

Board of Accountancy

WASHINGTON STATE



ANNUAL BOARD MEETING AGENDA

Date, Time: Friday, October 28, 2016 – Annual Board Meeting – 9:00 a.m.

Location: Washington State University – Pullman
Compton Union Building
Senate Room / Room 204
1500 NE Terrell Mall
Pullman, WA 99163
(509) 335-8426

Notices: None

Chair Introductions

ANNUAL MEETING AGENDA

Attachments at tab:

1. Minutes – July 29, 2016, Regular Board Meeting.....A
2. Chair’s Report
 - a. Election of Officers for Calendar Year 2017
 - b. 2017 Board Meeting Schedule and Locations
 - c. Committee Chair Appointments for Calendar Year 2017
 - d. Cross Border Initiative with Canada
 - e. Discussion of WAC 4-30-051 and AICPA Code of Professional Conduct 1.400.200 B
 - f. RCW 18.04.295(5) – The Role of the Consulting Board Member (CBM) and Grounds for Discipline
3. NASBA Update
4. NASBA and AICPA Revisions to the Statement on Standards for Continuing Professional Education (CPE) Programs C

Policy 2000-1, Continuing Professional Education and Licensing RequirementsD
5. Executive Director’s Report
 - a. AICPA Peer Review Response Letter E
 - b. Agency Enterprise Risk Management (ERM) Response to Governor’s Executive Order
 - c. Strategic Plan – Agency Goals and Objectives F
 - d. Current Budget Report G

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:

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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)

- 6. Conflict of Interest Definition Discussion

- 7. Committee/Task Force Reports
 - a. Executive – Thomas G. Neill, CPA, Chair – *Verbal Report*
 - b. Compliance Assurance Oversight – Karen R. Saunders, CPA, Chair – *No Report*
 - c. Legislative Review – Favian Valencia, Chair – *No Report*
 - d. Quality Assurance – Thomas G. Neill, CPA, Chair – *Verbal Report* H
 - e. Request Review – Elizabeth D. Masnari, CPA, Chair – *Verbal Report* I
 - f. State Ethics Compliance – James R. Ladd, CPA, Ethics Advisor – *Verbal Report* J
 - g. Qualifications – Rajib Doogar, Member – *Verbal Report*
 - h. Performance Review and Succession – Joel Cambern, Member – *Verbal Report*
 - i. Social Media – Favian Valencia, Chair – *No Report*
 - j. WSCPA Education Fund – Elizabeth D. Masnari, CPA, Chair – *Verbal Report* K

- 8. Legal Counsel’s Report

- 9. Investigation’s Report L

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

- 11. 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.

1.400.200 Records Requests

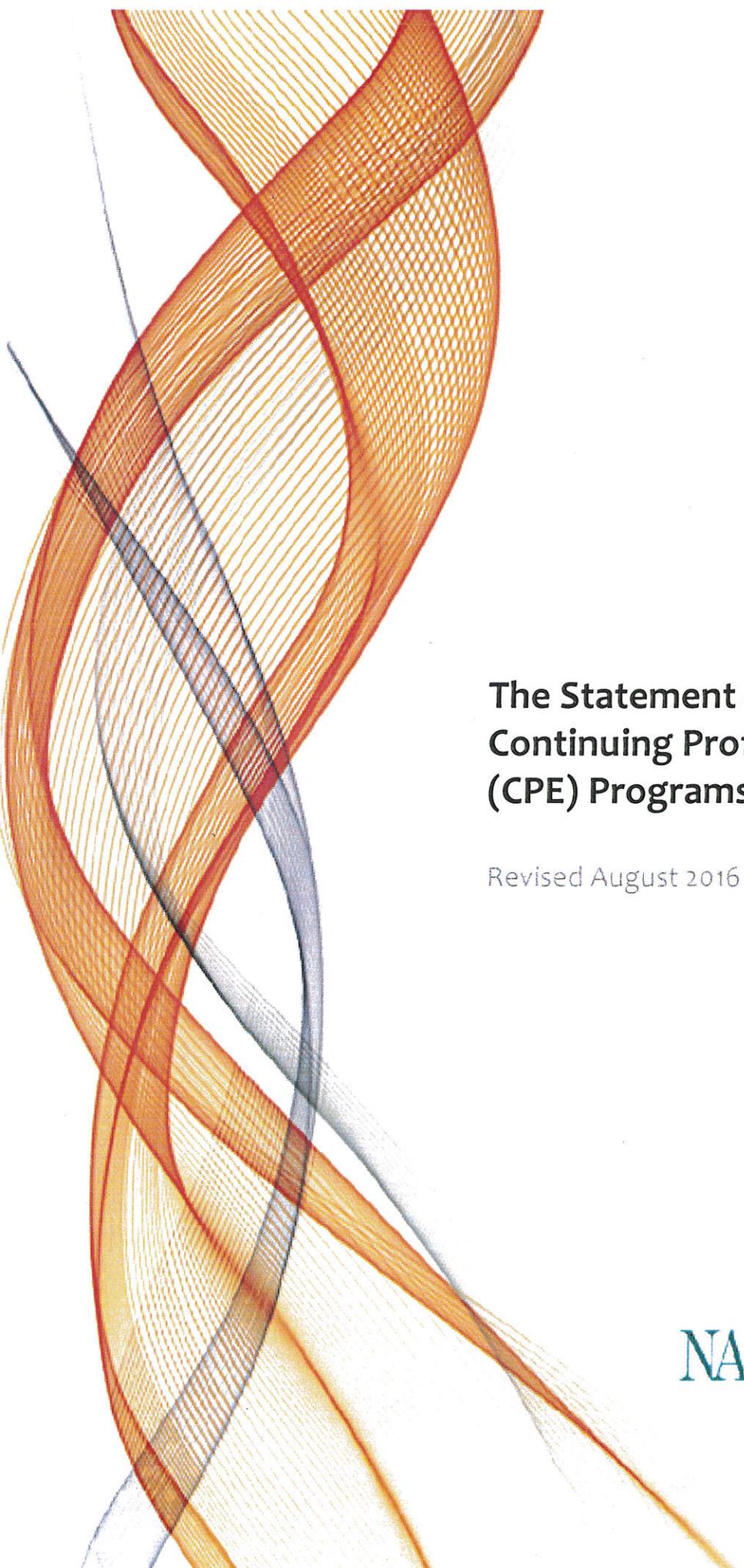
Terminology

- .01** The following terms are defined here solely for use with this interpretation:
- a.** A client includes current and former *clients*.
 - b.** A member means the *member* or the *member's firm*.
 - c.** Client-provided records are accounting or other records, including hardcopy and electronic reproductions of such records, belonging to the client that were provided to the member by, or on behalf of, the client.
 - d.** Member-prepared records are accounting or other records that the member was not specifically engaged to prepare and that are not in the client's books and records or are otherwise not available to the client, thus rendering the client's financial information incomplete. Examples include adjusting, closing, combining, or consolidating journal entries (including computations supporting such entries) and supporting schedules and documents that the member proposed or prepared as part of an engagement (for example, an audit).
 - e.** Member's work products are deliverables set forth in the terms of the engagement, such as tax returns.
 - f.** Working papers are all other items prepared solely for purposes of the engagement and include items prepared by the
 - i.** member, such as audit programs, analytical review schedules, and statistical sampling results and analyses.
 - ii.** client at the request of the member and reflecting testing or other work done by the member.

Interpretation

- .02** Members must comply with the rules and regulations of authoritative regulatory bodies, such as the member's state board(s) of accountancy, when the member performs services for a client and is subject to the rules and regulations of such regulatory body. For example, a member's state board(s) of accountancy may not permit a member to withhold certain records, even though fees are due to the member for the work performed. Failure to comply with the more restrictive provisions of the applicable regulatory body's rules and regulations concerning the return of certain records would constitute a violation of this interpretation.
- .03** The member should return client-provided records in the member's custody or control to the client at the client's request.
- .04** Unless a member and the client have agreed to the contrary, when a client makes a request for member-prepared records or a member's work products that are in the member's custody or control and that have not previously been provided to the client, the member should respond to the client's request as follows:
- a.** The member should provide member-prepared records relating to a completed and issued work product to the client, except that such records may be withheld if fees are due to the member for that specific work product.
 - b.** Member's work products should be provided to the client, except that such work products may be withheld

- i. if fees are due to the member for the specific work product;
 - ii. if the work product is incomplete;
 - iii. if for purposes of complying with professional standards (for example, withholding an audit report due to outstanding audit issues); or
 - iv. if threatened or outstanding litigation exists concerning the engagement or member's work.
- .05** Once a member has complied with these requirements, he or she is under no ethical obligation to
- a. comply with any subsequent requests to again provide records or copies of records described in paragraphs .03–.04. However, if subsequent to complying with a request, a client experiences a loss of records due to a natural disaster or an act of war, the member should comply with an additional request to provide such records.
 - b. retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service performed. [Prior reference: paragraph .02 of ET section 501]
- .06** A member who has provided records to an individual designated or held out as the client's representative, such as the general partner, majority shareholder, or spouse, is not obligated to provide such records to other individuals associated with the client. [Prior reference: paragraphs .377–.378 of ET section 591]
- .07** Working papers are the member's property, and the member is not required to provide such information to the client. However, state and federal statutes and regulations and contractual agreements may impose additional requirements on the member.
- .08** In fulfilling a request for client-provided records, member-prepared records, or a member's work products, the member may
- a. charge the client a reasonable fee for the time and expense incurred to retrieve and copy such records and require that the client pay the fee before the member provides the records to the client.
 - b. provide the requested records in any format usable by the client. However, the member is not required to convert records that are not in electronic format to electronic format. If the client requests records in a specific format and the records are available in such format within the member's custody and control, the client's request should be honored. In addition, the member is not required to provide the client with formulas, unless the formulas support the client's underlying accounting or other records or the member was engaged to provide such formulas as part of a completed work product.
 - c. make and retain copies of any records that the member returned or provided to the client.
- .09** A member who is required to return or provide records to the client should comply with the client's request as soon as practicable but, absent extenuating circumstances, no later than 45 days after the request is made.
- .10** The fact that the statutes of the state in which the member practices grant the member a lien on certain records in his or her custody or control does not relieve the member of his or her obligation to comply with this interpretation. [Prior reference: paragraph .02 of ET section 501]
- .11** A member would be considered in violation of the "Acts Discreditable Rule" [1.400.001] if the member does not comply with the requirements of this interpretation.



