

# Board of Accountancy

WASHINGTON STATE



## REGULAR BOARD MEETING AGENDA

**Date, Time:** Friday, January 30, 2015 – Regular Board Meeting – 9:00 a.m.  
**Location:** Crowne Plaza Seattle Airport – Queen Anne Room  
17338 International Boulevard, SeaTac, Washington  
(206) 248-1000  
**Notices:** None

Chair Introductions

### REGULAR MEETING AGENDA

Attachments at tab:

1. Minutes – October 24, 2014, Annual Board Meeting.....A
2. Delegations of Authority – Annual Review
  - a. Charges, Subpoenas, Negotiate Settlement - Amendment Proposed.....B
  - b. Administrative Notices of Non-Compliance/Administrative Sanctions.....C
  - c. CPE Waiver Extension Requests/Firm Names, Professional/Education Organizations  
Recognition Requests; Late Fee Waiver Requests; Domestic or Foreign Education  
Credential Evaluation Services/Appeal of Denials of Requests for Lists of Individuals.....D
  - d. Authority to Conduct Investigations.....E
  - e. Quality Assurance Review (QAR) Program Remedial Actions/Review of Publicly  
Available Professional Work.....F
3. Rules Review
  - a. WAC 4-30-060 What are the education requirements to qualify to apply for the CPA  
examination?.....G
4. Memorandum of Understanding and Cooperation with British Columbia .....H
5. Foreign Education Evaluation Services
6. NASBA Update
7. Chair’s Report
  - a. Potential Statute and Rules Revisions – January Discussion Items
    - i. Firm Mobility.....I
    - ii. Attest – Conforming to UAA Language
    - iii. CPA License Renewal Cycle

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

Kirsten Donovan, Washington State Board of Accountancy  
PO Box 9131, Olympia, WA 98507-9131  
Phone: 360-664-9191 E-mail: kirstend@cpaboard.wa.gov

7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)  
(TTY and Telebraille service nationwide by Washington Relay  
www.washingtonrelay.com)

- iv. CPE Annual Requirement
  - b. Potential Statute and Rules Revisions – April Discussion Items
    - i. Titles
    - ii. Elimination of CPA-Inactive Status
    - iii. Timeframe for Licensure after Passing the CPA Exam
    - iv. Definitions
  
- 8. Committee/Task Force Reports
  - a. Executive – Don Aubrey, CPA, Chair - *Verbal Report*
  - b. Compliance Assurance Oversight – Edwin Jolicoeur, CPA, Chair – *Verbal Report* .....J
  - c. Legislative Review – Don Aubrey, CPA, Chair – *No report*
  - d. Quality Assurance – Thomas Neill, CPA, Chair - *Verbal Report* .....K
  - e. Request Review – Karen Saunders, CPA, Chair – *Verbal Report* .....L
  - f. State Ethics Compliance – Lauren Jassny, Ethics Advisor – *No Report*
  - g. Qualifications – Thomas Neill, CPA, Chair – *No Report*
  - h. Performance Review and Succession – Emily Rollins, Chair – *Verbal Report*
  
- 9. Executive Director’s Report
  - a. Governor’s Budget Summary, including Fund Balance Sweep
  - b. Revenue Reports
  - c. Draft Board Travel and Meeting Policy .....M
  - d. Draft Amendment to Board Rule, WAC 4-30-050, What are the requirements concerning records and clients confidential information?.....N
  - e. AICPA Report
  
- 10. Director of Investigation’s Report .....O
  
- 11. Motion for Entry of Default Order – Tsz Wah (Martin) Fok, ACB-1408.....P
  
- 12. Motion for Entry of Default Order – Jolene Hillis, ACB-1405.....Q
  
- 13. Legal Counsel’s Report
  
- 14. Executive and/or Closed Sessions with Legal Counsel
  
- 15. Public Input - To ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Unapproved Draft - Minutes of an Annual Meeting of the Board – Unapproved Draft

<b>Time and Place of Meeting</b>	9:00 a.m. – 2:08 p.m. Friday, October 24, 2014 Crowne Plaza Seattle Airport Queen Anne Room 17338 International Boulevard SeaTac, Washington
<b>Attendance</b>	Emily R. Rollins, CPA, Chair, Board Member Karen R. Saunders, CPA, Vice Chair, Board Member (left at 1:15 p.m.) Elizabeth D. Masnari, CPA, Secretary, Board Member Donald F. Aubrey, CPA, Board Member Lauren C. Jassny, Public Board Member Thomas G. Neill, CPA, Board Member Favian Valencia, Public Board Member Bruce L. Turcott, Assistant Attorney General, Board Advisor Richard C. Sweeney, CPA, Executive Director Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations Keith Schuster, CPA, Executive Risk Management Advisor Kirsten Donovan, Board Clerk
<b>Public Rule-Making Hearing</b>	<p>The Board held a public rule-making hearing from 9:01 a.m. to 9:10 a.m. The Board Chair presided. The rules under consideration were:</p> <ul style="list-style-type: none"><li>• WAC 4-30-088 - What is the effect on a Washington individual licensee or CPA-Inactive certificateholder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty?</li><li>• WAC 4-30-140 - What are the authority, structure, and processes for investigations and sanctions?</li></ul> <p>The Executive Director presented a brief statement for each rule being considered.</p> <p>The Board received no written comments.</p>
<b>Call to Order</b>	Board Chair, Emily Rollins, called the annual meeting of the Board to order at 9:10 a.m.

Minutes, October 24, 2014, Annual Board Meeting

The Board Chair excused the absences of Gerald F. Ryles, Public Board Member and Edwin G. Jolicoeur, CPA, Member. The Board Chair excused the early departure of Karen R. Saunders, CPA, Member.

**Rules Review**

WAC 4-30-088 What is the effect on a Washington individual licensee or a CPA-Inactive certificateholder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty?

The Board voted unanimously to adopt the rule as proposed. The Board voted for an implementation date 31 days after filing.

WAC 4-30-140 What are the authority, structure, and processes for investigations and sanctions?

The Board voted unanimously to adopt the rule as proposed. The Board voted for an implementation date 31 days after filing.

**Policy Review**

The Executive Director presented the proposed changes to Board Policy 2004-1, Sanction and Penalty Guidelines.

The Board voted unanimously to revise the policy as proposed. The revised policy effective date is October 24, 2014.

**Minutes – July 24,  
2014 Regular Board  
Meeting**

The Board approved the minutes of the July 24, 2014, regular Board meeting as presented.

**Chair's Report**

Election of 2015 Officers – The Chair presented the following slate of officers to serve during 2015:

- Chair – Donald F. Aubrey, CPA
- Vice Chair – Lauren C. Jassny
- Secretary – Karen R. Saunders, CPA

No other nominations were made. The Board cast a unanimous vote for the slate of officers presented.

Minutes, October 24, 2014, Annual Board Meeting

2015 Board Meeting Schedule – The Board established the following schedule for the 2015 Board meetings:

- January 30, 2015 – SeaTac Area
- April 17, 2015 – TBD
- July 31, 2015 – TBD
- October 30, 2015 – SeaTac Area

The Board suggested that one meeting be held in Eastern Washington with the location still to be determined.

Committee Appointments for 2015 – The Board made the following committee appointments for 2015:

- Compliance Assurance Oversight Committee  
Chair:  
Edwin G. Jolicoeur, CPA  
Members:  
Nina Gerbic, CPA  
Deidra Roberts, CPA
- Legislative Review Committee  
Chair:  
Donald F. Aubrey, CPA  
Member:  
Favian Valencia
- Quality Assurance Committee  
Chair:  
Thomas G. Neill, CPA  
Member:  
Robert Speicher, CPA
- Request Review Committee  
Chair:  
Karen R. Saunders, CPA  
Member:  
Elizabeth D. Masnari, CPA
- State Ethics Compliance Committee  
Ethics Advisor:  
Lauren C. Jassny
- Qualifications Committee:  
Chair:  
Thomas G. Neill, CPA  
Members:

Minutes, October 24, 2014, Annual Board Meeting

Elizabeth D. Masnari, CPA

Emily R. Rollins, CPA

- Performance Review and Succession Committee

Chair:

Emily R. Rollins, CPA

Members:

Gerald F. Ryles

Lauren C. Jassny

Donald F. Aubrey, CPA

**NASBA Update**

Don Aubrey reported on the 2015 annual NASBA meeting dates.

**Executive Committee**

Emily Rollins reported that she met with the Executive Director, the Vice Chair, and the Secretary on October 8, 2014 in Renton. Their discussion included:

- The Board Meeting Agenda
- Potential Slate of Officers for 2015
- The Fund Balance Sweep
- The Default Order Process
- The Washington State – British Columbia Cross Border Enforcement Agreement
- The 2015 Board Meeting Schedule and Locations

**Compliance Assurance Oversight Committee**

Ed Jolicoeur had nothing to report.

**Legislative Review Committee**

Don Aubrey had nothing to report.

**Quality Assurance Committee**

Tom Neill had nothing to report.

**Request Review Committee**

Karen Saunders reported on the 3rd quarter 2014 approval and denials from the committee:

Firm Names: Approved:

- BATES, CARTER & CO, LLP
- CK & ASSOCIATES, CPA, PLLC
- SOUND ACCOUNTING & TECHNOLOGY LLC
- COUNT ON THAT, LLC

Minutes, October 24, 2014, Annual Board Meeting

- SANCHEZ CPA AND ADVISORS LLC
- BLUE AFRA ACCOUNTING
- NEW HORIZONS CPA TAXES & ACCOUNTING, INC
- INSERO & COMPANY CPAS, P.C.
- RUSSELL TAX AND ACCOUNTING FIRM
- ARONSON LLC
- WARREN AVERETT, LLC
- CHITALEY ASSOCIATES
- CASCADIA TJ CPA PC
- SHINDEL, ROCK & ASSOCIATES P.C

Professional/Educational Organization - Recognition

Requests: During the 3<sup>rd</sup> quarter 2014, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation

Services – Applications: During the 3<sup>rd</sup> quarter 2014, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**State Ethics Compliance Committee**

Lauren Jassny reported on the state ethics compliance checklists completed by Board staff.

**Qualifications Committee**

Tom Neill reported that a modification of WAC 4-30-060, What are the education requirements to qualify to apply for the CPA examination?, will be forthcoming in January 2015.

**Performance Review and Succession Committee**

Emily Rollins reported the following:

- Feedback from the Executive Director Evaluation was provided to the Executive Director.
- The Board desires to communicate with the Governor's office prior to a successor to the Executive Director being chosen.

**Director of Investigations Report**

Investigation Statistics/Investigations & Administrative Sanctions: Charles Satterlund, CPA, Director of Investigations provided the following report to the Board:

Minutes, October 24, 2014, Annual Board Meeting

- Enforcement Report: July 1, 2014 through September 30, 2014

Charles Satterlund reported that conflicts of interest issues have been increasing.

