

# Board of Accountancy

## Washington State



### REGULAR BOARD MEETING AGENDA

**Date, Time:** Thursday, July 14, 2011 – Regular Board Meeting – 9:00 a.m.

**Location:** WA State Criminal Justice Training Commission  
Classroom # C-226  
19010 First Ave So  
Burien, WA (206) 835-7300

Chair Introductions/Special Notices

### REGULAR MEETING AGENDA

1. Consent Agenda
  - a. Minutes – April 25, 2011, Regular Board Meeting .....A
  - b. Request Review Committee Report – Karen Saunders, Chair .....B
2. Motion for Entry of Order on Default - ACB-1285 - Richard Charles Cornwell, CPA .....C
3. Appendix A - Administrative Notices of Non-Compliance and Respondent Agreements .....D
4. Misleading Firm Names – Proposed Revisions to UAA and Model Rules .....E
5. NASBA - Update
6. Legal Counsel’s Report
7. Chair’s Report
8. Committee/Task Force Reports
  - a. Compliance Assurance Oversight – Fred Shanafelt, CPA, Chair – *Update* .....F
  - b. Education/Exam Task Force – Elizabeth Masnari, CPA, Board Liaison – *Update*
    - i. Washington State Legislation – Three-year Degree .....G
    - ii. Foreign Education Evaluation Issues .....H
    - iii. Executive Director Issue - ECE - Continued Recognition as Foreign Education Evaluation Service .....I
  - c. Legislative Liaison – Edwin Jolicoeur, CPA, Chair – *Update*
  - d. Performance Review Task Force - Edwin Jolicoeur, CPA, Chair – *Update*
  - e. Quality Assurance Review (QAR) – Emily Rollins, CPA, Co-Chair
    - i. 2011 QAR Desk Review – *Update* .....J
    - ii. CPE Audit – *Update* .....K
  - f. Request Review – Karen Saunders, CPA, Chair - *See Consent Agenda – Vote*
9. Executive Director’s Report
  - a. Budget – *Update*

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

800/833-6388 (TT service) 800/833-6385 (Telebraille service)  
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**WASHINGTON STATE  
BOARD OF ACCOUNTANCY  
EXECUTIVE DIRECTOR'S SUMMARY – JULY 14, 2011  
REGULAR BOARD MEETING**

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

Meeting: **Thursday, July 14, 2011 - 9:00 a.m.**  
Location: **WA State Criminal Justice Training Commission**  
Classroom # C-226  
19010 First Ave So  
Burien, Washington  
(206) 835-7300

**Notices:**

**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.

**JULY 14, 2011 - REGULAR BOARD MEETING**

1. **Consent Agenda**
  - a. **Minutes – April 25, 2011** - Board staff presents the draft minutes from the April 25, 2011, regular Board meeting at **Tab A** for the Board's consideration.
  - b. **Request Review Committee** - The Request Review Committee presents its report at **Tab B** for the Board's consideration.

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

2. **Motion for Entry of Order on Default - ACB-1285 Richard Charles Cornwell, CPA – Tab C**

**Tab C** contains a packet of documentation relating to the proceedings regarding Richard Charles Cornwell. The packet contains:

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

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

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

**3. Appendix A – Administrative Notices of Non-Compliance and Respondent Agreements – Tab D**

At its April 25, 2011, meeting, the Board discussed proposed changes to the delegation of authority to the Executive Director, with the concurrence of one Board member, to issue administrative notices on non-compliance and Respondent agreements. The Board directed staff to revise the administrative sanction guidelines in Appendix A for the Board's consideration at its July Board meeting.

The Executive Director revised:

- # 8 – Firm name, ownership, or managing licensee - Added branch offices
- # 9 – CPE deficiency - Added self-reporting CPE deficiencies
- # 14 – Failure to Respond - Inserted "final notice"

**Tab D** contains the proposed revised Appendix A and a copy of the current appendix in strike-and-delete format so Board members can see each proposed revision.

**Does the Board wish to revise the Administrative Sanction Guidelines – Appendix A as proposed?**

**4. Misleading Firm Names – Proposed Revisions to UAA and Model Rules – Tab E**

**Tab E** contains:

- The AICPA's Summary on ET 101-17, Independence and Network Firms.
- Proposed Revisions to the Uniform Accountancy Act (UAA) and UAA Model Rules

The Executive Director will lead the discussion.

**5. NASBA – Update** – The Executive Director will provide a verbal update on NASBA activities.

**6. 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.

## 7. 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.

## 8. Committee Reports

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

**Tab F** contains the Compliance Assurance Oversight committee's annual report on oversight of the AICPA Peer Review program administered by the Washington Society of CPAs.

Fred Shanafelt will attend the meeting to be available to respond to any questions that Board members might have about what the committee did or observed.

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

#### i. Washington State Legislation – Three-year Degree

The Washington State Legislature passed legislation during 2011 accelerating education.

**Tab G** contains copies of:

- Substitute Senate Bill 5442 – Higher Education—Accelerated Baccalaureate Degrees
- Engrossed Second Substitute House Bill 1808 - High School Students—Postsecondary credit Opportunities
- Substitute House Bill 1710 Career and Technical Education—Strategic Plan

**Does the Board wish to direct the Education Task Force to consider this legislation and advise the Board of any necessary changes to the Public Accountancy Act or Board rules?**

#### ii. Foreign Education Evaluation Issues

**Tab H** contains a report from Robin Clark, Chair of the Board's Education/Examination Task Force. Board staff is encountering

unique situations concerning the evaluation of foreign education including:

- Are three-year bachelor degrees from foreign universities equivalent to four-year bachelor degrees obtained in the U.S.?
- Does the Board accept training from a volunteer professional organization required to obtain a professional designation not issued by an accredited university “combined” with education from an accredited university/or equivalent qualify to meet the Board’s 150 semester-hour education requirement?

**Tab H** also includes

- Recent questions posed to the Education/Examination Task Force
- The Task Force member opinions
- CPA Examination Service’s (CPAES’) position regarding “combined” education
- Examples of foreign education evaluations

**Does the Board wish to direct the Task Force to develop a policy to address these situations for the Board’s consideration at its October 2011 meeting?**

- iii. Executive Director Issue - ECE - Continued  
Recognition as Foreign Education Evaluation  
Service

**Tab I** contains correspondence from a recognized education evaluation service - Education Credential Evaluators, Inc. (ECE) to an applicant for initial license in Washington State. The evaluator stated: “It is impossible for a US student to earn 150 credits in a 4 year bachelor’s degree program in the United States so we had to apply a modifier to all of your credits.

**Does the Board want to continue to recognize this evaluation service?**

or,

**Does the Board wish to direct the Education/Examination Task Force to investigate this practice, identify those colleges that allow early training, and consider requiring high school transcripts from schools that offer college courses in high school?**

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

The Governor's office recently advised executive branch agencies that the Governor is meeting with the Cabinet and senior staff the end of this month to outline her next 18 months including the 2012 session priorities. Issues and proposals that fit within her priorities are more likely to be approved. Agency request legislation will likely be due to the Governor's office sometime during the end of September.

**Does the Board wish to propose agency request legislation to revise the Public Accountancy Act to protect financial and medical information provided to the Board during investigations?**

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

Ed will report.

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

- i. **2011 QAR desk review** – **Tab J** contains the 2011 QAR program status report as of July 5, 2011. Emily will report.
- ii. **CPE Audit** – **Tab K** will provide the Board with a comparison of CPE audit results for the last four years and statistics for the 2011 renewal cycle. Emily will report.

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

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

**9. Executive Director's Report**

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

- i. Authorization to Hire  
ii. Enforcement Budget

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

**Tab L** contains the following:

- Case Status Report for the period ended June 30, 2011
- Investigations Results/Statistics through June 30, 2011 as posted on the Board's web site

- Investigation Statistics January 1990 through June 30, 2010
- c. **Definition for Types of Violations** – The Executive Director will report.
- d. **Meeting with Board Chair** – The Executive Director met with Board Chair Friday, July 8, 2011. The Executive Director will report.
- e. **Dating Professional Standards Discussion** – The Executive Director will lead this discussion.
- f. **Renewal Cycle and Online Services** – Tab M provides the online renewal statistics as of July 6, 2011. The Executive Director will report.
- g. **WBOA-News** – As of July 8, 2011, 1685 individuals have subscribed. This is a net increase of 17 individuals since April 15, 2011 – 1%.
- h. **Other**

**10. 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.

**11. Public Input**

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

# WASHINGTON STATE BOARD OF ACCOUNTANCY

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

<b>Time and Place of Meeting</b>	9:08 a.m. – 2:08 p.m. Monday, April 25, 2011 Washington State Criminal Justice Training Commission Classroom # C-226 19010 First Ave So Burien, Washington
<b>Attendance</b>	Donald F. Aubrey, CPA, Chair Robert G. Hutchins, Vice Chair, Public Board Member Lauren C. Jassny, Secretary, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Elizabeth D. Masnari, CPA, Board Member Emily R. Rollins, CPA, Board Member Gerald F. Ryles, Public Board Member Laurie J. Tish, CPA, Board Member Bruce L. Turcott, Assistant Attorney General Thomas J. Sadler, CPA, Deputy Director Cheryl M. Sexton, Executive Assistant
<b>Call to Order</b>	Donald Aubrey, Chair, called the regular meeting of the Board to order at 9:08 a.m.
<b>Consent Agenda</b>	The Board approved the following items on the consent agenda: <ul style="list-style-type: none"><li>• Minutes of the January 27, 2011, Regular Board Meeting</li><li>• Request Review Committee Report</li></ul>
<b>Motions for Entry of Order on Default</b>	<p><u>Richard H. Mullen</u> - The Executive Director presented a Motion for Entry of Order on Default and related documents in the matter of Richard H. Mullen to the Board. The Board entered Findings of Fact, Conclusions of Law and Default Order suspending Mr. Mullen's CPA certificate and individual and firm licenses to practice public accounting as a CPA for ten years.</p> <p><u>Weng Hong Ao, CPA-Inactive</u> - The Executive Director presented a Motion for Entry of Order on Default and related documents in the matter of Weng Hong Ao to the Board. The Board entered Findings of Fact, Conclusions of Law and Default Order suspending Weng Hong Ao's CPA-Inactive certificate for three years.</p>

**Board Policies Review**

The Executive Director reviewed all of the Board's policies for consistency with recent revisions to Title 4 WAC with the intention to:

1. Not duplicate that which is in statute or rule to avoid conflicting provisions within the regulatory framework
2. Eliminate procedural guidance to the maximum extent possible
3. Eliminate information that is not useful for decision making or definitive for constituents

The Board reviewed the proposed changes and adopted the following policies as revised effective April 25, 2011:

- 2000-1 Continuing Professional Education
- 2002-1 Substantial Equivalency Jurisdictions
- 2002-2 Expert Witness Services
- 2002-4 International Reciprocity
- 2004-1 Sanction and Penalty Guidelines
- 2004-2 Exam Applicant Disability Documentation

The Board did not act on the following policy. The policy is therefore retained:

- 2003-1 Safe Harbor Report Language for Use by Non-CPAs

The Board adopted the following new policies as drafted effective April 25, 2011:

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

The Board retired the following policies:

- 1998-1 Education
- 2000-2 Public Inquiries
- 2000-3 Quality Assurance Review Program
- 2001-1 Compensation Arrangements
- 2001-2 Experience
- 2002-3 Responding to Inquiries Regarding Enrolled Agents, Accredited Business Accountants, Accredited Tax Preparers, Accredited Tax Advisors, and Certified Financial Planners
- 2003-2 CPA Examination
- 2003-3 Interstate Reciprocity
- 2006-001 Directions to Staff

The Board asked that the Executive Director add a revision history to each policy in the future and recommended the policies be brought to the Board annually for review.

**Delegations of Authority**

The Board reviewed proposed minor changes to the following delegations to reflect current practice and current staffing. The Board approved the following delegations as revised effective April 25, 2011:

- Executive Director, Richard C. Sweeney – *Subpoena, deposition, and other powers when conducting investigations*
- Deputy Director – *Subpoena, deposition, and other powers when conducting investigations*
- CPE Waiver Extension Requests/Request Review Committee
  - Delegated solely to Executive Director:
    - *CPE Waiver Extension Requests due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment for up to 16 credit hours*
    - *Review of Publicly Available Professional Work*
  - Delegated to Executive Director with Concurrence of a Board member:
    - *CPE Waiver Extension Requests due to individual hardship, including but not limited to, financial hardship, critical illness, or active military deployment over 16 credit hours*
    - *Firm Names*
    - *Professional/Education Organization Recognition Requests*
    - *Late Fee Waiver Requests where individual hardship is a factor*
- QAR Remedial Actions/Review of Publicly Available Professional Work – Delegated to the Executive Director with concurrence of one Board member.

The Board discussed the proposed changes and directed staff to revise the following delegation for the Board's consideration at its July Board meeting:

- Administrative Notices of Non-Compliance and Respondent Agreements - Delegated to the Executive Director with concurrence of one Board member

The Board agreed with the Executive Director's recommendation that the delegations be brought to the Board annually for review.

**Continuing Professional Education (CPE) Issues**

CPE Deficiencies – Strategy - At its July 2010 meeting, the Board provided the following directive to staff:

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

The Board directed staff to follow the *2010-2011 Interim Policy Guidance* associated with Policy 2011-2.

Board Approved Ethics Courses – Board staff provided the Board with the following to facilitate Board member audit of Board approved ethics and regulation courses:

- A listing of all ethics and regulations courses currently approved by the Board
- A calendar showing when Board approved ethics and regulation courses will be provided during 2011.
- A proposed checklist to use when auditing a Board approved ethics and regulation course

The Executive Director asked Board members to contact Board staff to arrange for any audit.

The Washington Society of CPAs provided correct contact information for their approved course.

**Board Committee Structure**

The Executive Director advised the Board of the recommendations he made to the Performance Review Task Force regarding restructuring the Board's committee structure including oversight of the Executive Director and the agency's performance.

**NASBA**

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

Ed Jolicoeur advised the Board he is a member of NASBA's

Nominating Committee. He recused himself and left the meeting room during the entire presentation and discussion of this agenda item.

Director-at-Large - The Board supports the nomination of Laurie Tish for the NASBA position.

Pacific Regional Director – The Board supports the nomination of Raymond Johnson of Oregon for the NASBA position.

The Board directed the Executive Director to prepare letters of recommendation to NASBA's Nominating Committee for the Chair's review and signature.

**Legal Counsel's Report**

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

**Chair's Report**

The Chair reported that Karen Saunders may have scheduling conflicts for the July 14, 2011, meeting. The Chair asked staff to contact Karen and set a new date if necessary.

**Compliance Assurance Oversight Committee**

Committee chair Fred Shanafelt had nothing to report for this meeting.

**Education Exam Task Force**

Task Force leader Robin Clark reported that the task force has not yet met. They hope to meet with the Board liaison shortly. Ms. Clark recently met with CPA Examination Services and reported that many of the problems that plagued the early computerized exam seem to be handled and the exam is becoming almost routine. The Executive Director reported that the AICPA Board of Examiners welcomes this task force's participation.

**Legislative Liaison Committee**

Committee chair Ed Jolicoeur had nothing to report for this meeting.

**Performance Review Task Force**

Task Force leader Ed Jolicoeur reported the task force has met twice. The task force includes members from outside the Board: Judy Love, WSCPA Director of Advocacy, and Bea Nahon, CPA. The Task Force's goal is to prioritize and evaluate the recommendations and observations contained in the consultant's July 2010 report and make recommendations to the Board. The Task Force plans to talk to the consultants.

**Quality Assurance Review (QAR) Committee**

Committee co-chair Emily Rollins advised the Board:

2011 QAR Desk Review - 582 CPA firms are included in the 2011 QAR. The 2011 desk review is scheduled for June 8 and 9, 2011, at Highline Community College with 17 team captains and 23 reviewers. Webinar training is scheduled for June 1.

2010 CPE Audit – Staff included 190 individuals in the 2010 CPE audit. Of those, 176 individuals satisfactorily documented completion of their CPE requirements, 11 individuals could not satisfactorily document completion of their CPE requirements, two individuals failed to respond, and 1 individual is still attempting to collect documentation.

The Executive Director commended Ms. Rollins for her contributions to the Board's QAR program.

**Request Review Committee**

The following report was approved under the consent agenda:

CPE Extensions – All CPE extension requests were due on or before December 31, 2010. Staff treated any extension requests received during 1<sup>st</sup> quarter 2011 as self-reported CPE deficiencies and subject to reinstatement.

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

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

The Committee met by telephone on March 15, 2011, to consider several questions concerning firm names reported the Committee's conclusions to the Board.

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

**Executive  
Director's  
Report**

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

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

CPE Deficiencies - During the 1<sup>st</sup> quarter 2011, 57 individuals self-reported CPE deficiencies during renewal. Of those, 25 have already cured the deficiency and paid the reinstatement fee.

Budget – The Executive Director reported on the status of the agency's proposed 2011-2013 budget. The Chair reported that the Governor's office acknowledged the Board's letter to the Governor regarding the proposed \$1 million sweep of the CPA fund balance.

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

- Case Status Report through March 31, 2011
- Investigation Results/Statistics through March 31, 2011, as published on the Board's web site
- Investigation Statistics January 1990 through March 31, 2011

The Executive Director reported investigation statistics in the future will provide the Board with the number of cases that are classified as "public interest" and the number classified as "administrative."

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

**Individuals**

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

**Firms**

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

Minutes, April 25, 2011, Regular Board Meeting

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

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

Online services recently added invoicing capabilities.

Meeting with Board Officers – The Executive Director reported he met with Board officers during the week prior to the meeting.

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

- |                                   |  |
|-----------------------------------|--|
| <b>Public Input</b>               | Rich Jones, CEO, of the Washington Society of CPAs (WSCPA) announced that the WSCPA was awarding the John L O'Brien Life-Time Achievement Award to Edwin Jolicoeur, CPA, and Board Member. |
| <b>Recognition of Laurie Tish</b> | The Board recognized Laurie Tish for her 12 years of service on the Board.   |
| <b>Adjournment</b>                | The Board adjourned at 2:08 p.m.   |

## Request Review Committee Report July 14, 2011

Karen Saunders, CPA, Chair

CPE Extensions exceeding 16 CPE credit hours - All CPE extension requests were due on or before December 31, 2010. Staff treated any extension requests received during 2<sup>nd</sup> quarter 2011 as self-reported CPE deficiencies and subject to reinstatement.

Firm Names – The Executive Director and a Consulting Board member approved the following firm names during 2<sup>nd</sup> quarter 2011:

- 501CPAS LLC
- Allied Financial & Tax Services Inc.
- Arise Business Solutions, LLC, A Certified Public Accounting Firm
- Dixon Hughes Goodman LLP
- Fairwood CPA Services Inc. P.S.
- Fairwood CPA Services PLLC
- Fairwood Financial Services David A. Williams, CPA, CFP
- Fairwood Financial Services, PLLC
- Geffen Mesher & Co PC
- Jim Douthitt Consulting Services
- Lenning & Co. Inc.
- Mazars LLP
- Muckley Financial Services LLC
- Myers, Brettholtz & Company, PA
- RJG, A Professional Corporation

Late Fee Waivers – During 2<sup>nd</sup> quarter 2011, the Board received 2 late fee waiver requests. The Executive Director and a Consulting Board Member took the following action:

Approved:  
QAR - 2  
Denied:  
None

Professional/Educational Organization – Recognition Requests – During the 2<sup>nd</sup> quarter 2011, the Board received one request for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs. The Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

*Recognized:*  
Clemson University  
*Denied:* None

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

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

Richard Charles Cornwell, CPA,  
  
Respondent.

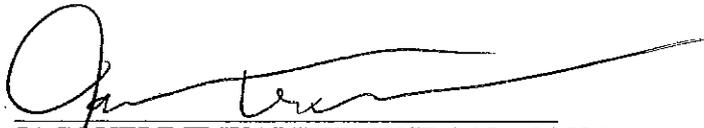
NO. ACB-1285

MOTION FOR ENTRY OF  
ORDER ON DEFAULT

COMES NOW the Washington State Board of Accountancy, appearing by and through its attorneys, ROBERT M. MCKENNA, Attorney General, and Jacqueline Walker, Assistant Attorney General, and moves the Board for entry of a final order against Respondent. This motion is based on Respondent's failure to respond to the Statement of Charges served on him on March 30, 2011, on the records and files herein, and on the accompanying Declaration of Richard C. Sweeney and the documents attached thereto, which provide prima facie proof of service and of the allegations contained in the Statement of Charges.

Respectfully submitted this 13<sup>th</sup> day of June, 2011.

ROBERT M. MCKENNA  
Attorney General

  
JACQUELINE WALKER, WSBA No. 31591  
Assistant Attorney General

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

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

Richard Charles Cornwell, CPA,  
  
Respondent.

