement of Inquiry was filed as WSR 12-04-047 _____ ; or
- Expedited Rule Making--Proposed notice was filed as WSR _____ ; or
- Proposal is exempt under RCW 34.05.310(4).

- Original Notice
- Supplemental Notice to WSR _____
- Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)

WAC 4-30-058 Does the board authorize the use of any other titles or designations?

Hearing location(s):

Cascade 13
The Doubletree Hotel Seattle Airport
18740 International Boulevard
SeaTac, Washington

Date: April 26, 2012 Time: 9:00 a.m.

Submit written comments to:

Name: Richard C. Sweeney, Executive Director
Address: PO Box 9131
Olympia, WA 98507-9131
e-mail cheryls@cpaboard.wa.gov
fax (360) 664-9194 by (date) 04/18/2012

Assistance for persons with disabilities: Contact

Cheryl Sexton by April 19, 2012

TTY (800) 833-6384 or (360) 664-9194

Date of intended adoption: April 26, 2012

(Note: This is NOT the effective date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules: Add language to the rule that will allow:

- (1) the designation "CPA Retired" for those CPAs who:
 - a) Have reached 60 years of age and hold an active license in good standing; or
 - b) At any age, have held an active license in good standing, not suspended or revoked, to practice public accountancy in any state for a combined period of not less than 20 years
- (2) use of designations or titles authorized by the American Institute of Certified Public Accountants

Reasons supporting proposal:

Currently, individuals who retire their Certified Public Accountant (CPA) license cannot use the title "CPA." This leaves CPAs who have practiced for many years and are very proud of their profession with no formal way to acknowledge their lifetime of experience and knowledge. Allowing the use of the title "CPA retired" will accurately reflect the good standing of CPAs who have chosen to retire from the profession while making it clear to the public that they are no longer practicing accounting.

In the United States, at least 20 state accountancy boards offer a retired designation.

Statutory authority for adoption: RCW 18.04.350(13)

Statute being implemented: RCW 18.04.350(13)

Is rule necessary because of a:

- Federal Law? Yes No
 - Federal Court Decision? Yes No
 - State Court Decision? Yes No
- If yes, CITATION: _____

DATE
March 19, 2012

NAME (type or print)
Richard C. Sweeney, CPA

SIGNATURE

TITLE
Executive Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: **March 20, 2012**

TIME: **2:17 PM**

WSR 12-07-079

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

None

Name of proponent: (person or organization) Washington Society of Certified Public Accountants (WSCPA)

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Richard C. Sweeney	PO Box 9131, Olympia, WA 98507-9131	(360) 586-0163
Implementation....Richard C. Sweeney	PO Box 9131, Olympia, WA 98507-9131	(360) 586-0163
Enforcement..... Richard C. Sweeney	PO Box 9131, Olympia, WA 98507-9131	(360) 586-0163

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

The proposed rule will not have more than minor economic impact on "Offices of Certified Public Accountants."

Is a cost-benefit analysis required under RCW 34.05.328?

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

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: The Board of Accountancy is not one of the agencies required to submit to the requirements of RCW 34.05.328.

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

WAC 4-30-058 Does the board authorize the use of any other titles or designations? Yes. ~~((The board))~~ RCW 18.04.350(13), Practices not prohibited, authorizes the board to allow the use of ~~((the following))~~ other titles ~~((and))~~ (designations) ~~((, provided))~~ if the individual using the title or designation is ~~((so))~~ authorized ~~((to))~~ at the time of use by nationally recognized entity sanctioning the use of board authorized titles or designations. Accordingly, the board authorizes the use of the following titles ~~((or))~~ and designations:

(1) Designations or titles authorized by the American Institute of Certified Public Accountants (AICPA);

(2) Designations or titles authorized by the Accreditation Council for Accountancy and Taxation located in Alexandria, Virginia, or its successor:

- "Accredited Business Accountant" or "ABA";
- "Accredited Tax Preparer" or "ATP"; and
- "Accredited Tax Advisor" or "ATA."

~~((The board also authorizes the use of the title "Certified Financial Planner" or "CFP" provided the individual is so))~~ (3) Designations or titles authorized ~~((to use the title or designation))~~ by the Certified Financial Planner Board of Standards in Denver, Colorado, or its successor:

- "Certified financial planner" or "CFP."

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

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

● Has reached sixty years of age and holds an active license in good standing; or

● At any age, has held an active license in good standing, not suspended or revoked, to practice public accounting in any state for a combined period of not less than twenty years.



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Western Regional Meeting – June 27-29, 2012

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- > [Social Information](#)

Registration

Opens April 11, 2012.

	Before May 11	After May 11
Attendee	\$695	\$795
Guest	\$350	\$350

Includes admittance to the Welcome Reception, All breakfasts, Guest Tour and Gala

Venue and Hotel Information

Located in Downtown Anchorage, Alaska, this hotel's luxury accommodations offer stunning views, whether it's of the neighboring Cook Inlet or the Chugach Mountains. At the Hotel Captain Cook, attendees are poised to take advantage of Anchorage's best cultural, retail and natural highlights, including the 5th Avenue Mall, the Alaska Center for Performing Arts, the Dena'ina Convention Center and the scenic, 10+ mile Coastal Trail.

Reservations

[The Hotel Captain Cook](#)

939 West 5th Avenue
Reservations: 800.843.1950
Reservation Deadline: May 18, 2012
Room Rate: \$219 + 12% tax



NASBA

150 Fourth Ave. North
Suite 700
Nashville, TN 37219-2417
Tel: 615-880-4200
Fax: 615-880-4290

CPA Examination Services

800-CPA-EXAM
615-880-4250
cpaexam@nasba.org

National Candidate Database

866-MY-NASBA
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National Association of State Boards of Accountancy

**TENTATIVE AGENDA - 2012 Western Regional Meeting
Tentative Agenda**

June 27 - 29, Anchorage, AK (W)

THEME: Mission Driven – Member Focused

Wednesday

- 8:00 – 9:00 a.m. New Accountancy Board Member Breakfast
- 9:00 a.m. – 3:00 p.m. New Accountancy Board Member Orientation Program
- 4:00 – 5:00 p.m. Regional Meeting Registration
- 6:00 – 8:00 p.m. Welcome Reception

Thursday

- 7:15 -8:15 a.m. Board Communications Officers’ Breakfast Meeting
- 7:30 – 8:30 a.m. BREAKFAST (All Welcome)
- 8:30 – 8:50 a.m. Welcome from Regional Directors (All Regions)
- 8:50 – 9:00 a.m. Welcome from Host Board
- 9:00 – 9:30 a.m. Update from NASBA Leadership – Back to NASBA’s Roots
Mark P. Harris and Ken L. Bishop
- 9:30 – 10:00 a.m. PCAOB Proposals: Tenure, Transparency and International Parallels
Panelists:
Gaylen R. Hansen/Billy M. Atkinson/Raymond Johnson
- 10:00 -10:20 a.m. NASBA Educational Research Projects’ Findings
Panelists:
Karen F. Turner - Moderator
Helen Gabre, Alabama A&M University
Kerry Marrer, St. Cloud State University
- 10:20 – 10:30 a.m. Questions and Answers
- 10:30 – 11:00 a.m. BREAK
- 11:00 – 11:30 a.m. Committee Updates

- Uniform Accountancy Act Committee
Carlos E. Johnson
- State Board Relevance and Effectiveness Committee-
Richard C. Sweeney
- Global Strategies Committee
Laurie J. Tish

11:30 – Noon Legal Update – This Year’s Four Top Cases for Boards
Noel L. Allen

Noon – 1:00 p.m. LUNCH (Meeting Attendees Only)
Assigned seating

1:00 – 3:00 p.m. Meet with Your Region
(Participation limited to State Board members, staff and former State Board members. Each Region will meet in a separate room with Regional Director leading the discussion. Election of Nominating Committee Representatives in Central and Pacific Regions.)

3:00– 3:15 p.m. Raffle – Part I

Friday

7:30 – 8:50 a.m. State Board Chairs’ and Presidents’ Breakfast Meeting

7:30 – 8:50 a.m. State Board Executive Directors’ Breakfast Meeting

8:00 – 9:00 a.m. Breakfast (All Welcome)

9:00 – 9:15 a.m. Report from Regional Breakouts (A summation of Thursday’s sessions)
Karen F. Turner

9:15 – 9:45 a.m. Results of the Pathways Commission’s Work – Planning Accounting Education
Bruce K. Behn, Pathways Commission Chairman

9:45 – 10:15 a.m. Financial Accounting Foundation’s Plan for Private Company Standard Setting
Teresa Polley, FAF President & CEO

10:15-10:30 a.m. Questions and Answers

10:30 – 10:45 a.m. BREAK

10:45 – Noon Breakout Sessions (Select one)

- 1- Enforcement – Using Available Resources Effectively
Carla Bassler and Viki A. Windfeldt
- 2- CPE – Keeping It Meaningful
Telford A. Lodden
- 3- Communications – Getting Out to the Public With No Budget
Jefferson Chickering and Jim Abbott
- 4 - International Impacts on State Boards (IFRS, EC Directive, MRAs, etc.)
Gaylen R. Hansen and Ruben A. Davila

- Noon – 1:15 p.m. LUNCH (Meeting Attendees Only)
“Regional FISH”
Michael Bryant
- 1:15 – 2:30 p.m. Breakout Sessions
(*Select one from breakouts listed for morning. Participants asked to select different session from one attended earlier.*)
- 2:30 – 2:45 p.m. BREAK
- 2:45 – 3:45 p.m. The Uniform CPA Examination
Report from the Examination Review Board
Sandra R. Wilson
Report from the Board of Examiners
Wendy S. Perez
Report on International Administration of the CPA Examination
Colleen Conrad
- 3:45 – 4:15 p.m. Questions and Answers for NASBA
Mark P. Harris and Ken L. Bishop
- 4:15 – 4:30 p.m. Raffle Drawing – Part II
- 6:30 p.m. GALA

4/4/12



<http://www.nasba.org/blog/2012/02/28/call-for-directors-nominations/>

Call for Directors Nominations

State Board Report

February 2012

Nominating Committee Chair Michael Daggett (AZ) has requested State Boards send him their nominations for candidates for the 2012-2013 NASBA Board of Directors by May 30. In addition, State Boards in the Central, Middle Atlantic, Pacific and Southeast Regions are being asked to submit their nominations by May 30 for their Region's Nominating Committee 2012- 2014 member and alternate member. All nominations, accompanied by current vita, should be sent to Nominating Committee Chair Daggett via Anita Holt (aholt@nasba.org or fax (615) 880-4291). If you have any questions about nominations, please call Ms. Holt at NASBA at (615) 880-4202.

Nominations for NASBA Vice Chair 2012-13 need to be submitted to Ms. Holt by March 2, 2012.



Oregon

John A. Kitzhaber, MD, Governor

Board of Accountancy

3218 Pringle Road SE #110

Salem, OR 97302-6307

(503) 378-4181

FAX (503) 378-3575

<http://www.oregon.gov/BOA/>

March 8, 2012

Michael T. Daggett, CPA, Chair
NASBA Nominating Committee
150 Fourth Avenue North Suite 1300
Nashville TN 37219-2417

Re: Nomination of Dr. Raymond Johnson, CPA
for NASBA Director at Large

Dear Mr. Daggett:

The Oregon Board of Accountancy, during its meeting of February 6, 2012, voted unanimously to endorse the candidacy of Dr. Raymond Johnson, CPA for NASBA Director at Large. As his attached Curriculum Vitae shows, Ray's lifelong commitment and service to the accounting profession make him exceptionally well-qualified to serve as a NASBA Director at Large.

Ray served as a member of the Oregon Board of Accountancy from 2004 to 2012, having been appointed by the Governor three times. His fellow Board members twice elected him to serve as Chair for both 2010 and 2011. Ray is a past member of the Board of Directors and President of the Oregon Society of Certified Public Accountants.

The high level of Ray's commitment and service to NASBA cannot be overstated. He has previously served as a member of the State Board Relevance and Effectiveness Committee and the Ethics and Strategic Professional Issues Committee. Ray currently serves NASBA in the following capacities:

- Western Region Director
- Chair, Ethics and Strategic Professional Issues Committee
- NASBA Representative to the Consultative Advisory Group of the International Accounting Education Standards Board
- U.S. International Qualifications Assessment Board

Having worked closely with Ray during his last 3 years on the Oregon Board, I know him to be a thoughtful listener who values the input and ideas of other persons. These qualities are essential for those serving in NASBA leadership positions.

The Oregon Board of Accountancy supports the nomination of Dr. Ray Johnson for NASBA Director at Large. His election to the position will be a great benefit to NASBA.

Sincerely,

L. Patrick Hearn
Executive Director



Dr. Raymond N. Johnson, CPA

Harry C. Visse Excellence in Teaching Fellow

Professor of Accounting, Portland State University, School of Business Administration

Dr. Raymond 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 academic and professional articles. Most recently he co-authored an article with Gaylen Hansen entitled *Audit Fees and Engagement Profitability: An Approach to Strengthen Compliance with Standards of Ethical Behavior* that appeared in the August 2011 *CPA Journal*. His current research interests focus on the development of critical thinking skills in the accounting curriculum and on strengthening ethical behavior in the accounting profession. Dr. Johnson is the first recipient of the Harry C. Visse Excellence in Teaching Fellowship.

Dr. Johnson is currently the Western Region Director for the National Association of State Boards of Accountancy (NASBA). He served on the Oregon Board of Accountancy for seven years. He is a past chair of the Oregon Board of Accountancy and a past president of the Oregon Society of CPAs. Dr. Johnson currently chairs the NASBA Ethics and Strategic Professional Issues Committee. He is also the current NASBA representative on the International Accounting Education Standards Board Consultative Advisory Group and he currently represents the AICPA on the International Qualifications Assessment Board. He continues to be a member on NASBA's regulatory response committee.

In the past Dr. Johnson has served on three committees of the NASBA, 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" and he chaired a NASB Ethics subcommittee looking at how to heighten the awareness among CPAs of their public interest responsibilities. 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's recent university services includes leading a disciplinary initiative on assurances of learning, he sat on the Portland State University Financial Futures Committee and the Portland State University subcommittee developing a new university budget model. He is also a recent past chair of the faculty senate's Educational Policy Committee.

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

March 1, 2012

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

- Visiting Professor, University of Queensland, January – June 2012.
- 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 Hansen, Gaylen R., "Audit Fees and Engagement Profitability: An Approach to Strengthen Compliance with Standards of Ethical Behavior," *The CPA Journal*, August 2011, pp. 64-67.

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., "What does 'Public Interest' Mean?" National Association of State Boards of Accountancy, Eastern Region Meeting, Point Clear, AL, June 22-24, 2011.

Johnson, Raymond N., "Missing Fraud: Could it Happen to Me?" Oregon Association of Certified Fraud Examiners, Portland, OR, May 4, 2011.

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., "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.

Recent 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

Critical Thinking in the Accounting Curriculum

I am working on a paper on critical thinking in the accounting curriculum, jointly with Janet Hamilton of Portland State University. This paper proposes a variation of the critical thinking model developed originally by Bloom and Krathwahl (2002). Following the work of Hamilton and Klebba (2011), this paper provides both a substantial literature review and proposes a framework for articulating the key dimensions of critical thinking in a business context. The paper then proposes an experiential learning model for moving students from highly structured problems with moderate levels of realism to unstructured cases and experiences with high levels of realism, ambiguity and complexity.

Ethics in Accounting Education

I developed the first draft of a paper "Toward a Normative Theory of Ethics in Financial Reporting." This paper is waiting on the development of a "public interest" section. I am currently working with a group of CPAs affiliated with the National Association of State Boards of Accountancy to better flush out the public interest role of the accounting profession. I expect that I should have a paper to submit to for review by spring of 2012.

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 is 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 60% 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 was introduced in the 2011 legislative session with limited success. We will work on submitting the legislation again in 2013.

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

- Western Region Director, National Association of State Boards of Accountancy, (2011-12).
- Chair, NASBA Ethics and Strategic Professional Issues Committee, (2011-12).
- NASBA representative to the Consultative Advisory Group of the International Accounting Education Standards Board (2011-2014).
- Chair, Oregon Board of Accountancy, 2010-2011.
- 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.
- 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
- Member, PSU Budget Model 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

A list of leadership roles activities prior to 2005-2006 are available upon request.

PROFESSIONALLY-RELATED SERVICE

- Member, National Association of State Boards of Accountancy, Regulatory Response Committee, 2007-2012.
- Member, U.S. International Qualifications Assessment Board (2011-12).
- 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.
- 2004 to 2011, Appointed by the Governor as a member of the Oregon Board of Accountancy
- 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

WASHINGTON STATE BOARD OF ACCOUNTANCY

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

Time and Place of Meeting	9:07 a.m. – 3:24 p.m. Thursday, January 26, 2012 The Doubletree Hotel Seattle Airport Cascade 11 18740 International Boulevard SeaTac, Washington
Attendance	Donald F. Aubrey, CPA, Chair, Board Member Robert G. Hutchins, Vice Chair, Public Board Member Lauren Jassny, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Thomas G. Neill, CPA, Board Member Emily R. Rollins, CPA, Board Member Gerald F. Ryles, Public Board Member Karen R. Saunders, CPA, Board Member Bruce L. Turcott, Assistant Attorney General Richard C. Sweeney, CPA, Executive Director Thomas J. Sadler, CPA, Deputy Director Jennifer Sciba, Director of Operations and Administration Cheryl M. Sexton, Board Clerk
Call to Order	Donald Aubrey, Chair, called the regular meeting of the Board to order at 9:07 a.m.
Consent Agenda	The Board approved the following items on the consent agenda: <ul style="list-style-type: none">• Minutes of the October 13, 2011, Annual Board Meeting with corrections• Request Review Committee Report
Delegation of Authority – Administrative Notices of Non-Compliance and Respondent Agreements	The Board reviewed proposed minor changes to the current delegation of authority that allows the Executive Director with the concurrence of one Board member to issue administrative notices of non-compliance and respondent agreements in accordance with Board approved guidelines. The change to the delegation removed the need for Consulting Board Member concurrence. The Board approved the delegation as revised.
Proposed Board Governance Structure	The Executive Director provided the Board with a proposed Board Governance Structure he had previously recommended to the Board's Performance Review Task Force. After discussion, the Board tabled this agenda

item until the Board's April 2012 regular meeting. The Board Chair will work with the Executive Director to draft a revised proposal. The Executive Director will provide the revised proposal to Board members 30-45 days in advance of the Board meeting.

NASBA Update

The Executive Director provided the Board with an update on National Association of State Boards of Accountancy (NASBA) activities.

Recommendation for Nomination of NASBA Vice Chair

NASBA's nominating committee is calling for recommendations for vice chair of NASBA for the 2012-2013 year.

The Board voted to support the nomination of Walter Davenport, CPA, of North Carolina for the NASBA position. The Executive Director will prepare a recommendation letter to NASBA's Nominating Committee for the Chair's review and signature.

Ed Jolicoeur 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. He does not endorse any candidate.

Legal Counsel's Report

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

Chair's Report

Attorney General Office Billing - The Board Chair reported on a meeting with representatives of the Attorney General's Office in December to discuss billings.

Other - The Board Chair reported on:

- A meeting with Lisa Zolman the agency's Director of IT and Data Communications regarding research into a plan to integrate outreach including social media. If Lisa finds it to be cost beneficial, the Chair's goal is to have a proposal for the Board's consideration at its next regular meeting.
- A meeting with Board officers and the Executive Director on Tuesday, January 24, 2012.
- A change to the Oregon Board of Accountancy's ethics continuing professional education requirements. The Chair will monitor their program for possible future Board consideration.