**Amendment to Delegation of Authority D-201 – Authority to Conduct Investigations**

The Executive Director reported on the proposed changes to Delegation of Authority D-201 - Authority to Conduct Investigations.

The Board voted unanimously to amend the delegation as proposed.

**Motion for Entry of Board Order – Wei Dong – ACB-1377**

The Executive Director presented the Board Order for ACB-1377 – Wei Dong.

The Board voted unanimously to adopt the Board Order as written.

**Motion for Entry of Default Order – Amy C. Morrin – ACB-1388**

The Executive Director presented the Default Order for ACB-1388 – Amy C. Morrin.

The Board voted unanimously to adopt the Default Order as written.

**Executive Director's Report**

Request for Board Concurrence on Executive Director's Interpretation of Reinstatements of CPA-Inactive certificateholder status after June 30, 2006, RCW 18.04.105(4), WAC 4-30-122 (renew out of retirement), and WAC 4-30-124 (reinstatement of a lapsed Certificate)

The Executive Director advised that he will be drafting a formal request to the Attorney General's Office for a published written legal opinion on RCW 18.04.105(4) regarding the CPA-Inactive certificateholder status after June 30, 2006.

Update on Washington State – British Columbia Draft Enforcement Agreement and Draft FAQ

The Executive Director reported on his September meeting with British Columbia officials, members of the

## Minutes, October 24, 2014, Annual Board Meeting

WSCPAs, and members of the AICPA regarding cross border enforcement and disciplinary actions. A Frequently Asked Questions (FAQ) list has been created and will be posted on the Board website once the questions have been vetted and revised.

Rich Jones, WSCPAs, reported that Carlos Johnson, NASBA Chair, has remarked positively regarding the cross border cooperation and agreement.

### Request for Board Concurrence for Quarterly Default Order Telephonic Hearings (if any default orders are put forth by the Executive Director)

The Executive Director led the discussion of quarterly Default Order Hearings to be held by teleconference call. Bruce Turcott, AAG, advised that these hearings are appropriate with proper notice of time and location for the public to attend.

### Linkedin Strategy or Not

The Executive Director led the discussion concerning the use of LinkedIn as a search tool to locate individuals for enforcement purposes. The Executive Director went on the record that he believes the use of LinkedIn is not appropriate at this time due to public records concerns.

The Executive Director stated that he will explore the issue with other state Board Executives and Information Technology staff. He will report his findings with a recommendation at the January Board meeting.

### Process Improvements

The Executive Director reported on the following process improvements:

- The new database platform will be put in operation on December 15, 2014.
- A second review of investigation documents will be conducted by Keith Schuster, CPA, Executive Risk Management Advisor, prior to Executive Director and Consulting Board Member review.

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The Executive Director does not believe this will slow down the investigation process.

Budget

The Executive Director reported on the continued probability of a fund balance sweep.

The Board Chair went on record stating that she respectfully disagrees with a fund balance sweep, as the funds come directly from CPAs and by law are to be used to fund Board of Accountancy activities and processes. She added that while the State's requirement to fund education is worthy and vast, the Agency and Board should provide appropriate support to the Governor's office regarding the level of cash reserves necessary to continue to operate the Agency during years of lower fees as well as unexpected litigation.

**Legal Counsel's Report**

Bruce Turcott, the Board's legal counsel, presented the required Open Public Meetings Act training.

Bruce Turcott reported that a Supreme Court decision is forthcoming for the North Carolina Board of Dental Examiners regarding an anti-trust lawsuit.

**Executive and/or Closed Sessions with Legal Counsel**

No executive or closed sessions with legal counsel held.

**Public Input**

Justine Watts and Jessica Voss of the foreign education evaluation service, Foreign Academic Credentials Service (FACS), presented an overview of their organization and requested that the Board reconsider the decision to use NASBA International Evaluation Services (NIES) as the sole provider of international credential evaluations.

In response Don Aubrey recommended that the foreign education evaluation service topic be added as an agenda item for the January Board meeting.

Rich Jones, CPA, Washington Society of CPAs

Minutes, October 24, 2014, Annual Board Meeting

(WSCPAs) President & CEO, reported on the WSCPAs activities related to the potential fund balance sweep including a proposal for accounting scholarships funded by the Board of Accountancy and administered through the WSCPAs Foundation.

The Executive Director will formulate a letter, including statistics, regarding fund balance requirements to continue Board activities and operations. The letter will also include a request for outreach to high schools to promote the profession.

**Adjournment**

After thanking the current Board officers and committee chairs for their leadership this past year and for everyone's participation in the current Board meeting, the Chair adjourned the meeting at 2:08 p.m.

Minutes, October 24, 2014, Annual Board Meeting

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Secretary

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Chair

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Vice-Chair

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Member

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Member

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# DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

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I, EMILY R. ROLLINS DONALD F. AUBREY, Chair of the Washington State Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate to Richard C. Sweeney, Executive Director for the Board, the specific authority to:

- (a) ~~(a)~~ — sign, issue, and withdraw Statements of Charges and/or Statements of Intent to Deny that seek to suspend, revoke, reprimand, refuse to issue, reinstate, or renew a certificate or license, or otherwise discipline or impose a fine upon a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, or a nonlicensee holding an ownership interest in a licensed firm; and
- (b) make application to the appropriate court for an order enjoining any acts or practices which constitute, or will constitute, a violation of Chapter 18.04 RCW pursuant to RCW 18.04.360; to temporarily stay the practice rights or use of the restricted title by an order signed by the Executive Director initiating an emergency adjudicative proceeding pursuant to RCW 34.05.479 in situations requiring immediate agency action due to an immediate danger to the public health, safety, or welfare; and
- (bc) in making investigations concerning alleged violations of RCW 18.04 and in all proceedings under RCW 18.04.295, 18.04.305, or chapter 34.05 RCW, to issue subpoenas to compel the attendance of witnesses and require the production of documents, administer oaths or affirmations to witnesses appearing before the Board, take testimony, and require that documentary evidence be submitted; and
- (ed) negotiate settlement proposals during investigations of alleged violations of RCW 18.04 or Board rules Title 4 WAC and in all proceedings under RCW 18.04.295, 18.04.305, or Chapter 34.05 RCW. Such proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration.

This delegation shall remain in effect for so long as Richard C. Sweeney is the Executive Director for the Washington State Board of Accountancy.

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

DATED this \_\_\_\_ day of \_\_\_\_\_ 20153.

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**EMILY R. ROLLINS DONALD F. AUBREY**, CPA  
Chair, Washington State Board of Accountancy

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

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I, EMILY R. ROLLINS DONALD F. AUBREY, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate to the Executive Director the specific authority to:

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

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

DATED this 17<sup>30</sup>th day of ~~April~~ January 20154.

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

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Appendix A

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

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

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# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Appendix A

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6.	First-time failure to timely change either or both individual and/or firm addresses.	\$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> ) to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.
7.	First-time failure by a firm to timely notify the Board of changes in the firm name, ownership, or managing licensee of the firm's main office after <i>the date of transmittal</i> by Board staff of a <i>Notice of noncompliance</i> .	\$500 fine + cost recovery to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.
8.	First-time CPE deficiency by a licensee, CPA-Inactive certificateholder, or nonCPA firm owner <i>not exceeding 16 hours</i> .	<p><b><u>Licensee:</u></b> <b>Exclusive of the required 4 hour course addressing ethics and regulation in Washington State a <u>sliding scale:</u></b></p> <p>\$250 fine for a deficiency up to and including 8 hours;</p> <p>\$500 fine for deficiency up to and including 16 hours;</p> <p><b>Additional (separate) \$500 fine</b> if the deficiency includes or is limited to failure to complete the required 4-hour course addressing ethics and regulation in Washington State.</p> <p><b><u>CPA-Inactive Certificateholder or NonCPA firm owner:</u></b></p> <p>\$500 fine + cost recovery for failure to complete the required 4-hour course addressing ethics and regulation in Washington State</p> <p>All amounts assessed are <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i></p>
9.	First-time misunderstanding of courses qualifying for the CPE in regulatory ethics specific to Washington State.	\$100 fine + cost recovery + submission of proof of completion of Board approved course in ethics and regulation in the state of Washington <i>to be received by the Board's office within 90 days of signing an agreement consenting to an Administrative Sanction.</i>

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# WASHINGTON STATE BOARD OF ACCOUNTANCY

## Appendix A

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

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

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

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

Effective: April 28, 2006

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

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

Delegation and Appendix A Revised: April 23, 2013, by Board vote

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# DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

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I, ~~EMILY R. ROLLINS~~ DONALD F. AUBREY, Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate the following specific authority:

1. CPE Waiver Extension Requests – To the Executive Director the specific authority to review, approve or deny Continuing Professional Education (CPE) waiver extension requests where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment, results in a CPE deficiency of not more than 16 CPE credit hours pursuant to applicable section(s) of Title 4 WAC.
2. Request Review Committee - To the Executive Director with concurrence of one member of the Request Review Committee, the specific authority to review and approve or deny:
  - a) **Continuing Professional Education (CPE) Waiver Extension Requests** where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment, results in a licensee CPE deficiency of more than 16 CPE credit hours pursuant to applicable section(s) of Title 4 WAC.
  - b) **Firm Names** that do not comply with the requirements of RCW 18.04.345 and applicable section(s) of Title 4 WAC to ensure the Board that the firm name is not deceptive or misleading.
  - c) **Professional/Education Organizations Recognition Requests** for purposes of obtaining lists of individual applicants for a license of “Certified Public Accountant” (CPA), individual CPA licensees, individual CPA-Inactive certificateholders, or CPA firms pursuant to RCW 42.56.070(9) and applicable section(s) of Title 4 WAC.
  - d) **Late Fee Waiver Requests** where individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment is a factor pursuant to applicable section(s) of Title 4 WAC.
  - e) **Domestic or foreign education credential evaluation services** applications for approval pursuant to applicable section(s) of Title 4 WAC.
3. Appeal of Denials of Requests for Lists of Individuals – To one member of the Request Review Committee not involved in the review of the original request under delegation 2(c) of this delegation, the specific authority to review and uphold or overturn denials of requests for list of individuals pursuant to RCW 42.56.520. This Request Review Committee member shall complete the review by the end of the second business day following the denial. The Committee member’s decision is the final action the Board will take on the matter for purposes of judicial review.

This delegation shall remain in effect until rescinded or modified by a majority vote of the Washington State Board of Accountancy.

The Executive Director will report all actions taken pursuant to this delegation of authority at each regular quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.

This delegation is made pursuant to the authority of RCW 18.04.045 and 42.56.070(9).

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 20153.