NO. ACB-1285

DECLARATION OF  
RICHARD C. SWEENEY

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

1. I am the Executive Director for the Board of Accountancy in the State of Washington, and in that capacity, I am custodian of records for certified public accountants.
2. The Washington State Board of Accountancy has jurisdiction over the certification, licensing, and discipline of certified public accountants in the State of Washington.
3. The Respondent, Richard Cornwell, has held a valid Certified Public Accountant (CPA) certificate and license (No. 16654) to practice public accounting in the state of Washington at all times material hereto.
4. The Board mailed the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend and Appendix A to Respondent by United States certified mail, return receipt requested, and by United States first class mail on March 30, 2011, addressed to the last address Respondent provided to the Board (1869 Upper Highwood Cr Road, Highwood, MT 59450).
5. The certified mailing to the Respondent's last known address (1869 Upper Highwood Cr Road, Highwood, MT 59450) was received and signed by "Rich Cornwell" on April 2,

2011. The first class mailing to the Respondent's last known address has not been returned to the Board.
6. The Respondent has neither answered the Statement of Charges nor requested a hearing on the matters set forth in the Statement of Charges.
  7. The attached documents, Exhibits 1-7, are true and correct copies of documents that were produced or obtained in the Board's investigation regarding the circumstances described in the Statement of Charges under the above case number.
  8. The attached documents identified as **Exhibit 1** are photocopies of the October 3, 2008, reminder notice regarding the Continuing Professional Education (CPE) requirements and *Optional Continuing Professional Education (CPE) Log* the Board mailed to licensees and inactive certificate holders whose credential was up for renewal in 2009. The reminder notice contained the following statement: "To qualify for renewal, you must complete the required Continuing Professional Education (CPE) hours by December 31, 2008."
  9. The attached document identified as **Exhibit 2** is a photocopy of the "CPA License Renewal Application" the Board received from the Respondent on April 30, 2009, with the appropriate renewal fee of \$230. The Respondent requested renewal of the Respondent's CPA license and on January 27, 2009, certified that the information on the form was true and correct; and that the Respondent had fully complied with all applicable CPE requirements of WAC 4-25-830, WAC 4-25-831 and WAC 4 25 833, WAC 4-25-792, WAC 4-25-793 and WAC 4-25-795 prior to December 31, 2008. On or about May 1, 2009, the Board renewed the Respondent's CPA license through June 30, 2012.
  10. The attached documents identified as **Exhibit 3** are photocopies of: (1) the Respondent's letter received by the Montana Board of Public Accountants on December 3, 2009, advising the Montana Board that the Respondent had been out of public accounting since February

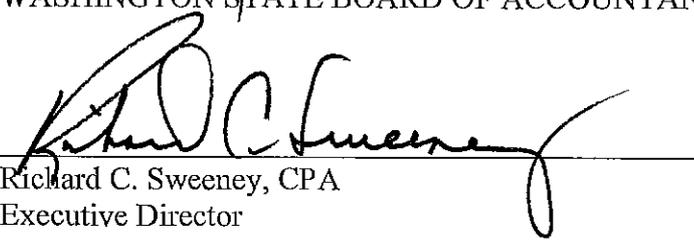
2003 when he moved from Washington, had been on out-of-state, non-practicing status with Washington and had not been required to stay current with CPE; (2) a letter dated January 22, 2010, from the Montana Board of Public Accountants transmitting to the Board a copy of the Respondent's December 3, 2009, letter regarding the Respondent's Continuing Professional Education; and (3) the *Authorization for Interstate Exchange of Examination and Licensure Information* sent to the Montana Board of Public Accountants on August 4, 2009.

11. The attached document identified as **Exhibit 4** is a photocopy of the Board inquiry dated January 27, 2010, requesting that the Respondent submit copies of his CPE documentation for the CPE reporting period of January 1, 2006, through December 31, 2008. The Respondent was required to submit the documentation by February 16, 2010. The Respondent failed to respond.
12. The attached documents identified as **Exhibit 5** are photocopies of (1) a Final Notice the Board mailed to the Respondent on May 14, 2010, by U.S. Certified Mail—Return Receipt Requested and by U.S. First Class Mail, to the Respondent's last known address (1869 Upper Highwood Cr Road, Highwood, MT 59450), (2) the U.S. Postal Service Certified Mail Receipt, and (3) the unopened envelope containing the Final Notice mailed to the Respondent by U.S. Certified Mail. The U.S. Postal Service returned the May 14, 2010, mailing to the Board's office unopened and marked "RETURN TO SENDER UNCLAIMED UNABLE TO FORWARD." The first class mailing was not returned to the Board. The Respondent's response was due June 3, 2010. The Respondent did not respond.
13. The attached documents identified as **Exhibit 6** are photocopies of the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, Appendix A, and Declaration of Service mailed to the Respondent on March 30, 2011, addressed to the Respondent's last known address (1869 Upper Highwood Cr Road, Highwood, MT 59450).

14. The attached documents identified as **Exhibit 7** are photocopies of: (1) the U.S. Postal Service Certified Mail Receipt showing the documents described in Paragraph 13 were mailed to the Respondent's last known address on March 30, 2011; (2) the Domestic Return Receipt from the U.S. Postal Service showing the documents described in Paragraph 13 were received at the Respondent's last known address on April 2, 2011, by "Rich Cornwell." The first class mailing was not returned to the Board.
15. The attached documents form the basis for the Board of Accountancy's request for sanctions and are submitted in support of the Board's proposed Findings of Fact, Conclusions of Law and Default Order.
16. All documents that were mailed to Respondent, as referenced herein, were mailed to the last known address the Respondent provided to the Board of Accountancy (1869 Upper Highwood Cr Road, Highwood, MT 59450). No other address for Respondent is known to the Board from its investigation of this matter.
17. The Washington State Board of Accountancy requests that the Board impose the sanctions set forth in the proposed Findings of Fact, Conclusions of Law and Default Order.

DATED this 5<sup>th</sup> day of July 2011, in Olympia, Washington.

WASHINGTON STATE BOARD OF ACCOUNTANCY

  
Richard C. Sweeney, CPA  
Executive Director

# Board of Accountancy

Washington State

www.cpaboard.wa.gov



October 3, 2008

«FirstName» «LastName» «Suffix»  
«Address1»  
«Address2»  
«City» «State» «Zipcode»  
«Country»

Number: «CertNumber»

## CPE REMINDER: YOUR CPE PERIOD ENDS DECEMBER 31, 2008

Our records indicate that your CPA license is up for renewal in 2009. To qualify for renewal, you must complete the required Continuing Professional Education (CPE) hours by December 31, 2008. A renewal application will be mailed to your address of record by January 31, 2009.

### How do you find out about your requirements?

Visit our website at [www.cpaboard.wa.gov](http://www.cpaboard.wa.gov) and refer to the red CPE Alert icon on the right side of the homepage.

### What happens if I don't complete my CPE requirements?

If you do not complete your CPE requirements by December 31, 2008, you will not qualify to renew your CPA license in 2009.

### Log your CPE hours on our handy form

The reverse side of this flyer contains an optional CPE Log for your use in evaluating whether you have met your CPE requirements. **Please do not send the CPE Log to the Board.**

### How do I change my address of record?

You may find the change of address form in the "Forms" section of the Board's website. Board rule requires you to notify the Board in writing within 30 days of a change of address. **All change of address notifications must be received NO LATER than November 15, 2008 to assure correct mailing of your renewal application.**

### Send us your questions

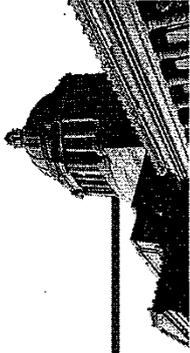
If you have questions after reviewing the Board's website, please contact Customer Service at [customerservice@cpaboard.wa.gov](mailto:customerservice@cpaboard.wa.gov) or (360) 753-2586.

**PLEASE NOTE:** The Board DOES NOT pre-approve CPE aside from the required Board approved Washington ethics course.

# Board of Accountancy

Washington State

www.cpaboard.wa.gov



## Optional Continuing Professional Education (CPE) Log DO NOT SEND THIS FORM TO THE BOARD

Use this log to list the CPE credits you completed during your current CPE reporting period.\* Keep this log with your supporting documentation until December 31, 2011. If you are selected for CPE audit, you will need to provide this information and all supporting documentation to demonstrate compliance with the Board's CPE rules. CPE credits taken during 2009 **CANNOT** be automatically carried back.

	Date of Completion	Sponsoring Organization	Course Title	Participant Credit		Instructor Credit		WA Ethics	
				Tech	Non-Tech	Tech	Non-Tech		
1			BOARD APPROVED WASHINGTON ETHICS COURSE					4	
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
Totals									
								Total of All Hours	

- Licensees are limited to 24 non-technical CPE credit hours.
- A maximum of 72 CPE credit hours are allowed for preparation and presentation during each CPE reporting period for Instructional Credit.
- Licensees and Certificateholders are required to complete one of the Board approved ethics courses (4 CPE hours) applicable to the practice of public accounting in Washington State.

\*To determine your specific requirements, refer to the red CPE Alert icon on the homepage of the Board's website (www.cpaboard.wa.gov) and the CPE section.

005673



# Board of Accountancy **COPY** #230

Washington State

www.cpaboard.wa.gov



## CPA License Renewal Application – Due Date: APRIL 30, 2009

204 19 1  
4392

License #: 16654

\*\*\*\*\*AUTO\*\*MIXED AADC 985  
RICHARD CHARLES CORNWELL  
1869 UPPER HIGHWOOD CREEK RD  
HIGHWOOD MT 59450-8741

RECEIVED

APR 30 2009

OFM ACCOUNTING DIV



### PERSONAL INFORMATION

Daytime Phone #: 406 733-2247

E-Mail Address (please print clearly):

Mailing Address and/or Phone Corrections:

### RENEWAL CERTIFICATION (Required If Renewing)

I certify that the information on this form is true and correct; and that I fully complied with all applicable CPE requirements of WAC 4-25-830, WAC 4-25-831, WAC 4-25-833, WAC 4-25-792, WAC 4-25-793 and WAC 4-25-795 prior to December 31, 2008.

I also certify that in the past three years I:

- Have not been convicted of a felony.
- Have not been convicted of a crime involving dishonesty.
- Have not had a professional license, permit or right to practice before any federal or state agency or Board of Accountancy suspended or revoked.
- Have not been expelled from a professional society.
- Have not been denied the privilege to write the CPA exam.
- Am not aware of any current investigations or charges pending by another Board of Accountancy or regulatory agency.

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

Signature: RC Cell

Date: 1/27/09

Renewal Fee: \$230\*

\*Late Fee (\$100):

\*\*Total Enclosed: 230

\*Late Fee: Applications postmarked after April 30, 2009 MUST include a \$100 late fee to be processed.

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

Washington State Board of Accountancy Tax ID #: 91-6001872

Contact Info:  
Customer Service (360) 753-2586  
customerservice@cpaboard.wa.gov

Mailing Address:  
PO Box 43113  
Olympia WA 98504

Overnight Address:  
6639 Capitol Blvd South  
Tumwater WA 98501

THIS IS A TWO SIDED FORM

**OTHER STATE INFORMATION**

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

State/Foreign Jurisdiction: _____	Number: _____
State/Foreign Jurisdiction: _____	Number: _____
State/Foreign Jurisdiction: _____	Number: _____

**TO RETIRE YOUR WASHINGTON STATE CPA LICENSE COMPLETE THIS SECTION**

(Do not complete this section if you are renewing your CPA License.)

I am applying to retire my license effective July 1, 2009. I understand that if I wish to renew my license at a later date, I must meet the then current license renewal requirements. I understand that while my CPA license is Retired, I **may not use the title CPA, CPA-Inactive or CPA-Retired in any way in Washington State**, nor may I exercise the privileges related to those titles. I understand that I may not assume or use, in writing or orally, directly or indirectly, any words, letters, abbreviations, signs, cards, or devices tending to indicate I am a CPA, CPA-Inactive or CPA-Retired in Washington State.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ FEE: **-0-** (There is no fee to retire your CPA License)

Location: \_\_\_\_\_  
(City, State or Province, Country)

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

This renewal application is due by April 30, 2009. Applications postmarked after April 30, 2009 must include the \$100 late fee. If your complete application is not postmarked by June 30, 2009, your CPA license will lapse effective July 1, 2009 and you must IMMEDIATELY cease using the title.

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

**Thank you for promptly submitting your renewal application!**

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

Revised 11/4/08

COPY

RECEIVED

DEC 03 2009

DEPARTMENT OF LABOR & INDUSTRY  
BUSINESS STANDARDS DIVISION

Heather K. Hardman  
Application Specialist  
MT Board of Public Accountants  
P.O. Box 200513  
301 South Park – 4<sup>th</sup> Floor  
Helena, MT 59620-0513

December 1, 2009

Heather,

After further review of 24.201.502 of the Administrative Rules of Montana, I do have additional experience that qualifies under 24.201.502 (2) (c) (ii). I was Chief Financial Officer for Neighborhood Housing Services, Inc. in Great Falls from August, 2003 – August, 2006. I have two additional Evidence of Satisfaction of Experience forms to include with my application (attachments).

In your letter dated August 13, 2009 item number 2 you requested CPE reporting forms indicating 120 hours of CPE with a subset of 2 in Ethics in the last three years. Since I have been out of public accounting since February, 2003 when I moved from Washington, I have been on out-of-state, non-practicing status with Washington and have not been required to stay current with CPE. It's hard to practice in Washington when I live in Montana. Montana CPE reporting requirements should commence when my permit to practice and license is issued in Montana.

In my current position as Finance Director for the Center for Mental Health, one condition of employment was to obtain my Montana CPA license. Since the Board of Public Accountants doesn't meet until January and the deadline for completing my license as a condition of employment will expire shortly, would you please poll the board regarding my application so that I can retain my current position?

Thank you for all of your help in this process.

Sincerely,



Richard C. Cornwell  
1869 Upper Highwood Creek Road  
Highwood, MT 59450  
406-733-2247  
406-217-2100-cell



Governor Brian Schweitzer

*Montana*

**Department of Labor and Industry**

**Business Standards Division**

**BOARD OF PUBLIC ACCOUNTANTS**

January 22, 2010

WASHINGTON BOARD OF PUBLIC ACCOUNTANTS  
ATTN: JENNIFER SCIBA  
PO BOX 9131  
OLYMPIA WA 98507-9131

Dear Ms. Sciba:

Enclosed is a copy of the letter our office received on 12/03/2009 regarding Mr. Richard Cornwell's Continuing Professional Education. When we received this letter, we rechecked the verification we received from the Washington State Board which indicated that he did have an active permit to practice.

In our conversation on the phone on 01/15/2010, it was concluded that the verification we received from the Washington State Board was correct. Mr. Cornwell's application went before our Board in Open Session for review on 01/20/2010 and it was determined that it should be tabled until this matter is concluded in Washington.

Please keep our Board office apprised of any developments concerning this matter and thank you for your cooperation. If you have any questions, please e-mail me at [hhardman@mt.gov](mailto:hhardman@mt.gov) or call 406-841-2383. Thank you.

Sincerely,

*Heather K. Hardman*

Heather K. Hardman  
Application Specialist

301 SOUTH PARK, 4<sup>TH</sup> FLOOR • PO BOX 200513 • HELENA MT 59620-0513  
LICENSING/APPLICATIONS (406) 841-2383 • OTHER INQUIRES (406) 841-2389  
FAX (406) 841-2309 • TTD (406) 444-0532  
Email: [dlibsdpac@mt.gov](mailto:dlibsdpac@mt.gov) Website [www.publicaccountant.mt.gov](http://www.publicaccountant.mt.gov)  
"AN EQUAL OPPORTUNITY EMPLOYER"

JAN 28 2010  
ACCOUNTANCY BOARD

RECEIVED

AUG 10 2009

**MONTANA BOARD OF PUBLIC ACCOUNTANTS**

DEPARTMENT OF LABOR & INDUSTRY  
BUSINESS STANDARDS DIVISION

301 South Park  
PO Box 200513  
Helena, Montana 59620-0513  
PHONE: (406) 841-2323 FAX: (406) 841-2323 E-MAIL: dlibsdpac@mt.gov  
WEBSITE: http://www.publicaccountant.mt.gov

RECEIVED  
AUG 03 2009

ACCOUNTANCY BOARD

**AUTHORIZATION FOR INTERSTATE EXCHANGE OF EXAMINATION AND LICENSURE INFORMATION**

\*\*\*\*\*

This form is essential to the application you are filing with this Board. Before your application will be considered for approval, certain information must be verified by the Board of Accountancy where your examination credits and/or certificate and license status were established. Please complete the initial portion of this form and forward the form to that Board of Accountancy where credits and/or status were established. That Board, in turn, will complete the remainder of this form (Sections A-D) and return it to this agency. (You are advised to check with that Board before forwarding this form to determine if there are additional requirements and/or fees charged before such information will be released.)

**TO BE COMPLETED BY THE APPLICANT (Please type or print legibly):**

Mr.  
 Ms.  
 Mrs.

CORNWELL RICHARD CHARLES  
Last Name First Name Middle Name  
1869 UPPER HIGHWOOD CRK RD  
Current Mailing Address  
HIGHWOOD MT 59450  
City State Zip Country  
(406) 217-2100 2/7/64  
Telephone: Where you can be reached during normal business hours Date of Birth  
Social Security Number

I hereby request and authorize the WASHINGTON Board of Accountancy to provide any and all pertinent information requested in this form to the Board of Public Accountants in the State of Montana to complete an application filed with that agency. I agree that the State Board may confirm the grades issued to me by the Advisory Grading Service of the American Institute of Certified Public Accountants.

R. Acell  
Applicant Signature

5/19/09  
Date Signed

**SECTIONS A THRU D ARE TO BE COMPLETED BY THE BOARD OF ACCOUNTANCY ONLY**

**SECTION A: VERIFICATION OF EXAMINATION CREDITS**

The following are grades awarded on the Uniform CPA Examination(s) for the applicant named above, as reported by the AICPA Advisory Grading Service and approved unchanged by this Board. (Please use Section D of this form to explain if any of the grades were changed; if an exam other than the Uniform CPA Exam was used; or if there is any reason why the grades should not be accepted). (If separate sheet is attached, please affix official signature and Board Seal).

(Please list all grades, including failing grades, recorded for applicant)

Date of Examination	AICPA I.D. Number	Audit	Law/LPR	Theory/FARE	Practice/ARE
11-1-93	1-38-0623	80	79	0	0
11-1-92	1-38-1271	67	69	75	0
5-1-92	1-38-0423	65	63	67	79

- 1) Was the applicant ever denied admission to the Exam?  Yes  No  
If yes, please use Section D of this form to explain.

**VERIFICATION OF EXAMINATION CREDITS (cont).**

- 2) If the applicant has not completed the CPA Exam, are there any restrictions preventing him/her from sitting in your state? (Use Section D to explain).  Yes  No
- 3) Number of subjects with which candidate is credited, if any. N/A
- 4) Date credits/or grades expire, if any. N/A

**SECTION B: CERTIFICATE/LICENSURE(Permit) STATUS**

**Certificate As A Certified Public Accountant:**

- 1) The applicant holds an original/reciprocal (mark out one) CPA Certificate number \_\_\_\_\_ dated \_\_\_\_ / \_\_\_\_ / \_\_\_\_ which is in good standing unless otherwise noted in Section D of this form.
- 2) The individual has completed an Ethics Examination.  Yes  No  N/A  
Exam prepared and graded by:  Board  AICPA  Other  
Grade 94% Date 2-28-94

**License/Permit to Practice Public Accounting:**

(If licensing is the responsibility of another agency, please forward and request completion of applicable section.)

- 3) The applicant holds a license/permit from this Board and is currently in good standing in this State. (Please note any exceptions in Section D)  Yes  No Expiration Date 6-30-12
- 4) If the applicant does not hold a license/permit from your Board, please indicate the requirements to be met for issuance or reinstatement:
- License/Permit not required
  - Pay appropriate fees and/or post bond
  - Complete acceptable accounting/auditing experience
  - Complete continuing professional education requirements
  - Other: (please specify) \_\_\_\_\_

**SECTION C: ADDITIONAL INFORMATION REQUESTED**

- 1) Has your Board ever instituted any disciplinary action against the applicant's certificate or permit to practice? (If yes, please explain in Section D of this form.)  Yes  No

**SECTION D: EXCEPTIONS NOTED OR EXPLANATIONS OF INFORMATION PROVIDED (Official Seal and Signature must be affixed to attached sheets if needed to respond to the inquiry).**

Please see copy of Agreed Order attached

The information provided herein is correct to the best of our knowledge.