**Proposed Transition
of Quality Assurance
Review – Update
from WSCPA**

Julie Phipps, Peer Review Administrator for the Washington Society of CPA's (WSCPA) provided the Board with an update concerning the proposed transition of Quality Assurance Review for compilation and review. Ms. Phipps relayed that with more lead time to solicit additional volunteers for their Report Acceptance Body (RAB) committee, the WSCPA can accommodate the additional peer review. She also requested additional continuing professional education (CPE) for RAB members to include preparation time.

The Board resolved to transition Quality Assurance Review to require CPA firms that issue any attestation or compilation reports to participate in a Board-approved peer review program administered by the American Institute of CPAs (AICPA) or the Washington Society of CPAs (WSCPA) beginning in 2013. The Board directed staff to begin the rule-making process to amend the Board's QAR and CPE rules to accomplish the transition and additional CPE.

**Compliance
Assurance
Oversight
Committee**

Committee Chair Fred Shanafelt had nothing to report for this meeting. The year proceeds without anything significant.

The Executive Director reported that Mr. Shanafelt will be retiring June 2012. The Board will need a new chair for this committee in July.

The Executive Director recommended that the Board direct this committee to limit oversight of the Report Acceptance Body (RAB) acceptance review and expand their task to include observation of the WSCPA's biennial internal review of their peer review procedures and the AICPA's biennial review of the administrator's process.

**Education Exam
Task Force**

This task force has nothing to report for this meeting. There has been some exchange of ideas but nothing substantial. The Executive Director and Board Chair plan to provide the task force with a starting point. Emily Rollins volunteered to serve as a member of the task force.

Ethics Committee

Tom Neill provided the Board with:

- A draft Ethics Compliance Checklist he plans to use to access the compliance of agency personnel with the state's ethics requirements

- A copy of the Washington State Executive Ethics Board's Guide for State Board and Commission Members – *What you Need to Know About the State's Ethics Law*

Tom reported that he and the Executive Director met with Melanie de Leon Executive Director of the Washington State Executive Ethics Board. Ms. de Leon is reviewing the agency's ethics policy and checklist and is willing to provide this Board and agency staff with state ethics education.

Tom plans to provide the checklist to staff in the near future.

Legislative Liaison Committee

Ed Jolicoeur provided the Board with a proposal to change WAC 4-30-058 to allow the use of CPA Retired. Judy Love, Director of Advocacy for the WSCPA reported that the proposed language and placement in the rule structure was approved by the WSCPA's Retired CPA Joint Task Force on January 5, 2012.

The Board approved the draft and directed Board staff to move forward with rule-making and public comment.

Quality Assurance Review (QAR) Committee

QAR Committee

The Board appointed the following individuals to serve on the Board's 2012 QAR Committee:

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

2011 CPE Audit

Emily Rollins reported that Board staff completed the 2011 CPE audit and presented a CPE Audit Comparison report to the Board.

Request Review Committee

The following report was approved under the consent agenda:

CPE Extensions exceeding 16 CPE credit hours - During 4th quarter 2011, the Board received 33 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: 4

Denied: 0

Pending: 29

Firm Names - The Executive Director and a Consulting Board member approved the following firm names during 4th quarter 2011:

- Bellingham CPA
- Vazquez and Company Inc
- Weber & Associates, LLC
- Document Research Associates
- Benbow & Associates CPA Firm
- Roberts & Company, CPAS, P.S.
- Cassabon & Associates, LLP
- Seattle CPA Professionals, LLC
- MKD, CPA's PLLC
- V K Litz, CPA, LLC
- Salmon Sims Thomas & Associates, PLLC
- Ideal Company
- US&CO. Certified Public Accountants, P.L.L.C
- H & H Accounting and Tax Services, LLC
- Insight Accounting Solutions LLC
- MyCFOLink

Late Fee Waivers - No activity during 4th quarter 2011.

Professional/Educational Organization - Recognition Requests - During the 4th quarter 2011, the Board received one request 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: Bright Business Ideas LLC

Denied: None

Domestic or Foreign Education Credential Evaluation Services - Applications - During the 4th quarter 2011, the Board received two application for approval. The committee just received recommendations from other state boards and is evaluating those recommendations.

Executive Director's Report

CPE Deficiencies – During 4th quarter 2011, the Board received 8 requests for extension of time to complete CPE of 16 hours and under. The Executive Director took the following action:

- 5 approved
- 3 pending (2 are waiting for CPE sponsors to provide additional documentation)

Website Search Tools/Avenues - The Executive Director reported that only an increase in the number of visits to the Board's web site will ensure the web site (specifically publication of discipline) is towards the top of any web search.

Social Networking as Resource in Investigations - The Executive Director reported that staff may consider using LinkedIn for investigations in the future.

Implementation of Performance Review Task Force Recommendations – The Executive Director provided the Board with an update.

Investigation Statistics/Investigations & Administrative Sanctions

Thomas Sadler, Deputy Director, provided the following reports to the Board:

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

Public Records – The Executive Director reported that the agency has received three requests for public records from the same requester since January 1. Michelle Paulsen Eddy is now filling requests at the Executive Director's direction.

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

Individuals

- 96% renewing online
- 4% renewing via paper

Firms

- 88% renewing online
- 12% renewing via paper

Currently CPA firms cannot use credit cards to pay for services online. The agency is rethinking this position and exploring fixes for problems with Secure Access Washington.

Travel – The Executive Director plan to travel to Nashville to make a video on how to get licensed in Washington State.

Verifying CPA – The Executive Director reported on a visit from an individual from Japan who would like to verify applicants' experience for licensure. Unfortunately, this individual has not been licensed for five years as required by Board rule.

WBOA-News – As of January 18, 2012, 1748 individuals have subscribed. This is a net increase of 44 individuals since October 5, 2011 – 12.5%.

Public Input

Rich Jones representing the Washington Society of CPAs (WSCPAs) reported that the AICPA and the Chartered Institute of Management Accountants (CIMA) on Jan. 31 will launch a global designation for management accounting, the Chartered Global Management Accountant (CGMA).

Judy Love, Director of Advocacy for the WSCPAs provided the Board with a publication the WSCPAs recently designed: *Did you know...the WSCPAs is not the Washington State Board of Accountancy?*

Gene Bell representing the Washington Association of accountants (WAA) advised the Board that the California Board of Accountancy has proposed that unlicensed accountants who issue financial statements must revise their permitted safe harbor language to include the following: "If compiled, reviewed, or audited financial statements are desired, the services of someone licensed by the California Board of Accountancy would be required." The WAA opposes this proposal. The WAA is happy with the safe-harbor reporting language currently allowed in Washington State.

Minutes, January 26, 2012, Regular Board Meeting

**Presentation by
Legal Counsel**

Assistant Attorney General Bruce Turcott led a disciplinary process workshop for the Board entitled *Complaints, Investigations, and the Adjudicative Process*.

Adjournment

The Board adjourned at 3:24 p.m.

Request Review Committee Report April 26, 2012

Karen Saunders, CPA, Chair

During the 1st quarter 2012, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

CPE Extensions exceeding 16 CPE credit hours – All CPE extension requests were due on or before December 31, 2011. At January 1, 2012, 29 of those requests were pending review:

Approved: 27

Withdrawn: 2

Firm Names:

Approved:

- Anaya Associates PLLC
- Brajcich & Associates PLLC
- Burr Pilger Mayer, Inc.
- The CFO Group, Inc.
- Eastside Tax and Accounting, P.S. Inc.
- Kim's Accounting Firm PLLC
- Lamson & Associates, PLLC
- LW Tax & Accounting Services, Inc.
- M. Cloutier Carpenter PLLC
- PHBV Partners LLP
- PK LLP
- Pointguard Financial, PLLC
- Polito Eppich Associates LLP
- Propp Christensen Caniglia LLP
- Raisl & Company PS
- Vavrinek, Trine, Day & Co., LLP
- VSH, PLLC
- Zezoff Yuen & Co., CPAs

Late Fee Waivers – No activity during 1st quarter 2012

Professional/Educational Organization – Recognition Requests – During the 1st quarter 2012, 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.

Domestic or Foreign Education Credential Evaluation Services – Applications:

Recognized:

- Academic Credentials Evaluation Institute, Inc. (ACEI)
- American Education Research Corporation (AERC)

Denied: None

WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms? (1) **Purpose.** The Washington state board of accountancy is charged with protection of the public interest and ensuring the dependability of information used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental. The purpose of the QAR program is to monitor licensees' compliance with audit, compilation, review, and other attestation standards.

(2) **Peer Review.** Generally, all licensed firms offering and/or performing attest services as defined by WAC 4-30-010(5) or compilation services, as defined by WAC 4-30-010(12) in Washington State, are required to participate in a board-approved peer review program as a condition of renewing each CPA firm license under RCW 18.04.215 and WAC 4-30-114. However, certain exemptions are listed in subsection (9) of this section. Board-approved peer review programs include:

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

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

(c) Peer review programs administered by the Washington Society of CPAs (WSCPAs); and

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

(3) **Enrollment in Peer Review:** A licensed firm must enroll in a board-approved peer review program before issuing a report on attest or compilation services as defined by WAC 4-30-010(5) and (12). The schedule for the firm's peer review shall be established according to the peer review program's standards. The board does not require any licensee to become a member of any organization administering a peer review program.

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

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

(b) Any firm that receives a peer review grade of fail or modified, or is rejected or terminated by a peer review program for any reason shall have 21 days to provide written notice to the board of such termination or rejection, and to request authorization from the board to enroll in another board approved peer review program.

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

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

(5) **Reporting Requirements.** Every firm must provide the following information, along with the appropriate fee, with every application for renewal of a firm license that may consist of but is not limited to:

(a) Certify whether the firm does or does not perform attest services or compilation services as defined by WAC 4-30-010(5) or WAC 4-30-010(12) in Washington State;

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

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

(d) **Documents required.** A firm that has opted out of participating in the AICPA Facilitated State Board Access (FSBA) program, shall provide to the board copies of the following documents related to the peer review report:

(i) Peer review report issued;

(ii) Firm's letter of response, if any;

(iv) Recommended action letter from the peer review program, if any;

(v) A letter from the firm to the board describing corrective actions taken by the firm that relate to recommendations of the peer review program;

(vi) Other information the firm deems important for the board's understanding of the information submitted; and

(vii) Other information the board deems important for the

understanding of the information submitted.

(6) **Document Retention.** Firms shall retain all documents relating to peer review reports, including working papers of the underlying engagement subject to peer review that was reviewed, until the acceptance of a subsequent peer review by the peer review program or for five years from the date of acceptance of the peer review by the peer review program whichever is sooner.

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

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

(9) **Exemption from Peer Review.**

(a) **Out-of-state firms** that do not have a physical location in this state, but perform attest or compilation services in this state, and are otherwise qualified for practice privileges under RCW 18.04.195 (1)(b) are not required to participate in the board's program if the out-of-state firm participates in a board-approved peer review program or similar program approved or sponsored by another state's board of accountancy.

(b) Firms that do not perform attest or compilation services as defined in WAC 4-30-010(5) or WAC 4-30-010(12) are not required to participate in a peer review program, and shall request exemption on each firm license renewal application.

(c) Firms that prepare financial statements *which do not require reports* under Statements on Standards for Accounting and Review

Services (SSARS) 8 as codified in SSARS 19 (management use only compilation reports) and that perform no other attest or compilation services, are not required to participate in a peer review program; however, such engagements conducted by a firm that is otherwise required to participate in a peer review program shall be included in the selection of engagements subject to peer review.

(10) **Quality Assurance Oversight.**

(a) The board will:

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

(ii) Consider reports from the Compliance Assurance Oversight Committee;

(iii) Evaluate peer review reports and related documents submitted by firms;

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

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

(b) The **Compliance Assurance Oversight** Committee shall conduct

oversight of approved peer review programs at least semiannually to provide reasonable assurance that such programs are in compliance with the minimum standards for performing and reporting on peer reviews.

(i) The compliance assurance oversight committee's oversight procedures may consist of but are not limited to:

(A) Attending the peer review program's Report Acceptance Body (RAB) meetings during consideration of peer review documents;

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

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

(ii) The Compliance Oversight Assurance Committee shall report to the board any modifications to approved peer review programs and shall make recommendations regarding the continued approval of peer review programs.

(11) **Remedies.** The board's Quality Assurance Review program is intended to monitor the quality of a firm's attest and compilation practices and compliance with professional standards (RCW 18.04.065[9]). If the board determines that a firm's attest or compilation engagement performance and/or reporting practices are not in accordance with applicable professional standards and, therefore, the board determines that one or more of the engagements are, or could be, substandard or seriously questionable, the board will take appropriate action to protect the public interest including but not limited to:

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

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

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

(d) Require the reviewed firm to engage a board approved licensee to conduct a board prescribed on-site field review of the firm's work product and practices or perform other investigative procedures to assess the degree or pervasiveness of substandard or seriously questionable work product. The board approved licensee engaged by the firm shall submit a report of the findings to the board within 30 days of the completion of the services. The cost of the

board prescribed on-site review or other board prescribed procedures will be a the firm's expense; or

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

(f) The specific rating of a peer review report, individually, is not a sufficient basis to warrant disciplinary action.

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

[Statutory Authority: RCW 18.04.055(9). 10-24-009, amended and recodified as § 4-30-130, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-820, filed 8/25/08, effective 9/25/08; 07-14-036, § 4-25-820, filed 6/26/07, effective 7/27/07; 05-01-135, § 4-25-820, filed 12/16/04, effective 1/31/05; 02-04-064, § 4-25-820, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055. 94-02-071, § 4-25-820, filed 1/4/94, effective 2/4/94.]

WAC 4-30-130 What are the ~~requirements for participating in~~ quality assurance review (QAR) requirements for licensed CPA firms?

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

(2) **Peer Review.** Generally, all licensed firms offering and/or performing attest services as defined by WAC 4-30-010(5) or compilation services, as defined by WAC 4-30-010(12) in Washington State, are required to participate in a board-approved peer review program as a condition of renewing each CPA firm license under RCW 18.04.215 and WAC 4-30-114. However, certain exemptions are listed in subsection (9) of this section. Board-approved peer review programs include:

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

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

(c) Peer review programs administered by the Washington Society of CPAs (WSCPAs); and

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

(3) **Enrollment in Peer Review:** A licensed firm must enroll in a board-approved peer review program before issuing a report on attest or compilation services as defined by WAC 4-30-010(5) and (12). The schedule for the firm's peer review shall be established according to the peer review program's standards. The board does not require any licensee to become a member of any organization administering a peer review program.

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

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

(b) Any firm that receives a peer review grade of fail or modified, or is rejected or terminated by a peer review program for any reason shall have 21 days to provide written notice to the board of such termination or rejection, and to request authorization from the board to enroll in another board approved peer review program.

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

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

(5) **Reporting Requirements.** Every firm must provide the

following information, along with the appropriate fee, with every application for renewal of a firm license that may consist of but is not limited to:

(a) Certify whether the firm does or does not perform attest services or compilation services as defined by WAC 4-30-010(5) or WAC 4-30-010(12) in Washington State;

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

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

(d) **Documents required.** A firm that has opted out of participating in the AICPA Facilitated State Board Access (FSBA) program, shall provide to the board copies of the following documents related to the peer review report:

(i) Peer review report issued;

(ii) Firm's letter of response, if any;

(iv) Recommended action letter from the peer review program, if any;

(v) A letter from the firm to the board describing corrective actions taken by the firm that relate to recommendations of the peer review program;

(vi) Other information the firm deems important for the board's understanding of the information submitted; and

(vii) Other information the board deems important for the understanding of the information submitted.

(6) **Document Retention.** Firms shall retain all documents

relating to peer review reports, including working papers of the underlying engagement subject to peer review that was reviewed, until the acceptance of a subsequent peer review by the peer review program or for five years from the date of acceptance of the peer review by the peer review program whichever is sooner.

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

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

(9) **Exemption from Peer Review.**

(a) **Out-of-state firms** that do not have a physical location in this state, but perform attest or compilation services in this state, and are otherwise qualified for practice privileges under RCW 18.04.195 (1)(b) are not required to participate in the board's program if the out-of-state firm participates in a board-approved peer review program or similar program approved or sponsored by another state's board of accountancy.

(b) Firms that do not perform attest or compilation services as defined in WAC 4-30-010(5) or WAC 4-30-010(12) are not required to participate in a peer review program, and shall request exemption on each firm license renewal application.

(c) Firms that prepare financial statements which do not require reports under Statements on Standards for Accounting and Review Services (SSARS) 8 as codified in SSARS 19 (management use only compilation reports) and that perform no other attest or compilation services, are not required to participate in a peer review program;

however, such engagements conducted by a firm that is otherwise required to participate in a peer review program shall be included in the selection of engagements subject to peer review.

(310) ~~Structure and implementation~~ **Quality Assurance Oversight**.

(a) The board will:

(i) ~~Annually appoint a quality assurance review compliance assurance oversight~~ committee, and such other committees as the board, in its discretion deems necessary, to provide oversight of the administration of approved peer review programs in order to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with the minimum standards for performing and reporting on peer reviews ~~co-chaired by a current or former board member and an individual selected by the board from the other committee members;~~

(ii) Consider reports from the Compliance Assurance Oversight Committee;

(iii) Evaluate peer review reports and related documents submitted by firms;

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

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

(b) The **Compliance Assurance Oversight** eCommittee shall direct the following functions:

~~(a) Evaluation of financial statements and the reports of~~

~~licensees thereon to assess their compliance with applicable professional standards;~~

~~_____ (b) Evaluation of licensees' reports and on other information covered by those reports for conformity with applicable professional standards; conduct oversight of approved peer review programs at least semiannually to provide reasonable assurance that such programs are in compliance with the minimum standards for performing and reporting on peer reviews.~~

~~_____ (i) The compliance assurance oversight committee's oversight procedures may consist of but are not limited to:~~

~~_____ (A) Attending the peer review program's Report Acceptance Body (RAB) meetings during consideration of peer review documents;~~

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

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

~~_____ (ii) The Compliance Oversight Assurance Committee shall report to the board any modifications to approved peer review programs and shall make recommendations regarding the continued approval of peer review programs.~~

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

~~_____ (d) Evaluation of licensees' peer review reports; and~~

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

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

~~_____ (a) Once every three years the board requires a licensed firm with an office in this state to participate in the board's quality~~

~~assurance review program. Participating firms will be required to submit quality assurance review status information, along with the appropriate fee, by the following April 30th.~~

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

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

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

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

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

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

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

~~(c) Participating firms requesting exemption based on peer review must submit a copy of the peer review report, response to the peer review report, if applicable, and letter of acceptance from the reviewing organization. Firms that fail a peer review may request exemption, but must submit a copy of the peer review report and~~

~~related correspondence, at the discretion of the board, for consideration on an individual basis.~~

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

~~— (i) Compilation report on historical financial statements;~~

~~— (ii) Review report on historical financial statements;~~

~~— (iii) Agreed-upon procedures;~~

~~— (iv) Forecasts; and~~

~~— (v) Projections.~~

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

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

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

~~— (h) Any documents submitted in accordance with (d) of this subsection may have the name of the client, the client's address, and other identifying factors omitted, provided that the omission~~

~~does not render the type or nature of the entity undeterminable.~~

~~Dates may not be omitted.~~

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

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

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

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

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

(511) Remedies. The board's Quality Assurance Review program is intended to monitor the quality of a firm's attest and compilation practices and compliance with professional standards (RCW 18.04.065[9]). If the board determines that a ~~report and/or other information covered by the report referred to the board by the committee~~ firm's attest or compilation engagement performance and/or reporting practices ~~is~~ are not in accordance with applicable

professional standards and, therefore, the board determines that one or more of the engagements are, or could be, substandard or seriously questionable ~~with respect to applicable professional standards,~~ the board ~~may~~will take appropriate action to protect the public interest including but not limited to ~~one or more of the following actions:~~

(a) ~~Send the licensee a letter of comment detailing the perceived deficiencies and r~~Require the licensee firm to develop quality control procedures to ensure provide reasonable assurance that similar occurrences will not occur in the future;

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

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

(d) ~~Require the licensee responsible for a substandard report~~

~~to submit to a peer review conducted in accordance with standards acceptable to the board. The cost of the peer review will be at the licensee's expense;~~

~~_____ (e) Require the licensee reviewed firm responsible for substandard work to submit to engage a board approved licensee to conduct a board prescribed on-site field review of the firm's work product and practices or perform other investigative procedures of work product and practices by board representatives in order to assess the degree or pervasiveness of substandard or seriously questionable work product. The board approved licensee engaged by the firm shall submit a report of the findings to the board within 30 days of the completion of the services. The board may assess the costs of such field review or procedures to the licensee if the results of such investigative efforts substantiate the existence of substandard work product the board prescribed on-site review or other board prescribed procedures will be a the firm's expense; or~~

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

~~_____ (f) The specific rating of a peer review report, individually, is not a sufficient basis to warrant disciplinary action.~~

(~~612~~) The board may solicit and review licensee reports and/or other information covered by the reports from clients, public agencies, banks, and other users of such information.