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

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# DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

**Delegation Number:** D-201

**Dated:** [October 24, 2014](#) [January 30, 2015](#)

**Delegation For:** Authority to Conduct Investigations\*

**Delegation To:** Director of Investigations and Executive Risk Management  
Advisor

**Approved:**

Emily R. Rollins Donald F. Aubrey, CPA  
Chair

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I, [EMILY R. ROLLINS](#) [DONALD F. AUBREY](#), Chair of the Washington State Board of Accountancy (“Board”), acting under authorization of a vote of the Board, delegate to the Director of Investigations, the specific authority to:

Conduct investigations concerning alleged violations of the provisions of chapter 18.04 RCW and Title 4 WAC as directed by the Executive Director of the Washington State Board of Accountancy. This also includes specific authority to administer oaths or affirmations to witnesses, subpoena witnesses and compel their attendance, take testimony, and to require that documentary evidence be submitted in the course of the investigation of alleged violations of chapter 18.04 RCW and Title 4 WAC.

This delegation does not include the authority to extend confidentiality to any testimony or evidence.

This delegation shall remain in effect for so long as the Executive Director has designated a Director of Investigations for the Washington State Board of Accountancy to exercise this authority, and through any necessary testimony at administrative hearings, should same be held.

In the event that the Executive Director is recused or otherwise unable to exercise responsibility for investigations, enforcement, and settlement, the Board delegates authority first to the Executive Risk Management Advisor to assume those responsibilities including the authority to:

- (a) Sign, issue, and withdraw Statements of Charges and/or Statements of Intent to Deny that seek to suspend, revoke, reprimand, refuse to issue, reinstate, or renew a certificate or license, or otherwise discipline or impose a fine upon a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, or a nonlicensee holding an ownership interest in a licensed firm; and

- (b) Negotiate settlement proposals during investigations of alleged violations of RCW 18.04 or Board rules Title 4 WAC and in all proceedings under RCW 18.04.295, 18.04.305, or chapter 34.05 RCW. Such proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration. Settlement proposals negotiated under this authority are not binding on the Board or respondent until the settlement is accepted by a quorum vote of the Board.
- (c) Issue Administrative Notices of Noncompliance and execute Respondent Agreements Consenting to Administrative Sanctions including monetary sanctions in accordance with the Board's delegation to the Executive Director.

In the event that the Executive Director and Executive Risk Management Advisor are both recused or otherwise unable to exercise responsibility for investigations, enforcement, and settlement, the Board delegates authority to the Director of Investigations to assume those responsibilities including the authority to:

- (a) Sign, issue, and withdraw Statements of Charges and/or Statements of Intent to Deny that seek to suspend, revoke, reprimand, refuse to issue, reinstate, or renew a certificate or license, or otherwise discipline or impose a fine upon a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, or a nonlicensee holding an ownership interest in a licensed firm; and
- (b) Negotiate settlement proposals during investigations of alleged violations of RCW 18.04 or Board rules Title 4 WAC and in all proceedings under RCW 18.04.295, 18.04.305, or chapter 34.05 RCW. Such proposals are subject to concurrence by a consulting Board member prior to submission to the Board for consideration. Settlement proposals negotiated under this authority are not binding on the Board or respondent until the settlement is accepted by a quorum vote of the Board.
- (c) Issue Administrative Notices of Noncompliance and execute Respondent Agreements Consenting to Administrative Sanctions including monetary sanctions in accordance with the Board's delegation to the Executive Director.

This delegation and its subparts are made pursuant to the authority of RCW 18.04.045, 18.04.295 and 18.04.305.

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# DELEGATION OF AUTHORITY BY THE WASHINGTON STATE BOARD OF ACCOUNTANCY

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I, [EMILY R. ROLLINS DONALD F. AUBREY](#), Chair of the State of Washington Board of Accountancy (“Board”), acting under authorization by a vote of the Board, delegate the following specific authority:

1. **Quality Assurance Oversight** - To the Executive Director, with concurrence of one member of the Board’s Quality Assurance Committee, the specific authority to take those actions deemed appropriate pursuant to the applicable section(s) of Title 4 WAC for any CPA firm:
  - That has unresolved matters relating to the peer review process or that has not complied with, or acted in disregard of the peer review requirements; and
  - When issues with a peer review may warrant further action.

To implement this delegation, the Executive Director may execute Respondent Agreements including one or any combination of the actions deemed appropriate after concurrence of the member of the Board’s Quality Assurance Committee. These actions may include requiring the firm/practitioner to:

- Develop and implement quality control procedures to provide reasonable assurance that similar occurrences will not occur in the future;
- Engage a Board-approved licensee to conduct a Board-prescribed on-site field review of the firm’s work product and practices to provide a more in-depth review of the practitioner’s work, previously taken continuing professional education, library and other practice support tools, knowledge, abilities, and system of quality control;
- Submit all or specified categories of its compilation, audit, review, or other attest working papers and reports to a preapproved independent practitioner review prior to issuance; and/or
- Obtain continuing education courses in specific areas.

Uncooperative CPA firms or CPA firms requiring more than one oversight will be subject to investigation and appropriate Board action.

*This delegation does not include matters that require Board action such as acceptance of voluntary practice restriction.*

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

This delegation shall remain in effect until rescinded or modified by a majority vote of the Washington State Board of Accountancy.

*The Executive Director will report all actions taken pursuant to this delegation of authority at each regular quarterly Board meeting to assist the Board in evaluating whether this delegation should be rescinded or modified.*

This delegation is made pursuant to the authority of RCW 18.04.045.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 20153.

\_\_\_\_\_  
**Emily R. Rollins Donald F. Aubrey, CPA**  
Chair, Washington State Board of Accountancy

WAC 4-30-060 What are the education requirements to qualify to apply for the CPA examination?

(1) **Education requirements:** ~~Effective July 1, 2000, to~~ To apply for the CPA examination you must have completed:

(a) At least one hundred fifty semester hours (two hundred twenty-five quarter hours) of college education, including;

(b) A baccalaureate or higher degree; and

(c) ~~An accounting concentration as defined as at least:~~

~~(i) Twenty four semester hours (thirty six quarter hours) or the equivalent in accounting subjects of which at least fifteen semester hours must be at the upper level or graduate level (an upper level course is defined as a course that frequently carries completion of a lower level course(s) as a prerequisite). For the purposes of meeting this subsection, individuals will be given 1.5 credits for each 1.0 graduate level credit of accounting courses taken; and~~

~~(ii) Twenty four semester hours (thirty six quarter hours) or the equivalent in business administration subjects at the undergraduate or graduate level.~~ A concentration of at least 48 semester credits (72 quarter credits) in accounting and/or business subjects of which 15

semester credits (22.5 quarter credits) are at the upper level or graduate level(an upper level course is defined as a course that frequently carries completion of a lower level course(s) as a prerequisite.

(d) To achieve the 150 semester credits (225 quarter credit) requirement the Board encourages you to complete courses that will assist you with successfully passing the Uniform CPA examination, attain a license as a Certified Public Accountant or contribute to your career in your chosen profession.

(de) The board will not recognize accounting concentration credits awarded for "life experience" or similar activities retroactively evaluated and recognized by colleges or universities. This restriction is not intended to apply to internships prospectively approved by colleges or universities.

~~(2) **One hundred eighty-day provision:** If you expect to meet the education requirements of this section within one hundred eighty days following the examination, you will be eligible to take the CPA examination provided you submit a signed Certificate of Enrollment from the educational institution in which you are enrolled stating that you will meet the board's education requirements within one hundred eighty days following the day you first sit for any one section of the exami-~~

~~nation. If you apply for the exam using the one hundred eighty day provision, then within two hundred ten days of first sitting for any section of the exam, you must provide the examination administrator complete documentation demonstrating that you met the board's education requirements within one hundred eighty days of first sitting for any one section of the exam. If you do not provide such documentation within the required two hundred ten day time period, your exam score(s) will not be released and you will not be given credit for any section(s) of the examination. Applicants failing to provide such documentation must reapply as a first time applicant.~~

(32) **Education obtained outside the United States:** If you obtained all or a portion of your education outside the United States you must have your education evaluated by a board approved foreign education credential evaluation service. The board will establish the criteria for board approval of foreign education credential evaluation services. The board ~~will~~ does not provide education credential evaluation services.

(43) **Semester versus quarter hours:** As used in these rules, a "semester hour" means the conventional college semester hour. Your quarter hours will be converted to semester hours by multiplying them by two-thirds.

(45) **Accreditation standards:** For purposes of this rule, the board will recognize colleges and universities which are accredited in accordance with (a) through (c) of this subsection.

(a) The accredited college or university must be accredited at the time your education was earned by virtue of ~~membership in one of the following accrediting agencies being listed on the U.S. Department of Education's Database of Accredited Postsecondary Institutions and Programs as a regionally or nationally accrediting agency.~~

~~(i) Middle States Association of College and Secondary Schools;~~

~~(ii) New England Association of Schools and Colleges;~~

~~(iii) North Central Association of Colleges and Schools, Higher Learning Commission;~~

~~(iv) Northwest Commission on Colleges and Universities (formerly the Northwest Association of Schools and Colleges);~~

~~(v) Southern Association of Colleges and Schools;~~

~~(vi) Western Association of Schools and Colleges; and~~

~~(vii) Accrediting Commission for Independent Colleges and Schools, or its predecessor, the Accrediting Commission of the Association of Independent Colleges and Schools.~~

(b) If an institution was not accredited at the time your education was earned but is so accredited at the time your application is

filed with the board, the institution will be deemed to be accredited for the purpose of (a) of this subsection provided that it:

(i) Certifies that your total educational program would qualify the applicant for graduation with a baccalaureate degree during the time the institution has been accredited; and

(ii) Furnishes the board satisfactory proof, including college catalogue course numbers and descriptions, that the preaccrediting courses used to qualify you for a concentration in accounting are substantially equivalent to postaccrediting courses.

(c) If your degree was received at an accredited college or university as defined by (a) or (b) of this subsection, but the educational program which was used to qualify you for a concentration in accounting and/or business subjects as defined in Section 1(c) above included courses taken at nonaccredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which your degree was received, provided the accredited institution either:

(i) Has accepted such courses by including them in its official transcript; or

(ii) Certifies to the board that it will or would accept such courses for credit toward graduation.

(65) **Alternative to accreditation:** If you graduated from a ~~four~~  
~~year~~ degree-granting institution that was not accredited at the time  
your degree was received or at the time your application was filed,  
you will be deemed to be a graduate of ~~a four-year~~ an accredited col-  
lege or university if a credentials evaluation service approved by the  
board certifies that your degree is equivalent to a degree from an ac-  
credited college or university as defined in subsection (54) of this  
section. The board does not provide education credential evaluation  
services.