The Statement on Standards for Continuing Professional Education (CPE) Programs

Revised August 2016

NASBA

AICPA

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Introduction

Continuing professional education is required for CPAs to maintain their professional competence and provide quality professional services. CPAs are responsible for complying with all applicable CPE requirements, rules, and regulations of boards of accountancy, as well as those of membership associations and other professional organizations.

The Statement on Standards for Continuing Professional Education (CPE) Programs (Standards) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The Standards were last revised in 2012.

The Standards are periodically reviewed in their entirety by the CPE Standards Working Group (Working Group). The Working Group comprises 13 members representing the various stakeholders in the CPE arena, including boards of accountancy, state societies, educators, CPE providers, and the AICPA. If the Working Group determines that revisions or modifications are required, then the Working Group will make its recommendations to NASBA's CPE Committee (CPE Committee), which, in turn, makes recommendations to the Joint AICPA/NASBA CPE Standards Committee (Joint Committee). The Joint Committee will then make its recommendation to the respective AICPA and NASBA Boards of Directors. Any revisions or modifications to the Standards will be posted to the AICPA and NASBA websites for comment.

The Standards are intended to be an "evergreen" document. As questions arise related to implementation and application of the Standards, the questions will be presented to the Working Group. The Working Group meets quarterly, and scheduled meeting dates are posted on the NASBA website at www.nasbaregistry.org. NASBA will communicate the findings of the Working Group to the specific CPE program sponsor. Authoritative interpretations will only be issued by the CPE Committee in limited cases when the matter is not addressed in the Standards, cannot be addressed specifically with the CPE program sponsor, or cannot be addressed in the "Best Practices" web pages. All interpretations issued by the CPE Committee will be reviewed and considered by the Joint Committee upon the next revision of the Standards.

Preamble

1. The right to use the title “Certified Public Accountant” (CPA) is regulated by each state’s board of accountancy in the public interest and imposes a duty to maintain public confidence by enhancing current professional competence, as defined in the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards), in all areas in which they provide services. CPAs must accept and fulfill their ethical responsibilities to the public and the profession regardless of their fields of employment.¹
2. The profession of accountancy is characterized by an explosion of relevant knowledge, ongoing changes and expansion, and increasing complexity. Advancing technology, globalization of commerce, increasing specialization, proliferating regulations, and the complex nature of business transactions have created a dynamic environment that requires CPAs to continuously maintain and enhance their professional competence.
3. The continuing development of professional competence involves a program of lifelong educational activities. Continuing Professional Education (CPE) is the term used in these Standards to describe the educational activities that assist CPAs in achieving and maintaining quality in professional services.
4. The following Standards have been broadly stated in recognition of the diversity of practice and experience among CPAs. They establish a framework for the development, presentation, measurement, and reporting of CPE programs and thereby help to ensure that CPAs receive the quality CPE necessary to satisfy their obligations to serve the public interest. The spirit of the Standards is to encourage high-quality learning with measurable objectives by providing baseline requirements. These Standards may also apply to other professionals by virtue of employment or membership. Boards of accountancy have final authority on the acceptance of individual courses for CPE credit.
5. Advances in technology, delivery, and workplace arrangements may lead to innovative learning techniques. Learning theory is evolving to include more emphasis on outcome-based learning. These Standards anticipate innovation in CPE in response to these advances. Sponsors must ensure innovative learning techniques are in compliance with the Standards. CPE program sponsors are encouraged to consult with NASBA regarding questions related to compliance with the Standards when utilizing innovative techniques.
6. These Standards create a basic foundation for sound educational programs. Sponsors may wish to provide enhanced educational and evaluative techniques to all programs.

¹ The term “CPA” is used in these Standards to identify any person who is licensed or regulated, or both, by boards of accountancy.

Article I – Definitions

Advanced. Program knowledge level most useful for individuals with mastery of the particular topic. This level focuses on the development of in-depth knowledge, a variety of skills, or a broader range of applications. Advanced level programs are often appropriate for seasoned professionals within organizations; however, they may also be beneficial for other professionals with specialized knowledge in a subject area.

Asynchronous. A learning activity in which the participant has control over time, place and/or pace of learning.

Basic. Program knowledge level most beneficial to CPAs new to a skill or an attribute. These individuals are often at the staff or entry level in organizations, although such programs may also benefit a seasoned professional with limited exposure to the area.

Blended learning program. An educational program incorporating multiple learning formats.

Continuing professional education (CPE). An integral part of the lifelong learning required to provide competent service to the public. The set of activities that enables CPAs to maintain and improve their professional competence.

CPE credit. Fifty minutes of participation in a program of learning.

CPE program sponsor. The individual or organization responsible for issuing the certificate of completion and maintaining the documentation required by the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards). This term may include associations of CPAs, whether formal or informal, as well as employers who offer in-house programs.

Evaluative feedback. Specific response to incorrect answers to questions in self study programs.

Group Internet based program. Individual participation in synchronous learning with real time interaction of an instructor or subject matter expert and built-in processes for attendance and interactivity.

Group live program. Synchronous learning in a group environment with real-time interaction of an instructor or subject matter expert that provides the required elements of attendance monitoring and engagement.

Group program. Any group live or group Internet based programs.

Independent study. An educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor.

Instructional methods. Delivery strategies such as case studies, computer-assisted learning, lectures, group participation, programmed instruction, use of audiovisual aids, or work groups employed in group, self-study, or independent study programs or other innovative programs.

Intermediate. Program knowledge level that builds on a basic program, most appropriate for CPAs with detailed knowledge in an area. Such persons are often at a mid-level within the organization, with operational or supervisory responsibilities, or both.

Learning activity. An educational endeavor that maintains or improves professional competence.

Learning contract. A written contract signed by an independent study participant and a qualified CPE program sponsor prior to the commencement of the independent study.

Learning objectives. Measurable outcomes that participants should accomplish upon completion of a learning activity. Learning objectives are useful to program developers in deciding appropriate instructional methods and allocating time to various subjects.

Nano learning program. A tutorial program designed to permit a participant to learn a given subject in a 10-minute time frame through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real-time instructor. A nano learning program differs from a self study program in that it is typically focused on a single learning objective and is not paper-based. A nano learning program is not a group program. Nano learning is not a substitute for comprehensive programs addressing complex issues.

Overview. Program knowledge level that provides a general review of a subject area from a broad perspective. These programs may be appropriate for professionals at all organizational levels.

Pilot test. A method to determine the recommended CPE credit for self study programs that involves sampling of at least three individuals independent of the development team and representative of the intended participants to measure the representative completion time.

Pre-program assessment. A method of measuring prior knowledge that is given before the participant has access to the course content of the program.

Professional competence. Having requisite technical competence, professional skills, values, ethics, and attitudes to provide quality services as defined by the technical and ethical standards of the profession. The expertise needed to undertake professional responsibilities and to serve the public interest.

Program of learning. A collection of learning activities that are designed and intended as continuing education and that comply with these Standards.

Qualified assessment. A method of measuring the achievement of a representative number of the learning objectives for the learning activity.

Reinforcement feedback. Specific responses to correct answers to questions in self study programs.

Self study program. An educational program completed individually without the assistance or interaction of a real-time instructor.

Social learning. Learning from one's peers in a community of practice through observation, modeling, and application.

Synchronous. A group program in which participants engage simultaneously in learning activity(ies).

Tutorial. A method of transferring knowledge that is more interactive and specific than a book, lecture, or article. A tutorial seeks to teach by example and supply the information to complete a certain task.

Word count formula. A method, detailed under S17-05 method 2, to determine the recommended CPE credit for self study programs that uses a formula, including word count of learning material, number of questions and exercises, and duration of audio and video segments.

Update. Program knowledge level that provides a general review of new developments. This level is for participants with a background in the subject area who desire to keep current.

Article II – General Guidelines for CPAs

2.1 Professional Competence. All CPAs should participate in learning activities that maintain or improve, or both, their professional competence.²

Selection of learning activities should be a thoughtful, reflective process addressing the individual CPA's current and future professional plans, current knowledge and skill level, and desired or needed additional competence to meet future opportunities or professional responsibilities, or both.

CPA's fields of employment do not limit the need for CPE. CPAs performing professional services need to have a broad range of professional competence. Thus, the concept of professional competence may be interpreted broadly. Accordingly, acceptable continuing education encompasses programs contributing to the development and maintenance of professional skills.

The [fields of study](#), as published on NASBA's website, www.nasbaregistry.org, represent the primary knowledge and skill areas that CPAs need to perform professional services in all fields of employment.

To help guide their professional development, CPAs may find it useful to develop a learning plan. Learning plans are structured processes that help CPAs guide their professional development. They are dynamic instruments used to evaluate and document learning and professional competence development. They may be reviewed regularly and modified as CPAs' professional competence needs change. Plans include a self-assessment of the gap between current and needed professional competence; a set of learning objectives arising from this assessment; and learning activities to be undertaken to fulfill the learning plan.

