
HOUSE BILL 2293

State of Washington

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By Representatives Anderson, Bowman, Sheldon, McLean, D. Sommers, Forner, Ogden and Chandler

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1 AN ACT Relating to accounting; amending RCW 18.04.015, 18.04.025,
2 18.04.035, 18.04.045, 18.04.055, 18.04.065, 18.04.105, 18.04.180,
3 18.04.205, 18.04.215, 18.04.295, 18.04.305, 18.04.335, 18.04.345,
4 18.04.350, 18.04.390, and 18.04.405; and adding a new section to
5 chapter 18.04 RCW.

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

7 **Sec. 1.** RCW 18.04.015 and 1983 c 234 s 2 are each amended to read
8 as follows:

9 (1) It is the policy of this state and the purpose of this chapter:

10 ~~((1))~~ (a) To promote the dependability of information which is
11 used for guidance in financial transactions or for accounting for or
12 assessing the status or performance of commercial and noncommercial
13 enterprises, whether public, private or governmental; and

14 ~~((2))~~ (b) To protect the public interest by requiring that:

1 ~~((a))~~ (i) Persons (engaged in the practice of public accounting
2 be qualified) who hold themselves out to the public as certified
3 public accountants who offer to perform, or perform for clients,
4 professional services, including but not limited to one or more kinds
5 of services involving the use of accounting or auditing skills,
6 including the issuance of audit reports, review of compilation reports
7 on financial statements, or one or more kinds of management advisory,
8 financial advisory, or consulting services, the preparation of tax
9 returns, or the furnishing of advice on tax matters, perform such
10 services in a competent and professional manner;

11 ~~((b))~~ (ii) A public authority be established that is competent to
12 prescribe and assess the qualifications of certified public accountants
13 (be established), including certificate holders who are not licensed
14 for the practice of public accounting;

15 ~~((c))~~ (iii) Persons other than certified public accountants
16 refrain from using the words "audit," "review," and "compilation" when
17 designating a report customarily prepared by someone knowledgeable in
18 accounting; and

19 ~~((d))~~ (iv) The use of accounting titles likely to confuse the
20 public be prohibited.

21 (2) The purpose of chapter ..., Laws of 1992 (this act), revising
22 provisions of chapter 234, Laws of 1983, is to clarify the authority of
23 the board of accountancy with respect to the activities of persons
24 holding certificates under this chapter and, furthermore, to in no way
25 restrict or limit the activities of persons not holding certificates
26 under this chapter except as otherwise specifically restricted or
27 limited by chapter 234, Laws of 1983.

28 **Sec. 2.** RCW 18.04.025 and 1986 c 295 s 1 are each amended to read
29 as follows:

1 Unless the context clearly requires otherwise, the definitions in
2 this section apply throughout this chapter.

3 (1) "Board" means the board of accountancy created by RCW
4 18.04.035.

5 (2) "Certified public accountant" or "CPA" means a person holding
6 a certified public accountant certificate (~~((issued under this chapter
7 or the accountancy act of any state))~~).

8 (3) "State" includes the states of the United States, the District
9 of Columbia, Puerto Rico, Guam, and the United States Virgin Islands.

10 (4) "~~((Opinions))~~ Reports on financial statements" (~~((are))~~) means
11 any reports or opinions prepared by certified public accountants, based
12 on (~~((examinations))~~) services performed in accordance with generally
13 accepted auditing standards, standards for attestation engagements, or
14 standards for accounting and review services as to whether the
15 presentation of information used for guidance in financial transactions
16 or for accounting for or assessing the status or performance of
17 commercial and noncommercial enterprises, whether public, private, or
18 governmental, conforms with generally accepted accounting principles or
19 other comprehensive bases of accounting.

20 (5) The "practice of public accounting" means performing (~~((services
21 as one skilled in the knowledge and practice of public accounting and
22 preparing reports designated as "audit reports," "review reports," and
23 "compilation reports."))~~) or offering to perform by a person or firm
24 holding itself out to the public as a licensee, for a client or
25 potential client, one or more kinds of services involving the use of
26 accounting or auditing skills, including the issuance of audit, review,
27 or compilation reports on financial statements, or one or more kinds of
28 management advisory, financial advisory, or consulting services, or the
29 preparation of tax returns, or the furnishing of advice on tax matters.
30 Except for the issuance of "audit reports," "review reports," or

1 "compilation reports" on financial statements, nothing in this
2 subsection shall apply to restrict or prohibit persons not holding
3 certificates or firms not licensed under this chapter from performing
4 any services, including but not limited to, providing management
5 advisory, financial advisory, or consulting services, or the
6 preparation of tax returns, or the furnishing of advice on tax matters.
7 The "practice of public accounting" shall not include practices that
8 are permitted under the provisions of RCW 18.04.350(6) by persons or
9 firms not required to be licensed under this chapter.

10 (6) "Firm" means a sole proprietorship, a corporation, or a
11 partnership.

12 (7) "CPE" means continuing professional education.

13 (8) "Certificate" means a certificate as a certified public
14 accountant issued under this chapter, or a corresponding certificate
15 issued by another state or foreign jurisdiction that is recognized in
16 accordance with the reciprocity provisions of RCW 18.04.180 and section
17 18 of this act.

18 (9) "Licensee" means the holder of ~~((a certificate who also holds))~~
19 a valid license issued under this chapter.

20 (10) "License" means a biennial license to practice public
21 accountancy issued to an individual or firm under this chapter.

22 (11) "Quality assurance review" means a process established by and
23 conducted at the direction of the board of study, appraisal, or review
24 of one or more aspects of the professional work of a person or firm in
25 the practice of public accountancy, by a person or persons who hold
26 certificates and who are not affiliated with the person or firm being
27 reviewed.