[Statutory Authority: RCW 18.04.055(5), 18.04.105(1). WSR 10-24-009,  
amended and recodified as § 4-30-060, filed 11/18/10, effective  
12/19/10; WSR 05-01-137, § 4-25-710, filed 12/16/04, effective  
1/31/05; WSR 02-04-064, § 4-25-710, filed 1/31/02, effective 3/15/02.  
Statutory Authority: RCW 18.04.055(5). WSR 95-20-065, § 4-25-710,  
filed 10/3/95, effective 11/3/95; WSR 93-12-071, § 4-25-710, filed  
5/27/93, effective 7/1/93.]

**MEMORANDUM OF UNDERSTANDING AND  
COOPERATION BETWEEN THE  
INSTITUTE OF CHARTERED ACCOUNTANTS OF BRITISH  
COLUMBIA OR ITS SUCCESSOR  
AND THE  
WASHINGTON STATE BOARD OF ACCOUNTANCY**

**1. INTRODUCTION**

This Memorandum of Understanding and Cooperation (MOUC) between the Institute of Chartered Accountants of British Columbia (or its successor) and the State of Washington Board of Accountancy, the Parties to this document, reflects an effort of the parties to continue and expand the cooperation evidenced in the Mutual Recognition Agreement between Canada, the USA and Mexico, and the parties hereby evidence this continued working relationship by agreeing to cooperate on regulating members in the accounting profession to the extent permitted by legislation within their jurisdictions by affixing their signatures to this Memorandum.

**2. AUTHORITY**

The Accountants (Chartered) Act of British Columbia [RSBC 1996] Chapter 3, was enacted in order to protect the public interest, to “*regulate all matters relating to the practice of accounting by its members and students...*”, and, to that end, to establish and enforce standards in British Columbia. The Act establishes a Council of not less than nine persons and a Chief Executive Officer with the authority to regulate the practice of public accounting in the province.

The Washington State Public Accountancy Act (RCW 18.04) was enacted in order to protect the public interest and to promote the dependability of information which is used for guidance in financial transactions and in assessing the status of performance of commercial and non commercial enterprises in the State of Washington. The Act creates a nine member Board and an Executive Director with the authority to regulate the licensing and enforcement of licensing standards for persons in the practice of public accountancy in the state.

### 3. DUTIES AND RESPONSIBILITIES OF THE PARTIES

Given that our respective Registrants may provide services in both jurisdictions, we agree that the effective protection of the public interest is enhanced through cooperative regulation of Chartered Accountants in British Columbia and Certified Public Accountants in Washington, to the extent permitted by legislation.

Accordingly, **in the public's interest**, we further agree, to the extent permitted by legislation to collaborate on registration in the following ways:

- Each jurisdiction will promote and encourage compliance with mandatory cross border registration of its Registrants who participate in cross border activities;
- Washington Licensees providing cross border professional services or who have moved to British Columbia and wish to provide professional services in British Columbia must apply to become a Licensee in British Columbia before performing professional services in British Columbia;
- British Columbia Licensees providing cross border professional services or who have moved to Washington and wish to provide professional services in Washington must apply to become a Licensee in Washington before performing professional services in Washington;
- Washington Certificate Holders providing cross border services or who have moved to British Columbia and wish to provide services in British Columbia and wish to use a professional designation must apply for membership in the Institute of Chartered Accountants of British Columbia under the Mutual Recognition Agreement before using their designation in British Columbia;
- British Columbia Certificate Holders providing cross border services or who have moved to Washington and wish to provide services in Washington and wish to use a professional designation must apply to become a Certificate Holder in Washington under the Mutual Recognition Agreement before using their designation in Washington; and
- Each jurisdiction must possess, develop, and maintain the ability for citizens of each jurisdiction to identify the status of the license of any person offering or performing professional services in that jurisdiction.

Accordingly, **in the public's interest**, we further agree, to the extent permitted by legislation to collaborate on regulation:

- Each jurisdiction will promote and encourage effective regulation over Registrants who are active in the other jurisdiction;
- Each jurisdictional authority will work collaboratively to share sufficient information about the legal and regulatory framework in the other

jurisdiction to reduce the risk of compromising any investigation or disciplinary processes in the other jurisdiction and to respect the rights of the Registrants;

- For Registrants registered in both jurisdictions, each jurisdictional authority will work collaboratively and any investigative or discipline documents may be shared between the two jurisdictions;
- For Registrants registered in only one jurisdiction, each jurisdictional authority will work collaboratively and share whatever information can be provided about cases involving members of that jurisdiction to support investigation or disciplinary processes in the other jurisdiction; and
- Each jurisdictional authority will work collaboratively in respect of publications or other legally permissible sharing of disciplinary outcomes in cross-border cases.

#### **4. LIABILITY**

Each party to this MOUC shall be liable for the acts and omissions of its own employees, contractors, volunteers and agents.

#### **5. THIRD PARTY RIGHTS**

This MOUC does not confer any rights or benefits on any third party.

#### **6. AMENDMENT OR TERMINATION OF MOUC**

This MOUC will become effective on the date of the first signature and be limited to the area of the signature's jurisdiction. This MOUC may only be amended upon the mutual consent of the parties. A written notice of the terms of the proposed amendment will be mailed to, or otherwise delivered to the other party.

If any party wishes to withdraw from this MOUC, a written notice will be mailed to or otherwise delivered to the other party providing for a notice period of at least 30 days.

This MOUC will be subject to renewal at least every five years.

This MOUC will be binding upon and enure to the benefit of the Institute of Chartered Accountants of British Columbia and the Washington State Board of Accountancy and their respective successors, including the Chartered Professional Accountants of British Columbia.

#### **7. LIMITATIONS**

This MOUC represents a statement of general intention on the part of the Institute of Chartered Accountants of BC and the Washington State Board of Accountancy and does not represent any manner of binding contractual or other legal agreement on the part of either party.

The terms of this MOUC are not intended to alter, amend or rescind any provisions of Federal, Provincial or State law. Any provision of this MOUC, which conflicts with Federal, Provincial and/or State law, will be null and void.

## 8. DEFINITIONS

**Certificate Holder** - in Washington means the holder of a certificate as a Certified Public Accountant who has not become a licensee, who has maintained CPE requirements and who does not practice public accounting. Although not a term used in British Columbia, for purposes of this MOUC, a certificate holder in BC means a member who does not have a license to practice public accounting.

**Chartered Professional Accountants of British Columbia** – being the organization that is anticipated to succeed the Institute of Chartered Accountants of British Columbia.

**Licensee** – in Washington and BC, “means an individual or firm holding a valid license to practice public accounting”. In BC, this would refer to both a firm, and the signing partner of such a firm.

**License** – means a license issued by either the Institute of Chartered Accountants of British Columbia (or its successor) or the Washington State Board of Accountancy that authorizes qualifying registrants and firms to provide public accounting services in their respective jurisdictions.

**Member** – In BC, means a Chartered Accountant.

**Practice of Public Accounting** – as defined by the regulations in each jurisdiction.

**Professional Services** means those services within the definition of the practice of public accounting

**Registrants** - in Washington means a Certified Public Accountant who is either a certificate holder or a licensee and in British Columbia means a Chartered Accountant who is a member or firm that is licensed.

## 9. CONTACTS

Contacts for the purpose of this MOUC will be:

Richard Rees, CPA, FCA  
Chief Executive Officer  
Institute of Chartered Accountants of British Columbia  
Suite 500, One Bentall Centre  
505 Burrard Street, Box 22  
Vancouver, BC V7X 1M4  
Canada  
(604) 488-2601  
[rees@ica.bc.ca](mailto:rees@ica.bc.ca)

Richard C. Sweeney, CPA  
Executive Director  
Washington State Board of Accountancy  
P.O. Box 9131  
Olympia, Wa. 98504-3113  
(360) 586-0163  
[ricks@cpaboard.wa.gov](mailto:ricks@cpaboard.wa.gov)

**10. APPROVALS**

**For the Institute of Chartered Accountants of British Columbia:**

\_\_\_\_\_  
**(Names of persons with the authority to bind the Institute)**

\_\_\_\_\_  
**President**  
**Institute of Chartered Accountants of British Columbia**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Richard Rees, CPA, FCA**  
**CEO**  
**Institute of Chartered Accountants of British Columbia**

\_\_\_\_\_  
**Date**

**For the Washington State Board of Accountancy:**

\_\_\_\_\_  
**(Name of Person with authority to bind the Board of Accountancy}**

\_\_\_\_\_  
**Chair**  
**Washington State Board of Accountancy**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Richard C. Sweeney, CPA**  
**Executive Director**  
**Washington State Board of Accountancy**

\_\_\_\_\_  
**Date**

## The “Concept” of Firm Mobility

- First discussed during the individual CPA mobility initiative
- Preserve “No notice, No fee, No escape”
- Exempts out-of-state firms from notification and fee requirements when providing attest services (“no notice, no fee”)
- Ensures firms are subject to accountancy laws and regulations in both states (“no escape”)
- Requires firm license for physical presence

## Benefits/Challenges

### Benefits:

- Eliminates paperwork & compliance complications
- Consistent with commitment to promoting ease of cross-border practice
- Considers model already in existence in some states
- Maintains strong regulatory oversight in mobility states as well as home states

### Challenges:

- Revenue impact to state boards
- State budget environments
- State legislative priorities
- Perception of state board oversight activities

## Proposed Change to Our State's Accountancy Statute on CPA Firm Mobility

CURRENT LAW	PROPOSED LAW
State Board of Accountancy authority over CPA firms in the state	Same
State Board of Accountancy authority over out-of-state CPA firms (oversight, access to information, fines, remedial actions, revocation of a practice privilege, etc)	Same
In-state CPA firm registration requirement	Same
Out-of-state CPA firm registration requirement for attest services	None
No registration for out-of-state CPA firms providing non-attest services (tax preparation, consulting, advisory services)	Same
Notification process to other State Boards of Accountancy for actions taken against an out-of-state CPA firm	Same

## Introducing CPA Firm Mobility - Frequently Asked Questions

### SAMPLE

Below are answers to some Frequently Asked Questions (FAQs) concerning a potential proposal to add CPA firm mobility language to our state's accountancy statute. For more information or if you have further questions please contact Mat Young, AICPA Vice President for State Regulation and Legislation, [myoung@aicpa.org](mailto:myoung@aicpa.org), (202) 434-9273 (or replace with an appropriate contact in your State Society).

#### **What does interstate "mobility" mean when referring to the CPA profession?**

Mobility generally refers to the ability of CPAs or CPA firms to move across state lines seamlessly. In 2006, profession leaders announced an "individual CPA mobility" initiative to pass laws around the country to allow a CPA license to operate much like a driver's license. CPAs would only have to maintain one license in one state and they could bring that license into other states for temporary practice purposes without having to apply and pay to obtain a reciprocal license. In exchange for this privilege, they would remain subject to both the oversight of the state boards of accountancy in their home state and any temporary practice state. (This set of criteria is generally referred to, within the CPA profession, as "no notice, no fee, no escape.")

