PROPOSED RULE MAKING
(RCW 34.05.320)

CR-102 (7/22/01)
Do NOT use for expedited rule making

Agency: Board of Accountancy

☒ Original Notice
☐ Supplemental Notice to WSR _____
☐ Continuance of WSR _____

☒ Preproposal Statement of Inquiry was filed as WSR 03-01-101 ; or
☐ Expedited Rule Making -- Proposed notice was filed as WSR _____; or
☐ Proposal is exempt under RCW 34.05.310(4).

(a) Title of rule: (Describe Subject) WAC 4-25-720 How do I apply to take the CPA examination?

Purpose: To set transition and conditioning requirements to facilitate the move to a computer-based format

Other identifying information:

(b) Statutory authority for adoption: RCW 18.04.105(2)

Statute being implemented: RCW 18.04.105(2)

(c) Summary: Beginning in 2004, the Uniform CPA Exam will be computerized. The Board wishes to transition to the computerized exam at the very same time all other states make the change. The Board anticipates November 2003 will be the final paper-and-pencil exam. To support nationwide consistency, the Board proposes to adopt the Uniform Accountancy Act recommendations regarding conditioning for the new exam and the transition from the paper-and-pencil version to the computerized version.

Reasons supporting proposal: The Uniform Certified Public Accountant (CPA) examination is moving to a computer-based format. The Board's proposed rule sets transition and conditioning requirements necessary to facilitate the move to a computer-based format.

(d) Name of Agency Personnel Responsible for:

		Office Location	Telephone
1. Drafting.....	Dana M. McInturff, CPA	Olympia, Washington	(360) 586-0163
2. Implementation....	Dana M. McInturff, CPA	Olympia, Washington	(360) 586-0163
3. Enforcement.....	Dana M. McInturff, CPA	Olympia, Washington	(360) 586-0163

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

☐ Private
☐ Public
☒ Governmental

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

(g) Is rule necessary because of:

Federal Law?	☐ Yes	☒ No	If yes, ATTACH COPY OF TEXT
Federal Court Decision?	☐ Yes	☒ No	Citation:
State Court Decision?	☐ Yes	☒ No	

(h) HEARING LOCATION:
DoubleTree Hotel - Spokane City Center
322 N Spokane Falls Court
Spokane, WA 99201

Date: July 25, 2003 Time: 9:00 a.m.

Assistance for persons with disabilities: Contact Cheryl Sexton by July 18, 2003

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

Submit written comments to:
Dana M. McInturff, Executive Director
PO Box 9131
Olympia, WA 98507-9131

FAX (360) 664-9190 By (date) July 7, 2003

DATE OF INTENDED ADOPTION: July 25, 2003

CODE REVISER USE ONLY

CODE REVISER'S OFFICE
STATE OF WASHINGTON
FILED

APR 11 2003

TIME 9:26 AM PM
WSR 03-09-051

NAME (TYPE OR PRINT)
Dana M. McInturff, CPA

SIGNATURE

TITLE
Executive Director

DATE
3/28/03

(COMPLETE REVERSE SIDE)

(j) Short explanation of rule, its purpose, and anticipated effects:
The Board's goal with all of its rule proposals is to:
☐ Promote clarity
☐ Ensure effective communication
☐ Ensure fairness in interpretation and application of the rules
☐ Promote efficiencies through minimizing gray areas

Specifically, RCW 18.04.105(2) directs the Board to "prescribe the methods of applying for and taking the examination, including methods for grading examinations and determining a passing grade required of an applicant for a license and to establish provisions for transitioning to a new examination structure or to a new media for administering the examination." The proposed rule will ensure that the transition of the CPA exam to a computer-based format will be smooth and fair for Washington candidates.

