

# Board of Accountancy

## Washington State



### REGULAR BOARD MEETING AGENDA

**Date, Time:** Thursday, January 27, 2011 – Regular Board Meeting – 9:00 a.m.  
**Location:** WA State Criminal Justice Training Commission  
Classroom # C-220  
19010 First Ave So  
Burien, WA (206) 835-7300  
**Notices:** 9:00 a.m. Rules Hearing

Chair Introductions/Special Notices

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

Attachments at tab:

1. Public Rule-Making Hearing Outline..... A
2. Proposed Changes to Rules ..... B
3. Written Stakeholder Comments ..... C

### REGULAR MEETING AGENDA

1. Consent Agenda
  - a. Minutes – October 29, 2010, Annual Board Meeting.....D
  - b. Minutes – January 3, 2011, Special Board Meeting .....E
  - c. Request Review Committee Report – Karen Saunders, Chair .....F
2. Rules Review - Board Deliberation on Proposed Rules Considered at Public Rule-Making Hearing
3. Performance Review Project Update
4. Roy A. Lentz – Request for Modification of Revocation Order.....G
5. Mark Ekern – Inquiry Concerning Reinstatement .....H
6. Education Evaluator – Foundation for International Services, Inc. ....I
7. NASBA - Update
  - a. Recommendations for Nomination of NASBA Board of Directors and Vice-Chair.....J
  - b. Proposed Revisions to Uniform Accountancy Act (UAA) and UAA Model Rules
    - i. Section 3 and Article 14 - Firm Names .....K
    - ii. Rule 3-1c – Attest .....L

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- 8. Legal Counsel’s Report.....M
- 9. Chair’s Report.....N
- 10. Committee Reports
  - a. Compliance Assurance Oversight – Fred Shanafelt, CPA, Chair – *No Report*
  - b. Education/Exam Task Force – Don Aubrey, CPA, Board Liaison – *Update* .....O
  - c. Legislative Liaison – Edwin Jolicoeur, CPA, Chair – *Update* .....P
  - d. Quality Assurance Review (QAR) – Emily Rollins, CPA, Co-Chair – *Update*
    - i. Appointment of 2011 QAR Committee – *Vote*
    - ii. 2010 CPE Audit - *Update*
  - e. Request Review – Karen Saunders, CPA, Chair - *See Consent Agenda – Vote*
- 11. Executive Director’s Report
  - a. CPE Deficiencies – *Update*
  - b. New processes – *Update*
  - c. Coordination of Enforcement Recommendations and Actions - *Update*
  - d. Investigation Statistics/Investigations & Administrative Sanctions - *Update* .....Q
  - e. Expedited Rule-Making.....R
  - f. Meeting with Board Officers – January 19, 2011
  - g. WBOA-News - *Update*
  - h. Revising Board Policies - *Question*
  - 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 – JANUARY 27, 2011  
REGULAR BOARD MEETING**

**Day, time, location, special notices:**

Meeting: **Thursday, January 27, 2011 - 9:00 a.m.**  
Location: **WA State Criminal Justice Training Commission**  
Classroom # C-220  
19010 First Ave So  
Burien, Washington  
(206) 835-7300  
**Notices:** 9:00 a.m. Rules Hearing

**Note:** The Executive Director cannot attend the Board meeting. He is attending the AICPA/NASBA Summit Meeting. The Deputy Director will provide staff support to the Board during the meeting.

**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.**

**JANUARY 27, 2011 - 9:00 A.M. - PUBLIC RULE-MAKING HEARING**

**Rules Hearing** – At the October 29, 2010, Board meeting the Board held a rules hearing. The Board did not adopt the proposed amendments to:

- WAC 4-25-640 What are the requirements concerning records and clients confidential information?
- WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?
- WAC 4-30-670 What enforcement actions must be reported to the board

The Board determined that if, after considering all written and oral testimony, revisions were determined to be necessary and the revisions were substantial, the Board would file a supplemental notice with the code reviser, and reopen any revised proposals for public comment.

**WAC 4-30-051**

Don Aubrey asked Board Members to provide him with any feedback regarding electronic records. He suggested revisions to proposed WAC 4-30-051 that reflected the comments received. His changes are as follows:

- Paragraph (1) (a) - delete "or prepared by." Reason: to conform to the wording of AICPA Rule 501. This wording also created some confusion relating to client prepared analytical schedules that should be considered proprietary.
- Paragraph (1)(c) - include ", closing, combining or consolidating" after "adjusting" in the second sentence. Delete ", depreciation and amortization schedules, schedules supporting general ledger accounts, and other schedules supporting data in a report or tax return" in the second sentence. Add "that are" prior to "produced" in the second sentence. Reason: to conform to the wording of Rule 501. The additional schedules were added to help provide clarification. They did not produce that result.
- Paragraph (1)(d) - delete "and" prior to the word "analysis" and add ", " after analysis, and replace "other proprietary programs prepared by" with "schedules prepared by the client at the request of the." Reason: to conform to the wording of Rule 501. The other terminology was added to help provide clarification. It did not produce the desired result.
- Paragraph (2)(a) - change the word "should" to "must." Reason: Although Rule 501 states that such records "should" be returned to the client, current WAC 4-25-640 states in paragraph (5) that such records "must" be returned to the client. Conforming to Rule 501 would delete the protection currently provided to Washington citizens under the existing WAC and would not be in the public interest.
- Paragraph (2)(b) - change the word "should" to "must." Reason: See above.
- Paragraph (2)(c) - change the word "should" to "must." Reason: See above.
- Paragraph (4) - renumber as subparagraph (d) under paragraph (2). Also delete "in technologically based electronic formats (or technologically based electronic systems protected by copyright)" and replace "every" with "a" prior to the word "reasonable" and delete "technologically based electronic" in the first sentence. Also delete the second sentence. Reason: Licensees found the references to electronic format and the definition of "reasonable" in the second sentence to be confusing. The remaining language in this section provides a clearer attempt to demonstrate the intent of the rule in protecting the public interest from punitive transition costs and allow them to prepare future reports prepared on a basis consistent with prior years.
- Paragraph (5) - renumber to paragraph (4). Also replace "client records" with "records indicated in (1)(a), (1)(b) and (1)(c)" Reason: The use of the term "client records" inadvertently created a new term that was not defined. The change makes it clear which previously defined records are being referenced.
- Paragraph (6) - delete. Reason: Wording in the paragraph is in conflict with other sections of the proposed WAC. It also creates confusion with respect to which records are subject to client access.
- Paragraph (7) - renumber as paragraph (5). Reason: Changes to prior paragraphs.
- Paragraph (8) - renumber as paragraph (6). Reason: Changes to prior paragraphs.
- Paragraph (9) - renumber as paragraph (7). Reason: Changes to prior paragraphs.
- Paragraph (7)(b) - renumber as (7)(c). Reason: See next change below.

- New Paragraph (7)(b) - Add "Provide the requested records in any format usable by the client." Reason: This language is included in Rule 501. Adding it to the WAC conforms the WAC to Rule 501.
- Paragraph (10) - renumber as paragraph (8). Reason: Changes to prior paragraphs.
- Paragraph (11) - renumber as paragraph (9). Reason: Changes to prior paragraphs.
- Paragraph (12) - renumber as paragraph (10). Reason: Changes to prior paragraphs.

Don advised that the new version of proposed WAC 4-30-051 follows the language of Rule 501 with certain exceptions; provisions in current WAC 4-25-640 that extend beyond Rule 501 to create public protection have been retained. As noted in previous discussions, prior paragraph (4) - which was renumbered to (2)(d) - is new and is intended to help clarify the intent of this rule. These changes have retained the language that the format of the data should be "usable" by the client. It should be noted the terms "usable" and "reasonable" as used in paragraph (2)(d) are already included in other sections of Rule 501. Also note that the term "suggested" is used rather than "must" which makes paragraph (2)(d) discretionary, not required.

In the interest of full disclosure and transparency, Don recommended filing a new CR-102.

#### **WAC-4-25-670**

Staff considered the Washington Association of Accountants comments concerning this rule and deleted subsection (2) to remove any perception of preferential treatment to multiple owner firms.

Staff filed a supplemental CR-102, scheduled a rules hearing for this meeting, and published the notice on the Board's web site.

At **9:00 a.m.** the Board will hold the scheduled rules hearing to obtain public input on the revisions to Board rules.

- 1. Public Rule-Making Hearing Outline** - See **Tab A** for the hearing script.
- 2. Rules Under Consideration** - See **Tab B** for the supplemental CR-102 filing that includes the rule proposals.

The Deputy Director will summarize the proposals and then testimony will be taken.

- 3. Written Stakeholder Comments** – See **Tab C** for a copy of the written comments received prior to the preparation of the Board meeting agenda package. To date, the Board has received only one comment on the supplemental proposals. Staff previously provided the comments to each Board member via email. The comments are reproduced here for your reference and convenience.

**JANUARY 27, 2011 - REGULAR BOARD MEETING**

**1. Consent Agenda**

- a. **Minutes – October 29, 2010** - Board staff presents the draft minutes from the October 29, 2010, annual Board meeting at **Tab D** for the Board's consideration.
- b. **Minutes – January 3, 2011** - Board staff presents the draft minutes from the January 3, 2011, special Board meeting at **Tab E** for the Board's consideration.

**c. 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?**

**2. Rules Review – Board Deliberation on Proposed Rules Considered at Public Rule-Making Hearing**

**Tab B** contains the CR-102 filing that includes the rule proposals. The attachment to the CR-102 (beginning on Page 3) provides a summary of the changes for each rule. The Deputy Director will provide a summary of the changes to the rules during the rules-hearing. The Deputy Director is prepared to summarize the changes for any rule.

**Does the Board wish the Deputy Director to summarize any particular rule to facilitate the Board's deliberation?**

The Board will need to decide the following:

**Does the Board wish to:**

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

**3. Performance Review Project Update – 15 minutes**

Bob Hutchins will update the Board on the Performance Review Project, the Contractor's request for extra payment, etc. He will have a draft of a second amendment of the consulting contract plus a related freeze exemption request for distribution at the meeting

**4. Roy A. Lentz – Request for Modification of Revocation Order – Tab G**

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

The Board deferred Mr. Lentz' request to the January 2011 Board meeting.

Board staff performed a limited background check on Mr. Lentz including the following:

- Google search for title use
- Washington State Patrol Washington Access to Criminal History (WATCH) search
- Washington Courts search

Staff did not find any evidence that Mr. Lentz' has violated any provisions of the Public Accountancy Act or Board rules since the revocation of his license.

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

RCW 18.04.335 (Reissuance or modification of suspension of license or certificate) addresses this issue:

*(1) Upon application in writing and after hearing pursuant to notice, the board may:*

- (a) Modify the suspension of, or reissue a certificate or a license to, an individual whose certificate or license has been revoked or suspended;*
- (b) Modify the suspension of, or reissue a license to a firm whose license has been revoked, suspended, or which the board has refused to renew . . .*

**Tab G** contains the same information that was provided to the Board in October:

- Lentz's testimony before the Board on October 29, 2010
- Lentz' written request for modification of the order
- The April 12, 2004, Stipulation and Agreed Order

**Does the Board wish to modify the Stipulation and Agreed Order to allow Mr. Lentz to apply for the CPA examination prior to October 12, 2013?**

**5. Mark H. Ekern – Inquiry Concerning Reinstatement – Tab H**

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

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

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

RCW 18.04.335 (Reissuance or modification of suspension of license or certificate) addresses this issue:

*(1) Upon application in writing and after hearing pursuant to notice, the board may:*

- (a) Modify the suspension of, or reissue a certificate or a license to, an individual whose certificate or license has been revoked or suspended; or*
- (b) Modify the suspension of, or reissue a license to a firm whose license has been revoked, suspended, or which the board has refused to renew . . .*

**Tab G** contains a copy of:

- Ekern's written request and supporting documents
- The July 5, 2002, Stipulation and Agreed Order

**Will the Board allow the reinstatement of Mr. Ekern's once he meets the requirements set forth in the July 5, 2002, Stipulation and Agreed Order?**

**6. Education Evaluator--Foundation for International Services (FIS) - Tab I**

Foundation for International Services, Inc. (FIS) is requesting Board recognition as an evaluator of international education.

WAC 4-30-060 (3) requires: "Education obtained outside the United States: If you obtained all or a portion of your education outside the United States you must have your education evaluated by a board approved foreign education

credential evaluation service. The board will establish the criteria for board approval of foreign education credential evaluation services.”

The Board generally requires, at a minimum, the following from evaluation service applicants in order to be considered for "recognition" by the Board:

1. A letter of application
2. References from other accountancy boards which currently accept the evaluation service
3. Proof of professional society memberships and credentials
4. A sample evaluation

**Tab I** contains:

- FIS' letter of application
- List of State Board's that currently accept FIS evaluation reports
- Proof of membership in the National Association of Credentials Evaluation Services (NACES)
- Sample evaluations

The Executive Director recommends that the Board recognize FIS as a foreign education credential evaluation service.

**Does the Board wish to recognize FIS as a foreign education credential evaluation service?**

## **7. NASBA - Update**

Laurie Tish will update the Board on NASBA activities including:

### **a. Recommendations for Nomination of NASBA Board of Directors and Vice-Chair**

The NASBA Nominating Committee is calling for recommendations(s) for Vice Chair of NASBA for the 2011-2012 year. Recommendation(s) are due to the Nominating Committee by early to mid March.

**Tab J** contains:

- NASBA's January 21, 2011, E-mail
- Listing of individuals eligible for nomination

**Does the Board wish to nominate anyone for NASBA Vice Chair for 2011-2012?**

### **b. Proposed Revisions to Uniform Accountancy Act (UAA) and UAA Model Rules**

**i. Section 3 and Article 14 - Firm Names**

**Tab K** contains an Exposure Draft with proposed changes to the UAA and Model Rules to provide guidelines for the use of network firm names and as to what are and what are not misleading CPA firm names. The AICPA/NASBA UAA Committee is asking for comments by March 4, 2011.

**ii. Rule 3-1c – Attest**

**Tab L** contains a proposed Model Rule regarding the definition of “attest” to address the AICPA’s SSAE 16.

**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.

The Board’s advisor Bruce Turcott will report.

**Tab M** contains a letter to the Governor and Legislature drafted by Laurie Tish, Emily Rollins, and Robert Hutchins concerning the Governor’s proposed supplemental budget. At the writing of this summary the Executive Director is gathering additional information from NASBA that may be added to the letter. If the information is received in time for the Board meeting, the Deputy Director will hand carry a revised draft to the meeting.

**Does the Board wish to finalize this letter and send to the Governor and Legislature?**

**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.

**Tab N** contains a letter the Chair received from the Washington Society’s SBOA Best Practices Task Force. The Chair also plans to bring up the issue of recommendations to the Board contained in the Performance Review Report.

**10. Committee Reports**

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

Fred has nothing to report at this meeting. Committees are meeting the week of January 24 and the Fred and his committee will begin to summarize the results for the year and draft a report for the Board.

- b. Education/Exam Task Force** – Donald F. Aubrey, CPA, to liaison with Robin Clark, CPA, Chair, Ronald Sabado, CPA, and Kay Carnes, CPA, Members.

**Tab O** contains a draft charter for the Education and Examination Task Force.

Don will report.

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

Ed Jolicoeur will report.

**Tab P** will provide the Board with the relevant portions of Senate Bill 5095 as of January 20, 2011. This is the Governor's supplemental budget that proposes a sweep of the CPA fund balance. The companion House Bill is 1086.

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

Emily will report. The Committee has been working hard to conclude on issues identified in the 2010 QAR and CPE review processes, as well as finalize Stipulation and Agreed Orders.

- i. Appointment of 2011 QAR Committee**

The following individuals volunteered to serve on the QAR Committee during 2011:

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

The QAR Committee recommends that the Board appoints these

individuals to the 2011 QAR Committee.

**Does the Board wish to appoint these individuals to the 2011 QAR Committee?**

**ii. 2010 CPE Audit**

Staff is currently auditing the CPE of 190 individuals as follows:

- 61 extension request follow-ups
- 11 enforcement add-ins (2 certificates, 9 licensees)
- 84 random licensees who renewed in 2010 - license issued prior to 2007
- 09 random licensees who renewed in 2010 – licensed in 2007
- 25 random certificate holders who renewed in 2010

At December 31, 2010, three individuals had failed to respond. As of January 19, 2011, only one individual is failing to respond.

Staff will provide the results of the review for the April meeting.

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

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

**11. Executive Director's Report**

- a. CPE Deficiencies** – During 4<sup>th</sup> quarter 2010, the Board received 3 requests for extension of time to complete CPE of 16 hours and under. The Executive Director took the following action:

Approved: 1  
Withdrew: 2

- b. New processes** – The Executive Director will provide a written report on new processes for communicating with licensees and certificate holders. The Deputy Director will provide it to Board members at the meeting.
- c. Coordination of Enforcement Recommendations and Actions** – The Executive Director will provide a written report on steps the agency is taking to coordinate enforcement recommendations and actions. The Deputy Director will provide it to Board members at the meeting.
- d. Investigation Statistics/Investigations & Administrative Sanctions** –

**Tab Q** contains the following:

- Case Status Report for the period ended December 31, 2010
- Investigation Statistics January 1990 through December 31, 2010

e. Expedited Rule-Making

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

RCW 34.05.353 allows for the expedited adoption of rules if the proposed rules only correct typographical errors, make address or name changes, or clarify language of a rule without changing its effect. An agency is not required to conduct a hearing for expedited rule making. If the agency doesn't receive any written objections to the expedited rule making within 45 days after the code reviser publishes the expedited rule making, the agency may enter an order adopting the rules without further notice or a public hearing. If no one objects before March 22, 2011, the Executive Director will file a CR-103 to adopt these proposed changes.

**Does the Board have any objections?**

- f. **Meeting with Board Officers** - – The Executive Director met with Board officers Wednesday, January 19, 2011. The Chair will report.
- g. **WBOA-News** – As of January 20, 2011, 1,602 individuals have subscribed. This is a net increase of 24 individuals since July 20, 2010 – 1.5%.
- h. **Revising Board Policies** – Due to the recent changes to Board rules, some of the Board's policies contain references to rules that have been renumbered and in some cases amended. Staff placed the following language on the Board's web site:

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

The Executive Director recommends adding:

*Staff will not follow the policies or portions thereof that are inconsistent with revised Board rules pending a complete policy review.*

**Does the Board wish to add the above language and ratify the statement for posting on the Board's web site?**

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 January 27, 2011. The time is \_\_\_\_\_. My name is Donald Aubrey. I am Chair of the Board of Accountancy.**

**Copies of the rule proposals 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.*

*Explain hearing sequence and ground rules as follows:*

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

- 1. The Deputy Director will present a brief statement of the proposals.**
- 2. I will use the attendance roster to invite testimony. When you give testimony:**
  - Please come forward to the table facing the Board**
  - 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 at the table for questions from Board Members, and**
  - If you are testifying from text, please provide a copy to Board staff.**

**Testimony is limited to 3 minutes for each speaker.**

- 3. When the testimony is complete I will close the hearing. The Board will consider the proposed rule changes at its Board meeting later today.**

**The rule proposals concern:**

- WAC 4-25-640 What are the requirements concerning records and clients confidential information?**
- WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?**
- WAC 4-30-670 What enforcement actions must be reported to the board?**

**Thomas Sadler, the Board's Deputy Director, will present a brief statement for each proposal. *Tom presents the statement.***

**The rule proposals have 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.*

**Do Board Members have any questions of this 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 rules following this rules hearing 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 08-13-024** \_\_\_\_\_ ; 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 10-18-090**  
 **Continuance of WSR** \_\_\_\_\_

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

- Amend and decodify - WAC 4-25-640 What are the requirements concerning records and clients confidential information?
- New - WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?
- Amend and decodify - WAC 4-30-670 What enforcement actions must be reported to the board?

**Hearing location(s):**

WA State Criminal Justice Training Commission  
Classroom # C-220  
19010 First Ave So  
Burien, WA 98148

Date: January 27, 2011 Time: 9:00 AM

**Submit written comments to:**

Name: Cheryl M. Sexton, Rules Coordinator  
Address: PO Box 9131  
Olympia, WA 98507-9131  
e-mail cheryls@cpaboard.wa.gov  
fax (360) 664-9190 by (date) January 18, 2011

**Assistance for persons with disabilities:** Contact

Cheryl Sexton by January 20, 2011

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

**Date of intended adoption:** January 27, 2011

(Note: This is **NOT** the **effective** date)

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** See attached

The proposals:

- Reorganize the rules resulting in renumbering and grouping into like functions
- Reflect concerns expressed by stakeholders

**Reasons supporting proposal:** The Board previously received written and oral testimony on these proposals. After considering the testimony, the Board revised the original proposals to reflect the comments received. The Board is now presenting those revisions for public comment.