28 (12) "Quality review" means a study, appraisal, or review of one or
29 more aspects of the professional work of a person or firm in the
30 practice of public accountancy, by a person or persons who hold

1 certificates and who are not affiliated with the person or firm being
2 reviewed, including a peer review, or any internal review or inspection
3 intended to comply with quality control policies and procedures, but
4 not including the "quality assurance review" under subsection (11) of
5 this section.

6 (13) "Review committee" means any person carrying out,
7 administering or overseeing a quality review authorized by the
8 reviewee.

9 (14) "Rule" means any rule adopted by the board under authority of
10 this chapter.

11 (15) "Holding out" means any representation to the public by the
12 use of restricted titles as set forth in RCW 18.04.345 by a person or
13 firm that the person or firm is a certified public accountant and that
14 the person or firm offers to perform any professional services to the
15 public as a certified public accountant. "Holding out" shall not
16 affect or limit a person not required to hold a certificate under this
17 chapter or a person or firm not required to hold a license under this
18 chapter from engaging in practices that are not prohibited by RCW
19 18.04.350(6).

20 **Sec. 3.** RCW 18.04.035 and 1986 c 295 s 2 are each amended to read
21 as follows:

22 (1) There is created a board of accountancy for the state of
23 Washington to be known as the Washington state board of accountancy.
24 The board shall consist of ((five)) seven members appointed by the
25 governor. Members of the board shall include four persons who hold
26 valid certified public accountant certificates and have been in public
27 practice as certified public accountants in this state continuously for
28 the previous ten years and two persons who have held a valid certified
29 public accountant's certificate in this state for at least ten years.

1 The ((fifth)) seventh member shall be the public member and shall be a
2 person who is qualified to judge whether the qualifications,
3 activities, and professional practice of those regulated under this
4 chapter conform with standards to protect the public interest.

5 (2) The members of the board of accountancy shall be appointed by
6 the governor to a term of three years. Vacancies occurring during a
7 term shall be filled by appointment for the unexpired term. Upon the
8 expiration of a member's term of office, the member shall continue to
9 serve until a successor has been appointed and has assumed office. The
10 governor shall remove from the board any member whose certificate or
11 license to practice has been revoked or suspended and may, after
12 hearing, remove any member of the board for neglect of duty or other
13 just cause. No person who has served two successive complete terms is
14 eligible for reappointment. Appointment to fill an unexpired term is
15 not considered a complete term. In order to stagger their terms, of
16 the two new appointments made to the board upon the effective date of
17 this act, the first appointed member shall serve a term of two years
18 initially.

19 **Sec. 4.** RCW 18.04.045 and 1986 c 295 s 3 are each amended to read
20 as follows:

21 (1) The board shall annually elect a ((chairman)) chair, a ((vice
22 chairman)) vice-chair, and a secretary from its members.

23 ((The board may adopt and amend rules under chapter 34.05 RCW
24 for the orderly conduct of its affairs and for the administration of
25 this chapter.

26 ((3))) A majority of the board constitutes a quorum for the
27 transaction of business.

28 ((4)) (3) The board shall have a seal which shall be judicially
29 noticed.

1 ~~((5))~~ (4) The board shall keep records of its proceedings, and of
2 any proceeding in court arising from or founded upon this chapter.
3 Copies of these records certified as correct under the seal of the
4 board are admissible in evidence as tending to prove the content of the
5 records.

6 ~~((6))~~ (5) The board may employ personnel and arrange for
7 assistance as it requires to perform its duties. Individuals or
8 committees assisting the board (~~(under this subsection (6))~~) constitute
9 volunteers for purposes of chapter 4.92 RCW.

10 ~~((7) Each member of the board shall receive compensation as
11 provided under RCW 18.04.080.~~

12 ~~(8))~~ (6) The board shall file an annual report of its activities
13 with the governor. The report shall include, but not be limited to, a
14 statement of all receipts and disbursements. Upon request, the board
15 shall mail a copy of each annual report to any member of the public.

16 (7) In making investigations concerning alleged violations of the
17 provisions of this chapter and in all proceedings under RCW 18.04.295
18 or chapter 34.05 RCW, the board chair, or a member of the board, or a
19 board designee acting in the chair's place, may administer oaths or
20 affirmations to witnesses appearing before the board, subpoena
21 witnesses and compel their attendance, take testimony, and require that
22 documentary evidence be submitted.

23 (8) The board may review the publicly available professional work
24 of licensees on a general and random basis, without any requirement of
25 a formal complaint or suspicion of impropriety on the part of any
26 particular licensee. If as a result of such review the board discovers
27 reasonable grounds for a more specific investigation, the board may
28 proceed under its investigative and disciplinary rules.

1 **Sec. 5.** RCW 18.04.055 and 1986 c 295 s 4 are each amended to read
2 as follows:

3 The board may adopt and amend rules under chapter 34.05 RCW for the
4 orderly conduct of its affairs. The board shall prescribe rules
5 consistent with this chapter as necessary to implement this chapter.
6 Included may be:

7 (1) Rules of procedure to govern the conduct of matters before the
8 board;

9 (2) Rules of professional conduct for all certificate and license
10 holders, in order to establish and maintain high standards of
11 competence and ((integrity in the profession)) ethics of certified
12 public accountants including rules dealing with independence,
13 integrity, objectivity, and freedom from conflicts of interest;

14 (3) Rules specifying actions and circumstances deemed to constitute
15 holding oneself out as a licensee in connection with the practice of
16 public accountancy;

17 (4) Rules specifying the manner and circumstances of the use of the
18 titles "certified public accountant" and "CPA", by holders of
19 certificates who do not also hold licenses under this chapter;