2.2 CPE Compliance. CPAs must comply with all applicable CPE requirements.

CPAs are responsible for compliance with all applicable CPE requirements, rules, and regulations of state licensing bodies, other governmental entities, membership associations, and other professional organizations or bodies. CPAs should contact each appropriate entity to which they report to determine its specific requirements or any exceptions it may have to the standards presented herein.

Periodically, CPAs participate in learning activities that do not comply with all applicable CPE requirements, for example, specialized industry programs offered through industry sponsors. If CPAs propose to claim credit for such learning activities, they must retain all relevant information

² The terms "should" and "must" are intended to convey specific meanings within the context of this Joint AICPA/NASBA Statement on Standards for Continuing Professional Education Programs (Standards). The term "must" is used in the Standards and applies to CPAs and CPE program sponsors to convey that CPAs and CPE program sponsors are not permitted any departure from those specific Standards. The term "should" is used in the Standards and applies to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are encouraged to follow such Standards as written. The term "may" is used in the Standards and applies to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are permitted to follow such Standards as written.

regarding the program to provide documentation to state licensing bodies and all other professional organizations or bodies that the learning activity is equivalent to one that meets all these standards.

2.3 CPE Credits Record Documentation. CPAs are responsible for accurate reporting of the appropriate number of CPE credits earned and must retain appropriate documentation of their participation in learning activities.

To protect the public interest, regulators require CPAs to document maintenance and enhancement of professional competence through periodic reporting of CPE. For convenience, measurement is expressed in CPE credits. However, the objective of CPE must always be maintenance and enhancement of professional competence, not attainment of credits. Compliance with regulatory and other requirements mandates that CPAs keep documentation of their participation in activities designed to maintain or improve, or both, professional competence. In the absence of legal or other requirements, a reasonable policy is to retain documentation for a minimum of five years from the end of the year in which the learning activities were completed.

Participants must document their claims of CPE credit. Examples of acceptable evidence of completion include the following:

- For group, blended learning, and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study and nano learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment.
- For instruction credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard No. 20 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college noncredit courses, a certificate of attendance issued by a representative of the university or college.
- For published articles, books, or CPE programs:
 - A copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor,
 - A statement from the writer supporting the number of CPE hours claimed, and
 - The name and contact information of the independent reviewer(s) or publisher.

2.4 Reporting CPE Credits. CPAs who complete sponsored learning activities that maintain or improve their professional competence must claim no more than the CPE credits recommended by CPE program sponsors subject to the state board regulations.

CPAs may participate in a variety of sponsored learning activities. Although CPE program sponsors determine credits, CPAs must claim credit only for activities through which they maintained or improved their professional competence. CPAs who participate in only part of a program must claim CPE credit only for the portion they attended or completed.

2.5 Independent Study. CPAs may engage in independent study under the direction of a CPE program sponsor who has met the applicable standards for CPE program sponsors when the subject matter and level of study maintain or improve the CPAs' professional competence.

Independent study is an educational process designed to permit a participant to learn a given subject under the guidance of a CPE program sponsor. Participants in an independent study program must

- a. enter into a written learning contract with a CPE program sponsor that must comply with the applicable standards for CPE program sponsors. A learning contract
 - i. specifies the nature of the independent study program and the time frame over which it is to be completed, not to exceed 15 weeks.
 - ii. specifies that the output must be in the form of
 - (1) a written report that will be reviewed by the CPE program sponsor or a qualified person selected by the CPE program sponsor or
 - (2) a written certification by the CPE program sponsor that the participant has demonstrated application of learning objectives through
 - (a) successful completion of tasks or
 - (b) performance of a live demonstration, oral examination, or presentation to a subject matter expert.
 - iii. outlines the maximum CPE credit that will be awarded for the independent study program, but limits credit to actual time spent.
- b. accept the written recommendation of the CPE program sponsor regarding the number of credits to be earned upon successful completion of the proposed learning activities. CPE credits will be awarded only if
 - i. all the requirements of the independent study as outlined in the learning contract are met;
 - ii. the CPE program sponsor reviews and signs the participant's report;
 - iii. the CPE program sponsor reports to the participant the actual credits earned; and
 - iv. the CPE program sponsor provides the participant with contact information.

The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

c. retain the necessary documentation to satisfy regulatory requirements regarding the content, inputs, and outcomes of the independent study.

Article III - Standards for CPE Program Sponsors

3.1 - General Standards

Standard No. 1. CPE program sponsors are responsible for compliance with all applicable Standards and other CPE requirements.

S1 – 01. CPE requirements of licensing bodies and others. CPE program sponsors may have to meet specific CPE requirements of state licensing bodies, other governmental entities, membership associations, and other professional organizations or bodies. Professional guidance for CPE program sponsors is available from NASBA; state-specific guidance is available from the boards of accountancy. CPE program sponsors should contact the appropriate entity to determine requirements.

3.2 - Standards for CPE Program Development

Standard No. 2. Sponsored learning activities must be based on relevant learning objectives and outcomes that clearly articulate the professional competence that should be achieved by participants in the learning activities.

S2-01. Program knowledge level. Learning activities provided by CPE program sponsors for the benefit of CPAs must specify the knowledge level, content, and learning objectives so that potential participants can determine if the learning outcomes are appropriate to their professional competence development needs. Knowledge levels consist of basic, intermediate, advanced, update, and overview.

Standard No. 3. CPE program sponsors must develop and execute learning activities in a manner consistent with the prerequisite education, experience, and advance preparation of participants.

S3-01. Prerequisite education and experience. To the extent it is possible to do so, CPE program sponsors should make every attempt to equate program content and level with the backgrounds of intended participants. All programs identified as intermediate, advanced or update must clearly identify prerequisite education, experience, and advance preparation in precise language so that potential participants can readily ascertain whether they qualify for the program. For courses with a program knowledge level of basic and overview, prerequisite education or experience and advance preparation must be noted, if any, otherwise, state “none” in course announcement or descriptive materials.

Standard No. 4. CPE program sponsors must use activities, materials, and delivery systems that are current, technically accurate, and effectively designed. Course documentation must contain the most recent publication, revision, or review date. Courses must be revised as soon as feasible following changes to relative codes, laws, rulings, decisions, interpretations, and so on. Courses in subjects that undergo frequent changes must be reviewed by an individual with subject matter expertise at least once a year to verify the currency of the content. Other courses must be reviewed at least every two years.

S4-01. Developed by a subject matter expert. Learning activities must be developed by individuals or teams having expertise in the subject matter. Expertise may be demonstrated through practical experience or education, or both.

Standard No. 5. CPE program sponsors of group, self study, nano learning, and blended learning programs must ensure that learning activities are reviewed by qualified persons other than those who developed the programs to assure that the program is technically accurate and current and addresses the stated learning objectives. These reviews must occur before the first presentation of these materials and again after each significant revision of the CPE programs.

The participation of at least one licensed CPA (in good standing and holding an active license or the equivalent of an “active” CPA license in a U.S. jurisdiction) is required in the development of every program in accounting and auditing. The participation of at least one licensed CPA, tax attorney, or IRS enrolled agent (in good standing and holding an active CPA license or the equivalent of an “active” license in a U.S. jurisdiction) is required in the development of each program in the field of study of taxes. In the case of the subject matter of international taxes, the participation of the equivalent of an “active” licensed CPA for the international jurisdiction involved is permitted. As long as this requirement is met at some point during the development process, a program would be in compliance. Whether to have this individual involved during the development or the review process is at the CPE program sponsor’s discretion.

S5-01. Qualifications of reviewers. Individuals or teams qualified in the subject matter must review programs. When it is impractical to review certain programs in advance, such as lectures given only once, greater reliance should be placed on the recognized professional competence of the instructors or presenters. Using independent reviewing organizations familiar with these Standards may enhance quality assurance.

S5-02. Review responsibilities if content purchased from another entity. CPE program sponsors may purchase course content from other entities and developers. The organization that issues the certificate of completion under its name to the participants of the program is responsible for compliance with all Standards and other CPE requirements.

If a CPE program sponsor plans to issue certificates of completion under its name, then the CPE program sponsor must first consider whether the content was purchased from an entity registered with NASBA on the National Registry of CPE Sponsors.

- If the content is purchased from a sponsor registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor may maintain the author/developer and reviewer documentation from that sponsor in order to satisfy the content development requirements of the Standards. The documentation should be maintained as prescribed in Standard No. 24.
- If the content is purchased from an entity not registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor must independently review the purchased content to ensure compliance with the Standards. If the CPE program sponsor

does not have the subject matter expertise on staff, then the CPE program sponsor must contract with a qualified individual to conduct the review. The CPE program sponsor must maintain the appropriate documentation regarding the credentials and experience of both the course author/developer(s) and reviewer(s) as prescribed in Standard No. 24.

Standard No. 6. CPE program sponsors of independent study learning activities must be qualified in the subject matter.

S6-01. Requirements of independent study sponsor. A CPE program sponsor of independent study learning activities must have expertise in the specific subject area related to the independent study. The CPE program sponsor must also

- review, evaluate, approve, and sign the proposed independent study learning contract, including agreeing in advance on the number of credits to be recommended upon successful completion.
- evidence program completion by
 - reviewing and signing the written report developed by the participant in independent study.
 - certifying in writing that the applicant has demonstrated application of learning objectives through successful completion of tasks.
 - certifying in writing that the applicant has performed a live demonstration, oral examination, or presentation to a subject matter expert.
- retain the necessary documentation to satisfy regulatory requirements regarding the content, inputs, and outcomes of the independent study.