The Board's goal with all of its rule proposals is to:

- Promote clarity
- Ensure effective communication
- Ensure fairness in interpretation and application of the rules
- Promote efficiencies through minimizing gray areas

**Statutory authority for adoption:** See attached

**Statute being implemented:** See attached

**Is rule necessary because of a:**

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

**DATE**

November 23, 2011

**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: November 23, 2010**

**TIME: 12:32 PM**

**WSR 10-24-039**

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

**Name of proponent:** (person or organization) Primarily the Washington State Board of Accountancy

- Private
- Public
- Governmental

**Name of agency personnel responsible for:**

	Name	Office Location	Phone
Drafting.....	Richard C. Sweeney, CPA	Olympia, WA	(360) 586-0163
Implementation....	Richard C. Sweeney, CPA	Olympia, WA	(360) 586-0163
Enforcement.....	Richard C. Sweeney, CPA	Olympia, WA	(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(s) will not have more than minor economic impact on business

**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.

**Purpose of the proposal and its anticipated effects including any changes in existing rules:**

<b>WAC section:</b>	<b>The suggested revision:</b>	<b>New WAC section:</b>	<b>Grouping</b>
4-25-640	<ul style="list-style-type: none"> <li>• Renumbered to support regrouping into like functions;</li> <li>• Separated into two rules – WAC 4-30-050 for the handling of client records that the credential person holds and safeguards and WAC 4-20-051 that identifies which of those records belong to the client</li> </ul> <p>Revisions to original proposal heard October 29, 2010: None</p>	4-30-050	Ethics and Prohibited Practices
<b>New</b>	<ul style="list-style-type: none"> <li>• Provides definitions for terms related to client records for purposes of this section and WAC 4-25-050 to clarify which records belong to the client and which records belong to the credentialed person</li> <li>• Clarifies the credentialed person’s responsibilities concerning the return of client records</li> <li>• Expands the rule to include requirements regarding electronic records</li> <li>• Conforms rule to AICPA Rule 501</li> </ul> <p>Changes to original proposal heard October 29, 2010:</p> <ul style="list-style-type: none"> <li>• Subsection (1)(a) - deleted "or prepared by" Reason: to conform to the wording of AICPA Rule 501. This wording also created some confusion relating to client prepared analytical schedules that should be considered proprietary.</li> <li>• Subsection (1)(c) - included ", closing, combining or consolidating" after "adjusting" in the second sentence. Deleted ", depreciation and amortization schedules, schedules supporting general ledger accounts, and other schedules supporting data in a report or tax return" in the second sentence. Added "that are" prior to "produced" in the second sentence. Reason: to conform to the wording of Rule 501. The additional schedules were previously included to help provide clarification. They did not produce that result.</li> </ul>	4-30-051	Ethics and Prohibited Practices

WAC section:	The suggested revision:	New WAC section:	Grouping
	<ul style="list-style-type: none"> <li>• Subsection (1)(d) - deleted "and" prior to the word "analysis" and added "," after analysis, and replace "other proprietary programs prepared by" with "schedules prepared by the client at the request of the." Reason: to conform to the wording of Rule 501. The other terminology was previously included to help provide clarification. It did not produce the desired result.</li> <li>• Subsection (2)(a) - changed the word "should" to "must." Reason: Although AICPA Rule 501 states that such records "should" be returned to the client, current WAC 4-25-640 states in subsection (5) that such records "must" be returned to the client. Conforming to Rule 501 would delete the protection currently provided to Washington citizens under the existing WAC and would not be in the public interest.</li> <li>• Subsection (2)(b) - changed the word "should" to "must." Reason: See above.</li> <li>• Subsection (2)(c) - changed the word "should" to "must." Reason: See above.</li> <li>• Subsection (4) - renumbered as (d) under subsection (2). Also deleted "in technologically based electronic formats (or technologically based electronic systems protected by copyright)" and replaced "every" with "a" prior to the word "reasonable" and deleted "technologically based electronic" in the first sentence. Also deleted the second sentence. Reason: Licensees found the references to electronic format and the definition of "reasonable" in the second sentence to be confusing. The remaining language in this section provides a clearer attempt to demonstrate the intent of the rule in protecting the public interest from punitive transition costs and allow them to prepare future reports prepared on a basis consistent with prior years.</li> <li>• Subsection (5) - renumbered to subsection (4). Also replaced "client records" with "records indicated in (1)(a), (1)(b) and (1)(c)" Reason: The use of the term "client records" inadvertently created a new term that was not defined. This change makes it clear which previously defined</li> </ul>		

<b>WAC section:</b>	<b>The suggested revision:</b>	<b>New WAC section:</b>	<b>Grouping</b>
	<p>records are being referenced.</p> <ul style="list-style-type: none"> <li>• Subsection (6) - deleted. Reason: Wording in the Subsection was in conflict with other sections of the proposed WAC. It also created confusion with respect to which records are subject to client access.</li> <li>• Subsection (7) - renumbered as subsection (5). Reason: Changes to prior subsections.</li> <li>• Subsection (8) - renumbered as subsection (6). Reason: Changes to prior subsections.</li> <li>• Subsection (9) - renumbered as subsection (7). Reason: Changes to prior subsections.</li> <li>• Subsection (7)(b) - renumbered as (7)(c). Reason: See next change below.</li> <li>• New Subsection (7)(b) - Added "Provide the requested records in any format usable by the client." Reason: This language is included in Rule 501. Adding it to the WAC conforms the WAC to AICPA Rule 501.</li> <li>• Subsection (10) - renumbered as subsection (8). Reason: Changes to prior subsections.</li> <li>• Subsection (11) - renumbered as subsection (9). Reason: Changes to prior subsections.</li> <li>• Subsection (12) - renumbered as subsection (10). Reason: Changes to prior subsections.</li> </ul>		
4-25-670	<ul style="list-style-type: none"> <li>• Renumbered to support regrouping into like functions</li> <li>• Group with other rules related to Board administration</li> <li>• Adds clarifying language to subsection (1)</li> </ul> <p>Revisions to original proposal heard October 29, 2010:</p> <ul style="list-style-type: none"> <li>• Deletes subsection (2) to remove any perception of preferential treatment to multiple owner firms. Subsection (3) remains to ensure the reader understands that CPA firms are responsible to report enforcement actions against a firm and individual CPAs are responsible to report enforcement actions against the individual.</li> </ul>	4-30-036	Board Administration

<b>WAC section:</b>	<b>Statutory authority for adoption</b>	<b>Statute being implemented:</b>
4-25-640	RCW 18.04.055(2); 18.04.390(4)(b); RCW 18.04.405(1)	RCW 18.04.055(2); 18.04.390(4)(b); RCW 18.04.405(1)
WAC 4-30-051	RCW 18.04.055(2); 18.04.390(4)(b); 18.04.405(1)	RCW 18.04.055(2); 18.04.390(4)(b); 18.04.405(1)
4-25-670	RCW 18.04.195(13)(b); 18.04.215(9)(b)	RCW 18.04.195(13)(b); 18.04.215(9)(b)

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

**WAC 4-25-640 What are the requirements concerning records and clients confidential information?** (1) **Client:** The term "client" as used throughout ~~((this section))~~ WAC 4-30-050 and 4-30-051 includes former and current clients. For purposes of this section, a client relationship has been formed when confidential information has been disclosed by a prospective client in an initial interview to obtain or provide professional services.

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

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

~~((4))~~ **(3) Confidential client communication or information:** Licensees, CPA-Inactive certificate holders, nonlicensee firm owners ~~((, or employees of such persons))~~ must not without the consent of the client or the heirs, successors ~~((or personal))~~, authorized representatives or employee of the client disclose any confidential communication or information pertaining to the client obtained in the course of performing professional services.

(4) This rule does not:

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

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

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

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

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

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

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

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

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

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

~~(b) Records documenting audit or review procedures applied;~~

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

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

AMENDATORY SECTION (Amending WSR 08-18-016, filed 8/25/08, effective 9/25/08)

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

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

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

(b) Charges filed by the SEC, IRS, PCAOB, another state board of accountancy, or a federal or state taxing, insurance or

securities regulatory body that the licensee, CPA-Inactive certificate holder, or nonlicensee firm owner committed a prohibited act that would be a violation of board ethical or technical standards.

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

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

~~((4))~~ (3) If you hold a license or CPA-Inactive certificate issued through the foreign reciprocity provisions of the act, you must notify the board of any investigations undertaken, or sanctions imposed, by a foreign credentialing body against your foreign credential within thirty days of receiving notice that an investigation has begun or a sanction was imposed.

#### NEW SECTION

The following sections of the Washington Administrative Code are decodified as follows:

Old WAC Number	New WAC Number
4-25-640	4-30-050
4-25-670	4-30-036

NEW SECTION

**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.

Rules Coordinator  
Washington State Board of Accountancy  
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Olympia, WA 98507-9131  
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Comment on the electronic documentation requirements. Present law does not contemplate how electronic records are being maintained now and the near future.

Entities matter.

It appears that we are pretty loose in our use of words when it comes to the human being and other artificial conceptual entities. We form concepts that are extremely useful in accomplishing some desired result. But what that really is, is highly variable and changes by circumstance.

An example is one human being. That human starts a laundry business. That business involves only part of that human being's activities (that which is doing laundry for other people). And it involves parts of other human beings' activities (that which also is doing laundry for other people). The words sole proprietorship connotes the owner's laundry activity. Employee connotes the other people's laundry activity. The intersection of that portion of all these people's activities that relate solely to the laundry activity is accounted for as one artificial conceptual entity, a business.

We hold the concept so strongly that a business can be transferred by contract, and recognized by all as a "business". Or more dramatically, we create an artificial legal entity with legal rights and obligations. And as long as each of us observes the conventions of entity it works with dramatic results. In 1860 the Supreme Court said that about Corporations. They do not exist except in contemplation of law, but because they serve a useful purpose that cannot be done another way they are allowed to exist. And thus railroads were built by railroad corporations.

These concepts are reduced to writing, both in contract and in law, create formalities that reinforce a common understanding that can be taught, and learned, and enhanced.

If someone ignores these conventions, they destroy the effectiveness and the value of these entities. It makes no sense to rely on a Corporation for payment of one's services and deny its very existence for delivery of those very same services. Doing so is viewed a fraud and is punishable by law so that the rights of entity are upheld.

That is background for the specific problem that I and likely others will be experiencing with regard to the electronic storage of documents, data, and programs to view and use these.

I called and read the rules and law on the Board's website regarding the retention of documents. It is not clear to your staff and me on just who is required to retain the electronic documents. Is it the accounting firm or the licensee (individual) that is required to maintain them? Traditionally with paper kept in file cabinets the firm bore the responsibility to maintain them. Licensees came and went. Title was clearly the accounting firm's and those files were part of the sale of the business unit. I see no reason to change this because of a different technology. To say that the individual should keep a copy of their work will create chaos. Mary who signed the return in 2007 and George who signed in 2009 are mutually exclusive people, yet George relied on the carryover of losses from 2007 to prepare his prepared return for 2009. The only common variable to all preparation is the firm. Alternatively, making everyone entitled to or responsible for the records means that no one is responsible (endless finger pointing). And further with everyone having access and title there is no internal control of assets, nor confidentiality.

I would like the Board of Accountancy to provide clear delineation that the accounting Firm is exclusively the owner of the records, and responsible for the custody of those records, whether they are electronic or paper form.

What brings this mind is the following situation. We have accounting and tax software from Creative Solutions. Their policy and there can be no other, is that the person who signed up for the software was the exclusive owner of the software. Not the firm who paid for and maintained the software. In our case that person was out on vacation and the software was corrupted and the firm could not access any data nor operate any program until that person returned from travel outside the country and contacted Creative Solutions and authorized the reinstallation of the software.

It should not be hard to extrapolate to other situations such as:

1. The temporary front desk person was given the task of registering the software and cannot be located.
2. There is a partner dispute and other partners are permanently denied access to the data.
3. The firm selected the "cloud computing" option and is behind in their payments and clients are therefore not allowed to have access to the documents that the board of accountancy says they must be given access to.

I think the Board of Accountancy needs to provide guidance to software vendors so that the vendor's contracts conform to a meaningful compliance with the public's protection of documents, rights to confidentiality, and orderly access to those documents with clearly determined obligations for the CPA firm.

I am happy to work with you on the problem, and invite further discussion of this matter.

**From:** [.Siminski, Larry](#)  
**To:** [Sexton, Cheryl \(ACB\)](#)  
**Subject:** Entities matter  
**Date:** Monday, January 17, 2011 9:03:29 AM  
**Attachments:** [Entities matter.pdf](#)

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# WASHINGTON STATE BOARD OF ACCOUNTANCY

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

<b>Time and Place of Meeting</b>	9:09 a.m. – 2:33 p.m. Friday, October 29, 2010 Washington State Criminal Justice Training Commission Classroom # C-220 19010 First Ave So Burien, Washington
<b>Attendance</b>	Gerald F. Ryles, Chair, Public Board Member Donald F. Aubrey, CPA, Vice-Chair, Board Member Lauren C. Jassny, Secretary, Public Board Member Robert G. Hutchins, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Elizabeth D. Masnari, CPA, Board Member Emily R. Rollins, CPA, 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 Cheryl M. Sexton, Executive Assistant
<b>Rules Hearing</b>	<p>The Board held a public rule-making hearing from 9:09 a.m. to 11:00 a.m. The Board proposed to amend and decodify chapter 4-25 WAC, add five new sections, and repeal one section.</p> <p>The Executive Director presented the rule-making proposals categorized as follows :</p> <ul style="list-style-type: none"><li>• New rules</li><li>• Substantively modified rules</li><li>• Non-substantive structural changes</li></ul> <p>Board Member, Donald Aubrey, presented new section WAC 4-30-051. Mr. Aubrey explained this proposal was the result of a task force review initiated by the Executive Director. The proposal brings the Board's rule into alignment with the American Institute's (AICPA's) Rule 501.</p> <p><u>Written Testimony</u></p> <p>In addition to written comments received prior to the hearing, the Board received written comments from the following participants at the hearing:</p> <ul style="list-style-type: none"><li>• Thomas Neill, CPA</li><li>• Washington Society of CPAs (Richard Jones, CPA)</li><li>• Washington Association of Accountants (Gerald Miller)</li><li>• Jerry Gintz</li></ul>

Oral Testimony

The Board heard oral testimony on the rules under consideration from the following participants:

- Thomas Neill, CPA, of Finney, Neill and Company PS
- Gerald Miller, Washington Association of Accountants
- Rich Jones, CPA, President and CEO, Washington Society of CPAs
- Jerry Gintz, Accountant
- Gary Smith, Independent Business Association

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

**Call to Order**

Gerald Ryles, Chair, called the annual meeting of the Board to order at 11:19 a.m.

**Rules Review**

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

After discussion, the Board voted to adopt the proposed rules as published in the CR-102 with the exception of WAC 4-25-640, WAC 4-25-670, and WAC 4-25-051.

The Board will consider all written and oral testimony regarding WAC 4-25-640, WAC 4-25-670, and WAC 4-30-051. If revisions are determined to be necessary and the revisions are substantial, the Board will file a supplemental notice with the code reviser, and reopen any revised proposals for public comment.

Donald Aubrey asked that Board Members provide him with any feedback regarding electronic records.

**Performance Review Status Report**

Robert Hutchins provided a brief status summary regarding the Performance Review. He advised the Board that the prior contract awarded to Zwillinger Greek Zwillinger & Knecht PC (Zwillinger) was amended to engage Zwillinger to prepare a supplemental report, referred to as the "Merger Report." The Office of Financial Management (OFM) approved the amended contract on September 29, 2010. The Merger Report will evaluate whether a merger of the Board into the Department of Licensing would more likely than not produce a Board that will

operate more economically, and with greater accountability to the public and to licensees, than is currently the case. A draft Merger Report is due to the Board and the Department of Licensing for comment on November 15, 2010. The final Merger Report is due to be delivered to the appropriate committees of the legislature by December 1, 2010.

**Chair's Report**     Election of 2011 Officers

The Chair presented the following slate of officers to serve during 2011:

- Chair – Donald F. Aubrey, CPA
- Vice-Chair – Robert G. Hutchins
- Secretary – Lauren Jassny

No other nominations were made from the floor. The Board cast a unanimous vote for the slate of officers as presented. The new officers will assume their duties January 1, 2011.

2011 Board Meeting Locations and Dates

Board rule (WAC 4-25-510) provides that Board meetings begin at 9:00 a.m. on the last Friday of the month in the months of January, April, July, and October or as otherwise determined by the Board. The Board directed Board staff to poll all Board members for availability to establish the 2011 Board meeting schedule.

The Executive Director advised the Board of his election as chair to the National Association of State Boards of Accountancy's (NASBA's) Executive Director's Committee. Other than his absence from the Board's office, his service on this committee will have no financial impact on the agency. The Executive Director takes vacation when committee participation requires travel.

**Consent  
Agenda**

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

- Minutes of the July 29, 2010 Board Meeting
- Request Review Committee Report

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

Roy A. Lentz asked that the Board suspend the remaining time limitations contained in the Stipulation and Agreed Order he entered into with the Board on April 12, 2004. In addition to other things, the order requires Mr. Lentz to serve at least nine years and six months of the revocation before the Board will consider an application of the CPA examination. Under those

terms, Mr. Lentz would not be allowed to apply for the exam until October 12, 2013. Mr. Lentz personally presented his request to the Board.

**Executive Session with Legal Counsel**

The Board went into Executive Session with legal counsel from approximately 12:48 p.m. until 1:18 p.m. At approximately 1:25 p.m., the Board reconvened and announced the Board's decision to defer Mr. Lentz' request to the January 2011 Board meeting.

**NASBA**

Donald Aubrey reported on the Annual National Association of State Boards of Accountancy (NASBA) meeting in San Antonio, Texas October 24 through 27.

Thomas Sadler provided the Board with an update on NASBA activities. He also thanked the Board for all the support the Board provided throughout his 15-year service with NASBA.

**Legal Counsel's Report**

The Board's legal counsel reported on recent litigation and on a recent court case related to public records.

The Board asked Board staff to again provide Board Members with legal counsel's most recent litigation hold notice and the agency's administrative policy on records retention.

**Compliance Assurance Oversight Committee**

Committee Chair Fred Shanafelt had nothing to report for this meeting. He and his committee members continue to observe Report Acceptance Bodies (RAB) meetings and reviews seem to be progressing.

**Education Exam Task Force**

No report.

**Legislative Liaison Committee**

No report.

**Quality Assurance Review (QAR) Committee**

Committee co-chair Emily Rollins presented the statistics for the Board's 2010 QAR program as of October 15, 2010.

**Request Review Committee**

The following report was approved under the consent agenda:

CPE Extensions – As of January 1, 2010, the Board did not accept extension requests.

Firm Names – The Executive Director and a Consulting Board member approved the following firm names during 3rd Quarter 2010:

- Vincent S Poon, CPA
- New Paradigm Financial Group, LLC
- Wipfli LLP
- Blue Stone Accounting LLC
- The Nilson Group
- Business Resource Center Inc
- C & L Professional Services Group Inc., P.S.

Late Fee Waivers – No activity during 3<sup>rd</sup> quarter 2010

Professional/Educational Organization – Recognition Requests – During the 3rd quarter 2010, 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:*

- Advantage Accounting Seminars

*Denied:*

*None*

**Executive  
Director's  
Report**

CPE Deficiencies - Individuals renewing their credential in 2010 reported any CPE deficiencies prior to June 30<sup>th</sup> or their credential lapsed. There was nothing to report for the period July 1, 2010, through September 30, 2010.

New processes – The Executive Director reported on new processes for communicating with licensees and certificate holders. He asked if there is something better the agency can do to communicate to its stakeholders. The Executive Director will provide Board Members with the Texas “Pathways” script.

Coordination of Enforcement Recommendations and Actions – The Executive Director reported on steps the agency is taking to coordinate enforcement recommendations and actions.

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

Minutes, October 29, 2010, Annual Board Meeting

- Case Status Report through September 30, 2010
- Investigation Statistics January 1990 through September 30, 2010

The Executive Director will provide enforcement statistics from other state boards at the January 2011 Board meeting.

Meeting with Board Officers – The Executive Director reported on his meeting with Board officers and Robert Hutchins on Monday, October 4, 2010.

WBOA-News – As of October 18, 2010, 1,602 individuals have subscribed. This is a net increase of 24 individuals since July 20, 2010 – 1.5%.

**Public Input**

During the course of the meeting, the Board heard public input from Rich Jones representing the Washington Society of CPAs (WSCPAs) and Gerald Miller representing the Washington Association of Accountants.

**Adjournment**

The Board adjourned at 2:33 p.m.

# WASHINGTON STATE BOARD OF ACCOUNTANCY

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

- Time of Meeting** 1:03 p.m. – 2:10 p.m. Monday, January 3, 2011
- Place of Meeting** Teleconference format – Board Members, Board counsel, and staff by telephone linkage.  
Public access by speakerphone linkage at:  
Office of the Washington State Board of Accountancy  
Evergreen Plaza Building  
711 Capitol Way South, Suite 400  
Olympia, Washington
- Attendance** Donald F. Aubrey, CPA, Chair  
Robert G. Hutchins, Vice-Chair  
Lauren C. Jassny, Secretary  
Edwin G. Jolicoeur, CPA, Board Member  
Elizabeth D. Masnari, CPA, Board Member  
Emily R. Rollins, CPA, Board Member  
Gerald F. Ryles, Public Board Member  
Karen R. Saunders, CPA, Board Member  
Laurie J. Tish, CPA, Board Member  
Bruce L. Turcott, Assistant Attorney General  
Richard C. Sweeney, CPA, Executive Director  
Thomas J. Sadler, CPA, Deputy Director  
Cheryl M. Sexton, Executive Assistant
- Call to Order** At 1:03 p.m. the Chair, Donald Aubrey determined a quorum of Board members was present, and called the special meeting of the Board to order.
- Zwillinger Greek Zwillinger & Knecht PC Invoice** The Board contracted with Zwillinger Greek Zwillinger & Knecht PC (Contractor) to prepare a Performance Review Report for the Board, plus a supplemental Merger Report for the Legislature. The contract provided for a maximum reimbursement amount for each report. Robert Hutchins reported that the invoice from the Contractor was over on an aggregate basis of \$14,000 and asked if the Board wanted to amend the contract and authorize payment of the overage. The cost overrun was due to legitimate reasons the contractor could not have anticipated. The Executive Director has paid the Contractor up to the maximum provided in the contract. The Board tabled this agenda item. Bob will ask the Contractor for a detailed analysis to explain the overage for the Board's consideration at the Board's January 27, 2011, meeting.
- Budget Update from Executive Director** The Executive Director advised the Board that the Governor's proposed supplemental budget for 2009-2011 includes a transfer of \$1,000,000 for fiscal year 2011 to the state general

fund from the certified public accountants' account. The proposed legislation also includes an amendment of RCW 18.04.105 to authorize the legislature to transfer excess fund balance from the certified public accountants' account to the state general fund. The Board sought legal counsel's view as to the legality of the proposed legislation. Counsel is satisfied that legislature has the power to do what it is proposing. The Board is concerned that this transfer may reduce the Board's ability to regulate CPAs and its flexibility. The Board resolved to draft a letter to the Governor and Legislature for presentation to the Board at its January 27, 2011, Board meeting. Laurie Tish, Emily Rollins, and Robert Hutchins volunteered to draft the letter. Laurie will take the lead. The Chair asked staff to include the draft letter as an agenda item for the January 27, 2011, Board meeting.