OFFICIAL  
BOARD  
SEAL

Washington  
Board/Agency

Kelly Wynn  
Official Signature

Customer Service  
Title

\_\_\_\_\_  
Second Official Signature (if necessary)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



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

January 27, 2010

Richard C. Cornwell, CPA  
1869 Upper Highwood Cr Road  
Highwood, MT 59450

Subject: Case # 2010-001  
**Response Due: February 16, 2010**

Dear Mr. Cornwell:

The Montana Board of Public Accountants recently sent me a letter you submitted to them dated December 1, 2009. In that letter, you state:

*In your letter dated August 13, 2009 item number 2 you requested CPE reporting forms indicating 120 hours of CPE with a subset of 2 in Ethics in the last three years. Since I have been out of public accounting since February, 2003 when I moved from Washington, I have been on out-of-state, non-practicing status with Washington and have not been required to stay current with CPE. It's hard to practice in Washington when I live in Montana. Montana CPE reporting requirements should commence when my permit to practice and license is issued in Montana.*

Washington does not have an "out-of-state, non practicing status."

You signed your renewal application January 27, 2009 with the statement, "*I certify that the information on this form is true and correct; and that I fully complied with all applicable CPE requirements of WAC 4-25-830, WAC 4-25-831, WAC 4-25-833, WAC 4-25-792, WAC 4-25-793 and WAC 4-25-795 prior to December 31, 2008.*" You signed a similar statement on your renewal application submitted in 2006.

WAC 4-25-830(1) states, "*The following CPE is required for individuals during the three calendar year period prior to renewal: (a) An individual licensed to practice in this state must complete 120 CPE credit hours which is limited to 24 CPE credit hours in nontechnical subject areas and must include 4 CPE credit hours in ethics meeting the requirements of subsection (3) of this section.*"

Please submit copies of your CPE documentation for the CPE reporting period of January 1, 2006 through December 31, 2008. If you are unable to provide this documentation for your 120 hours of CPE, please explain why you signed the certification on your renewal application when you had not complied with the Board rules listed.

Your letter to me dated September 8, 2009 states that you never signed the power of attorney form presented to the Board back in 1998, and indicates, "*The Power of Attorney was fraudulently electronically signed without my knowledge and permission.*"



Richard C. Cornwell, CPA  
January 27, 2010  
Page 2

Your letter to Dana McInturff dated October 15, 1998 states, *"As a condition of my employment, I was asked to apply for my Maryland State license and sign the power of attorney form. I never represented any clients. I also signed the form approximately two weeks before resigning."*

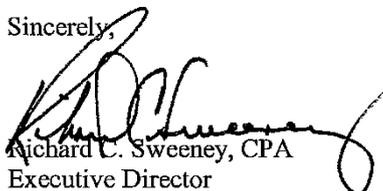
Why did you make these statements back in 1998 and sign the Stipulation and Agreed Order dated November 16, 1998 if they were not correct? Which statements are correct, the statements in your September 8, 2009 letter or your October 15, 1998 letter?

Board rule, WAC 4-25-910 states that the following are bases for the Board to impose discipline:

- (1) Fraud or deceit in any filings with the Board.
- (2) Fraud or deceit in renewing or requesting reinstatement of a license.
- (3) Dishonesty, fraud, or negligence while representing oneself as a licensee, such as making misleading, deceptive, or untrue representations.
- (4) A violation of the Public Accountancy Act or failure to comply with a Board rule contained in chapter 4-25 WAC, by a licensee.

Board rule, WAC 4-25-551, requires CPAs to respond in writing within 20 days of Board inquiry. Please respond in writing within 20 days of this inquiry. Your response is due **February 16, 2010**. Failure to respond to a Board inquiry is in and of itself a violation of Board rule.

Sincerely,



Richard C. Sweeney, CPA  
Executive Director

Cc: Diane Bren, CPA, Assistant Director of Operations & Investigations

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



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

May 14, 2010

Richard Cornwell, CPA  
1869 Upper Highwood Cr Road  
Highwood, MT 59450

**FINAL NOTICE**

Subject: Case #2010-001  
**Response Due: Date June 3, 2010**

Dear Mr. Cornwell:

**The Board has not received a response from you.**

Board records do not contain your response to my January 27, 2010 letter (copy enclosed). Your response was due February 16, 2010.

**This is our last attempt to contact you.**

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

**Your response is due June 3, 2010.**

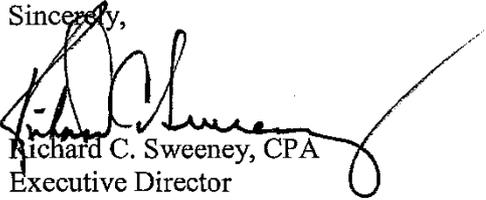
The Board must receive your complete response to my January 27, 2010 letter on or before June 3, 2010; otherwise, the agency will proceed with the issuance of charges.



Richard C. Cornwell, CPA  
May 14, 2010  
Page 2

If you have any questions or concerns, please address them to Deputy Director Tom Sadler, CPA. You may contact Mr. Sadler at [toms@cpaboard.wa.gov](mailto:toms@cpaboard.wa.gov) or 360-586-0785.

Sincerely,



Richard C. Sweeney, CPA  
Executive Director

RCS/mas

Enclosure

Certified Mail Return Receipt Requested #7003 0500 0003 0230 9611

cc: By US First Class Mail

Tom Sadler, CPA, Deputy Director

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

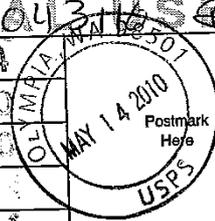
7002 0500 0003 0230 9611

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For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$ .44
Certified Fee	.30
Return Receipt Fee (Endorsement Required)	.30
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 0.54</b>



*Sent To*  
 Richard Cornwell, CPA  
 Street, Apt. No., or PO Box No. 1869 Upper Highwood Cr Road  
 City, State, ZIP+4 Highwood, MT 59450

PS Form 3800, June 2002 See Reverse for Instructions



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

**CERTIFIED MAIL™**



7003 0500 0003 0230 96JJ



*TR5 5-17-10*  
*5-22-10*  
*06-01-10*

**RETURN RECEIPT  
 REQUESTED**

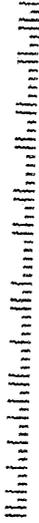
Richard Cornwell, CPA  
 1869 Upper Highwood Cr Road  
 Highwood, MT 59450

NIXIE 351 DE 1 00 06/04/10

RETURN TO SENDER  
 UNCLAIMED  
 UNABLE TO FORWARD

BC: 98507913131 \*1593-05261-14-42

59450#97958789131



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

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

Richard Charles Cornwell, CPA,

Respondent.

No. ACB-1285

STATEMENT  
OF CHARGES

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

I.

The Respondent, Richard Cornwell, has held a valid Certified Public Accountant (CPA) certificate and license (No. 16654) to practice public accounting in the state of Washington at all times material hereto.

II.

On or about October 3, 2008, the Board mailed a reminder notice to all licensees and inactive certificate holders regarding the Continuing Professional Education (CPE) requirements. The reminder notice contained the following statement: "To qualify for renewal, you must complete the required Continuing Professional Education (CPE) hours by December 31, 2008."

III.

On or about April 30, 2009, the Respondent submitted a "CPA License Renewal Application" and the appropriate renewal fee of \$230. The Respondent requested renewal of the Respondent's CPA license and on January 27, 2009, signed the following renewal certification:

I certify that the information on this form is true and correct; and that I fully complied with all applicable CPE requirements of WAC 4-25-830, WAC 4-25-831 and WAC 4-25-833, WAC 4-25-792, WAC 4-25-793 and WAC 4-25-795 prior to December 31, 2008.

The Board renewed the Respondent's CPA license through June 30, 2012.

IV.

The Respondent submitted to the Board *Authorization for Interstate Exchange of Examination and Licensure Information* to the Montana State Board of Accountancy. On August 4, 2009, the Board submitted the completed the form to the Montana Board. The Board advised the Montana Board that the Respondent held a valid license to practice public accounting. On December 3, 2009, the Respondent advised the Montana Board: "Since I have been out of public accounting since February 2003 when I moved from Washington, I have been on out-of-state, non-practicing status with Washington and have not been required to stay current with CPE."

V.

On January 27, 2010, the Board requested that the Respondent submit copies of his CPE documentation for the CPE reporting period of January 1, 2006, through December 31, 2008. The Respondent was required to submit the documentation by February 16, 2010. The Respondent failed to respond.

VI.

On May 14, 2010, the Board mailed a "Final Notice" to the Respondent. The Respondent's response was due June 3, 2010. The Board mailed the May 14, 2010, Final Notice by U.S. Certified Mail—Return Receipt Requested and by U.S. First Class Mail to the last address the Respondent provided to the Board. The U.S. Postal Service returned the May 14, 2010, mailing via U.S. Certified Mail to the Board's office unopened and marked "UNCLAIMED" after two notices. The first class mailing was not returned to the Board. The Respondent failed to respond.

VII.

The Respondent did not complete the required 120 hours of CPE during the CPE reporting period January 1, 2006, through December 31, 2008, including four hours in ethics and regulation with specific application to the practice of public accounting in Washington State.

VIII.

Respondent's acts and omissions described in paragraphs III and VI violate WAC 4-25-620 (recodified as WAC 4-30-040), WAC 4-25-650 (recodified as WAC 4-30-052), and WAC 4-25-910 (recodified as WAC 4-30-142). See Appendix A for reproduction of the rules.

IX.

Respondent's acts and omissions described in paragraphs V, and VI. violate WAC 4-25-551, WAC 4-25-833 (recodified as WAC 4-30-138), and WAC 4-25-910. (See Appendix A for reproduction of the rules.)

X.

Respondent's acts and omissions described in paragraph VII. violate RCW 18.05.215 (7), WAC 4-25-830 (recodified as WAC 4-30-134), WAC 4-25-832 (recodified as WAC 4-30-136), (recodified as WAC 4-30-138), and WAC 4-25-910. (See Appendix A for reproduction of the rules.)

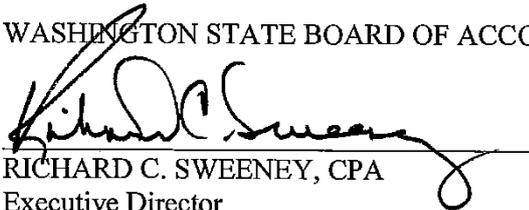
These violations constitute grounds for sanctions pursuant to RCW 18.04.295 and chapter 18.04 RCW including but not limited to the denial, revocation, suspension, or refusal to renew or reinstate the Respondent's Certified Public Accountant certificate and/or any license of the Respondent, the imposition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

WHEREFORE, Richard C. Sweeney alleges that the conduct referred to in this Statement of Charges affects the public health, safety and welfare, that a notice be issued and served as provided by law to Richard Charles Cornwell giving him the opportunity to defend against the accusations of this Statement of Charges and provided that if he shall fail to defend against these accusations, that an order be entered imposing sanctions pursuant to RCW 18.04.295 including but not limited to suspending, revoking, or refusing to renew his certificate as a CPA and/or denying, suspending, revoking, or refusing to renew any license issued under Chapter 18.04

RCW, imposing a fine plus the Board's investigative and legal costs, and/or imposing full restitution to injured parties.

DATED at Olympia, this 30<sup>th</sup> day of March 2011.

WASHINGTON STATE BOARD OF ACCOUNTANCY



RICHARD C. SWEENEY, CPA  
Executive Director

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

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

Richard Charles Cornwell, CPA,

Respondent.

No. ACB-1285

ANSWER TO  
STATEMENT  
OF CHARGES

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

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

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

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

I.

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

II.

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

III.

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

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

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

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

IV.

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

V.

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

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

DATED this \_\_\_ day of \_\_\_\_\_, 2011.

**\*\*SIGN\*\***

\_\_\_\_\_  
Respondent

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

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

Richard Charles Cornwell, CPA,

Respondent.

No. ACB-1285

NOTICE OF OPPORTUNITY  
TO DEFEND  
STATEMENT OF CHARGES

THE STATE OF WASHINGTON TO: Richard Charles Cornwell

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

YOU ARE HEREBY NOTIFIED that you may within twenty (20) days of the date you are served this notice (which is the date of deposit in the U.S. mail, if service is by mail, WAC 10-08-110), demand a formal hearing before the Washington State Board of Accountancy on the Statement of Charges. To demand a hearing you must complete and return the enclosed Answer to Statement of Charges requesting a hearing. If you demand a hearing, you will be subsequently notified of the time and place set for the hearing at least seven (7) days in advance of the hearing. See chapters 10-08 and 4-25 WAC (recodified as 4-30 WAC) and chapter 34.05 RCW for rules and statutes governing discovery, appearances and appeals.

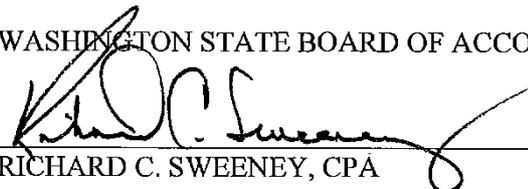
ALTERNATIVELY, you may waive the formal hearing and, in lieu thereof, submit a written statement for consideration by the Board prior to disposition of the Statement of Charges. To exercise either alternative, merely check the appropriate box on the attached Answer to Statement of Charges form, sign,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

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

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

DATED at Olympia, this 30<sup>th</sup> day of March 2011.

WASHINGTON STATE BOARD OF ACCOUNTANCY

  
RICHARD C. SWEENEY, CPA  
Executive Director

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

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

Richard Charles Cornwell, CPA,

Respondent.

No. ACB-1285

APPENDIX A

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

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

(9) Failure to cooperate with the board by:

(a) Failure to furnish any papers or documents requested or ordered by the board . . . [2004 c159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

**RCW 18.04.215 Licenses--Issuance--Renewal and reinstatement--Continuing professional education--Fees . . .** (7) A licensee shall submit to the board satisfactory proof of having completed an accumulation of one hundred twenty hours of CPE recognized and approved by the board during the preceding three years. Failure to furnish this evidence as required shall make the license lapse and subject to reinstatement procedures, unless the board determines the failure to have been due to retirement or reasonable cause.

The board in its discretion may renew a certificate or license despite failure to furnish evidence of compliance with requirements of CPE upon condition that the applicant follow a particular program of CPE. In issuing rules and individual orders with respect to CPE requirements, the board, among other considerations, may rely upon guidelines and pronouncements of recognized educational and professional associations, may prescribe course content, duration, and organization, and may take into account the accessibility of CPE to licensees and certificate holders and instances of individual hardship . . . [2003 c 290 § 2; 2001 c 294 § 13; 1999 c 378 § 7; 1992 c 103 § 10; 1986 c 295 § 10; 1983 c 234 § 11.]

**WAC 4-25-551 Must I respond to inquiries from the board?** Yes. All licensees, including out-of-state individuals qualifying for practice privileges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive certificateholders, nonlicensee firm owners, and applicants must respond, **in writing**, to board communications requesting a response. Your response must be made within **twenty days of the date** the board's communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board. [Statutory Authority: RCW 18.04.055(16). 08-18-016 § 4-25-551, filed 08/25/08; effective 9/25/08; 05-01-137, § 4-25-551, filed 12/16/04, effective 1/31/05; 01-22-036, § 4-25-551, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. 98-12-047, § 4-25-551, filed 5/29/98, effective 6/29/98; 93-12-072, § 4-25-551, filed 5/27/93, effective 7/1/93.]

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

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

If the language of the professional standards listed in WAC 4-25-631 differ from or conflict with specific board rules, board rules prevail. [Statutory Authority: RCW 18.04.055(2). 08-18-016 § 4-25-620, filed 8/25/08, effective 9/25/08; 05-01-137, § 4-25-620, filed 12/16/04, effective 1/31/05; 02-04-064, § 4-25-620, filed 1/31/02, effective 3/15/02; 98-12-048, § 4-25-620, filed 5/29/98, effective 6/29/98. Statutory Authority: RCW 18.04.055. 93-22-046, § 4-25-620, filed 10/28/93, effective 11/28/93.]

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

- (1) Commit, or allow others to commit in their name, any act that reflects adversely on their fitness to represent themselves as a CPA, CPA-Inactive certificateholder, CPA firm, or a firm owner;
- (2) Seek to obtain clients by the use of coercion, intimidation or harassing conduct; or
- (3) Permit others to carry out on their behalf, either with or without compensation, acts which violate the rules of conduct. [Statutory Authority: RCW 18.04.055(2). 08-18-016 § 4-25-650, filed 8/25/08, effective 9/25/08; 05-01-137, § 4-25-650, filed 12/16/04, effective 1/31/05; 01-22-036, § 4-25-650, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. 93-22-090, § 4-25-650, filed 11/2/93, effective 12/3/93.]

**WAC 4-25-830 What are the CPE requirements for individuals?** (1) The following CPE is required for individuals during the three calendar year period prior to renewal:

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

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

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

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

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

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

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

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

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

(b) WAC 4-25-521 How can I contact the board?

(c) WAC 4-25-550 Do I need to notify the board if I change my address?

(d) WAC 4-25-551 Must I respond to inquiries from the board?

(e) WAC 4-25-600 Series -Ethics and prohibited practices. The CPE must include detailed information on each rule and all related board policies.

(f) WAC 4-25-800 Series -Continuing competency. The CPE must include detailed information on each rule and all related board policies.

(g) WAC 4-25-910 What are the bases for the board to impose discipline?

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

(i) Variances or key differences between Washington state law (chapter 18.04 RCW and chapter 4-25 WAC) and the AICPA Code of Conduct.

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

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

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

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

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

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

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

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

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

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

A form useful for this purpose is available from the board's web site or will be provided to you upon request. [Statutory Authority: RCW 18.04.055(7), 18.04.215(5). 08-18-016 § 4-25-830, filed 8/25/08, effective 9/25/08; 05-01-137, § 4-25-830, filed 12/16/04, effective 1/31/05; 02-04-064, § 4-25-830, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055(7), 18.04.104(8), 18.04.215(4). 00-11-077, § 4-25-830, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055(7), 18.04.215(4) and 18.04.105(8). 99-23-045, § 4-25-830, filed 11/15/99, effective 1/1/00.]

**WAC 4-25-832 How do I report my CPE to the board?** In order to apply for renewal of your license, certificate, or registration as a resident nonlicensee firm owner, you must satisfy the board's CPE and supporting documentation requirements.

The reporting of compliance with CPE requirements is concurrent with filing your renewal application. When you complete your renewal form, you are required to sign a statement certifying under the penalty of perjury that you complied with the board's CPE requirements as defined in WAC 4-25-830 and supporting documentation requirements as defined in WAC 4-25-833.

The board audits, on a test basis, compliance with CPE and supporting documentation requirements as certified on the renewal form. As part of this audit the board may require additional information to demonstrate your compliance with the board's rules. [Statutory Authority: RCW 18.04.055(7), 18.04.215(5). 01-22-036, § 4-25-832, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055 and 18.04.105(8). 99-23-047, § 4-25-832, filed 11/15/99, effective 1/1/00.]

**WAC 4-25-833 What documentation must I retain to support my eligibility for CPE credits?** (1) For each program for which you claim CPE credit you must retain documentation to support all of the following required information:

- (a) Program sponsor;
- (b) Title of program or description of content;
- (c) Date(s) attended;
- (d) Number of CPE credit hour(s);
- (e) Attendee name; and
- (f) Acceptable evidence of completion.

(2) Acceptable evidence supporting the requirements of subsection (1) of this section includes:

- (a) For group programs, a certificate, or other acceptable verification as defined by board policy, that is supplied by the program sponsor;
- (b) For self-study programs, a certificate supplied by the program sponsor after satisfactory completion of a workbook or examination;
- (c) For a university or college course, a record of the grade you received;
- (d) For instruction credit, evidence obtained from the program sponsor of your having been the instructor or discussion leader at the program; or
- (e) For published articles or books, evidence of publication.

(3) You are responsible for documenting your entitlement to the CPE credit you claim on your renewal form.

(4) You must retain the supporting documentation for CPE credit claimed for three years after the end of the CPE reporting period in which the credit was claimed. [Statutory Authority: RCW 18.04.055(7), 18.04.215(5). 01-22-036, § 4-25-833, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055 and 18.04.105(8). 99-23-048, § 4-25-833, filed 11/15/99, effective 1/1/00.]

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

renew; or prohibit a resident nonlicensee from holding an ownership interest in a firm licensed in this state for the specific acts listed below.

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

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

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

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

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

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

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

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

STATE OF WASHINGTON  
BOARD OF ACCOUNTANCY

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

Richard Charles Cornwell, CPA,  
Respondent.

No. ACB-1285

DECLARATION OF SERVICE

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

On March 30, 2011, I served a true and correct copy of a Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, and Appendix A by mailing same with proper postage affixed by U.S. Certified Mail—Return Receipt Requested #7004 2510 0004 0552 3686 and a second true and correct copy by U.S. First Class mail to the Respondent at:

Richard Cornwell, CPA  
1869 Upper Highwood Cr Road  
Highwood, MT 59450

DATED this 30 day of March, 2011, in Olympia, Washington.