[Statutory Authority: RCW 18.04.055(9). 10-24-009, amended and recodified as § 4-30-130, filed 11/18/10, effective 12/19/10;

08-18-016, § 4-25-820, filed 8/25/08, effective 9/25/08; 07-14-036, WAC (4/19/12 6:59 AM) [11]

§ 4-25-820, filed 6/26/07, effective 7/27/07; 05-01-135, § 4-25-820, filed 12/16/04, effective 1/31/05; 02-04-064, § 4-25-820, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055. 94-02-071, § 4-25-820, filed 1/4/94, effective 2/4/94.]

CHRISTINE O. GREGOIRE

Governor



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 · Olympia, Washington 98504- 0002 · (360) 753- 6780 · www.governor.wa.gov

EXECUTIVE ORDER 11-03

**EXTENDING EXECUTIVE ORDER 10-06
SUSPENDING NON-CRITICAL RULE DEVELOPMENT AND ADOPTION**

WHEREAS, state regulations are essential to protecting the health, safety, welfare and quality of life for the people of the state of Washington; and

WHEREAS, we are called upon in these unprecedented economic times to both conserve resources and continue to meet our responsibilities; and

WHEREAS, the current recession is causing severe economic stress for small businesses and governments; and

WHEREAS, in a time of severe budget constraints, small businesses and governments find it more difficult to monitor and respond to proposed changes in rules and policies; and

WHEREAS, a stable and predictable regulatory and policy environment will conserve resources for small businesses and local governments and promote economic recovery; and

WHEREAS, suspending non-critical rule making will allow agencies to focus staff resources on direct service delivery;

NOW, THEREFORE, I, Christine O. Gregoire, Governor of the state of Washington, by virtue of the power vested in me by the Constitution and statutes of the state of Washington do hereby order and direct:

- (1) The suspension of non-critical rule development and adoption from the date of this Executive Order through December 31, 2012.
- (2) The Office of Financial Management to publish guidelines identifying circumstances in which rule making may proceed.

This Order applies to all cabinet agencies and boards, commissions and other agencies that report to the Governor. I invite all other elected officials, institutions of higher education, agencies, boards, commissions and other entities with rule-making authority to follow the requirements of this Order.

This Order is not intended to, and does not confer any legal rights and shall not be used as a basis for legal challenges to rules or other actions or to any inaction of the governmental entity subject to it.

This Order shall expire by its own terms on January 1, 2013.

Signed and sealed with the official seal of the state of Washington on this 11th day of October, 2011 at Olympia, Washington.

By:

/s/

Christine O. Gregoire

Governor

BY THE GOVERNOR:

/s/

Secretary of State



STATE OF WASHINGTON
GOVERNOR'S EXECUTIVE POLICY OFFICE
100 Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113

October 12, 2011

TO: Agency Directors
Statewide Elected Officials
Presidents of Higher Education Institutions
Boards and Commissions

FROM: Kari Burrell
Director

**SUBJECT: EXTENDING EXECUTIVE ORDER 10-06,
SUSPENDING NON-CRITICAL RULE DEVELOPMENT AND ADOPTION**

Our country and our state remain in the worst recession in 80 years. Small businesses are struggling. State and local governments have experienced severe revenue losses which have led to significant budget cuts. Both small businesses and governments benefit from having a stable and predictable regulatory environment in these difficult times.

Governor Chris Gregoire's Executive Order 10-06 is extended and directs state agencies to suspend development and adoption of rules until December 31, 2012. The Governor is directing agencies to suspend rule making that is not immediately necessary. She recognizes, however, that agencies should not suspend all rule making, as rule making is an essential government operations tool. She has asked the Office of Financial Management to provide guidance as to circumstances in which rule making should proceed.

This Executive Order applies to all cabinet agencies and boards, commissions and other agencies that report to the Governor. All other elected officials, institutions of higher education, agencies, boards, commissions and other entities with rule making authority are invited to follow the requirements of the Executive Order and these guidelines.

This memorandum provides guidelines for agencies to use when determining whether rule making should proceed:

Guidelines

1. Agencies shall review all rules in progress and their proposed rule making agenda for next year and identify those rules that can be suspended until after December 31, 2012.
2. In determining whether a rule should be suspended, agencies shall recognize the benefits of a stable regulatory environment. Where possible, agencies should redirect scarce resources away from rule making to front-line service delivery, including implementing and enforcing existing rules.



3. Rule making proceedings are non-critical unless the rule is:
 - a. required by federal or state law or required to maintain federally delegated or authorized programs;
 - b. required by court order;
 - c. necessary to manage budget shortfalls, maintain fund solvency, or for revenue generating activities;
 - d. necessary to protect public health, safety, and welfare or necessary to avoid an immediate threat to the state's natural resources;
 - e. beneficial to or requested or supported by the regulated entities, local governments or small businesses that it affects; or,
 - f. necessary to respond to current economic conditions or assist in long-term economic recovery, to include employment assistance, consumer protection or government reform.
4. If an agency decides to proceed with a rule that has a small business impact or an impact to local government, the agency must consult with small businesses and/or governments on how the impact can be mitigated. Agencies shall use online resources and technology to maximize efficiency of the rulemaking process for stakeholders.
5. Agencies may continue to adopt rules that have been the subject of negotiated rule making or pilot rule making that involved substantial participation by interested parties before the development of the proposed rule. Agencies can also proceed to finalize permanent rule making that has previously been covered by emergency rules.
6. Agencies may continue to adopt expedited rules under RCW 34.05.353 where the proposed rules relate only to internal governmental operations.
7. Each agency shall provide progress reports by December 31, 2011 and December 31, 2012 on the number of rules eliminated or suspended in response to this order as well as the number of and justification for rules that proceeded through development and/or adoption.



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[RCWs](#) > [Title 19](#) > [Chapter 19.85](#) > [Section 19.85.040](#)

[19.85.030](#) << [19.85.040](#) >> [19.85.050](#)

RCW 19.85.040

Small business economic impact statement — Purpose — Contents.

(1) A small business economic impact statement must include a brief description of the reporting, recordkeeping, and other compliance requirements of the proposed rule, and the kinds of professional services that a small business is likely to need in order to comply with such requirements. It shall analyze the costs of compliance for businesses required to comply with the proposed rule adopted pursuant to RCW [34.05.320](#), including costs of equipment, supplies, labor, professional services, and increased administrative costs. It shall consider, based on input received, whether compliance with the rule will cause businesses to lose sales or revenue. To determine whether the proposed rule will have a disproportionate cost impact on small businesses, the impact statement must compare the cost of compliance for small business with the cost of compliance for the ten percent of businesses that are the largest businesses required to comply with the proposed rules using one or more of the following as a basis for comparing costs:

- (a) Cost per employee;
- (b) Cost per hour of labor; or
- (c) Cost per one hundred dollars of sales.

(2) A small business economic impact statement must also include:

- (a) A statement of the steps taken by the agency to reduce the costs of the rule on small businesses as required by RCW [19.85.030\(2\)](#), or reasonable justification for not doing so, addressing the options listed in RCW [19.85.030\(2\)](#);
- (b) A description of how the agency will involve small businesses in the development of the rule;
- (c) A list of industries that will be required to comply with the rule. However, this subsection (2)(c) shall not be construed to preclude application of the rule to any business or industry to which it would otherwise apply; and
- (d) An estimate of the number of jobs that will be created or lost as the result of compliance with the proposed rule.

(3) To obtain information for purposes of this section, an agency may survey a representative sample of affected businesses or trade associations and should, whenever possible, appoint a committee under RCW [34.05.310\(2\)](#) to assist in the accurate assessment of the costs of a proposed rule, and the means to reduce the costs imposed on small business.

[2007 c 239 § 4; 1995 c 403 § 403; 1994 c 249 § 12. Prior: 1989 c 374 § 3; 1989 c 175 § 73; 1982 c 6 § 4.]

Notes:

Findings -- 2007 c 239: See note following RCW [19.85.020](#).

Application -- 1995 c 403 §§ 201, 301-305, 401-405, and 801: See note following RCW [34.05.328](#).

Findings -- Short title -- Intent -- 1995 c 403: See note following RCW [34.05.328](#).

Part headings not law -- Severability -- 1995 c 403: See RCW [43.05.903](#) and [43.05.904](#).

Severability -- Application -- 1994 c 249: See notes following RCW [34.05.310](#).

Effective date -- 1989 c 175: See note following RCW [34.05.010](#).

Publication in Washington State Register: RCW [34.08.020](#).



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[RCWs](#) > [Title 19](#) > [Chapter 19.85](#) > [Section 19.85.030](#)

[19.85.025](#) << [19.85.030](#) >> [19.85.040](#)

RCW 19.85.030

Agency rules — Small business economic impact statement — Reduction of costs imposed by rule.

(1)(a) In the adoption of a rule under chapter [34.05](#) RCW, an agency shall prepare a small business economic impact statement: (i) If the proposed rule will impose more than minor costs on businesses in an industry; or (ii) if requested to do so by a majority vote of the joint administrative rules review committee within forty-five days of receiving the notice of proposed rule making under RCW [34.05.320](#). However, if the agency has completed the pilot rule process as defined by RCW [34.05.313](#) before filing the notice of a proposed rule, the agency is not required to prepare a small business economic impact statement.

(b) An agency must prepare the small business economic impact statement in accordance with RCW [19.85.040](#), and file it with the code reviser along with the notice required under RCW [34.05.320](#). An agency shall file a statement prepared at the request of the joint administrative rules review committee with the code reviser upon its completion before the adoption of the rule. An agency must provide a copy of the small business economic impact statement to any person requesting it.

(2) Based upon the extent of disproportionate impact on small business identified in the statement prepared under RCW [19.85.040](#), the agency shall, where legal and feasible in meeting the stated objectives of the statutes upon which the rule is based, reduce the costs imposed by the rule on small businesses. The agency must consider, without limitation, each of the following methods of reducing the impact of the proposed rule on small businesses:

- (a) Reducing, modifying, or eliminating substantive regulatory requirements;
- (b) Simplifying, reducing, or eliminating recordkeeping and reporting requirements;
- (c) Reducing the frequency of inspections;
- (d) Delaying compliance timetables;
- (e) Reducing or modifying fine schedules for noncompliance; or
- (f) Any other mitigation techniques including those suggested by small businesses or small business advocates.

(3) If the agency determines it cannot reduce the costs imposed by the rule on small businesses, the agency must provide a clear explanation of why it has made that determination and include that statement with its filing of the proposed rule pursuant to RCW [34.05.320](#).

(4)(a) All small business economic impact statements are subject to selective review by the joint administrative rules review committee pursuant to RCW [34.05.630](#).

(b) Any person affected by a proposed rule where there is a small business economic impact statement may petition the joint administrative rules review committee for review pursuant to the procedure in RCW [34.05.655](#).

[2011 c 249 § 2; 2007 c 239 § 3; 2000 c 171 § 60; 1995 c 403 § 402; 1994 c 249 § 11. Prior: 1989 c 374 § 2; 1989 c 175 § 72; 1982 c 6 § 3.]

Notes:

Findings -- 2007 c 239: See note following RCW [19.85.020](#).

Application -- 1995 c 403 §§ 201, 301-305, 401-405, and 801: See note following RCW [34.05.328](#).

Findings -- Short title -- Intent -- 1995 c 403: See note following RCW [34.05.328](#).

Part headings not law -- Severability -- 1995 c 403: See RCW [43.05.903](#) and [43.05.904](#).

Severability -- Application -- 1994 c 249: See notes following RCW [34.05.310](#).

Effective date -- 1989 c 175: See note following RCW [34.05.010](#).

Publication of small business economic impact statement in Washington State Register: RCW [34.08.020](#).

WAC 4-30-132 What are the program standards for CPE? (1)

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

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

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

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

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

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

(a) **Technical subjects include:**

- (i) Auditing standards or procedures;
- (ii) Compilation and review of financial statements;
- (iii) Financial statement preparation and disclosures;
- (iv) Attestation standards and procedures;
- (v) Projection and forecast standards or procedures;
- (vi) Accounting and auditing;
- (vii) Management advisory services;
- (viii) Personal financial planning;
- (ix) Taxation;
- (x) Management information services;
- (xi) Budgeting and cost analysis;
- (xii) Asset management;
- (xiii) Professional ethics (other than those programs used to satisfy the requirements of WAC 4-30-134(3));
- (xiv) Specialized areas of industry;
- (xv) Human resource management;
- (xvi) Economics;
- (xvii) Business law;
- (xviii) Mathematics, statistics, and quantitative applications in business;
- (xix) Business management and organization;
- (xx) General computer skills, computer software training, information technology planning and management; and

(xxi) Negotiation or dispute resolution courses;

(b) **Nontechnical subjects include:**

(i) Communication skills;

(ii) Interpersonal management skills;

(iii) Leadership and personal development skills;

(iv) Client and public relations;

(v) Practice development;

(vi) Motivational and behavioral courses; and

(vii) Speed reading and memory building.

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

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

(a) Professional education and development programs of national, state, and local accounting organizations;

(b) Technical sessions at meetings of national, state, and local accounting organizations and their chapters;

(c) Formal in-firm education programs;

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

(e) Dinner, luncheon, and breakfast meetings which are structured as formal educational programs;

(f) Firm meetings for staff and/or management groups structured as formal education programs. Portions of such

meetings devoted to communication and application of general professional policy or procedure may qualify, but portions devoted to firm administrative, financial and operating matters generally will not qualify.

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

 Twenty-five minutes of continuous instruction counts as zero CPE credit hour if that instruction is the first CPE course taken;

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

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

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

(8) **Self-study programs:** Credit for self-study programs is allowed for reporting purposes on the date you completed the

program as established by the evidence of completion provided by the program sponsor.

(a) **Interactive self-study programs:** Interactive means electronic or other delivery formats for delivery of CPE in which feedback is provided during the study of the material in a manner to validate the individual's understanding of the material. The amount of credit allowed for interactive self-study is that which is recommended by the program sponsor on the basis of the average completion time under appropriate "field tests." In order to claim CPE credit for interactive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor. 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.

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

(9) **Instructor, discussion leader, or speaker:** If you serve as an instructor, discussion leader or speaker at a program which meets the standards in subsections (1) and (5) of this section, the first time you present the program you may claim CPE credit for both preparation and presentation time. One hour of credit is allowed for each fifty minutes of instruction. Additionally,

you may claim credit for actual preparation time up to two times the presentation hours. No credit is allowed for subsequent presentations. A maximum of seventy-two CPE credit hours are allowed for preparation and presentation during each CPE reporting period.

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

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

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

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

[Statutory Authority: RCW 18.04.055(7), 18.04.215(5).
10-24-009, amended and recodified as § 4-30-132, filed 11/18/10,
effective 12/19/10. Statutory Authority: RCW 18.04.055(7) and
18.04.215. 09-17-044, § 4-25-831, filed 8/11/09, effective
9/11/09. Statutory Authority: RCW 18.04.055(7), 18.04.215(5).
05-01-137, § 4-25-831, filed 12/16/04, effective 1/31/05;
01-22-036, § 4-25-831, filed 10/30/01, effective 12/1/01.
Statutory Authority: RCW 18.04.055 and 18.04.105(8).
99-23-046, § 4-25-831, filed 11/15/99, effective 1/1/00.]

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

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

Steven M. Carlson, CPA,

Respondent.

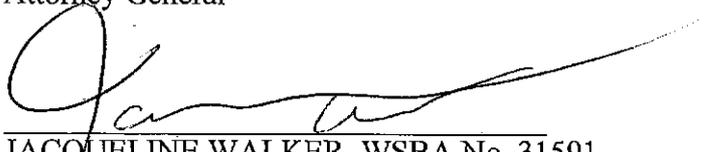
NO. ACB-1334

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 February 9, 2012, 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 due service and of the allegations contained in the Statement of Charges.

Respectfully submitted this 16 day of April, 2012.

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 Public Accounting of:

Steven M. Carlson, CPA,

Respondent.

NO. ACB-1334

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 (CPAs).
2. The Washington State Board of Accountancy has jurisdiction over the certification, licensing, and discipline of CPAs in the state of Washington.
3. The Respondent, Steven M. Carlson, held a CPA certificate and individual license (No. 06546) to practice as a CPA in the state of Washington at all times material hereto. The Respondent's individual license to practice public accounting as a CPA expires June 30, 2013. The Respondent was the sole shareholder of the CPA firm Steven M. Carlson CPA, Inc. (a professional service corporation). The CPA firm, Steven M. Carlson CPA, Inc. held a valid license (No. 5164) to practice public accounting in the state of Washington through June 30, 2011. The CPA firm license expired effective July 1, 2011, due to the Respondent's failure to renew.
4. The Board mailed a Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend and Appendix A to the Respondent by United States certified mail,

return receipt requested, and by United States first class mail on February 9, 2012, addressed to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258) and to the last address provided to the Board for the Respondent's firm, Steven M. Carlson, CPA, Inc. (801 State Avenue, Marysville, WA 98270).

5. The certified mailing to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258) was returned unopened to the Board on March 6, 2012, by the United States Postal Service marked "UNCLAIMED." The first class mailing to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258) has not been returned to the Board. The certified mailing to the last address provided to the Board for the Respondent's firm (801 State Avenue, Marysville, WA 98270) was received and signed for by a person other than the Respondent on February 10, 2012.
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 1-12, 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 documents identified as **Exhibit 1** are photocopies of the complaint against the Respondent and attachments the Board received on August 31, 2011, from James and Dana Strickland alleging the Respondent failed to: (1) timely prepare the Stricklands' 2010 federal income tax return; (2) file the Stricklands' 2010 federal income tax return; and (3) timely return the Stricklands' records as requested. The Stricklands maintained that they provided the Respondent with documents needed to process their 2010 federal income tax return in early April 2011. The Respondent provided the Stricklands with a draft tax return on August 2, 2011. The Respondent did not file the return. Providence Hospital

denied financial assistant to the Stricklands for “lack of most recent tax return.” During August 2011, the Stricklands visited the Respondent’s office several times and requested the return of their records. On January 3, 2012, Board staff contacted the Stricklands and was advised that the Respondent returned the Stricklands’ documents to them in late October 2011.