**Executive  
Session with  
Legal Counsel**

The Board did not meet in Executive Session with legal counsel.

**Public Input**

No members of the public attended the meeting.

**Adjournment**

The meeting adjourned at 2:10 p.m.

## Request Review Committee Report January 27, 2011

Karen Saunders, CPA, Chair

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

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

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

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

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

Professional/Educational Organization – Recognition Requests – During the 4th quarter 2010, the Board received three requests for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs. The Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

*Recognized:*

- Panagiotu Pension Advisors, Inc.
- ClineSys

*Denied:*

*Aging Options*

Good afternoon, my name is Roy Lentz, and first I'd like to thank you for taking time in your busy schedule to hear my request.

Just to give you some background, I'm 57 years old. I'm a lifelong resident of Whatcom County. I've been married to my wife Shelli for 37 years. I have two grown children both of whom work with me in my accounting practice and I have 4 young grandchildren. After serving time in the Navy in the 1970's I graduated from Western Washington University in 1983 with a bachelor's degree in accounting. In 1986 I passed the CPA exam and was a licensed CPA until 2004. I currently own and operate a small accounting firm in Bellingham as I did when I was charged, almost 10 years ago.

In 2001, so almost 10 years ago, I agreed to plead guilty to one count of assisting in the preparation of a false tax return and to one count of conspiring to defraud the United States Government. These charges emanated from my involvement with a group of CPA's who were providing specialized tax planning using offshore tax havens. At the time, we thought we would be able keep our services inside the framework of the US Tax Laws, but circumstances led us to stray outside those laws. I sincerely regret my involvement with this group, and I publicly apologize for any disgrace that I caused the fine men and women who are accountants and especially those who are licensed certified public accountants.

In looking back at my actions I realize how foolish I was in engaging in the kind of behavior that resulted in me being convicted and thereby being sanctioned by this board and losing my CPA license. At the time I agreed to plead guilty, I did so with the understanding that I would work with the US Attorney's office and help them as they prosecuted the other participants, knowing that it might make up for some of the harm I had caused. I did work with the US Attorney and partly from my assistance they were able to shut down the organization that I had worked with and gain convictions on the other principals of the organization. I mention this to bring forth the fact that I am basically a fine upstanding citizen in every other way. I have never had any other legal problems. I have not even had so much as a traffic ticket in the last 10 years.

As a testament to the quality of my work and my overall ethics, I would point to the fact that as part of my probation I was required to notify all of my clients in writing of the charges that I plead guilty to. Out of over 340 long time clients, I literally had one client leave saying he was concerned about an increased chance of an IRS audit. To this day, I still have nearly all of the remaining clients who look to me to provide them with tax advice.

Also as part of my sentencing, I had to agree not to hold myself out as a CPA in any fashion and I have not. Although I have continued to provide accounting services to my clients, I have limited my practice to general ledger and payroll preparation, and preparation of income tax returns. This has caused a financial burden on my family but we have been able to keep faith and make it through it.

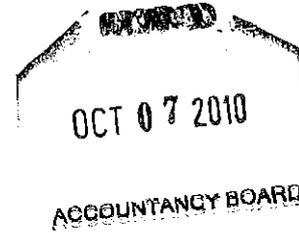
I sincerely think that this ordeal has made me a better and more conscientious accountant. I've tried to stay abreast of the latest accounting and tax law changes and I think I am now ready to reapply myself as a licensed CPA and I'm asking the board to suspend the remaining time limitations that were imposed on me. I feel that since it has been almost 10 years that I have been dealing with this very trying situation, I have had ample time to reflect on my life and I know full well how I want to lead the rest of my life. Since I still have some education requirements to fulfill and will still have to retake the CPA exam, I imagine it will still take me another year at least, maybe even longer before I would actually be ready to reapply for my license.

But if the board will allow me to proceed, I would like to get started on the process of becoming a CPA again.

I thank you for your time and would like to answer any other questions you have.

October 5, 2010

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



RE: Roy Lentz, Case #2003-015

Dear Sirs:

In 2004, I received a stipulation and agreed order causing my CPA license to be revoked for a period of 10 years. It was also agreed to at that time that to re-apply for my CPA license I would have to meet certain other education requirements and pay certain fines.

I come now before the Board to request a modification to this agreed order and ask that the Board reconsider the time limitations applied in the original order. I desire to be allowed to re-apply for my CPA license at this time and offer the following reasons.

I was a licensed CPA from 1986 to 2004, a period of 18 years and was at all times in good standing as a licensed CPA. In 2001 I was charged with two offenses related to work I had done for a specific organization I had become involved with. As part of my involvement, I had agreed to assist a taxpayer with filing a federal income tax return that was determined to contain material false information. As a result of this involvement I was sentenced to 6 months home confinement and 5 years probation, which I completed in every aspect.

Since then I have continued to work as an accountant and have continued to keep myself abreast of the current financial standards and tax law changes. I have had no further infractions of any sort, not even so much as a traffic ticket. I am now 57 years old and feel my experience in the field of accounting allows me to provide excellent service to my clients. I have not held myself out to be a CPA in anyway since the time I was sanctioned and I have met all other requirements related to my sentencing.

I actually plead guilty to the offense on July 25, 2001, so it has been almost 10 years from that date that I have been dealing with this. I also agreed as part of my plea to be a material witness for the government in their ongoing investigation and court trial for the other defendants and did in fact testify in a major court case as a government witness.

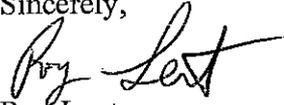
Not being able to practice as a CPA has had a negative effect on my ability to generate income and I do desire to re-apply for my CPA license. I agree to all the other stipulations in the order. I will comply with all current requirements to allow me to sit for the CPA exam and I will retake the CPA exam.

I therefore respectfully request that you waive the additional time requirement stipulated in the order and allow me to proceed with the other requirements and retake the CPA exam and apply for reinstatement of my CPA license.

I do sincerely apologize for any negative impact my actions have had on the profession or my clients.

Please let me know if there is any other information you would desire to review.

Sincerely,

A handwritten signature in black ink that reads "Roy Lentz". The signature is written in a cursive style with a long horizontal stroke at the end.

Roy Lentz  
2509 Cedarwood Ave., Suite 3  
Bellingham, WA 98225

See attachments

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
PROBATION OFFICE

WILLIAM S. CORN  
CHIEF U.S. PROBATION OFFICER



UNITED STATES COURTHOUSE  
700 STEWART STREET, SUITE 11101  
SEATTLE, WA 98101  
TELEPHONE (206) 370-8550  
FAX (206) 370-8551

TIMOTHY J. MANION  
DEPUTY CHIEF U.S. PROBATION  
OFFICER

REPLY TO: WETMORE BUILDING  
2731 WETMORE AVENUE, ROOM 420  
EVERETT, WA 98201  
TELEPHONE (425) 258-2519  
FAX (425) 339-2084

February 1, 2006

Roy Lentz  
2460 E Pole Rd  
Everson, WA 98247-9746

Dear Mr. Lentz:

Enclosed you will find a Notice of Termination indicating expiration of supervision of your case effective 01/30/06. Also enclosed is information regarding the restoration of civil rights.

You have been successfully discharged from your term of supervision and are no longer under the jurisdiction of this office. Best of luck to you in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven R. Gregoryk".

Steven R. Gregoryk  
U.S. Probation Officer

SRG/jk

Enclosures

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
PROBATION OFFICE



NOTICE OF TERMINATION  
SUPERVISED RELEASE / PROBATION

Name: ROY A. LENTZ

Docket Number: CR01-00282

Date Supervision Began: 01/14/03

Date Supervision Expired: 01/30/06

Inasmuch as you have discharged from the term of supervision ordered by the Court, you are hereby terminated from supervision and are no longer under the jurisdiction of this office.

Keep this notice of termination with your permanent records to verify that your term of supervised release has expired.

Date

2/1/06

Steven R. Gregoryk  
U.S. Probation Officer

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

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

Roy A. Lentz, CPA,

Respondent.

NO. ACB - 804

STIPULATION AND  
AGREED ORDER

The Washington State Board of Accountancy (Board) and Roy A. Lentz (Respondent) stipulate and agree as follows:

I. PROCEDURAL STIPULATIONS

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

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

## II. FINDINGS OF FACT

- 2.1 At all times material hereto, Roy A. Lentz, the Respondent herein, has held a Certified Public Accountant (CPA) certificate and individual license to practice public accounting (No. 11137) in the state of Washington. The Respondent is the sole shareholder of the CPA firm, Roy A. Lentz, CPA, PS, Inc. The CPA firm, Roy A. Lentz, CPA, PS, Inc., holds a valid license (No. 2979) to practice public accounting in the state of Washington.
- 2.2 On March 16, 2004, a Statement of Charges was duly served on Respondent alleging violations of chapter 18.04 RCW.
- 2.3 On July 25, 2001, the Respondent pled guilty to one count of conspiring to defraud the United States by impeding and impairing the Internal Revenue Service, an agency of the United States, in the ascertainment, computation, assessment and collection of the revenue, in violation of Title 18, United States Code, Section 371, and one count of willfully aiding and assisting in the preparation and presentation of a materially false tax return for the year 1999, in violation of Title 26, United States Code, Section 7206(2).

2.4 The Respondent provided the following “Statement of the Offense” on December 10, 2002:

I have pled guilty to conspiring with other members of Anderson’s Ark & Associates to prepare false and fraudulent tax returns for customers of Anderson’s Ark. The Anderson Ark tax plan that I helped implement involved a partnership between the taxpayer and an Anderson Ark entity. Partnership returns would claim large partnership deductions based upon substantial “guaranteed payments” for product development and marketing services supposedly made by the partnerships to the Anderson’s Ark partner. The partnership deductions would “flow through” to the taxpayer-partner’s tax return. The money to fund this “guaranteed payment” supposedly came from another Anderson’s Ark & Associates entity known as La Maquina Blanca. In fact, there was no funding by La Maquina Blanca and no payments made by the partnerships for product development or marketing. The entire structure was designed to give the illusion of an active business, which generated deductions for Anderson’s Ark customers, when in fact there was no real business and, therefore, no valid deductions. I knowingly violated the tax laws when I assisted Anderson’s Ark customers in preparing tax returns that claimed these fraudulent deductions.

When I became involved in Anderson’s Ark & Associates in 1998, I had just finished going through a bankruptcy. I was initially intrigued by the technical sophistication of several of the other Anderson Ark accountants, and relished the opportunity to work with such adept tax planners. However, I gradually came to the realization that there was nothing substantive underlying the fancy surface sophistication of the Anderson’s Ark tax plans. And, in fact, the plans were nothing more than a mask for a circular flow of money. To my great regret, I did not do the honorable thing and walk away. I stayed because the income I received for preparing these returns was substantial. I deeply regret the negative impact my conduct has had on the IRS, my family, my friends and my profession. As a child, I was taught the difference between right and wrong, and I have not forgotten those lessons. While I deluded myself into believing that there were explanations or justifications for my behavior, I always knew that my actions were improper. What I did was wrong and unethical, and I am horribly ashamed of it.

When the Special Agents arrived to execute a search warrant of my office, I was frightened about what would happen to me, but I was also relieved that this episode in my life was ending. I absolutely will not repeat my past mistakes. I am taking special care to be sure that, from this point forward, my future dealings with the government and others are always honest and forthright, and that my daily decisions are guided by the highest ethical standard.

2.5 On February 21, 2003, the United States District Court, Western District of Washington, found the Respondent guilty by a plea of guilty and entered a Judgment in a Criminal case

(No. CR01-282C). The United States District Court, Western District of Washington, sentenced the Respondent to 180 days of home confinement and a term of probation of five years thereafter and ordered the Respondent to pay a \$200 assessment and a \$2,000 fine. Special conditions of probation included submitting a client list of all clients to probation with an obligation to update that list when necessary, and the notification of all clients of the underlying offense, outcome and sentence imposed.

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

### III. CONCLUSIONS OF LAW

- 3.1 The Washington State Board of Accountancy has jurisdiction over the subject matter herein.
- 3.2 The Respondent's conduct in Finding of Facts 2.3 through 2.5 constitutes cause for Board discipline under RCW 18.04.295(2), (3), (4), and (5)(c) for violations of WAC 4-25-610 that requires a CPA to exercise professional judgment in all activities, to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism, to perform all professional responsibilities with the highest sense of honesty, and to use due care to comply with state law and the ethical standards; WAC 4-25-620 that requires a person using the CPA title to be honest, objective, and free of conflicts of interest in the performance of professional services; WAC 4-25-631 that requires a CPA to comply with the Professional Code of Conduct issued by the AICPA; WAC 4-25-650 that prohibits a CPA from committing acts reflecting adversely on the CPA's fitness to engage in the practice of public accountancy; and WAC 4-25-910 that prohibits a CPA from engaging in acts of fiscal dishonesty or fraud and violating rules of professional conduct.

#### IV. AGREED ORDER

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

- 4.1 Respondent's CPA certificate and individual and firm licenses to practice public accounting are hereby revoked for a period of ten years from the date this Order is accepted and entered by the Board and thereafter until Respondent:
  - 4.1.1 Complies with all the then current requirements of eligibility as an original applicant for a Washington CPA license, including but not limited to the existing education, examination, experience and ethical requirements.
  - 4.1.2 Completes four hours of Continuing Professional Education (CPE) in professional ethics directly applicable to the practice of public accountancy in the state of Washington and approved in advance by the Executive Director for the Board as conforming with this paragraph. The Respondent is to complete this CPE during the 30 days preceding the Respondent's application for a license.
  - 4.1.3 Pays a one thousand dollar (\$1,000) fine payable to the Washington State Board of Accountancy.
  - 4.1.4 Reimburses the Board five hundred dollars (\$500) for administrative and legal costs payable to the Washington State Board of Accountancy.
  - 4.1.5 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.
  - 4.1.6 Satisfies any other requirement imposed by the Board as a condition for reinstatement

- 4.2 Respondent must serve at least nine years and six months of the revocation before the Board will consider an application for the CPA examination by the Respondent.
- 4.3 Respondent must serve at least ten years of the revocation before the Board will consider an application for reinstatement.
- 4.4 The Board will publish the terms of this Stipulation and Agreed Order.
- 4.5 Nothing in this Order precludes the Board from exercising its authority and responsibilities under chapter 18.04 RCW or chapter 4-25 WAC. Any violations of such chapters or this Order constitute independent grounds for the denial, suspension, revocation or refusal to renew the respondent's certificate and/or license(s).

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

DATED this 2nd day of April, 2004.

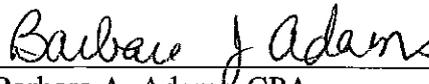
  
\_\_\_\_\_  
Roy A. Lentz  
Respondent

V. ORDER

The Board accepts and enters this Stipulation and Agreed Order.

DATED this 12<sup>th</sup> day of April, 2004.

WASHINGTON STATE  
BOARD OF ACCOUNTANCY

  
\_\_\_\_\_  
Barbara A. Adams, CPA  
Presiding Officer

Mark H. Ekern  
1019 East Filbert Street  
Kent, WA 98030-6246  
(253)981-4357  
markekern@hotmail.com

RECEIVED

NOV 30 2010

WA ACCOUNTANCY BOARD

November 29, 2010

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

RE: Reinstatement of CPA Certificate #16027

Dear Board of Accountancy:

As of July 5, 2011, I will have served 9 years of my CPA Certificate being revoked. My vacation/expungement was ordered by the court in 2009 regarding my offence in 2002. Since 2002, I have transacted my bookkeeping business with the highest integrity, honesty, professionalism, objectivity, and absence of conflicts of interest.

I have attended church regularly since 2002, have been participating in our church's men's activities, have been devoted to my family, have worked for the best interests of my clients, and have worked for the best interests of our neighborhood as Secretary of our Scenic Hill Neighborhood Council.

In my bookkeeping work these past nine years, I have performed general ledger work and reconciliations, bank reconciliations, have worked with various CPAs and Tax attorneys, performed Payroll for companies, and performed various other accounting functions for companies/clients. Let me know if you need specific reference recommendations.

Before advising clients with respect to their financial/tax situations, I have been very thorough in my research of the IRS Regulations and the State Department of Revenue regulations as well as consulting with appropriate tax authorities. I wish to be certain of the clients' situation and the appropriate regulations before offering help to clients.

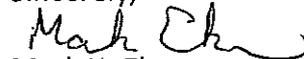
Upon reinstatement of my CPA Certificate, I would continue the highest level of integrity, honesty, professionalism, objectivity, and absence of conflicts of interest.

I look forward to the reinstatement of my CPA Certificate.

Before I incur significant costs of retaking the CPA Exam in early 2011, I would like to know if you would approve my reinstatement of my CPA Certificate. Please respond to me as Soon As Possible about your intentions to reinstate my Certificate upon my formal application in mid-2011.

Thank you for your consideration in advance so I can appropriately plan my taking of the exam in 2011.

Sincerely,



Mark H. Ekern  
Certificate 16027

Mark H. Ekern  
1019 East Filbert Street  
Kent, WA 98030-6246  
(253)981-4357  
markekern@hotmail.com

January 4, 2011

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

RECEIVED  
JAN 05 2011  
WA ACCOUNTANCY BOARD

RE: Reinstatement of CPA Certificate #16027

Dear Board of Accountancy:

Please find the following information and documents that you may need in order to consider reinstating my CPA Certificate number 16027:

- 1) Exhibit "A" is the Order Of Vacation Of Record Of Conviction dated April 8, 2009 which makes the events of 2001 as if they had never occurred;
- 2) Exhibit "B" is a reference from CPA Thomas Hunt attesting to my integrity, honesty, and my professionalism is performing my accounting duties;
- 3) Exhibits "C" through "F", are references from my business associates also attesting to my integrity, honesty, and professionalism.

Based on these letters of reference and the fact that I have been upright and lawbiding for the past ten years, I request that you reinstate my CPA Certificate # 16027 pending me passing the CPA Exam again in 2011.

Thank you for your consideration and I look forward to your favorable decision soon so I can begin studying to repass the CPA Exam in February 2011.

Sincerely,



Mark H. Ekern

FILED

2009 APR 23 PM 3:35

KING COUNTY  
SUPERIOR COURT CLERK  
SEATTLE, WA

Doc EKCSO APR 23 2009  
CERTIFIED COPY TO WSP

SUPERIOR COURT OF WASHINGTON FOR KING COUNTY

THE STATE OF WASHINGTON,

Plaintiff,

v.

MARK EKERN,

Defendant.

NO. 01-1-07905-7 SEA

ORDER OF VACATION OF  
RECORD OF CONVICTION

CLERKS ACTION REQUIRED

THIS MATTER having come before the court on motion of the defendant, Mark Ekern, by and through his attorney Kevin P. Donnelly, the court having reviewed the motion for vacation of record of conviction and the declaration of Mark Ekern in support of that motion, the court being advised that the prosecutor does not object to this vacation of conviction:

FINDINGS

1. On February 1, 2002, The Honorable Steven Scott entered a judgment and sentence convicting the defendant of Count 1: Forgery; and Count 2: Theft in the Second Degree, in King County Superior Court Cause Number 01-1-07905-7 SEA.

ORIGINAL

Exhibit A-1





**HUNT & SMITH, P.S.**  
CERTIFIED PUBLIC ACCOUNTANTS  
PO BOX 7389  
17071 SE WAX ROAD  
COVINGTON, WASHINGTON 98042  
(253) 630-1755

THOMAS R. HUNT  
VIRGINIA R. SMITH

December 28, 2010

Mark Ekern  
1019 East Filbert Street  
Kent, WA 98030-6246

Re: CPA Certificate #16027

To Whom It May Concern:

He was the in-house accountant for one of my tax clients in the neon sign business for over three years.

The client went through several different bookkeeping systems from the Macintosh to the P.C. and Mark was able to provide me with reliable information to prepare their tax return. With his assistance with the documentation we were able to pass IRS audits, which was brought about by the client's poor payment habits.

Mark was very professional in his approach and displayed a high degree of integrity by preparing accurate reports for me so we could pass all the audits from the IRS.