20 (5) Educational requirements to ~~((set for an))~~ take the certified
21 public accountant examination or for the issuance of the certificate or
22 license of certified public accountant;

23 ~~((+4))~~ (6) Rules designed to ensure that certified public
24 accountants' "~~((opinions))~~ reports on financial statements" meet the
25 definitional requirements for that term as specified in RCW 18.04.025;

26 ~~((+5))~~ (7) Requirements for continuing professional education to
27 maintain or improve the professional competence of certificate and
28 license holders as a condition to maintaining their certificate or
29 license to practice under RCW 18.04.215;

1 (~~(6) Regulations~~) (8) Rules governing sole proprietors,
2 partnerships, and corporations practicing public accounting including,
3 but not limited to, rules concerning their style, name, title, and
4 affiliation with any other organization, and establishing reasonable
5 practice standards to protect the public interest;

6 (~~(7)~~) (9) The board may by rule implement a quality assurance
7 review program as a means to monitor licensees' quality of practice and
8 compliance with professional standards. The board may exempt from such
9 program, licensees who undergo periodic (~~peer~~) quality reviews in
10 programs of the American Institute of Certified Public Accountants,
11 National Association of State Boards of Accountancy, or other programs
12 recognized and approved by the board (~~by rule~~);

13 (~~(8)~~) (10) The board may by rule require firms to obtain
14 professional liability insurance if in the board's discretion such
15 insurance provides additional and necessary protection for the public;
16 and

17 (~~(9)~~) (11) Any other rule which the board finds necessary or
18 appropriate to implement this chapter.

19 **Sec. 6.** RCW 18.04.065 and 1983 c 234 s 24 are each amended to read
20 as follows:

21 The board shall set its fees at a level adequate to pay the costs
22 of administering this chapter. All fees for certified public
23 accountants' licenses, certificates, renewals of licenses, renewals of
24 certificates, and delinquent filings received under the authority of
25 this chapter shall be deposited in the certified public accountants'
26 account created by RCW 18.04.105. Appropriation from such account
27 shall be made only for the cost of administering the provisions of this
28 chapter. All existing general fund appropriations in excess of
29 expenditures for the board's operations shall be transferred to the

1 certified public accountants' account on the effective date of this
2 act. The balance of fiscal year 1991-93 biennium revenues deposited by
3 the board to the general fund in excess of board expenditures from the
4 general fund on the effective date of this act shall be credited to the
5 certified public accountants' account fund balance.

6 **Sec. 7.** RCW 18.04.105 and 1991 sp.s. c 13 s 20 are each amended to
7 read as follows:

8 (1) The certificate of "certified public accountant" shall be
9 granted by the board to any person:

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

22 (b) Who has met ~~((such))~~ the educational ~~((standards established by~~
23 ~~rule as the board determines to be appropriate))~~ requirements for a
24 certificate, that must be met according to board rule before an
25 applicant is eligible to apply for the examination prescribed in (c) of
26 this subsection, that are as follows:

27 (i) During the eight-year period immediately following the
28 effective date of this act, the CPA candidate must have a baccalaureate
29 degree conferred by a college or university acceptable to the board,

1 with an accounting concentration or equivalent as determined by board
2 rule to be appropriate;

3 (ii) After the expiration of the eight-year period immediately
4 following the effective date of this act, the CPA candidate must have
5 at least one hundred fifty semester hours of college education
6 including a baccalaureate or higher degree, conferred by a college or
7 university acceptable to the board, the total educational program to
8 include an accounting concentration or equivalent as determined by
9 board rule to be appropriate; ((and))

10 The board may, in its discretion, waive the educational
11 requirements for any person if it is satisfied through review of
12 documentation of successful completion of an equivalency examination
13 that the person's educational qualifications are an acceptable
14 substitute for the requirements of (b)(i) or (ii) of this subsection;
15 and

16 (c) Who has passed a written examination ((in accounting, auditing,
17 and related subjects the board determines to be appropriate)).

18 (2) The examination described in subsection (1)(c) of this section
19 shall be ((held by the board and shall take place as often as the board
20 determines to be desirable, but at least once a year. The board may
21 use all or any part of the examination or grading service of the
22 American Institute of Certified Public Accountants or National
23 Association of State Boards of Accountancy to assist it in performing
24 its duties under this chapter)) in writing, shall be held twice a year,
25 and shall test the applicant's knowledge of the subjects of accounting
26 and auditing, and other related fields the board may specify by rule.
27 The time for holding the examination is fixed by the board and may be
28 changed from time to time. The board shall prescribe by rule the
29 methods of applying for and taking the examination, including methods
30 for grading papers and determining a passing grade required of an

1 applicant for a certificate. The board shall to the extent possible
2 see to it that the grading of the examination, and the passing grades,
3 are uniform with those applicable to all other states. The board may
4 make use of all or a part of the uniform certified public accountant
5 examination and advisory grading service of the American Institute of
6 Certified Public Accountants and may contract with third parties to
7 perform administrative services with respect to the examination as the
8 board deems appropriate to assist it in performing its duties under
9 this chapter.

10 (3) ~~((The board may, by rule, provide for granting credit to a~~
11 ~~person for satisfactory completion of a written examination in any one~~
12 ~~or more of the subjects specified in subsection (1)(c) of this section~~
13 ~~given by the licensing authority in any other state. These rules shall~~
14 ~~include requirements the board determines to be appropriate in order~~
15 ~~that any examination approved as a basis for any credit shall, in the~~
16 ~~judgment of the board, be at least as thorough as the most recent~~
17 ~~examination given by the board at the time credit is granted)) An~~
18 applicant is required to pass all sections of the examination provided
19 for in subsection (2) of this section in order to qualify for a
20 certificate. If at a given sitting of the examination an applicant
21 passes two or more but not all sections, then the applicant shall be
22 given credit for those sections that he or she passed, and need not
23 take those sections again: PROVIDED, That:

24 (a) The applicant took all sections of the examination at that
25 sitting;

26 (b) The applicant attained a minimum grade of fifty on each section
27 not passed at that sitting;

28 (c) The applicant passes the remaining sections of the examination
29 within six consecutive examinations given after the one at which the
30 first sections were passed;

1 (d) At each subsequent sitting at which the applicant seeks to pass
2 additional sections, the applicant takes all sections not yet passed;
3 and

4 (e) In order to receive credit for passing additional sections in
5 a subsequent sitting, the applicant attains a minimum grade of fifty on
6 sections written but not passed on the sitting.