9. The attached document identified as **Exhibit 2** is a photocopy of the September 23, 2011, letter to the Respondent advising the Respondent of the Stricklands’ complaint and requesting a response by October 13, 2011. The Board mailed the September 23, 2011, inquiry by U.S. First Class Mail to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent did not respond.
10. The attached document identified as **Exhibit 3** are photocopies of: (1) a Final Notice to the Respondent requesting a response to the September 23, 2011, inquiry by November 6, 2011, and (2) the U.S. Postal Service Certified Mail Receipt showing the Final Notice was mailed to the Respondent on October 17, 2011. The Final Notice 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 (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent did not respond.
11. The attached documents identified as **Exhibit 4** are photocopies of the postings to the Washington State Department of Revenue’s web site as of October 12, 2011, listing (1) the legal entity “Carlson Steven M.” located in Lake Stevens, Washington as doing business as “Steven M. Carlson, CPA.” The account was opened December 1, 2002, and listed as “open;” and (2) the legal entity “Steven M. Carlson CPA Inc.” located in Marysville, Washington. The account was opened January 1, 2003, and listed as “open.”
12. The attached document identified as **Exhibit 5** is a photocopy of the Firm/Company Profile posted to the Washington Society of CPAs’ web site as of October 12, 2011, for Steven M. Carlson CPA Inc. located in Marysville, Washington. The general business was

listed as “Public Accounting.” The specific business was listed as “CPA Firm – Indiv. Pract.”

13. The attached document identified as **Exhibit 6** is a photocopy of an October 12, 2011, letter to the Respondent requesting the Respondent to provide in writing a complete and detailed explanation regarding the Respondent’s referral to a company as a CPA firm without a valid CPA firm license. The Board mailed the inquiry by U.S. First Class Mail to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent’s response was due November 1, 2011. The Respondent did not respond to the inquiry.
14. The attached document identified as **Exhibit 7** are photocopies of: (1) a Final Notice to the Respondent requesting a response to the October 12, 2011, inquiry by December 5, 2011, and (2) the U.S. Postal Service Certified Mail Receipt showing the Final Notice was sent to the Respondent on November 15, 2011. The Final Notice 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 (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent did not respond.
15. The attached document identified as **Exhibit 8** is a photocopy of the complaint against the Respondent and attachments the Board received on September 23, 2011, from Crystal Lynn Bjorback alleging the Respondent failed to timely prepare Ms. Bjorback’s 2010 federal income tax return and failed to return Ms. Bjorback’s records to her as requested. Ms. Bjorback maintained she initially contacted the Respondent on February 18, 2011, for help to complete her taxes, met with the Respondent on March 25, 2011, and April 18, 2011, and provided the Respondent with original business records and receipts from 2008-2010. On May 24, 2011, Ms. Bjorback met with the Respondent to finalize the tax return. At that meeting, Ms. Bjorback requested the return of her documents. The Respondent advised Ms. Bjorback that he should keep the documents until

the tax return was filed and accepted. The Respondent did not file the tax return nor did he return Ms. Bjorback's documents as requested. Ms. Bjorback has repeatedly attempted to contact the Respondent. The Respondent has not been responsive to Ms. Bjorback.

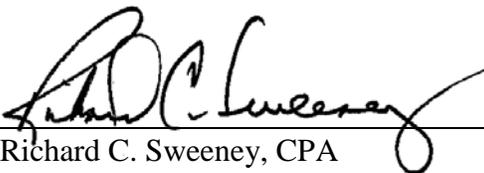
16. The attached document identified as **Exhibit 9** is a photocopy of the October 13, 2011, letter to the Respondent advising the Respondent of Ms. Bjorback's complaint and requesting a response by November 2, 2011. The Board mailed the October 13, 2011, inquiry by U.S. First Class Mail to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent did not respond.
17. The attached documents identified as **Exhibit 10** are photocopies of: (1) a Final Notice to the Respondent requesting a response to the October 13, 2011, inquiry by December 5, 2011, and (2) the U.S. Postal Service Certified Mail Receipt showing the Final Notice was sent to the Respondent on November 15, 2011. The Final Notice 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 (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent did not respond.
18. The attached documents identified as **Exhibit 11** are photocopies of the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, and Appendix A, served on the Respondent.
19. The attached documents identified as **Exhibit 12** are photocopies of:
 - (1) Cheryl M. Sexton's declaration regarding the service of the items identified in Exhibit 11;
 - (2) the U.S. Postal Service Certified Mail Receipts showing the items identified in Exhibit 11 were sent to the Respondent on February 9, 2012, to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258) and to the last address provided to the Board for the Respondent's firm, Steven M. Carlson, CPA, Inc. (801 State Avenue, Marysville, WA 98270);
 - (3) the envelope returned to the Board unopened on March 6, 2012, by the United State Postal Service containing the items

identified in Exhibit 11 sent to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258); and (4) the Domestic Return Receipt from the U.S. Postal Service showing the documents described in Exhibit 11 were received and signed for by a person other than the Respondent on February 10, 2012, at the last address provided to the Board for Respondent's firm (801 State Avenue, Marysville, WA 98270). The Board received the return receipt for certified mail on February 13, 2012. The first class mailings to the two addresses were not returned to the Board.

20. 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.
21. All documents that were mailed to Respondent, as referenced herein, were mailed to the last address the Respondent provided to the Board of Accountancy (3216 Bryce Drive, Lake Stevens, WA 98258). The Statement of Charges was also mailed to the last address provided to the Board for the Respondent's firm (801 State Avenue, Marysville, WA 98270). No other address for Respondent is known to the Board from its investigation of this matter.
22. 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 16th day of April 2012, in Olympia, Washington.

WASHINGTON STATE BOARD OF ACCOUNTANCY



Richard C. Sweeney, CPA
Executive Director

Complaint Form

Board of Accountancy Washington State



TYPE OF COMPLAINT

Code of Conduct

- Independence
Professional Misconduct
Conflict of Interest
Confidentiality
Return of Client Records
Other

Competency

- Audit Failure
Tax Return Errors

Title use

- By Unlicensed Individual
By Unregistered Firm

Theft

- Fraud
Embezzlement
Other

AUG 31 2011

WA ACCOUNTANCY BOARD

YOUR CONTACT INFORMATION

Full Name: James and Dana Strickland
Mailing Address (including city, state, zip code, country): 921 Colby Avenue Everett, WA. 98201
Daytime Phone: (425) 876-1050
Email Address: stricjr52@hotmail.com

LIST WHO YOU ARE FILING A COMPLAINT AGAINST

Full Name: Steven M. Carlson, CPA, PS
Daytime Phone: (360) 653-9667
Firm Name: Steven M. Carlson, CPA Inc.
Certificate/License #: 06546 15164
Mailing Address: 801 State Avenue Marysville, WA. 98270
Email Address: sm.carlson@frontier.com
UBI#, if known:

GENERAL INFORMATION ABOUT THE COMPLAINT

I have contacted the person(s) I'm complaining about to resolve this matter. [X] Yes [] No
I have contacted an attorney to assist in resolving this matter. [] Yes [X] No
Attorney's Name: Daytime Phone: ()
Mailing Address (including city, state, zip code):
List the names of all other agencies with whom you have or intend to file a complaint.
Have you previously filed complaints about this licensee(s) with the Board of Accountancy? [] Yes [X] No
If yes, please provide information as to when and what the complaint involved.
I am willing to testify under oath regarding the allegations in this complaint. [X] Yes [] No
If you are not willing to testify, state the reason(s) below.

SPECIFIC INFORMATION ABOUT THE COMPLAINT

Include names, dates and other information you believe to be relevant to your complaint. Use additional sheets of paper if necessary. Please attach copies of all relevant documents that directly or indirectly relate to this complaint.

See attached:

EVIDENCE SUPPORTING YOUR COMPLAINT

- Invoices Reports Tax Returns Financial Statements Correspondence
 Contracts Engagement letter Other

CERTIFICATION OF COMPLAINT

I understand a copy of this complaint may be given to the person or firm that I have filed a complaint against. I (we), the complainant(s), certify that the above is true to the best of my (our) knowledge.

Print Name: Dana M. Strickland

Signature: *Dana M Strickland*

Date: 08/28/2011

Mail to: Washington State Board of Accountancy
PO Box 9131, Olympia, WA, 98507-9131
Physical Address: 711 South Capitol Way Suite 400, Olympia, WA, 98501

Fax to: (360) 664-9190

Contact via phone: (360) 753-2586

Contact via email: investigations@cpaboard.wa.gov

THE BOARD ADVISES YOU TO KEEP DETAILED COPIES OF ALL DOCUMENTATION SUBMITTED FOR YOUR RECORDS.

Please be advised: The Washington State Board of Accountancy is required to comply with the Public Records Act, Chapter 42.56 RCW. The information you submit to the Board may ultimately be subject to disclosure as a public record. Revised October 2010

28 August, 2011

Washington State Board of Accountancy
P.O. Box 9131
Olympia, WA. 98507-9131

Dear Sir or Madam,

Please find below a summary of our situation with regards to our 2011 tax return and our accountant, Steven Carlson, CPA. We request your help to resolve this issue as soon as possible.

All documents needed to process our 2011 tax return were delivered personally to Steven Carlson about 2 weeks before the April 15th deadline. I had been hospitalized and subsequently unable to drive for the two months prior to April 15th. Therefore, we well understood that Mr. Carlson would need to file an extension to complete our return. However, as of August 28th, our return has still not been filed (according to the IRS website).

Beginning June, my husband and I have stopped by Mr. Carlson's office almost every Monday. Often, Mr. Carlson does not answer his door. When he has met with us, he promises that our taxes will be done within the week – yet they still have not been filed with the IRS. Each Monday, Mr. Carlson has some reason why he did not complete the taxes and again promises to have them the next day. When we return to his office within the next few days, he again has not completed and continues to make false promises and excuses. Never has Mr. Carlson contacted us to request any information or further documentation or to inform us on the status of our taxes.

In June, I made a specific plea to Mr. Carlson to complete our taxes in a timely manner. I was applying for financial assistance with Providence Hospital to help with the almost ten thousand dollars in medical costs resulting from my February surgery. A copy of my 2011 tax return was needed to process my application. I stopped by Mr. Carlson's office towards the end of June to make a personal request for my records. At this point, he told me that he intentionally sets up his voice mail NOT to record messages so that clients cannot "bug" him about their returns. He assured me that the taxes would be completed within the week. After trying multiple times to reach Mr. Carlson by phone and email the following week, my husband again stopped by and demanded our documents and paperwork (completed or not). Mr. Carlson assured him that he had completed the return and that his "assistant" was checking over it for any errors/discrepancies. He promised the return by that Sunday evening. Our taxes have still not been filed and we do not have our records.

My husband continued to stop in on Mondays – either Mr. Carlson would not answer the door or would promise to complete the taxes. Subsequently, I received a letter from

Providence Hospital denying my request due to "lack of most recent tax return". My husband went to see Mr. Carlson again in an attempt to obtain our taxes within the 10 day appeal period that we were given by the hospital. We did not receive our completed taxes *within* that time and I have had to reapply for financial assistance from the hospital.

On August 2nd, following a recent visit from my husband, Mr. Carlson emailed us a draft of our completed tax return (see attached copy of email). I immediately responded with the information for direct deposit into our banking account. I assumed at this point, that our taxes were finally filed with the IRS. My husband stopped in again to obtain our records (we now need our W-2's) and Mr. Carlson said he would scan them and email them to me. I still do not have any of my documents from Mr. Carlson.

After speaking with another accountant and following his advice to check the IRS's website, I have learned that our taxes still have not been filed. I most recently stopped by Mr. Carlson's office on Thursday, August 25th to obtain all of my records. The office was locked but someone did answer and inform me that Mr. Carlson was on an errand and would return within 30 minutes. I returned to his office 2 more times that same day – no one answered either time.

I am desperate to have my taxes filed and to obtain my records. Because Mr. Carlson does not respond to email, allow messages to be left on his answering system, or answer his office door, I am at a complete loss as to how to put this matter to rest. I have outstanding medical bills of almost ten thousand dollars and a "draft" of our taxes showing a \$5357.00 refund do to us. In addition, I cannot obtain any financial help through the hospital without my completed taxes and W-2's.

Please use this information and any authority you have to help my husband and I resolve this issue. Feel free to call me at the number listed below if you need any additional information.

Sincerely,

Dana M. Strickland

For James R. Strickland, Jr. and Dana M. Strickland

425-876-1050

Windows Live™ Hotmail (3) Messenger SkyDrive | MSN

Dana S

Hotmail

New | Reply Reply all Forward | Delete Junk Sweep ▾ Mark as ▾ Move to ▾ |

Inbox (3)

tax return

Back to messages |

Folders

Junk (3)

Drafts (1)

Sent

Deleted (57)

EVERY (12)

DANA (5)

from jim (13)

JIM (117)

swank lighting (1)

New folder

Quick views

Flagged

Photos (2)

Office docs (2)

Shipping updates (24)

Messenger

You're signed in to Messenger. To change your status, click your name in the upper right corner. Keep me signed in | Sign out of Messenger

Search contacts

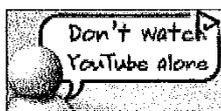
No friends are online.

Sign out of Messenger

Home

Contacts

Calendar



Steve Carlson Add to contacts
To stricjr52@hotmail.com

8/02/11

Reply ▾

From: Steve Carlson (sm.carlson@frontier.com)
Sent: Tue 8/02/11 5:17 PM
To: stricjr52@hotmail.com
1 attachment | Download all as zip (287.2 KB)
5TRICKLAN...PDF (287.2 KB)

Attachments, pictures and links in this message have been blocked for your safety. Show content | Always show content from sm.carlson@frontier.com

Dana –

Attached is a draft of your 2010 tax return. I'll finish it tomorrow but it really should not change. Do you have a direct deposit info for Banner Bank – routing and acct number – or do you just want your refund mailed? (Refund \$5,357)

Steve

New | Reply Reply all Forward | Delete Junk Sweep ▾ Mark as ▾ Move to ▾ |





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 23, 2011

Steven M. Carlson, CPA
dba Steven M. Carlson, Inc.
3216 Bryce Drive
Lake Stevens, WA 98258

Subject: Case #2011-061 – Complaint by James & Dana Strickland
Response Due: October 13, 2011

Dear Mr. Carlson:

The Board of Accountancy received a complaint alleging that you failed to complete an engagement in which you received payment for.

Specifically, it is alleged that you:

- Failed to timely complete the 2010 tax returns for Mr. & Mrs. Strickland as agreed.
- Are unresponsive to numerous e-mails and phone calls initiated by Mr. & Mrs. Strickland.
- Have failed to return Mr. & Mrs. Strickland's records.

Board staff opened an investigation into the matter as a potential violation of the Public Accountancy Act, RCW 18.04 and Title 4 WAC. In cooperation with the Board's investigation, please provide the following:

- A written response to the allegations above.
- Any other information or records that you believe will assist the Board of Accountancy in the investigation into this matter.



Steven M. Carlson, CPA
dba Steven M. Carlson, Inc.
September 23, 2011
Page 2

Board rule (WAC 4-30-034) requires a response in writing within 20 days of a Board inquiry. **Your response is due on or before October 13, 2011.** Failure to respond fully to a Board inquiry is, of itself, basis for Board disciplinary action.

If you have any questions or concerns, please contact me at toms@cpaboard.wa.gov or 360-586-0785.

Sincerely,



Thomas J. Sadler, CPA
Deputy Director

tjs/mas

Enclosure(s): Copy of Complaint
WAC 4-30-034

Please be advised the Washington State Board of Accountancy complies 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
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(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

October 17, 2011

Steven M. Carlson, CPA
dba Steven M. Carlson, Inc.
3216 Bryce Drive
Lake Stevens, WA 98258

FINAL NOTICE

Subject: Case #2011-061
Response Due: November 6, 2011

Dear Mr. Carlson:

The Board has not received a response from you.

Board records do not contain your response to my September 23, 2011 letter (copy enclosed). Your response was due October 13, 2011.

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 November 6, 2011.

The Board must receive your complete response to my September 23, 2011, letter on or before November 6, 2011; otherwise, the agency will proceed with the issuance of charges.

If you have any questions, please contact me at toms@cpaboard.wa.gov or (360) 586-0785.

Sincerely,

Handwritten signature of Thomas J. Sadler in cursive.

Thomas J. Sadler, CPA
Deputy Director

tjs/mas

Enclosure

Certified Mail Return Receipt Requested #7003 0500 0003 0230 9697

cc: By US First Class Mail

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.



U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL RECEIPT 043110 (MS)

7003 0500 0003 0230 9697

Postage	\$	
Certified Fee		2.85
Return Receipt Fee (Endorsement Required)		2.30
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	5.59

11-061

Postmark Here: 043110 MS

Sent To: Steven M. Carlson, CPA
 dba Steven M. Carlson, Inc.
 3216 Bryce Drive
 Lake Stevens, WA 98258

PS Form 3800, June 2002 See Reverse for Instructions

Returned as unclaimed 11/22/11.

2011-061

 [Doing business](#) [Register my business](#) [Lookup business information](#) [Lookup business information](#)
[Back to search results](#)

If "Non-revenue" appears after Tax Registration Number, the account is not registered with the Department of Revenue. However, it may be registered with other agencies in the state.

Washington State Department of Revenue
State Business Records Database Detail

TAX REGISTRATION NO:	NON-REVENUE	ACCOUNT OPENED:	12/01/2002
UBI:	602247869	ACCOUNT CLOSED:	OPEN
LEGAL ENTITY:	CARLSON STEVEN M		
DOING BUSINESS AS:	STEVEN M CARLSON CPA		
MAILING ADDRESS:		BUSINESS LOCATION:	
3216 BRYCE DR		3216 BRYCE DR	
LAKE STEVENS, WA 98258-0000		LAKE STEVENS, WA 98258-0000	
OWNER TYPE: SOLE PROPRIETOR		RESELLER PERMIT NO:	N/A
NAICS CODE: 999990		PERMIT EFFECTIVE:	N/A
		PERMIT EXPIRES:	N/A

FOR NON-COMMERCIAL USE ONLY

10/12/2011 9:47 AM

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If "Non-revenue" appears after Tax Registration Number, the account is not registered with the Department of Revenue. However, it may be registered with other agencies in the state.

**Washington State Department of Revenue
State Business Records Database Detail**

TAX REGISTRATION NO: 602253464	ACCOUNT OPENED: 01/01/2003
UBI: 602253464	ACCOUNT CLOSED: OPEN
LEGAL ENTITY: STEVEN M CARLSON CPA INC	
DOING BUSINESS AS:	
MAILING ADDRESS:	BUSINESS LOCATION:
801 STATE AVE	801 STATE AVE
MARYSVILLE, WA 98270-4236	MARYSVILLE, WA 98270-0000
OWNER TYPE: CORPORATION	RESELLER PERMIT NO: N/A
NAICS CODE: 541211	PERMIT EFFECTIVE: N/A
	PERMIT EXPIRES: N/A

FOR NON-COMMERCIAL USE ONLY

10/12/2011 9:46 AM

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Steven M Carlson CPA Inc

Address 801 State Ave
Marysville , WA 98270-4236

Phone 360-653-9667

Fax 360-653-9385

General Business Public Accounting

Specific Business CPA Firm - Indiv. Pract

Chapter Snohomish County

[View employees within this firm](#)

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October 12, 2011

Steven M. Carlson, CPA
dba Steven M. Carlson, CPA
Steven M. Carlson, CPA, Inc.
3216 Bryce Drive
Lake Stevens, WA 98258

Subject: Title Use Inquiry – #2011-062
Response Due: November 1, 2011

Dear Mr. Carlson:

It has come to the Board's attention that you have been holding your company out as a Certified Public Accountant Firm without the benefit of a valid Washington State CPA Firm License as required by RCW 18.04 and Title 4.

Board records indicate that your CPA firm license was dissolved on July 5, 2011.

It appears you have used the title "CPA" in the state of Washington that you have been holding your company out as a CPA firm without an appropriate CPA firm license.

RCW 18.04.205 (1) and RCW 18.04.345, (3) and (5) only allow a licensed CPA firm to use the title "certified public accountant" or "CPA."