Sincerely,



Thomas R. Hunt, CPA

Exhibit B

Susen Parise, Owner  
R&S Enterprises  
504 West Main Street  
Sumner, WA 98390

December 22, 2010

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

RE: Mark H Ekern, CPA Certificate # 16027

Dear Board of Accountancy:

I have known Mark Ekern since 2007 when he began the bookkeeping and taxes for my business. He has exhibited professionalism, honesty, integrity, objectivity, and concern for me and my business. He has been always available to answer questions for me and give me advice on complex accounting/tax issues.

I look forward to his continuing help and advice regarding my personal finances and my business' finances as he continually studies financial/tax issues to keep us current.

I recommend that you reinstate his CPA Certificate as this would enable him to be more able to represent my interests and my business' interests.

I have been recommending Mr. Ekern's accounting skills to other businesses as I have been very happy with his services which have included bookkeeping, taxes, payroll, payroll taxes, and business planning.

Thank you for your time.

Sincerely, 

Susen Parise, Owner

Exhibit C

Randy Porterfield  
504 West Main Street  
Sumner, WA 98390

December 22, 2010

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

RE: Mark H Ekern, CPA Certificate # 16027

Dear Board of Accountancy:

I have known Mark Ekern since 2004 when he began doing taxes for me. He has exhibited professionalism, honesty, integrity, objectivity, and concern for me by legitimately attempting to reduce my tax liabilities as well as helping me keep my books accurate.

I look forward to his continuing help and advice regarding my personal finances and my business. He continually researches the tax codes to give me the best help he can.

I recommend that you reinstate his CPA Certificate as this would enable him to be more able to represent my interests.

I have been recommending Mr. Ekern's accounting skills to other businesses as I have been very happy with his services which have included bookkeeping, taxes, and tax planning.

Thank you for your time.

Sincerely,



Randy Porterfield

Exhibit D

Sandy Fogelgren  
5940 Terrace View Lane SE, J-302  
Auburn, WA 98092  
(253)720-7052

December 22, 2010

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

RE: Mark H. Ekern, CPA Certificate # 16027

Dear Board of Accountancy:

I have known Mark Ekern since 1995 and have worked with him for various of his clients for the past 15 years. In his bookkeeping and accounting services, he has exhibited professionalism, honesty, objectivity, and concern for his clients. He has studied diligently in order to give guidance to clients on complex financial and tax issues.

I recommend that you reinstate his CPA Certificate as this would enable him to be more able to represent his clients' interests and their business' interests.

I have been recommending Mr. Ekern's accounting skills to other people and businesses as his clients seem very happy with his bookkeeping and accounting work.

Thank you for your time.

Sincerely,

  
Sandy Fogelgren

Exhibit E

David A. Anderson, Owner  
TRANSFORMATIONAL MASSAGE  
22800 28<sup>th</sup> Avenue South, # 206  
Des Moines, WA 98198  
(206)870-7982

December 22, 2010

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

RE: Mark H. Ekern, CPA Certificate # 16027

Dear Board of Accountancy:

I have known Mark Ekern since 2003 when he began the bookkeeping and taxes for my business. He has exhibited professionalism, honesty, objectivity, and concern for me and my business. He has studied diligently in order to give guidance to me on complex financial and tax questions.

I look forward to his continual help and advice regarding my personal finances and my business' finances as he keeps me current on financial and tax issues.

I recommend that you reinstate his CPA Certificate as this would enable him to be more able to represent my interests and my business' interests.

I have been recommending Mr. Ekern's accounting skills to other people and businesses as I have been very happy with his services which have included bookkeeping, taxes, financial planning, and business planning.

Thank you for your time.

Sincerely,



David A. Anderson, Owner

Exhibit F

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

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

Mark H. Ekern,

Respondent.

NO. ACB - 710

STIPULATION AND  
AGREED ORDER

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

I. PROCEDURAL STIPULATIONS

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

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

## II. FINDINGS OF FACT

- 2.1 Mark H. Ekern, the Respondent herein, has held a Certified Public Accountant (CPA) certificate (No. 16027) in the state of Washington. The Respondent's CPA certificate became invalid on July 1, 1996, due to Respondent's failure to renew.
- 2.2 On May 28, 2002, a Statement of Charges was duly served on respondent alleging violations of chapter 18.04 RCW.
- 2.3 On or about October 8, 2000, Respondent applied for the position of controller with Oppenheimer Camera. Respondent submitted a letter and resume to Marty Oppenheimer of Oppenheimer Camera. Respondent signed the letter "Mark H. Ekern, CPA." The heading on the resume read "Mark H. Ekern, CPA."
- 2.4 On or about January 8, 2001, Respondent asked for and received a \$1000.00 cash advance from Respondent's employer, Oppenheimer Camera. On or about February 2, 2001 and February 8, 2001 Respondent provided personal checks, payable to Oppenheimer Camera, to his employer to repay the cash advance. The checks were

posted to the records of Oppenheimer Camera as loan repayment. Respondent offered to personally make the deposits. Respondent removed the Respondent's checks from the deposits. The Respondent made a notation in the records of Oppenheimer Camera that Respondent's supervisor, Martin J. Oppenheimer, had taken the checks out of the deposits for a "draw." Mr. Oppenheimer did not take the checks.

2.5 On or about March 12, 2001, Respondent ordered a business check payable to the Respondent in the amount of \$1,249.98 drawn on the bank account of Respondent's employer, Oppenheimer Camera. The Respondent forged the signature of his supervisor, Martin J. Oppenheimer, of Oppenheimer Camera to the business check and on or about March 16, 2001 deposited the check into Respondent's personal bank account. This check was issued without the knowledge and permission of the Respondent's employer.

2.6 On January 4, 2002, the Respondent pled guilty to charges of forgery and theft in the second degree and signed the following admission:

The judge has asked me to state briefly in my own words what I did that makes me guilty of this crime. This is my statement:

I do not believe I am guilty. However, after discussing the case with my attorney, I believe there is a substantial likelihood that I would be convicted at trial. In order to take advantage of the prosecutor's offer, I agree to allow the court to review the certification for determination of probable cause to determine a factual basis for this plea, and for sentencing. I have discussed the certification with my attorney.

2.7 On February 1, 2002 the Respondent was sentenced by the Superior Court of Washington for King County to 30 days confinement and 232 hours community service based on respondent's January 4, 2002, plea of guilty to forgery and theft in the second degree. The Court also ordered Respondent to have no contact with Marty Oppenheimer or Oppenheimer Camera and pay restitution.

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

### III. CONCLUSIONS OF LAW

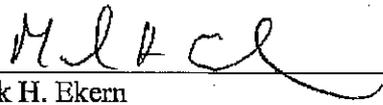
- 3.1 The Washington State Board of Accountancy has jurisdiction over the subject matter herein.
- 3.2 The respondent's conduct in Finding of Facts 2.3 through 2.7 constitutes cause for Board discipline under RCW 18.04.295(2), (3), (4), and (5)(a) for violations of RCW 18.04.345 that prohibits anyone from using the title "CPA" unless the person holds a valid CPA certificate; RCW 18.04.380 that sets the effect of advertising falsely; WAC 4-25-610 that requires a CPA to exercise professional judgment in all activities, to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism, to perform all professional responsibilities with the highest sense of honesty, and to use due care to comply with state law and the ethical standards; WAC 4-25-620 that requires a person using the CPA title to be honest, objective, and free of conflicts of interest in the performance of professional services; WAC 4-25-631 that requires a CPA to comply with the Professional Code of Conduct issued by the AICPA; WAC 4-25-650 that prohibits a CPA from committing acts reflecting adversely on the CPA's fitness to engage in the practice of public accountancy; and WAC 4-25-910 that prohibits a CPA from violating rule of professional conduct and engaging in acts of fiscal dishonesty or fraud.

### IV. AGREED ORDER

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

- 4.1 Respondent's CPA certificate and his eligibility to renew/reinstate his individual license to practice public accounting are hereby revoked for a period of ten years from the date this Order is accepted and entered by the Board and thereafter until respondent:
- 4.1.1 Complies with all the then current requirements of eligibility as an original applicant for a Washington CPA certificate and license, including but not limited to the existing education, examination, experience and ethical requirements.
  - 4.1.2 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.
  - 4.1.3 Satisfies any other requirement imposed by the Board as a condition for reinstatement
- 4.2 Respondent must serve at least nine years of the revocation before the Board will consider an application for reinstatement.
- 4.3 The Board will publish the terms of this Stipulation and Agreed Order.
- 4.4 Nothing in this Order precludes the Board from exercising its authority and responsibilities under chapter 18.04 RCW or chapter 4-25 WAC. Any violations of such chapters or this Order constitute independent grounds for the denial, suspension, revocation or refusal to renew the respondent's certificate and/or license(s).

I, MARK H. EKERN, certify that I have read this Stipulation and Agreed Order in its entirety; that I fully understand and agree to all of it, and that it may be presented to the Board without my appearance. If the Board accepts the Stipulation and Agreed Order, I understand that I will receive a signed copy. DATED this 21<sup>st</sup> day of June, 2002.

  
\_\_\_\_\_  
Mark H. Ekern  
Respondent

V. ORDER

The Board accepts and enters this Stipulation and Agreed Order.

DATED this 5<sup>th</sup> day of July, 2002.

WASHINGTON STATE  
BOARD OF ACCOUNTANCY

James W. Cole CPA  
Presiding Officer



RECEIVED

January 5, 2010

JAN 10 2011

To Whom It May Concern: **WA ACCOUNTANCY BOARD**

We are writing to request recognition by the Board of Accountancy to provide the service of international educational credential evaluation.

Located in Lynnwood, Washington, the Foundation for International Services is a leading provider of international document services, including foreign credential evaluations and certified translations since 1978. Our mission is to deliver professional services that consistently earn the trust and confidence of our clients. After working with corporate legal departments, colleges and universities, and human resource professionals for so many years, we realize the importance of truly understanding our clients' requirements.

Also, the Foundation is proud to be a charter member of the National Association of Credential Evaluation Services (NACES); the association of private foreign educational credential evaluation services committed to maintaining professional, ethical standards in the field of foreign educational evaluation.

The Foundation is a member of the following organizations:

National Association of Credential Evaluation Services (NACES)

NAFSA: Association of International Educators

American Association of Collegiate Registrars and Admissions Officers (AACRAO)

American Translators Association (ATA)

Attached are supporting documents to assist your consideration of our request to become recognized by the Board of Accountancy to provide evaluation services.

Please do not hesitate contacting us.

Sincerely,

A handwritten signature in black ink that reads 'Wade J. Bird'. The signature is written in a cursive, slightly slanted style.

Wade J. Bird  
Assistant Director



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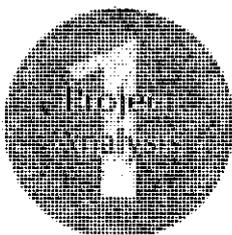
Afrikaans	French – Canadian	Portuguese – Brazilian
Albanian	French	Punjabi
Amharic	Georgian	Pushtu
Arabic	German	Romanian
Armenian	Gujarathi	Russian
Azeri	Hausa	Serbian
Basque	Hebrew	Serbo-Croatian
Belarusan	Hindi	Slovak
Bengali	Hungarian	Slovene
Bosnian	Icelandic	Spanish – Iberian
Bulgarian	Indonesian	Spanish – Latin American
Burmese	Italian	Spanish – U.S.
Cambodian	Japanese	Swahili
Catalan	Javanese	Swedish
Chinese – Simplified	Korean	Tagalog
Chinese – Traditional	Laotian	Tamil
Croatian	Latin	Thai
Czech	Latvian	Turkish
Danish	Lithuanian	Turkmen
Dari	Malay	Ukrainian
Dutch	Marathi	Urdu
Estonian	Nepali	Uzbek
Farsi	Norwegian	Vietnamese
Finnish	Polish	Welsh
Flemish	Portuguese – Iberian	Yiddish



**FIS TRANSLATIONS**  
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 FAX: 425-248-2262  
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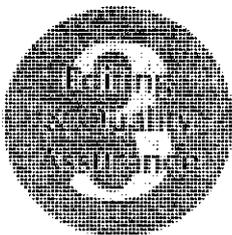
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**Editing and Quality Assurance:** The editor reviews the original document and the translation, and makes any corrections to style, and any final linguistic changes. If a certificate of accuracy is needed (i.e., legal documents), the editor provides a "sign off" on the certificate.



**Publishing or Web Localization:** Layout/Desktop Publishing (DTP) or web localization (programming) is performed by qualified individuals using the latest software applications, including many foreign language versions of these applications.



**Project Wrap-Up:** We complete the project by giving all our work a final review to ensure quality and consistency. We listen carefully to customer feedback and incorporate your thoughts into any future projects that we complete for you.

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We provide translation services for practically any language—from every region around the globe—including translations from any language into English, and from English into any language. To ensure accuracy, each of our translators is certified by the American Translators Association or by the authority governing translation in their country. As a further assurance of quality, we make certain our translators are qualified to handle subtle geographic variations, such as Argentinean Spanish or Senegalan French. Finally, our comprehensive 3-step editing and review process ensures that every translated document is a linguistic match to the original.

We know from experience that simply providing the right language skills is not enough to keep your critical projects on track. So we work with you one-on-one to understand your requirements and deadlines. And we follow through to ensure that you get precisely the assistance you need.

Our ability to personalize our services is what makes us the choice of so many professional organizations. So the next time you need translation services for immigration documents, legal papers, marketing and advertising materials, or other important correspondence, call FIS Translations.



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WEB: [www.fis-web.com](http://www.fis-web.com)

*Member of the American Translators Association (ATA)*



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A **DOCUMENT-BY-DOCUMENT EVALUATION** provides an evaluation of foreign academic credentials to determine the educational equivalent within the U.S. educational system. We will also evaluate work experience to determine educational equivalencies based upon INS regulatory guidelines for clients seeking to meet U.S. immigration requirements. Our reports provide a detailed explanation of the material evaluated, rather than a simple conclusive statement.

**AN EXPERT OPINION EVALUATION** expands upon our document-by-document evaluation and includes a written opinion letter from a university professor who meets the INS definition of a recognized authority. In addition, many of the university professors with whom FIS contracts have the authority to grant credit through their home institution based upon training and experience. The Expert Opinion letter may specifically address the individual's qualifications as well as the proposed position for which he or she is applying for as a specialty occupation.

A **COURSE-BY-COURSE EVALUATION** includes an evaluation of foreign academic credentials and also details the subjects covered as part of the academic program of study as stated on the school's transcript of academic record. This evaluation includes a conversion of the foreign grading scale and credit system into the U.S. 4.0 grading scale and semester or quarter credit system. Course-by-course evaluations are typically requested for:

- Continuing education
- Teacher Certification
- Professional Licensure



FOUNDATION FOR INTERNATIONAL SERVICES, INC.

14926 35th Avenue West, Suite 210

Lynnwood, WA 98087

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# FIS

FOUNDATION FOR INTERNATIONAL SERVICES, INC.  
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Lynnwood, WA 98087  
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When it comes to evaluating foreign credentials, most providers have a "hands-off" approach. In many cases, you may never even speak to the person who provides your evaluation.

The Foundation for International Services is different. We operate from 6:30 am to 5:00 pm Pacific time to accommodate clients throughout all time zones. We understand the unique issues and challenges associated with evaluating foreign education and work experience, and we also understand the value of working closely with each of our clients to provide exactly the assistance they require.

We take a "hands-on" approach to every project. Our credential evaluation experts are on-site and ready to talk to you when you need them. They will work with you personally to develop a thorough understanding of your credential evaluation needs and your schedule. And they will follow through to ensure that you receive precisely the assistance you need.

Since 1978 our consistent quality and personalized approach has worked exceptionally well for thousands of clients, including:

- Immigration Lawyers
- Corporate Legal Departments
- Educational Institutions
- Professional Recruiters
- Human Resource Professionals
- and Individuals

Our written report is individualized and detailed, fully describing each academic credential and our findings with an overall summary of our evaluation and a list of printed and online resources consulted for the report. Also included with the evaluation is the curriculum vitae of the senior evaluator who signs the report. Our senior evaluators are experienced professionals who have worked in college and university admissions and registration offices, and who provide you with expert understanding of the U.S. education system.

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We are the widely recognized leader because quality, accuracy and customer service are our top priorities. Our ability to personalize our services to meet your requirements is what makes us the choice of leading organizations throughout the world. Our experts take a hands-on approach to each project, and are ready to talk to you when you need them.

So the next time you need expert services for immigration, education, employment, professional licensing or translation, call FIS. You'll receive the best in customer service and quality because our primary concern is your success.



Since 1978, FIS, Inc. has been a widely recognized leader in the field of Foreign Credential Evaluations, Expert Opinion Evaluations and Translation Services. The professional team at FIS has extensive experience in international education and language translation. Our proven expertise means clients can depend on us for quality and accuracy of their documents.

**CREDENTIAL EVALUATION SERVICE** We evaluate foreign educational credentials to determine their U.S. equivalent for education, immigration and employment. Our qualified on-staff evaluators can also incorporate employment experience through a network of academic and professional experts. Our evaluation services meets the requirements of the Immigration and Naturalization Services.

**EXPERT OPINION SERVICE** FIS works with a wide range of experienced university professors and industry experts to provide written expert opinion statements required by the INS. The expert opinion service includes an FIS evaluation that names and describes all diplomas, certificates, and professional qualifications, and incorporates letters from a recognized authority in the field.

**TRANSLATION SERVICES** FIS offers complete, professional translation services for advertising and marketing materials, contracts, financial and legal documents, diplomas, transcripts, personal and academic credentials, patents, and many other types of documents. Our translation services include an extensive editing and review process to ensure that each translated document is a linguistic match to the original document.

**EDUCATIONAL RESEARCH** The FIS team can assist you by researching educational topics, degrees, or other matters related to international education. Our team has extensive experience in international education, credit transfer and articulation, and U.S.-based university education. FIS also maintains an extensive library of publications and online resources to support educational and research projects.

**COLLATERAL SERVICES** The Course-by-Course evaluation service lists post-secondary courses completed, credits, grades, and the grade point average in U.S. equivalents. This service is beneficial for college or university admissions. In addition, a course-by-course evaluation may be necessary to meet professional licensing or certification requirements, or to qualify for state or national examinations.



**TRANSLATIONS**

- My documents are all issued in English.
- At least some of my documents are issued in a language other than English, but I have submitted English translations. I am **not** interested in acquiring certified translations of my documents through FIS.
- At least some of my documents are not issued in English (or already translated), and I would like FIS to contact me with a price quote for certified translations.

**WHERE SHOULD FIS SEND THE COMPLETED REPORTS?**

If you are purchasing more than 2 reports and have more than one other receiving address to submit, please explain below the signature line at the bottom of this page.

- Send reports to my address, listed on page 1. I would like one of my reports in a separate, sealed envelope:  Yes  No
- Send one of my reports to my address, and send the other directly from FIS to:

---

Contact Name/Organization	Number/Street
City	State/Province
	Zip Code

**HOW DID YOU HEAR ABOUT FIS?**

- internet search engine: \_\_\_\_\_
- NACES website
- friend/family referral
- licensing/certification board: \_\_\_\_\_
- the college or university to which I am applying
- other: \_\_\_\_\_

**FEES**

- Base Price
  - 1 week (\$350; contact FIS in advance; limited availability)
  - 2 weeks (\$275)       1 month (\$200)       2 months (\$150)
- Photocopies (*for Drop-Off Service only*)
  - \$10 Flat Fee for any documents hand-delivered to FIS for which you have not provided photocopies
- Additional Copies of your Evaluation (\$20 each)  
The base price covers 2 reports only.
  - # of extra copies: \_\_\_\_\_ x \$20 = \_\_\_\_\_
- Special Courier Service/Express Delivery  
The base price covers USPS First Class mail only.
  - \$ \_\_\_\_\_ (minimum: \$30 for U.S./\$50 for international; call for details)  
Submitting a prepaid envelope from an express carrier is often cheaper.
- Translations
  - \$ \_\_\_\_\_ (to be determined by FIS)

**TOTAL \$** \_\_\_\_\_

- I have included a check or money order, or
- I would like to pay with Visa or MasterCard online. **FIS will email online payment instructions to you after we review your documents. Timing begins once online payment has been received. Please remember to check your email account for this information. Be sure the email account you've listed on page 1 of this application is accurate and legible.**

**AFFIRMATIONS**

- a. I hereby certify that the information provided on this application is true, accurate and correct to the best of my knowledge.
- b. I understand that this evaluation is advisory in nature and the Foundation for International Services, Inc. assumes no liability for consequential damages when the desired equivalency cannot be recommended.
- c. I agree to reimburse the Foundation for International Services, Inc. for any and all costs, including legal expenses, which it may incur as a result of any claim that I (or anyone having an interest in my earnings or services) may make based on the evaluation determination which the Foundation makes relying on this application.
- d. I hereby certify that I have read the instructions and conditions provided with this form and agree to the terms stated therein.

**DATE:** \_\_\_\_\_ **SIGNATURE:** \_\_\_\_\_

## APPLICATION INFORMATION ~~~~~

The comparative education field is ever changing. As such, the Foundation for International Services, Inc. (FIS) reserves the right to update equivalency/placement recommendations. All policies and prices are subject to change without notice. Applicants are advised to contact the receiving organizations to confirm that reports from private evaluation agencies such as FIS are acceptable.