Does proposal change existing rules? ☒ YES ☐ NO If yes, describe changes:
Adds the Board's policy regarding the proctoring of exam candidates to Board rule;
Permits candidates to sit for each section of the exam individually, and in any order;
Allows candidates to retain credit for any section(s) passed for 18 months, without having to attain a minimum score on failed sections and without regard to whether they have taken other sections;
Prohibits candidates from retaking a failed section(s) within the same three-month "examination window;"
Requires candidates to pass all 4 sections of the exam within a "rolling" 18-month period." The "rolling 18-month period" would begin on the date that the first section(s) passed is taken;
If a candidate does not pass all 4 sections of the exam within the "rolling 18-month period," credit for section(s) passed outside the 18-month period will expire (and the candidate must retake that section);
Provides candidates holding conditional credits on the paper-and-pencil exam credit for the corresponding sections of the computer-based exam. Allows these candidates six attempts or 3 years (whichever is first exhausted) to complete the remaining section(s) of the exam.

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

☐ Yes. Attach copy of small business economic impact statement.
A copy of the statement may be obtained by writing to:

telephoning: ( )
faxing: ( )

☒ No. Explain why no statement was prepared
The proposed rule will not have more than minor economic impact on business.

(l) Does RCW 34.05.328 apply to this rule adoption? ☐ Yes ☒ No
Please explain: The Board of Accountancy is not one of the agencies required to submit to the requirements of RCW 34.05.328.

AMENDATORY SECTION (Amending WSR 02-04-064, filed 1/31/02, effective 3/15/02)

WAC 4-25-720 How do I apply to take the CPA examination? (1) **Application form and due dates:**

(a) **For examinations held prior to January 1, 2004:**

(i) Your application to take the CPA examination must be made on a form provided by the board's designee and filed with the board's designee on or before March 1 for the May examination and September 1 for the November examination. Applications, including all required documentation, for the May examination must be postmarked by March 1 (and received by March 10). Applications, including all required documentation, for the November examination must be postmarked by September 1 (and received by September 10). An application is not considered filed until the ((~~examination fee has been received by the~~)) board's designee has received the examination fee.

(ii) **Proctoring CPA exam candidates:** The board may agree to request the assistance of another accountancy board in proctoring Washington's applicants at out-of-state exam sites and may agree to proctor another accountancy board's applicants at a Washington exam site, both subject to space and staffing constraints. The board will not arrange for out-of-state proctoring for applicants domiciled out-of-state who wish to take the uniform CPA exam as Washington candidates. Such applicants must take the CPA exam in Washington on a space available basis.

(b) **For examinations held after December 31, 2003:** Your application to take the CPA examination must be made on a form provided by the board's designee and filed with the board's designee by the due date specified by the board on the application form. Your application is not considered filed until all of the following are received by the board's designee:

- Fee(s);
- Proof that you have met the education requirements;
- Your proof of identity as determined by the board and specified on the application form;
- Other required supporting documents; and
- Proof from NASBA's National Candidate Data Base that you have not previously taken, or applied to take, the exam during the current examination period.

(2) **Failure to attend the exam:** If you fail to appear for examination ((~~or reexamination~~)), you forfeit the fees charged for examination ((~~and reexamination~~)).

(3) **Notice of admittance to the examination or denial of your application:**

(a) **For examinations held prior to January 1, 2004:** Notice of the denial of your application, or notice of your admittance to the

examination along with the time and place of the examination, will be mailed to you at least ten days prior to the date set for the examination.

((~~(4)~~)) (b) **For examinations held after December 31, 2003:** Notice of the denial of your application, or notice of your eligibility to take the examination will be mailed to you by the board's designee. You will contact the board's designee or the approved test site to schedule the time and location for your examination. Your notice of eligibility to take the examination will be valid for one taking of the examination within the six months following the date of your notice of eligibility to take the examination.

(4) **Examination content:** The CPA examination shall test the knowledge and skills required for performance as an entry-level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the board may require. The examination will consist of the following four sections: Auditing and attestation; financial, accounting and reporting; regulation; and business environment and concepts.