#### **How has individual CPA mobility worked?**

The individual CPA mobility initiative has been an enormous success story. In less than a decade, 49 states, the District of Columbia, and the U.S. Virgin Islands have passed individual CPA mobility laws and the remaining 5 jurisdictions (Hawaii, Puerto Rico, Guam, and the Commonwealth of the Northern Mariana Islands) continue to examine such proposals. Furthermore, state boards of accountancy have not indicated that passage of the laws has harmed their oversight authority in any way. Meanwhile, the laws ensure that CPAs are now able to more easily move around the country and compete for business without unnecessary compliance burdens or extra fees. Indeed, CPAs who formerly had to maintain up to a half dozen or more licenses can now operate with just one.

#### **Why are profession leaders beginning to discuss the concept of CPA firm mobility? How would it work?**

Given that individual CPA mobility is now the law of the land throughout almost the entire country, profession leaders are returning to a previous promise they made in regard to examining the operations of CPA firms across state lines. Although CPAs can practice relatively freely across state lines, CPA firms must still register in every state in which their CPAs are providing what are known as "attest" services. Attest services generally include: audits, reviews, engagements performed under the Statements on Standards on Attestation Engagements (SSAEs), and engagements required by the Public Company Accounting Oversight Board

(PCAOB). In contrast, CPA firms do not have to register as out-of-state firms when their partners are providing non-attest services such as tax advice, financial planning, or consulting services.

Because the initial individual CPA mobility initiative was new and unvetted, lawmakers, profession leaders, and regulators jointly decided that it was important to retain a CPA firm registration requirement for attest services – those specific services that can be provided to clients only by CPAs operating within a CPA firm – until the individual CPA mobility initiative could be assessed. In light of the success of the individual CPA mobility laws, the question now before our state is whether or not attest services should be treated similarly to non-attest services when performed by out-of-state CPA firms. Put more simply: should our state adopt a “no notice, no fee, no escape” law for CPA firms in the provision of all of their services just as it did for individual CPAs? Such a measure would ensure on-going strong regulatory protections for the public, but would eliminate unnecessary compliance costs and extra fees.

**Does CPA firm mobility already exist in certain parts of the country? How is it working?**

CPA firm mobility is already the law of the land in almost a third<sup>25%</sup> of the country. The experience in these 14 states indicates that it can and does work well. State boards of accountancy with CPA firm mobility in place are not reporting any significant problems with their laws, and CPA firms are finding that they are able to be more competitive and efficient under this type of regulatory regime.

**How is the public protected under a CPA firm mobility law?**

The public has the exact same protections under a CPA firm mobility law as they do with a law that requires out-of-state firms to register and pay extra fees. The state board of accountancy’s authority to investigate, fine, or otherwise punish licensees remains completely unchanged. The proposed CPA firm mobility law also has built-in protections requiring out-of-state CPA firms to meet our state’s requirements for peer review and majority ownership of the firm by CPA partners. These requirements ensure that incoming CPA firms meet our core requirements for quality, competence, and professional oversight.

It is also important to note that examinations of potential wrongdoing by CPAs or CPA firms tend to be complaint-driven in our state, so a registry of out-of-state firms is of limited utility. State boards of accountancy initiate investigations into home state or out-of-state CPA firms whenever they receive credible evidence meriting such an investigation, not because they have a registry of all firms.

**How would CPA firm mobility help firms? Who is most likely to benefit?**

CPA firm mobility eliminates the out-of-state registration requirements and extra fees associated with those registrations. Currently, 41 states (including ours) have different rules and

requirements and associated costs relating to how out-of-state CPA firms can register to perform attest services in their states. This is a compliance nightmare for CPA firms that costs hundreds of hours to the firms and makes them less able to compete for business. Just as the passage of individual CPA mobility made regulatory oversight more uniform and less bureaucratic while maintaining strong regulatory oversight, passing CPA firm mobility would do the same for firms.

It is important to note that passing a CPA firm mobility law will not benefit every firm. Many large firms have a physical presence in every state in which they offer services, so they will still need to register in all of those states; a physical office with CPAs permanently practicing in the state always triggers an in-state registration requirement. Additionally, some firms seeking to operate across state lines may not meet the peer review and CPA ownership requirements laid out in our CPA firm mobility initiative. They will still need to register as an “out-of-state” firm, and then subsequently comply with all of our states’ requirements in order to be able to offer attest services.

It is most likely smaller and mid-sized CPA firms which will have new opportunities to compete for business across state lines under CPA firm mobility. Less red tape and more consistent rules about operating across state lines will allow these firms to spend more time on client needs rather than spending hundreds of hours navigating a maze of different and inconsistent laws and rules that may not necessarily serve the public interest.

#### **What about the potential loss of fees going to the state board of accountancy?**

Under a CPA firm mobility law, our state would be eliminating the extras fees associated with out-of-state firm registration. However, we already successfully addressed this issue once when we passed individual CPA firm mobility. Fourteen states have already found a working solution for this challenge when it comes to CPA firm mobility and 51 U.S. jurisdictions have figured it out for individual CPA mobility. Working with our state board of accountancy, we can once again reapportion the revenue streams used to fund the board in order to accomplish this new goal. This issue is an important one, but it can be addressed and should not stop the passage of a forward-thinking modernization of our state accountancy statute.

#### **What is the status of the CPA firm mobility proposal?**

In the fall of 2013, the American Institute of CPAs (AICPA) and the National Association of State Boards of Accountancy (NASBA) exposed for public comment draft language in their model state act, the Uniform Accountancy Act, to allow for CPA firm mobility. After receiving several dozen comment letters from state CPA societies, state boards of accountancy, and CPA firms, the two organizations reviewed the various concerns and questions and released a new 7<sup>th</sup> edition of the UAA in the spring of 2014 for states interested in pursuing such language. Various states are now assessing if they want to update their statutes based on the model CPA firm mobility language.

**PEER REVIEW OVERSIGHT COMMITTEE  
WASHINGTON BOARD OF ACCOUNTANCY**

January 15, 2015

Donald F. Aubrey, CPA  
Washington State Board of Accountancy

RE: Annual Report on Oversight of AICPA Peer Review Program  
Administered by the Washington State Society of CPAs (WSCPAs)]  
For the period from July 1, 2013, through December 31, 2013

Dear Mr. Aubrey:

We have completed our monitoring and evaluation of the AICPA Peer Review Program administered by the WSCPAs for the period from July 1, 2013, through December 31, 2013. Our oversight work was performed in accordance with the *Operating Agreement Between the Washington Board of Accountancy (Board) and the WSCPAs*.

The purpose of the Peer Review Oversight Committee (PROC) 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 4-30-130 (1) Purpose, to monitor licensees' compliance with attest standards and (2) Structure and implementation, such other functions as the board may assign to the committee.
- Results of peer reviews are evaluated in a consistent manner.
- Compliance assurance information is provided to reviewed 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 a Peer Review 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 review documents provided by the peer reviewer are reviewed by the technical reviewers who summarize the information and obtain explanations from peer reviewers and require revisions as considered necessary. The RABs receive this information for review, acceptance, modification, and determination of any follow up and/or monitoring actions to be performed relative to the peer review.

We observed 50 percent of the meetings of the Peer Review Committee (one) and 43 % of the RAB meetings (three) that occurred during the period above. ***The System RAB, which reviews firms that perform audits and other attest engagements, met three times and the Engagement RAB, which reviews firms that do not perform audit or attestation engagements, also met four times.*** Some of these meetings were tele-conferences. We received the information that the RABs had available to make their conclusions prior to the meetings and observed, without comment, the proceedings. One PROC member observed each meeting. After each of the meetings, the PROC member completed a standardized checklist and summarized any observations.

*During the period covered by this report, the System RAB reviewed 57 reports and accepted 49 (86%) without follow-up or monitoring actions required. The remaining 8 (14%) firms were subjected to further monitoring by the RAB. Zero other firms' reviews were deferred to obtain additional information. Of the 57 accepted reports, 47 (82%) were rated "pass" by the peer reviewer, 6 (11%) were rated as "pass with deficiency (ies)" and 4 (7%) were rated "fail".*

*The Engagement RAB reviewed 167 reports and accepted 135 (81%) without follow-up or monitoring actions. The remaining 32 (19%) firms were subjected to further monitoring by the RAB. Of the 167 accepted reports, 131 (79%) received a rating of "pass", 22 (13%) received a rating of "pass with deficiency (ies) and 14 (8%) received a rating of "fail".*

We also observed administrative oversight of the program performed by AICPA. In addition to reviewing files relative to reviewer qualifications, the review included inspection between 70 & 80 administrative files for peer reviews completed during the period.

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

Based upon the results of the procedures we performed, it is our conclusion that peer reviews administered by WSCPA for the period from July 1, through December 31, 2013, were conducted and reported on in accordance with the standards of the AICPA Peer Review Program and that the AICPA program can be relied upon as a basis for excluding licensee firms from undergoing Board initiated reviews.

Sincerely,  
PEER REVIEW OVERSIGHT COMMITTEE



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Chairman

## SCHEDULE I

### SUMMARY OF OBSERVATIONS OF PEER REVIEW OVERSIGHT COMMITTEE

For the period from July 1, 2013 through December 31, 2013

During our observations of the WSCPA Peer Review Committee (PRC) and its two Report Acceptance Bodies (RABs) and the administrative oversight, the PROC members observed the following.

1. The PRC 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 tried to identify what would improve the quality of the firm’s attest work the most.
3. The WSCPA is making efforts to get additional RAB members and is trying hard to obtain more peer reviewers to help with the increased work load due to the transfer of the Board’s compliance review program to the AICPA program.
4. The AICPA oversight during this period generated some discussions that helped committee members develop criteria for consistency in report ratings.

**PEER REVIEW OVERSIGHT COMMITTEE  
WASHINGTON BOARD OF ACCOUNTANCY**

January 15, 2015

Donald F. Aubrey, CPA  
Washington State Board of Accountancy

RE: Annual Report on Oversight of AICPA Peer Review Program  
Administered by the Washington State Society of CPAs (WSCPAA)]  
For the period from January 1, 2014, through December 31, 2014

Dear Mr. Aubrey:

We have completed our monitoring and evaluation of the AICPA Peer Review Program administered by the WSCPAA for the period from January 1, 2014, through December 31, 2014. Our oversight work was performed in accordance with the *Operating Agreement Between the Washington Board of Accountancy (Board) and the WSCPAA*.

The purpose of the Peer Review Oversight Committee (PROC) 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 4-30-130 (1) Purpose, *to monitor licensees' compliance with attest standards* and (2) Structure and implementation, *such other functions as the board may assign to the committee*.
- Results of peer reviews are evaluated in a consistent manner.
- Compliance assurance information is provided to reviewed 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 WSCPAA administration of the peer review program is performed by a Peer Review Committee and two Report Acceptance Bodies (RABs). They are assisted by three technical reviewers engaged by the WSCPAA who receive peer review reports from firms upon completion of their reviews. These reports and certain review documents provided by the peer reviewer are reviewed by the technical reviewers who summarize the information and obtain explanations from peer reviewers and require revisions as considered necessary. The RABs receive this information for review, acceptance, modification, and determination of any follow up and/or monitoring actions to be performed relative to the peer review.