Please submit all educational documents (including diplomas, certificates, transcripts, mark sheets, etc.). FIS will accept clear, legible photocopies of educational documents, but reserves the right to request either original or certified copies. Original documents are preferred, but not required. Reports will indicate when photocopies of educational documents are used. To perform a credential evaluation, FIS requires documents in both their original language and in English. Documents not issued in English must be accompanied by English translations, preferably American Translators Association (ATA) certified translations. Translation services may be obtained through the FIS Translation Department for an additional fee.

The timing/prices take effect once all documents and necessary material are on file with FIS. All evaluations will be mailed by first class mail, unless otherwise specified. Evaluations may be returned via express courier for an additional charge (\$30 for domestic/\$50 minimum for international courier service) or if a courier billing number is provided by the client. Two official copies of each completed evaluation will be mailed; additional copies are available for \$20 each. FIS strongly recommends sending and returning original documents via express courier. When sending via express courier, a return envelope can also be purchased in order to avoid the FIS additional charge.

In preparing an evaluation report, every effort is made to consult appropriate resources in order to provide the most accurate evaluation possible consistent with the purpose of the request. The Foundation reserves the right to contact institutions/agencies and to verify the accuracy/authenticity of any documents submitted for evaluation. This may affect the timing of the evaluation. The decision as to whether a formal evaluation report will be completed rests solely with FIS. Any file inactive for more than six (6) months may be cancelled.

## EVALUATION SERVICES AND PRICES ~~~~~

### Document-by-Document Evaluations

- \$225 Same Day Service (If received by 12 noon PST, then completed by 5 p.m. PST)
- \$175 Next Business Day Service (Completed by the close of the next business day)
- \$125 One Week Service (five working days)
- \$75 Standard Service (one month)

### Expert Opinion Services

Expert Opinion evaluations may be needed for some types of immigration applications. Copies of the proposed job description, the RFE or DOL audit, and evidence of education and employment should be submitted to our Expert Opinion department for initial review. Fees, timing, and availability vary. Contact FIS and ask to speak to an expert opinion coordinator if you are interested in these services.

### Course-by-Course Evaluations

- \$350 One week service (very limited availability; inquire first)
- \$275 Two week service
- \$200 One month service
- \$150 Two month service

## TRANSLATION SERVICES AND PRICES ~~~~~

FIS provides certified translation services in almost all languages to and from English. Complete and legible documents are required. FIS translations are provided by ATA members and are notarized by the Foundation. Translations performed by ATA members are considered certified. All FIS translators are accredited members in their respective language pairs by the ATA, or nationally-governed language boards if the ATA does not certify a particular language combination. FIS does not consider state-sponsored accreditations (i.e. Dept. of Social and Human Services) as certified translations. *Translation prices vary and are in addition to evaluation prices. Please contact FIS for final translation price quote.*

### 2-Business-Day \$150 project minimum

The 2-day translation may be combined with the Next Business Day document-by-document evaluation and the 1-week course-by-course evaluations. This will add two days to the evaluation due date.

### 5-Business-Day \$100 project minimum

The 5-day translation may be combined with the 1-month or 1-week document-by-document evaluations and the 2-month, 1-month, and 2-week course-by-course evaluations. This will not change the evaluation due date.

## FREQUENTLY ASKED QUESTIONS ~~~~~

**Can I submit my documents to FIS in person?** FIS offers a document drop-off service for local individuals who do not wish to mail their original documents. Clients are strongly encouraged to bring a completed application and their original documents *with photocopies*. A \$10 copy fee will be charged to "walk in" customers if photocopies of all documents (including translations) are not provided. Original documents will be available for pick-up two business days following drop-off, or customers may choose to pick up original documents with the completed evaluation report. We offer very limited services in person. Our reception staff cannot answer questions about equivalency, grades, credits, etc. You are welcome to ask questions via [info@fis-web.com](mailto:info@fis-web.com).

**How can I pay for my evaluation? How can I obtain a refund?** Applications for individuals must be prepaid by cash, money order, Visa or MasterCard. Online credit and debit card payments can be made at <http://www.fis-web.com/payments>. Personal checks will not be accepted for next business day service. Corporations, law firms and other approved organizations may be invoiced upon credit approval. Refunds will be made only in the event of overpayment. Files cancelled prior to evaluation will be subject to a \$50 minimum cancellation fee, including files that have been preliminarily reviewed. Please allow 2-4 weeks for processing of refunds. Files under verification may be cancelled, but the refund will be applied only if the documents are verified as authentic. Translations that have already been processed can not be cancelled. A \$20 minimum service charge will be assessed on all returned checks.

**Is there a military rate?** Special prices have been established for armed services recruiters. These fees are for high school equivalency only, and regular FIS fees will be applied if the evaluation includes postsecondary education. One copy will be sent directly to the recruiter listed on the application. The applicant does not receive a copy unless an additional fee of \$20 is paid and an address is supplied. In order to be eligible for special military prices, the application must be submitted by a recruiter.

**Do I have to submit my original documents? Do my translations need to be certified?** FIS prefers, but does not require, the submission of original documents, especially for credential evaluations used for continuing education, licensure, certification and employment purposes. If copies are submitted, the final report will indicate this. FIS prefers, but does not require, the submission of certified translations. If certified translations are not provided or if FIS cannot verify the credentials of the translator, the final report will indicate this.

**What is the Foundation's policy on fraudulent documents?** When FIS suspects that documents submitted for evaluation were forged or altered in any way, no report will be prepared. All recipients indicated and appropriate agencies or organizations will be notified. No fees will be refunded and documents will be retained by FIS.

**Is it possible to request a revision if I have additional information I want added to my report?** When additional evidence is submitted or additional language is requested, a \$50 re-evaluation fee will apply. Revisions may only be requested by and performed for the client (company, law firm, or individual) who submitted and paid for the original report.

**Can I obtain additional copies of my report?** Two copies of each evaluation are included with the regular evaluation fee. Additional copies may be requested for \$20 each. A copy request form is required before a copy can be issued. The additional copy can only be issued at the request of the owner (person or company that submitted the initial evaluation request), unless a release form is provided. The release form must state that the person and/or company allows FIS to provide the report to the person/company requesting it. The release form should be signed.





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## Examples of Accountancy Boards Accepting FIS Evaluation Reports

Arkansas

[http://www.arkansas.gov/asbpa/pdf/2007/First time education requirement instructions.pdf](http://www.arkansas.gov/asbpa/pdf/2007/First_time_education_requirement_instructions.pdf)

Colorado

<http://www.dora.state.co.us/accountants/foreignapplicants.htm>

Connecticut

<http://www.ct.gov/sboa/cwp/view.asp?a=2184&Q=316720&sboaNav=%7C>  
[http://www.nasba.org/862571B900737CED/ENL/CTInitAppInfo/\\$file/CTFTIA.pdf](http://www.nasba.org/862571B900737CED/ENL/CTInitAppInfo/$file/CTFTIA.pdf)

Kansas

<http://www.ksboa.org/pdf/FREQUENTLYASKEDQUESTIONS.pdf>

Kentucky

<http://cpa.ky.gov/cbt/requirements.htm>

Maryland

<http://www.dlir.state.md.us/license/cpa/cpaforcred.htm>

Nebraska

<http://www.nbpa.ne.gov/pdf/eac.pdf>

Nevada

<http://www.nvaccountancy.com/foreign.fx>

New Hampshire

<http://www.nh.gov/accountancy/faq/index.htm>

Oregon

[http://www.oregon.gov/BOA/ExamReq.shtml#Foreign Education](http://www.oregon.gov/BOA/ExamReq.shtml#Foreign_Education)

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(Member since March 1987)
- [Educational Credential Evaluators, Inc.](#) ▲  
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(Member since March 2004)
- [Global Services Associates, Inc.](#)  
(Member since May 2000)
- [International Academic Credential Evaluators, Inc.](#)  
(Member since May 2006)
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**EVALUATION REPORT**

Name: RUTH, Babe

Date: April 2, 2010

Country: Philippines

Ref: Sample Report C

Purpose of Evaluation: Education and Licensure

School: José Rizal University (formerly José Rizal College) in Mandaluyong, Philippines; and Luzon Colleges, College of Accountancy in Dagupan, Philippines. These institutions are recognized by the Commission on Higher Education of the Republic of the Philippines, the organization responsible for assessing complexity and assuring quality of degree programs in the Philippines. These recognitions parallel regional accreditation of tertiary educational institutions in the United States.

Credential Submitted: Collegiate Student Record from José Rizal University certifying that Babe Ruth graduated on March 28, 2004, with the degree of Bachelor of Science in Accountancy. It also lists the courses completed at this institution, including the grade and credit for each. A certified copy of an Official Transcript of Record from Luzon College listing the courses completed at this institution, including the grade and credit for each, was also submitted.

Dates Attended: From the First Semester 1998/1999 through the Second Semester 1999/2000 at the Luzon College. From the First Semester 2001/2002 through the Second Semester 2003/2004 at José Rizal.

Typical Program Length: Four (4) years.

Entrance Requirements: High School Diploma in the Philippines, or the equivalent of graduation from high school in the United States.

Grading Scale: Luzon Colleges: 4.00 = A (1.00, 1.25), 3.70 = A- (1.50), 3.30 = B+ (1.75), 3.00 = B (2.00), 2.70 = B- (2.25), 2.30 = C+ (2.50), 2.00 = C (2.75, 3.0), and 0.00 = F (5.00). José Rizal University: 4.00 = A (1.0-1.9), 3.00 = B (2.0-2.9), 2.00 = C (3.0-3.5), and 0.00 = F (5.0). The grades in parentheses are the Philippine grades.

Total Semester Credits:	175
Grade Point Average:	2.61

US Educational Equivalent: Bachelor's degree in accounting from a regionally accredited college or university in the United States.

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>Luzon College</i>		
<i>First Semester 1998/1999</i>		
Communication Arts in Pilipino	3	C+
Communication Arts I*		C+
Introduction to Physical Science	3	B-
College Algebra	3	C+
Introductory Accounting	4	B-
Principles of Economics, Taxation & Agrarian Reform	3	B
Humanities I	3	B-
Rhythm and Sports I**		B
	19	



EVALUATION REPORT

Name: RUTH, Babe

Date: April 2, 2010

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>Second Semester 1998/1999</i>		
Pilipino Literature	3	B
Communication Arts II*		C+
Mathematics Investment	3	B-
Partnership and Corporation Accounting	3	C
Logic	3	B-
Principles of Marketing	3	C+
Philippine History	3	C+
Rhythm and Sports II**		B+
	18	
<i>First Semester 1999/2000</i>		
Fundamentals of Statistics	3	C
Computer Fundamentals	3	B
Financial Accounting I	4	C
Contemporary Social Issues	3	B
Principles of Money, Credit and Banking	3	B-
Rhetoric	3	C+
General Psychology	3	C
Rhythm and Sports III**		A-
	22	
<i>Second Semester 1999/2000</i>		
Business Finance	3	C+
Financial Accounting II	4	B-
Cost Accounting	4	B
Modern Communication	3	C+
Business Organization and Management	3	B-
Rhythm and Sports IV**		A-
	17	
<i>José Rizal University</i>		
<i>First Semester 2001/2002</i>		
Contemporary National Development	3	C
Speech/Oral Communication	3	B
Technical and Report Writing	3	B
Rizal Course	3	B
Integrated Business Law I	3	B
	15	
<i>Second Semester 2001/2002</i>		
Intermediate Accounting	4	B
Office Automation	4	B
Essay Writing	3	B
Basic Mathematics II	3	B
Philippines Government and Constitution	3	B
	17	



**EVALUATION REPORT**

Name: RUTH, Babe

Date: April 2, 2010

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>First Semester 2002/2003</i>		
Principles of Auditing	3	B
Accounting Problem and Cases I	3	C
Audit Practice	4	C
	<hr/>	
	10	
<i>Second Semester 2002/2003</i>		
Accounting Problem and Cases II	3	B
Managerial Accounting	3	B
Management Advisory Service	4	C
Integrated Application Software	4	B
Quantitative Techniques	3	C
Introduction to Biological Science	3	B
	<hr/>	
	20	
<i>Summer 2002/2003</i>		
Principles of Economics II	3	A
Personnel Management	3	B
Production Management	3	B
	<hr/>	
	9	
<i>First Semester 2003/2004</i>		
Tax Accounting	3	C
Financial Management	3	C
Business Law Overview	3	C
	<hr/>	
	9	
<i>Second Semester 2003/2004</i>		
Constructive Accounting	3	B
Auditing Theory II	3	C
Tax Accounting II	3	C
Accounting Overview	4	C
Integrated Business Law II	3	B
Business Policy	3	B
	<hr/>	
	19	

\* This coursework can be regarded as ESL or college-preparatory English and the credits have not been converted.

\*\* Physical education credits have not been converted.

**There are no more entries for the Bachelor of Science in Accountancy.**



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**EVALUATION REPORT**

Name: RUTH, Babe

Date: April 2, 2010

In summary, it is the judgment of the Foundation that Babe Ruth has the equivalent of a bachelor's degree in accounting from a regionally accredited college or university in the United States.

The Foundation's evaluations serve as suggested guidelines and are advisory in nature. Under no circumstance does the Foundation desire to encroach on the individual autonomy, residence requirements or internal policies of educational institutions. The documents were signed by the appropriate officials and submitted by Mr. Ruth for evaluation.

The materials used in this evaluation were the PIER (Projects for International Education Research) World Education Series Workshop Report titled Philippines, the International Education Research Foundation, Inc. publication titled The New Country Index and information provided by the Commission of Higher Education (CHED) in the Philippines.

*Sample Report*

Sharalynn D. Cromer  
Evaluator



**EVALUATION REPORT**

Name: WHITE, Snow

Date: December 29, 2010

Country: Egypt

Ref: Sample Report A

Purpose of Evaluation: Licensure

School: Alexandria University, Faculty of Commerce in Egypt. This institution is recognized by the Ministry of Higher Education, the organization responsible for assessing complexity and assuring quality of degree programs in Egypt. This recognition parallels regional accreditation of tertiary educational institutions in the United States.

Credentials Submitted: Copy of a Certificate issued in English certifying that Snow White obtained the B. Com/Bachelor of Commerce (Accounting) degree in May 1992 with the General Grade of Good. It also lists the courses completed, including the hours and grade for each.

Dates Attended: From 1988/1989 through 1991/1992.

Typical Program Length: Four (4) years.

Entrance Requirements: The General Secondary Education Certificate in Egypt, which is equivalent to graduation from high school in the United States.

Grading Scale: 4.00 = A (Excellent, Very Good), 3.00 = B (Good), 2.00 = C (Pass) and 0.00 = F (Fail). The Egyptian grades appear in parentheses.

Total Semester Credits:	120 1/4
Grade Point Average:	2.25

US Educational Equivalent: Bachelor's degree in accounting from a regionally accredited college or university in the United States.

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>First Year 1988/1989</i>		
Economic Resources	2 1/4	C
Introduction to Law	2 1/4	B
Public Administration	2 1/4	B
Foreign Language	4 1/4	C
Economics (1)	4 1/4	C
Principles of Accounting	5 1/2	C
Business Administration	4 1/4	C
Financial and Pure Mathematics	4 1/4	C
	<hr/>	
	29 1/4	
<i>Second Year 1989/1990</i>		
Production Management	3 1/4	C
Commercial Law	3 1/4	C
Intermediate Accounting	5 1/2	C



**EVALUATION REPORT**

Name: WHITE, Snow

Date: December 29, 2010

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>Second Year, continued</i>		
Insurance	2 1/4	C
Foreign Language	4 1/4	C
Economics (2)	4 1/4	C
Public Finance	3 1/4	C
Marketing and Sales Management	3 1/4	C
	<hr/>	
	29 1/4	
<i>Third Year 1990/1991</i>		
Tax Systems	3 1/4	C
Cost Accounting	5 1/2	B
Personal Administration and Human Relations	4 1/4	B
Special Accounting Systems	4 1/4	C
Economics (Money, Banking and International Trade)	3 1/4	C
Purchasing and Store Management	2 1/4	C
Advanced Accounting	5 1/2	C
Principles of Statistics	3 1/4	C
	<hr/>	
	31 1/2	
<i>Fourth Year 1991/1992</i>		
Managerial Accounting	4 1/4	B
Cost Accounting	5 1/2	B
Auditing	2 1/4	C
Government and National Income Accounting	4 1/4	C
Financial Institutions Accounting	3 1/4	B
Tax Accounting	4 1/4	C
Financial Management	4 1/4	C
Business Economics	2 1/4	B
	<hr/>	
	30 1/4	

**There are no more entries for Alexandria University.**



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**EVALUATION REPORT**

Name: WHITE, Snow

Date: December 29, 2010

In summary, it is the judgment of the Foundation that Snow White has the equivalent of a bachelor's degree in accounting from a regionally accredited college or university in the United States.

The Foundation's evaluations serve as suggested guidelines and are advisory in nature. Under no circumstance does the Foundation desire to encroach on the individual autonomy, residence requirements or internal policies of educational institutions. The document was signed by the Registrar and the Dean and a photocopy was submitted to FIS by Ms. White.

The materials used in this evaluation were the World Education Series AACRAO (American Association of Collegiate Registrars and Admissions Officers) publication titled the Arab Republic of Egypt and the AMIDEAST publication titled Education in the Arab World, Volume 1: Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco.

*Sample Report*

Sharalynn D. Cromer  
Evaluator



**EVALUATION REPORT**

Name: PAN, Peter

Date: October 22, 2010

Country: India

Ref: Sample Report B

Purpose of Evaluation: Immigration and Licensure

Certificate from the Central Board of Secondary Education in Delhi, India certifying that Peter Pan passed the All India Senior School Certificate Examination held in March 1990 and listing the subjects examined. This document was dated September 10, 1990, was signed by the Controller of Examinations and is equivalent to graduation from high school in the United States. A Marks Statement listing the marks (grade) earned for each subject was also submitted.

School: University of Delhi in Delhi, India. The University of Delhi is a member of the Association of Indian Universities and is recognized by the National Assessment and Accreditation Council of the University Grants Commission, the organization responsible for assessing complexity and assuring quality of degree programs in India. This recognition parallels regional accreditation of tertiary educational institutions in the United States.

Credentials Submitted: Diploma certifying that Peter Pan was examined in 1993 and was awarded the degree of Bachelor of Commerce (Honours Course) (10+2+3 Scheme) in the First Division at the Convocation held in 1994. Statements of Marks listing the subjects examined in each year, including the marks for each, were also submitted.

Year of Examinations: 1991, 1992, and 1993.

Typical Program Length: Three (3) years.

Entrance Requirements: Completion of Standard XII in India, such as the All India Senior School Certificate Examination described above.

Grading Scale: 4.00 = A (60-100%), 3.00 = B (50-59%), 2.00 = C (40-49% for major, 33-49% for subsidiary), and 0.00 = F (0-39% for major, 0-32% for subsidiary). The Indian grades appear in

Total Semester Credits:	96
Grade Point Average:	3.54

US Educational Equivalent: Three years of university-level credit from a regionally accredited college or university in the United States.

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>B.Com. (Honours) Part I Examination, 1991</i>		
Business Organization	4	B
Financial Accounting I	4	A
Business Mathematics	4	A
Business Laws	4	A
Subsidiary: Hindi	8	A
Subsidiary: Mathematics	8	A
	32	



**EVALUATION REPORT**

Name: PAN, Peter

Date: October 22, 2010

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>B.Com. (Honours) Part II Examination, 1992</i>		
Economics	8	A
Business Statistics	4	A
Principles of Management	4	A
Financial Accounting II (Company Accounts)	4	A
Company Law	4	A
Elective English	8	B
	<hr/>	
	32	
<i>B.Com. (Honours) Part III Examination, 1993</i>		
Indian Economy Resources, Trade and Development	8	A
Money Income and Financial Institutions	8	B
Cost Accounting	8	B
Auditing and Income Tax	8	C
	<hr/>	
	32	

**There are no more entries for the B.Com degree.**



**EVALUATION REPORT**

Name: PAN, Peter

Date: October 22, 2010

School/Issuing Body: The Institute of Chartered Accountants of India (ICAI) in India. The Institute of Chartered Accountants of India is an autonomous body whose Final Examination has been deemed by the Association of Indian Universities to be equivalent to a master's degree earned at a member university that is recognized by the National Assessment and Accreditation Council of the University Grants Commission, the organization responsible for assessing complexity and assuring quality of degree programs in India. This recognition parallels regional accreditation of tertiary educational institutions in the United States.

Credentials Submitted: Certificate of Membership certifying that Peter Pan was admitted as an Associate on October 25, 1996. A Certificate of Practice, an Intermediate Examination Certificate, a Final Examination Certificate, and Statements of Marks for each examination listing the grades earned per subject were also submitted.

Year of Examinations: 1994 and 1996.

Typical Program Length: At least two (2) years.

Typical Entrance Requirements: A Bachelor of Commerce degree, described above.

Grading Scale: 4.00 = A (60-100%), 3.00 = B (50-59%), 2.00 = C (40-49%), and 0.00 = F (0-39%). The ICAI grades appear in parentheses.

Total Semester Credits:	69
Grade Point Average:	2.68

US Educational Equivalent: In conjunction with Bachelor of Commerce coursework described on pages 1 and 2, a bachelor's degree in accounting from a regionally accredited college or university in the United States. Chartered Accountant membership allows individuals to practice as public accountants and pursue doctoral-level studies in accounting and management in India.