7 ~~(4) ((The board may, by rule, prescribe the terms and conditions~~
8 ~~under which a person who passes the examination in one or more of the~~
9 ~~subjects indicated in subsection (1)(c) of this section may be~~
10 ~~reexamined in only the remaining subjects, giving credit for the~~
11 ~~subjects previously passed. It may also provide by rule for a~~
12 ~~reasonable waiting period for a person's reexamination in a subject he~~
13 ~~or she has failed. A person is entitled to any number of~~
14 ~~reexaminations, subject to this subsection and any other rules adopted~~
15 ~~by the board.~~

16 ~~(5) A person passing the examination in any one or more subjects~~
17 ~~specified in subsection (1)(c) of this section shall meet the~~
18 ~~educational requirements of subsection (1)(b) of this section in effect~~
19 ~~on the date the person successfully completes the requirements of~~
20 ~~subsection (1)(c) of this section. The board may provide, by rule, for~~
21 ~~exceptions to prevent what it determines to be undue hardship to~~
22 ~~applicants)) The board may waive or defer any of the requirements of~~
23 ~~subsection (3) of this section for candidates transferring conditional~~
24 ~~CPA exam credits from other states or for qualifying reciprocity~~
25 ~~certification applicants who met the conditioning requirements of the~~
26 ~~state or foreign jurisdiction issuing their original certificate.~~

27 ~~((+6))~~ (5) The board shall charge each applicant an examination
28 fee for the initial examination under subsection (1) of this section,
29 or for reexamination under subsection ((+4)) (3) of this section for
30 each subject in which the applicant is reexamined. The applicable fee

1 shall be paid by the person at the time he or she applies for
2 examination, reexamination, or evaluation of educational
3 qualifications. Fees for examination, reexamination, or evaluation of
4 educational qualifications shall be determined by the board under
5 chapter 18.04 RCW. There is established in the state treasury an
6 account to be known as the certified public accountants' account. All
7 fees received from candidates to take any or all sections of the
8 certified public accountant examination shall be used only for costs
9 related to the examination.

10 ~~((7))~~ (6) Persons who on June 30, 1986, held certified public
11 accountant certificates previously issued under the laws of this state
12 shall not be required to obtain additional certificates under this
13 chapter, but shall otherwise be subject to this chapter. Certificates
14 previously issued shall, for all purposes, be considered certificates
15 issued under this chapter and subject to its provisions.

16 ~~((8) Persons who held qualifications as licensed public
17 accountants but who do not hold annual permits to practice on July 1,
18 1983, are not entitled to engage in the practice of public accounting
19 under this chapter. No person shall use the term "licensed public
20 accountant" or the designation "LPA."~~

21 ~~(9))~~ (7) A certificate of a "certified public accountant" under
22 this chapter is issued on a biennial basis with renewal subject to
23 requirements of continuing professional education and payment of fees,
24 prescribed by the board.

25 ~~((10))~~ (8) The board shall adopt rules providing for continuing
26 professional education for certified public accountants. The rules
27 shall:

28 (a) Provide that a certified public accountant ~~((holding a
29 certificate on July 1, 1986,))~~ shall verify to the board that he or she
30 has completed at least ~~((ten days or))~~ an accumulation of eighty hours

1 of continuing professional education during the last two-year period to
2 maintain the certificate;

3 (b) Establish continuing professional education requirements;

4 (c) Establish when newly certificated public accountants shall
5 verify that they have completed the required continuing professional
6 education; and

7 ~~(d) ((Establish proceedings for revocation, suspension, and
8 reinstatement of certificates for failure to meet the continuing
9 professional education requirement.~~

10 ~~((11)))~~ Provide that failure to furnish verification of the
11 completion of the continuing professional education requirement
12 ~~((constitutes grounds for revocation, suspension, or failure to renew~~
13 ~~the certificate))~~ shall make the certificate invalid and subject to
14 reinstatement, unless the board determines that the failure was due to
15 retirement, reasonable cause, or excusable neglect.

16 **Sec. 8.** RCW 18.04.180 and 1949 c 226 s 17 are each amended to read
17 as follows:

18 The board shall ~~((authorize the issuance of a certificate as~~
19 ~~certified public accountant to any person who is the holder of a~~
20 ~~certificate, license, permit or degree authorizing him to practice as~~
21 ~~a certified public accountant in any state, territory, or possession of~~
22 ~~the United States, providing the requirements which such person has~~
23 ~~been called upon to meet in order to obtain such certificate, license,~~
24 ~~permit or degree were at least the equivalent of those for obtaining a~~
25 ~~certificate to practice as a certified public accountant in this state:~~
26 ~~AND PROVIDED, FURTHER, That such state, territory or possession makes~~
27 ~~similar provision to authorize a person who holds a valid certificate~~
28 ~~to practice in this state as a certified public accountant to practice~~
29 ~~in such state, territory or possession as a certified public~~

1 accountant)) issue a certificate to a holder of a certificate issued by
2 another state, or shall issue a certificate and license to a holder of
3 a certificate/valid license issued by another state that entitles the
4 holder to practice public accountancy, provided that:

5 (1) Such state makes similar provision to grant reciprocity to a
6 holder of a certificate or certificate and valid license in this state;
7 and

8 (2) The applicant meets the continuing professional education
9 requirements of RCW 18.04.105(8); and

10 (3) If the application is for a certificate only:

11 (a) The applicant passed the examination required for issuance of
12 his or her certificate with grades that would have been passing grades
13 at that time in this state; and

14 (b) The applicant: Meets all current requirements in this state
15 for issuance of a certificate at the time application is made; or at
16 the time of the issuance of the applicant's certificate in the other
17 state, met all the requirements then applicable in this state; or

18 (4) If the application is for a certificate and license:

19 (a) The applicant passed the examination required for issuance of
20 his or her certificate with grades that would have been passing grades
21 at that time in this state; and

22 (b) The applicant: Meets all current requirements in this state
23 for issuance of a license at the time application is made; or at the
24 time of the issuance of the applicant's license in the other state, met
25 all the requirements then applicable in this state; or has had five
26 years of experience within the ten years immediately preceding
27 application in the practice of public accountancy that meets the
28 requirements prescribed by the board.

1 **Sec. 9.** RCW 18.04.205 and 1986 c 295 s 9 are each amended to read
2 as follows:

3 (1) Each office established or maintained in this state for the
4 practice of public accounting in this state by a certified public
5 accountant, or a partnership or corporation of certified public
6 accountants, shall register with the board under this chapter
7 biennially.

8 (2) Each office shall be under the direct supervision of a resident
9 licensee holding a license (~~((to practice))~~) under RCW 18.04.215 who may
10 be a sole proprietor, partner, principal shareholder, or a staff
11 employee.

12 (3) The board shall by rule prescribe the procedure to be followed
13 to register and maintain offices established in this state for the
14 practice of public accounting.

15 (4) Fees for the registration of offices shall be determined by the
16 board. Fees shall be paid by the applicant at the time the
17 registration form is filed with the board.

18 **Sec. 10.** RCW 18.04.215 and 1986 c 295 s 10 are each amended to
19 read as follows:

20 (1) Biennial licenses (~~((to engage in the practice of public
21 accounting in this state))~~) shall be issued by the board:

22 (a) To holders of certificates as certified public accountants who
23 have demonstrated, in accordance with rules issued by the board, one
24 year of public accounting experience, or such other experience or
25 employment which the board in its discretion regards as substantially
26 equivalent and who, if their certificate was issued more than forty-
27 eight months prior to application under this section, submit to the
28 board satisfactory proof of having completed an accumulation of eighty

1 hours of continuing professional education during the twenty-four
2 months preceding the application;

3 (b) To firms under RCW 18.04.195, if all offices of the firm in
4 this state are maintained and registered as required under RCW
5 18.04.205.

6 ~~(2) ((All licenses to practice issued to persons born in an even-~~
7 ~~numbered year expire on the last day of June of each even-numbered~~
8 ~~year. All licenses to practice issued to persons born in an odd-~~
9 ~~numbered year expire on the last day of June of each odd-numbered year.~~
10 ~~Renewals of licenses to practice issued to individuals under subsection~~
11 ~~(1)(a) of this section shall be issued in accordance with subsection~~
12 ~~(4) of this section.))~~ The board shall, by rule, provide for a system
13 of certificate and license renewal. Applicants for issuance or renewal
14 of certificates or licenses shall, at the time of filing their
15 applications, list with the board all states and foreign jurisdictions
16 in which they hold or have applied for certificates, permits or
17 licenses to practice.

18 (3) A certified public accountant who holds a permit or license
19 issued by another state, and applies for a license in this state, may
20 practice in this state from the date of filing a completed application
21 with the board, until the board has acted upon the application provided
22 the application is made prior to holding out as a certified public
23 accountant in this state and no sanctions or investigations, deemed by
24 the board to be pertinent to public accountancy, by other jurisdictions
25 or agencies are in process.

26 (4) ~~((As a prerequisite to renewal of a license, a person~~
27 ~~practicing public accounting))~~ A certified public accountant shall
28 submit to the board satisfactory proof of having completed ~~((ten days~~
29 ~~or))~~ an accumulation of eighty hours of continuing education recognized
30 and approved by the board during the preceding two years. Failure to

1 furnish this evidence as required (~~constitutes grounds for revocation,~~
2 ~~suspension, or refusal to renew the license in a proceeding under RCW~~
3 ~~18.04.295~~) shall make the certificate invalid and subject to
4 reinstatement procedures, unless the board determines the failure to
5 have been due to retirement, reasonable cause, or excusable neglect.

6 The board in its discretion may renew a (~~biennial~~) certificate or
7 license (~~to practice~~) despite failure to furnish evidence of
8 compliance with requirements of continuing professional education upon
9 condition that the applicant follow a particular program of continuing
10 professional education. In issuing rules and individual orders with
11 respect to continuing professional education requirements, the board,
12 among other considerations, may rely upon guidelines and pronouncements
13 of recognized educational and professional associations, may prescribe
14 course content, duration, and organization, and may take into account
15 the accessibility of continuing education to applicants and instances
16 of individual hardship.

17 (5) Fees for (~~biennial~~) issuance or renewal of certificates and
18 licenses (~~to engage in the practice of public accounting~~) in this
19 state shall be determined by the board under chapter 18.04 RCW. Fees
20 shall be paid by the applicant at the time the application form is
21 filed with the board. The board, by rule, may provide for proration of
22 fees for certificates and licenses issued between normal renewal dates.