  
Cheryl M. Sexton  
Executive Assistant

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<b>Total Postage &amp; Fees</b>	<b>\$ 7.17</b>	

7004 2510 0004 0552 3686

PS Form 3811, February 2004

Send to:  
 Richard Cornwell, CPA  
 1869 Upper Highwood Cr Road  
 Highwood, MT 59450

PS Form 3811, February 2004

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> Agent  <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)          RICH CORNWELL</p> <p>C. Date of Delivery          04/22/11</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input checked="" type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Richard Cornwell, CPA          1869 Upper Highwood Cr Road          Highwood, MT 59450</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number          (Transfer from serv.)</p>	<p>7004 2510 0004 0552 3686</p>

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

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

Richard Charles Cornwell, CPA,  
  
Respondent.

NO. ACB-1285

FINDINGS OF FACT,  
CONCLUSIONS OF LAW  
AND DEFAULT ORDER

**I. INTRODUCTION**

THIS MATTER, arises out of the Statement of Charges issued by the Executive Director of the Washington State Board of Accountancy (hereinafter Board) on March 30, 2011. The Statement of charges alleges that Richard Charles Cornwell (hereinafter Respondent) violated the provisions of RCW 18.04. Respondent has failed to answer or otherwise respond to the Statement of Charges.

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

**II. FINDINGS OF FACT**

- 2.1 The Respondent, Richard Cornwell, has held a valid Certified Public Accountant (CPA) certificate and license (No. 16654) to practice public accounting in the state of Washington at all times material hereto.
- 2.2 On or about October 3, 2008, the Board mailed a reminder notice to all licensees and inactive certificate holders regarding the Continuing Professional Education (CPE)

requirements. The reminder notice contained the following statement: “To qualify for renewal, you must complete the required Continuing Professional Education (CPE) hours by December 31, 2008.”

- 2.3 On or about April 30, 2009, the Respondent submitted a “CPA License Renewal Application” and the appropriate renewal fee of \$230. The Respondent requested renewal of the Respondent’s CPA license and on January 27, 2009, signed the following renewal certification:

I certify that the information on this form is true and correct; and that I fully complied with all applicable CPE requirements of WAC 4-25-830, WAC 4-25-831 and WAC 4-25-833, WAC 4-25-792, WAC 4-25-793 and WAC 4-25-795 prior to December 31, 2008.

The Board renewed the Respondent’s CPA license through June 30, 2012.

- 2.4 The Respondent submitted to the Board *Authorization for Interstate Exchange of Examination and Licensure Information* to the Montana State Board of Accountancy. On August 4, 2009, the Board submitted the completed the form to the Montana Board. The Board advised the Montana Board that the Respondent held a valid license to practice public accounting. On December 3, 2009, the Respondent advised the Montana Board: “Since I have been out of public accounting since February 2003 when I moved from Washington, I have been on out-of-state, non-practicing status with Washington and have not been required to stay current with CPE.”

- 2.5 On January 27, 2010, the Board requested that the Respondent submit copies of his CPE documentation for the CPE reporting period of January 1, 2006, through December 31, 2008. The Respondent was required to submit the documentation by February 16, 2010. The Respondent failed to respond.

- 2.6 On May 14, 2010, the Board mailed a “Final Notice” to the Respondent. The Respondent’s response was due June 3, 2010. The Board mailed the May 14, 2010, Final Notice by U.S.

Certified Mail—Return Receipt Requested and by U.S. First Class Mail to the last address the Respondent provided to the Board. The U.S. Postal Service returned the May 14, 2010, mailing via U.S. Certified Mail to the Board’s office unopened and marked “UNCLAIMED” after two notices. The first class mailing was not returned to the Board. The Respondent failed to respond.

- 2.7 The Respondent did not complete the required 120 hours of CPE during the CPE reporting period January 1, 2006, through December 31, 2008, including four hours in ethics and regulation with specific application to the practice of public accounting in Washington State.
- 2.8 The Board mailed the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend and Appendix A to Respondent by United States certified mail, return receipt requested, and by United States first class mail on March 30, 2011, addressed to the last address Respondent provided to the Board (1869 Upper Highwood Cr Road, Highwood, MT 59450).
- 2.9 The certified mailing to the Respondent’s last known address (1869 Upper Highwood Cr Road, Highwood, MT 59450) was received and signed by “Rich Cornwell” on April 2, 2011. The first class mailing to the Respondent’s last known address has not been returned to the Board.
- 2.10 Respondent has neither answered the Statement of Charges nor requested a hearing on the matters set forth in the Statement of Charges.

### **III. CONCLUSIONS OF LAW**

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

- 3.1 The Washington State Board of Accountancy has jurisdiction over Respondent and the subject matter of the case. RCW 18.04.295.

- 3.2 Service is completed when mail is properly stamped, addressed, and deposited in the United States mail to the last known address of the licensee. RCW 34.05.010(19).
- 3.3 Based on the above Findings of Fact, and Conclusions of Law, Respondent has been served with the Statement of Charges, Answer to Statement of Charges, and Notice of Opportunity to Defend.
- 3.4 The failure of Respondent to file a request for a hearing in this matter within the time limit established by statute or agency rule constitutes a default, resulting in the loss of Respondent's right to a hearing. The Board is legally entitled to proceed to resolve the matter without further notice to, or hearing for the benefit of, Respondent, except that a copy of this order shall be served upon Respondent. RCW 34.05.440.
- 3.5 Respondent's acts and omissions described in Paragraphs 2.3 and 2.4 violate WAC 4-25-650 (recodified as WAC 4-30-052), and WAC 4-25-910 (recodified as WAC 4-30-142). See Appendix A for reproduction of the rules.
- 3.6 Respondent's acts and omissions described in Paragraphs 2.5 and 2.6 violate WAC 4-25-551 (recodified at WAC 4-30-034), WAC 4-25-833 (recodified as WAC 4-30-138), and WAC 4-25-910 (recodified as WAC 4-30-142). (See Appendix A for reproduction of the rules.)
- 3.7 Respondent's acts and omissions described in Paragraph 2.7 violate RCW 18.04.215 (7), WAC 4-25-830 (recodified as WAC 4-30-134), WAC 4-25-832 (recodified as WAC 4-30-136), WAC 4-25-833 (recodified as WAC 4-30-138), and WAC 4-25-910 (recodified as WAC 4-30-142). (See Appendix A for reproduction of the rules.)
- 3.8 Such conduct constitutes grounds for the denial, revocation, suspension, or refusal to renew or reinstate Respondent's Certified Public Accountant certificate and any license of

Respondent, the imposition of a fine plus the Board's investigative and legal costs, and imposition of full restitution to injured parties pursuant to RCW 18.04.295, WAC 4-25-910, and chapter 18.04 RCW. (See Appendix A for reproduction of the statute and rules.)

#### **IV. FINAL ORDER**

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

- 4.1 The Respondent Richard Charles Cornwell's CPA certificate and individual license to practice public accounting are hereby **SUSPENDED** for a period of five (5) years from the date this Order is accepted and entered by the Board.
- 4.2 Prior to and as a condition of the reinstatement of Respondent's CPA license or issuance of a CPA firm license, the Respondent must:
  - 4.2.1 Serve all five years of the suspension.
  - 4.2.2 Submit a complete reinstatement application with appropriate fee(s) and document the satisfactory completion of qualifying Continuing Professional Education (CPE) required for reinstatement by chapter 4-30 WAC, including a group or interactive self-study program of at least four hours of CPE in ethics and regulation applicable to the practice of public accounting in the State of Washington, approved by the Board, and completed during the six-month period immediately preceding the Respondent's application for reinstatement.
  - 4.2.3 Comply with all conditions for reinstatement as required by RCW 18.04 and WAC 4-25 (recodified as chapter 4-30 WAC) in effect at the time of application for reinstatement.

- 4.2.4 Pay a three thousand five hundred forty dollar (\$3,540) fine. This fine shall be payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO Box 43113, Olympia, WA 98504-3113 in such manner that the Board receives it prior to the Respondent's application for reinstatement.
- 4.2.5 Reimburse the Board one thousand dollars (\$1,000) for investigative and legal costs. This payment shall be payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO Box 43113, Olympia, WA 98504-3113 in such manner that the Board receives it prior to the Respondent's application for reinstatement.
- 4.2.6 Satisfy any other requirements imposed by the Board as a condition for reinstatement.
- 4.2.7 Not violate any provisions of chapters 18.04 RCW or 4-30 WAC.
- 4.3 The Respondent shall not use the designation "CPA-Inactive," "certified public accountant-inactive," "CPA," "certified public accountant," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the Respondent is a certified public accountant-inactive, CPA-inactive, certified public accountant, or CPA or hold out as a "CPA" or "certified public accountant" until the Respondent's CPA certificate or license has been reinstated.
- 4.4 The Board will publish the terms of this Order.
- 4.5 Any and all costs, fees, or taxes associated in complying with this Order shall be borne by the Respondent.

4.6 Nothing in this Order precludes the Board from exercising its authority and responsibilities under chapter 18.04 RCW and chapter 4-30 WAC. Any violation of the terms and conditions of this Order, chapter 18.04 RCW, or chapter 4-30 WAC following the entry of this Order by the Board shall be grounds for denying, suspending, revoking, or refusing to renew the Respondent's certificate and/or license as provided by chapter 18.04 RCW. The terms of this Order apply to and resolve only the violations referred to herein.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

WASHINGTON STATE BOARD OF ACCOUNTANCY

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Donald F. Aubrey, CPA  
Chair

**MOTION TO VACATE DEFAULT**

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

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

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

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

Richard Charles Cornwell, CPA,  
  
Respondent.

No. ACB-1285

APPENDIX A

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

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

(9) Failure to cooperate with the board by:

(a) Failure to furnish any papers or documents requested or ordered by the board . . . [2004 c 159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

**RCW 18.04.215 Licenses--Issuance--Renewal and reinstatement--Continuing professional education—Fees . . .** (7) A licensee shall submit to the board satisfactory proof of having completed an accumulation of one hundred twenty hours of CPE recognized and approved by the board during the preceding three years. Failure to furnish this evidence as required shall make the license lapse and subject to reinstatement procedures, unless the board determines the failure to have been due to retirement or reasonable cause.

The board in its discretion may renew a certificate or license despite failure to furnish evidence of compliance with requirements of CPE upon condition that the applicant follow a particular program of CPE. In issuing rules and individual orders with respect to CPE requirements, the board, among other considerations, may rely upon guidelines and pronouncements of recognized educational and professional associations, may prescribe course content, duration, and organization, and may take into account the accessibility of CPE to licensees and certificate holders and instances of individual hardship . . . [2003 c 290 § 2; 2001 c 294 § 13; 1999 c 378 § 7; 1992 c 103 § 10; 1986 c 295 § 10; 1983 c 234 § 11.]

**WAC 4-25-551 Must I respond to inquiries from the board?** Yes. All licensees, including out-of-state individuals qualifying for practice privileges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive certificateholders, nonlicensee firm owners, and applicants must respond, **in writing**, to board communications requesting a response. Your response must be made within **twenty days of the date** the board's

communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board. [Statutory Authority: RCW 18.04.055(16). 08-18-016 § 4-25-551, filed 08/25/08, effective 9/25/08; 05-01-137, § 4-25-551, filed 12/16/04, effective 1/31/05; 01-22-036, § 4-25-551, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. 98-12-047, § 4-25-551, filed 5/29/98, effective 6/29/98; 93-12-072, § 4-25-551, filed 5/27/93, effective 7/1/93.]

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

(1) Commit, or allow others to commit in their name, any act that reflects adversely on their fitness to represent themselves as a CPA, CPA-Inactive certificateholder, CPA firm, or a firm owner;

(2) Seek to obtain clients by the use of coercion, intimidation or harassing conduct; or

(3) Permit others to carry out on their behalf, either with or without compensation, acts which violate the rules of conduct. [Statutory Authority: RCW 18.04.055(2). ). 08-18-016 § 4-25-650, filed 8/25/08, effective 9/25/08; 05-01-137, § 4-25-650, filed 12/16/04, effective 1/31/05; 01-22-036, § 4-25-650, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. 93-22-090, § 4-25-650, filed 11/2/93, effective 12/3/93.]

**WAC 4-25-830 What are the CPE requirements for individuals?** (1) The following CPE is required for individuals during the three calendar year period prior to renewal:

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

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

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

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

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

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

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

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

must cover all of the following topics, and the ethics and regulations CPE must substantially address these topics:

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

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

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

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

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

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

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

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

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

**(8) CPE extension request:** In order to renew your license, CPA-Inactive certificate, or registration as a resident nonlicensee firm owner you must complete the required CPE by the end of the CPE reporting period preceding your renewal unless you can demonstrate your failure to meet

the CPE requirements was due to reasonable cause. The board may provide limited extensions to the CPE requirements for reasons of individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment. You must request such an extension in writing. The request must include justification for the request and identify the specific CPE you plan to obtain to correct your CPE deficiency.

A form useful for this purpose is available from the board's web site or will be provided to you upon request. [Statutory Authority: RCW 18.04.055(7), 18.04.215(5). 08-18-016 § 4-25-830, filed 8/25/08, effective 9/25/08; 05-01-137, § 4-25-830, filed 12/16/04, effective 1/31/05; 02-04-064, § 4-25-830, filed 1/31/02, effective 3/15/02. Statutory Authority: RCW 18.04.055(7), 18.04.104(8), 18.04.215(4). 00-11-077, § 4-25-830, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055(7), 18.04.215(4) and 18.04.105(8). 99-23-045, § 4-25-830, filed 11/15/99, effective 1/1/00.]

**WAC 4-25-832 How do I report my CPE to the board?** In order to apply for renewal of your license, certificate, or registration as a resident nonlicensee firm owner, you must satisfy the board's CPE and supporting documentation requirements.

The reporting of compliance with CPE requirements is concurrent with filing your renewal application. When you complete your renewal form, you are required to sign a statement certifying under the penalty of perjury that you complied with the board's CPE requirements as defined in WAC 4-25-830 and supporting documentation requirements as defined in WAC 4-25-833.

The board audits, on a test basis, compliance with CPE and supporting documentation requirements as certified on the renewal form. As part of this audit the board may require additional information to demonstrate your compliance with the board's rules. [Statutory Authority: RCW 18.04.055(7), 18.04.215(5). 01-22-036, § 4-25-832, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055 and 18.04.105(8). 99-23-047, § 4-25-832, filed 11/15/99, effective 1/1/00.]

**WAC 4-25-833 What documentation must I retain to support my eligibility for CPE credits?** (1) For each program for which you claim CPE credit you must retain documentation to support all of the following required information:

- (a) Program sponsor;
- (b) Title of program or description of content;
- (c) Date(s) attended;
- (d) Number of CPE credit hour(s);
- (e) Attendee name; and
- (f) Acceptable evidence of completion.

(2) Acceptable evidence supporting the requirements of subsection (1) of this section includes:

- (a) For group programs, a certificate, or other acceptable verification as defined by board policy, that is supplied by the program sponsor;
- (b) For self-study programs, a certificate supplied by the program sponsor after satisfactory completion of a workbook or examination;
- (c) For a university or college course, a record of the grade you received;
- (d) For instruction credit, evidence obtained from the program sponsor of your having been the instructor or discussion leader at the program; or
- (e) For published articles or books, evidence of publication.

(3) You are responsible for documenting your entitlement to the CPE credit you claim on your renewal form.

(4) You must retain the supporting documentation for CPE credit claimed for three years after the end of the CPE reporting period in which the credit was claimed. [Statutory Authority: RCW 18.04.055(7), 18.04.215(5). 01-22-036, § 4-25-833, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055 and 18.04.105(8). 99-23-048, § 4-25-833, filed 11/15/99, effective 1/1/00.]

**WAC 4-25-910 What are the bases for the board to impose discipline? RCW**

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

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

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

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

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

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

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

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

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

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

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Appendix A

Page 1

	<b><u>Administrative Violations:</u></b>	<b><u>Administrative Sanctions:</u></b>
1.	<p><b>Noncommercial use of the CPA title on <i>Business Cards, Resumes</i> or other <i>Applications for Employment</i> in Washington state after establishing residency in this state but prior to obtaining credentialed status in Washington State.</b></p> <p><i>Provided:</i> the individual did not use the title in conjunction with rendering public accounting services in Washington State.</p>	<p><i>Administrative Notice of Noncompliance</i></p>
2.	<p><b>First time</b> use of CPA or CPA-Inactive title by an unlicensed individual within the 12-month period following successful completion of the CPA exam</p>	<p><b>\$500</b> Fine + Cost recovery + Submission of proof of completion of a Board approved course in ethics and regulation applicable to the practice of public accounting in Washington State within 90 days of <i>signing an agreement consenting to an administrative sanction.</i></p>
3.	<p><b>First time</b> use of CPA or CPA-Inactive title with a lapsed individual license or CPA-Inactive status.</p>	<p><b>\$750</b> Fine+ Late Fee + Cost recovery + Other Applicable fees</p>
4.	<p><b>First time</b> representation on a reinstatement application that the CPA title had not been used when in fact the title had been used.</p>	<p><b>\$750</b> Fine+ Late Fee + Cost recovery + Other Applicable fees</p>
5.	<p><b>First time</b> failure to <i>renew a firm license</i> by a <i>Washington-Resident CPA firm.</i></p> <p><i>Provided:</i> The firm that failed to <i>renew</i> did not issue attest or compilation reports subsequent to the lapse of the firm license.</p>	<p><b>\$750</b> Fine+ Late Fee + Cost recovery + Other Applicable fees</p>
6.	<p><b>First time</b> failure to obtain a firm license by a Washington resident firm.</p> <p><i>Provided:</i> The firm did not issue attest or compilation reports without a firm license.</p>	<p><b>\$750</b> Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation applicable to the practice of public accounting in Washington State within 90 days of <i>signing an agreement consenting to an administrative sanction.</i></p>

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Appendix A

7.	<p><b>First time</b> failure to timely change either or both individual and/or firm addresses. WAC 4-30-032</p>	<p>\$0-\$200 Fine + Cost recovery (unless <i>the failure to timely change the address results in a more severe first time administrative violation and sanction</i>)</p>
8.	<p><b>First time</b> failure by a firm to timely notify the Board of changes <b>in the firm name, ownership, or managing licensee of the firm’s main office or branch office(s).</b> WAC 4-30-114</p>	<p>\$500 Fine + Cost recovery</p>
9.	<p><b>First time</b> CPE deficiency <i>not exceeding 16 hours.</i> (Separate <b>\$500 fine</b> for failure to have timely taken Board approved course in <b>Ethics and Regulation in Washington State</b>), unless:</p> <ul style="list-style-type: none"> <li>a) The applicant applies for and receives an approved extension request on or before the end of the CPE reporting period preceding renewal;</li> <li>b) The applicant self reports and completes the CPE deficiency on or before June 30 of the renewal year.</li> </ul>	<p>1. <b>First time</b> CPE deficiency <u>by a licensee excluding Washington Ethics and Regulation</u></p> <p><b>Sliding Scale: \$250 Fine</b> for deficiency <b>up to and including 8 hours</b>; <b>\$500 Fine</b> for deficiency <b>over 8 hours up to and including 16 hours</b> + Cost recovery:</p> <p>2. <b>First time</b> failure by licensees and CPA-Inactive certificate holders to take required CPE in <i>Ethics and Regulation in the state of Washington either as part of the CPE deficiency or an omitted component of the 120 hour CPE requirement.</i></p> <p>3. Separate \$250 fine and carry back of deficient CPE completed on or before June 30 of the renewal year for those individuals meeting the requirement of # 9(b).</p> <p><b>Separate \$500 Fine</b> + Late Fee + cost recovery + Submission of proof of completion of Board approved course in Ethics and Regulation in the state of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i></p>
10.	<p><b>First time</b> misunderstanding of courses qualifying for the CPE in ethics requirement.</p>	<p>\$100 Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i></p>

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# WASHINGTON STATE BOARD OF ACCOUNTANCY

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11.	<b>First time</b> failure to meet CPE documentation requirements determined by CPE audit. WAC 4-30-138.	\$250 Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of certified mailing of <i>signing an agreement consenting to an administrative sanction.</i>
12.	<b>First time</b> use of titles by non-CPAs likely to be confused with CPA or Certified Public Accountant. RCW 18.04.345	\$1,000 Fine + Cost recovery + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i>
13.	<b>First time</b> failure to timely deliver original client records and other records necessary to constitute a complete set of books in accordance with Board rule WAC 4-30-051.	<b>\$1,500</b> Fine + Cost recovery + Restitution for proven client costs incurred to reconstruct essential records + Submission of proof of completion of Board approved course in ethics and regulation in the state of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i>
14.	<b>First time</b> failure to timely respond to a final notice requesting administrative information or documents directly related to efficient and effective administration of Board rules.	<b>\$1,500</b> Fine + Cost recovery + Submission of proof of completion of Board approved course in Ethics and Regulation in the state of Washington within 90 days of <i>signing an agreement consenting to an administrative sanction.</i>

If an individual or firm's conduct includes multiple **first time** administration violations, the Executive Director may impose the more severe first time administrative sanction.