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>Intermediate Examination, November 1994</i>		
Group I: Advanced Accounting	5	C
Group I: Auditing	5	C
Group I: Corporate Accounting and Other Laws	5	A
Group II: Cost Accounting	5	C
Group II: Income Tax and Central Sales Tax	5	B
Group II: Organization and Management	2	C
Group II: Fundamentals of Electronic Data Processing	2	B
	<hr/> 29	
<i>Final Examination, May 1996</i>		
Group I: Advanced Accounting	5	A
Group I: Management Accounting and Financial Analysis	5	C
Group I: Advanced and Management Auditing	5	C
Group I: Corporate Laws and Secretarial Practice	5	C
Group II: Advanced Cost Accounting and Cost Systems	5	C



**EVALUATION REPORT**

Name: PAN, Peter

Date: October 22, 2010

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>Final Examination, continued</i>		
Group II: System Analysis, Data Processing and Quantitative Techniques	5	A
Group II: Direct Taxes	5	C
Group II: Indirect Taxes	5	A
	<hr/> 40	

**There are no more entries for the Chartered Accountants membership.**



**EVALUATION REPORT**

Name: PAN, Peter

Date: October 22, 2010

School: Sardar Vallabh Bhai Patel University of Agriculture and Technology in Meerut, India. This institution is a member of the Association of Indian Universities and is recognized by the National Assessment and Accreditation Council of the University Grants Commission, the organization responsible for assessing complexity and assuring quality of degree programs in India. This recognition parallels regional accreditation of tertiary educational institutions in the United States.

Credentials Submitted: Statement of Marks for the Master of Business Administration (Marketing) program certifying that Peter Pan passed the Second Year Examination 2003/2004 in the First Division and listing the subjects examined, including the marks for each.

Year of Examinations: 2003/2004.

Typical Program Length: Two (2) years.

Typical Entrance Requirements: An Indian bachelor's degree. It is possible that Mr. Pan entered the program with advanced standing based on the Chartered Accountants qualification.

Grading Scale: 4.00 = A (60-100%), 3.00 = B (50-59%), 2.00 = C (40-49%), and 0.00 = F (0-39%). The Indian grades appear in parentheses.

Total Semester Credits:	60
Grade Point Average:	3.92

US Educational Equivalent: Master's degree in management with a specialization in marketing from a regionally accredited college or university in the United States.

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
Business Policy and Strategic Management	5	A
Indian Business Environment	5	A
International Business Environment	5	A
Corporate Laws	5	A
Project Study	15	A
Consumer Behavior	5	A
Advertising and Communication Management	5	B
Brand Management	5	A
Sales and Distribution Management	5	A
International Marketing	5	A

**There are no more entries for the MBA degree.**



**EVALUATION REPORT**

Name: PAN, Peter

Date: October 22, 2010

School: University of Delhi in Delhi, India. The University of Delhi is a member of the Association of Indian Universities and is recognized by the National Assessment and Accreditation Council of the University Grants Commission, the organization responsible for assessing complexity and assuring quality of degree programs in India. This recognition parallels regional accreditation of tertiary educational institutions in the United States.

Credentials Submitted: Statements of Marks certifying that Peter Pan passed all six of the L.L.B. (Bachelor of Laws) semester-end examinations and listing the marks (grade) earned per subject. A copy of a certificate verifying program completion in the Second Division was also submitted.

Year of Examinations: 1999, 2000, and 2001.

Typical Program Length: Three (3) years.

Typical Entrance Requirements: An Indian bachelor's degree.

Grading Scale: 4.00 = A (60-100%), 3.00 = B (40-59%), and 0.00 = F (0-39%). The Indian grades appear in parentheses.

Total Semester Credits:	90
Grade Point Average:	3.07

US Educational Equivalent: A juris doctor degree from a regionally accredited college or university in the United States. The Bachelor of Laws is the first professional degree in law offered by universities in India and allows graduates to practice as attorneys in that country.

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>First Term Examination</i>		
Elements of Indian Legal Systems	3	B
Principles of Contrast	3	B
Law of Torts	3	B
Criminal Law I	3	B
Family Law I	3	B
	<hr/>	
	15	
<i>Second Term Examination</i>		
Evidence	3	B
Family Law II	3	B
Criminal Law II	3	B
Property Law	3	A
Public International	3	B
	<hr/>	
	15	



**EVALUATION REPORT**

Name: PAN, Peter

Date: October 22, 2010

<u>Course</u>	<u>US Sem. Cr.</u>	<u>US Grade</u>
<i>Third Term Examination</i>		
Constitutional Law I	3	B
Limitation and Arbitration	3	B
Business Association I	3	B
Taxation I	3	B
Int'l Law, Dispute Settlement, War & Neutrality	3	B
	<hr/>	
	15	
<i>Fourth Term Examination</i>		
Constitutional Law II	3	B
Administrative Law	3	B
Business Association II	3	B
Taxation II	3	B
Commercial Transactions	3	A
	<hr/>	
	15	
<i>Fifth Term Examination</i>		
Jurisprudence I	3	B
Civil Procedure	3	B
Lease, Licenses Rent Control and Slum Clearance	3	B
Trade Marks, Copyright and Patents	3	B
Environmental Law	3	B
	<hr/>	
	15	
<i>Sixth Term Examination</i>		
Prof. Ethics, Pleading, Conveyance and Moot Courts	3	B
Jurisprudence II	3	B
Minor Acts and Supreme Courts Rules	3	B
Negotiable Instruments, Banking and Insurance	3	B
Law Insolvency	3	B
	<hr/>	
	15	

**There are no more entries for the LLB degree.**

In addition to the academic qualifications described above, Mr. Pan submitted evidence of professional training including two Certificates of Membership for The Institute of Cost and Works Accountants of India (1994) and The Institute of Company Secretaries of India (2005), along with their accompanying examination result certificates and mark sheets. These documents were signed by the appropriate officials, represent at least four years of professional study in accountancy, and are regarded within India as master-level qualifications.



---

**EVALUATION REPORT**

Name: PAN, Peter

Date: October 22, 2010

In summary, it is the judgment of the Foundation that Peter Pan has the equivalent of graduation from high school in the United States, a bachelor's degree in accounting, a master's degree in management with a specialization in marketing, and a juris doctor degree from a regionally accredited college or university in the United States. In addition, Mr. Pan has completed an additional four years of professional training in accountancy.

The Foundation's evaluations serve as suggested guidelines and are advisory in nature. Under no circumstance does the Foundation desire to encroach on the individual autonomy, residence requirements or internal policies of educational institutions. The original academic documents were signed by the appropriate officials and submitted to FIS for evaluation by Mr. Pan.

The sources used in this evaluation were the P.I.E.R. (Projects for International Education Research) Workshop Report on South Asia publication titled The Admission and Placement of Students from Bangladesh, India, Pakistan, Sri Lanka, the Association of Indian Universities publication titled Universities Handbook India, and the P.I.E.R. World Education Series AACRAO/NAFSA Special Report titled India.

*Sample Report*

Sharalynn D. Cromer  
Evaluator

## Sexton, Cheryl (ACB)

---

**From:** Billy M. Atkinson [bill.atkinson@us.pwc.com]  
**Sent:** Friday, January 21, 2011 7:07 AM  
**To:** Sexton, Cheryl (ACB)  
**Subject:** Vice Chair Recommendations needed for 2011-12

Share This: 



### Request for Vice Chair Recommendations

The NASBA Nominating Committee is now calling for your Board's recommendation(s) for Vice Chair of NASBA for the 2011-12 year. As you well know, this is your process and we hope your board will carefully consider either nominating or endorsing a candidate whom you believe will represent your interests, issues and approach. We would be pleased if your board would discuss possible candidates and recommend one or more persons for consideration by the Nominating Committee.

Under Article IV, Section 3 of NASBA's Bylaws, to be eligible to serve as Vice Chair, an individual must have served as a Director-at-Large or Regional Director for a minimum of one year, but need not be a current member of the Board of Directors at the time of his or her election. No Past Chair is eligible for re-election. For further review of the 2010 amended bylaws, please [click here](#).

Please mail your Board's recommendation(s) along with a bio or resume to Billy Atkinson, Past Chair at NASBA, 150 4th Avenue North, Suite 1300, Nashville, TN 37219-2417. You may also fax such recommendation(s) to 615-880-4291 or email to [aholt@nasba.org](mailto:aholt@nasba.org). Our Nominating Committee meets on March 28th and we would appreciate receiving your nominations with sufficient time to compile information for the committee. Thus submission by early to mid March would be best, however please let Anita Holt or me know if you will be submitting your information near the March 28 date. Should you have any questions, please call Anita Holt at 615-880-4202 or you may reach me at [bill.atkinson@us.pwc.com](mailto:bill.atkinson@us.pwc.com) or my personal email [batkinson72@gmail.com](mailto:batkinson72@gmail.com) as I near retirement in June.

Please [click here](#) to access an attachment of Individuals Eligible for Vice Chair to help you with the recommendation process.

Thank you for your interest and participation.

# Trusted

Resource for Regulation and  
Professional Services

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(NASBA)

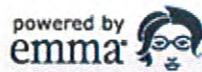
150 Fourth Avenue North, Suite 700, Nashville, TN, 37219

[www.nasba.org](http://www.nasba.org)

This email was sent to [cheryls@cpaboard.wa.gov](mailto:cheryls@cpaboard.wa.gov). To ensure that you continue receiving our emails, please add us to your address book or safe list.

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**Exhibit A**

**NASBA  
Individuals Eligible for Vice Chair Position  
(Analysis of Board of Directors From 1995 to 2010/11)**

Sheila Birch (OH) Great Lakes Regional Director 1 year, Director at Large 2 years  
Donald Burkett (SC) Middle Atlantic Regional Director, 3 years, Director at Large 1 year  
Gerald Burns (OR) Pacific Regional Directors 3 years, Director at Large 6 years  
Charlie Calhoun (FL) Director at Large 2 years  
Jefferson Chickering (NH) Northeast Regional Director 1 year  
Jacob J. Cohen (MD) Middle Atlantic Regional Director 3 years  
Walter C. Davenport (NC) Middle Atlantic Regional Director 1 year, Director at Large 6 years  
Ellis Dunkum (VA) Middle Atlantic Regional Director 3 years, Director at Large 3 years  
Andrew L. DuBoff (NJ) Director at Large 6 years  
David D. Duree (TX) Southwest Regional Director 1 year  
Gary Fish (IL) Great Lakes Regional Director 2 years  
Sally Flowers (CA) Pacific Regional Director 3 years, Director at Large 1 year  
Robert Fox (NY) Northeast Regional Director 3 years  
Bruce Gamett (NV) Mountain Regional Director 2 years  
Phil Gleason (MN) Central Regional Director 3 years  
Miley (Bucky) Glover (NC) Middle Atlantic Regional Director 1 year  
James W. Goad (AR) Southwest Regional Director 2 years  
Janice L. Gray (OK) Southwest Regional Director 1 year  
Gaylen R. Hansen (CO) Mountain Regional Director 2 years, Director at Large 3 years  
Princy Harrison (MS) Southeast Regional Director 3 years  
Harold Hein (CO) Director at Large 3 years  
Claireen Herting (IL) Great Lakes Regional Director 3 years  
Asa Hord (KY) Southeast Regional Director 1 year, Director at Large 3 years  
Donald Howard (MD) Director at Large 2 years  
Richard Isserman (NY) Northeast Regional Director 3 years, Director at large 3 year  
Carlos Johnson (OK) Southwest Regional Director 3 years, Director at Large 1 year  
Don Johnson (NY) Northeast Regional Director 2 years  
John Katzenmeyer (OH) Great Lakes Regional Director 2 years, Director at Large 6 years  
Joe Lawrence (AL) Southeast Regional Director 1 year, Director at Large 3 years  
Telford A. Lodden (IA) Central Regional Director, 2 years  
Ted Long (OH) Great Lakes Regional Director 3 years, Director at Large 3 years  
Jimmie Lee Mason (TX) Director at Large 5 years  
Patrick O'Reilly (OH) Great Lakes Regional Director 1 year

Kenneth Odom (AL) Southeast Regional Director 3 years  
Harry Parsons (NV) Mountain Regional Director, 3 years, Director at Large 1 year  
Robert A. Pearson (MO) Central Regional Director 3 years, Director at Large 3 years  
John Peck (IL) Great Lakes Regional Director 2 years  
Selwin Price (IL) Great Lakes Regional Director 1 year  
Will Pugh (TN) Southeast Regional Director 2 years, Director at Large 3 years  
Donald R. Roland (GA) Southeast Regional Director 2 years  
Harold Russell (OK) Southwest Regional Director 1 year  
Leonard Sanchez (NM) Southwest Regional Director 3 years, Director at Large 3 years  
Paul Seitz (DE) Mid Atlantic Regional Director 1 year  
Robert Shackleton (CA) Pacific Regional Director 1 year  
Michael Skinner (GA) Southeast Regional Director 3 years  
Kathleen Smith (NE) Central Regional Director 2 year, Director at Large 8years  
E. Kent Smoll (KS) Central Regional Director, 3 years, Director at Large 1 year  
Beryl Stover (MT) Mountain Regional Director 1 year  
Laurie J. Tish (WA) Pacific Regional Director 3 year  
Kim Tredinnick (WI) Great Lakes Regional Director 1 year  
Karen F. Turner (CO) Mountain Regional Director, 1 year  
George Veily (CT) Northeast Regional Director 3 years, Director at Large 1 year  
Michael Weinshel (CT) Northeast Regional Director,3 years  
Harris Widmer (ND) Regional Director 3 years, Director at Large 6 years  
Janice Wilson (CA) Director at Large 1 year  
Sandra R. Wilson (AK) Pacific Regional Director, 3 years

# **EXPOSURE DRAFT**

## **PROPOSED REVISIONS TO**

### **AICPA/NASBA UNIFORM ACCOUNTANCY ACT and NASBA UNIFORM ACCOUNTANCY ACT RULES**

#### **SECTION 3 and Article 14**

**December 2010**

#### **2009 – 2010 AICPA UAA Committee**

Kevin Currier, CPA – Chair  
Gary Bolinger  
Conrad Davis, CPA  
Sharon Jensen, CPA  
Richard Jones, CPA  
Stephen McConnel, CPA  
Kevin McCoy, CPA  
Gary McIntosh, CPA  
Kevin Mitchell, CPA  
W.G. Spoor, CPA  
Melanie Thompson, CPA  
Nancy Wolven-Juron, CPA

#### **2009-2010 NASBA UAA Committee**

Laurie Tish, CPA - Chair  
Sharron Cirillo, PA  
Donald Driftmier, CPA  
Andrew DuBoff, CPA  
J. Dwight Hadley, CPA  
Robert Hyde, CPA  
Thomas Mulligan, CPA  
Ronald Nielsen, CPA  
Robert Pearson, CPA  
Lisa Mays Stickel, CPA  
James F. Thielen, CPA

**Please submit comments by March 4, 2011 to:**

Aaron Castelo – [acastelo@aicpa.org](mailto:acastelo@aicpa.org)

or

Louise Dratler Haberman – [lhaberman@nasba.org](mailto:lhaberman@nasba.org)

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# INTRODUCTION

December 7, 2010

The AICPA/NASBA Uniform Accountancy Act (UAA) Committee has worked over the past year to consider guidelines as to what are and what are not misleading CPA firm names. The proposed changes to the Uniform Accountancy Act (UAA) and Uniform Accountancy Act Model Rules (Model Rules) in this exposure draft are the result of these efforts.

AICPA and NASBA began considering these firm name issues in August 2008 when the leadership of the two organizations called for the formation of a joint group to study CPA firm names. This study group was formed because of the lack of uniformity at the state level and the inconsistent guidance and practice surrounding the definition and use of permissible CPA firm names. The study group published a White Paper on CPA Firm Names in August 2009. In the conclusion, the White Paper urged the AICPA/NASBA UAA Committee to use the discussion and conclusions to help make appropriate conforming revisions to the UAA Statute and Model Rules.

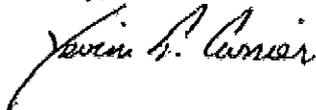
During deliberations, the UAA Committee sought guidance from AICPA's Professional Ethics Executive Committee (PEEC), and carefully considered definitions and concepts from PEEC's Interpretation 101-17 under Rule 101. This Interpretation was finalized in 2010 by the Professional Ethics Executive Committee and is effective for engagements after July 1, 2011. The Interpretation addresses when firms and entities in associations that share certain characteristics are considered to be a Network and therefore must be independent of certain attest clients of the other Network firms. Additionally, the UAA Committee also considered concepts in the AICPA Code of Professional Conduct Rule 505 "Form of Organization and Name," and PEEC's Ethics Ruling 179 "Practice of Public Accounting Under Name of Association or Group."

The discussion and conclusions noted in the White Paper on CPA Firm Names and the PEEC's Interpretations and Rules form the foundation of the proposed revisions to the UAA and the Model Rules. These proposed revisions are intended to provide the statutory and regulatory framework to CPA Firms and the State Boards of Accountancy who regulate them on acceptable CPA firm names configurations, Network or otherwise, and to provide public protections from CPA firm names which may be considered misleading.

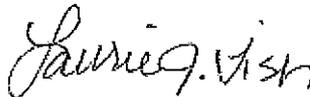
If you need additional assistance or have questions, please contact Aaron Castelo at AICPA at 202-434-9261 or Louise Haberman at NASBA at 212-644-6469.

Thank you for your continued support and assistance.

Sincerely,



Kevin E. Currier, CPA  
AICPA UAA Committee Chair -2010



Laurie J. Tish, CPA  
NASBA UAA Committee Chair - 2010

## **SUMMARY OF PROPOSED REVISIONS**

The proposed changes add a definition of "Network" and "Network Firm" to the Uniform Accountancy Act.

A new Rule 14-1 is being proposed to provide guidance to State Boards and firms on CPA Firm names. The new rule provides specific criteria on which names should be considered misleading and which are permissible, and sets guidelines for the usage of Network Firm names.

New language is being recommended to the commentary of Rule 14-1 of the Uniform Accountancy Act Model Rules to recognize implications to mobility when considering CPA Firm names.

## TEXT OF PROPOSED STATUTE REVISIONS BY SECTION

Note: The material set out below is the proposed statutory text and commentary of the relevant UAA provisions. The proposed language to be added is underlined, and proposed deleted language is stricken-through.

### SECTION 3 DEFINITIONS

3 (n) "Network" means an association of two or more entities that includes at least one CPA firm that:

- (1) Cooperates pursuant to an agreement for the purpose of enhancing the firms' capabilities to provide professional services, and;
- (2) Shares one or more of the following characteristics:
  - (a) The use of a common brand name, including common initials, as part of the firm name;
  - (b) Common control, as defined by generally accepted accounting principles in the United States, among the firms through ownership, management, or other means;
  - (c) Profits or costs, excluding costs of operating the association, costs of developing audit methodologies, manuals and training courses, and other costs that are immaterial to the firm;
  - (d) Common business strategy that involves ongoing collaboration amongst the firms whereby the firms are responsible for implementing the association's strategy and are held accountable for performance pursuant to that strategy;
  - (e) Significant part of professional resources;
  - (f) Common quality control policies and procedures that participating firms are required to implement and that are monitored by the association.

A Network may comprise a subset of entities within an association if only that subset of entities cooperates and shares one or more of the characteristics set forth in the previous list.

3 (o) "Network Firm" means a CPA Firm, as defined in Section 3 (g), that is part of a Network, as defined in Section 3(n).

COMMENT: For the purposes of subsection (2)(f), "monitored" means the process comprising an ongoing consideration and evaluation of the firm's system of quality control, the objective of which is to enable the association to obtain reasonable assurance that the firm's system of quality control is designed appropriately and operating effectively.

## TEXT OF PROPOSED RULES REVISIONS BY ARTICLE

Note: The material set out below is the proposed rules text and commentary of the relevant UAA provisions. The proposed language to be added is underlined, and proposed deleted language is stricken-through.

### ARTICLE 14 UNLAWFUL ACTS

#### Rule 14-1 - ~~Misleading~~ CPA Firm names.

~~A CPA firm name is misleading within the meaning of Section 14(i) of the Act if, among other things:~~

- ~~(a) The CPA firm name implies the existence of a corporation when the firm is not a corporation;~~
- ~~(b) The CPA firm name implies existence of a partnership when there is not a partnership (as in "Smith & Jones, C.P.A.s");~~
- ~~(c) The CPA firm name includes the name of a person who is neither a present nor a past partner, member or shareholder of the firm; or~~
- ~~(d) The CPA firm name includes the name of a person who is not a CPA if the title "CPAs" is included in the firm name.~~

**(a) A misleading CPA Firm name is one which:**

- (1) Contains any representation that would be likely to cause a reasonable person to misunderstand or be confused about the legal form of the firm, or about who are the owners or members of the firm, such as a reference to a type of organization or an abbreviation thereof which does not accurately reflect the form under which the firm is organized, for example:**

- (A) Implies the existence of a corporation when the firm is not a corporation such as through the use of the words "corporation,"**

“incorporated”, “Ltd.”, “professional corporation”, or an abbreviation thereof as part of the firm name if the firm is not incorporated or is not a professional corporation;

(B) Implies the existence of a partnership when there is not a partnership such as by use of the term “partnership” or “limited liability partnership” or the abbreviation “L.L.P.” if the firm is not such an entity;

(C) Includes the name of an individual who is not a CPA if the title “CPAs” is included in the firm name;

(D) Includes information about or indicates an association with persons who are not members of the firm, except as permitted pursuant to Section 3(n) and 3(o) of the Act; or

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

(2) Contains any representation that would be likely to cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities, through the use of a false or unjustified statement of fact as to any material matter;

(3) Claims or implies the ability to influence a regulatory body or official;

(4) Includes the name of an owner whose license has been revoked for disciplinary reasons by the Board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding himself out as a Certified Public Accountant.