23 **Sec. 11.** RCW 18.04.295 and 1986 c 295 s 11 are each amended to
24 read as follows:

25 The board of accountancy shall have the power to revoke, suspend,
26 (~~or~~) refuse to renew a certificate or license, and may impose a fine
27 in an amount not to exceed one thousand dollars plus the board's
28 investigative and legal costs in bringing charges against a certified
29 public accountant, or impose conditions precedent to renewal of the

1 certificate or license of any certified public accountant for any of
2 the following causes:

3 (1) Fraud or deceit in obtaining a certificate as a certified
4 public accountant, or in obtaining a license (~~(to practice public~~
5 ~~accounting under RCW 18.04.215)~~);

6 (2) Dishonesty, fraud, or negligence (~~(in the practice of public~~
7 ~~accounting)~~) while representing oneself as a CPA;

8 (3) A violation of any provision of this chapter;

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

11 (5) Conviction of a crime or an act constituting a crime under:

12 (a) The laws of this state;

13 (b) The laws of another state, and which, if committed within this
14 state, would have constituted a crime under the laws of this state; or

15 (c) Federal law;

16 (6) Cancellation, revocation, suspension, or refusal to renew the
17 authority to practice as a certified public accountant by any other
18 state for any cause other than failure to pay a fee or to meet the
19 requirements of continuing education in the other state;

20 (7) Suspension or revocation of the right to practice matters
21 relating to public accounting before any state or federal agency;

22 For purposes of subsections (6) and (7) of this section, a
23 certified copy of such revocation, suspension, or refusal to renew
24 shall be prima facie evidence;

25 (8) Failure to maintain compliance with the requirements for
26 issuance, renewal, or reinstatement of the certificate or license, or
27 to report changes to the board;

28 (9) Failure to cooperate with the board by:

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

1 (b) Failure to furnish in writing a full and complete explanation
2 covering the matter contained in the complaint filed with the board or
3 the inquiry of the board;

4 (c) Failure to respond to subpoenas issued by the board, whether or
5 not the recipient of the subpoena is the accused in the proceeding.

6 **Sec. 12.** RCW 18.04.305 and 1986 c 295 s 12 are each amended to
7 read as follows:

8 The board of accountancy may revoke, suspend, or refuse to renew
9 the license issued to a firm if at any time the firm does not meet the
10 requirements of this chapter for licensing, or for any of the causes
11 enumerated in RCW 18.04.295, or for any of the following additional
12 causes:

13 (1) The revocation or suspension of the certificate as a certified
14 public accountant or the revocation or suspension or refusal to renew
15 the certificate or license of any partner or shareholder; or

16 (2) The revocation, suspension, or refusal to renew the license or
17 permit of the firm, or any partner or shareholder thereof, to practice
18 public accounting in any other state or foreign jurisdiction for any
19 cause other than failure to pay a fee or to meet the requirements of
20 continuing professional education in the other state or foreign
21 jurisdiction.

22 **Sec. 13.** RCW 18.04.335 and 1986 c 295 s 14 are each amended to
23 read as follows:

24 Upon application in writing and after hearing pursuant to notice,
25 the board may:

26 (1) ~~((Reissue a certificate to a certified public accountant))~~
27 Modify the suspension of, or reissue a certificate or license to, an
28 individual whose certificate has been revoked or suspended; or

1 (2) Modify the suspension of, or reissue ((any)) a license to
2 ((~~practice which~~)) a firm whose license has been revoked, suspended, or
3 which the board has refused to renew.

4 **Sec. 14.** RCW 18.04.345 and 1986 c 295 s 15 are each amended to
5 read as follows:

6 (1) No person may ((~~hold himself or herself out to the public, or~~))
7 assume or use the designation "certified public accountant" or "CPA" or
8 any other title, designation, words, letters, abbreviation, sign, card,
9 or device tending to indicate that the person is a certified public
10 accountant or CPA unless the person ((~~has received a~~)) holds a valid
11 certificate as a certified public accountant((~~, holds a valid license~~
12 ~~to practice under RCW 18.04.215, and all of the person's offices in~~
13 ~~this state for the practice of public accounting are maintained and~~
14 ~~registered under RCW 18.04.205~~)).

15 (2) No person may hold himself or herself out to the public and
16 assume or use the designation "certified public accountant" or "CPA" or
17 any other title, designation, words, letters, abbreviation, sign, card,
18 or devise tending to indicate that the person is a certified public
19 accountant or CPA unless the person holds a valid certificate as a
20 certified public accountant and holds a valid license to practice under
21 RCW 18.04.215.

22 (3) No firm may hold itself out to the public, or assume or use the
23 designation "certified public accountant" or "CPA" or any other title,
24 designation, words, letters, abbreviation, sign, card, or device
25 tending to indicate that the firm is composed of certified public
26 accountants or CPAs, unless the firm is licensed under RCW 18.04.195,
27 holds a valid license to practice under RCW 18.04.215, and all offices
28 of the firm in this state for the practice of public accounting are
29 maintained and registered under RCW 18.04.205.

1 ~~((3))~~ (4) No person, partnership, or corporation may hold
2 himself, herself, or itself out to the public, or assume or use along,
3 or in connection with his, hers, or its name, or any other name the
4 title or designation "certified accountant," "chartered accountant,"
5 "licensed accountant," "licensed public accountant," "public
6 accountant," or any other title or designation likely to be confused
7 with "certified public accountant" or any of the abbreviations "CA,"
8 "LA," "LPA," or "PA," or similar abbreviations likely to be confused
9 with "CPA." However, nothing in this chapter prohibits use of the
10 title "accountant" by any person regardless of whether the person has
11 been granted a certificate or holds a license under this chapter.