Standard No. 7. Group live programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning, and include elements of engagement within the program.

Whether a program is classified as group live or group Internet based is determined by how the participant consumes the learning (in a group setting or on an individual basis) and not by the technology used in program delivery. Group live examples include but are not limited to: classroom setting with a real time instructor, participation in a group setting calling in to a teleconference, and participation in a group setting watching a rebroadcast of a program with a real time subject matter expert facilitator.

S7-01. Required elements of engagement. A group live program must include at least one element of engagement related to course content during each credit of CPE (for example, group discussion, polling questions, instructor-posed question with time for participant reflection, or use of a case study with different engagement elements throughout the program).

S7-02. Real time instructor during program presentation. Group live programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group live program is recorded for future presentation, it will continue to be considered a group live program only

when a real time subject matter expert facilitates the recorded presentation. CPE credit for a recorded group live program facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation.

S7-03. No real time instructor during recorded program presentation. A group live program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group live program and will be classified as a self study program only if it meets all self study delivery method requirements with the exception of the basis for CPE credit. CPE credit for a recorded group live program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation, or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

Standard No. 8. Group Internet based programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program.

Whether a program is classified as group live or group Internet based is determined by how the participant consumes the learning (in a group setting or on an individual basis) and not by the technology used in program delivery. Group Internet based examples include but are not limited to: participation in a webcast individually, participation in a broadcast of a group live presentation on an individual basis, and participants calling in to a conference call on an individual basis.

S8-01. Real time instructor during program presentation. Group Internet based programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group Internet based program is recorded for future presentation, it will continue to be considered a group Internet based program only when a real time subject matter expert facilitates the recorded presentation. CPE credit for a recorded group Internet based program facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation.

S8-02. No real time instructor during recorded program presentation. A group Internet based program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group Internet based program and will only be classified as a self study program if it meets all self study delivery method requirements, with the exception of the basis for CPE credit. CPE credit for a recorded group Internet based program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation, or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

Standard No. 9. Self study programs must use instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program.

S9-01. Guide participant through a program of learning. To guide participants through a program of learning, CPE program sponsors of self study programs must elicit participant responses to test for understanding of the material. Appropriate feedback must be provided. Satisfactory completion of the program must be confirmed during or after the program through a qualified assessment.

S9-02. Use of review questions or other content reinforcement tools. Review questions must be placed at the end of each learning activity throughout the program in sufficient intervals to allow the participant the opportunity to evaluate the material that needs to be re-studied. If objective type questions are used, at least three review questions per CPE credit must be included or two review questions if the program is marketed for one-half CPE credits. Simulations and other innovative tools that guide participants through structured decisions can be used in lieu of review questions.

After the first full credit and the minimum of three review questions, additional review questions are required based on the additional credit measurement amount of the program as follows:

<u>Additional Credit:</u>	<u>Additional Review Questions:</u>
0.2	0
0.4	1
0.5	2
0.6	2
0.8	3
Next full credit	3

S9-03. Evaluative and reinforcement feedback on review questions. If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong, and reinforcement feedback must be provided for correct responses even when the minimum number of review questions requirement has otherwise been exceeded. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Simulations and other innovative tools that guide participants through structured decisions could provide feedback at irregular intervals or at the end of the learning experience. In those situations, single feedback would be permissible. "True or false" questions or review questions that do not meet the evaluative and reinforcement feedback requirements are allowed as review questions, other than when using the multiple choice method. Noncompliant questions are not included in the number of review questions required per CPE credit. Forced choice questions, when used as part of an overall learning strategy, are allowed as review questions and can be counted in the number of review questions required per CPE credit. There is no minimum passing rate required for review questions.

S9-04. Qualified assessment requirements. To provide evidence of satisfactory completion of the course, CPE program sponsors of self study programs must require participants to successfully

complete a qualified assessment during or after the program with a cumulative minimum passing grade of at least 70 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple choice, essay, and simulations). At least 5 questions and scored responses per CPE credit must be included on the qualified assessment or 3 assessment questions and scored responses if the program is marketed for one-half CPE credits. For example, the qualified assessment for a 5-credit course must include at least 25 questions and scored responses. Alternatively, a 5 ½ credit course must include at least 28 questions and scored responses. Except in courses in which recall of information is the learning strategy, duplicate review and qualified assessment questions are not allowed. “True or false” questions are not permissible on the qualified assessment.

After the first full credit and the minimum of five questions and scored responses per CPE credit, additional qualified assessment questions and scored responses are required based on the additional credit measurement amount of the program as follows:

<u>Additional Credit:</u>	<u>Additional Questions/Scored Responses:</u>
0.2	1
0.4	2
0.5	3
0.6	3
0.8	4
Next full credit	5

If a pre-program assessment is used in the course, then the pre-program assessment cannot be included in the determination of the recommended CPE credits for the course. If a pre-program assessment is used and feedback is provided, then duplicate pre-program assessment and qualified assessment questions are not permitted. If a pre-program assessment is used and feedback is not provided, then duplicate pre-program assessment and qualified assessment questions are permissible. Feedback may comply with the feedback for review questions as described in S9-03 or take the form of identifying correct and incorrect answers.

A qualified assessment must measure a representative number of the learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program. The representative number of the learning objectives can be less than 75 percent of the learning objectives for the program only if a randomized question generator is used, and the test bank used in the creation of the assessment includes at least 75 percent of the learning objectives for the program. Assessment items must be written to test the achievement of the stated learning objectives of the course.

S9-05. Feedback on qualified assessment. Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and

- utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size to minimize overlap of questions on the qualified assessment for the typical repeat test taker. Feedback may comply with the feedback for review questions as described in S9-03 or take the form of identifying correct and incorrect answers.
- does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then
 - on a failed assessment, the CPE program sponsor may not provide feedback to the test taker.
 - on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback for review questions as described in S9-03 or take the form of identifying correct and incorrect answers.

S9-06. Program or course expiration date. Course documentation must include an expiration date (the time by which the participant must complete the qualified assessment). For individual courses, the expiration date is no longer than one year from the date of purchase or enrollment. For a series of courses to achieve an integrated learning plan, the expiration date may be longer.

S9-07. Based on materials developed for instructional use. Self study programs must be based on materials specifically developed for instructional use and not on third-party materials. Self study programs requiring only the reading of general professional literature, IRS publications, or reference manuals followed by a test will not be acceptable. However, the use of the publications and reference materials in self study programs as supplements to the instructional materials could qualify if the self-study program complies with each of the CPE standards.

Instructional materials for self study include teaching materials that are written for instructional educational purposes. These materials must demonstrate the expertise of the author(s). At a minimum, instructional materials must include the following items:

1. An overview of topics
2. The ability to find information quickly (for example, an index, a detailed menu, or key word search function)
3. The definition of key terms (for example, a glossary or a search function that takes a participant to the definition of a key word)
4. Instructions to participants regarding navigation through the course, course components, and course completion
5. Review questions with feedback
6. Qualified assessment

Standard No. 10. Nano learning programs must use instructional methods that clearly define a minimum of one learning objective, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program. Satisfactory completion of the program must be confirmed at the conclusion of the program through a qualified assessment.

S10-01. Qualified assessment requirements. To provide evidence of satisfactory completion of the course, CPE program sponsors of nano learning programs must require participants to successfully complete a qualified assessment with a passing grade of 100 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple choice, rank order, and matching). Only two questions must be included on the qualified assessment. "True or false" questions are not permissible on the qualified assessment. If the participant fails the qualified assessment, then the participant must re-take the nano learning program. The number of re-takes permitted a participant is at the sponsor's discretion.

S10-02. Feedback on qualified assessment. Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and

- utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size for no overlap of questions on the qualified assessment for the typical repeat test taker. If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong, and reinforcement feedback must be provided for correct responses. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Feedback may also take the form of identifying correct and incorrect answers.
- does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then
 - on a failed assessment, the CPE program sponsor may not provide feedback to the test taker.
 - on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback described in the preceding paragraph or take the form of identifying correct and incorrect answers.

S10-03. Program or course expiration date. Course documentation must include an expiration date. The expiration date is no longer than one year from the date of purchase or enrollment.

S10-04. Based on materials developed for instructional use. Nano learning programs must be based on materials specifically developed for instructional use and not on third-party materials. Nano learning programs requiring only the reading of general professional literature, IRS publications, or reference manuals followed by an assessment will not be acceptable.

Acceptable instructional materials for a nano learning program include intentional, engaged learning activities developed for focused content delivery. Nano learning programs may incorporate techniques such as visuals, slide reinforcements, role play, demonstrations, or use of a white board. The intent of a nano learning program is to transfer knowledge that is interactive—seeking to teach by example—to supply information to understand a specific concept, complete a certain task or computation or to problem-solve or make decisions through role play or demonstration. At a minimum, nano learning programs must include the following items:

1. The learning objective(s) of the program
2. Any instructions that participants need to navigate through the program
3. A qualified assessment

Standard No. 11. Blended learning programs must use instructional methods that clearly define learning objectives and guide the participant through a program of learning. Pre-program, post-program, and homework assignments should enhance the learning program experience and must relate to the defined learning objectives of the program.

S11-01. Guide participant through a program of learning. The blended learning program includes different learning or instructional methods (for example, lectures, discussion, guided practice, reading, games, case studies, and simulation); different delivery methods (group live, group Internet based, nano learning, or self study); different scheduling (synchronous or asynchronous); or different levels of guidance (for example, individual, instructor or subject matter expert led, or group and social learning). To guide participants through the learning process, CPE program sponsors must provide clear instructions and information to participants that summarize the different components of the program and what must be completed or achieved during each component in order to qualify for CPE credits. The CPE program sponsor must document the process and components of the course progression and completion of components by the participants.