Due to the level of monitoring during 2013, the level of compliance to the peer review program during 2013, and the lack of changes during 2014 no monitoring was considered necessary for either the Peer review Committee meetings or the RAB meetings. ***The System RAB, which reviews firms that perform audits and other attest engagements, met five times and the Engagement RAB, which reviews firms that do not perform audit or attestation engagements, met seven times.*** Some of these meetings were tele-conferences.

*During the period covered by this report, the System RAB reviewed 71 reports and accepted 52 (73%) without follow-up or monitoring actions required. The remaining 19 (27%) firms were subjected to further monitoring by the RAB. Zero other firms' reviews were deferred to obtain additional information. Of the 71 accepted reports, 61 (86%) were rated "pass" by the peer reviewer, 10(14%) were rated as "pass with deficiency (ies)" and 0(0%) were rated "fail".*

*The Engagement RAB reviewed 148 reports and accepted 121 (82%) without follow-up or monitoring actions. The remaining 27 (18%) firms were subjected to further monitoring by the RAB. Of the 148 accepted reports, 125 (85%) received a rating of "pass", 14 (9%) received a rating of "pass with deficiency (ies) and 9(6%) received a rating of "fail".*

Based upon the results of the procedures we performed, it is our conclusion that peer reviews administered by WSCPA for the period from January 1, through December 31, 2014, were conducted and reported on in accordance with the standards of the AICPA Peer Review Program and that the AICPA program can be relied upon as a basis for excluding licensee firms from undergoing Board initiated reviews.

Sincerely,  
PEER REVIEW OVERSIGHT COMMITTEE



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Chairman

# 2014 CPE Audit

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## ***TOTAL NUMBER TO BE AUDITED – 155***

### **149 TOTAL LICENSEES**

- 3 – Enforcement compliance required
- 5 – 2011-Extension Request required
- 84 – Added due to PLR IN 2011
- 57 – randomly selected

### **4 TOTAL CERTIFICATES**

- 1 –Added due to PLR in 2011
- 3 – randomly selected

### **2 TOTAL NLFO**

- 2 – Added due to PLR in 2011

## **124 INDIVIDUALS USED THE PLR OPTION IN 2014**

# 2014 CPE Audit Results

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## **THE 2014 CPE AUDIT CONCLUDED ON DECEMBER 31, 2014**

- 155 Individuals were selected for the Audit
  - 140 Passed
  - 14 Failed to complete 120 hours of CPE
  - 1 Failed to respond to the request for audit

.....

### **149 LICENSEES**

- 133 Passed
- 16 Failed
  - 1 For failure to respond
  - 10 For failure to complete Washington Ethics
  - 5 For failures of more than the Washington Ethics

### **4 CPA-INACTIVE CERTIFICATEHOLDERS**

- 4 Passed
- 0 Failed

### **2 NON CPA FIRM OWNERS**

- 2 Passed
- 0 Failed

CPE Audit Comparison

• POPULATION

- 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 1380
  - NL Firm Owner 4
- 2012 - 5095
  - Certificateholders 535
  - Licensees 4558
  - NL Firm Owner 2
- 2013 - 5628
  - Certificateholders 567
  - Licensees 5061
  - NL Firm Owner 5
- 2014 - 2310
  - Certificateholders 29
  - Licensees 2269
  - NL Firm Owner 12

• PULLED FOR AUDIT

- 2008 - 167 -17.5%
  - Certificateholders 6-38%
  - Licensees 161-17%
  - NL Firm Owner 0-00%
- 2009 - 153 - 2.7%
  - Certificateholders 14-2.0%
  - Licensees 139-3.0%
  - NL Firm Owner 0-00%
- 2010 - 190 - 3.5%
  - Certificateholders 43-6.0%
  - Licensees 147-3.0%
  - NL Firm Owner 0-00%
- 2011 - 127 - 8.6%
  - Certificateholders 3-1.4%
  - Licensees 124-9.0%
  - NL Firm Owner N/A
- 2012 - 125 -2.5%
  - Certificateholders 3-1.4%
  - Licensees 124-9.0%
  - NL Firm Owner N/A
- 2013 - 106 -1.8%
  - Certificateholders 8-1.4%
  - Licensees 98-1.9%
  - NL Firm Owner N/A
- 2014 - 155-6.7%
  - Certificateholders 4-13.0%
  - Licensees 149- 6.5%
  - NL Firm Owner 2-16.6%

• RESULTS

- 2008
  - Passed 131-79%
  - Failed-Enforcement 12-07%
  - Failed-Admin notice 24-14%
- 2009
  - Passed 136-89%
  - Failed-Enforcement 8-05%
  - Failed-Admin notice 9-06%
- 2010
  - Passed 180-95%
  - Failed-Enforcement 10-05%
  - Failed-Admin notice 0-00%
- 2011
  - Passed 119-94%
  - Failed-Enforcement 8-06%
- 2012
  - Passed 119-95%
  - Failed-Enforcement 6- 5%
- 2013
  - Passed 98-92%
  - Failed-Enforcement 8- 7%
  - Other FTR 3- 1%
- 2014
  - Passed 140-90%
  - Failed-Enforcement 14- 9%
  - Other- FTR 1- 1%

## Request Review Committee Report January 2015

Karen Saunders, CPA, Chair

During the fourth quarter 2014, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Firm Names: *Approved:*

THE FULLINWIDER FIRM, LLC  
KS&CO  
FOUR SEASONS BUSINESS SERVICES  
PLLC  
CATALYST ADVISORY GROUP  
FINITY TAX PLLC  
SRG LLP

Professional/Educational Organization – Recognition Requests – During the 4<sup>th</sup> quarter in 2014, the Board approved Further ED Inc., Washington Academy of Elder Law Attorneys, and FDA, Inc. as an educational organization for purposes of obtaining a list of individual CPAs.

The Board denied Dataline Inc. as an educational organization for purposes of obtaining a list of individual CPAs.

Domestic or International Education Credential Evaluation Services – Applications – During the 4<sup>th</sup> quarter in 2014, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

CPE Extension Requests

CPE Extension Requests were received between 11/01/2014 and 12/31/2014.

A Total of 48 Requests were Received

- 9 requests were for hours 16 or under-
  - 7 requests were approved
  - 1 was denied
  - 1 withdrawn request-finished CPE prior to 12/31/2014
- 39 were for hours 17 or over
  - 29 requests were approved
  - 6 requests were denied
  - 5 withdrawn request-finished CPE prior to 12/31/2014



# Washington State Board of Accountancy

**Policy Number:** 2015-1

**Title:** Board Member Travel and Attendance at Group Gatherings

**Adopted:** January 30, 2015

**Approved:** \_\_\_\_\_  
Donald F. Aubrey, CPA, Chair

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## **Purpose:**

To ensure the continuity of the Board's authority to take legal action in the event of unexpected travel challenges or other events while some or all Board members are in group travel status.

To ensure that no Board actions occur at social, business, or professional gatherings attended by a quorum of Board members.

## **Policy:**

Board members may periodically travel or congregate together at social, business, or professional meetings. A quorum of voting Board members is required for the Board to conduct its business.

It is the policy of this Board that:

1. No more than three Board members shall travel together in a common vehicle or on a common carrier to ensure that any required Board action would be legally binding in the event of unexpected travel challenges or other events while some or all Board members are in travel status and not present to vote.
2. The Open Public Meetings Act of this state is designed to promote transparency when boards and commissions conduct public business. Board business or recommended Board actions shall not be discussed as a group if a quorum or more of Board members attend social, business, or professional gatherings.

# DRAFT proposals for Chair Initiated New Rules in 2015

## Prepared by the Executive Director for discussion

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### Proposed Rule for Safeguarding Client Records

#### Background:

Records maintained by individual CPAs and their firms engaged in the practice of public accounting generally consist of many original and/or copies of documents and records containing sensitive and proprietary information protected by federal and state law from public disclosure.

Critical records held by a practitioner or firm may not be timely accessible by existing clients and former clients due to voluntary or involuntary events or circumstances. These unanticipated events do frequently occur. No state agency, including the Board of Accountancy, has statutory authority to protect these documents and records from becoming publicly available.

Accordingly, pursuant to the Board's rule making authority, the Board believes it is in the best interests of the public, potential successors in interest, and the profession of accounting to require individual CPAs and CPA Firms to formally arrange for succession to, and delivery of, the confidential information of existing clients and former clients under specifically defined conditions, including unforeseen deaths, incapacitation from illnesses or accidents, immediate sale or closure of a practice without regard to professional responsibilities, or other undesirable causes.

WAC 4-30-050

[Agency filings affecting this section](#)

## What are the requirements concerning records and clients confidential information?

**RCW 18.04.390, Papers, records, schedules ... places responsibility on licensees for maintaining confidentiality of client information, documents, and records. Accordingly, a licensee is obligated to protect confidential client information and data at all times, including instances in which the licensee becomes permanently unavailable due to untimely events. Without proper planning for succession to and delivery of such information by the licensee, confidential client information, data, and records might become available to the general public. Additionally, in those instances, client information, documents, and records may not be readily accessible to satisfy immediate client needs.**

- (1) Consistent with the requirements set forth below licensees shall formally arrange for the sale or transfer of client records and/or confidential client information to a successor in interest for delivery to clients in those instances in which the licensee might voluntarily or involuntarily become inaccessible or permanently unavailable due to untimely events. For purposes of this section, permanently unavailable due to untimely events includes, but is not limited to, death, incapacitation from illnesses or accidents, immediate sale or closure of a practice**

DRAFT proposals for Chair Initiated New Rules in 2015  
Prepared by the Executive Director for discussion

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**without regard to professional responsibilities or other causes subject to investigation for potential investigation and disciplinary action.**

(42) **Client:** The term "client" as used throughout WAC 4-30-050 and [4-30-051](#) includes former and current clients. For purposes of this section, a client relationship has been formed when confidential information has been disclosed by a prospective client in an initial interview to obtain or provide professional services.

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

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

This rule also applies to confidential communications and information obtained in the course of professional tax compliance services unless state or federal tax laws or regulations require or permit use or disclosure of such information.

Consents may include those requirements of Treasury Circular 230 and IRC Sec. 7216 for purposes of this rule, provided the intended recipients are specifically and fully identified by full name, address, and other unique identifiers.