In cases of Administrative Sanction, the Board will not publish the individual's or firm's name; however, the Board will:

- Post statistics related to these sanctions on the Board's web site
- Comply with the Public Records Act

Appendix A Revised: July 14, 2011, by Board vote

# WASHINGTON STATE BOARD OF ACCOUNTANCY

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	<b><u>Administrative Violations:</u></b>	<b><u>Administrative Sanctions:</u></b>
1.	<p><b>Noncommercial use of the CPA title on <i>Business Cards, Resumes</i> or other <i>Applications for Employment</i> in Washington state <u>after establishing residency in this state but</u> prior to obtaining <u>CPA credentialed</u> status in Washington <u>s</u>State.</b></p> <p><del><i>IF Provided: (a) the individual holds a valid license or certificate, in good standing, granted by another US jurisdiction, and (b) the individual did not use the title in conjunction with rendering public accounting services or offering to render public accounting services in Washington s</i></del><u>State.</u></p>	<p><i>Administrative Notice of Noncompliance</i></p>
2.	<p><b>First time</b> use of CPA or CPA-Inactive title by an unlicensed individual within the 12-month period following successful completion of the CPA exam</p>	<p><b>\$500</b> Fine + <u>e</u>Cost recovery + Submission of proof of completion of <u>a</u> Board approved course in <u>E</u>thics and <u>R</u>egulation applicable to the practice of public accounting in Washington State within 90 days of <i>Administrative Notice of Noncompliance signing an agreement consenting to an administrative sanction.</i></p>
3.	<p><b>First time</b> use of CPA or CPA-Inactive title with a lapsed individual license or CPA-Inactive status.</p> <p><del><i>Provided: The individual did not use the CPA or CPA Inactive title for more than 90 days after certified mailing of Notice of Lapsed CPA License/Certificate by Board staff</i></del></p>	<p><b>\$750</b> Fine+ Late Fee + <u>e</u>Cost recovery + Other Applicable fees</p>
4.	<p><b>First time</b> representation on a reinstatement application that the CPA title had not been used when in fact the title had been used.</p>	<p><b>\$750</b> Fine+ Late Fee + <u>e</u>Cost recovery + Other Applicable fees</p>

# WASHINGTON STATE BOARD OF ACCOUNTANCY

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5.	<p><b>First time</b> failure to <i>renew a firm license</i> by a <i>Washington-Resident CPA firm</i>.</p> <p><i>Provided:</i> The firm that failed to <i>renew</i> did not <del>use restricted titles or issue attest</del> <u>or compilation reports subsequent to the lapse of the firm license.</u> <del>for more than 90 days after certified mailing of Notice of Lapsed Firm License by Board staff</del></p>	<p>\$750 Fine+ Late Fee + eCost recovery + Other Applicable fees</p>
6.	<p><b>First time</b> failure to obtain a firm license by a Washington resident firm <del>owned by one individual and in operation for less than 90 days.</del></p> <p><i>Provided:</i> <u>The firm did not issue attest or compilation reports without a firm license.</u></p>	<p>\$750 Fine + eCost recovery + Submission of proof of completion of Board approved course in <del>E</del>ethics and <del>R</del>egulation applicable to the practice of public accounting in Washington State within 90 days <del>of Administrative Notice of Noncompliance</del> <u>of signing an agreement consenting to an administrative sanction.</u></p>
<del>7.</del>	<p><del>First time</del> failure of a <del>Nonresident CPA firm</del> to obtain a firm license when <del>providing non-attest public accounting services to Washington State residents in those situations where the firm uses CPA in the firm name, but does not have a principal place of business in this state and, in the case of a sole practitioner, has not entered the state</del> <del>WAC 4-25-400(16) and (34)</del></p>	<p><del>\$1,000 Fine + Late Fee + cost recovery + Applicable fees + Submission of proof of completion of Board approved course in Ethics &amp; Regulation in the State of Washington by firm owner licensed in Washington</del></p>
<del>8.7.</del>	<p><b>First time</b> failure to timely change either or both individual and/or firm addresses. <del>WAC 4-25-55030-032</del></p>	<p>\$0-\$200 Fine + eCost recovery (unless <i>the failure to timely change the address results in a more severe first time administrative violation and sanction</i>)</p>
<del>9.8.</del>	<p><b>First time</b> failure by a firm to <u>timely</u> notify the Board of changes <b>in the firm name, ownership, or managing licensee of the firm's main office or branch office(s).</b> <del>WAC 4-25-750(8)30-114</del></p>	<p>\$500 Fine + eCost recovery</p>

# WASHINGTON STATE BOARD OF ACCOUNTANCY

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10.	<p><del>First time failure to obtain or renew practice privileges by a nonresident CPA holding a license from another substantially equivalent state or jurisdiction WAC 4-25-756</del></p>	<p><del>\$1,000 Fine + Late Fee + cost recovery + Applicable fee + Submission of proof of completion of Board approved course in Ethics &amp; Regulation in the State of Washington within 90 days of certified mailing of Administrative Notice of Noncompliance</del></p>
<del>11.9.</del>	<p><del>First time CPE deficiency <u>by a licensee</u>, not exceeding 16 hours. (Separate <del>and inclusive</del> \$500 fine for failure to have timely taken Board approved course in <b>Ethics and Regulation in Washington State</b>), <u>unless</u>:</del></p> <p style="margin-left: 20px;"><u>a) The applicant applies for and receives an approved extension request on or before the end of the CPE reporting period preceding renewal;</u></p> <p style="margin-left: 20px;"><u>b) The applicant self reports and completes the CPE deficiency on or before June 30 of the renewal year.</u></p>	<p><u>1. First time CPE deficiency by a licensee excluding Washington Ethics and Regulation</u></p> <p style="margin-left: 40px;"><b>Sliding Scale: \$250 Fine for deficiency up to and including 8 hours; \$500 Fine for deficiency over 8 hours up to and including 16 hours + eCost recovery:</b></p> <p><del>* First time CPE deficiency by a licensee excluding Washington Ethics and Regulation</del></p> <p><u>2. First time failure by licensees and CPA-Inactive certificate holders to take required CPE in <i>Ethics and Regulation in the state of Washington either as part of the CPE deficiency or an omitted component of the 120 hour CPE requirement.</i></u></p> <p><u>3. Separate \$250 fine and carry back of deficient CPE completed on or before June 30 of the renewal year for those individuals meeting the requirement of # 9(b).</u></p> <p><b>Separate \$500 Fine + Late Fee + cost recovery + Submission of proof of completion of Board approved course in Ethics &amp; <del>and</del> Regulation in the <del>S</del>state of Washington within 90 days of <del>certified</del> mailing of Administrative Notice of <del>Noncompliance</del> <u>signing an agreement consenting to an administrative sanction.</u></b></p> <p><del>• First time failure by a licensee to take required CPE in <i>Ethics &amp; Regulation in the State of Washington either as part of the CPE deficiency or an omitted component of the 120 hour CPE requirement.</i></del></p>

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<del>12.10.</del>	<b>First time</b> misunderstanding of courses qualifying for the CPE in ethics requirement.	\$100 Fine + eC <u>ost</u> recovery + Submission of proof of completion of Board approved course in <u>E</u> thics & <u>R</u> egulation in the <u>S</u> tate of Washington within 90 days of <del>certified mailing of</del> <u>Administrative Notice of Noncompliance signing an agreement consenting to an administrative sanction.</u>
<del>13.11.</del>	<b>First time</b> failure to meet CPE documentation requirements determined by CPE audit. <del>provided the documentation deficiency results from a cause clearly beyond the control of the CPA—WAC 4-25-833</del> <u>30-138.</u>	\$250 Fine + eC <u>ost</u> recovery + Submission of proof of completion of Board approved course in <u>E</u> thics & <u>R</u> egulation in the <u>S</u> tate of Washington within 90 days of certified mailing of <del>Administrative Notice of Noncompliance signing an agreement consenting to an administrative sanction.</del>  <del>(Fine Waived if documentation provided within 90 days of notice)</del>
<del>14.12.</del>	<b>First time</b> use of titles by non-CPAs likely to be confused with CPA or Certified Public Accountant. RCW 18.04.345	\$1,000 Fine + eC <u>ost</u> recovery + Submission of proof of completion of Board approved course in <u>E</u> thics & <u>R</u> egulation in the <u>S</u> tate of Washington within 90 days of <del>certified mailing of</del> <u>Administrative Notice of Non-compliance signing an agreement consenting to an administrative sanction.</u>
<del>15.13.</del>	<b>First time</b> failure to timely deliver original client records and other records necessary to constitute a complete set of books <u>in accordance with Board rule WAC 4-30-051.—WAC 4-25-640(5) and RCW 18.04.390(3)</u>	<b>\$1,500</b> Fine + eC <u>ost</u> recovery + Restitution for proven client costs incurred to reconstruct essential records + Submission of proof of completion of Board approved course in <u>E</u> thics & <u>R</u> egulation in the <u>S</u> tate of Washington within 90 days of <del>certified mailing of</del> <u>Administrative Notice of Noneompliance signing an agreement consenting to an administrative sanction.</u>
<del>14.</del>	<b>First time</b> failure to <u>timely respond to a final notice requesting administrative information or documents directly related to efficient and effective administration of Board rules.</u>	<b>\$1,500</b> Fine + Cost recovery + Submission of <u>proof of completion of Board approved course in Ethics and Regulation in the state of Washington within 90 days of signing an agreement consenting to an administrative sanction.</u>

If an individual or firm's conduct includes multiple ~~F~~first-Time administration violations, the Executive Director ~~is to~~may impose the more severe first time administrative sanction.

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# WASHINGTON STATE BOARD OF ACCOUNTANCY

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In cases of Administrative Sanction, the Board will not publish the individual's or firm's name; however, the Board will:

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- Comply with the Public [Disclosure](#)[Records](#) Act

Appendix A Revised: July 14, 2011, by Board vote

## AICPA Summary on ET 101-17, Independence and Network Firms

**Two criteria** signify the existence of a network firm relationship and, therefore, trigger the additional independence requirements. The **first** criterion is that the firms in the association cooperate for the purpose of enhancing their abilities to provide professional services. The **second** criterion would be satisfied if any one of the following situations exists:

- Members of an association of firms (member firms) or entities controlled by member firms share a common brand name or common initials as part of the firm's name.
- Member firms are under common control (as defined under U.S. generally accepted accounting principles [GAAP]) with other member firms through ownership, management, contractual, or other means.
- Member firms share profits or costs.
- Member firms share a common business strategy, which involves ongoing collaboration among the firms. Firms are held accountable for implementing the strategy and for their performance pursuant to that strategy.
- Member firms share a significant portion of professional resources (for example, technical departments, technical manuals, training systems).
- Member firms must adhere to common quality control policies and procedures, which are monitored by the association.

**Network (in part).** For purposes of Interpretation No. 101-17, "Networks and network firms," of Rule 101, *Independence* [ET sec. 101 <sup>(b)</sup> par. 19<sup>(a)</sup>], a network is an association of entities that includes one or more firms that (a) cooperate for the purpose of enhancing the firms' capabilities to provide professional services and (b) share one or more of the following characteristics:

- The use of a common brand name (including common initials) as part of the firm name
- Common control (as defined in <sup>(b)</sup>FASB ASC 810<sup>(a)</sup>) among the firms through ownership, management, or other means
- 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
- 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
- Significant part of professional resources
- Common quality control policies and procedures that firms are required to implement and that are monitored by the association

## AICPA Summary on ET 101-17, Independence and Network Firms

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 preceding list.

[Paragraph added, May 2010, effective for engagements covering periods beginning on or after July 1, 2011. Revised, March 2011, by the Professional Ethics Executive Committee, effective May 31, 2011.]

**Network Firm.** A network firm is a firm or other entity that belongs to a network, as defined in [§](#) paragraph .21<sup>g</sup>. This includes any entity (including another firm) that the network firm, by itself or through one or more of its owners, controls (as defined in [§](#) FASB ASC 810<sup>g</sup>), is controlled by, or is under common control with.

[Paragraph added, May 2010, effective for engagements covering periods beginning on or after July 1, 2011. Revised, March 2011, by the Professional Ethics Executive Committee, effective May 31, 2011.]

**PROPOSED REVISIONS TO**  
**AICPA/NASBA UNIFORM ACCOUNTANCY ACT and**  
**NASBA UNIFORM ACCOUNTANCY ACT MODEL RULES**

**SECTION 3 and ARTICLE 14**

**June 2011**

**2010 – 2011 AICPA UAA Committee**

Kevin E. Currier, CPA – Chair  
Gary Bolinger  
Conrad Davis, CPA  
Eddie Dutton, CPA  
Sharon Jensen, CPA  
Richard E. Jones, CPA  
Stephen S. McConnel, CPA  
Kevin J. McCoy, CPA  
Gary McIntosh, CPA  
Kevin M. Mitchell, CPA  
W.G. Spoor, CPA  
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**2010-2011 NASBA UAA Committee**

Carlos E. Johnson, CPA - Chair  
Donald A. Driftmier, CPA  
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Robert A. Pearson, CPA  
Eric Robinson, CPA  
James F. Thielen, CPA  
Laurie J. Tish, CPA – Past Chair  
Michael D. Weatherwax, CPA

This document reflects changes made by the joint committee based on comments received during the exposure period ended June 1, 2011.

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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.

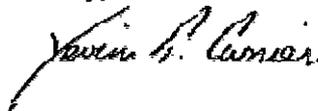
During deliberations, the UAA Committee sought guidance from AICPA's Professional Ethics Executive Committee (PEEC), and carefully considered definitions and concepts from PEEC's Interpretation 101-17 under Rule 101. This Interpretation was finalized in 2010 by the Professional Ethics Executive Committee 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 Suzanne Jolicoeur at AICPA at 919-402-4906 or Louise Dratler 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," for the purpose of determining whether use of a CPA firm name is permissible pursuant to Section 14(i), means an association of two or more entities that includes at least one CPA firm that:

- (1) Cooperate pursuant to an agreement for the purpose of enhancing the firms' capabilities to provide professional services, and;
- (2) Share 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.

COMMENT: An "association" is comprised of two or more entities that include at least one CPA firm that cooperate pursuant to an agreement for the purpose of enhancing the firms' capabilities to provide professional services, as described in subsection 3(n)(1). A "network" as defined in this section is an association that, in addition to the cooperation described in the foregoing subsection also shares one or more of the characteristics listed in subsection 3(n)(2). Accordingly, an association would not constitute a Network unless one or more of the characteristics in 3(n)(2) also exist. A CPA firm that is a member of an association would not be a Network Firm unless the association (or a subset of the association) is a Network, as defined in 3(n).

3 (o) "Network Firm," for the purpose of determining whether use of a CPA firm name is permissible pursuant to Section 14(i), 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.

The definitions of Network and Network Firm set out in Sections 3(n) and 3(o) are intended to provide guidance as to the names which may be used by CPA firms provided that they are "Network Firms" as defined in Section 3(o). Their applicability is limited to that context only and it is not used for any other purpose in this Act.

## 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 thus also to 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 Rule 14-3 Safe Harbor Language will be re-numbered to Rule 14-2.

**COMPLIANCE ASSURANCE OVERSIGHT COMMITTEE**

**WASHINGTON STATE BOARD OF ACCOUNTANCY**

Fred Shanafelt, CPA Christine Bogard, CPA Nina Gerbic, CPA

RECEIVED

June 21, 2011

JUN 29 2011

Donald F. Aubrey, Chairman  
Washington State Board of Accountancy  
P.O. Box 9131  
Olympia, WA 98507-9131

WA ACCOUNTANCY BOARD

RE: Annual Report on Oversight of AICPA Peer Review Program  
Administered by the Washington Society of Certified Public Accountants  
For the period from February 1, 2010 through May 31, 2011

Dear Mr. Aubrey:

We have completed our monitoring and evaluation of the AICPA Peer Review Program administered by the Washington Society of Certified Public Accountants (WSCPAs) for the period from February 1, 2010 through May 31, 2011. Our oversight work was performed in accordance with the *Operating Agreement Between the Washington State Board of Accountancy (Board) and the Washington Society of Certified Public Accountants for State Oversight of the Peer Review Program*.

The purpose of the Compliance Assurance Oversight Committee (CAOC) is to provide reasonable assurance that:

- The participating entities are complying with the administrative procedures acceptable to the Board.
- Reviews are being conducted in accordance with WAC 4-25-820 (1) Purpose, to *monitor licensees' compliance with attest standards* and (2) Structure and implementation, (iv) *such other functions as the board may assign to the committee*.
- Results of reviews are evaluated in a consistent manner.
- Compliance assurance information is provided to firms and reviewers by administering entities in an accurate and timely manner.
- The Board is advised on any other matters related to the compliance assurance program.

The WSCPAs administration of the peer review program is performed by an Executive Committee and two Report Acceptance Bodies (RABs). They are assisted by three technical reviewers engaged by the WSCPAs who receive peer review reports from firms upon completion of their reviews. These reports and certain summary information are reviewed by the technical

reviewers who summarize the information and obtain explanations and revisions as considered necessary. The RABs receive this information for review, acceptance, modification and determination of follow up and/or monitoring to be performed relative to the review.

We observed all of the meetings of the Executive Committee (4) and each of the RABs that occurred during the period above. The System RAB, which reviews firms that perform audits and other attest engagements, met seven times and the Engagement RAB, which reviews firms that do not perform attest engagements, also met seven times. We received the information that the RABs had available to make their conclusions prior to the meetings and observed, without comment, the proceedings. One CAOC member observed each meeting. After each of the meetings, the CAOC member summarized any observations.

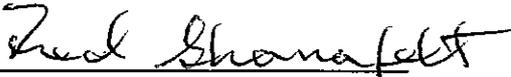
During the period above, the System RAB reviewed 68 reports and accepted 59 (87%) without follow-up or monitoring. The remaining 9 (13%) firms were subjected to further monitoring by the RAB. Of the 68 reports, 62 (91%) were rated "pass" by the peer reviewer and 6 (9%) were rated as "pass with deficiency (ies)". The Engagement RAB reviewed 143 reports and accepted 135 (94%) without follow-up or monitoring. The remaining 8 (6%) firms were subjected to further monitoring by the RAB. Of the 143 reports, 134 (94%) received a rating of "pass", 6 (4%) received a rating of "pass with deficiency (ies) and 3 (2%) received a rating of "fail".

Schedule I is a summary of matters we observed during the meetings.

Based upon the results of the procedures we performed, it is our opinion that peer reviews are being conducted and reported on in accordance with standards of the AICPA Peer Review Program and that the AICPA program can be relied upon as a basis for excluding CPAs from undergoing Board initiated reviews.

Sincerely,

COMPLIANCE ASSURANCE OVERSIGHT COMMITTEE

  
Fred Shanafelt, CPA, Chairman

## SCHEDULE I

### SUMMARY OF OBSERVATIONS OF COMPLIANCE ASSURANCE OVERSIGHT COMMITTEE

For the period from February 1, 2010 through May 31, 2011

During our observations of the WSCPA Peer Review Executive Committee (PREC) and its two Report Acceptance Bodies (RABs), the CAOC members observed the following.

1. The PREC and RABs had good discussions relative to the more difficult reports (which contained matters for further consideration (MFCs) and findings for further consideration (FFCs).
2. The members of the RABs had good discussions about the ratings being given on the reviews and did not always agree with the reviewer between the “pass”, “pass with deficiencies” and “fail” conclusions reached. Their recommended follow-up actions, however, generally transcended the ratings in that the members tried to identify what would benefit the firm the most.

CERTIFICATION OF ENROLLMENT  
SUBSTITUTE SENATE BILL 5442

Chapter 108, Laws of 2011

62nd Legislature  
2011 Regular Session

HIGHER EDUCATION--ACCELERATED BACCALAUREATE DEGREES

EFFECTIVE DATE: 07/22/11

Passed by the Senate March 7, 2011  
YEAS 46 NAYS 3

BRAD OWEN

\_\_\_\_\_  
President of the Senate

Passed by the House April 6, 2011  
YEAS 91 NAYS 3

FRANK CHOPP

\_\_\_\_\_  
Speaker of the House of Representatives

Approved April 18, 2011, 2:32 p.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5442** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

\_\_\_\_\_  
Secretary

FILED

April 19, 2011

Secretary of State  
State of Washington

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**SUBSTITUTE SENATE BILL 5442**

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Passed Legislature - 2011 Regular Session

**State of Washington                      62nd Legislature                      2011 Regular Session**

**By Senate Higher Education & Workforce Development (originally sponsored by Senators Shin, Tom, Kilmer, White, and Chase)**

READ FIRST TIME 02/18/11.