S11-02. Primary component of blended learning program is a group program. If the primary component of the blended learning program is a group program, then CPE credits for pre-program, post-program, and homework assignments cannot constitute more than 25 percent of the total CPE credits available for the blended learning program.

S11-03. Primary component of blended learning program is an asynchronous learning activity. If the primary component of the blended learning program is an asynchronous learning activity, then the blended learning program must incorporate a qualified assessment in which participants demonstrate achievement of the learning objectives of the program.

S11-03.1. Qualified assessment requirements. A qualified assessment must measure a representative number of learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program.

3.3 - Standards for CPE Program Presentation

Standard No. 12. CPE program sponsors must provide descriptive materials that enable CPAs to assess the appropriateness of learning activities. For CPE program sponsors whose courses are developed for sale or for external audiences, or both (that is, not internal training), CPE program sponsors must make the following information available in advance:

- Learning objectives
- Instructional delivery methods
- Recommended CPE credit and recommended field of study
- Prerequisites
- Program level
- Advance preparation
- Program description
- Course registration and, where applicable, attendance requirements
- Refund policy for courses sold for a fee or cancellation policy
- Complaint resolution policy
- Official NASBA sponsor statement, if an approved NASBA sponsor (explaining final authority of acceptance of CPE credits)

For CPE program sponsors whose courses are purchased or developed for internal training only, CPE program sponsors must make the following information available in advance:

- Learning objectives
- Instructional delivery methods
- Recommended CPE credit and recommended field of study
- Prerequisites
- Advance preparation
- Program level (for optional internal courses only)
- Program description (for optional internal course only)

S12-01. Disclose significant features of program in advance. For potential participants to effectively plan their CPE, the program sponsor must disclose the significant features of the program in advance (for example, through the use of brochures, websites, electronic notices, invitations, direct mail, or other announcements). When CPE programs are offered in conjunction with non-educational activities or when several CPE programs are offered concurrently, participants must receive an appropriate schedule of events indicating those components that are recommended for CPE credit. The CPE program sponsor's registration and attendance policies and procedures must be formalized, published, and made available to participants and include refund and cancellation policies as well as complaint resolution policies.

S12-02. Disclose advance preparation and prerequisites. CPE program sponsors must distribute program materials in a timely manner and encourage participants to complete any advance preparation requirements. All programs must clearly identify prerequisite education, experience, and advance preparation requirements, if any, in the descriptive materials. Prerequisites, if any,

must be written in precise language so that potential participants can readily ascertain whether they qualify for the program.

Standard No. 13. CPE program sponsors must ensure that instructors are qualified with respect to both program content and instructional methods used.

S13-01. Qualifications of instructors. Instructors are key ingredients in the learning process for any group or blended learning program. Therefore, it is imperative that CPE program sponsors exercise great care in selecting qualified instructors for all group or blended learning programs. Qualified instructors are those who are capable, through training, education, or experience, of communicating effectively and providing an environment conducive to learning. They must be competent and current in the subject matter, skilled in the use of the appropriate instructional methods and technology, prepared in advance, and must strive to engage participants.

S13-02. Evaluation of instructor's performance. CPE program sponsors should evaluate the instructor's performance at the conclusion of each program to determine the instructor's suitability to serve in the future.

Standard No. 14. CPE program sponsors must employ an effective means for evaluating learning activity quality with respect to content and presentation, as well as provide a mechanism for participants to assess whether learning objectives were met.

S14-01. Required elements of evaluation. The objectives of evaluation are to assess participant and instructor satisfaction with specific programs and to increase subsequent program effectiveness. Evaluations, whether written or electronic, must be solicited from participants and instructors for each program session, including self study and nano learning programs, to determine, among other things, whether

- stated learning objectives were met.
- stated prerequisite requirements were appropriate and sufficient.
- program materials, including the qualified assessment, if any, were relevant and contributed to the achievement of the learning objectives.
- time allotted to the learning activity was appropriate.
- individual instructors were effective. (Note: This topic does not need to be included in evaluations for self study and nano learning programs.)

If the instructor is actively involved in the development of the program materials, then it is not necessary to solicit an evaluation from the instructor.

S14- 02. Evaluation results. CPE program sponsors must periodically review evaluation results to assess program effectiveness and should inform developers and instructors of evaluation results.

Standard No. 15. CPE program sponsors must ensure that instructional methods employed are appropriate for the learning activities.

S15-01. Assess instructional method in context of program presentation. CPE program sponsors must assess the instructional methods employed for the learning activities to determine if the delivery is appropriate and effective.

S15-02. Facilities and technology appropriateness. Learning activities must be presented in a manner consistent with the descriptive and technical materials provided. Integral aspects in the learning environment that should be carefully monitored include the number of participants and the facilities and technologies employed in the delivery of the learning activity.

3.4 - Standards for CPE Program Measurement

Standard No. 16. Sponsored learning activities are measured by actual program length, with one 50-minute period equal to one CPE credit. Sponsors may recommend CPE credits under the following scenarios:

- **Group programs, independent study, and blended learning programs – A minimum of one full credit must be awarded initially, but after the first credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (1.0, x.2, x.4, x.5, x.6, x.8, and so on).**
- **Self study – A minimum of one-half credit must be awarded initially, but after the first full credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (0.5, 1.0, x.2, x.4, x.5, x.6, x.8, and so on).**
- **Nano learning – Credits must be awarded only as one-fifth credit (0.2 credit). A 20-minute program would have to be produced as two stand-alone nano learning programs.**

Sponsors may round down CPE credits awarded to the nearest one-fifth, one-half, or whole credit at their discretion and as appropriate for the instructional delivery method; however, the CPA claiming CPE credits should refer to respective state board requirements regarding acceptability of one-fifth and one-half CPE credits.

Only learning content portions of programs (including pre-program, post-program, and homework assignments, when incorporated into a blended learning program) qualify toward eligible credit amounts. Time for activities outside of actual learning content, including, for example, excessive welcome and introductions, housekeeping instructions, and breaks, is not accepted toward credit.

S16-01. Learning activities with individual segments. For learning activities in which individual segments are less than 50 minutes, the sum of the segments would be considered one total program. For example, five 30-minute presentations would equal 150 minutes and would be counted as three CPE credits. When the total minutes of a sponsored learning activity are greater than 50, but not equally divisible by 50, the CPE credits granted must be rounded down to the nearest credit basis depending on the instructional delivery method of the program. For example,

a group live program must be rounded down to the nearest one-fifth, one-half, or whole credit. Thus, learning activities with segments totaling 140 minutes would be granted two and four-fifths CPE credits if using one-fifth increments and two and one-half credits if using one-half increments.

For learning activities in which segments are classified in multiple fields of study, the CPE credits granted should first be computed based on the content time of the total program. Next, the CPE credits granted should be allocated to the fields of study based on the field of study content time. If the sum of the individual segments by field of study content time does not equal the CPE credits computed based on the content time for the total program, then the difference should be allocated to the primary field of study for the program.

S16-02. Responsibility to monitor attendance. Although it is the participant's responsibility to report the appropriate number of credits earned, CPE program sponsors must maintain a process to monitor individual attendance at group programs to assign the correct number of CPE credits. A participant's self-certification of attendance alone is not sufficient.

S16-03. Monitoring mechanism for group Internet based programs. In addition to meeting all other applicable group program standards and requirements, group Internet based programs must employ some type of real time monitoring mechanism to verify that participants are participating during the course. The monitoring mechanism must be of sufficient frequency and lack predictability to ensure that participants have been engaged throughout the program. The monitoring mechanism must employ at least three instances of interactivity completed by the participant per CPE credit. CPE program sponsors should verify with respective boards of accountancy on specific interactivity requirements.

S16-04. Small group viewing of group Internet based programs. In situations in which small groups view a group Internet based program such that one person logs into the program and asks questions on behalf of the group, documentation of attendance is required in order to award CPE credits to the group of participants. Participation in the group must be documented and verified by the small group facilitator or administrator in order to authenticate attendance for program duration.

S16-05. University or college credit course. For university or college credit courses that meet these CPE Standards, each unit of college credit shall equal the following CPE credits:

- Semester system 15 credits
- Quarter system 10 credits

S16-06. University or college noncredit course. For university or college noncredit courses that meet these CPE standards, CPE credit shall be awarded only for the actual classroom time spent in the noncredit course.

S16-07. Participant preparation time. Credit is not granted to participants for preparation time, unless the program meets the criteria for blended learning in Standard No. 11.

S16-08. Committee or staff meetings qualification for CPE credits. Only the portions of committee or staff meetings that are designed as programs of learning and comply with these Standards qualify for CPE credit.

Standard No. 17. CPE credit for self study learning activities must be based on one of the following educationally sound and defensible methods:

Method 1: Pilot test of the representative completion time

Method 2: Computation using the prescribed word count formula

If a pre-program assessment is used, the pre-program assessment is not included in the CPE credit computation.

S17-01. Method 1 – Sample group of pilot testers. A sample of intended professional participants must be selected to test program materials in an environment and manner similar to that in which the program is to be presented. The sample group must consist of at least three qualified individuals who are independent of the program development group.

- For those courses whose target audience includes CPAs, the sample group must be licensed CPAs in good standing, hold an active CPA license or the equivalent of an “active” CPA license in a U.S. jurisdiction, and possess the appropriate level of knowledge before taking the program.
- For those sponsors who are subject to various regulatory requirements that mandate a minimum number of CPE credits and offer courses to non-CPAs, those courses do not have to be pilot tested by licensed CPAs.
- For those courses whose target audience includes CPAs and non-CPAs, the sample group must be representative of the target audience and contain both CPAs, as defined previously, and non-CPAs.