(4) This rule does not:

- (a) Affect in any way the obligation of those persons to comply with a lawfully issued subpoena or summons;
- (b) Prohibit disclosures in the course of a quality review of a licensee's attest, compilation, or other reporting services governed by professional standards;
- (c) Preclude those persons from responding to any inquiry made by the board or any investigative or disciplinary body established by local, state, or federal law or recognized by the board as a professional association; or
- (d) Preclude a review of client information in conjunction with a prospective purchase, sale, or merger of all or part of the professional practice of public accounting of any such persons.

[Statutory Authority: RCW [18.04.055](#)(2), 18.04.405(1). WSR 13-04-011, § 4-30-050, filed 1/25/13, effective 2/25/13. Statutory Authority: RCW [18.04.055](#)(2), 18.04.390 (4)(b), and 18.04.405(1). WSR 11-06-062, amended and recodified as § 4-30-050, filed 3/2/11, effective 4/2/11; WSR 08-18-016, § 4-25-640, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-640, filed 12/16/04, effective 1/31/05; WSR 03-24-033, § 4-25-640, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW [18.04.055](#)(2). WSR 02-22-082, § 4-25-640, filed 11/5/02, effective 12/31/02. Statutory Authority: RCW [18.40.055](#) [18.04.055]. WSR 93-22-046, § 4-25-640, filed 10/28/93, effective 11/28/93.]

# Board of Accountancy Washington State Enforcement Report

Quarter Oct 01, 2014 through Dec 31, 2014

	Complaints	Investigations	Quarter Total
<b>Ongoing at start of period</b>	14	23	37
<b>Received during period</b>	42		42
Total	56	23	79
<b>Complaints opened as investigations</b>	(41)	41	
Total	15	64	79
<b>Complaints Dismissed (Administrative)</b>	0		0
<b>Complaints Dismissed (investigated &lt;= 180 days)</b>	(15)		(15)
<b>Complaints Dismissed (investigated &gt; 180 days)</b>	0		0
Total	0	64	64
<b>Cases Dismissed (Administrative)</b>		(9)	(9)
<b>Cases Dismissed (investigated &lt;= 180 days)</b>		(7)	(7)
<b>Cases Dismissed (investigated &gt; 180 days)</b>		(3)	(3)
Total	0	45	45
<b>Cases Closed (Administrative)</b>		(7)	(7)
<b>Cases Closed (investigated &lt;= 180)</b>		(7)	(7)
<b>Cases Closed (investigated &gt; 180)</b>		(6)	(6)
Total	0	25	25

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

In the matter of:

Tsz Wah (Martin) Fok, CPA  
License No. 24093

Respondent.

NO. ACB-1408

FINDINGS OF FACT,  
CONCLUSIONS OF LAW  
AND DEFAULT ORDER

**1    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 October 29, 2014. The Statement of Charges alleged that Tsz Wah (Martin) Fok, CPA (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 Richard C. Sweeney, Executive Director; Respondent having failed to answer or otherwise respond to the Statement of Charges; the Board having reviewed the records herein, and being advised in the premises, makes the following:

**2    FINDINGS OF FACT**

2.1 At all times material hereto, Tsz Wah (Martin) Fok, the Respondent herein, held an individual Certified Public Accountant (CPA) certificate and individual license to practice as a CPA in the state of Washington, license number 24093.

- 2.2 At all times material hereto, the Respondent was a member of the Certified General Accountants Association of British Columbia (CGA-BC). Respondent was admitted to membership in CGA-BC on February 28, 2005, and resigned on May 29, 2014.
- 2.3 The Respondent failed to cooperate with investigation by Board staff by not responding to inquiries requesting a response.
- 2.4 On August 25, 2014, CGA-BC issued an order finding that the Respondent breached numerous code provisions of CGA-BC. The Respondent was barred from reinstatement, ordered to pay the maximum fine of \$10,000, and to pay \$7,611.66 for investigation and hearing costs.
- 2.5 The Executive Director found that the foregoing actions of the Respondent created an immediate danger to the public safety and welfare, requiring the issuance of an Emergency Temporary Order to Cease and Desist from the practice of public accounting in the state of Washington, and/or representing himself as a CPA. The Executive Director issued an Emergency Temporary Cease and Desist Order on October 20, 2014. No response was received.
- 2.6 On October 29, 2014, a Statement of Charges was issued to the Respondent. No response was received.

### **3 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; RCW 18.04.305.

- 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 A disciplinary order by a foreign jurisdiction regulatory body, as set out in Findings of Fact 2.4, constitutes cause for Board sanction under RCW 18.04.295 and WAC 4-30-142(6)(b).
- 3.6 Failure to respond to Board communications constitutes cause for Board sanction under RCW 18.04.295, WAC 4-30-034 and WAC 4-30-142(13)(b) and (c).
- 3.7 Such conduct constitutes grounds for Board discipline under RCW 18.04.295 and chapter 18.04 RCW. (See Appendix A for reproduction of the statute and rules.)

#### **4 FINAL ORDER**

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

- 4.1 Respondent's CPA certificate and individual license to practice public accounting are hereby REVOKED. Respondent shall return the original certificate (wall document) to the Board within

90 days of the date the Board accepts this order, or within 90 days of payment of the fine and reimbursement of legal and investigative costs.

- 4.2 Pays a \$30,000 fine to the Board within 90 days of the date the Board accepts this Order.
- 4.3 Reimburses the Board \$1,000 for legal and investigative costs within 90 days of the date the Board accepts this Order.
- 4.4 Respondent is prohibited from using the designation “CPA” or “certified public accountant” or hold out as a “CPA” or “certified public accountant” as a Washington State licensee.
- 4.4 Any and all costs involved in complying with this order shall be borne by Respondent.

DATED this \_\_\_\_ day of \_\_\_\_\_ 2015.

WASHINGTON STATE BOARD OF ACCOUNTANCY

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Donald F. Aubrey, CPA  
Chair

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

In the matter of:

Tsz Wah (Martin) Fok, CPA  
License No. 28970

Respondent.

No. ACB-1408

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 . . . :

(2) Dishonesty, fraud, or negligence while representing oneself as a nonlicensee owner holding an ownership interest in a licensed firm, a licensee, or a certificate holder . . .

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

(9) Failure to cooperate with the board by:

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

(b) Failure to furnish in writing a full and complete explanation covering the matter contained in the complaint filed with the board or the inquiry of the board . . . [2004 c 159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

**RCW 18.04.345 Prohibited practices.**

(7) No individual with an office in this state may sign, affix, or associate his or her name or any trade or assumed name used by the individual in his or her business to any report prescribed by professional standards unless the individual holds a license to practice under RCW 18.04.105 and 18.04.215, a firm holds a license under RCW 18.04.195, and all of the individual's offices in this state are registered under RCW 18.04.205.

(8) No individual licensed in another state may sign, affix, or associate a firm name to any report prescribed by professional standards, or associate a firm name in conjunction with the title certified public accountant, unless the individual:

(a) Qualifies for the practice privileges authorized by RCW 18.04.350(2); or

(b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the individual's offices in this state are maintained and registered under RCW 18.04.205.

(9) No individual, partnership, limited liability company, or corporation not holding a license to practice under RCW 18.04.105 and 18.04.215, or firm not licensed under RCW 18.04.195 or firm not registering all of the firm's offices in this state under RCW 18.04.205, or not qualified for the practice privileges authorized by RCW 18.04.350(2), may hold himself, herself, or itself out to the public as an "auditor" with or without any other description or designation by use of such word on any sign, card, letterhead, or in any advertisement or directory.

#### **4-30-032 Do I need to notify the board if I change my address?**

Yes. All individuals licensed in this state, CPA-Inactive certificate holders, CPA firms licensed in this state, individuals registered with the board as resident nonlicensee firm owners, and applicants must notify the board in writing within thirty days of any change of address. Firms licensed in this state must notify the board of any opening, closing, or relocation of the main office or a branch office in this state.

[Statutory Authority: RCW 18.04.055(16). WSR 10-24-009, recodified as § 4-30-032, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-550, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-550, filed 12/16/04, effective 1/31/05; WSR 01-22-036, § 4-25-550, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. WSR 98-12-023, § 4-25-550, filed 5/27/98, effective 6/27/98; WSR 93-12-073, § 4-25-550, filed 5/27/93, effective 7/1/93.]

#### **4-30-034 Must I respond to inquiries from the board?**

Yes. All licensees, including out-of-state individuals exercising practice privileges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive certificate holders, nonlicensee firm owners, and applicants must respond, in writing, to board communications requesting a response. Your response must be made within twenty days of the date the board's communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board.

[Statutory Authority: RCW 18.04.055(16). WSR 10-24-009, amended and recodified as § 4-30-034, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-551, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-551, filed 12/16/04, effective 1/31/05; WSR 01-22-036, § 4-25-551, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. WSR 98-12-047, § 4-25-551, filed 5/29/98, effective 6/29/98; WSR 93-12-072, § 4-25-551, filed 5/27/93, effective 7/1/93.]

#### **WAC 4-30-142 What are the bases for the board to impose discipline?**

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

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

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

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

(3) Cheating on the CPA exam.

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

- (a) Take the national uniform CPA examination;
- (b) Obtain a license or registration required by the act or board;
- (c) Reinstate or modify the terms of a revoked or suspended license, certificate, or registration as a resident nonlicensee firm owner in this state;
- (d) Reinstate revoked or suspended practice privileges of an individual or firm licensed in another state.

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

- (a) Practicing public accounting in Washington state prior to obtaining a license required by RCW 18.04.215 or 18.04.195;
- (b) Offering or rendering public accounting services in this state by an out-of-state individual or firm not qualified for practice privileges under RCW 18.04.195 or 18.04.350(2);
- (c) Making misleading, deceptive, or untrue representations;
- (d) Engaging in acts of fiscal dishonesty;
- (e) Purposefully, knowingly, or negligently failing to file a report or record, or filing a false report or record, required by local, state, or federal law;
- (f) Unlawfully selling unregistered securities;
- (g) Unlawfully acting as an unregistered securities salesperson or broker-dealer;
- (h) Discharging a trustee's duties in a negligent manner or breaching one's fiduciary duties;

or

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

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

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

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

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

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

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

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

(9) A conflict of interest such as:

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

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

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

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

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

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in Title 4 WAC, by a licensee, defined in WAC 4-30-010, CPA-Inactive certificate holder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified for practice privileges, including but not limited to:

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

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

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

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

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

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

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

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

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

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

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

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

(c) Respond to an inquiry of the board;

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

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

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

(16) Failure of a licensee, as defined by WAC 4-30-010, CPA-Inactive certificate holder, nonlicensee firm owner, or out-of-state person exercising practice privileges authorized by RCW 18.04.195 and 18.04.350 to timely notify the board, in the manner prescribed by the board, of any of the following:

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

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

(c) Sanctions or orders entered against such persons by a nongovernmental professionally related standard-setting body for violation of ethical or technical standards in the practice of public accounting by a licensee, CPA-Inactive certificate holder, or nonlicensee firm owner. [Statutory Authority: RCW 18.04.055(16), 18.04.195 (11)(d), 18.04.295, 18.04.305, 18.04.350(2). 11-07-070, § 4-30-142, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-142, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-910, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055(16), 18.04.295, and 18.04.305. 05-01-137, § 4-25-910, filed 12/16/04, effective 1/31/05; 03-24-033, § 4-25-910, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(11), 18.04.295, and 18.04.305. 02-04-064, § 4-25-910, filed 1/31/02, effective 3/15/02; 00-11-078, § 4-25-910, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055 and 18.04.295. 94-23-070, § 4-25-910, filed 11/15/94, effective 12/16/94.]