1            AN ACT Relating to an accelerated baccalaureate degree program;  
2 adding a new section to chapter 28B.10 RCW; and creating a new section.

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

4            NEW SECTION.    **Sec. 1.** The legislature finds that some students are  
5 eager to complete a degree in the shortest time possible in order to  
6 enter the job market. The legislature further finds that providing a  
7 streamlined path to a baccalaureate degree would shorten the time  
8 required for students to complete a degree, improve the graduation  
9 rate, and improve accessibility for students who have proven academic  
10 abilities. The legislature intends to provide an accelerated  
11 baccalaureate degree program that will allow academically qualified  
12 students to obtain baccalaureate degrees in three years. The  
13 legislature finds that this streamlined path does not represent a new  
14 three-year standard for all students. The legislature intends to  
15 provide greater options to students, while not diminishing the quality  
16 or value of a standard baccalaureate degree. Further, the legislature  
17 intends that baccalaureate institutions explore reasonable  
18 possibilities for accelerated degree programs for academically  
19 qualified students.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 28B.10 RCW  
2    to read as follows:

3        (1) State universities, regional universities, and The Evergreen  
4    State College may develop accelerated baccalaureate degree programs  
5    that will allow academically qualified students to obtain a  
6    baccalaureate degree in three years without attending summer classes or  
7    enrolling in more than a full-time class load during the regular  
8    academic year. The programs must allow academically qualified students  
9    to begin course work within their academic field during their first  
10   term or semester of enrollment.

11       (2) The state universities, regional universities, and The  
12   Evergreen State College shall report on their plans for the accelerated  
13   baccalaureate degree programs to the higher education coordinating  
14   board for approval.

      Passed by the Senate March 7, 2011.

      Passed by the House April 6, 2011.

      Approved by the Governor April 18, 2011.

      Filed in Office of Secretary of State April 19, 2011.

CERTIFICATION OF ENROLLMENT  
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1808

Chapter 77, Laws of 2011

62nd Legislature  
2011 Regular Session

HIGH SCHOOL STUDENTS--POSTSECONDARY CREDIT OPPORTUNITIES

EFFECTIVE DATE: 07/22/11

Passed by the House March 2, 2011  
Yeas 70 Nays 27

FRANK CHOPP

\_\_\_\_\_  
Speaker of the House of Representatives

Passed by the Senate April 4, 2011  
Yeas 43 Nays 4

BRAD OWEN

\_\_\_\_\_  
President of the Senate

Approved April 15, 2011, 11:30 a.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1808** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

\_\_\_\_\_  
Chief Clerk

FILED

April 15, 2011

Secretary of State  
State of Washington

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ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1808

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Passed Legislature - 2011 Regular Session

State of Washington

62nd Legislature

2011 Regular Session

By House Education Appropriations & Oversight (originally sponsored by Representatives Lytton, Dammeier, Maxwell, Dahlquist, Sullivan, Reykdal, Lias, Finn, Sells, Orwall, Rolfes, and Kenney; by request of Governor Gregoire)

READ FIRST TIME 02/21/11.

1 AN ACT Relating to the opportunity to earn postsecondary credit  
2 during high school; amending RCW 28A.230.130; adding a new section to  
3 chapter 28B.10 RCW; adding a new section to chapter 28B.76 RCW; and  
4 creating new sections.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that approximately  
7 thirty-five percent of seniors in Washington high schools take less  
8 than a full load of classes during their senior year. The legislature  
9 further finds that many high schools provide students opportunities to  
10 take advanced courses in career and technical or academic fields that  
11 give students a head start when they begin their career or enter a  
12 technical training program or a college or university. The legislature  
13 also finds that since each individual institution of higher education  
14 adopts its own rules for awarding credit for advanced high school work,  
15 students can encounter unanticipated barriers to advancing their  
16 dreams. Students can also be discouraged from putting in that extra  
17 effort in high school if they are not certain whether their extra work  
18 will be appropriately credited toward a certificate or degree.

1 The legislature intends to help students progress from high school  
2 to a certificate or degree by increasing opportunities and providing a  
3 clear pathway. Twelfth grade will truly be the launch year as high  
4 schools increase the opportunities for students to take more advanced  
5 classes. In addition, this act provides for community and technical  
6 colleges and four-year institutions of higher education to publish a  
7 list of high school courses and adopt uniform scores for proficiency  
8 exams or competency requirements that will be given credit toward  
9 certificate or degree requirements.

10 **Sec. 2.** RCW 28A.230.130 and 2009 c 212 s 2 are each amended to  
11 read as follows:

12 (1) All public high schools of the state shall provide a program,  
13 directly or in cooperation with a community college or another school  
14 district, for students whose educational plans include application for  
15 entrance to a baccalaureate-granting institution after being granted a  
16 high school diploma. The program shall help these students to meet at  
17 least the minimum entrance requirements under RCW 28B.10.050.

18 (2) All public high schools of the state shall provide a program,  
19 directly or in cooperation with a community or technical college, a  
20 skills center, an apprenticeship committee, or another school district,  
21 for students who plan to pursue career or work opportunities other than  
22 entrance to a baccalaureate-granting institution after being granted a  
23 high school diploma. These programs may:

24 (a) Help students demonstrate the application of essential academic  
25 learning requirements to the world of work, occupation-specific skills,  
26 knowledge of more than one career in a chosen pathway, and  
27 employability and leadership skills; and

28 (b) Help students demonstrate the knowledge and skill needed to  
29 prepare for industry certification, and/or have the opportunity to  
30 articulate to postsecondary education and training programs.

31 (3) Within existing resources, all public high schools in the state  
32 shall:

33 (a) Work towards the goal of offering a sufficient number of high  
34 school courses that give students the opportunity to earn the  
35 equivalent of a year's worth of postsecondary credit towards a  
36 certificate, apprenticeship program, technical degree, or associate or  
37 baccalaureate degree. These high school courses are those advanced

1 courses that have accompanying proficiency exams or demonstrated  
2 competencies that are used to demonstrate postsecondary knowledge and  
3 skills; and

4 (b) Inform students and their families, emphasizing communication  
5 to underrepresented groups, about the program offerings and the  
6 opportunities to take courses that qualify for postsecondary credit  
7 through demonstrated competencies or if the student earns the  
8 qualifying score on the proficiency exam. This information shall  
9 encourage students to use the twelfth grade as the launch year for an  
10 advance start on their career and postsecondary education.

11 (4) A middle school that receives approval from the office of the  
12 superintendent of public instruction to provide a career and technical  
13 program in science, technology, engineering, or mathematics directly to  
14 students shall receive funding at the same rate as a high school  
15 operating a similar program. Additionally, a middle school that  
16 provides a hands-on experience in science, technology, engineering, or  
17 mathematics with an integrated curriculum of academic content and  
18 career and technical education, and includes a career and technical  
19 education exploratory component shall also qualify for the career and  
20 technical education funding.

21 NEW SECTION. Sec. 3. A new section is added to chapter 28B.10 RCW  
22 to read as follows:

23 (1) By December 1, 2011, and by June of each odd-numbered year  
24 thereafter, the institutions of higher education shall collaboratively  
25 develop a master list of postsecondary courses that can be fulfilled by  
26 taking the advanced placement, international baccalaureate, or other  
27 recognized college-level proficiency examinations and meeting the  
28 qualifying examination score or demonstrated competencies for lower  
29 division general education requirements or postsecondary professional  
30 technical requirements. The master list of postsecondary courses  
31 fulfilled by proficiency examinations or demonstrated competencies are  
32 those that fulfill lower division general education requirements or  
33 career and technical education requirements and qualify for  
34 postsecondary credit. From the master list, each institution shall  
35 create and publish a list of its courses that can be satisfied by  
36 successful proficiency examination scores or demonstrated competencies  
37 for lower division general education requirements or postsecondary

1 professional technical requirements. The qualifying examination scores  
2 and demonstrated competencies shall be included in the published list.  
3 The requirements to develop a master list under this section do not  
4 apply if an institution has a clearly published policy of awarding  
5 credit for the advanced placement, international baccalaureate, or  
6 other recognized college-level placement exams and does not require  
7 those credits to meet specific course requirements but generally  
8 applies those credits towards degree requirements.

9 (2) To the maximum extent possible, institutions of higher  
10 education shall agree on examination qualifying scores and demonstrated  
11 competencies for the credits or courses under subsection (3) of this  
12 section, with scores equivalent to qualified or well-qualified.  
13 Nothing in this subsection shall prevent an institution of higher  
14 education from adopting policies using higher scores for additional  
15 purposes.

16 (3) Each institution of higher education, in designing its  
17 certificate, technical degree program, two-year academic transfer  
18 program, or freshman and sophomore courses of a baccalaureate program  
19 or baccalaureate degree, must recognize the equivalencies of at least  
20 one year of course credit and maximize the application of the credits  
21 toward lower division general education requirements that can be earned  
22 through successfully demonstrating proficiency on examinations,  
23 including but not limited to advanced placement and international  
24 baccalaureate examinations. The successful completion of the  
25 examination and the award of credit shall be noted on the student's  
26 college transcript.

27 (4) Each institution of higher education must clearly include in  
28 its admissions materials and on its web site the credits or the  
29 institution's list of postsecondary courses that can be fulfilled by  
30 proficiency examinations or demonstrated competencies and the agreed-  
31 upon examination scores and demonstrated competencies that qualify for  
32 postsecondary credit. Each institution must provide the information to  
33 the higher education coordinating board and state board for community  
34 and technical colleges in a form that the superintendent of public  
35 instruction is able to distribute to school districts.

36 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.76 RCW  
37 to read as follows:

1       The higher education coordinating board shall annually publish on  
2 its web site the agreed-upon list of high school courses qualifying for  
3 postsecondary credit under section 3 of this act and examination  
4 qualifying scores and demonstrated competencies meeting the  
5 postsecondary requirements for a certificate or technical degree, a  
6 two-year academic transfer degree, or the lower division requirements  
7 for a baccalaureate degree.

8       NEW SECTION. **Sec. 5.** This act may be known and cited as the  
9 launch year act.

Passed by the House March 2, 2011.

Passed by the Senate April 4, 2011.

Approved by the Governor April 15, 2011.

Filed in Office of Secretary of State April 15, 2011.

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1710

Chapter 267, Laws of 2011

62nd Legislature  
2011 Regular Session

CAREER AND TECHNICAL EDUCATION--STRATEGIC PLAN

EFFECTIVE DATE: 07/22/11

Passed by the House April 13, 2011  
Yeas 81 Nays 15

FRANK CHOPP

\_\_\_\_\_  
Speaker of the House of Representatives

Passed by the Senate April 5, 2011  
Yeas 46 Nays 3

BRAD OWEN

\_\_\_\_\_  
President of the Senate

Approved May 5, 2011, 10:16 a.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SUBSTITUTE HOUSE BILL 1710 as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

\_\_\_\_\_  
Chief Clerk

FILED

May 6, 2011

Secretary of State  
State of Washington

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SUBSTITUTE HOUSE BILL 1710

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AS AMENDED BY THE SENATE

Passed Legislature - 2011 Regular Session

State of Washington                      62nd Legislature                      2011 Regular Session

By House Education (originally sponsored by Representatives Moscoso, Llias, Probst, Ladenburg, Hasegawa, McCoy, Haler, Dahlquist, Green, Wilcox, McCune, Zeiger, Roberts, Stanford, Billig, Maxwell, Hunt, and Kenney)

READ FIRST TIME 02/17/11.

1            AN ACT Relating to creating a strategic plan for career and  
2 technical education; and creating new sections.

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

4            NEW SECTION.    **Sec. 1.**    (1) The legislature continues to find that  
5 access to high quality career and technical education for middle and  
6 high school students is a key strategy for reducing the dropout rate  
7 and closing the achievement gap. Career and technical education  
8 increases the number of young people who obtain a meaningful  
9 postsecondary credential. Improving career and technical education is  
10 also an efficiency measure, because reductions in the dropout rate are  
11 associated with increased earnings for individuals and reduced societal  
12 costs in the criminal justice and welfare systems.

13            (2) The legislature further finds that much progress has been made  
14 since 2008 to enhance the rigor and relevance of career and technical  
15 education programs and to align and integrate instruction more closely  
16 with academic subjects, high demand fields, industry certification, and  
17 postsecondary education. Activities to support these objectives have  
18 included:

1 (a) Requiring all preparatory career and technical education  
2 programs to lead to industry certification or offer dual high school  
3 and college credit;

4 (b) Expanding state support for middle school career and technical  
5 education programs, especially in science, technology, and engineering;

6 (c) Providing support for schools to develop or upgrade programs in  
7 high demand fields and offer preapprenticeships;

8 (d) Developing model career and technical programs of study leading  
9 to industry credentials or degrees;

10 (e) Assisting school districts with identifying academic and career  
11 and technical education course equivalencies;

12 (f) Pilot-testing programs to integrate academic, career and  
13 technical, basic skills, and English as a second language instruction;  
14 and

15 (g) Developing performance measures and targets for accountability.

16 (3) Therefore, the legislature intends to ensure that progress will  
17 be continued and enhanced by providing a mechanism for monitoring  
18 continuous improvement in the rigor, relevance, and recognition of  
19 secondary career and technical education programs and improvement in  
20 students' access to these programs.

21 NEW SECTION. **Sec. 2.** (1) Within existing resources, the office of  
22 the superintendent of public instruction shall convene a working group  
23 to develop a statewide strategic plan for secondary career and  
24 technical education.

25 (2) The strategic plan must include:

26 (a) A vision statement, goals, and measurable annual objectives for  
27 continuous improvement in the rigor, relevance, recognition, and  
28 student access in career and technical education programs that build on  
29 current initiatives and progress in improving career and technical  
30 education, and are consistent with targets and performance measures  
31 required under the federal Carl Perkins act; and

32 (b) Recommended activities and strategies, in priority order, to  
33 accomplish the objectives and goals, including activities and  
34 strategies that:

35 (i) Can be accomplished within current resources and funding  
36 formulas;

37 (ii) Should receive top priority for additional investment; and

1 (iii) Could be phased-in over the next ten years.

2 (3) In particular, the working group must examine:

3 (a) Proposed changes to high school graduation requirements and  
4 strategies to ensure that students continue to have opportunities to  
5 pursue career and technical education career and college pathways along  
6 with a meaningful high school diploma;

7 (b) How career and technical education courses can be used to meet  
8 the common core standards and how in turn the standards can be used to  
9 enhance the rigor of career and technical education;

10 (c) Ways to improve student access to high quality career and  
11 technical education courses and work experiences, not only in skill  
12 centers but also in middle school, comprehensive high schools, and  
13 rural areas;

14 (d) Ways to improve the transition from K-12 to community and  
15 technical college, university, and private technical college programs;

16 (e) Methods for replicating innovative middle and high schools that  
17 engage students in exploring careers, use project-based learning, and  
18 build meaningful partnerships with businesses and the community; and

19 (f) A framework for a series of career and technical education  
20 certifications that are: (i) Transferable between and among secondary  
21 schools and postsecondary institutions; and (ii) articulated across  
22 secondary and postsecondary levels so that students receive credit for  
23 knowledge and skills they have already mastered.

24 (4) The working group membership shall include:

25 (a) School district and skill center career and technical education  
26 directors and teachers and school guidance counselors;

27 (b) Community and technical college professional-technical faculty;

28 (c) At least one of each of the following: A school director, a  
29 principal, a counselor, and a parent;

30 (d) Representatives from industry, labor, tech prep consortia,  
31 local workforce development councils, private technical colleges, and  
32 the Washington association for career and technical education; and

33 (e) A representative from the workforce training and education  
34 coordinating board.

35 (5) The office of the superintendent of public instruction shall  
36 submit a progress report to the education committees of the legislature  
37 and to the quality education council by December 1, 2011. The final

1 strategic plan, including priorities, recommendations, and measurable  
2 annual objectives for continuous improvement, is due by December 1,  
3 2012.

Passed by the House April 13, 2011.

Passed by the Senate April 5, 2011.

Approved by the Governor May 5, 2011.

Filed in Office of Secretary of State May 6, 2011.

## Education/Experience Task Force Report

### July 14, 2011 WBOA meeting

The Education/Experience task force was requested to consider a recommendation from a credentialing service regarding international education experience. The purpose was to make a recommendation about whether the person was qualified to sit for the CPA exam. Luckily, 2 of the 3 committee members had some relevant experience in the area. One member had extensive experience dealing with this exact situation.

We understand that gray areas regarding exam qualifications are increasing and will probably continue to increase. This may be an area for the task force to look at the existing RCW and WAC to see if the committee could make helpful recommendations to the Board about rules changes or to staff about policy.

If the Board is interested in the task force proceeding in this direction or a similar direction, please let us know.

Robin Clark  
Education/Experience Task Force

## FOREIGN EDUCATION EVALUATION QUESTIONS:

From: Mickelson, Lori (ACB) [<mailto:LoriM@cpaboard.wa.gov>]  
Sent: Thursday, June 16, 2011 4:32 PM  
To: [clarkong@comcast.net](mailto:clarkong@comcast.net)  
Cc: Sweeney, Richard (ACB)  
Subject: Foreign Education Evaluation

Hi Robin,

How are you doing? Is it summer vacation time yet? We have a couple items that we would like you to review and let us know your opinion. Please feel free to share these items with Ron Sabado and Kay Carnes for their thoughts too.

The World Education Services (WES) letter is a policy change that they made on the three-year bachelor's degree from India; what are your thoughts on this change?

The Foreign Academic Credentials Services (FACS) education evaluation is a report, for a current candidate applying to CPAES for approval to sit for the exam. The question that the Washington State Coordinator asked us is; do we accept combined degrees?

What do you think about the FACS statement in the second paragraph; "....received the Bachelor of Commerce degree from Madurai Kamaraj University (India 1988). Subsequently, he passed the Final Examination and was admitted as an Associate...In our opinion, these credentials combined can be considered equivalent to a baccalaureate degree (plus thirty-one (31) semester hours..."

Do you think that the Bachelor of Commerce degree from Madurai Kamaraj University is equivalent to a baccalaureate degree received from an accredited college or university in the United States? Or as they stated in the report the combined credentials can be considered equivalent to a baccalaureate... is that acceptable?

Robin, this is the first FACS education evaluation that we have received with this type of education. Please let me know if you need me to follow-up with FACS or provide you with any additional information.

As always, thank you for your help.

Lori Mickelson  
Fiscal Manager  
Washington State Board of Accountancy  
P: (360) 586-0784  
F: (360) 664-9190  
[lorim@cpaboard.wa.gov](mailto:lorim@cpaboard.wa.gov)  
[www.cpaboard.wa.gov](http://www.cpaboard.wa.gov) <<http://www.cpaboard.wa.gov/>>

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

Advisory: Please be advised the Washington State Board of Accountancy is required to comply with the Public Records Act Chapter 42.56 RCW.

This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the board, including personal information, may ultimately be subject to disclosure as a public record.

FW



World Education Services

COPY

## WES Policy on the Three-Year Bachelor's Degree from India

World Education Services (WES) has revised its assessment of the three-year bachelor's degree awarded by Indian universities and (now) considers selected three-year degrees from India to be equivalent to a U.S. bachelor's degree. The decision was made following research and review of fundamental changes to the quality assurance process in Indian higher education.

### A Status Update

The three-year bachelor's degree from India has traditionally been regarded as comparable to the completion of three years of undergraduate study in the United States and holders of the degree have typically not been eligible for admission to U.S. graduate schools.

This assessment is based on information on education in India from the 1970s through the mid-1980s. Since then, the education system has undergone fundamental reforms that have given rise to a uniform system of education. By the mid 1980s the **Standard XII** award had been fully implemented across India and almost all universities had adopted the three-year bachelor's degree.

Despite the reforms, the university sector continued to struggle with an excessive rate of failure in university-matriculation examinations, as well as with a high dropout rate. The rapid growth in the number of students enrolling at postsecondary institutions has impacted quality standards at Indian universities, particularly in the social sciences and humanities. In the 1990s alone, the number of students attending universities almost doubled from 4.9 million to 9.4 million. Still, Indian higher education continues to include several centers of educational excellence.

### Changes in Indian Higher Education

In an attempt to address the issue of quality in higher education, the **University Grants Commission/UGC** <<http://www.ugc.ac.in>> founded the **National Assessment and Accreditation Council/NAAC** <<http://www.naac-india.com>> in 1994. The mission of the NAAC is to evaluate and accredit higher education institutions on the basis of clearly defined criteria that include the curriculum; teaching and student assessment; infrastructure and resources; student support; and institutional management. Institutions that complete the process successfully and qualify for accreditation are graded as follows:

Institutional score	Grade
95-100	A++
90-95	A+
85-90	A
80-85	B++
75-80	B+
70-75	B
65-70	C++
60-65	C+
55-60	C

# FACS

Foreign Academic Credentials Service, Inc.