S17-02. Method 1 – CPE credit based on representative completion time. The sample does not have to ensure statistical validity; however, if the results of pilot testing are inconsistent, then the sample must be expanded or, if the inconsistent results are outliers, the inconsistent results must be eliminated. CPE credit must be recommended based on the representative completion time for the sample. Completion time includes the time spent taking the final examination and does not include the time spent completing the course evaluation or pre-program assessment. Pilot testers must not be informed about the length of time the program is expected to take to complete. If substantive changes are subsequently made to program materials, whether in one year or over a period of years, further pilot tests of the revised program materials must be conducted to affirm or amend, as appropriate, the representative completion time.

S17-03. Method 1 – Requirement for re-pilot testing. If, subsequent to course release, actual participant completion time warrants a change in CPE credit hours, re-pilot testing is required to substantiate a change in CPE credit prospectively.

S17-04. Method 1 – Pilot testing when course is purchased from vendor or other developer. CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses in which pilot tests were conducted and provided, CPE program sponsors must review results of the course developer’s pilot test results to ensure that the results are appropriate. For purchased courses in which no pilot tests were conducted or provided, CPE program sponsors must conduct pilot testing or perform the word count formula as prescribed in method 2.

S17-05. Method 2 – Basis for prescribed word count formula. The prescribed word count formula begins with a word count of the number of words contained in the text of the required reading of the self-study program and should exclude any material not critical to the achievement of the stated learning objectives for the program. Examples of information material that is not critical and, therefore, **excluded** from the word count are course introduction, instructions to the participant, author/course developer biographies, table of contents, glossary, pre-program assessment, and appendixes containing supplementary reference materials.

Again, only course content text that is critical to the achievement of stated learning objectives should be included in the word count formula. If an author/course developer determines, for example, that including the entire accounting rule or tax regulation is beneficial to the participant, the accounting rule or tax regulation should be included as an appendix to the course as supplementary reference material and excluded from the word count formula. Only pertinent paragraphs or sections of the accounting rule or tax regulation required for the achievement of stated learning objectives should be included in the actual text of the course and, therefore, included in the word count formula.

Review questions, exercises, and qualified assessment questions are considered separately in the calculation and should not be included in the word count.

S17-06. Method 2 – Calculation of CPE credit using the prescribed word count formula. The word count for the text of the required reading of the program is divided by 180, the average reading speed of adults. The total number of review questions (including those above the minimum requirements), exercises, and qualified assessment questions is multiplied by 1.85, which is the estimated average completion time per question. These two numbers plus actual audio/video duration time (not narration of the text), if any, are then added together and the result divided by 50 to calculate the CPE credit for the self study program. When the total minutes of a self-study program are not equally divisible by 50, the CPE credits granted must be rounded down to the nearest one-half credit, one-fifth credit, or whole credit using the guidelines of Standard No. 16.

$$[(\# \text{ of words}/180) + \text{actual audio/video duration time} + (\# \text{ of questions} \times 1.85)] / 50 = \text{CPE credit}$$

S17-07. Method 2 – Consideration of audio and video segments in word count formula. If audio and video segments of a self study program constitute additional learning for the participant (that is, not narration of the text), then the actual audio/video duration time may be added to the time calculation as provided in the prescribed word count formula. If the entire self-study program constitutes a video, then the prescribed word count formula in S17-06 would consist of the actual video time plus the total number of review questions (including those above the minimum requirements), exercises, and qualified assessment questions multiplied by 1.85, divided by 50 (that is, there would be no word count for text used in the formula).

$$[\text{actual audio/video duration time} + (\# \text{ of questions} \times 1.85)] / 50 = \text{CPE credit}$$

S17-08. Method 2 – Word count formula when course is purchased from vendor or other developer. CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses in which the word count formula was calculated, CPE program sponsors must review the results of the course developer’s word count formula calculation to ensure that results are appropriate. For purchased courses in which the word count formula calculation was not performed or provided, CPE program sponsors must perform the word count formula calculation or conduct pilot testing as described in method 1.

Standard No. 18. CPE credit for nano learning programs must be based on duration of the program plus the qualified assessment, which, when combined, should be a minimum of 10 minutes. However, one-fifth (0.20 credit) CPE credit is the maximum credit to be awarded for a single nano learning program.

Standard No. 19. CPE credit for blended learning programs must equal the sum of the CPE credit determinations for the various completed components of the program. CPE credits could be determined by actual duration time (for example, audio/video duration time or learning content delivery time in a group program) or by a pilot test of the representative completion time as prescribed in S17-01 or word count formula as prescribed in S17-06 (for example, reading, games, case studies, and simulations).

Standard No. 20. Instructors and discussion leaders of learning activities may receive CPE credit for their preparation, review, and presentation time to the extent the activities maintain or improve their professional competence and meet the requirements of these Standards. Technical reviewers of learning activities may receive CPE credit for actual review time up to the actual number of CPE credits for the program, subject to the regulations and maximums established by boards of accountancy.

S20-01. Instructor CPE credit parameters. Instructors, discussion leaders, or speakers who present a learning activity for the first time may receive CPE credit for actual preparation time up to 2 times the number of CPE credits to which participants would be entitled, in addition to the time for presentation, subject to regulations and maximums established by the boards of accountancy. For example, for learning activities in which participants could receive 8 CPE credits, instructors may receive up to 24 CPE credits (16 for preparation plus 8 for presentation). For

repeat presentations, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed, and such change required significant additional study or research.

S20-02. Presenting a program. The CPA claiming CPE credits should refer to respective state board requirements.

S20-03. Technical reviewer CPE credit parameters. Technical reviewers who review a learning activity for the first time may receive CPE credit for actual review time up to the actual number of CPE credits for the program, subject to regulations and maximums established by boards of accountancy. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed, and such change required significant additional study or research.

Standard No. 21. Writers of published articles, books, or CPE programs may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence.

S21-01. Requirement for review from independent party. Writing articles, books, or CPE programs for publication is a structured activity that involves a process of learning. For the writer to receive CPE credit, the article, book, or CPE program must be formally reviewed by an independent party. CPE credits should be claimed only upon publication.

S21-02. Authoring a program. As a general rule, receiving CPE credits for authoring and presenting the same program should not be allowed. The CPA claiming CPE credits should refer to respective state board requirements.

Standard No. 22. CPE credits recommended by a CPE program sponsor of independent study must not exceed the time the participant devoted to complete the learning activities specified in the learning contract.

S22-01. CPE credits agreed to in advance. The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

3.5 - Standards for CPE Program Reporting

Standard No. 23. CPE program sponsors must provide program participants with documentation (electronic or paper) of their participation (certificate of completion), which includes the following:

- CPE program sponsor name and contact information
- Participant's name
- Course title
- Course field of study

- Date offered or completed
- If applicable, location
- Type of instructional and delivery method used
- Amount of CPE credit recommended
- Verification by CPE program sponsor representative
- Sponsor identification number or registration number, if required by the state boards
- NASBA time statement stating that CPE credits have been granted on a 50-minute hour
- Any other statements required by boards of accountancy

The documentation should be provided as soon as possible and should not exceed 60 days (so that participants can report their earned CPE credits in a timely manner).

S23-01. Entity to award CPE credits and acceptable documentation. The CPE program sponsor is the individual or organization responsible for issuing the certificate of completion and maintaining the documentation required by these Standards. The entity whose name appears on the certificate of completion is responsible for validating the CPE credits claimed by a participant. CPE program sponsors must provide participants with documentation (electronic or paper) to support their claims of CPE credit. Acceptable evidence of completion includes the following:

- For group, blended learning and independent study programs, a certificate or other verification supplied by the CPE program sponsor
- For self study and nano learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment
- For instruction or technical review credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard No.20 in Standards for CPE Program Measurement
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received
- For university or college noncredit courses, a certificate of attendance issued by a representative of the university or college
- For published articles, books, or CPE programs:
 - A copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor
 - A statement from the writer supporting the number of CPE hours claimed
 - The name and contact information of the independent reviewer(s) or publisher

S23-02. Certificate issuance for simultaneous delivery of a group live and group Internet based program. In circumstances in which the CPE program sponsor is providing simultaneous delivery of a group live and group Internet based program, the CPE program sponsor, at its discretion, may issue the certificate of completion to all program participants by awarding CPE credits under the instructional delivery method attended by the majority of the participants. The delivery and attendance monitoring requirements of the respective instructional delivery methods still apply.

Standard No. 24. CPE program sponsors must retain adequate documentation (electronic or paper) for a minimum of five years to support their compliance with these standards and the reports that may be required of participants.

S24-01. Required documentation elements. Evidence of compliance with responsibilities set forth under these Standards that is to be retained by CPE program sponsors includes the following:

- Records of participation.
- Dates and locations.
- Author/instructor, author/developer, and reviewer, as applicable, names and credentials. For the CPA and tax attorney acting as an author/instructor, author/developer, and reviewer for accounting, auditing, or tax program(s), the state of licensure, license number, and status of license should be maintained. For the enrolled agent acting in such capacity for tax program(s), information regarding the enrolled agent number should be maintained.
- Number of CPE credits earned by participants.
- Results of program evaluations.
- Program descriptive materials (course announcement information).

Information to be retained by CPE program sponsors includes copies of program materials, evidence that the program materials were developed and reviewed by qualified parties, and a record of how CPE credits were determined.