(b) The following types of CPA Firm names are not in and of themselves misleading and are permissible so long as they do not violate the provisions of Rule 14-1(a):

(1) A firm name that includes the names of one or more former or

present owners;

(2) A firm name that excludes the names of one or more former or present owners;

(3) A firm name that uses the CPA title as part of the firm name when all named individuals are owners of the firm who hold such title or are former owners who held such title at the time they ceased to be owners of the firm;

(4) A firm name that includes the name of a non-CPA owner if the CPA title is not a part of the firm name;

(c) The following types of Network Firm names are not in and of themselves misleading and are permissible so long as they do not violate the provisions of Rule 14-1(a), and when offering or rendering services that require independence under AICPA standards, a firm that is part of a Network and a Network Firm, as defined in Section 3(o) of the Act, shall be required to comply with AICPA independence standards applicable to Network Firms:

(1) A firm name that uses a common brand name, or shares common initials, as part of the firm name, provided the firm is a Network Firm as defined in Section 3(o) of the Act;

(2) A Network Firm, as defined in Section 3(o) of the Act, may use the Network name as the firm name, provided it also shares one or more of the characteristics described in Section 3(n)(2) (b) through 3(n)(2)(f) of the Act.

COMMENT: With regard to practice in this State under Section 7(a)(1)(c), 7(a)(2) or 7(a)(3) of the Act, in determining whether a CPA Firm name is misleading, the Board recognizes that it is the policy of this State to promote interstate mobility for CPAs and CPA firms which employ them, and shall also consider the basis for approval of the same CPA Firm name by another state's board of accountancy.

**Rule 14-2 -- Fictitious firm names.**

~~A fictitious CPA firm name (that is, one not consisting of the names or initials of one or more present or former partners, members or shareholders) may not be used by a CPA firm unless such name has been registered with and approved by the Board as not being false or misleading.~~

Note: Current UAA Rules 14-3 Safe Harbor Language will be re-numbered to Rule 14-2.

## RESOLUTION

WHEREAS, The AICPA Board of Directors recognizes that there is a lack of uniformity as to approval of CPA firm names at the state level; and

WHEREAS, There is an increasing concern that firms operating in multiple jurisdictions are being unduly impacted by a decision by one state not to allow a firm name that has been approved by another jurisdiction; and

WHEREAS, The Board of Directors believes that in some states, rules regarding CPA firm names are too restrictive; and

WHEREAS, the AICPA/NASBA Uniform Accountancy Act (UAA) currently prohibits the use of misleading firm names but provides no guidance to state boards or CPA firms on what is or is not acceptable;

WHEREAS, the Board has been provided in background material for Agenda Item 10(b), with proposed revisions to Section 3 of the AICPA/NASBA UAA, which set out definitions for "Network" and "Network Firm" and with proposed language for inclusion in NASBA UAA Rules – Article 14-1 with regard to misleading firm names;

NOW THEREFORE BE IT RESOLVED, That having read and considered the above material the AICPA Board of Directors approves the proposed definitions of "Network" and "Network Firm" for the purposes of including those proposed definitions in an exposure draft for public comment as set out in the material for Item 10(b); and

BE IT FURTHER RESOLVED, That the Board of Directors supports the joint work of the AICPA and NASBA UAA Committees in connection with firm names and hereby endorses the proposed language in NASBA UAA Rules - Article 14 on CPA firm names as set out in the materials for Item 10(b) to be included in the same exposure draft with the proposed definitions; and

BE IT FURTHER RESOLVED, That the AICPA Board of Directors urges NASBA to work collaboratively with AICPA on an as needed basis to achieve uniform adoption of language by state boards of accountancy which would provide clarity and guidance on the use of firm names.

January 4, 2011

TO: NASBA Board of Directors

FROM: Carlos E. Johnson – Chair, NASBA Uniform Accountancy Act Committee

RE: Proposed UAA Model Rule

During the NASBA UAA Committee's conference call on December 21, 2011, the following Model Rule 3-1(c) (as proposed by NASBA legal counsel) was approved for presentation to the NASBA Board of Directors. As the AICPA has issued SSAE 16 which became effective at the end of 2010, prompt action is required to ensure the Boards continue to regulate the services that have been restricted to CPAs. The NASBA Board is being asked to approve this Rule, without the customary exposure period, to ensure its rapid dissemination to the State Boards to prevent any gap in coverage.

The UAA Committee will be studying the definition of "attest" in the coming months, to deal with future changes anticipated in the AICPA's standards.

The proposed Model Rule states:

**Rule 3-1(c)**

**For purposes of the definition of "attest" as provided in Section 3(b) of the Act, the Board adopts and incorporates by reference the Statements on Auditing Standards (SAS) issued by the AICPA as they existed as of [date]**

[Note: The date should be included in the Rule and it should be the last date prior to the effective date of the changes to SAS 70. Note, also, states may be required to identify the publisher and address of such standards. ]

Legal counsel does not believe it is necessary to reference SSAE in this rule. In order to avoid a delay of as much as two years of rulemaking, some states will need to adopt this as an emergency rules. However, several states have already adopted a specific version of SAS and will not need to adopt this fix.

Below in the background material provided to the NASBA UAA Committee for their December 21 call.

---

FROM: AICPA

Definition of Attest

Current auditing standards include standard that deals with the examination of financial statement controls at a service organization. These types of engagements are currently being performed under Statement on Auditing Standard No. 70. In the future, however, these engagements will be performed under Statements on Standard of Attestation Engagements (SSAEs). The ASB has recently issued a new Standard (SSAE 16) that will supersede SAS 70 for these types of engagements effective at the end of 2010.

The current UAA definition includes only examination of prospective financial statements, and no other SSAE. In order for the UAA to recognize SSAE 16, which had previously been scoped into the definition as a SAS, a revision to the definition of "Attest" should be considered by the Committee.

The AICPA State Regulation and Legislation team has completed some initial research, and concluded that there is likely an issue of concern for states that have adopted the UAA definition of "attest".

**Current UAA Definition Section 3**

**(b) "Attest" means providing the following financial statement services:**

**(1) any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);**

**(2) any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);**

**(3) any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); and**

**(4) any engagement to be performed in accordance with the standards of the PCAOB**

**The standards specified in this definition shall be adopted by reference by the Board pursuant to rulemaking and shall be those developed for general application by recognized national accountancy organizations, such as the AICPA, and the PCAOB.**

**The standards specified in this definition shall be adopted by reference by the Board pursuant to rulemaking and shall be those developed for general application by recognized national accountancy organizations, such as the AICPA, and the PCAOB.**

*COMMENT:* Subject to the exceptions set out in Section 7, 14, and 23 (a)(4), these services are restricted to licensees and CPA firms under the Act and licensees can only perform the attest services through a CPA firm. Individual licensees may perform the services described in Section 30 3(f) as employees of firms that do not hold a permit under Section 7 of this Act, so long as they comply with the peer review requirements of Section 6(j). Other attestation services are not restricted to licensees or CPA firms; however, when licensees perform those services they are regulated by the state board of accountancy. See also the definition of Report. The definition also includes references to the Public Company Accounting Oversight Board (PCAOB) which make it clear that the PCAOB is a regulatory authority that sets professional standards applicable to engagements within its jurisdiction.

December 14, 2010

To UAA Committee

From: Noel Allen

RE: Definition of "Attest"

I have further reviewed the current state statutes adopting the UAA definition of "attest." Since the AICPA has already distributed a document analyzing the definitional sections among the states, I focused my review upon which states had also included the additional language in Section 3 (b) after subsection (4), which states "the standards specified in this definition shall be adopted by reference by the board pursuant to rulemaking and shall be those developed for general application by recognized national accountancy organizations, such as the AICPA, and the PCAOB."

It appears that at least 18 states (Alabama, Arkansas, Georgia, Guam, Idaho, Louisiana, Maine, Minnesota, Missouri, New Hampshire, New Jersey, Oklahoma, Rhode Island, South Dakota, Tennessee, Utah, Vermont, and Wyoming) already have language in their accountancy laws mandating that the state boards actually formally adopt the standards by reference. Many of those states also have statutes elsewhere in their laws of general applicability requiring that any adoption by reference even in statute must also specify a particular date or version of whatever has been adopted by reference. Interestingly, of the states which already have a rule along the lines that we discussed this past Friday, it appears that Alaska might have one of the better examples. Ironically Alaska did not include the above referenced UAA language in its statute. I am sure there are other states with provisions along the lines of the UAA's "shall be adopted by reference by the board..." but the 18 are a good sample and make it easier to approach this temporary fix from a Rulemaking perspective. There are already a few states which have adopted specified versions of the standards and thus would not have to take any immediate action to fix the impending attest definition issue.

Alaska's rule:

(A) for purposes of the definition of "attest" as defined in UAA Section 3 (B) the "statements on auditing standards (SAS)" are those adopted by the American Institute of Certified Public Accountants, AICPA Professional Standards, Volume I, AU Sections 100-900, as revised as of

June 1, 2007, hereby adopted by reference;

Florida has a slightly different approach which also could be modeled as follows:

The term "standards for attestation engagements" as used in UAA Section 3 (b) definitions of attest shall be deemed and construed to mean statements on standards for attestation engagements published by the AICPA (entitled codification of statements on standards for attestation engagement, numbers 1 to 11, dated \_\_\_\_\_ date, available from the [fill in availability online, if necessary]).

Another interesting alternative is the example provided by Montana rules:

applicable standards as provided by UAA Section 3 (b) for purposes of the definition of "attest" the board adopts and incorporates by reference the following standards as they exist as of \_\_\_\_\_ date: All of the standards promulgated by the SEC; (b) all the standards promulgated by the Public Company Accounting Oversight Board; (c) all of the auditing standards issued by the AICPA; (d) all of the standards for accounting, evaluation and review services issued by the AICPA; [recommend dropping reference to those standards which do not pertain to the definition of "attest"]. (e) all of the statements on standards for attestation engagements issued by the AICPA.

In view of the time critical nature of this effort the Committee might want to suggest prescribing more exact language for each state along with general UAA language so that states could more readily adopt this fix with the least amount of changes to other rules.

I suggest the following language:

**Rule 3-1(c)**  
For purposes of the definition of "attest" as provided in Section 3(b) of the Act, the Board adopts and incorporates by reference the Statements on Auditing Standards (SAS) issued by the AICPA as they existed as of [date]

[Note: The date should be included in the Rule and it should be the last date prior to the effective date of the changes to SAS 70. Note, also, state states may be required to identify the publisher and address of such standards.

I do not think it is necessary to reference SSAE in this rule. In order to avoid a delay of as much as 2 years of rulemaking, some states will need to adopt this as an emergency rules. However, several states have already adopted a specific version of SAS and will not need to adopt this fix.]

Thanks,

- Noel



WASHINGTON  
SOCIETY  
OF  
CERTIFIED  
PUBLIC  
ACCOUNTANTS

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

January 22, 2011

Dear Don,

In response to ongoing efforts by the Governor's office to move the SBOA into the DOL, combined with a focus on the profession brought on by extensive and extended public records requests and lawsuits, the WSCPA formed a SBOA Best Practices Review Task Force, which met in November, 2009, June and July, 2010. Laurie Tish, Don Aubrey and Rick Sweeney attended the July meeting, serving as a resource to the Task Force. (See Attachment A , SBOA Best Practices Task Force Members).

The Task Force planned to undertake a review of current agency practices and policies related to investigations, enforcement and discipline as well other states' structures and operations, with an eye to best practices. However, the findings in the Performance Review Project, based on Zwillinger Greek Zwillinger & Knecht's interviews and research, along with the compilation of information from other states developed by the Executive Director, provide a more than adequate basis on which to offer the Society's perspective in these key areas:

- consultant's recommendation to establish an Investigations Committee
- changes in the disciplinary process
- reporting relationship between Board and Executive Director

In addition to these items, we are pleased to learn that, according to Rick Sweeney, a number of the consultant's operational recommendations have already been implemented or are in progress, including the development of a records destruction and inventory system, ongoing staff training on public records request procedures and moving to the DIS e-mail system that incorporates an automatic destruction schedule.

### **Investigations Committee**

We concur with the consultant's conclusion that the WSBOA is run properly and capably and operates in full compliance with all applicable laws. However, we are uncertain how the proposed separate Investigations Committee would improve the process. We believe the authority to oversee the investigation process already resides appropriately with nine-member Board. With the implementation of many of the other procedural changes outlined in the Performance Review Project and the addition of an Administrative Law Judge option, we believe a separate Investigations Committee may add an unnecessary layer of review and extra costs, and provides no benefit to the public.

[www.wscpa.org](http://www.wscpa.org)

Tel (425) 644-4800

Fax (425) 562-8853

902 140th Ave NE

Bellevue, WA

98005-3480

### **Addition to the disciplinary process**

The Task Force discussed at length the value of providing licensees under investigation the option of having their case heard by an Administrative Law Judge rather than the Board, something that is not available under the current structure. The benefits are twofold: the licensee is given a choice in a sensitive matter relating to their livelihood and it can insulate the Board from charges of bias or lack of independence.

We understand that Rick Sweeney is drafting a proposal for an ALJ option for the Board's consideration to adopt by policy. We look forward to reviewing and commenting on a proposal once it is fully developed.

### **Reporting relationship between Board and Executive Director**

Although not addressed by the independent consultant, we believe a significant change in the appointment and reporting relationships between the Governor's office and the Board and the Executive Director would be useful. We believe the current structure with both the Board and the Executive Director appointed by the Governor leaves the Board and the Executive Director vulnerable to charges of lack of oversight. This does not seem to be in the public's best interest. Washington is one of just four states in which the Executive Director is not hired by the Governor-appointed Board. We recommend the Board consider a statute change (RCW 18.04.045(5)) that would have the Governor appoint a Board that hires and oversees the Executive Director.

As long as the current structure remains in place, we recommend that the Board, by rule or policy, augments its annual report to the Governor (RCW 18.04.045(6)) with a performance review of the Executive Director.

We appreciate the opportunity to comment on these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Underhill". The signature is fluid and cursive, with a prominent initial "B" and a long horizontal stroke.

Bob Underhill, Chair  
WSCPA SBOA Best Practices Task Force

**Attachment A –SBOA Best Practices Task Force Members**

John Fisher

Jim Coates

Mark Hugh

Rich Jones

Judy Love

Jeff Mock

Bea Nahon

Tom Neill

Jim Rigos

Lisa Thatcher

David Trujillo

Bob Underhill

# Washington State Board of Accountancy Education and Examination Task Force Approved:

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The Washington State Board of Accountancy is statutorily charged with the responsibility to prescribe rules consistent with 18.04 RCW as necessary to implement that chapter, including rules specifying the educational requirements to take the certified public accountant examination [Rcw18.04.055(5)]. The Board is also statutorily authorized to establish "any other rule which the board finds necessary or appropriate to implement" the Public Accountancy Act [RCW 18.04.055(16)].

RCW 18.04.045(5) provides that the Board may arrange for such volunteer assistance as it requires to perform its duties and that individuals or committees assisting the Board constitute volunteers for purposes of Chapter 4.92 RCW.

Significant changes in the regulatory environment including CPA Mobility, offering the CPA examination at international locations, and initiatives to converge International and U.S. Professional Standards are occurring. Accordingly, the Board is required to devote significant time and agency resources to identify and evaluate emerging developments, assess the impact on Board rules and operations and propose changes to Board rules, if necessary.

By way of this charter the Board establishes the Education and Examination Task Force to assist the Board in identifying, evaluating, and assessing the impact of these developments.

## A. Initial Committee Chair and Members

Chair: Robin Clark, CPA, former Board member  
Member: Ronald Sabado, CPA, Educator, former Board member  
Member: Kay Carnes, CPA, Educator, former Board member

## B. Scope of Work

The Education and Examination Task Force is directed to:

- Identify emerging issues related to educational qualifications to take the CPA examination;
- Identify emerging issues and changes in the structure, content, and delivery of the computerized CPA examination;
- Evaluate the impact of identified emerging issues on Board operations and effectiveness in meeting the Board's statutory responsibilities in the qualifications and certification of Individual and firm aspirants;
- Report the results of their activities at the Board's quarterly public meetings, including any recommendations requiring further Board action.

### **C. Framework for Evaluations and Recommendations:**

The following guidelines should frame the members' focus, assessments, deliberations, and formulation of matters for Board consideration:

- **Statutory Authority** – Any suggestions or recommendations of the Task Force must be within the statutory authority delegated to the Board by the Public Accountancy Act and comply with Federal and State laws.
- **Consumer Protection** – Suggestions or recommendations must support the Board's purpose to protect the interest of consumers by promoting the professional, technical, and behavioral qualifications of CPA aspirants.
- **International Impact** – Suggestions or recommendations must not be discriminatory or create barriers for International aspirants.
- **Domestic Impact** – Suggestions or recommendations must not affect domestic aspirants more or less favorably than international aspirants.
- **Compatibility** – Suggestions or recommendations should be as consistent as practicable with recognized professional standards while emphasizing the ultimate interest of the consumer of professional services.
- **Cost-Effectiveness** - Suggestions and recommendations should balance administrative efficiency with regulatory effectiveness to result in the most cost-effective processes for consumer protection.

### **D. Administrative Assistance:**

The Education and Examination Task Force shall request administrative assistance from the Clerk of the Board or the Executive Director in the Clerk's absence. The task force Chair may be request additional volunteer assistance through the forgoing agency personnel.

### **E. Attendance at Scope related Programs:**

Attendance at programs sponsored by the National Association of State Boards of Accountancy (or other sponsors of regulatory programs) necessary or beneficial to the mission and scope of the task force may be permitted if pre-approved by the Executive Director.

### **F. CPE and Travel Expense Reimbursement for Participation on the Education and Examination Task Force**

Volunteers will receive CPE credit (50 minutes equals one CPE credit hour) for Committee work performed up to a maximum of 32 hours a calendar year. Volunteers will be reimbursed for travel expenses based on the state regulations provided such expenses are pre-approved by the Executive Director.





1 authorize expenditures from the fund. The fund is subject to allotment  
2 procedures under chapter 43.88 RCW, but no appropriation is required  
3 for expenditures.

4 **Sec. 903.** RCW 18.04.105 and 2004 c 159 s 2 are each amended to  
5 read as follows:

6 (1) A license to practice public accounting shall be granted by the  
7 board to any person:

8 (a) Who is of good character. Good character, for purposes of this  
9 section, means lack of a history of dishonest or felonious acts. The  
10 board may refuse to grant a license on the ground of failure to satisfy  
11 this requirement only if there is a substantial connection between the  
12 lack of good character of the applicant and the professional and  
13 ethical responsibilities of a licensee and if the finding by the board  
14 of lack of good character is supported by a preponderance of evidence.  
15 When an applicant is found to be unqualified for a license because of  
16 a lack of good character, the board shall furnish the applicant a  
17 statement containing the findings of the board and a notice of the  
18 applicant's right of appeal;

19 (b) Who has met the educational standards established by rule as  
20 the board determines to be appropriate;

21 (c) Who has passed an examination;

22 (d) Who has had one year of experience which is gained:

23 (i) Through the use of accounting, issuing reports on financial  
24 statements, management advisory, financial advisory, tax, tax advisory,  
25 or consulting skills;

26 (ii) While employed in government, industry, academia, or public  
27 practice; and

28 (iii) Meeting the competency requirements in a manner as determined  
29 by the board to be appropriate and established by board rule; and

30 (e) Who has paid appropriate fees as established by rule by the  
31 board.

32 (2) The examination described in subsection (1)(c) of this section  
33 shall test the applicant's knowledge of the subjects of accounting and  
34 auditing, and other related fields the board may specify by rule. The  
35 time for holding the examination is fixed by the board and may be  
36 changed from time to time. The board shall prescribe by rule the  
37 methods of applying for and taking the examination, including methods

1 for grading examinations and determining a passing grade required of an  
2 applicant for a license. The board shall to the extent possible see to  
3 it that the grading of the examination, and the passing grades, are  
4 uniform with those applicable to all other states. The board may make  
5 use of all or a part of the uniform certified public accountant  
6 examination and advisory grading service of the American Institute of  
7 Certified Public Accountants and may contract with third parties to  
8 perform administrative services with respect to the examination as the  
9 board deems appropriate to assist it in performing its duties under  
10 this chapter. The board shall establish by rule provisions for  
11 transitioning to a new examination structure or to a new media for  
12 administering the examination.

13 (3) The board shall charge each applicant an examination fee for  
14 the initial examination or for reexamination. The applicable fee shall  
15 be paid by the person at the time he or she applies for examination,  
16 reexamination, or evaluation of educational qualifications. Fees for  
17 examination, reexamination, or evaluation of educational qualifications  
18 shall be determined by the board under chapter 18.04 RCW. There is  
19 established in the state treasury an account to be known as the  
20 certified public accountants' account. All fees received from  
21 candidates to take any or all sections of the certified public  
22 accountant examination shall be used only for costs related to the  
23 examination. During the 2009-2011 fiscal biennium, the legislature may  
24 transfer from the certified public accountants' account to the state  
25 general fund such amounts as reflect the excess fund balance of the  
26 account.