RCW 18.04.205 (1):

Each office established or maintained in this state for the purpose of offering to issue or issuing attest or compilation reports in this state or that uses the title "certified public accountant" or "CPA," shall register with the board under this chapter every three years.

RCW 18.04.345 (3):

Prohibits a firm from holding itself out to the public as offering to issue or issuing reports on financial statements, or assuming or using the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants or CPAs, unless the firm is licensed under RCW 18.04.195 and all offices of the firm in this state are maintained and registered under RCW 18.04.205.



Steven M. Carlson, CPA

October 12, 2011

Page 2

RCW 18.04.345 (5):

No individual, partnership, limited liability company, or corporation offering public accounting services to the public may hold himself, herself, or itself out to the public, or assume or use along, or in connection with his, hers, or its name, or any other name the title or designation "certified accountant," "chartered accountant," "licensed accountant," "licensed public accountant," "public accountant," 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."

Because you do not hold a valid CPA firm license to practice public accounting in the state of Washington, you must immediately cease holding your company out as a CPA firm in this state, including the removal of the CPA title or reference from business cards, resumes, e-mail address, campaign materials, web sites, etc.

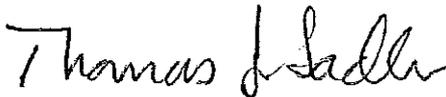
To assist the Board in its review of this matter, please provide a complete and detailed written explanation and response to the following:

1. What is your basis for referring to company as a CPA firm in the state of Washington without a valid CPA firm license?
2. Have you advertised your company as a CPA firm in other mediums and on other documents?
3. Have you or your company provided any audit, review or compilation services since the firm license lapsed? If so, how many and when?
4. Any documents, letters, contracts, correspondence, reports, memos, legal memoranda or pleadings that support your response.

If you have any questions or concerns, please contact me at toms@cpaboard.wa.gov or 360-586-0785.

Board rule (WAC 4-30-034) requires a response in writing within 20 days of a Board inquiry. **Your response is due on or before November 1, 2011.** Failure to respond fully to a Board inquiry is, of itself, basis for Board disciplinary action.

Sincerely,



Thomas J. Sadler, CPA
Deputy Director

tjs/mas

Enclosure(s): Copies of State Agency Pages
Copy of WSCPA
RCW 18.04.195
RCW 18.04.205
RCW 18.04.215
RCW 18.04.345

Please be advised the Washington State Board of Accountancy complies 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
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November 15, 2011

Steven M. Carlson, CPA
dba Steven M. Carlson, CPA
Steven M. Carlson, CPS, Inc.
3216 Bryce Drive
Lake Stevens, WA 98258

FINAL NOTICE

Subject: Case #2011-062
Response Due: December 5, 2011

Dear Mr. Carlson:

The Board has not received a response from you.

We have not received your written response to my October 12, 2011 letter (copy enclosed). Your response was due November 1, 2011.

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 December 5, 2011.

The Board must receive your complete response to my October 12, 2011, letter on or before December 5, 2011; otherwise, the agency will proceed with the issuance of charges.

If you have any questions, please contact me at toms@cpaboard.wa.gov or (360) 586-0785.

Sincerely,

Thomas J. Sadler, CPA
Deputy Director

tjs/mas

Enclosure

Certified Mail Return Receipt Requested #7003 0500 0003 0230 9826

cc: By US First Class Mail

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.

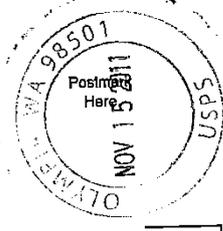


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Total Postage & Fees	\$ 5.59



Sent To
 Street, Apt. No.,
 or PO Box No.
 City, State, ZIP+4

Steven M. Carlson, CPA
 dba Steven M. Carlson, CPA
 Steven M. Carlson, CPS, Inc.
 3216 Bryce drive
 Lake Stevens, WA 98258

PS Form 3800, June 2008 Instructions

Returned as unclaimed 12/13/11.

2011-062

Complaint Form

Board of Accountancy Washington State



TYPE OF COMPLAINT

Code of Conduct

- Independence
Professional Misconduct
Conflict of Interest
Confidentiality
Return of Client Records
Other:

Competency

- Audit Failure
Tax Return Errors

Title use

- By Unlicensed Individual
By Unregistered Firm

Theft

- Fraud
Embezzlement
Other

YOUR CONTACT INFORMATION

Full Name: Crystal Lynn Bjorback
Daytime Phone: (206) 972-0491
Email Address: crystalbjo@comcast.net

Mailing Address (including city, state, zip code, country):
13933 68th Ave SE
Snohomish, WA 98296

LIST WHO YOU ARE FILING A COMPLAINT AGAINST

Full Name: Steven M Carlson
Firm Name:
Mailing Address: 1420 8th St
Marysville, WA 98270

Daytime Phone: (425) 360-653-9667
Certificate/License #: 06546 / 5164
Email Address: I think- he has never responded: sm.carlson@frontier.com
UBI#, if known:

GENERAL INFORMATION ABOUT THE COMPLAINT

I have contacted the person(s) I'm complaining about to resolve this matter. Yes No

I have contacted an attorney to assist in resolving this matter. Yes No

Attorney's Name: Sabrina Layman Daytime Phone: (425) 252-5167

Mailing Address (including city, state, zip code):

I did not retain her only consultation- I have also contacted Better Business Bureau and IRS

List the names of all other agencies with whom you have or intend to file a complaint.

I did not retain her only consultation- I have also contacted Better Business Bureau and IRS

Have you previously filed complaints about this licensee(s) with the Board of Accountancy? Yes No

If yes, please provide information as to when and what the complaint involved.

I am willing to testify under oath regarding the allegations in this complaint. Yes No

If you are not willing to testify, state the reason(s) below.

RECEIVED
SEP 23 2011
BY: [Signature]

SPECIFIC INFORMATION ABOUT THE COMPLAINT

Include names, dates and other information you believe to be relevant to your complaint. Use additional sheets of paper if necessary. Please attach copies of all relevant documents that directly or indirectly relate to this complaint.

See attached- this form is hard to type on

EVIDENCE SUPPORTING YOUR COMPLAINT

- Invoices Reports Tax Returns Financial Statements Correspondence
 Contracts Engagement letter Other

CERTIFICATION OF COMPLAINT

I understand a copy of this complaint may be given to the person or firm that I have filed a complaint against. I (we), the complainant(s), certify that the above is true to the best of my (our) knowledge.

Print Name: Crystal L. Bjorback

Signature: _____ Date: 09/23/2011

Mail to: Washington State Board of Accountancy
PO Box 9131, Olympia, WA, 98507-9131
Physical Address: 711 South Capitol Way Suite 400, Olympia, WA, 98501

Fax to: (360) 664-9190

Contact via phone: (360) 753-2586
Contact via email: investigations@cpaboard.wa.gov

THE BOARD ADVISES YOU TO KEEP DETAILED COPIES OF ALL DOCUMENTATION SUBMITTED FOR YOUR RECORDS.

Please be advised: The Washington State Board of Accountancy is required to comply with the Public Records Act, Chapter 42.56 RCW. The information you submit to the Board *may* ultimately be subject to disclosure as a public record. Revised October 2010

Complaint: Steven M Carlson CPA

I initially contacted Steve Carlson on Feb 18th to help me complete my taxes. I have always used Turbo tax and have my own small business and this year I needed help because of Ministry write offs and a Missions trip to Peru- and I was going through a divorce. We met 3/25 and again 4/18. I gave him my 90% completed turbo tax file on a flash drive- printed pages from turbo taxes, and all of my original business records and receipts from 2008-2010. He assured me it would be simple to complete and file. As April 15 drew near I attempted to call and his voice mail box was full. I stopped by a few times and the office was closed. I did confirm once over the phone that he had the information he needed already on the flash drive. I finally got a message on April 15 that he was going to file an extension. I continued to call and finally met with him on 5/24/11 and we finalized everything- or so I thought.

At this meeting he said he was not going to charge me for his services. I asked him what the delay was and he said he was just over-extended and assured me that he was sending off the taxes that night. I asked for my documents back and he said he should keep them until it was filed and accepted and would call me to pick it up. I have not heard from Steve since that meeting on May 24th. I have left numerous voice mails when his mailbox is not full, I have visited his office on at least 5 times since then and I have left 3 notes in his mailbox at his office.

I finally consulted my divorce lawyer who recommended that I send two letters to him, one certified and one regular mail- see attached. Neither of them came back as undeliverable.

I have continued to call his office weekly and made several trips a month up to his office but it looks abandoned- but there are files in on the floor... perhaps mine. I have gotten through to his voice mail a few times and left messages, but most of the time his mailbox is full.

I also filed a complaint with better business bureau and called IRS to confirm that he did in fact send the extension in. I have not heard anything from him. I would like to get my items and file myself at this point as I have a refund due for a sizable amount (for me). I am frustrated to say the least. Any help getting my paperwork back and perhaps interest on my refund would be appreciated.

July 15, 2011

Steven M Carlson
1420 8th St Marysville, WA 98270 US
Tel: 360-653-9667

Crystal L. Bjorback
13933 68th Ave SE
Snohomish, WA 98296
206-972-0491
425-338-4283

Dear Steven Carson:

I am writing you to formally request you give my business and personal financial documents back to me so I can file my 2010 taxes. As I'm sure you recall, I have made numerous trips up to your office in Marysville to complete the filing of my 2010 taxes. You assured me on our last face to face meeting on May 24th that you would be filing my taxes that evening. Since then I have left numerous messages, left 2 notes in your mailbox at your office and now your voice mailbox is full again.

I have consulted my lawyer Sabrina Layman who recommended I send this certified letter to you before we take legal action to get my personal and business financial records back. If I do not get my records back from you by July 30, 2011- I will be forced to take legal action and to report you to:

Internal Revenue Service
Office of Professional Responsibility
Attn: SE:OPR – Room 7238/IR
1111 Constitution Avenue, N.W.
Washington, DC 20224

Sincerely,
Crystal L Bjorback



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

October 13, 2011

Steven M. Carlson, CPA
dba Steven M. Carlson, Inc.
3216 Bryce Drive
Lake Stevens, WA 98258

Subject: Case #2011-068 – Complaint by Crystal L. Bjorback
Response Due: November 2, 2011

Dear Mr. Carlson:

The Board of Accountancy received a complaint alleging that you failed to complete an engagement in which you received payment for.

Specifically, it is alleged that you:

- Failed to timely complete the 2010 tax returns for Ms. Bjorback as agreed.
- Are unresponsive to numerous e-mails and phone calls initiated by Ms. Bjorback.
- Have failed to return Ms. Bjorback's records.

Board staff opened an investigation into the matter as a potential violation of the Public Accountancy Act, RCW 18.04 and Title 4 WAC. In cooperation with the Board's investigation, please provide the following:

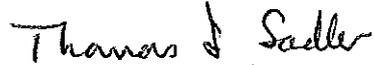
- A written response to the allegations above.
- Any other information or records that you believe will assist the Board of Accountancy in the investigation into this matter.

Steven M. Carlson, CPA
dba Steven M. Carlson, Inc.
October 13, 2011
Page 2

Board rule (WAC 4-30-034) requires a response in writing within 20 days of a Board inquiry. **Your response is due on or before November 2, 2011.** Failure to respond fully to a Board inquiry is, of itself, basis for Board disciplinary action.

If you have any questions or concerns, please contact me at toms@cpaboard.wa.gov or 360-586-0785.

Sincerely,



Thomas J. Sadler, CPA
Deputy Director

tjs/mas

Enclosure(s): Copy of Complaint
WAC 4-30-034

Please be advised the Washington State Board of Accountancy complies 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
P.O. Box 9131 • Olympia, Washington 98507-9131
(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

November 15, 2011

Steven M. Carlson, CPA
dba Steven M. Carlson, CPA
Steven M. Carlson, CPS, Inc.
3216 Bryce Drive
Lake Stevens, WA 98258

FINAL NOTICE

Subject: Case #2011-068
Response Due: December 5, 2011

Dear Mr. Carlson:

The Board has not received a response from you.

We have not received your written response to my October 13, 2011 letter (copy enclosed). Your response was due November 2, 2011.

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 December 5, 2011.

The Board must receive your complete response to my October 13, 2011, letter on or before December 5, 2011; otherwise, the agency will proceed with the issuance of charges.

If you have any questions, please contact me at toms@cpaboard.wa.gov or (360) 586-0785.

Sincerely,

Thomas J. Sadler, CPA
Deputy Director

tjs/mas

Enclosure

Certified Mail Return Receipt Requested #7003 0500 0003 0230 9819

cc: By US First Class Mail

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.



7003 0500 0003 0230 9819

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.59

11-068

9131

Postmark Here
 NOV 15 2011
 TACOMA, WA 98501
 USPS

Sent To: Steven M. Carlson, CPA
 dba Steven M. Carlson, CPA
 Steven M. Carlson, CPS, Inc.
 Street, Apt. No., or PO Box No.: 3216 Bryce Drive
 City, State, ZIP: Lake Stevens, WA 98258

PS Form 3800, June 2002 See Reverse for Instructions

returned as unclaimed 12/13/11.

800-1108

2011-068

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

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

Steven M. Carlson, CPA,

Respondent.

No. ACB-1334

STATEMENT
OF CHARGES

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

I. ALLEGED FACTS

- 1.1 At all times material hereto the Respondent, Steven M. Carlson, held a Certified Public Accountant (CPA) certificate and individual license (No. 06546) to practice as a CPA in the state of Washington. The Respondent's individual license to practice public accounting as a CPA expires June 30, 2013. The Respondent was the sole shareholder of the CPA firm Steven M. Carlson CPA, Inc. (a professional service corporation). The CPA firm, Steven M. Carlson CPA, Inc. held a valid license (No. 5164) to practice public accounting in the state of Washington through June 30, 2011. The CPA firm license expired effective July 1, 2011, due to the Respondent's failure to renew.
- 1.2 On August 31, 2011, the Board received a complaint against the Respondent from James and Dana Strickland alleging the Respondent failed to: (1) timely prepare the Stricklands' 2010 federal income tax return; (2) file the Stricklands' 2010 federal income tax return; and (3) timely return the Stricklands' records as requested. The Stricklands provided the Respondent with documents needed to process their 2010 federal income tax

return in early April 2011. The Respondent provided the Stricklands with a draft tax return on August 2, 2011. The Respondent did not file the return. Providence Hospital denied financial assistant to the Stricklands for “lack of most recent tax return.” During August 2011, the Stricklands visited the Respondent’s office several times and requested the return of their records. In late October 2011, the Respondent returned the Stricklands documents to them.

- 1.3 On September 23, 2011, the Board advised the Respondent of the Stricklands’ complaint and requested the Respondent respond to the Board regarding the complaint within 20 days. The Respondent failed to reply. On October 17, 2011, the Board advised the Respondent that the Board had not received the Respondent’s response to the Board’s September 23, 2011, inquiry and requested the Respondent respond to the Board regarding the complaint within 20 days. The Board mailed the October 17, 2011, inquiry 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 (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent failed to respond.
- 1.4 During October 2011, a search of Washington State government web sites resulted in two listings with the Washington State Department of Revenue State Business Records Database:
 - 1.4.1 The legal entity “Carlson Steven M.” was listed as doing business as “Steven M. Carlson, CPA” and located in Lake Stevens, Washington. The account was opened December 1, 2002, and listed as “open.”
 - 1.4.2 The legal entity “Steven M. Carlson CPA Inc.” was listed as located in Marysville, Washington. The account was opened January 1, 2003, and listed as “open.”

- 1.5 During October 2011, a search of the Washington Society of CPAs' web site found a registration for Steven M. Carlson CPA Inc. The general business was listed as "Public Accounting." The specific business was listed as "CPA Firm -- Indiv. Pract."
- 1.6 On September 23, 2011, the Board received a complaint against the Respondent from Crystal Lynn Bjorback alleging the Respondent failed to timely prepare Ms. Bjorback's 2010 federal income tax return and failed to return Ms. Bjorback's records to her as requested. Ms. Bjorback initially contacted the Respondent on February 18, 2011, for help to complete her taxes. Ms. Bjorback met with the Respondent on March 25, 2011, and April 18, 2011, and provided the Respondent with original business records and receipts from 2008-2010. On May 24, 2011, Ms. Bjorback met with the Respondent to finalize the tax return. At that meeting, Ms. Bjorback requested the return of her documents. The Respondent advised Ms. Bjorback that he should keep the documents until the tax return was filed and accepted. The Respondent did not file the tax return nor did he return Ms. Bjorback's documents as requested. Ms. Bjorback has repeatedly attempted to contact the Respondent. The Respondent has not been responsive.
- 1.7 On October 13, 2011, the Board advised the Respondent of Ms. Bjorback's complaint and requested the Respondent respond to the Board regarding the complaint within 20 days. The Respondent failed to reply. On November 15, 2011, the Board advised the Respondent that the Board had not received the Respondent's response to the Board's October 13, 2011, inquiry and requested the Respondent respond to the Board regarding the complaint within 20 days. The Board mailed the November 15, 2011, inquiry 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 (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent failed to respond.

II. ALLEGED VIOLATIONS

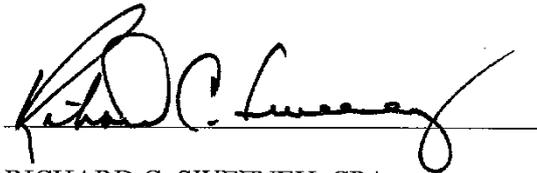
- 2.1 The Respondent's acts and omissions described in paragraphs 1.2 and 1.6 constitute violation of RCW 18.04.390(3) and WAC 4-30-051 that require a CPA to furnish within 45 days any accounting or other records belonging to, or obtained from a client, upon request and reasonable notice. WAC 4-30-142(10) and (11) identify violation of the Public Accountancy Act and one or more of the rules of professional conduct as bases for the Board to impose discipline against CPAs.
- 2.2 The Respondent's acts and omissions described in paragraphs 1.3 and 1.7 constitute violation of WAC 4-30-034 that requires a CPA to respond in writing and within 20 days to Board communications requesting a response. WAC 4-30-142(13) identifies failure to cooperate with the Board by failing to furnish in writing a full and complete explanation related to a complaint or by failing to respond to a Board inquiry as basis for the Board to impose discipline against CPAs.
- 2.3 The Respondent's acts and omissions described in paragraphs 1.4 and 1.5 constitute violation of RCW 18.04.345 and WAC 4-30-112 that require a firm with an office in this state and using the designation "CPA" to hold a CPA firm license. RCW 18.04.380 identifies that the display of a written instrument bearing the person's name in conjunction with CPA as prima facie evidence in any action brought under chapter 18.04 RCW that the person whose name is displayed caused or procured the display and is holding out to be a licensee. WAC 4-30-142(10) identifies violation of the Public Accountancy Act or failure to comply with a Board rule as basis for the Board to impose discipline against CPAs.

2.4 The violations described in paragraphs 2.1, 2.2, and 2.3 constitute grounds for the denial, revocation, suspension, or refusal to renew any license of the Respondent, the imposition of conditions precedent to renewal of a license, and the imposition of a fine plus the Board's investigative and legal costs and full restitution to injured parties pursuant to RCW 18.04.295, RCW 18.04.305, and chapter 18.04 RCW. See Appendix A for reproduction of statutes and rules

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 Steven M. Carlson giving him the opportunity to defend against the accusations of this Statement of Charges and provided that if he shall fail 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 conditions precedent to renewal of a license, imposing a fine plus the Board's investigative and legal costs, and/or imposing full restitution to injured parties.

DATED at Olympia, this 9th day of February 2012.