S24-02. Maintenance of documentation as basis for CPE credit for self study programs. For CPE program sponsors using method 1 (pilot tests) as the basis for CPE credit for self study programs, appropriate pilot test records must be retained regarding the following:

- When the pilot test was conducted
- The intended participant population
- How the sample of pilot testers was selected
- Names and credentials and relevant experience of sample pilot test participants
- For CPA pilot testers, the state of licensure, license number, and status of license should be maintained
- A summary of pilot test participants' actual completion time
- Statement from each pilot tester to confirm that the pilot tester is independent from the course development group and that the pilot tester was not informed in advance of the expected completion time

For CPE program sponsors using method 2 (word count formula) as the basis for CPE credit for self-study programs, the word count formula calculation, as well as the supporting documentation for the data used in the word count formula (for example, word count; number of review questions, exercises, and final examination questions; duration of audio or video segments, or both, if applicable; and actual calculation), must be retained.

S24-03. Maintenance of documentation of element of engagement for group live programs. In addition to the requirements in S24-01, group live CPE program sponsors must retain the program outline, agenda, speaker notes or other documentation that evidences the element of engagement related to course content during each credit of CPE planned for the group live program.

S24-04. Maintenance of documentation of instructions and information to participants regarding the components comprising a blended learning program. In addition to the requirements in S24-01, blended learning CPE program sponsors must retain clear instructions and information that summarizes the different components of the blended learning program and what must be completed or achieved during each component in order to qualify for CPE credits. The CPE program sponsor must also retain documentation of the course progression and what CPE credits were earned by participants upon the completion of the components.

Effective dates:

Unless otherwise established by state licensing bodies or other professional organizations, these Standards are to be effective on September 1, 2016, provided however that:

- CPE program sponsors have until December 31, 2016 to comply with the Standards for programs currently under development.
- The Standards must be implemented at the next CPE program review or revision date for all other programs.



Washington State Board of Accountancy

Policy Number: 2000-1

Title: Continuing Professional Education*

Revised: July 31, 2015

Approved:



Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

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

I. Guidance Regarding the Appropriate Classification of a CPE Course

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

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

Generally the Board does not pre-approve programs as meeting the Board's CPE requirements, with the exception of Washington Ethics and Regulations courses that must be pre-approved by the Executive Director. However, upon receipt of a CPE course description and outline, the Executive Director may provide informal, oral guidance regarding the appropriate classification of a course.

II. Acceptable Evidence Supporting Eligibility for CPE Credit

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

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

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

III. CPE Credit for Self Study Learning Activities

The Board recognizes the Statement on Standards for Continuing Professional Education (CPE) Programs (Standards) approved and published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA).

CPE credit for self study learning activities offered by sponsors other than the AICPA or recognized by the NASBA National Registry of CPA Sponsors or Quality Assurance Service (QAS) Self Study sponsors must be based on one of the following methods identified in the Standards:

- Pilot test of the representative completion time
- Computation using the prescribed word count formula

The standards containing a full description of the above methods may be found at <http://www.aicpa.org/Advocacy/State/DownloadableDocuments/AICPA-NASBA-Final-CPE-Standards.pdf>.

Effective: January 1, 2000

*Revised: July 22, 2013; April 25, 2011; July 18, 2008; October 27, 2006; January 31, 2005; October 31, 2003; January 31, 2003; January 25, 2002; April 27, 2001; April 28, 2000



STATE OF WASHINGTON
BOARD OF ACCOUNTANCY

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October 28, 2016

Beth Thoresen, Director – Peer Review
Operations, AICPA Peer Review Program,
AICPA
220 Leigh Farm Road
Durham, NC 27707-8110

John Dailey
Compliance Assurance Committee Chair
National Association of State Boards of Accountancy
150 4th North, Suite 700
Nashville, TN 37219-2417

Dear Ms. Thoresen and Mr. Dailey:

Thank you for your consideration of our concerns regarding the AICPA's promulgation of the report entitled Proposed Evolution of Peer Review Administrations: A Supplemental Discussion Paper Seeking Input from State Boards of Accountancy.

We have reviewed this report and the discussion of our concerns follows each of the main questions posed by the report:

Considering the information presented in the proposed model, what changes do you believe will increase consistency in peer review acceptance results?

While the report made reference to inconsistencies among the 40 existing AEs it did not report specific results. It would be helpful to obtain a summary of the issues that are giving rise to the inconsistencies referred to in the report. We also believe that it is important to distinguish among those AEs who are operating effectively and those who are not. In other words, if a currently operating AE has not demonstrated deficiencies one might ask: Why is it being proposed that it be shut down? Perhaps there should be feedback to AEs if it is believed that inconsistencies have been observed.



Also, it would be of great benefit to identify best practices that can be incorporated into future training and practice management enhancements.

Considering the information presented in the proposed model, what changes do you believe will best promote proper and timely application of Standards and guidance?

As with all oversight efforts, timely communication of expectations and follow up will ensure uptake of new standards and guidance. While collapsing the number of AEs may mean less effort to disseminate information it does not necessarily guarantee that the result will be a faster or more complete uptake of necessary changes. Again, we are interested in specific examples of instances where existing AEs have fallen short of these expectations. But in conjunction with limiting the number of AEs, we would be interested in learning more about efforts to provide more consistent training to peer reviewers as they are the first line of defense in any quality control effort. We would be interested in learning what plans are in place to provide better baseline training to ensure both quality and consistency in peer reviewers. It seems that this needs to be considered along with the consolidation of AEs.

How do you believe the familiarity threat in the peer review acceptance process can best be minimized?

The familiarity threat can, in part, be ameliorated by ensuring that RAB members are not reviewing reports drafted by peer review volunteers with whom they have long standing relationships. This is not difficult to achieve if honest assessments are made before assignments are made by RABs. At the same time, it would be important to stress the concept of familiarity threat to peer reviewers, so that they only accept reviews where this would not be an issue.

Other concerns voiced by our Board Members:

Our Board members have voiced the following additional concerns regarding the proposed changes to the structure and criteria for administering entities (AEs) of the Peer Review Program:

- *Loss of State Board oversight of the proposed process*
- Washington State's Public Accountancy Act, RCW 18.04, and related rules require the completion of a peer review as a condition of renewal. Some of our Board members have expressed a concern that the state Board will lose control over the oversight process.
- Diminished availability of peer review services particularly to smaller firms
- Increased cost and the effects of this on smaller firms
- Reluctance of CPAs to continue to volunteer their services to the peer review program if a state other than Washington or the AICPA takes over as the Administering Entity (AE)
- Our current process seems to have been working appropriately and has been accessible to our licensees
- Would the proposed process be equally as responsive as the current process?

Please understand that we mean these comments to be constructive and supportive of the effort to ensure the quality and consistency of Peer Reviews and their administration.

Regards,

Charles Satterlund, CPA
Executive Director

Board of Accountancy

2017-2019 Biennium Strategic Plan

Thomas G. Neill, CPA
Board Chair

Charles E. Satterlund, CPA
Executive Director

August 9, 2016

Board of Accountancy

2017-2019 Biennium Strategic Plan

Executive Summary

The Washington State Board of Accountancy (The Agency) qualifies, monitors, and regulates Certified Public Accountants (CPAs) and the practice of public accountancy within Washington State. The Board of Accountancy also monitors and regulates individuals and firms exercising practice privileges in other states while holding credentials issued by this state and those credentialed in other states exercising practice privileges in this state.

The aim of this effort is to promote the reliability of financial information used for decision making purposes in all types of private and public enterprise. We accomplish this task by ensuring that the profession of Public Accountancy is properly regulated and that Certified Public Accountants and Firms are qualified and adhere to state law and professional standards.

The nine members of the Board, appointed by the Governor, serve as the Rulemaking and Disciplinary body.

The Agency is under the direction of the Executive Director, also appointed by the Governor, to employ appropriate personnel to administer the Public Accountancy Act, RCW 18.04, Board Rules, WAC 4-30, and Board policies.

The Agency is funded solely by license and administrative fees paid by CPAs, CPA-Inactive Certificate holders, CPA firms, non-licensee firm owners, and CPA examination applicants.

Board of Accountancy

2017-2019 Biennium Strategic Plan

Agency Mission Statement

The Statutory Purpose of our agency is embodied in the Washington Public Accountancy Act RCW 18.04 and is further developed in rule Washington Administrative Code (WAC) 4-30.

Broadly speaking the mission of the agency is to:

1. Promote the reliability of financial and other information used by decision makers in all types of enterprises; and
2. To protect the public by ensuring that:
 - a. Only individuals initially qualified by education, examination, and experience and who possess good character are recognized for the practice of public accounting;
 - b. Only firms meeting the board's criteria for recognition are initially permitted to offer or perform professional public accounting services;
 - c. Individuals and firms recognized by the Board demonstrate continual competency, ethical behavior, and professionalism in the market place; and
 - d. Consumer alerts and public protection information is provided to the general public.

Board of Accountancy

2017-2019 Biennium Strategic Plan

Strengths, Weaknesses, Opportunities, Threats (SWOT)

Strengths

1. Our agency is efficient in terms of its productivity and use of available resources.
2. Board Members and Staff are committed to the agency mission and the profession. They are also motivated, and experienced.
3. Board Staff have made significant strides in reducing the disciplinary caseload and maintain an accessible and robust licensing system.
4. The Agency has devoted significant resources to technological security and meeting State IT standards. There is a continued commitment to further development, and modernization of Board information management systems.
5. Board Executive Staff are committed to managing risks and the further development of employees to further enhance productivity and provide a safe, respectful, and diverse work environment.
6. Board Member and Staff relationships with the practitioner licensee community, professional organizations, and the consumer public, are generally sound. Public outreach efforts are routine and are an established priority.