12 ~~((4))~~ (5) No person may sign, affix, or associate his or her name
13 or any trade or assumed name used by the person in his or her business
14 to any report designated as an "audit," "review," or "compilation,"
15 unless the person holds a biennial license to practice under RCW
16 18.04.215 and all of the person's offices in this state for the
17 practice of public accounting are maintained and licensed under RCW
18 18.04.205.

19 ~~((5))~~ (6) No person may sign, affix, or associate a firm name to
20 any report designated as an "audit," "review," or "compilation," unless
21 the firm is licensed under RCW 18.04.195 and 18.04.215, and all of its
22 offices in this state for the practice of public accounting are
23 maintained and registered under RCW 18.04.205.

24 ~~((6))~~ (7) No person, partnership, or corporation not holding a
25 license to practice under RCW 18.04.215 may hold himself, herself, or
26 itself out to the public as an "auditor" with or without any other
27 description or designation by use of such word on any sign, card,
28 letterhead, or in any advertisement or directory.

29 ~~((7) Nothing contained in this chapter prohibits any person who is
30 the holder of a valid certified public accountant certificate from~~

1 ~~assuming or using the designation "certified public accountant" or~~
2 ~~"CPA" or any other title, designation, words, letters, sign, card, or~~
3 ~~device tending to indicate that the person is a certified public~~
4 ~~accountant.)~~)

5 (8) No person may assume or use the designation "certified public
6 accountant" or "CPA" in conjunction with names indicating or implying
7 that there is a partnership or corporation, if there is in fact no bona
8 fide partnership or corporation registered under RCW 18.04.195.

9 (9) No person, partnership, or corporation holding a license under
10 RCW 18.04.215 may hold himself, herself, or itself out to the public in
11 conjunction with the designation "and Associates" or "and Assoc."
12 unless he or she has in fact a partner or employee who holds a license
13 under RCW 18.04.215.

14 (~~(10) No person, partnership, or corporation may hold himself,~~
15 ~~herself, or itself out to the public for the practice of public~~
16 ~~accounting unless the person, partnership, or corporation holds a~~
17 ~~license to practice under RCW 18.04.215 and all of his or its offices~~
18 ~~in this state are maintained and registered under RCW 18.04.205.))~~)

19 **Sec. 15.** RCW 18.04.350 and 1986 c 295 s 16 are each amended to
20 read as follows:

21 (1) Nothing in this chapter prohibits any person not a certified
22 public accountant from serving as an employee of, or as assistant to,
23 a certified public accountant or partnership composed of certified
24 public accountants or corporation of certified public accountants
25 holding a valid license under RCW 18.04.215. However, the employee or
26 assistant shall not issue any accounting or financial statement over
27 his or her name.

28 (2) Nothing in this chapter prohibits a certified public accountant
29 registered in another state, or any accountant of a foreign country

1 holding a certificate, degree or license which permits him to practice
2 therein from temporarily practicing in this state on professional
3 business incident to his regular practice.

4 (3) Nothing in this chapter prohibits a certified public
5 accountant, a partnership, or corporation of certified public
6 accountants, or any of their employees from disclosing any data in
7 confidence to other certified public accountants, quality or peer
8 review teams, partnerships, or corporations of public accountants or to
9 the board or any of its employees engaged in conducting quality,
10 quality assurance, or peer reviews, or any one of their employees in
11 connection with quality or peer reviews of that accountant's accounting
12 and auditing practice conducted under the auspices of recognized
13 professional associations.

14 (4) Nothing in this chapter prohibits a certified public
15 accountant, a partnership, or corporation of certified public
16 accountants, or any of their employees from disclosing any data in
17 confidence to any employee, representative, officer, or committee
18 member of a recognized professional association, or to the board of
19 accountancy, or any of its employees or committees in connection with
20 a professional investigation held under the auspices of recognized
21 professional associations or the board of accountancy.

22 (5) Nothing in this chapter prohibits any officer, employee,
23 partner, or principal of any organization:

24 (a) From affixing his or her signature to any statement or report
25 in reference to the affairs of the organization with any wording
26 designating the position, title, or office which he or she holds in the
27 organization; or

28 (b) From describing himself or herself by the position, title, or
29 office he or she holds in such organization.

1 (6) Nothing in this chapter prohibits any person, or partnership or
2 corporation composed of persons not holding a license under RCW
3 18.04.215 from offering or rendering to the public bookkeeping,
4 accounting, ~~((and))~~ tax services, ~~((including))~~ the devising and
5 installing of financial systems, ~~((financial information or data, or~~
6 ~~preparing financial))~~ management advisory, financial advisory, or
7 consulting services, the preparation of tax returns, or the furnishing
8 of advice on tax matters, the preparation of financial statements,
9 written statements describing how such financial statements were
10 prepared, or similar services, one or more kinds of management
11 advisory, financial advisory, or consulting services, or the
12 preparation of tax returns, or the furnishing of advice on tax matters,
13 provided that persons, partnerships, or corporations not holding a
14 license under RCW 18.04.215 who offer or render these services do not
15 designate any written statement as an "audit report," "review report,"
16 or "compilation report," do not issue any written statement which
17 purports to express or disclaim an opinion on financial statements
18 which have been audited, and do not issue any written statement which
19 expresses assurance on financial statements which have been reviewed.

20 (7) Nothing in this chapter prohibits any act of or the use of any
21 words by a public official or a public employee in the performance of
22 his or her duties.

23 (8) Nothing contained in this chapter prohibits any person who
24 holds only a valid certified public accountant certificate from
25 assuming or using the designation "certified public accountant" or
26 "CPA" or any other title, designation, words, letters, sign, card, or
27 device tending to indicate the person is a certified public accountant,
28 provided, that such person shall not hold himself or herself out to the
29 public as engaged in the practice of public accounting unless that

1 person holds a valid license in addition to the certificate under RCW
2 18.04.215.