Address correspondence to:

Evaluator, Foreign Academic Credentials  
P.O. Box 400  
Glen Carbon, IL 62034

May 23, 2011

MAY 31 2011

CPA Examination Services Corp.  
Washington Coordinator  
P.O. Box 198469  
Nashville, TN 37219-8469

REC'D FROM SCHOOL

Dear Coordinator:

We have reviewed the documentation of the education qualifications of [REDACTED] who is applying for certification in Washington. Our review was made in the context of the education requirements for sitting for the Uniform CPA Examination in that state.

[REDACTED] received the Bachelor of Commerce degree from Madurai Kamaraj University (India, 1988). Subsequently, he passed the Final Examination and was admitted as an Associate member of the Institute of Cost and Works Accountants of India (India, 1997). In our opinion, these credentials combined can be considered equivalent to a baccalaureate degree (plus thirty-one (31) semester hours) received from an accredited college or university in the United States.

Also, [REDACTED] had passed the Intermediate Examination of the Institute of Chartered Accountants of India (India, 1994) which, in our opinion, can be considered equivalent to a total of twenty-four (24) semester hours earned at an accredited college or university in the United States.

[REDACTED] has completed the equivalent of at least 150 semester hour credits.

[REDACTED] baccalaureate courses in accounting, business administration and computer-related subjects were as follows:

<u>Course</u>	<u>Semester Hours</u>	<u>Level</u>
<u>Accounting</u>		
<u>Madurai Kamaraj University</u>		
Advanced Accountancy I [1]	3.25	LD
Advanced Accountancy I [2]	3.25	LD
Advanced Accountancy II [1]	3.25	UD
Advanced Accountancy II [2]	3.25	UD
Costing [1]	3.25	UD
Costing [2]	3.25	UD
Income Tax Law and Practice [1]	3.25	UD

Income Tax Law and Practice [2]	3.25	UD
Auditing [1]	3.25	UD
Auditing [2]	3.25	UD

Institute of Cost and Works Accountants

Cost Accountancy - Prime Cost and Overhead	4	UD
Cost and Management Accountancy - Methods and Techniques	4	UD
Production, Productivity - Cost Effectiveness	4	UD
Bookkeeping and Accounting	4	LD
Advanced Accounting	4	UD
Tax Laws and Tax Planning	4	UD
Principles of Audit and Internal Auditing	4	UD
Advanced Cost and Management Accountancy - Analysis and Control	4	UD
Advanced Cost and Management Accountancy - Techniques and Applications	4	UD

Institute of Chartered Accountants of India

Accounting	4	UD
Company Accounting	2	UD
Elements of Income Tax	2	UD
Cost Accounting	4	UD
Auditing	4	UD

Total = 84.5

Business Administration

Madurai Kamaraj University

Elements of Company Organization [1]	3.25	2
Elements of Company Organization [2]	3.25	3
Economic Analysis [1]	3.25	
Economic Analysis [2]	3.25	
Marketing [1]	3.25	
Marketing [2]	3.25	
Industrial Organization [1]	3.25	
Industrial Organization [2]	3.25	
Banking Theory Law and Practice [1]	3.25	
Banking Theory Law and Practice [2]	3.25	

Business Statistics [1]	3.25
Business Statistics [2]	3.25
Commercial and Industrial Law [1]	3.25
Commercial and Industrial Law [2]	3.25

Institute of Cost and Works Accountants of India

Principles and Practice of Management	4
Business and Economic Laws	4
Financial Management Corporate Planning and Policy	4

Institute of Chartered Accountants of India

Corporate and Other Laws	4
Organization Management	2

Total = 63.5

Computer-related

Institute of Cost and Works Accountants of India

Quantitative Technique, Management Information System and Data Processing	4
---	---

Institute of Chartered Accountants of India

Fundamentals of Electronic Data Processing	2
--	---

Total = 6

████████████████████ completed and passed the above reported courses at Madurai Kamaraj University during 1986-88, Institute of Cost and Works Accountants during 1991 and 1994-96, and the Institute of Chartered Accountants during 1993-94.

The above advisory evaluation is based on documents which, in our opinion, may be considered true and authentic.

Washington Coordinator  
[REDACTED]

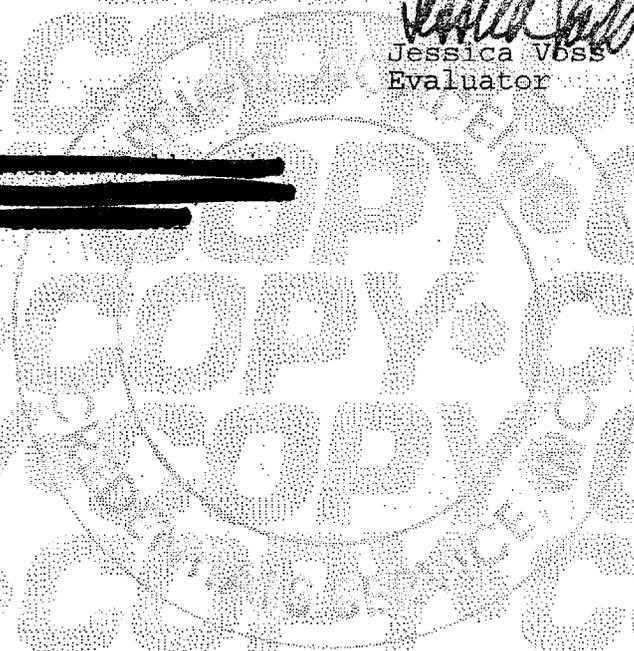
Page four

This evaluation, provided by the Foreign Academic Credentials Service, Inc., is advisory in nature and should not be construed as a recommendation as to whether or not the CPA Certificate should be granted.

Sincerely yours,

  
Jessica Voss  
Evaluator

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]



## Washington State Board of Accountancy Examination and Education Task Force Opinion

-----Original Message-----

From: Robin Clark [<mailto:clarkong@comcast.net>]  
Sent: Tuesday, June 28, 2011 7:10 PM  
To: Mickelson, Lori (ACB)  
Cc: Sweeney, Richard (ACB)  
Subject: FW: Foreign Education Evaluation

Ron & I had interesting discussions about this situation. However, Kay's answer has so much content and experience, we have decided to make this our committee's opinion.

Robin

---

-----Original Message-----

From: Carnes, Kay [<mailto:carnes@jepson.gonzaga.edu>]  
Sent: Monday, June 27, 2011 5:40 PM  
To: Robin Clark; Ron Sabado  
Subject: RE: Foreign Education Evaluation

I have just returned from two weeks in Cuba with no email access so you may have already come to a conclusion on this issue. If not, my comments:

This very issue is one I worked on for close to a decade with IQAB. The bottom line is that the US is one of the few countries in the world with 4 year college degrees. If we had not accepted 3 year degrees we would not have reciprocity with anyone. BUT, it has to be evaluated on a country by country basis. In most European and former Commonwealth countries, students attend university for only 3 years - and the trend is in this direction even where it once was 4.. But this is because the general education component is covered in what we might call college prep courses which they attend between their high school graduation and their entrance to university. It differs by country, but we determined in all those we awarded reciprocity, that a student graduating with a university degree had the equivalent of a 4 year degree. Then, in those countries, the professional accounting associations (Chartered Accountants) ran rigorous education programs with rigorous exams at the end similar to our CPA exam. This we counted as the 5th year to get to the 150.

Now - about India. The Indian accounting association applied for reciprocity four years ago. Since we had trouble evaluating their documentation and my university was having the same problems with decisions about MAcc and MBA acceptance, I went to India for three weeks on behalf of my university and IQAB and met with their association as well as visiting several of their universities. My perception is that India has some of the best universities in the world but many are absolutely awful. I am pleased that credentialing services are ranking them since that should give a quality component previously missing. I have used these organizations in making graduate acceptance decisions and found them reliable. So I would follow the lead of the ranking service on the equivalence of the 3 year degree.

HOWEVER, the accounting education of the various institutes mentioned do not, in any way, come up to the level of the 5th year of education we expect in the U S - mainly because Indian accounting GAAP is very different than ours. The thousands of Indian accountants who are certified there primarily work for the government as they do in China. When IQAB granted reciprocity to other countries we considered that audit and attestation was the key to the CPA designation and insisted on significant audit coursework. We could not come to terms with the Indians on this subject (although I have been off the task force for a year so can't speak for recent activity). What I have done at GU with Indian students applying for the MAcc program is to provisionally accept them subject to their successful completion of coursework in audit and American tax and regulation. Washington and CPAES can't be that specific but I definitely don't believe this candidate has the 150 hour equivalent. I am not sure what language the board would need but, given the huge quality difference between the

educational programs of say Canada where for reciprocity we do accept institute training and that of India there needs to be some way to discriminate.

Hope this helps. I am traveled out so should be available in a more timely fashion for the rest of the summer.

kc.

---

**From:** Sabado [<mailto:rsabado3@comcast.net>]  
**Sent:** Sunday, June 26, 2011 9:09 PM  
**To:** 'Robin Clark'; [carnes@jepson.gonzaga.edu](mailto:carnes@jepson.gonzaga.edu)  
**Subject:** RE: Foreign Education Evaluation

Robin

I've had experience with one student from India with a three year degree who wanted to enroll at Highline in a two year Accounting AAS degree. The college evaluated his transcript and accepted many credits, but not all. Also, Highline required that he complete the "general education" requirements of the AAS degree. However, the circumstances are different; my student was a recent graduate and did not have other education or examinations nor did he have work experience.

Both Foreign Academic Credentials Services (FACS) and World Education Services (WES) are on the Washington State Board's web site as Board recognized evaluation services regarding evaluation of international credentials. If the WBOA accepts these organizations' evaluations then we should accept the information in the letters. However, we appear to have two new conditions: a three year degree and do we accept FACS' statement that these credentials combined (combined degrees) can be considered equivalent to a baccalaureate degree.

From my Highline experience, I was initially troubled by a three year degree so at that time I did a Google search and found that a three year degree is not uncommon in some countries. Plus the individual, in this case, has other courses in accounting, business, and some "general education" subjects. If these are combined he appears to have the requisite education. Our five years of education requires a Bachelor's degree plus an additional year.

I'm more troubled by "combining" the degrees. In this country, students may use other educational work at one university to combine with educational work and a second university to qualify for a degree. However, the degree granting university has an evaluation process for accepting credits. It's not an automatic "combine two degrees" and you qualify.

In summary, in the instant case, the applicant seems to have a strong technical and some general education. I'm not bothered by accepting the education.

However, as a policy, I'm somewhat troubled with a three year degree if that is the practice in that country. On the plus side, WES claims that other universities, outside the country that grants the three year degree, are accepting the degree for enrollment in master's degree programs. However, that is of course unfair to American educated students who must complete five years with a Bachelor's degree including general education. And, the five years and general education are part of the Uniform Accounting Act.

I am bothered by "combining" degrees.

If both of these are new trends, I recommend that the Board address the issues; particularly the three year degree. The Board should study the content of the three year degree, decide if they could adopt policy that accepts the three year degree or states clearly that it cannot accept that practice. The Board should also look at the combining of degrees.

Ron

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From: Robin Clark [<mailto:clarkong@comcast.net>]

Sent: Sat 6/18/2011 5:04 PM

To: Carnes, Kay; 'Ron Sabado'

Subject: FW: Foreign Education Evaluation

I have had a chance to read the materials. Of course, not being from academia, this is not a topic I know well. I am somewhat concerned about the 3 year degree. It does seem that FACS is the expert in these evaluations. I checked the internet and found that Guam uses them as well as others.

After reading the list of classes, it seems he has the classes to sit for the exam. Any thoughts? Have you ever heard of this organization or had experience with Indian CPAs?

Robin

## CPAES' POSITION:

**From:** Patricia Hartman [<mailto:phartman@nasba.org>]

**Sent:** Wednesday, June 15, 2011 3:14 PM

**To:** Mickelson, Lori (ACB)

**Cc:** Sweeney, Richard (ACB)

**Subject:** Re: Washington CANDIDATE'S NAME

Lori:

This is exactly what I was talking about. We've dealt with the issue in Colorado also. I would not accept "combined" education - I think it's similar to accepting "life experience" and you would be giving them an advantage over domestic candidates. You would not accept a domestic candidate who had an associate degree combined with membership in an organization like this.

Patricia Hartman  
Director, NASBA National Candidate Database & CPAES Examination Operations  
National Association of State Boards of Accountancy, Inc. (NASBA)

---

Hi Pat,

How are you; I'm sure you are very busy with the International Exam fast approaching. I have a question for you; at NASBA U, you mentioned something about having an issue with a few FACS education evaluations. Could you please refresh me on what that issue was? I'm forwarding you an email I received from Shimeka; have you seen this type of evaluation from FACS before and what are your thoughts on accepting or denying it?

As always thank you for your help.

Thank you,

*Lori Mickelson*

Fiscal Manager  
Washington State Board of Accountancy  
P: (360) 586-0784  
F: (360) 664-9190  
[lorim@cpaboard.wa.gov](mailto:lorim@cpaboard.wa.gov)  
[www.cpaboard.wa.gov](http://www.cpaboard.wa.gov)

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**From:** Shimeka Buchanan [<mailto:sbuchanan@nasba.org>]

**Sent:** Wednesday, June 15, 2011 12:53 PM

**To:** Mickelson, Lori (ACB)

**Subject:** Washington CANDIDATE'S NAME

Lori,

Can we accept combined degrees? Please see attached FACS documentation

Thank you

**Note: E-Mail is a non-secure method of communication. Please do not send personal/confidential information (Social Security number, credit card number, bank account information, etc.) via email as there is a risk involved with sending such information via non-secure communication method. Please contact us via phone or mail at the address indicated below.**

Shimeka Buchanan  
Examination Coordinator, State Board Liaison

-----  
National Association of State Boards of Accountancy (NASBA)  
150 Fourth Avenue North, Suite 700  
Nashville, TN 37219

-----  
Phone: 615.880.4254  
Fax: 615.880.4254  
Email: [sbuchanan@nasba.org](mailto:sbuchanan@nasba.org)  
Toll-Free: 1.800.CPA.EXAM  
[www.nasba.org](http://www.nasba.org)

Lori Mickelson

---

From: Lori Grogg [lgrogg@wes.org]  
Sent: Thursday, September 03, 2009 9:53 AM  
To: Lori Mickelson  
Cc: Rick Sweeney  
Subject: RE: [REDACTED] - Evaluation

*Hi Lori,*

*Yuki (the Cluster Leader who handles Canadian files) responded to my/our questions; I am going to paste it below so that I don't paraphrase and perhaps change the information. Please let me know if you have additional questions -*

*Take care and Happy Labor Day Weekend -*

*Lori*

Hi Lori,

I saw your e-mail in this file.

To answer the questions:

- Yes, it (Certificate of Membership) is equivalent to bachelor's degree.
- It is awarded by Certified General Accountants of Canada.

The Certificate of Membership by General Accountants of Canada is a professional degree. In Canada this professional education program is treated as a bachelor's degree. Presently, admission is a bachelor's degree, but prior work experience and completion of some undergraduate-level coursework may be deemed sufficient for entry into the program. There is no official length of study as student completes a series of modules and required practical training.

The student may also receive exemption from some portion of the program on the basis of prior work experience and completion of some undergraduate-level coursework.

Therefore, students may not have 120 credits.

I hope this helps.

Thank you.

yuki

---

From: Lori Mickelson [mailto:LoriM@cpaboard.wa.gov]  
Sent: Wednesday, September 02, 2009 1:09 PM  
To: lgrogg@wes.org

Cc: Rick Sweeney

Subject: [REDACTED]

Hello Lorinda,

Jennifer Layton at Castle Worldwide provided me with your name and number; do you mind talking with me about an evaluation that we received for a [REDACTED]? Her report number is [REDACTED] issued on September 22, 2008. If I could get your phone number I would be happy to give you a call when it is convenient for you to talk.

I look forward to speaking with you soon!

Sincerely,

*Lori Mickelson*

Internal Financial and GMAP Data Manager

Washington State Board of Accountancy

P: (360) 586-0784

F: (360) 664-9190

[lorim@cpaboard.wa.gov](mailto:lorim@cpaboard.wa.gov)

[www.cpaboard.wa.gov](http://www.cpaboard.wa.gov)

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

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



World Education Services

## CREDENTIAL EVALUATION AND AUTHENTICATION REPORT

Name: [REDACTED]  
Date of Birth: [REDACTED]

Date : September 22, 2008  
Ref #: [REDACTED]  
Page: 1 of 6

### U.S. EQUIVALENCY SUMMARY

Bachelor's degree in accounting from an accredited institution

### CREDENTIAL ANALYSIS

- |                                   |   |
|-----------------------------------|---|
| <b>Credential Authentication:</b> | <i>Official transcripts were sent directly by the institution</i> |
| <b>Country:</b>                   | Canada  |
| <b>Credential:</b>                | Academic Transcript   |
| <b>Year:</b>                      | 1987  |
| <b>Awarded by:</b>                | College of the Rockies  |
| <b>Admission requirements:</b>    | High school graduation  |
| <b>Length of program:</b>         | Not applicable  |
| <b>Major/Specialization:</b>      | Office Administration   |
| <b>U.S. Equivalency:</b>          | Completion of a career training program                           |
| <b>Remarks:</b>                   | [REDACTED] was awarded a certificate.                             |



INSTRUCTIONS FOR USING THIS REPORT: An explanation of the terms used in this report can be found on the reverse side. This report is valid only when printed on watermarked paper and sealed with an official WES stamp on each page.



World Education Services

# CREDENTIAL EVALUATION AND AUTHENTICATION REPORT

Name: [REDACTED]  
Date of Birth: [REDACTED]

Date : September 22, 2008  
Ref #: [REDACTED]  
Page: 2 of 6

2. **Credential Authentication:** *Official transcripts were sent directly by the institution*  
**Country:** Canada  
**Credential:** Academic Transcript  
**Year:** 1994  
**Awarded by:** College of the Rockies  
**Admission requirements:** High school graduation  
**Length of program:** Not applicable  
**Major/Specialization:** Business Administration  
  
**U.S. Equivalency:** One year of undergraduate study
3. **Credential Authentication:** *Official transcripts were sent directly by the institution*  
**Country:** Canada  
**Credential:** Academic Transcript  
**Year:** 1995  
**Awarded by:** Southern Alberta Institute of Technology  
**Admission requirements:** High school graduation  
**Length of program:** Not applicable  
**Major/Specialization:** Accounting  
  
**U.S. Equivalency:** Completion of one course of undergraduate study  
  
**Remarks:** [REDACTED] was enrolled as an independent student.



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World Education Services

# CREDENTIAL EVALUATION AND AUTHENTICATION REPORT

Name: [REDACTED]  
Date of Birth: [REDACTED]

Date : September 22, 2008  
Ref #: [REDACTED]  
Page: 3 of 6

4. **Credential Authentication:** *Official transcripts were sent directly by the institution*  
**Country:** Canada  
**Credential:** Academic Transcript  
**Year:** 2001  
**Awarded by:** Athabasca University  
**Admission requirements:** High school graduation  
**Length of program:** Not applicable  
**Major/Specialization:** Liberal Arts and Sciences

**U.S. Equivalency:** Completion of one course of undergraduate study

**Remarks:** [REDACTED] was enrolled as an independent student.

5. **Credential Authentication:** *Official transcripts were sent directly by the institution*  
**Country:** Canada  
**Credential:** Academic Transcript  
**Year:** 2001  
**Awarded by:** Northern Alberta Institute of Technology  
**Admission requirements:** High school graduation  
**Length of program:** Not applicable  
**Major/Specialization:** Accounting

**U.S. Equivalency:** One year of undergraduate study

**Remarks:** [REDACTED] was enrolled as an independent student.





World Education Services

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## CREDENTIAL EVALUATION AND AUTHENTICATION REPORT

Name: [REDACTED]  
Date of Birth: [REDACTED]

Date : September 22, 2008  
Ref.#: [REDACTED]  
Page: 4 of 6

---

6. **Credential Authentication:** *Official transcripts were sent directly by the institution*  
**Country:** Canada  
**Credential:** Certificate of Membership  
**Year:** 2001  
**Awarded by:** Certified General Accountants of Canada  
**Admission requirements:** Bachelor's degree  
**Length of program:** Not applicable  
**Major/Specialization:** Accounting
- U.S. Equivalency:** Bachelor's degree
- Remarks:** [REDACTED] was exempted from part of the program on the basis of study previously completed (see #s 1-5, above).