WASHINGTON STATE BOARD OF ACCOUNTANCY



RICHARD C. SWEENEY, CPA
Executive Director

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

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

Steven M. Carlson, CPA,

Respondent.

No. ACB-1334

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 conditions precedent to renewal of a certificate or a license, 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 _____, 2012.

****SIGN****

Respondent

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

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

Steven M. Carlson, CPA,

Respondent

No. ACB-1334

NOTICE OF OPPORTUNITY
TO DEFEND
STATEMENT OF CHARGES

THE STATE OF WASHINGTON TO: Steven M. Carlson

YOU ARE HEREBY NOTIFIED that an 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 request 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 4-30 WAC and chapter 34.05 RCW for rules and statutes governing discovery, appearances and appeals.

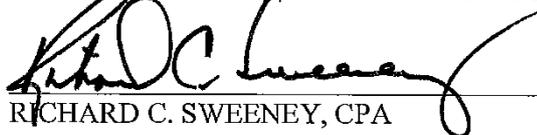
ALTERNATIVELY, you may waive the formal hearing and, in lieu thereof, submit a written statement for consideration by the Board prior to disposition of the Statement of Charges. To exercise either alternative, inerey check the appropriate box on the attached Answer to Statement of Charges form, sign, 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 conditions precedent to renewal of a certificate or license, 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 9th day of February 2012.

WASHINGTON STATE BOARD OF ACCOUNTANCY


RICHARD C. SWEENEY, CPA
Executive Director

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

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

Steven M. Carlson, CPA,

Respondent.

No. ACB-1334

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;

(4) A violation of a rule of professional conduct promulgated by the board under the authority granted by this chapter;

(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 . . . [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 18.04.345 Prohibited practices . . .

(3) No firm with an office in this state may perform or offer to perform attest services as defined in RCW 18.04.025(1) or compilation services as defined in RCW 18.04.025(6) or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants or CPAs, unless the firm is licensed under RCW 18.04.195 and all offices of the firm in this state are maintained and registered under RCW 18.04.205. This subsection does not limit the services permitted under RCW 18.04.350(10) by persons not required to be licensed under this chapter . . . [2009 c 116 § 1; 2008 c 16 § 5; 2001 c 294 § 17; 1999 c 378 § 8; 1992 c 103 § 14; 1986 c 295 § 15; 1983 c 234 § 16.]

RCW 18.04.380 Advertising falsely — Effect. (1) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof

shall be prima facie evidence in any action brought under this chapter that the person whose name is so displayed, caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a licensee, a certified public accountant, or a person holding a certificate under this chapter.

(2) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words certified public accountant-inactive or any abbreviation thereof is prima facie evidence in any action brought under this chapter that the person whose name is so displayed caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a certified public accountant-inactive under this chapter.

(3) In any action under subsection (1) or (2) of this section, evidence of the commission of a single act prohibited by this chapter is sufficient to justify an injunction or a conviction without evidence of a general course of conduct. [2001 c 294 § 20; 1986 c 295 § 17; 1983 c 234 § 20; 1949 c 226 § 37; Rem. Supp. 1949 § 8269-44.]

RCW 18.04.390 Papers, records, schedules, etc., property of the licensee or licensed firm--Prohibited practices--Rights of client. (1) In the absence of an express agreement between the licensee or licensed firm and the client to the contrary, all statements, records, schedules, working papers, and memoranda made by a licensee or licensed firm incident to or in the course of professional service to clients, except reports submitted by a licensee or licensed firm, are the property of the licensee or licensed firm.

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

(3) A licensee shall furnish to the board or to his or her client or former client, upon request and reasonable notice:

(a) A copy of the licensee's working papers or electronic documents, to the extent that such working papers or electronic documents include records that would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(b) Any accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received for the client's account; the licensee may make and retain copies of such documents of the client when they form the basis for work done by him or her.

(4) (a) For a period of seven years after the end of the fiscal period in which a licensed firm concludes an audit or review of a client's financial statements, the licensed firm must retain records relevant to the audit or review, as determined by board rule.

(b) The board must adopt rules to implement this subsection, including rules relating to working papers and document retention.

(5) Nothing in this section should be construed as prohibiting any temporary transfer of workpapers or other material necessary in the course of carrying out peer reviews or as otherwise interfering with the disclosure of information pursuant to RCW 18.04.405. [2003 c 290 § 4; 2001 c 294 § 21; 1992 c 103 § 16; 1986 c 295 § 18; 1983 c 234 § 21; 1949 c 226 § 38; Rem. Supp. 1949 § 8269-45.]

WAC 4-30-034 Must I respond to inquiries from the board? Yes. All licensees, including out-of-state individuals exercising practice privileges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive certificate holders, nonlicensee firm owners, and applicants must respond, in writing, to board communications requesting a response. Your response must be made within twenty days of the date the board's communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board. [Statutory Authority: RCW 18.04.055(16), 10-24-009, amended and recodified as § 4-30-034, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-551, filed 8/25/08, 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 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records? (1) The following terms are defined below solely for use with this section:

(a) Client provided records are accounting or other records belonging to the client that were provided to the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons by or on behalf of the client.

(b) Client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner are accounting or other records (for example, tax returns, general ledgers, subsidiary journals, and supporting schedules such as detailed employee payroll records and depreciation schedules) that the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons was engaged to prepare for the client.

(c) Supporting records are information not reflected in the client's books and records that are otherwise not available to the client with the result that the client's financial information is incomplete. For example, supporting records include adjusting, closing, combining or consolidating journal entries (including computations supporting such entries), that are produced by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons during an engagement.

(d) Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers include, but are not limited to, audit programs, analytical review schedules, statistical sampling results, analyses, and schedules prepared by the client at the request of the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons.

(2) When a client or former client (client) makes a request for client-provided records, client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner, or supporting records that are in the custody or control of the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner that have not previously been provided to the client, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should respond to the client's request as follows:

(a) Client provided records in the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner custody or control must be returned to the client.

(b) Client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner must be provided to the client, except that client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner may be withheld if the preparation of such records is not complete.

(c) Supporting records relating to a completed and issued work product must be provided to the client.

(d) Persons subject to this subsection developing and maintaining such records, or schedules should make a reasonable effort to provide the required information and data to the client in a format useable by the client to avoid the cost to the client of duplicate reentry of individual transaction or other information into the client's or successor custodian's recordkeeping system.

(3) The licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is not required to convert records that are not in electronic format to electronic format. However, if the client requests records in a specific format and the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner was engaged to prepare the records in that format, the client's request should be honored.

(4) Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and/or employees of such persons must not refuse to return or provide records indicated in subsection (1)(a), (b), and (c) of this section including electronic documents, pending client payment of outstanding fees.

(5) Once the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons has complied with the requirements in subsection (2) of this section, he or she is under no ethical obligation to comply with any subsequent requests to again provide such records or copies of such records. However, if subsequent to complying with a request, a client experiences a loss of records due to a natural disaster or an act of war, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with an additional request to provide such records.

(6) Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers are the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner property and need not be provided to the client under provisions of this section; however, such requirements may be imposed by state and federal statutes and regulations, and contractual agreements.

(7) In connection with any request for client-provided records, client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons, or supporting records, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner may:

(a) Charge the client a reasonable fee for the time and expense incurred to retrieve and copy such records and require that such fee be paid prior to the time such records are provided to the client;

(b) Provide the requested records in any format usable by the client;

(c) Make and retain copies of any records returned or provided to the client.

(8) Where a licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is required to return or provide records to the client, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with the client's request as soon as practicable but, absent extenuating circumstances, no later than forty-five days after the request is made. The fact that the statutes of the state in which the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner practices grants the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner a lien on certain records in his or her custody or control does not relieve the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner of his or her obligation to comply with this section.

(9) A licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is under no obligation to retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service(s) performed.

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

- (a) Records forming the basis of the audit or review;
- (b) Records documenting audit or review procedures applied;
- (c) Records documenting evidence obtained including financial data, analyses, conclusions, and opinions related to the audit or review engagement; and
- (d) Records documenting conclusions reached by the licensee in the audit or review engagement. [Statutory Authority: RCW 18.04.055(2), 18.04.390 (4)(b), and 18.04.405 (1). 11-06-062, § 4-30-051, filed 3/2/11, effective 4/2/11.]

WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state? (1) A firm license must be obtained from the board if any of the following criteria apply:

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

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

(c) The firm is licensed in another state and performs the following services for clients with a home office in this state:

(i) Any audit or other engagement to be performed in accordance with the statements on auditing standards;

(ii) Any examination of prospective financial information to be performed in accordance with the statements on standards for attestation engagements; and

(iii) Any engagement to be performed in accordance with the public company accounting oversight board auditing standards.

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

(a) The firm performs such services through individuals with practice privileges under RCW 18.04.350(2) and WAC 4-30-090 or reciprocal license under RCW 18.04.180 and 18.04.183 and board rules;

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

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

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

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

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

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

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

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

(f) Not render those services described in subsection (1)(c) of this section for a client with a home office in this state unless the firm that has obtained a license from this state (RCW 18.04.195 and 18.04.295) and this section; and

(g) Not render any professional services in this state through out-of-state individual(s) who are not licensed to render such services by the state(s) in which the principal place of business of such individual(s) is (are) located. [Statutory Authority: RCW 18.04.055(8), 18.04.195, 11-07-070, § 4-30-112, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-112, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-753, filed 8/25/08, effective 9/25/08.]

WAC 4-30-142 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 Title 4 WAC, by a licensee, defined in WAC 4-30-010, CPA-Inactive certificate holder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified for practice privileges . . .

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

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

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

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

(c) Respond to an inquiry of the board . . . [Statutory Authority: RCW 18.04.055(16), 18.04.195 (11)(d), 18.04.295, 18.04.305, 18.04.350(2). 11-07-070, § 4-30-142, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-142, filed 11/18/10, effective 12/19/10; 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 Public
Accounting of:

Steven M. Carlson, CPA,
Respondent.

No. ACB-1334

DECLARATION OF SERVICE

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

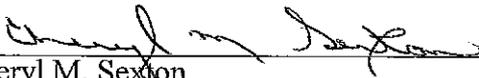
On February 9, 2012, I served a true and correct copy of a Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, and Appendix A by mailing same with proper postage affixed by U.S. Certified Mail—Return Receipt Requested #7004 2510 0004 0552 3891 and a second true and correct copy by U.S. First Class mail to the Respondent's address of record:

Steven M. Carlson, CPA
3216 Bryce Drive
Lake Stevens, WA 98258

I also served a true and correct copy of the 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 3990 and a second true and correct copy by U.S. First Class mail to the Respondent's former firm address:

Steven M. Carlson, CPA
801 State Avenue
Marysville, WA 98270

DATED this 9 day of February, 2012, in Olympia, Washington.


Cheryl M. Sexton
Board Clerk

7004 2510 0004 0552 3990

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Total	760



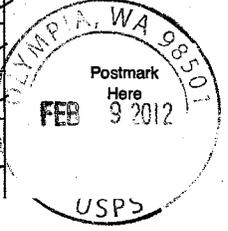
Steven M. Carlson, CPA
801 State Avenue
Marysville, WA 98270

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Total	760



Steven M. Carlson, CPA
3216 Bryce Drive
Lake Stevens, WA 98258

7004 2510 0004 0552 3891

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



7004 2510 0004 0552 3891

Return Receipt
Requested

UNITED STATES POSTAGE
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MAILED FROM ZIP CODE 98501

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MAR 06 2012

WA ACCOUNTANCY BOARD

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FIRST CLASS MAIL

SECOND NOTICE

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.

1. Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

- A. Signature X
- B. Received by (Printed Name)
- C. Date of Delivery
- D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type

- Certified Mail
- Registered
- Insured Mail
- Express Mail
- Return Receipt for Merchandise
- C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

UNCLAIMED

2. Article Number
(Transfer from service label)

7004 2510 0004 0552 3891

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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 mailpiece, or on the front if space permits.

1. Article Addressed to:

Steven M. Carlson, CPA
801 State Avenue
Marysville, WA 98270

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
[Handwritten Signature] Addressee

B. Received by (Printed Name) *JERIN GABRIEL* C. Date of Delivery *2-10-12*

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number *7004 2510 0004 0552 3990*
(Transfer from service label)

CS

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

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

Steven M. Carlson, CPA,

Respondent.

NO. ACB-1334

**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 February 9, 2012. The Statement of Charges alleges that Steven M. Carlson (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 the Respondent, Steven M. Carlson, held a Certified Public Accountant (CPA) certificate and individual license (No. 06546) to practice as a CPA in the state of Washington. The Respondent's individual license to practice public accounting as a CPA expires June 30, 2013. The Respondent was the sole shareholder of the CPA firm

Steven M. Carlson CPA, Inc. (a professional service corporation). The CPA firm, Steven M. Carlson CPA, Inc. held a valid license (No. 5164) to practice public accounting in the state of Washington through June 30, 2011. The CPA firm license expired effective July 1, 2011, due to the Respondent's failure to renew.

- 2.2 On August 31, 2011, the Board received a complaint against the Respondent from James and Dana Strickland alleging the Respondent failed to: (1) timely prepare the Stricklands' 2010 federal income tax return; (2) file the Stricklands' 2010 federal income tax return; and (3) timely return the Stricklands' records as requested. The Stricklands provided the Respondent with documents needed to process their 2010 federal income tax return in early April 2011. The Respondent provided the Stricklands with a draft tax return on August 2, 2011. The Respondent did not file the return. Providence Hospital denied financial assistant to the Stricklands for "lack of most recent tax return." During August 2011, the Stricklands visited the Respondent's office several times and requested the return of their records. In late October 2011, the Respondent returned the Stricklands documents to them.
- 2.3 On September 23, 2011, the Board advised the Respondent of the Stricklands' complaint and requested the Respondent respond to the Board regarding the complaint within 20 days. The Respondent failed to reply. On October 17, 2011, the Board advised the Respondent that the Board had not received the Respondent's response to the Board's September 23, 2011, inquiry and requested the Respondent respond to the Board regarding the complaint within 20 days. The Board mailed the October 17, 2011, inquiry 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 (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent failed to respond.

- 2.4 During October 2011, a search of Washington State government web sites resulted in two listings with the Washington State Department of Revenue State Business Records Database:
- 2.4.1 The legal entity “Carlson Steven M.” was listed as doing business as “Steven M. Carlson, CPA” and located in Lake Stevens, Washington. The account was opened December 1, 2002, and listed as “open.”
- 2.4.2 The legal entity “Steven M. Carlson CPA Inc.” was listed as located in Marysville, Washington. The account was opened January 1, 2003, and listed as “open.”
- 2.5 During October 2011, a search of the Washington Society of CPAs’ web site found a registration for Steven M. Carlson CPA Inc. The general business was listed as “Public Accounting.” The specific business was listed as “CPA Firm – Indiv. Pract.”
- 2.6 On September 23, 2011, the Board received a complaint against the Respondent from Crystal Lynn Bjorback alleging the Respondent failed to timely prepare Ms. Bjorback’s 2010 federal income tax return and failed to return Ms. Bjorback’s records to her as requested. Ms. Bjorback initially contacted the Respondent on February 18, 2011, for help to complete her taxes. Ms. Bjorback met with the Respondent on March 25, 2011, and April 18, 2011, and provided the Respondent with original business records and receipts from 2008-2010. On May 24, 2011, Ms. Bjorback met with the Respondent to finalize the tax return. At that meeting, Ms. Bjorback requested the return of her documents. The Respondent advised Ms. Bjorback that he should keep the documents until the tax return was filed and accepted. The Respondent did not file the tax return nor did he return Ms. Bjorback’s documents as requested. Ms. Bjorback has repeatedly attempted to contact the Respondent. The Respondent has not been responsive.
- 2.7 On October 13, 2011, the Board advised the Respondent of Ms. Bjorback’s complaint and requested the Respondent respond to the Board regarding the complaint within 20 days. The

Respondent failed to reply. On November 15, 2011, the Board advised the Respondent that the Board had not received the Respondent's response to the Board's October 13, 2011, inquiry and requested the Respondent respond to the Board regarding the complaint within 20 days. The Board mailed the November 15, 2011, inquiry 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 (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent failed to respond.

- 2.8 The Board mailed the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend and Appendix A to the Respondent by United States certified mail, return receipt requested, and by United States first class mail on February 9, 2012, addressed to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258) and to the last address provided to the Board for the Respondent's firm, Steven M. Carlson, CPA, Inc. (801 State Avenue, Marysville, WA 98270).
- 2.9 The certified mailing to the Respondent's last known individual address (3216 Bryce Drive, Lake Stevens, WA 98258) was returned unopened to the Board on March 6, 2012, by the United States Postal Service marked "UNCLAIMED." The first class mailing to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258) has not been returned to the Board. The certified mailing to the last address provided to the Board for the Respondent's firm (801 State Avenue, Marysville, WA 98270) was received and signed for by a person other than the Respondent on February 10, 2012.
- 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 conduct set out in Findings of Fact 2.2 and 2.6 constitute violation of RCW 18.04.390(3) and WAC 4-30-051 that require a CPA to furnish within 45 days any accounting or other records belonging to, or obtained from a client, upon request and reasonable notice. WAC 4-30-142(10) and (11) identify violation of the Public Accountancy Act and one or more of the rules of professional conduct as bases for the Board to impose discipline against CPAs.
- 3.6 Respondent's conduct set out in Findings of Fact 2.3 and 2.7 constitutes violation of WAC 4-30-034 that requires a CPA to respond in writing and within 20 days to Board communications requesting a response. WAC 4-30-142(13) identifies failure to cooperate with the Board by failing to furnish in writing a full and complete explanation related to a complaint or by failing to respond to a Board inquiry as basis for the Board to impose discipline against CPAs.

- 3.7 Respondent's conduct set out in Findings of Fact 2.4 and 2.5 constitute violation of RCW 18.04.345 and WAC 4-30-112 that require a firm with an office in this state and using the designation "CPA" to hold a CPA firm license. RCW 18.04.380 identifies that the display of a written instrument bearing the person's name in conjunction with CPA as prima facie evidence in any action brought under chapter 18.04 RCW that the person whose name is displayed caused or procured the display and is holding out to be a licensee. WAC 4-30-142(10) identifies violation of the Public Accountancy Act or failure to comply with a Board rule as basis for the Board to impose discipline against CPAs.
- 3.8 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, RCW 18.04.305, 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 CPA certificate, individual license to practice public accounting, and eligibility to register, renew or reinstate the Respondent's firm license are 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 license, the Respondent must:
- 4.2.1 Serve the entire three-year suspension.
 - 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 Title 4 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 Title 4 WAC in effect at the time of application for reinstatement.
 - 4.2.4 Return to Crystal Lynn Bjorback all records belonging to her and provided to the Respondent. The Respondent must provide documentation satisfactory to the Board to verify the return of Ms. Bjorback's records.
 - 4.2.5 Pay a five thousand two hundred fifty dollar (\$5,250) fine.
 - 4.2.6 Reimburse the Board one thousand seven hundred fifty dollars (\$1,750) for investigative and legal costs.
 - 4.2.7 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.
 - 4.2.8 Satisfy any other requirement imposed by the Board as a condition for the reissuance of the 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 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 license to the Respondent under Chapter 18.04 RCW.

- 4.5 The Respondent shall refrain from signing, affixing, or associating his name, firm name, or trade name to any report prescribed by professional standards including reports designated as an “audit,” “review,” or “compilation,” until such time that the Board reinstates the Respondent’s individual license and issues a firm license to the Respondent.

DATED this _____ day of _____ 2012.

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.

DRAFT

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

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

Steven M. Carlson, CPA,

Respondent.

No. ACB-1334

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;

(4) A violation of a rule of professional conduct promulgated by the board under the authority granted by this chapter;

(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 . . . [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 18.04.345 Prohibited practices . . .