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

In the matter of:

Jolene E. Hillis, CPA  
Individual License No. 15688

Jolene E. Hillis, CPA  
Firm License No. 4076

Respondent.

NO. ACB-1405

FINDINGS OF FACT,  
CONCLUSIONS OF LAW  
AND DEFAULT ORDER

**1 INTRODUCTION**

THIS MATTER, arises out of the Emergency Temporary Cease and Desist Order issued by the Executive Director of the Washington State Board of Accountancy (hereinafter Board) on November 17, 2014. The Emergency Temporary Cease and Desist Order alleged that Jolene E. Hillis (hereinafter Respondent) violated the provisions of RCW 18.04. Respondent has failed to answer or otherwise respond to the Emergency Temporary Cease and Desist Order.

THIS MATTER having come before the Board upon the motion of Richard C. Sweeney, Executive Director; Respondent having failed to answer or otherwise respond to the Emergency Temporary Cease and Desist Order; the Board having reviewed the records herein, and being advised in the premises, makes the following:

**2 FINDINGS OF FACT**

2.1 At all times material hereto, Jolene E. Hillis, the Respondent herein, held an individual Certified Public Accountant (CPA) certificate and individual license to practice as a CPA in the state of Washington, license number 15688.

- 2.2 Respondent is the sole owner of the CPA firm, Jolene E. Hillis, CPA, a sole proprietorship. The CPA firm holds a valid license (No. 4076) to practice public accounting as a CPA firm in the state of Washington.
- 2.3 Board staff mailed inquiry to the Respondent on September 19, 2014. Service was completed upon deposit into USPS mail to the Respondent's address registered with the Board. An electronic copy of the inquiry was provided to the Respondent's email address registered with the Board.
- 2.4 The September 19, 2014, letter was returned to the Board on September 25, 2014, marked as "Return to sender – Moved left no address."
- 2.5 On November 6, 2014, the Board's Director of Investigations visited the home of Respondent on file. The residence appeared to be abandoned, with a public notice dated October 31, 2014, stating that the property had been determined abandoned, and the locks changed.
- 2.6 The Board has received no notice from the Respondent of a change in address.
- 2.7 The Board was unable to make contact with Respondent as of November 17, 2014.
- 2.8 On November 17, 2014, the Executive Director issued an Emergency Temporary Cease and Desist Order.

### **3 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; RCW 18.04.305.
- 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 Failure to respond to in writing Board communications requesting a response within 20 days, as set out in Findings of Fact 2.1 through 2.8, constitutes cause for Board sanction under RCW 18.04.295 and RCW 18.04.305, WAC 4-30-034 and WAC 4-30-142(13)(b) and (c).
- 3.6 Failure to notify the Board of a change in address within 30 days, as set out in Findings of Fact 2.1 through 2.8, constitutes cause for Board sanction under RCW 18.04.295 and RCW 18.04.305, WAC 4-30-032.
- 3.7 Such conduct constitutes grounds for Board discipline under RCW 18.04.295 and chapter 18.04 RCW. (See Appendix A for reproduction of the statute and rules.)

#### **4 FINAL ORDER**

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

- 4.1 Respondent's CPA certificate and individual license to practice public accounting are hereby REVOKED. Respondent shall return the original certificate (wall document) to the Board within 90 days of the date the Board accepts this order, or within 90 days of payment of the fine and reimbursement of legal and investigative costs.
- 4.2 Reimburses the Board \$500 for legal and investigative costs within 90 days of the date the Board accepts this Order.

- 4.3 Respondent is prohibited from using the designation “CPA” or “certified public accountant” or hold out as a “CPA” or “certified public accountant” as a Washington State licensee.
- 4.4 Respondent firm is prohibited from using the designation or otherwise holding out as a “CPA firm” or “certified public accountant firm” as a Washington State CPA firm.
- 4.5 Any and all costs involved in complying with this order shall be borne by Respondent.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

WASHINGTON STATE BOARD OF ACCOUNTANCY

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Donald F. Aubrey, CPA  
Chair

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

In the matter of:

Jolene E. Hillis, CPA  
Individual License No. 15688

Jolene E. Hillis, CPA  
Firm License No. 4076

Respondent.

No. ACB-1405

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 . . . :

(2) Dishonesty, fraud, or negligence while representing oneself as a nonlicensee owner holding an ownership interest in a licensed firm, a licensee, or a certificate holder . . .

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

(9) Failure to cooperate with the board by:

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

(b) Failure to furnish in writing a full and complete explanation covering the matter contained in the complaint filed with the board or the inquiry of the board . . . [2004 c 159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

**RCW 18.04.345 Prohibited practices.**

(7) No individual with an office in this state may sign, affix, or associate his or her name or any trade or assumed name used by the individual in his or her business to any report prescribed by professional standards unless the individual holds a license to practice under RCW 18.04.105 and 18.04.215, a firm holds a license under RCW 18.04.195, and all of the individual's offices in this state are registered under RCW 18.04.205.

(8) No individual licensed in another state may sign, affix, or associate a firm name to any report prescribed by professional standards, or associate a firm name in conjunction with the title certified public accountant, unless the individual:

(a) Qualifies for the practice privileges authorized by RCW 18.04.350(2); or

(b) Is licensed under RCW 18.04.105 and 18.04.215, and all of the individual's offices in this state are maintained and registered under RCW 18.04.205.

(9) No individual, partnership, limited liability company, or corporation not holding a license to practice under RCW 18.04.105 and 18.04.215, or firm not licensed under RCW 18.04.195 or firm

not registering all of the firm's offices in this state under RCW 18.04.205, or not qualified for the practice privileges authorized by RCW 18.04.350(2), may hold himself, herself, or itself out to the public as an "auditor" with or without any other description or designation by use of such word on any sign, card, letterhead, or in any advertisement or directory.

#### **4-30-032 Do I need to notify the board if I change my address?**

Yes. All individuals licensed in this state, CPA-Inactive certificate holders, CPA firms licensed in this state, individuals registered with the board as resident nonlicensee firm owners, and applicants must notify the board in writing within thirty days of any change of address. Firms licensed in this state must notify the board of any opening, closing, or relocation of the main office or a branch office in this state.

[Statutory Authority: RCW 18.04.055(16). WSR 10-24-009, recodified as § 4-30-032, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-550, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-550, filed 12/16/04, effective 1/31/05; WSR 01-22-036, § 4-25-550, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. WSR 98-12-023, § 4-25-550, filed 5/27/98, effective 6/27/98; WSR 93-12-073, § 4-25-550, filed 5/27/93, effective 7/1/93.]

#### **4-30-034 Must I respond to inquiries from the board?**

Yes. All licensees, including out-of-state individuals exercising practice privileges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive certificate holders, nonlicensee firm owners, and applicants must respond, in writing, to board communications requesting a response. Your response must be made within twenty days of the date the board's communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board.

[Statutory Authority: RCW 18.04.055(16). WSR 10-24-009, amended and recodified as § 4-30-034, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-551, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-551, filed 12/16/04, effective 1/31/05; WSR 01-22-036, § 4-25-551, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. WSR 98-12-047, § 4-25-551, filed 5/29/98, effective 6/29/98; WSR 93-12-072, § 4-25-551, filed 5/27/93, effective 7/1/93.]

#### **WAC 4-30-142 What are the bases for the board to impose discipline?**

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

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

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

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

(3) Cheating on the CPA exam.

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

(a) Take the national uniform CPA examination;

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

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

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

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

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

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

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

(d) Engaging in acts of fiscal dishonesty;

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

(f) Unlawfully selling unregistered securities;

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

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

or

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

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

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

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

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

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

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

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

(9) A conflict of interest such as:

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

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

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

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

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

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in Title 4 WAC, by a licensee, defined in WAC 4-30-010, CPA-Inactive certificate holder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified for practice privileges, including but not limited to:

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

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

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

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

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

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

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

- (11) Violation of one or more of the rules of professional conduct included in Title 4 WAC.
- (12) Concealing another's violation of the Public Accountancy Act or board rules.
- (13) Failure to cooperate with the board by failing to:
  - (a) Furnish any papers or documents requested or ordered to produce by the board;
  - (b) Furnish in writing a full and complete explanation related to a complaint as requested by the board;
  - (c) Respond to an inquiry of the board;
  - (d) Respond to subpoenas issued by the board, whether or not the recipient of the subpoena is the accused in the proceeding.
- (14) Failure to comply with an order of the board.
- (15) Adjudication of a licensee, as defined by WAC 4-30-010, CPA-Inactive certificate holder, or a nonlicensee firm owner as mentally incompetent is prima facie evidence that the person lacks the professional competence required by the rules of professional conduct.
- (16) Failure of a licensee, as defined by WAC 4-30-010, CPA-Inactive certificate holder, nonlicensee firm owner, or out-of-state person exercising practice privileges authorized by RCW 18.04.195 and 18.04.350 to timely notify the board, in the manner prescribed by the board, of any of the following:
  - (a) A sanction, order, suspension, revocation, or modification of a license, certificate, permit or practice rights by the SEC, PCAOB, IRS, or another state board of accountancy for any cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy;
  - (b) Charges filed by the SEC, IRS, PCAOB, another state board of accountancy, or a federal or state taxing, insurance or securities regulatory body that the licensee, CPA-Inactive certificate holder, or nonlicensee firm owner committed a prohibited act that would be a violation of board ethical or technical standards;
  - (c) Sanctions or orders entered against such persons by a nongovernmental professionally related standard-setting body for violation of ethical or technical standards in the practice of public accounting by a licensee, CPA-Inactive certificate holder, or nonlicensee firm owner. [Statutory Authority: RCW 18.04.055(16), 18.04.195 (11)(d), 18.04.295 , 18.04.305, 18.04.350(2). 11-07-070, § 4-30-142, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-142, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-910, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055(16), 18.04.295, and 18.04.305 . 05-01-137, § 4-25-910, filed 12/16/04, effective 1/31/05; 03-24-033, § 4-25-910, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(11), 18.04.295, and 18.04.305. 02-04-064, § 4-25-910, filed 1/31/02, effective 3/15/02; 00-11-078, § 4-25-910, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055 and 18.04.295. 94-23-070, § 4-25-910, filed 11/15/94, effective 12/16/94.]