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World Education Services

# COURSE-BY-COURSE ANALYSIS

Name:   
 Date of Birth: [REDACTED]

Date : September 22, 2008  
 Ref #: [REDACTED]  
 Page: 5 of 6

INSTITUTIONS - DATES - SUBJECTS	U.S. Semester Credits	U.S. Grades
<u>College of the Rockies</u>		
<u>1992-1993</u>		
Business Law	3.0	A
Finance I	3.0	A
Intermediate Accounting I	3.0	A
Management Accounting I	3.0	A
Finance II	3.0	A
Intermediate Accounting II	3.0	A
Management Accounting II	3.0	A
Introduction to Data Processing	3.0	A
<u>1994</u>		
Computer Applications in Business	3.0	A
Macroeconomics	3.0	A-
Microeconomics	3.0	A-
<u>Southern Alberta Institute of Technology</u>		
<u>1989</u>		
Introduction to Accounting	5.0	C+
<u>1994-1995</u>		
Management Accounting (repeat - 2nd attempt)	(3.0)	F
<u>Athabasca University</u>		
<u>2001</u>		
Financial Accounting Theory	3.0	B-
<u>Northern Alberta Institute of Technology</u>		
<u>1997-1998</u>		
Quantitative Methods in Accounting	3.0	A
Management Accounting	2.0	A-
Auditing	2.0	B
<u>1998-1999</u>		
Accounting Software	3.0	A-
Taxation	2.0	B
<u>1999-2000</u>		
Advanced Financial Accounting	3.5	B
Advanced Finance	3.5	B-
<u>2000-2001</u>		
CMA Management Policy (Continued on next page)	3.5	B+



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World Education Services

# COURSE-BY-COURSE ANALYSIS

Name: [REDACTED]  
Date of Birth: [REDACTED]

Date : September 22, 2008  
Ref #: [REDACTED]  
Page: 6 of 6

INSTITUTIONS - DATES - SUBJECTS	U.S. Semester Credits	U.S. Grades
CGA Advanced Management Auditing	4.0	C
<u>Certified General Accountants of Canada</u>		
<u>1998-1999</u>		
Taxation	3.0	C
<u>1999-2000</u>		
Financial Accounting	3.0	C
Finance	3.0	C
<u>2000-2001</u>		
Management Auditing	(3.0)	F*
Management Auditing	3.0	B

## SUMMARY

Total Undergraduate Semester Credits: 79.5      GPA: 3.13



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## CREDIT ANALYSIS SUPPLEMENT FOR BOARDS OF ACCOUNTANCY

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Name: [REDACTED]  
Date of Birth: [REDACTED]

Date : September 22, 2008  
Ref #: [REDACTED]  
Page: 1 of 1

---

TO BE USED IN CONNECTION WITH FULL REPORT

---

The program semester credits total was 79.5, including the following:

	Semester Units (Credits)
<b>Business-Related Subjects</b>	
(L) Business Law	3.0
(L) Finance I	3.0
(L) Management Accounting II	3.0
(L) Introduction to Data Processing	3.0
(L) Computer Applications in Business	3.0
(L) Macroeconomics	3.0
(L) Microeconomics	3.0
(U) Advanced Finance	3.5
(U) CMA Management Policy	3.5
(U) Finance	3.0
<b>Business-related subjects subtotal:</b>	<b>31.0</b>
<b>Accounting/Auditing Subjects</b>	<b>Semester Units (Credits)</b>
(L) Intermediate Accounting I	3.0
(L) Management Accounting I	3.0
(L) Finance II	3.0
(L) Intermediate Accounting II	3.0
(L) Introduction to Accounting	5.0
(U) Financial Accounting Theory	3.0
(L) Quantitative Methods in Accounting	3.0
(L) Management Accounting	2.0
(U) Auditing	2.0
(U) Accounting Software	3.0
(U) Taxation	2.0
(U) Advanced Financial Accounting	3.5
(U) CGA Advanced Management Auditing	4.0
(U) Taxation	3.0
(U) Financial Accounting	3.0
(U) Management Auditing	3.0
<b>Accounting/Auditing subjects subtotal:</b>	<b>48.5</b>
<b>Required subject areas total:</b>	<b>79.5</b>



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**From:** [REDACTED]  
**To:** [Paulsen, Michelle \(ACB\)](#)  
**Subject:** FW: ECE reference #343832/MFH  
**Date:** Thursday, March 31, 2011 1:38:27 PM

---

Hi Michelle~

I'm forwarding you the explanation I received from ECE. I will send you the student copy of the evaluation from IERF (the one that I used to sit for the CPA exam).

If this is not going to work, I can have IERF re-evaluate my credentials again since they don't have a problem with earning 150 credits in a four year bachelor's degree program.

Thank you so much for your time.

[REDACTED]

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**From:** [evaleg@ece.org](mailto:evaleg@ece.org)  
**To:** [REDACTED]  
**Subject:** RE: ECE reference #343832/MFH  
**Date:** Thu, 31 Mar 2011 14:39:26 -0500

[REDACTED]

Thank you for your message. When I was revising your evaluation report I suspected this might come up.

ECE's policy is to fit the number of credits earned in another country into what is the norm in the United States. The number of credits a student can earn in the United States in a bachelor's degree program will be between 120-144 credits (assuming the program is a 4 year program). Often we need to reduce the number of credits on a given transcript so that they fit into the US model.

When we initially prepared your report, the total number of credits earned on your transcript from Ethiopia were 135. Since this number falls in between the 120-144 credit target number we didn't need to reduce the credits. We simply used the face value as given in Ethiopia. When the additional course work was submitted, there were an additional 15 credits that needed to be accounted for. If we added 15 credits to your previous 135 we would have had a total of 150. It is impossible for a US student to earn 150 credits in a 4 year bachelor's degree program in the United States so we had to apply a modifier to all of your credits. This modifier needs to be applied across the board, so all of your credits were reduced. You will notice that the total number of credits is somewhat higher on your revised report.

As an example, let's look at the class Introduction to Business. When your report was initially prepared we just took the credit amount at face value. It was worth 3 credits at your university and we could simply take it as 3 credits on your report. When we needed to apply a modifier for your revised report, we multiplied all of your credits by .875 (a common modifier at ECE). Introduction to Business is now worth 2.75 credits.  $3 \times .875 = 2.625$ , but everything is rounded up to the nearest quarter. In this case, 2.75.

Credits are always somewhat arbitrary. What ECE looks at is the length of time any given program of study lasts. In your case, one year of coursework in Ethiopia would equal one year of coursework in the United States. Taking that as a model, we needed to alter the credits so that they fit into the US framework.

I hope this helps to answer your concerns.

Please feel free to contact me if you have any further questions.

Sincerely,

Matthew Holochwost  
Evaluator

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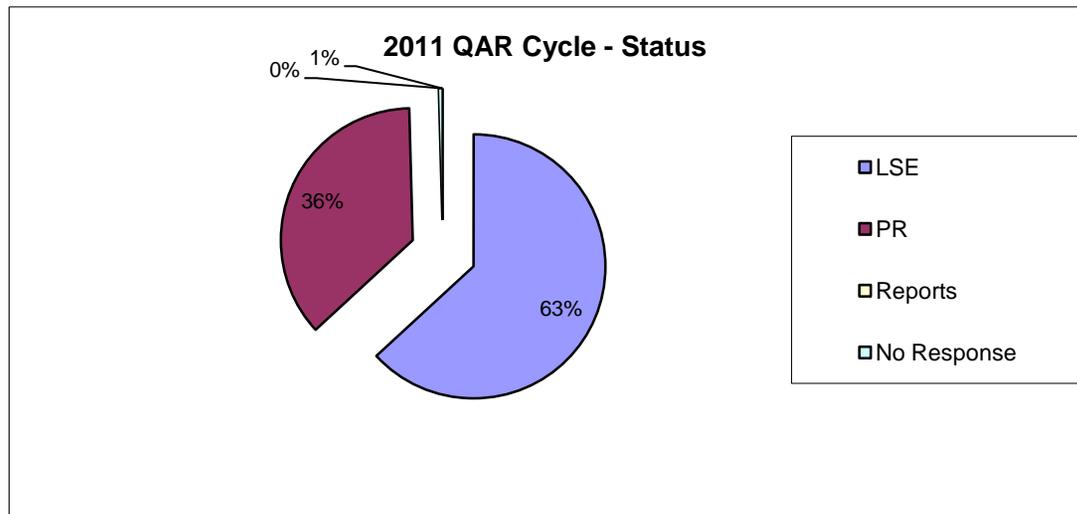
## Washington State Board of Accountancy 2011 QAR Program - Status Report As of July 5, 2011

### 2011QAR Status Forms:

- 1) A total of 582 firms were cycled for the 2011 QAR program.
- 2) Fourteen firms have been deleted due to firm closure or re-scheduled for the 2012 or 2013 program.
- 3) Analysis of the remaining 568 firms:

LSE	293	Requested Limited Scope Exemption (All files closed)
PR	169	Requested the AICPA Peer Review Exemption
Reports	141*	Submitted Reports for Review By the Board
No Response	2	Firms that did not respond and were sent to Enforcement
<b>Total</b>	<b>605</b>	

\* Thirty-five firms had two reports reviewed & 2 firms had three reports reviewed



## CPE Audit Comparison

### • POPULATION

- 2007 - 4015
  - Certificateholders 765
  - Licensees 3248
  - NL Firm Owner 2
- 2008 - 952
  - Certificateholders 16
  - Licensees 931
  - NL Firm Owner 5
- 2009 - 5536
  - Certificateholders 855
  - Licensees 4679
  - NL Firm Owner 2
- 2010 - 5332
  - Certificateholders 698
  - Licensees 4629
  - NL Firm Owner 5
- 2011 - 1466
  - Certificateholders 21
  - Licensees 1443
  - NL Firm Owner 2

### • PULLED FOR AUDIT

- 2007 - 147-3.6%
  - Certificateholders 34 - 4%
  - Licensees 113 3%
  - NL Firm Owner 0 - 0%
- 2008 - 167-17.5%
  - Certificateholders 6 - 38%
  - Licensees 161 - 17%
  - NL Firm Owner 0-0%
- 2009 - 153-2.7%
  - Certificateholders 14 - 2%
  - Licensees 139 - 3%
  - NL Firm Owner 0 - 0%
- 2010 -190-3.5%
  - Certificateholders 43 - 6%
  - Licensees 147 - 3%
  - NL Firm Owner 0 - 0%
- 2011
  - Certificateholders N/A
  - Licensees N/A
  - NL Firm Owner N/A

### • RESULTS

- 2007
  - Passed 107 - 73%
  - Failed-Enforcement 17 - 11%
  - Failed-Admin notice 23 -16%
- 2008
  - Passed 131 - 79%
  - Failed-Enforcement 12 - 7%
  - Failed-Admin notice 24 -14%
- 2009
  - Passed 136 - 89%
  - Failed-Enforcement 8 - 5%
  - Failed-Admin notice 9 - 6%
- 2010
  - Passed 180 - 95%
  - Failed-Enforcement 10 - 5%
  - Failed-Admin notice 0 - 0%
- 2011
  - Passed N/A
  - Failed-Enforcement N/A
  - Failed-Admin notice N/A

# 2011 RENEWAL CYCLE NUMBERS

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## Non-Licensee CPA Firm Owners

### TOTAL TO RENEW: 6

• Renewed Online	3
• Renewed by Paper	1
• PLR*-Total	1
○ Using invoicing	0
○ \$480	1
• Retired	N\A
• Lapsed	<u>1</u>
▪ Total	6

## CPA Licensees

### TOTAL TO RENEW: 1,759

• Renewed Online	1345
• Renewed by Paper	35
• PLR*-Total	116
○ Using invoicing	65
○ \$480	51
• Retired	93
• Lapsed	<u>170**</u>
▪ Total	1759

## CPA- Inactive Certificateholders

### TOTAL TO RENEW: 28

• Renewed Online	21
• Renewed by Paper	0
• PLR*-Total	1
○ Using invoicing	0
○ \$480	1
• Retired	2
• Lapsed	<u>4</u>
▪ Total	28

\*PLR-Pre Lapsed Reinstatement: Per Board decision any individual that came forward during their renewal cycle and admitted to a failure to complete their CPE by December 31<sup>st</sup> was allowed the option to apply for reinstatement prior to the license actually lapsing on June 30<sup>th</sup>.

\*\*Twenty (20) of the lapsed individuals were due to 'PLR' request that didn't apply for reinstatement.

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

	<u>3/31/10</u>	<u>6/30/10</u>	<u>9/30/10</u>	<u>12/31/10</u>	<u>2010</u>	<u>3/31/11</u>	<u>6/30/11</u>
Beginning Cases	176	157	150	131	176	93	66
Cases Opened	13	39	34	13	99	18	19
Cases Closed	<u>-32</u>	<u>-46</u>	<u>-53</u>	<u>-51</u>	<u>-182</u>	<u>-45</u>	<u>-34</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><u>66</u></b>	<b><u>51</u></b>
Cases 07 and Older					14	10	6
Cases 08 and Newer					<u>79</u>	<u>56</u>	<u>45</u>
<b>Totals</b>					<b><u>93</u></b>	<b><u>66</u></b>	<b><u>51</u></b>

**Investigation Completed:**

Attorney General		12	7	9		11	7
CBM		38	27	7		9	4
S&AO		45	55	53		23	11
CBM Dismissals		<u>10</u>	<u>9</u>	<u>4</u>		<u>0</u>	<u>1</u>
		<u>105</u>	<u>98</u>	<u>73</u>		43	23

**Investigation In Progress:**

Complaint Files

Active Investigation		18	14	20		19	17
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Agency Files

QAR		7	2	0		0	2
CPE		20	9	0		0	4
Admin		<u>0</u>	<u>8</u>	<u>0</u>		<u>0</u>	<u>0</u>
		<u>45</u>	<u>33</u>	<u>0</u>		0	6

**Total** **150** **131** **93** **62** **46**

Active		149	129	90		62	46
Pending		<u>1</u>	<u>2</u>	<u>3</u>		<u>4</u>	<u>5</u>
<b>Total</b>		<b><u>150</u></b>	<b><u>131</u></b>	<b><u>93</u></b>		<b><u>66</u></b>	<b><u>51</u></b>

**Classification:**

Code of Conduct			23	20		22	17
Competency			18	16		11	10
Title			26	18		6	6
Fraud			<u>6</u>	<u>5</u>		<u>7</u>	<u>6</u>
			73	59		46	39
Administrative							
QAR			21	13		8	5
CPE			<u>37</u>	<u>21</u>		<u>12</u>	<u>7</u>
			<u>58</u>	<u>34</u>		<u>20</u>	<u>12</u>

**Total** **131** **93** **66** **51**

**Closed cases:**

Reinstatements						1	1
Revocation			3	0	5	0	1
Suspension			1	6	8	4	6
Practice restriction			1	1	3	2	2
SAO-Fine/costs/other sanctions			8	18	68	24	13
Dismissals			11	17	57	12	8
Admin Sanctions			<u>29</u>	<u>9</u>	<u>41</u>	<u>2</u>	<u>3</u>
<b>Total</b>			<b><u>53</u></b>	<b><u>51</u></b>	<b><u>182</u></b>	<b><u>45</u></b>	<b><u>34</u></b>

**Other:**

Complaints received not opened	<u>14</u>	<u>13</u>	<u>12</u>	<u>17</u>	<u>56</u>	<u>10</u>	<u>8</u>
PCAOB/Peer Review Monitoring			<u>28</u>	<u>34</u>		<u>29</u>	<u>25</u>
Administrative Sanctions-CPE Failures under 16 hours					<u>255</u>		



## Investigation Results/Statistics

### 2011

In carrying out its mission "to promote dependable, accessible financial information" the Board is responsible for investigating complaints against CPAs, CPA-Inactive certificateholders, and CPA firms. Complaints can originate from clients, other CPAs, federal or state regulators, or identified through agency oversight and review programs. Complaints result from allegations of technical errors, or ethical or legal violations. The Board has closed 79 cases during 2011. Complaints or inquiries originated from the following sources:

#### Source of Complaint

Agency oversight programs/Board initiated	37	47%
Clients	23	29%
Employer/Employee	3	4%
Other CPAs	1	1%
Media		
Miscellaneous	3	4%
Anonymous	1	1%
Federal, state, local or foreign jurisdiction	1	1%
Self-reported	10	13%
Non-governmental professionally related standard-setting entity		
<b>Total</b>	<b>79</b>	

**The 79 cases closed during 2011 resulted from the following allegations:**

#### Administrative

Failure to change address		
Failure to respond to Board oversight/inquiries	4	5%
Request for reinstatement of suspended license/certificate	3	4%

#### Code of Conduct

Conflicts	2	3%
Confidentiality	5	6%

Failure to complete engagement	3	4%
Failure to pay individual federal income taxes		
Independence		
Misrepresentations/fees		
Professional misconduct	4	5%
Records retention	2	3%
<b>Competency</b>		
Noncompliance with technical standards including Quality Assurance Review	8	10%
Sanction/denial of practice privilege by a federal, state, local or foreign jurisdiction	1	1%
Sanction by non-governmental professionally related standard-setting entity		
Tax return errors	6	8%
<b>CPE</b>		
Failure to substantiate CPE on audit	16	20%
Failure to substantiate CPE on renewal	7	9%
<b>Fraud</b>		
Embezzlement	1	1%
Theft		
Conspiracy		
<b>Title Use:</b>		
Use of title or holding out in public practice by a nonCPA or non WA CPA	3	4%
Issuance or offering to issue audit, review, or compilation report by unauthorized individual		
Use of title or holding out in public practice with a lapsed license/certificate or no CPA firm license	14	17%
<b>Total:</b>	<b>79</b>	

### The Board resolved the 79 cases during 2011 as follows:

#### Closed via Board Order

Fine/costs/other sanctions	37	47%
Reinstatement of suspended license/certificate	2	3%
Practice restriction	4	5%
Suspension	10	13%
Revocation	1	1%
<b>Administrative Sanctions Imposed</b>	<b>5</b>	<b>6%</b>
<b>Lack of evidence of violation</b>	<b>20</b>	<b>25%</b>
<b>Total</b>	<b>79</b>	

See Also:

[2011 License and certificate suspensions \(including stayed suspension\) and revocations](#)

[2011 Other Board Orders](#)

[Back to Investigation Statistics Main Page](#)

# Investigation Statistics

Historical data: January 1990 through June 30, 2011

Year Opened	Number of Cases Opened	Number of Cases Closed
1990	79	68
1991	79	81
1992	83	83
1993	76	80
1994	83	67
1995	79	62
1996	78	91
1997	83	85
1998	93	109
1999	58	71
2000	33	40
2001	50	33
2002	45	58
2003	83	62
2004	144	92
2005	83	85
2006	131	64
2007	143	176
2008	90	99
2009	130	76
2010	99	182
2011	37	79

As of June 30, 2011:

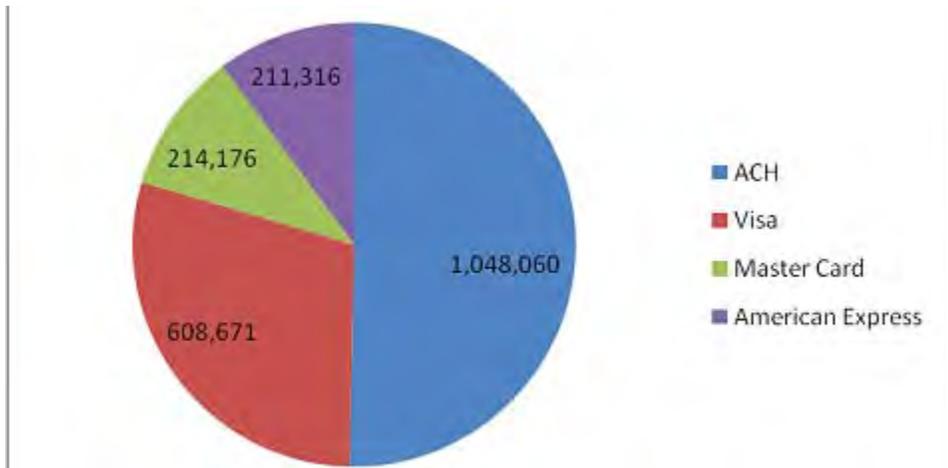
Active Cases: **46**  
Pending Cases: **5**  
Total Open Cases **51**

## Closing numbers for 2011 Renewal Cycle

Total Renewal Applications = 1702 (98% online renewal vs. paper – last year we hit 92%)

- Total **Online** Renewal Applications = **1,662** ( 1454 individuals and 208 firms)
- Total **Paper** Renewal Applications = **40** (32 individuals and 8 firms)

Total Online Revenue between 01/01/2010\* and 07/06/2011 = 2,082,223 (All Applications) – still holding strong with over 50% ACH



\*Online application implementation.

A representative from the State Treasurer's office recently commented: "these numbers are FANTASTIC. Looks like you avoided over \$26K in bankcard fees so far."

## Late Renewal Applications