(3) No firm with an office in this state may perform or offer to perform attest services as defined in RCW 18.04.025(1) or compilation services as defined in RCW 18.04.025(6) or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants or CPAs, unless the firm is licensed under RCW 18.04.195 and all offices of the firm in this state are maintained and registered under RCW 18.04.205. This subsection does not limit the services permitted under RCW 18.04.350(10) by persons not required to be licensed under this chapter . . . [2009 c 116 § 1; 2008 c 16 § 5; 2001 c 294 § 17; 1999 c 378 § 8; 1992 c 103 § 14; 1986 c 295 § 15; 1983 c 234 § 16.]

RCW 18.04.380 Advertising falsely — Effect. (1) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof

shall be prima facie evidence in any action brought under this chapter that the person whose name is so displayed, caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a licensee, a certified public accountant, or a person holding a certificate under this chapter.

(2) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words certified public accountant-inactive or any abbreviation thereof is prima facie evidence in any action brought under this chapter that the person whose name is so displayed caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a certified public accountant-inactive under this chapter.

(3) In any action under subsection (1) or (2) of this section, evidence of the commission of a single act prohibited by this chapter is sufficient to justify an injunction or a conviction without evidence of a general course of conduct. [2001 c 294 § 20; 1986 c 295 § 17; 1983 c 234 § 20; 1949 c 226 § 37; Rem. Supp. 1949 § 8269-44.]

RCW 18.04.390 Papers, records, schedules, etc., property of the licensee or licensed firm--Prohibited practices--Rights of client. (1) In the absence of an express agreement between the licensee or licensed firm and the client to the contrary, all statements, records, schedules, working papers, and memoranda made by a licensee or licensed firm incident to or in the course of professional service to clients, except reports submitted by a licensee or licensed firm, are the property of the licensee or licensed firm.

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

(3) A licensee shall furnish to the board or to his or her client or former client, upon request and reasonable notice:

(a) A copy of the licensee's working papers or electronic documents, to the extent that such working papers or electronic documents include records that would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(b) Any accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received for the client's account; the licensee may make and retain copies of such documents of the client when they form the basis for work done by him or her.

(4) (a) For a period of seven years after the end of the fiscal period in which a licensed firm concludes an audit or review of a client's financial statements, the licensed firm must retain records relevant to the audit or review, as determined by board rule.

(b) The board must adopt rules to implement this subsection, including rules relating to working papers and document retention.

(5) Nothing in this section should be construed as prohibiting any temporary transfer of workpapers or other material necessary in the course of carrying out peer reviews or as otherwise interfering with the disclosure of information pursuant to RCW 18.04.405. [2003 c 290 § 4; 2001 c 294 § 21; 1992 c 103 § 16; 1986 c 295 § 18; 1983 c 234 § 21; 1949 c 226 § 38; Rem. Supp. 1949 § 8269-45.]

WAC 4-30-034 Must I respond to inquiries from the board? Yes. All licensees, including out-of-state individuals exercising practice privileges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive certificate holders, nonlicensee firm owners, and applicants must respond, in writing, to board communications requesting a response. Your response must be made within twenty days of the date the board's communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board. [Statutory Authority: RCW 18.04.055(16). 10-24-009, amended and recodified as § 4-30-034, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-551, filed 8/25/08, 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 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records? (1) The following terms are defined below solely for use with this section:

(a) Client provided records are accounting or other records belonging to the client that were provided to the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons by or on behalf of the client.

(b) Client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner are accounting or other records (for example, tax returns, general ledgers, subsidiary journals, and supporting schedules such as detailed employee payroll records and depreciation schedules) that the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons was engaged to prepare for the client.

(c) Supporting records are information not reflected in the client's books and records that are otherwise not available to the client with the result that the client's financial information is incomplete. For example, supporting records include adjusting, closing, combining or consolidating journal entries (including computations supporting such entries), that are produced by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons during an engagement.

(d) Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers include, but are not limited to, audit programs, analytical review schedules, statistical sampling results, analyses, and schedules prepared by the client at the request of the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons.

(2) When a client or former client (client) makes a request for client-provided records, client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner, or supporting records that are in the custody or control of the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner that have not previously been provided to the client, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should respond to the client's request as follows:

(a) Client provided records in the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner custody or control must be returned to the client.

(b) Client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner must be provided to the client, except that client records prepared by the

licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner may be withheld if the preparation of such records is not complete.

(c) Supporting records relating to a completed and issued work product must be provided to the client.

(d) Persons subject to this subsection developing and maintaining such records, or schedules should make a reasonable effort to provide the required information and data to the client in a format useable by the client to avoid the cost to the client of duplicate reentry of individual transaction or other information into the client's or successor custodian's recordkeeping system.

(3) The licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is not required to convert records that are not in electronic format to electronic format. However, if the client requests records in a specific format and the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner was engaged to prepare the records in that format, the client's request should be honored.

(4) Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and/or employees of such persons must not refuse to return or provide records indicated in subsection (1)(a), (b), and (c) of this section including electronic documents, pending client payment of outstanding fees.

(5) Once the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons has complied with the requirements in subsection (2) of this section, he or she is under no ethical obligation to comply with any subsequent requests to again provide such records or copies of such records. However, if subsequent to complying with a request, a client experiences a loss of records due to a natural disaster or an act of war, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with an additional request to provide such records.

(6) Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers are the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner property and need not be provided to the client under provisions of this section; however, such requirements may be imposed by state and federal statutes and regulations, and contractual agreements.

(7) In connection with any request for client-provided records, client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons, or supporting records, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner may:

(a) Charge the client a reasonable fee for the time and expense incurred to retrieve and copy such records and require that such fee be paid prior to the time such records are provided to the client;

(b) Provide the requested records in any format usable by the client;

(c) Make and retain copies of any records returned or provided to the client.

(8) Where a licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is required to return or provide records to the client, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with the client's request as soon as practicable but, absent extenuating circumstances, no later than forty-five days after the request is made. The fact that the statutes of the state in which the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner practices grants the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner a lien on certain records in his or her custody or control does not relieve the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner of his or her obligation to comply with this section.

(9) A licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is under no obligation to retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service(s) performed.

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

- (a) Records forming the basis of the audit or review;
- (b) Records documenting audit or review procedures applied;
- (c) Records documenting evidence obtained including financial data, analyses, conclusions, and opinions related to the audit or review engagement; and
- (d) Records documenting conclusions reached by the licensee in the audit or review engagement. [Statutory Authority: RCW 18.04.055(2), 18.04.390 (4)(b), and 18.04.405 (1). 11-06-062, § 4-30-051, filed 3/2/11, effective 4/2/11.]

WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state? (1) A firm license must be obtained from the board if any of the following criteria apply:

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

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

(c) The firm is licensed in another state and performs the following services for clients with a home office in this state:

(i) Any audit or other engagement to be performed in accordance with the statements on auditing standards;

(ii) Any examination of prospective financial information to be performed in accordance with the statements on standards for attestation engagements; and

(iii) Any engagement to be performed in accordance with the public company accounting oversight board auditing standards.

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

(a) The firm performs such services through individuals with practice privileges under RCW 18.04.350(2) and WAC 4-30-090 or reciprocal license under RCW 18.04.180 and 18.04.183 and board rules;

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

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

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

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

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

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

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

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

(f) Not render those services described in subsection (1)(c) of this section for a client with a home office in this state unless the firm that has obtained a license from this state (RCW 18.04.195 and 18.04.295) and this section; and

(g) Not render any professional services in this state through out-of-state individual(s) who are not licensed to render such services by the state(s) in which the principal place of business of such individual(s) is (are) located. [Statutory Authority: RCW 18.04.055(8), 18.04.195, 11-07-070, § 4-30-112, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-112, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-753, filed 8/25/08, effective 9/25/08.]

WAC 4-30-142 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 Title 4 WAC, by a licensee, defined in WAC 4-30-010, CPA-Inactive certificate holder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified for practice privileges . . .

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

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

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

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

(c) Respond to an inquiry of the board . . . [Statutory Authority: RCW 18.04.055(16), 18.04.195

(11)(d), 18.04.295, 18.04.305, 18.04.350(2). 11-07-070, § 4-30-142, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-142, filed 11/18/10, effective 12/19/10; 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.]



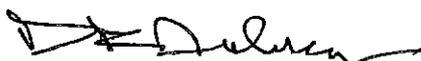
Washington State Board of Accountancy

Policy Number: 2000-1

Title: Continuing Professional Education*

Revised: April 25, 2011

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.

Effective: January 1, 2000

*Revised: July 18, 2008; October 27, 2006; January 31, 2005; October 31, 2003;
January 31, 2003; January 25, 2002; April 27, 2001; April 28, 2000



Washington State Board of Accountancy

Policy Number: 2002-1

Title: Substantially Equivalent Jurisdictions

Revised: April 26, 2012*

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.nasba.org/licensure/substantialequivalency/>.

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.

Effective: January 25, 2002

*Revised: April 25, 2011; January 28, 2010; October 17, 2008; October 25, 2002;



Washington State Board of Accountancy

Policy Number: 2002-1

Title: Substantially ~~Equivalent~~ **ly** ~~Equivalent~~ **ly** Jurisdictions

Revised: April ~~25~~**26**, 201~~1~~**2***

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 <http://www.nasba.org/licensure/substantialequivalency/>.

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.

Effective: January 25, 2002

*Revised: [April 25, 2011](#); January 28, 2010; October 17, 2008; October 25, 2002;



Washington State Board of Accountancy

Policy Number: 2002-2
Title: Expert Witness Services
Revised: April 25, 2011*

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.

Effective: January 25, 2002

*Revised: October 17, 2008; April 27, 2007; December 31, 2004



Washington State Board of Accountancy

Policy Number: 2002-4

Title: International Reciprocity*

Revised: April 26, 2012*

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/international/mra>.

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.

Effective: October 25, 2002

*Revised: April 25, 2011; October 22, 2009; October 17, 2008; July 30, 2004



Washington State Board of Accountancy

Policy Number: 2002-4

Title: International Reciprocity*

Revised: April 2~~5~~6, 201~~1~~2*

Approved: _____
Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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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>

<http://www.nasba.org/international/mra>.

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- 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.

Effective: October 25, 2002

*Revised: [April 25, 2011](#); October 22, 2009; October 17, 2008; July 30, 2004



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 26, 2012*

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.
- 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 revocation, suspension, stayed suspension, 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 and revocation:
 - Notice will be published in the Daily Journal of Commerce.
 - Notice will be provided to the AICPA and WSCPA.
 - 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.

Board actions resulting in revocation, suspension, or practice restriction are noted in the Board's public licensee search database. Accordingly, these Board actions also become available to other state board administrative management personnel through a national Automated Licensee Database (ALD) maintained by the National Association of State Boards of Accountancy (NASBA) and to the general public through CPAVerify.org.

3. In cases of other matters of non-compliance not resulting in administrative sanction, revocation, suspension, stayed suspension, 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 public 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.

General Categories of Misconduct	Examples of Sanctionable Acts:
	<ul style="list-style-type: none"> • 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>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"> • 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.

Effective: October 29, 2004

*Revised: April 25, 2011; October 17, 2008; April 28, 2006; January 28, 2005



Washington State Board of Accountancy

Policy Number: 2004-1

Title: Sanction and Penalty Guidelines

Revised: April ~~25~~26, 201~~1~~2*

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 revocation, 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~~published 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.

Board actions resulting in revocation, suspension, or practice restriction are noted in the Board's public licensee search database. Accordingly, these Board actions also become available to other state board administrative management personnel through a national Automated Licensee Database (ALD) maintained by the National Association of State Boards of Accountancy (NASBA) and to the general public through CPAVerify.org.

3. In cases of other matters of non-compliance not resulting in administrative sanction, revocation, 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~~public 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

General Categories of Misconduct	Examples of Sanctionable Acts:
	<p>lapsed and signed the reinstatement application stating that they did not use the title when the evidence demonstrates that they used the title.</p> <ul style="list-style-type: none"> • 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>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"> • 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.

General Categories of Misconduct	Examples of Sanctionable Acts:
<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.

Effective: October 29, 2004

*Revised: April 25, 2011; October 17, 2008; April 28, 2006; January 28, 2005



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

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.

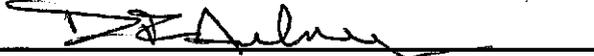


Washington State Board of Accountancy

Policy Number: 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.



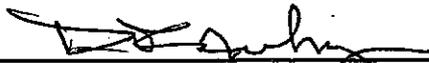
Washington State Board of Accountancy

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.

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 25th day of April 2011.



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 Washington State Board of Accountancy ("Board"), acting under authorization of a vote of the Board, delegate to the Deputy Director, the specific authority to:

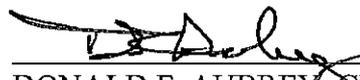
Conduct investigations and negotiate settlement proposals concerning alleged violations of the provisions of Chapter 18.04 RCW as directed by the Executive Director of the Washington State Board of Accountancy. This includes the specific authority to negotiate settlement proposals. Settlement proposals 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 25th day of April 2011.



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:

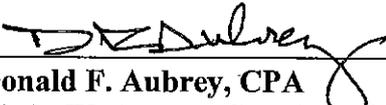
1. CPE Waiver Extension Requests – To the Executive Director the specific authority to review, approve or deny Continuing Professional Education (CPE) waiver extension requests where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment, 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 applicable section(s) of Title 4 WAC.
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 30th day of May 2011.



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.

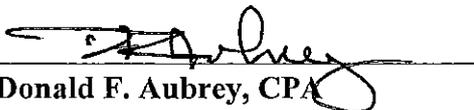
2. **Review of Publicly Available Professional Work** – To the Executive Director the specific authority to review publicly available professional work of licensees pursuant to RCW 18.04.045(8) and the applicable section of Title 4 WAC.

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 25th day of December 2011.


Donald F. Aubrey, CPA
Chair, Washington State Board of Accountancy

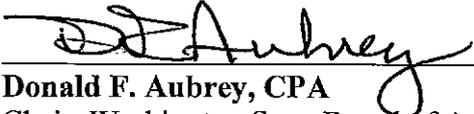
**DELEGATION OF AUTHORITY
BY THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

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 the specific authority to:

Issue Administrative Notices of Noncompliance and execute Respondent Agreements Consenting to Administrative Sanctions including monetary sanctions in accordance with the guidelines in Appendix A attached hereto.

This delegation is made pursuant to the authority of RCW 18.04.045, RCW 18.04.305, and RCW 18.04.295.

DATED this 26th day of January 2012.



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 when (a) it is the first time an individual or firm has been notified of an alleged specific type of violation of the Public Accountancy Act or Board rule, (b) the alleged violation occurred during any period the individual or firm is or was subject to Board jurisdiction, and (c) sufficient evidence is obtained by investigation to merit Board action.

	<u>Administrative Violation:</u>	<u>Board Approved Sanction:</u>
1.	First noncommercial use of a restricted 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, <i>Provided:</i> the individual did not use the title while a resident in conjunction with offering or rendering professional services.	Administrative Notice to Cease and Desist
2.	First-time use of a restricted title by an individual within the 18-month period following successful completion of the Uniform CPA Examination but who has not yet been credentialed by the Board	\$500 fine + cost recovery + submission of proof of completion of Board approved course in ethics and regulation in Washington State regulation applicable to the practice of public accounting <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
3.	First-time use of a restricted title with a lapsed individual license or CPA-Inactive status. <i>Provided:</i> The individual did not use the CPA or CPA-Inactive title for more than 90 days after the date of transmittal by Board staff of a <i>Notice of Noncompliance.</i>	\$750 fine+ late fee + cost recovery <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
4.	First time representation on a reinstatement application that the CPA title had not been used when in fact the title had been used.	\$750 fine+ late fee + cost recovery <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
5.	First time failure to obtain a firm license by a Washington resident firm owned by one individual for more than 90 days after <i>the date of transmittal</i> by Board staff of a <i>notice of noncompliance.</i>	\$750 fine + cost recovery + submission of proof of completion of Board approved course in ethics and regulation in Washington State <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>

WASHINGTON STATE BOARD OF ACCOUNTANCY

Appendix A

6.	First-time failure to timely change either or both individual and/or firm addresses.	<i>\$0-\$200 fine + cost recovery (unless the failure to timely change the address results in a more severe first-time administrative violation and sanction) to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
7.	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.	<i>\$500 fine + cost recovery to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
8.	First-time CPE deficiency by a licensee, CPA-Inactive certificateholder, or nonCPA firm owner <i>not exceeding 16 hours.</i>	<p><u>Licensee:</u> Exclusive of the required 4 hour course addressing ethics and regulation in Washington State a <u>sliding scale:</u></p> <p style="padding-left: 40px;">\$250 fine for a deficiency up to and including 8 hours;</p> <p style="padding-left: 40px;">\$500 fine for deficiency up to and including 16 hours;</p> <p style="padding-left: 40px;">Additional (separate) \$500 fine if the deficiency includes or is limited to failure to complete the required 4-hour course addressing ethics and regulation in Washington State.</p> <p><u>CPA-Inactive Certificateholder or NonCPA firm owner:</u></p> <p style="padding-left: 40px;">\$500 fine for failure to complete the required 4-hour course addressing ethics and regulation in Washington State</p> <p><i>A recovery of associated administrative cost(s) will also be imposed. All amounts assessed are to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i></p>
9.	First-time misunderstanding of courses qualifying for the CPE in regulatory ethics specific to Washington State.	<i>\$100 fine + cost recovery + submission of proof of completion of Board approved course in ethics and regulation in the state of Washington to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>

WASHINGTON STATE BOARD OF ACCOUNTANCY

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10.	First-time failure to meet CPE documentation requirements <u>determined by CPE audit</u> provided the documentation deficiency results from a cause or circumstance beyond the control of the credentialed person.	\$250 fine + cost recovery + submission of proof of completion of Board approved course in ethics and regulation in the state of Washington <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
11.	First-time use of titles likely to be confused with CPA, Certified Public Accountant, or CPA-Inactive by person never credentialed by this Board or not qualified for practice privileges pursuant to RCW 18.04.350(2).	\$1,500 fine + cost recovery + <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
12.	First-time failure to timely deliver records requested by a client as required by WAC 4-30-051, UNLESS the lack of "timely delivery" results in financial harm to the client by a state or federal regulatory agency or governmental unit.	\$1,500 fine + cost recovery + restitution for proven client costs incurred to reconstruct essential records incurred as a result of the lack of availability of such records + submission of proof of completion of Board approved course in ethics and regulation in the state of Washington <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>
13.	First-time failure to timely respond to a request for administrative information or documents directly related to information and/or documents specified in Board rules (Title 4 WAC).	\$1,500 fine + cost recovery + submission of proof of completion of Board approved course in Ethics and Regulation in the state of Washington <i>to be received by the Board's office within 90 days of 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

Effective: April 28, 2006

Revised: Delegation and Appendix A Revised: January 26, 2012, by Board vote
Appendix A Revised: July 14, 2011, by Board vote

Foreign Credit Evaluation Services

Washington Strategy

The 3 E's Committee and Task Force is initially charged with promptly seeking information to serve as a basis for the Board to evaluate which, if any, *foreign educational institutions* providing courses and degrees of all levels, meet the Board's criteria for "equivalent to" the education and degrees offered by U.S. educational institutions recognized by the Board or the U.S. Department of Education.

The Board Chair and the Executive Director suggest that an approach might include:

1. Determine and document the criteria used by at least two foreign credit evaluation services currently approved by the Board.

The Executive Director and liaison staff will provide recommended contacts upon request.