(5) **Examination, grading and conditioning:**

(a) **For examinations held prior to January 1, 2004:** The board uses all parts of the uniform CPA examination and the advisory grading services of the American Institute of Certified Public Accountants. Seventy-five or better is a passing grade for each section of the examination. Each time you sit for the examination you must take all sections you have not previously passed. You are required to pass all sections of the examination in order to qualify for a license. If at a given sitting of the examination you pass two or more, but not all sections of the examination, then you will receive credit for those sections that you pass and you will not be required to take those sections again provided:

((~~(a)~~)) (i) You took all unpassed sections of the examination at that sitting;

((~~(b)~~)) (ii) You attained a minimum grade of fifty on each section of the examination not passed at that sitting;

((~~(c)~~)) (iii) You pass the remaining sections of the examination within six consecutive examinations given after the one at which the first sections were passed;

((~~(d)~~)) (iv) At each subsequent sitting you take all sections not yet passed and you attain a minimum grade of fifty on those sections taken but not passed at that sitting; and

((~~(e)~~)) (v) In order to receive credit for passing additional sections in a subsequent sitting you attain a minimum grade of fifty on sections taken but not passed at that sitting.

((~~(5)~~)) (b) **For examinations held after December 31, 2003:** The board uses all parts of the uniform CPA examination and the advisory grading services of the American Institute of Certified Public Accountants.

(i) To qualify to apply for a license you must attain the national uniform passing grade, approved by the board by policy, on all four sections of the examination.

(ii) You may take the required four sections individually and in any order. Credit for any section(s) taken and passed after December 31, 2003, will be valid for eighteen months from the actual date you took the passed section, without having to attain a minimum score on any failed section(s) and without regard to whether you have taken other sections.

(iii) You must pass all four sections of the examination within a rolling eighteen-month period, which begins on the date that the first section(s) is passed. When determining the date that a section is passed the date that is used is the date that you took the exam section and not the date that your grade(s) is released.

(iv) You may not retake a failed section(s) in the same examination window. An examination window refers to a three-month period in which candidates have an opportunity to take the examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed).

(v) In the event you do not pass all four sections of the examination within the rolling eighteen-month period, credit for any section(s) passed prior to the eighteen-month period will expire and you must retake that section(s).

(c) **Transitioning for candidates obtaining conditional credits under the provisions of (a) of this subsection:**

(i) If you earned conditional credit(s) under the provisions of (a) of this subsection and as of February 15, 2004, those conditional credits remained valid under the provisions of (a) of this subsection, you will retain conditional credit for the corresponding sections of the examination as follows:

Examination section taken prior to January 1, 2004	Examination section taken after December 31, 2003
Auditing	Auditing and Attestation
Financial Accounting and Reporting (FARE)	Financial Accounting and Reporting
Accounting and Reporting (ARE)	Regulation
Business Law and Professional Responsibilities (LPR)	Business Environment and Concepts

(ii) If you qualify for conditional credit(s) for a section of the examination under (c)(i) of this subsection, you will lose the conditional credit(s) for the section unless you complete all remaining section(s) of the examination within the transition period which is the lesser of:

- The maximum number of testing opportunities that you had remaining to complete all sections of the examination under the provisions of (a) of this subsection; or
- The number of remaining testing opportunities you had remaining to complete all sections of the examination under the provisions of (a) of this subsection multiplied by six months.

(iii) If you do not pass all remaining sections during the transition period, the conditional credit for the section(s) you passed under the provision of (a) of this subsection will become invalid. Any section you pass after December 31, 2003, will be subject to the provisions of (b) of this subsection with the following exception:

- You will not lose conditional credit for any section passed during the transition period, even though more than eighteen months may have elapsed from the date the section is passed, until the end of your transition period.

(iv) You will retain credit for any and all sections of an examination passed in another state if credit would have been given under the Washington state requirements in effect on the date you took the examination.

(v) If you pass a section of the examination, the date you took the section of the examination is the date you receive credit for passing the section.

(6) **Ethics exam:** Upon passing the CPA examination, applicants for licensure are required to attain and demonstrate a passing grade of ninety percent or better on the AICPA professional code of conduct examination.

((~~(6) **Proctoring CPA exam candidates:** The board may agree to request the assistance of another accountancy board in proctoring Washington's applicants at out-of-state exam sites and may agree to proctor another accountancy board's applicants at a Washington exam site, both subject to space and staffing constraints. The board will not arrange for out-of-state proctoring for applicants domiciled out-of-state who wish to take the uniform CPA exam as Washington candidates. Such applicants must take the CPA exam in Washington on a space available basis.~~))