



RULE-MAKING ORDER
(RCW 34.05.360)

CR-103 (7/10/97)

Agency: Board of Accountancy

- Permanent Rule
- Emergency Rule
- Expedited Adoption
- Expedited Repeal

(1) Date of adoption: January 3, 2001

(2) Purpose:

To establish experience as an entrance requirement for obtaining an initial license to practice public accounting as a Certified Public Accountant (CPA)

(3) Citation of existing rules affected by this order:

Repealed:

Amended: WAC 4-25-730 What are the experience requirements in order to obtain a CPA license?

Suspended:

(4) Statutory authority for adoption: RCW 18.04.215

Other authority:

PERMANENT RULE ONLY (including EXPEDITED ADOPTION):

Adopted under notice filed as WSR 00-23-091 on 11/20/00 (date).

Describe any changes other than editing from proposed to adopted version: None

EMERGENCY RULE ONLY

Under RCW 34.05.350 the agency for good cause finds:

- (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

EXPEDITED REPEAL ONLY

Under Preproposal Statement of Inquiry filed as WSR _____ on _____ (date).

(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes
- No

If Yes, explain:

(6) Effective date of rule:

Permanent Rules

or Expedited Rule Making

- 31 days after filing
- Other (specify) 6/30/01*

*(If less than 31 days after filing specific finding in 5.3 under RCW 34-05.380(3) is required)

Emergency Rules

- Immediately
- Later (specify) _____

NAME (TYPE OR PRINT)

Dana M. McInturff, CPA

SIGNATURE

TITLE

Executive Director

DATE

01/03/01

CODE REVISER USE ONLY

CODE REVISER'S OFFICE
STATE OF WASHINGTON
FILED

JAN 5 2001

TIME: 1200 AM
WSR: 0103011 PM

(COMPLETE REVERSE SIDE)

Note: If any category is left blank, it will be calculated as zero.

No descriptive text.

Count by whole WAC sections only, from the WAC number through the history note.

A section may be counted in more than one category.

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	_____	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New _____ Amended _____ Repealed _____

The number of sections adopted on the agency's own initiative:

New _____ Amended 1 Repealed _____

The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New _____ Amended 1 Repealed _____

The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	<u>1</u>	Repealed	_____

AMENDATORY SECTION (Amending WSR 99-18-113, filed 9/1/99, effective 1/1/00)

WAC 4-25-730 (~~(Experience.)~~) What are the experience requirements in order to obtain a CPA license? (~~(Experience required for issuance of an initial license shall meet the requirements of this section:~~

~~(1) Experience definition and timing: One year of experience shall consist of full-time employment of no less than two thousand hours. For purposes of computing work experience for a part-time employee, two thousand hours shall constitute one year. Employment may be for one or more employers, with or without compensation, and may consist of any combination of full-time and part-time employment. For an applicant who passed the uniform certified public accounting examination prior to May 1988, experience obtained more than five years prior to application for initial license shall be supplemented by one hundred twenty hours of continuing education during the three-year period prior to application. For an applicant who passed the examination in May 1988, or thereafter, this experience must cover a minimum twelve-month period and must be obtained no more than five years prior to applying for a license.~~

~~(2) Experience in public accounting:~~

~~(a) An applicant shall show he/she has had employment for a period of one year as a staff accountant under the direct supervision of a currently licensed certified public accountant who is actively engaged in the practice of public accounting and is a member of a firm licensed to practice public accounting. Experience shall be in a CPA firm that participates in a board approved peer or quality review of its accounting or auditing practice. Qualifying experience for purposes of this section shall mean the performance of services as one skilled in the knowledge and practice of public accounting, including performance of accounting or auditing procedures, issuance of reports on financial statements, performance of management advisory or other consulting services, preparation of tax returns and furnishing advice on tax matters.~~

~~(b) Public accounting services shall be performed for clients of a certified public accountant or a firm of certified public accountants in compliance with the board's rules and must regularly involve the exercise of independent judgment and the application of appropriate technical and behavioral standards such as the standards contained in the Code of Professional Ethics, Generally Accepted Auditing Standards, Statement of Responsibilities in Tax Practice, Statement on Standards for Management Advisory Services, Statement on Standards for Accounting and Review Services, Statement on Standards for Attestation Engagements and other~~

~~similar practice standards issued by the American Institute of Certified Public Accountants.~~

~~(3) Experience other than in public accounting.~~

~~(a) The experience required, as stated in subsection (2) of this section, may also be met by work experience, not including in-classroom training, performed under the direct supervision of a currently licensed certified public accountant in a commercial or governmental organization which has filed a sponsorship agreement with the board, acceptable to the board, which among other things specifies:~~

~~(i) The scope of accounting, auditing, consulting, and other services performed within the organization;~~