2. Determine and document those *foreign educational institutions* **by country** currently deemed equivalent by at least two Foreign Credit Evaluation Services currently approved by the Board and the basis for that determination;
3. Seek and document any information regarding the reliability of any governmental accreditation authorities in the following countries:

- India
- Pakistan
- China
- Japan
- UK
- Brazil
- Mexico

4. Analyze and evaluate the foreign educational institutions currently recognized by two Foreign Credit Evaluation Services against the Task Forces' comfort with the reliability of foreign governmental accreditation agencies and make a formal written report to the Board Officers, including any conclusions or recommendations, on or before June 30, 2012;

To the maximum extent possible, *without unduly interfering with agency's core responsibilities*, the Executive Director will provide agency resources to the Committee and Task Force when requested. *All requests for assistance should be made to the Executive Director.*

ATTACHMENTS

Foreign Credit Evaluation Service Provider responses to Agency Inquiries

FCE Services Preliminary Responses

WES 2007 Policy on the Three-Year Bachelor's Degree from India

World Education Services (WES) has revised its assessment of the three-year bachelor's degree awarded by Indian universities and (now) considers selected three-year degrees from India to be equivalent to a U.S. bachelor's degree. The decision was made following research and review of fundamental changes to the quality assurance process in Indian higher education.

A Status Update

The three-year bachelor's degree from India has traditionally been regarded as comparable to the completion of three years of undergraduate study in the United States and holders of the degree have typically not been eligible for admission to U.S. graduate schools.

This assessment is based on information on education from the 1970s through the mid-1980s. Since then, the education system has undergone fundamental reforms that have given rise to a uniform system of education. By the mid-1980s the **Standard XII** award had been fully implemented across India and almost all universities have adopted the three-year bachelor's degree.

Despite the reforms, the university sector continued to struggle with an excessive rate of failure in university-matriculation examinations, as well as with a high dropout rate. The rapid growth in the number of students enrolling at postsecondary institutions has impacted quality standards at Indian universities, particularly in the social sciences and humanities. In the 1990s alone, the number of students attending universities almost doubled from 4.9 million to 9.4 million. Still Indian higher education continues to include several centers of educational excellence.

Changes in Indian Higher Education

In an attempt to address the issue of quality in higher education, the **University Grants Commission/UGC** <http://www.ugc.ac.in> founded the **National Assessment and Accreditation Council/NAAC** <http://naac-india.com> in 1994. The mission of the NAAC is to evaluate and accredit higher education institutions on the basis of clearly defined criteria that include the curriculum; teaching and student assessment; infrastructure and resources; student support; and institutional management. Institutions that complete the process successfully and qualify are graded as follows:

Institutional Score (upper limit exclusive)	Grade
95-100	A ++
90-95	A +
85-90	A
80-85	B++
75-80	B+
70-75	B
65-70	C++
60-65	C+
55-60	C

The grading scale is heavily weighted (70%) toward teaching and learning resources with the remaining 30 points given for student support and institutional management. Accreditation is voluntary and as of January 1, 2006 122 universities and 2558 colleges have been accredited.

Issues Affecting Degree Equivalency

By instituting a quality assurance and accreditation mechanism, Indian higher education has started addressing a major impediment that prevented the recognition of most university degrees. It is important to note that major British universities have taken note of the recent developments in Indian higher education and updated their admissions policies accordingly. Major universities including the Universities of Bath, Exeter, Manchester, Reading, Sheffield, Southampton, and Sussex; to name a few, now admit very strong candidates with three year bachelor's degrees from India directly into master's degree programs.

Absence of a General Education Component -General education at the undergraduate level is unique to U. S. higher education and does not exist in most other countries regardless of the length of undergraduate degree programs. Although the absence of general education is often given as a reason for not recognizing-three-year degrees for graduate admission, U.S. universities readily admit students from those very systems if they complete at least four (4) years of study. This essentially contradicts the argument that the absence of general education renders a degree inadequate preparation for graduate studies because the fourth year is spent on further specialization.

The main criteria that WES considers when assessing a degree are the level, structure, scope and intent of the program. These factors are expressed in terms of requirements for admission to the program, its content and structure, and the function that the credential is designed to serve in the home system, respectively. While the number of years of study is one of the elements that define an academic qualification, it is only one of several criteria that WES considers when evaluating foreign academic credentials.

WES Evaluation of the Three-Year Degree

After having considered all the relevant factors, and especially the changes that have taken place in Indian higher education over the past two decades, WES has determined that selected three year degrees from India are functionally equivalent to a U.S. bachelors degree. This assessment is based on the relative standing of a university as reflected by its NAAC grade and the individual degree holder's performance as indicated by the classification of the degree.

WES Assessment of Three-year Degree

Accordingly, only three-year bachelor's degrees earned in Division or Class I and II at universities accredited by the NAAC with a grade of A or better will be considered equivalent to a U.S. bachelor's degree. All other three year degrees will continue to be evaluated as equivalent to three years of undergraduate study.

May 2007

FIS Response to Criteria Inquiry:

From: Sharalynn D. Cromer [mailto:sdcromer@fis-web.com]
Sent: Wednesday, November 16, 2011 6:43 PM
To: Mickelson, Lori (ACB)
Subject: RE: Accredited-Specific Question

The best answer is to say each country is different, but I'm sure that's not what you hoped to hear! Accreditation in the U.S. is really unique in that it isn't directly controlled by the government. In most foreign countries, the central government will have created an organization, department, or bureau to oversee and monitor education providers. Usually this is called the Ministry of Education (MOE). In some countries, there are different ministries or departments for secondary and higher education. In some countries, there are different organizations based on the type of institution (polytechnics, teacher training schools, universities, etc.) In some countries, the universities establish some kind of governing council. In some countries, certain institutions can be approved by way of royal decree, while others must apply for review by a governing council.

One of our most important jobs here at FIS is to determine whether or not a foreign institution is equivalent to a regionally accredited institution in the United States. We have to ensure that the foreign institution is appropriately recognized, and our reports explicitly discuss that recognition and how it is similar to the regional accreditation process in the United States. What "accreditation" or "recognition" means will vary from country to country as there is no universal standard. (Which is why your question is impossible to answer.) For instance, in Israel, it means an institution needs to be approved by the Council for Higher Education. But in Germany, it means an institution must be a member of the *Hochschulrektorenkonferenz* (University Rectors' Conference), recognized by the *Bundesministerium für Bildung und Forschung* (Federal Ministry of Education and Research), and monitored by the appropriate *Kultusminister der Länder* (State Minister of Cultural and Educational Affairs).

Accreditation may change over time, especially as governments change. Let's take Argentina for example. University/academic studies from 1991-1996 were overseen by the *Ministerio de Cultura y Educacion* (Ministry of Culture and Education) and the *Direccion Nacional de Asuntos Universitarios* (National Authority for University Affairs). However, university/academic studies from 1997 to the present were overseen by both the *MECyT: Ministerio de Educacion, Ciencia y Tecnologia* (Ministry of Education, Science and Technology) and the *CIN: Consejo Interuniversitario Nacional* (National Interuniversity Council) and are monitored by the *CONEAU: Consejo Nacional de Evaluacion y Acreditacion Universitaria* (National Commission for University Evaluation and Accreditation).

There is also the problem of knowing the difference between institutional accreditation set up or controlled by the government, and programmatic accreditation set up or controlled by professional organizations. And then there are diploma mills and "fake universities" out there, and they establish their own accreditation boards and then claim to be accredited. Accreditation can be a real nightmare; which is why we usually advise organizations, employers, and universities without comparative education departments/expertise to **have their applicants obtain credential evaluations from reputable agencies.**

When we receive documents from a foreign institution that isn't appropriately recognized, then we contact the client and explain that we are unable to indicate that his/her coursework is equivalent to coursework completed at an accredited school in the United States.

Does this help? Are there specific countries of interest to the task force?

Sharalynn D. Cromer
Director for Evaluations
Foundation for International Services, Inc.
14926 35th Avenue West, Suite 210
Lynnwood, WA 98087 USA
www.fis-web.com
p: 425.248.2255
f: 425.248.2262

FACS Response:

From: facs@aol.com [mailto:facs@aol.com]
Sent: Thursday, November 17, 2011 8:36 AM
To: Mickelson, Lori (ACB)
Subject: Re: Accredited-Specific Question

Thank you for your questions. We provide you with the following information.

To be considered as an accredited institution awarding academic degree and academic credits, the educational institution must be recognized by the educational authority in that country. Most often the governing body is the Ministry of Education for the respective country; however, some countries have different organizations that govern the educational institutions. In verifying that an organization is accredited, we use both reference books and the web.

If we have no official reference that the school is an approved institution of higher education, we will write to the applicant indicating that if the school is approved we will require official documentation from the institution showing that they are approved by the appropriate education authority (Ministry of Education, or other governmental educational agency) that certifies it is recognized as an approved institution of higher education authorized to award academic degrees and academic credits. We also may write to the governmental body directly. If it cannot be confirmed that an institution is accredited to award academic degrees and/or academic credits, it is not evaluated for the purpose of academic evaluation.

Following are some examples of the lists of approved educational institutions and their attached websites:

Pakistan – Ministry of Education Higher Education Commission

<http://www.moe.gov.pk/charteredUniversities.htm>

Japan – Ministry of Education, Culture, Sports, Science and Technology

<http://www.mext.go.jp/english/relatedsites/1303436.htm>

This site is broken down by type of school

Korea – Ministry of Education, Science and Technology

Public

http://english.mest.go.kr/web/1773/site/contents/en/en_0247.jsp

Private

http://english.mest.go.kr/web/1774/site/contents/en/en_0248.jsp

Egypt – Supreme Council of Universities (Minister of Higher Education)

<http://www.scu.eun.eg/wps/portal>

*Clicking on “Institutes” drops down a list to pick from Government University, private, etc.

Philippines – Commission on Higher Education

<http://202.57.63.198/chedwww/index.php/eng/Positive-Lists>

India - University Grants Commission, All India Council of Technical Education

<http://www.ugc.ac.in/>

<http://www.aicte-india.org/misappmanagement.htm#>

These are just some examples of the research into the accreditation status of a foreign educational institution. There also exists many lists of unaccredited institutions, and these may also be consulted when checking an unfamiliar school. If they require any more information, or additional resources, please let me know.

Jessica Voss, Evaluator

Foreign Academic Credential Services, Inc.

From: facs@aol.com [mailto:facs@aol.com]

Sent: Monday, February 06, 2012 7:26 AM

To: facs@aol.com

Subject: Institute of Chartered Accountants of India

Over the last two (2) years, we have been researching the educational preparation required for the examinations of the Institute of Chartered Accountants of India. Based on a sampling of applicants, and also on information provided to us by the Institute of Chartered Accountants of India, we have learned that the Institute no longer offers a formal education program in preparation for its examinations. We had originally requested information from the Institute in 2010, and multiple times since then before receiving a response.

As a result of the information provided to us, **in our opinion**, the completion of the following examination scheme **may not be considered as additional academic credit** beyond the completion of course work that had been completed at a university in India:

2002 - 10 **Professional Education I Examination**
Professional Education II Examination
Final Examination

2006 - 10 **Common Proficiency Test**
Professional Competence Examination
Final Examination

2006 - To Date **Common Proficiency Test**
Integrated Professional Competence Examination
Final Examination

For the examinations completed prior and up to 2002, under the following schemes:

Foundation Examination

Intermediate Examination

Final Examination

We will continue to recognize them for academic credit based on the educational preparation that had been completed for each examination, in addition to the education that had been completed at a university in India.

If the applicant had completed the examinations under a scheme that we do not recognize as additional academic credit, this information will be noted in our advisory evaluation report.

Jessica Voss, Evaluator
Foreign Academic Credential Services, Inc.

Education

Washington State SUBSTITUTE SENATE BILL 5442

NEW SECTION. **Sec. 2.** A new section is added to chapter 28B.10 RCW to read as follows:

1) State universities, regional universities, and The Evergreen State College may develop accelerated baccalaureate degree programs that will allow academically qualified students to **obtain a baccalaureate degree in three years without attending summer classes or enrolling in more than a full-time class load during the regular academic year. The programs must allow academically qualified students to begin course work within their academic field during their first term or semester of enrollment.**

(2) The state universities, regional universities, and the Evergreen State College shall report on their plans for the accelerated baccalaureate degree programs to the higher education coordinating board for approval.

Washington State SUBSTITUTE HOUSE BILL 1710

NEW SECTION. **Sec. 2.**(1) Within existing resources, the office of the superintendent of public instruction shall convene a working group to develop a statewide strategic plan for secondary career and technical education.

(d) Ways to improve the transition from K-12 to community and Technical college, university, and private technical college programs;

(f) A framework for a series of career and technical education certifications that are:

(i) Transferable between and among secondary schools and postsecondary institutions; and

(ii) articulated across secondary and postsecondary levels so that students receive credit for knowledge and skills they have already mastered.

(5) The office of the superintendent of public instruction shall submit a **progress report** to the education committees of the legislature and to the quality education council by **December 1, 2011**. The final strategic plan, including priorities, recommendations, and measurable annual objectives for continuous improvement, is due by December 1, 2012.

**Washington State Board of Accountancy
Case Status Report**

	<u>3/31/10</u>	<u>6/30/10</u>	<u>9/30/10</u>	<u>12/31/10</u>	<u>2010</u>	<u>3/31/11</u>	<u>6/30/11</u>	<u>9/30/11</u>	<u>12/31/11</u>	<u>2011</u>	<u>03/31/12</u>
Beginning Cases	176	157	150	131	176	93	66	51	48	93	42
Cases Opened	13	39	34	13	99	18	19	30	15	82	7
Cases Closed	<u>-32</u>	<u>-46</u>	<u>-53</u>	<u>-51</u>	<u>-182</u>	<u>-45</u>	<u>-34</u>	<u>-33</u>	<u>-21</u>	<u>-133</u>	<u>-21</u>
Remaining Cases	<u>157</u>	<u>150</u>	<u>131</u>	<u>93</u>	<u>93</u>	<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>	<u>42</u>	<u>28</u>
Cases 07 and Older					14	10	6	5	3	3	2
Cases 09 and Newer					<u>79</u>	<u>56</u>	<u>45</u>	<u>43</u>	<u>39</u>	<u>39</u>	<u>26</u>
Totals					<u>93</u>	<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>	<u>42</u>	<u>28</u>
Investigation Completed:											
Attorney General		12	7	9		11	7	5	1		4
CBM		38	27	7		9	4	0	10		10
S&AO		45	55	53		23	11	7	7		2
CBM Dismissals		<u>10</u>	<u>9</u>	<u>4</u>		<u>0</u>	<u>1</u>	<u>1</u>	<u>2</u>		<u>1</u>
		<u>105</u>	<u>98</u>	<u>73</u>		43	23	13	20		17
Investigation In Progress:											
Complaint Files											
Active Investigation		18	14	20		19	17	17	11		5
Agency Files											
QAR		7	2	0		0	2	8	0		0
CPE		20	9	0		0	4	6	7		1
Admin		<u>0</u>	<u>8</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
		<u>45</u>	<u>33</u>	<u>0</u>		<u>0</u>	<u>6</u>	<u>14</u>	<u>7</u>		<u>1</u>
Total		<u>150</u>	<u>131</u>	<u>93</u>		<u>62</u>	<u>46</u>	<u>44</u>	<u>38</u>		<u>23</u>
Active		149	129	90		62	46	44	38		23
Pending		<u>1</u>	<u>2</u>	<u>3</u>		<u>4</u>	<u>5</u>	<u>4</u>	<u>4</u>		<u>5</u>
Total	<u>176</u>	<u>157</u>	<u>150</u>	<u>131</u>		<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>		<u>28</u>
Classification:											
Code of Conduct			23	20		22	17	11	12		8
Competency			18	16		11	10	11	13		9
Title			26	18		6	6	2	1		1
Fraud			<u>6</u>	<u>5</u>		<u>7</u>	<u>6</u>	<u>9</u>	<u>6</u>		<u>7</u>
			73	59		46	39	33	32		25
Administrative											
QAR			21	13		8	5	8	1		0
CPE			<u>37</u>	<u>21</u>		<u>12</u>	<u>7</u>	<u>7</u>	<u>9</u>		<u>3</u>
			<u>58</u>	<u>34</u>		<u>20</u>	<u>12</u>	<u>15</u>	<u>10</u>		<u>3</u>
Total			<u>131</u>	<u>93</u>		<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>		<u>28</u>
Closed cases:											
Revocation - PH*			3	0	5	0	1	2	1	4	1
Suspension - PH*			1	6	8	4	6	3	3	16	1
Practice restriction - PH*			1	1	3	2	2	0	0	4	1
SAO-Fine/costs/other sanctions - PH*											1
Reinstatements			0	0	0	1	1	0	1	3	0
SAO-Fine/costs/other sanctions			8	18	68	24	13	7	9	53	3
Dismissals			11	17	57	12	8	12	1	33	9
Admin Sanctions			<u>29</u>	<u>9</u>	<u>41</u>	<u>2</u>	<u>3</u>	<u>9</u>	<u>6</u>	<u>20</u>	<u>5</u>
Total			<u>53</u>	<u>51</u>	<u>182</u>	<u>45</u>	<u>34</u>	<u>33</u>	<u>21</u>	<u>133</u>	<u>21</u>
Other:											
Complaints received not opened	<u>14</u>	<u>13</u>	<u>12</u>	<u>17</u>	<u>56</u>	<u>10</u>	<u>8</u>	<u>5</u>	21	<u>44</u>	<u>10</u>
PCAOB/Peer Review Monitoring			<u>28</u>	<u>34</u>		<u>29</u>	<u>25</u>	<u>20</u>	<u>25</u>		<u>23</u>
Administrative Sanctions-CPE Failures under 16 hours					<u>255</u>						

* Public Harm



Investigation Results/Statistics

2012

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 21 cases during 2012. Complaints or inquiries originated from the following sources:

Source of Complaint		
Agency oversight programs/Board initiated	9	43%
Clients	7	33%
Employer/Employee		
Other CPAs		
Media		
Miscellaneous	4	19%
Anonymous		
Federal, state, local or foreign jurisdiction	1	5%
Self-reported		
Non-governmental professionally related standard-setting entity		
Total	21	

The 21 cases closed during 2012 resulted from the following allegations:

Administrative		
Failure to change address	1	5%
Failure to respond to Board oversight/inquiries		
Request for reinstatement of suspended license/certificate		
Code of Conduct		
Conflicts	2	9%
Confidentiality		
Failure to complete engagement		
Failure to pay individual federal income taxes		
Independence		
Misrepresentations/fees		
Professional misconduct	1	5%
Records retention	1	5%
Competency		
Noncompliance with technical standards including Quality Assurance Review	2	9%
Sanction/denial of practice privilege by a federal, state, local or foreign jurisdiction		
Sanction by non-governmental professionally related standard-setting entity		

Tax reporting errors	4	19%
CPE		
Failure to substantiate CPE on audit	5	24%
Failure to substantiate CPE on renewal	2	9%
Fraud		
Embezzlement	2	9%
Theft		
Conspiracy		
Other	1	5%
Title Use:		
Use of title or holding out in public practice by a nonCPA or non WA CPA		
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		
Total:	21	

The Board resolved the 21 cases during 2012 as follows:

Closed via Board Order		
Fine/costs/other sanctions	4	19%
Reinstatement of suspended license/certificate		
Practice restriction	1	5%
Suspension	1	5%
Revocation	1	5%
Administrative Sanctions Imposed	5	24%
Lack of evidence of violation	9	43%
Total	21	

See Also:

[2012 License and certificate suspensions \(including stayed suspension\) and revocations](#)

[2012 Other Board Orders](#)

[Back to Investigation Statistics Main Page](#)

Investigation Statistics

Historical data: January 1990 through March 31, 2012

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	82	133
2012	7	21

As of March 31, 2012:

Active Cases: **23**
Pending Cases: **5**
Total Open Cases **28**