27 (4) Persons who on June 30, 2001, held valid certificates  
28 previously issued under this chapter shall be deemed to be certificate  
29 holders, subject to the following:

30 (a) Certificate holders may, prior to June 30, 2006, petition the  
31 board to become licensees by documenting to the board that they have  
32 gained one year of experience through the use of accounting, issuing  
33 reports on financial statements, management advisory, financial  
34 advisory, tax, tax advisory, or consulting skills, without regard to  
35 the eight-year limitation set forth in (b) of this subsection, while  
36 employed in government, industry, academia, or public practice.

37 (b) Certificate holders who do not petition to become licensees  
38 prior to June 30, 2006, may after that date petition the board to

1 become licensees by documenting to the board that they have one year of  
2 experience acquired within eight years prior to applying for a license  
3 through the use of accounting, issuing reports on financial statements,  
4 management advisory, financial advisory, tax, tax advisory, or  
5 consulting skills in government, industry, academia, or public  
6 practice.

7 (c) Certificate holders who petition the board pursuant to (a) or  
8 (b) of this subsection must also meet competency requirements in a  
9 manner as determined by the board to be appropriate and established by  
10 board rule.

11 (d) Any certificate holder petitioning the board pursuant to (a) or  
12 (b) of this subsection to become a licensee must submit to the board  
13 satisfactory proof of having completed an accumulation of one hundred  
14 twenty hours of CPE during the thirty-six months preceding the date of  
15 filing the petition.

16 (e) Any certificate holder petitioning the board pursuant to (a) or  
17 (b) of this subsection to become a licensee must pay the appropriate  
18 fees established by rule by the board.

19 (5) Certificate holders shall comply with the prohibition against  
20 the practice of public accounting in RCW 18.04.345.

21 (6) Persons who on June 30, 2001, held valid certificates  
22 previously issued under this chapter are deemed to hold inactive  
23 certificates, subject to renewal as inactive certificates, until they  
24 have petitioned the board to become licensees and have met the  
25 requirements of subsection (4) of this section. No individual who did  
26 not hold a valid certificate before July 1, 2001, is eligible to obtain  
27 an inactive certificate.

28 (7) Persons deemed to hold inactive certificates under subsection  
29 (6) of this section shall comply with the prohibition against the  
30 practice of public accounting in subsection (8)(b) of this section and  
31 RCW 18.04.345, but are not required to display the term inactive as  
32 part of their title, as required by subsection (8)(a) of this section  
33 until renewal. Certificates renewed to any persons after June 30,  
34 2001, are inactive certificates and the inactive certificate holders  
35 are subject to the requirements of subsection (8) of this section.

36 (8) Persons holding an inactive certificate:

37 (a) Must use or attach the term "inactive" whenever using the title  
38 CPA or certified public accountant or referring to the certificate, and

1 print the word "inactive" immediately following the title, whenever the  
2 title is printed on a business card, letterhead, or any other document,  
3 including documents published or transmitted through electronic media,  
4 in the same font and font size as the title; and

5 (b) Are prohibited from practicing public accounting.

6 **Sec. 904.** RCW 43.21A.660 and 1999 c 251 s 1 are each amended to  
7 read as follows:

8 Funds in the freshwater aquatic weeds account may be appropriated  
9 to the department of ecology to develop a freshwater aquatic weeds  
10 management program. Funds shall be expended as follows:

11 (1) No less than two-thirds of the appropriated funds shall be  
12 issued as grants to (a) cities, counties, tribes, special purpose  
13 districts, and state agencies to prevent, remove, reduce, or manage  
14 excessive freshwater aquatic weeds; (b) fund demonstration or pilot  
15 projects consistent with the purposes of this section; and (c) fund  
16 hydrilla eradication activities in waters of the state. Except for  
17 hydrilla eradication activities, such grants shall only be issued for  
18 lakes, rivers, or streams with a public boat launching ramp or which  
19 are designated by the department of fish and wildlife for fly-fishing.  
20 The department shall give preference to projects having matching funds  
21 or in-kind services; ((and))

22 (2) No more than one-third of the appropriated funds shall be  
23 expended to:

24 (a) Develop public education programs relating to preventing the  
25 propagation and spread of freshwater aquatic weeds; and

26 (b) Provide technical assistance to local governments and citizen  
27 groups; and

28 (3) During the 2009-2011 fiscal biennium, the legislature may  
29 transfer from the freshwater aquatic weeds account to the state general  
30 fund such amounts as reflect the excess fund balance of the account.

31 **Sec. 905.** RCW 43.21A.667 and 2009 c 564 s 933 are each amended to  
32 read as follows:

33 (1) The freshwater aquatic algae control account is created in the  
34 state treasury. Moneys directed to the account from RCW ((88.02.050))  
35 88.02.560 must be deposited in the account. Expenditures from the

**Washington State Board of Accountancy  
Case Status Report**

	<u>3/31/2010</u>	<u>6/30/10</u>	<u>9/30/10</u>	<u>12/31/10</u>	<u>2010</u>
Beginning Cases	176	157	150	131	176
Cases Opened	13	39	34	13	99
Cases Closed	<u>-32</u>	<u>-46</u>	<u>-53</u>	<u>-51</u>	<u>-182</u>
<b>Remaining Cases</b>	<b><u>157</u></b>	<b><u>150</u></b>	<b><u>131</u></b>	<b><u>93</u></b>	<b><u>93</u></b>
<b>Investigation Completed:</b>					
Attorney General		12	7	9	
CBM		38	27	7	
S&AO		45	55	53	
CBM Dismissals		10	9	4	
		<u>105</u>	<u>98</u>	<u>73</u>	
<b>Investigation In Progress:</b>					
<u>Complaint Files</u>					
Active Investigation		18	14	20	
<u>Agency Files</u>					
QAR		7	2	0	
CPE		20	9	0	
Admin		<u>0</u>	<u>8</u>	<u>0</u>	
		<u>45</u>	<u>33</u>	<u>20</u>	
<b>Total</b>		<b><u>150</u></b>	<b><u>131</u></b>	<b><u>93</u></b>	
Active		149	129	90	
Pending		<u>1</u>	<u>2</u>	<u>3</u>	
<b>Total</b>		<b><u>150</u></b>	<b><u>131</u></b>	<b><u>93</u></b>	
<b>Classification:</b>					
Code of Conduct			23	20	
Competency			18	16	
Title			26	18	
Fraud			<u>6</u>	<u>5</u>	
			73	59	
Administrative					
QAR			21	13	
CPE			<u>37</u>	<u>21</u>	
			<u>58</u>	<u>34</u>	
<b>Total</b>			<b><u>131</u></b>	<b><u>93</u></b>	
<b>Closed cases:</b>					
Revocation			3	0	5
Suspension			1	6	8
Practice restriction			1	1	3
SAO			8	18	68
Dismissals			11	17	57
Admin Sanctions			<u>29</u>	<u>9</u>	<u>41</u>
<b>Total</b>			<b><u>53</u></b>	<b><u>51</u></b>	<b><u>182</u></b>
<b>Other:</b>					
Cases not opened	14	13	12	17	<u>56</u>
PCAOB/Peer Review Monitoring			28	34	
Administrative Sanctions-CPE Failures under 16 hours					<u>255</u>

# Investigation Statistics

Historical data: January 1990 through December 31, 2010

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

As of December 31, 2010:

Active Cases: **90**  
Pending Cases: **3**  
**Total Open Cases** **93**



# EXPEDITED RULE MAKING

**CR-105 (June 2004)**  
(Implements RCW 34.05.353)  
**EXPEDITED RULE MAKING ONLY**

**Agency:** Board of Accountancy

**Title of rule and other identifying information:** (Describe Subject) **WAC 4-30-020** What is the authority for and the purpose of the board's rules?; **WAC 4-30-048** Compliance is required with which rules, regulations and professional standards?; **WAC 4-30-090** Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?; **WAC 4-30-110** What are the allowable legal forms of organization and ownership requirements for a CPA firm? (1) Permitted forms of organization.; **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? ; **WAC 4-30-134** What are the CPE requirements for individuals?; **WAC 4-30-142** What are the bases for the board to impose discipline?

### NOTICE

**THIS RULE IS BEING PROPOSED UNDER AN EXPEDITED RULE-MAKING PROCESS THAT WILL ELIMINATE THE NEED FOR THE AGENCY TO HOLD PUBLIC HEARINGS, PREPARE A SMALL BUSINESS ECONOMIC IMPACT STATEMENT, OR PROVIDE RESPONSES TO THE CRITERIA FOR A SIGNIFICANT LEGISLATIVE RULE. IF YOU OBJECT TO THIS USE OF THE EXPEDITED RULE-MAKING PROCESS, YOU MUST EXPRESS YOUR OBJECTIONS IN WRITING AND THEY MUST BE SENT TO**

Name: Richard C. Sweeney, CPA, Executive Director  
Agency: Washington State Board of Accountancy  
Address: PO Box 9131, Olympia, WA 98507-9131  
FAX: (360) 664-9190; Email: ricks@cpaboard.wa.gov

**AND RECEIVED BY** (Date) March 21, 2011

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:**

- To amend six rules containing a reference to a chapter 4-25 WAC that was decodified and recodified as chapter 4-30 WAC with the exception of three sections. The Board intends to change the references to the accurate reference: Title 4 WAC.
- The Board intends to amend WAC 4-30-048 to refer to the complete listing of 17 standards.

**Reasons supporting proposal:**

- The Board decodified most of chapter 4-25 WAC and recodified all but three sections to chapter 4-30 effective December 19, 2010. Reference to a decodified chapter makes this portion of these rules ineffective.
- In November 2010 the Board amended WAC 4-25-631 (recodified as WAC 4-30-048 by adding one item to a listing of standards. Elsewhere in the rule, reference is made to the listing of 16 standards. The listing now includes 17 standards. Subsequent references to the list should accurately reference the complete list.

Additionally, the goal with all of its rule proposals is to:

- Promote clarity
- Ensure effective communication
- Ensure fairness in interpretation and application of the rules
- Promote efficiencies through minimizing gray areas

**Statutory authority for adoption:** See attached list.

**Statute being implemented:** See attached list.

**Is rule necessary because of a:**

- |                         |                              |  |
|-------------------------|------------------------------|--|
| Federal Law?            | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Federal Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| State Court Decision?   | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

If yes, CITATION:

**CODE REVISER USE ONLY**

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE: January 19, 2011**

**TIME: 9:26 AM**

**WSR 11-03-091**

**DATE**  
January 19, 2011

**NAME (TYPE OR PRINT)**  
Richard C. Sweeney

**SIGNATURE**

**TITLE**  
Executive Director

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

- Private
- Public
- Governmental

**Name of agency personnel responsible for:**

Name	Office Location	Phone
Drafting..... Richard C. Sweeney	711 Capitol Way South, Suite 400; Olympia, WA	(360) 586-0163
Implementation....Richard C. Sweeney	711 Capitol Way South, Suite 400; Olympia, WA	(360) 586-0163
Enforcement..... Richard C. Sweeney	711 Capitol Way South, Suite 400; Olympia, WA	(360) 586-0163

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

The amendments clarify language of the rules without changing their effect.

<b>WAC section:</b>	<b>Statutory authority for adoption</b>	<b>Statute being implemented:</b>
WAC 4-30-020	RCW 18.04.055	RCW 18.04.055
WAC 4-30-048	RCW 18.04.055(2)	RCW 18.04.055(2)
WAC 4-30-090	RCW 18.04.350(2), (3), (4), (5)	RCW 18.04.350(2), (3), (4), (5)
WAC 4-30-110	RCW 18.04.055(8); 18.04.195; 18.04.205	RCW 18.04.055(8); 18.04.195; 18.04.205
WAC 4-30-112	RCW 18.04.055(8); 18.04.195	RCW 18.04.055(8); 18.04.195
WAC 4-30-134	RCW 18.04.055(7); 18.04.215(5)	RCW 18.04.055(7); 18.04.215(5)
WAC 4-30-142	RCW 18.04.055(16); 18.04.195(11)(d); 18.04.295; 18.04.305; 18.04.350(2)	RCW 18.04.055(16); 18.04.195(11)(d); 18.04.295; 18.04.305; 18.04.350(2)

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

**WAC 4-30-020 What ((is)) are the authority for and the purpose of the board's rules?** The Public Accountancy Act (act), chapter 18.04 RCW, establishes the board as the licensing and disciplinary agency for certified public accountants (CPA), CPA-Inactive certificate holders, CPA firms, and owners of CPA firms. The act authorizes the board to promulgate rules to carry out the purpose of the act, which include:

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

The board's rules, contained in ((~~chapter 4-25 [4-30]~~)) Title 4 WAC, encompass these subjects:

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

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

**WAC 4-30-048 Compliance is required with which rules, regulations and professional standards?** 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 conditions prescribed in RCW 18.04.195 (1)(b), CPA-Inactive certificate holders, CPA firms, nonlicensee firm owners, and employees of such persons must comply with rules, regulations, and professional standards promulgated by the appropriate bodies for each service undertaken. However, if the requirements found in the professional standards listed in this section differ from the requirements found in specific board rules, board rules prevail.

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

Such standards include:

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

(2) Statements on Standards for Accounting and Review Services and related Accounting and Review Services Interpretations issued by the AICPA;

(3) Statements on Governmental Accounting and Financial Reporting Standards issued by GASB;

(4) Statements on Standards for Attestation Engagements and related Attestation Engagements Interpretations issued by AICPA;

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

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

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

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

(9) Statements on Responsibilities in Personal Financial

Planning Practice issued by the AICPA;

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

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

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

(13) AICPA Industry Audit and Accounting Guides;

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

(15) Standards issued by the PCAOB; and

(16) IRS Circular 230;

(17) Any additional national or international standards recognized by the AICPA, PCAOB, SEC and/or GAO.

If the professional services are governed by standards not included in subsections (1) through ~~((16))~~ (17) of this section, individuals and firms including persons exercising practice privileges under RCW 18.04.350(2) who offer or render professional services in this state or for clients located in this state and the firms rendering professional services in this state or for clients located in this state through such qualifying individuals must:

(a) Maintain documentation of the justification for the departure from the standards listed in subsections (1) through ~~((16))~~ (17) of this section;

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

(c) Demonstrate compliance with the applicable standards.

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

**WAC 4-30-090 Must an out-of-state individual holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?** No. Out-of-state individuals holding valid licenses to practice public accounting issued by a substantially equivalent state, may hold out and practice within Washington state and/or provide public accounting services in person, by mail, telephone, or electronic means to clients residing in Washington state without notice or payment of a fee.

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

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

(2) Comply with the Public Accountancy Act of this state, chapter 18.04 RCW, and this board's rules(~~(, chapter 4-25 [4-30])~~) contained in Title 4 WAC;

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

(4) Render the following services for a client with a home office in this state only through a firm that has obtained a license from this state (RCW 18.04.195, 18.04.205 and WAC 4-30-110):

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

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

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

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

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

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

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

**WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm? (1)**

**Permitted forms of organization.** A CPA firm may be organized as:

- (a) A proprietorship;
- (b) A partnership;
- (c) A professional corporation (PC) or professional service corporation (PS);
- (d) A limited liability company (LLC);
- (e) A limited liability partnership (LLP); or
- (f) Any other form of legal entity authorized by Washington state statute for use by a CPA firm.

(2) **What happens when a CPA firm alters its legal form?** A mere change in the legal form of an existing firm constitutes a new firm for licensing purposes. Accordingly, the new entity must first obtain a CPA firm license from the board and then dissolve the former firm unless the owners desire to maintain more than one licensed firm. Affiliated entities using a restricted title or offering or performing restricted services are subject to board rules.

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

- (a) All owners of a licensed CPA firm are required to:
  - (i) Fully comply with the provisions of chapter 18.04 RCW; and
  - (ii) Be subject to discipline by the board for violations of chapter 18.04 RCW (~~or 4-25-[4-30]~~) and this board's rules contained in Title 4 WAC;

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

- (i) Licensees in this state or holders of a valid license to practice public accountancy issued by another state;
- (ii) Entitled to practice public accounting in Washington state; and
- (iii) Principally employed by the firm or actively engaged in its business.

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

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

(e) A principal owner and any individual having authority over issuing reports on financial statements must be a licensee under the act or holder of a valid license to practice public accountancy

issued by another state and must be entitled to practice public accounting in this state.

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

(g) A nonlicensee owner must:

(i) Be an individual;

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

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

(iv) Be an active individual participant in the licensed firm or affiliated entities as these terms are defined in WAC 4-30-010; and

(h) A resident nonlicensee firm owner must meet the requirements of WAC 4-30-116 and register with the board concurrent with submission of the firm license application, or submission of an amendment to the firm license status, to the board.

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

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

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

**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 (~~(, chapter 4-25 [4-30])~~) 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.

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

**WAC 4-30-134 What are the CPE requirements for individuals?**

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

(a) An individual licensed to practice in this state must complete a total of 120 CPE hours, including 4 CPE credit hours in an approved Washington ethics and regulations course meeting the requirements of subsection (3) of this section. The total 120 CPE hours requirement is limited to no more than 24 CPE credit hours in nontechnical subject areas. All qualifying CPE hours must be taken after the date your initial CPA license was issued;

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

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

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

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

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

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

(3) **Ethics and regulations applicable to practice in Washington state:** During each CPE reporting period all individuals licensed in this state, individual CPA-Inactive certificate holders in this state, and resident nonlicensee firm owners are required to complete 4 CPE credit hours in approved ethics and regulations with specific application to the practice of public accounting in Washington state. In order to be approved by the board, the CPE sponsor or instructor must submit documentation associated with the ethics and regulations CPE to the board for approval and the

sponsor or instructor must obtain written approval from the board. The ethics and regulations CPE must cover all of the following topics, and the ethics and regulations CPE must substantially address these topics:

(a) Chapter 18.04 RCW and (~~chapter 4-25 [4-30]~~) Title 4 WAC. The CPE must include general level information on the Public Accountancy Act, the board's rules, policies, and the rule-making process.

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

(c) WAC 4-30-032 Do I need to notify the board if I change my address?

(d) WAC 4-30-034 Must I respond to inquiries from the board?

(e) WAC 4-30-040 through 4-30-048 Ethics and prohibited practices. The CPE must include detailed information on each rule and all related board policies.

(f) WAC 4-30-103 Series--Continuing competency. The CPE must include detailed information on each rule and all related board policies.

(g) WAC 4-30-142 What are the bases for the board to impose discipline?

(h) AICPA Code of Conduct: The CPE must include general level information on the AICPA Code of Conduct.

(i) Variances or key differences between Washington state law (~~chapter 18.04 RCW (and chapter 4-25 [4-30])~~), this board's rules (Title 4 WAC) and the AICPA Code of Conduct.

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

**(4) CPE requirements to renew a license or CPA-Inactive certificate out of retirement:**

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

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

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

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

(a) If you seek to reinstate a lapsed, suspended, or revoked license, you must satisfy the requirements of subsection (1)(a) of

this section within the thirty-six month period immediately preceding the date the application for reinstatement is submitted to the board; however, the four CPE hours in ethics meeting the requirements of subsection (3) of this section must be completed within the six-month period immediately preceding the date your application for reinstatement is submitted to the board.

(b) If you seek to reinstate a lapsed, suspended, or revoked CPA-Inactive certificate, or registration as a resident nonlicensee firm owner, you must satisfy the requirements of subsection (1)(b) of this section within the six-month period immediately preceding the date your application for reinstatement is submitted to the board.

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

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

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

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

**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.

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

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

(3) Cheating on the CPA exam.

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

(a) Take the national uniform CPA examination;

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

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

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

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

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

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

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

(d) Engaging in acts of fiscal dishonesty;

(e) Purposefully, knowingly, or negligently failing to file a

report or record, or filing a false report or record, required by local, state, or federal law;

(f) Unlawfully selling unregistered securities;

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

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

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

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

(a) An order of a court of competent jurisdiction finding that the person or persons committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on the person's fitness to represent himself, herself, or itself as a licensee, as defined in WAC 4-30-010, CPA-Inactive certificate holder, or a nonlicensee firm owner;

(b) An order of a federal, state, local or foreign jurisdiction regulatory body, or a PCAOB, finding that the licensee, as defined in WAC 4-30-010, CPA-Inactive certificate holder, or nonlicensee firm owner, or employee of such persons committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on the person's fitness to represent himself, herself, or itself as a licensee, as defined in WAC 4-30-010, a CPA-Inactive certificate holder, or a nonlicensee firm owner;

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

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

(7) Sanctions and orders entered by a nongovernmental professionally related standard-setting body for violation of ethical or technical standards in the practice of public accounting by a licensee, CPA-Inactive certificate holder, or nonlicensee firm owner;

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

(9) A conflict of interest such as:

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

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

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

and

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

(b) Borrowing funds from a client unless the client is in the business of making loans of the type obtained by the licensee, as defined in WAC 4-30-010, CPA-Inactive certificate holder, or nonlicensee firm owner and the loan terms are not more favorable than loans extended to other persons of similar credit worthiness.

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in (~~chapter 4-25-[4-30]~~) 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, including but not limited to:

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

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

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

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

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

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

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

(11) Violation of one or more of the rules of professional conduct included in (~~chapter 4-25-[4-30]~~) Title 4 WAC.

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

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

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

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

(c) Respond to an inquiry of the board;

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

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

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

(16) Failure of a licensee, as defined by WAC 4-30-010, CPA-Inactive certificate holder, nonlicensee firm owner, or out-of-state person exercising practice privileges authorized by RCW 18.04.195 and 18.04.350 to timely notify the board, in the manner prescribed by the board, of any of the following:

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

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

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