~~(ii) The professional education and on-job training provided to an applicant prior to application; and~~

~~(iii) The program of review and supervision performed by the internal review committee within the organization which administers the agreement.~~

~~(b) Qualifying work experience must be of a type and at a level equivalent to that performed in public accounting practice and must regularly involve the exercise of independent judgment and the application of the appropriate technical and behavioral standards.~~

~~(4) Experience affidavit. The experience claimed by an applicant shall be verified by the certified public accountant or firm of certified public accountants supervising the applicant on an experience affidavit form provided by the board.~~

~~(5) Examination of experience documentation.~~

~~(a) Any licensee who has furnished evidence of an applicant's experience to the board shall upon request by the board explain in writing or in person the information so provided.~~

~~(b) The board may require an interview or an inspection of documentation relating to an applicant's experience. Any licensee having custody of such documentation shall produce it upon request by the board.~~

~~(c) Any licensee who refuses to provide the evidence or documentation of the applicant's experience, requested by an applicant or by the board, shall upon request by the board explain in writing or in person the basis for such refusal.~~

~~(6) Reciprocity. An applicant who applies for initial license in this state shall be required to document experience obtained in another jurisdiction which is equivalent to the requirements of this state.) Qualifying experience may be obtained through:~~

~~• The practice of public accounting in a CPA firm that participates in a board approved peer or quality review program;~~

~~• Other employment provided you obtain the competencies defined by subsection (2) (a) of this section; or~~

~~• A combination of the two alternatives listed above provided you obtain the competencies defined by subsection (2) (a) of this section.~~

~~For both full-time and part-time employment, your experience must:~~

~~• Cover a minimum twelve-month period;~~

- Consist of at least two thousand hours; and
- Be obtained no more than eight years prior to applying for an initial license.

Your experience may be obtained through one or more employers, with or without compensation, and may consist of a combination of full-time and part-time employment.

(1) Public accounting experience: You may obtain all or a portion of your qualifying experience through employment in a licensed CPA firm that participates in a board approved peer or quality review program. Your experience must be:

(a) Obtained through performing services that meet the definition of the practice of public accounting as defined by RCW 18.04.025(5); and

(b) Under the supervision of a member of the firm who holds a valid CPA license and is actively engaged in the practice of public accounting.

(2) Experience equivalent to public accounting: You may obtain all or a portion of your qualifying experience in an entity other than a CPA firm participating in a board approved peer or quality review program. However, to qualify this experience must support your attainment of the competencies identified in (a) of this subsection and your attainment of these competencies must be supervised and verified by a licensed CPA meeting the requirements identified in (b) of this subsection.

(a) Competencies: The competencies that must be obtained to meet the experience requirements of this subsection are as follows. The candidate must demonstrate the ability to:

(i) Understand the profession's code of conduct;

(ii) Assess the achievement of an entity's objectives;

(iii) Prepare working papers that contain sufficient data to support analysis and conclusions;

(iv) Understand transaction streams and information systems;

(v) Assess risk and design appropriate procedures;

(vi) Make decisions, solve problems, and think critically in the context of analysis; and

(vii) Communicate scope of work, findings and conclusions effectively.

(b) Supervising CPA: To supervise and verify a candidate's attainment of the competencies, you must have held a valid CPA license in Washington or another state for:

(i) A minimum of five years prior to supervising the candidate's experience; and

(ii) During the entire period of supervision.

(3) Experience affidavit: Your qualifying experience must be verified by the licensed CPA supervising your experience on the appropriate form(s) provided by the board.

(4) Applicants holding a certificate for four years or more: If you held a certificate for more than four years prior to the date you file your application for license, you must also meet the continuing professional education requirements of RCW 18.04.215 (1)(a). You must obtain and submit proof of completion for one hundred twenty hours of continuing professional education within

the three-year period immediately preceding the date you submit your application with the board.

(5) Applicants who passed the CPA examination prior to May 1988: If you passed the CPA examination prior to May 1988, you are not limited to experience obtained within the eight-year period prior to submitting your application. However, if you elect to utilize experience from a period more than eight years prior to your application, you must obtain and submit proof of completion for one hundred twenty hours of continuing professional education within the three-year period immediately preceding the date you submit your application with the board.

(6) Supervision: Supervision as used in this rule means that there is a definite relationship between the supervising CPA and the candidate being supervised. The supervising CPA must have frequent in-person meetings with the candidate and must be able to evaluate the candidate's work through:

(a) Personal knowledge and review of the candidate's work and work environment;

(b) Discussions with the candidate's work supervisor; and

(c) Obtaining an in-depth understanding of the type and quality of the candidate's work.

(7) Audit: The board may audit compliance with these experience requirements.