Weaknesses

1. With the advent of a newly appointed Executive Director and Board Members there is some loss of long term organizational knowledge.
2. Public records disclosure fulfilment remains a risk, although recent changes in our Agency approach have ameliorated this weakness.
3. Risk of incorrect information or guidance being provided to customers or the public by the Agency Staff, Board Members, or contractors, mitigated by recent efforts to refer to experienced personnel on topics and training.

Opportunities

1. Expanding dialogue with international colleagues to consider cross border firm mobility.

Board of Accountancy

2017-2019 Biennium Strategic Plan

2. Further improvements to our licensing system to enhance customer service and experience.
3. Developing a reserve investigative capacity to deal with sudden or unanticipated increases in the disciplinary caseload. The successful development of this resource will allow the agency to continue to operate under its allotted FTEs and authorized WMS positions.

Threats

1. Anticipated adversarial legal challenges to board disciplinary decisions and concurrent unanticipated legal expenditures.
2. Possible decline in licensing population affecting operational revenues and professional services available to the public.
3. Possible resource challenges with respect to enforcement given recent legislative permissions for firm mobility.

Goals

1. Continue to refine the Agency's IT structure and applications process to provide "plain talk" explanatory content in addition to links to official regulatory specifics.
2. Continually strive to improve the ease of constituent access to, and the user-friendly nature of, information related to Board and Agency functions, processes, and actions.
3. Maintain a robust enforcement effort that responds to complaints in a timely and appropriate manner and completes investigations within agency standards.
4. Maintain the open, timely, and effective rule making process.
6. Implement appropriate social media utilization consistent with public disclosure risks.
7. Continually strive to increase access to publicly disclosable information. Participate in the WA State Open Data Initiative.

Board of Accountancy

2017-2019 Biennium Strategic Plan

Strategic Objectives

1. Provide outstanding customer service to our constituent licensees and applicants.
2. Protect and maintain the security of private personal information that is in the custody of the agency.
3. Implement the Act & Board Rules in a fair and equitable manner, consistent with due process, as part of a continual effort to be a model of regulatory best practices.
4. Maintain the frequency and geographic dispersal of Agency outreach efforts within the state.
5. Guide the Agency in responding to the expanding international focus of Public Accountancy. Engage with other stakeholders and jurisdictions to craft a regulatory framework that is appropriate to an interconnected world economy.
6. Ensure that the Agency is consistently striving to be an organization that focuses on the well-being and safety of the employees through training and process improvements.

1650 - State Board of Accountancy

Allotment Expenditure/Revenue BTB Flexible

Report Number: AEF04

Biennium: 2017

As of Fiscal Month: Oct FY2

Date Run: Oct 1, 2016 10:00AM
Transactions Through: Sep 30, 2016 8:00PM

Account: 021

Allotment Content: Approved & Adjusted

Estimated Revenue Content: Approved & Adjusted

Expenditure Content: Cash, Acct(All)

Revenue Content: Cash, Acct(All)

(For a complete listing of all input parameter values, please see the last page of the report)

	Allotment		Disbursement		Accrual		Encumbrance		Variance		Remaining	
	BTB	BTB	BTB	BTB	BTB	BTB	BTB	BTB	BTB	BTB	BTB	BTB
By Account/Expenditure Authority												
021 - Certified Public Accountants' Acct												
010 - SSB 5534 Certified Public Accounting	3,300,000		3,300,000.00		0.00		0.00		0.00		0.00	
030 - Salaries and Expenses	1,847,173		1,509,222.21		973.04		0.00		336,977.75		1,305,804.75	
021 - Certified Public Accountants' Acct	5,147,173		4,809,222.21		973.04		0.00		336,977.75		1,305,804.75	
Total for Agency	5,147,173		4,809,222.21		973.04		0.00		336,977.75		1,305,804.75	

By Account/Expenditure Authority												
By Object												
A - Salaries and Wages	865,086		757,743.38		0.00		0.00		0.00		107,342.62	
B - Employee Benefits	303,994		263,807.68		0.00		0.00		40,186.32		195,971.32	
C - Professional Service Contracts	0		3,679.50		0.00		0.00		(3,679.50)		(3,679.50)	
E - Goods and Other Services	539,948		438,650.32		973.04		0.00		100,324.64		405,239.64	
G - Travel	85,545		38,353.55		0.00		0.00		47,191.45		89,836.45	
J - Capital Outlays	52,600		6,987.78		0.00		0.00		45,612.22		78,212.22	
M - Inter Agency/Fund Transfers	3,300,000		3,300,000.00		0.00		0.00		0.00		0.00	
Total for Agency	5,147,173		4,809,222.21		973.04		0.00		336,977.75		1,305,804.75	

Fund

Balance As Of:	9/30/2016	Show Balances As Of:	09/30/2016
Book Balance:	2,337,176.65	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	1,355.00		
Cash Balance:	2,338,531.65		

Fund Code:	02J
Fund Name:	CERTIFIED PUBLIC ACCOUNTANTS' ACCT
Fund Type:	SPECIAL REVENUE FUNDS (BA)
Treasury Type:	Treasury (1)
Budget Type:	Appropriated (A)
Roll-Up Fund:	CENTRAL ADMIN AND REGULATORY FUND (FBD)
Agency:	STATE BOARD OF ACCOUNTANCY (1650)
Statute:	18.04.105
GAAP Fund Type:	SPECIAL REVENUE FUNDS (B)
Active:	Active
DOT Fund:	No

Fund

Balance As Of:	9/30/2016	Show Balances As Of:	09/30/2016
Book Balance:	300,000.00	<input type="button" value="Retrieve"/>	
Outstanding Warrants:	0.00		
Cash Balance:	300,000.00		

Fund Code:	20D
Fund Name:	CPA SCHOLARSHIP TRANSFER ACCOUNT
Fund Type:	SPECIAL REVENUE FUNDS (BA)
Treasury Type:	Treasury Trust (2)
Budget Type:	Nonappropriated/Nonallotted (N)
Roll-Up Fund:	HIGHER EDUCATION FUND (FBG)
Agency:	STATE BOARD OF ACCOUNTANCY (1650)
Statute:	28B.123.050
GAAP Fund Type:	SPECIAL REVENUE FUNDS (B)
Active:	Active
DOT Fund:	No

Quality Assurance Review Results

Year	Peer Review					Sub Total	Enforcement	Limited Scope Exemption	Total Participation
	Pass	Pass W/ Deficiencies	Fail	Peer Review Extension Request					
2013	36	7	5	0	48		91	139	
2014	9	5	0	0	14		8	22	
2015	289	33	15	0	337		399	736	
2016	195	15	9	39	258		369	627	
2017	0	0	0	0	0		0	0	

Request Review Committee Report October 2016

Elizabeth Masnari, CPA, Chair

During the third quarter 2016, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Firm Names: *Approved:*

YK TAX & ACCOUNTING PLLC
CHAIR SIX FINANCIAL PLANNING, PLLC
(SN)2 LLC
DOCTORS FINANCIAL SERVICES GROUP LLC
THE COBALT GROUP INC
NEW PARADIGM CFO, LLC
BLUEBIRD, CPAS
ACT RESOURCES, PLLC
DN WEBB CPA
GOODE CPA & ADVISORY OFFICE PC
THE BEARDED CPA
REDW LLC
S D MAYER AND ASSOCIATES LLP
NORTHWEST CPA SOLUTIONS LLC
THOMAS SWANSON & ASSOCIATES, CPAS, PLLC

Professional/Educational Organization – Recognition Requests – During the 3rd quarter in 2016, the Board did not receive any requests for recognition of an educational organization for the purposes of obtaining list requests.

Domestic or International Education Credential Evaluation Services – During the 3rd quarter in 2016, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

State Ethics Compliance Committee Report

As Chair of the State Board of Accountancy's Ethics Committee I have reviewed the State Ethics Compliance Checklist completed by each staff member of the State Board regarding activities that are prohibited or require pre-approval from the Executive Director or the Chair of the Ethics Committee. No matters were reported that require further attention or action.

James R. Ladd, CPA

Projected Fund Balance
Washington State Certified Public Accounting Scholarship Program
For the Year Ending September 30, 2017

Beginning Fund Balance (as of September 1, 2016) \$ **2,934,765**

Revenues:

Passive Earnings from Investments (Assumes a 3% return) \$ 88,043

Expenditures:

WBOA Certified Public Accounting Scholarships
(45 \$5,000 scholarships will be awarded) \$ (225,000)

Projected Fund Balance For the Year Ended 9/30/2017 \$ **2,797,808**

Washington Society of CPAs (WSCPAs) Annual Administration Fee**
to be reimbursed by the Washington State Board of Accountancy Annually \$ 25,000

**Annual WSCPAs Estimated Expense to Administer WA CPA Scholarship Program \$ 40,658

Board of Accountancy Washington State Enforcement Report

Quarter Report (Jul 01, 2016 through Sep 30, 2016)

	Complaints	Investigations	Period Total
Ongoing at start of period	8	5	13
Received during period	18		18
Total	26	5	31
Complaints opened as investigations	(12)	12	
Total	14	17	31
Complaints Dismissed (Administrative)	(3)		(3)
Complaints Dismissed (investigated <= 180 days)	(7)		(7)
Complaints Dismissed (investigated > 180 days)	(1)		(1)
Total	3	17	20
Cases Dismissed (Administrative)		(2)	(2)
Cases Dismissed (investigated <= 180 days)		(1)	(1)
Cases Dismissed (investigated > 180 days)		0	0
Total	3	14	17
Cases Closed (Administrative)		(4)	(4)
Cases Closed (investigated <= 180)		(3)	(3)
Cases Closed (investigated > 180)		0	0
Total	3	7	10