3 **Sec. 16.** RCW 18.04.390 and 1986 c 295 s 18 are each amended to
4 read as follows:

5 (1) In the absence of an express agreement between the certified
6 public accountant and the client to the contrary, all statements,
7 records, schedules, working papers, and memoranda made by a certified
8 public accountant incident to or in the course of professional service
9 to clients, except reports submitted by a certified public accountant
10 to a client, are the property of the certified public accountant.

11 (2) No statement, record, schedule, working paper, or memorandum
12 may be sold, transferred, or bequeathed without the consent of the
13 client or his or her personal representative or assignee, to anyone
14 other than one or more surviving partners, shareholders, or new
15 partners or new shareholders of the accountant or corporation, or any
16 combined or merged partnership or corporation, or successor in
17 interest.

18 (3) A licensee shall furnish to the board or to his or her client
19 or former client, upon request and reasonable notice:

20 (a) A copy of the licensee's working papers, to the extent that
21 such working papers include records that would ordinarily constitute
22 part of the client's records and are not otherwise available to the
23 client; and

24 (b) Any accounting or other records belonging to, or obtained from
25 or on behalf of, the client that the licensee removed from the client's
26 premises or received for the client's account; the licensee may make
27 and retain copies of such documents of the client when they form the
28 basis for work done by him or her.

1 (4) Nothing in this section shall require a licensee to keep any
2 work paper beyond the period prescribed in any other applicable
3 statute.

4 **Sec. 17.** RCW 18.04.405 and 1986 c 295 s 19 are each amended to
5 read as follows:

6 (1) A certified public accountant, a partnership or corporation of
7 certified public accountants, or any of their employees shall not
8 disclose any confidential information obtained in the course of a
9 professional transaction except with the consent of the client or
10 former client or as disclosure may be required by law, legal process,
11 the standards of the profession, or as disclosure of confidential
12 information is permitted by RCW 18.04.350 (3) and (4), 18.04.295(8),
13 18.04.390, and this section in connection with quality, quality
14 assurance, or peer reviews ((and)), investigations, and any proceeding
15 under chapter 34.05 RCW.

16 (2) This section shall not be construed as limiting the authority
17 of this state or of the United States or an agency of this state, the
18 board, or of the United States to subpoena and use such information in
19 connection with any investigation, public hearing, or other proceeding,
20 nor shall this section be construed as prohibiting a certified public
21 accountant whose professional competence has been challenged in a court
22 of law or before an administrative agency from disclosing confidential
23 information as a part of a defense to the court action or
24 administrative proceeding.

25 (3) The proceedings, records, and work papers of a review committee
26 shall be privileged and shall not be subject to discovery, subpoena, or
27 other means of legal process or introduction into evidence in any civil
28 action, arbitration, administrative proceeding, or state accountancy
29 board proceeding and no member of the review committee or person who

1 was involved in the quality review process shall be permitted or
2 required to testify in any such civil action, arbitration,
3 administrative proceeding, or state accountancy board proceeding as to
4 any matter produced, presented, disclosed, or discussed during or in
5 connection with the quality review process, or as to any findings,
6 recommendations, evaluations, opinions, or other actions of such
7 committees, or any members thereof. Information, documents, or records
8 that are publicly available are not to be construed as immune from
9 discovery or use in any civil action, arbitration, administrative
10 proceeding, or state accountancy board proceeding merely because they
11 were presented or considered in connection with the quality review
12 process.

13 NEW SECTION. Sec. 18. A new section is added to chapter 18.04 RCW
14 to read as follows:

15 The board shall grant a certificate or license as a certified
16 public accountant to a holder of a permit, license, or certificate
17 issued by a foreign country's board, agency, or institute, provided
18 that:

19 (1) The foreign country where the foreign permit, license, or
20 certificate was issued is a party to an agreement on trade with the
21 United States that encourages the mutual recognition of licensing and
22 certification requirements for the provision of covered services by the
23 parties under the trade agreement; and

24 (2) Such foreign country's board, agency, or institute makes
25 similar provision to allow a person who holds a valid certificate
26 issued by this state to obtain such foreign country's comparable
27 permit, license, or certificate; and

28 (3) The foreign permit, license, or certificate:

1 (a) Was duly issued by such foreign country's board, agency, or
2 institute that regulates the practice of public accountancy; and

3 (b) Is in good standing at the time of the application; and

4 (c) Was issued upon the basis of educational, examination, and
5 ethical requirements substantially equivalent currently or at the time
6 of issuance of the foreign permit, license, or certificate to those in
7 this state; and

8 (4) The applicant has within the twenty-four months prior to
9 application completed an accumulation of eighty hours of continuing
10 professional education as required under RCW 18.04.105(8); and

11 (5) If the application is for a certificate:

12 (a) The applicant's foreign permit, license, or certificate was the
13 type of permit, license, or certificate requiring the most stringent
14 qualifications if, in the foreign country, more than one type of
15 permit, license, or certificate is issued. This state's board shall
16 decide which are the most stringent qualifications; and

17 (b) The applicant has passed a written examination, approved by the
18 board, that tests knowledge in the areas of United States accounting
19 principles, auditing standards, commercial law, income tax law, and
20 Washington state rules of professional ethics; or

21 (6) If the application is for a certificate and license:

22 (a) The requirements of subsections (1) through (5) of this section
23 are satisfied; and

24 (b) The applicant has within the five years prior to applying for
25 the certificate and license under this section, demonstrated, in
26 accordance with the rules issued by the board, one year of public
27 accounting experience, within the foreign country where the foreign
28 permit, license, or certificate was issued, equivalent to the
29 experience required under RCW 18.04.215(1)(a) or such other experience
30 or employment which the board in its discretion regards as

1 substantially equivalent.