



# RULE-MAKING ORDER

## R-103 (June 2004) (Implements RCW 34.05.360)

Agency: Board of Accountancy

- Permanent Rule  
 Emergency Rule

**Effective date of rule:**

**Permanent Rules**

- 31 days after filing.  
 Other (specify) January 31, 2005 (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

**Effective date of rule:**

**Emergency Rules**

- Immediately upon filing.  
 Later (specify) \_\_\_\_\_

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

- Yes  No If Yes, explain:

**Purpose:** See attached

**Citation of existing rules affected by this order:**

Repealed:  
 Amended: WAC 4-25-530  
 Suspended:

**Statutory authority for adoption:** RCW 18.04.065; RCW 18.04.105(3); RCW 18.04.205

**Other authority :**

**PERMANENT RULE ONLY (Including Expedited Rule Making)**

Adopted under notice filed as WSR 04-17-086 and 04-22-097 on August 16, 2004 and November 2, 2004 (date).  
 Describe any changes other than editing from proposed to adopted version: None

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: \_\_\_\_\_ phone ( ) \_\_\_\_\_  
 Address: \_\_\_\_\_ fax ( ) \_\_\_\_\_  
 e-mail \_\_\_\_\_

**EMERGENCY RULE ONLY**

Under RCW 34.05.350 the agency for good cause finds:

- 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.  
 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:

**Date adopted:** December 10, 2004

**NAME (TYPE OR PRINT)**

Dana M. McInturff

**SIGNATURE**

**TITLE**

Executive Director

**CODE REVISER USE ONLY**

COMMERCIAL CODE REVISOR OFFICE  
 STATE OF WASHINGTON

12-16-2004

247

05-01-BLC

(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:**

<b>Federal statute:</b>	New	_____	Amended	_____	Repealed	_____
<b>Federal rules or standards:</b>	New	_____	Amended	_____	Repealed	_____
<b>Recently enacted state statutes:</b>	New	_____	Amended	<u>1</u>	Repealed	_____

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

New	_____	Amended	_____	Repealed	_____
-----	-------	---------	-------	----------	-------

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

New	_____	Amended	<u>1</u>	Repealed	_____
-----	-------	---------	----------	----------	-------

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

New	_____	Amended	_____	Repealed	_____
-----	-------	---------	-------	----------	-------

**The number of sections adopted using:**

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

**Purpose:**

Specifically RCW 18.04.065 directs the Board to "set its fees at a level adequate to pay the costs of administering this chapter."

General Note: The transition period implemented by the revisions to chapter 18.04 RCW (the Public Accountancy Act) passed through the 2001 Legislative Session (Engrossed Second Substitute Senate Bill 5593) ended June 30, 2004. Effective July 1, 2004, all certificateholders must use the CPA-Inactive title. The rule references the required CPA-Inactive title.

Additionally, the Board revised the rule's language to:

- Promote clarity
- Ensure effective communication
- Ensure fairness in interpretation and application of the rules
- Promote efficiencies through minimizing gray areas
- Incorporate current policy into rule

The revisions to the rule:

- Address the new CPA-Inactive title use requirement
- Establish a fee for submission of a peer review report to obtain an exemption from participating in the board's Quality Assurance Review Program. Because firms that submit a peer review have been historically exempted from the fee, the program is currently being funded by only those firms that participate in the board's quality review program and not all the firms that undergo board oversight. Firms that request a peer review exemption to QAR also require monitoring, correspondence, review of peer review records, filing, and QAR staff support to respond to inquiries. The fee reflects the estimated staff time and other costs associated with this activity and would, in effect, require all firms under the board's quality oversight to fund the program.
- Raise the fee for amending a firm license. As a result of the recent changes to the firm licensing requirements, the time associated with reviewing, processing, and responding to inquiries regarding firm amendments has significantly increased. The fee increase reflects that cost. It also removes the requirement for firms to submit an amendment form and fee for a change of address. Address changes are a relatively simple process for board staff to complete and, therefore, do not merit a fee or require the completion of a firm amendment form. (Firms will be able to use the Change of Address form currently used by individuals).
- Eliminate 'computer diskette of CPA exam candidates' from the type of lists that can be purchased because this list no longer exists.
- Establish a fee for transferring grades to another state. The fee reflects the estimated board costs for processing requests for transferring grades to another state. There has been an increase in the number of grade transfer requests that the Board receives. And, because the Board's fees are very competitive (and Washington state does not require citizenship or residency which many other states do require) and applicants may take the exam as a Washington applicant at 300+ locations nationwide (including Guam, the Virgin Islands, and Puerto Rico), the Board anticipates Washington may have multiple applicants who take the exam as a Washington applicant and then transfer their grades to the state in which they actually seek licensure.
- Establish an investigation fee for exam applicants who do not provide a social security number. The National Association of State Boards of Accountancy (NASBA) charges an investigation fee for applicants who do not submit a social security number. This is because NASBA uses the social security number to perform its comparison of an applicant against the national database to ensure the applicant has not applied for the same section of the exam, during the same exam window, in two jurisdictions at the same time. Without a social security number NASBA must perform other investigative techniques. This fee covers the cost of the additional investigative work.
- Clarify the justification the Board considers when it approves waivers to late fees. The suggested language is based on the Board's history of approving waiver requests.

WAC 4-25-530 Fees. The board shall charge the following fees:

- |     |   |                                  |
|-----|---|----------------------------------|
| (1) | Initial application for individual license, practice privilege, individual license through reciprocity, CPA firm license (sole proprietorships with no employees are exempt from the fee), or registration as a resident nonlicensee firm owner . . . . . | \$330                            |
| (2) | Renewal of individual license, <u>CPA-Inactive</u> certificate, practice privilege, CPA firm license (sole proprietorships with no employees are exempt from the fee), or registration as a resident nonlicensee firm owner . . . . .                     | \$230                            |
| (3) | Application for <u>CPA-Inactive</u> certificateholder to convert to a license . . . . .   | \$0                              |
| (4) | Application for reinstatement of license, practice privilege, <u>CPA-Inactive</u> certificate, or registration as a resident nonlicensee owner . . . . .  | \$480                            |
| (5) | Quality assurance review ( <u>QAR</u> ) program fee (includes monitoring reviews for up to two years) ( <del>.....</del> <del>\$400</del> )   |                                  |
|     | <u>Firm submits reports for review</u> . . . . .  | <u>\$400</u>                     |
|     | <u>Firm submits a peer review report for review</u> . . . . .   | <u>\$60</u>                      |
|     | <u>Firm is exempted from the QAR program because the firm did not issue attest reports</u> . . . . .  | <u>\$0</u>                       |
| (6) | Late fee . . . . .  | \$100                            |
| (7) | Amendment to firm license <u>except for a change of firm address (there is no fee for filing a change of address)</u> . . . . .   | <del>(\$25)</del><br><u>\$35</u> |
| (8) | Copies of records, per page exceeding fifty pages . . . . .   | \$0.15                           |

(9)	<del>((Printed listing of CPA exam candidates</del> .....	<del>\$75</del>	
(10))	Computer diskette listing of licensees, <u>CPA-Inactive</u> certificateholders, grants of practice privilege, <del>((and))</del> registered resident nonlicensee firm owners <del>((; computer diskette of CPA exam candidates;)), or ((computer diskette of))</del> firms .....	\$75	
((11))	Replacement CPA wall document .....	\$50	
(11)	<u>Process transfer of grades</u> .....	<u>\$35</u>	
(12)	Dishonored check fee (including, but not limited to, insufficient funds or closed accounts) .....	\$35	
(13)	CPA examination. Exam fees are comprised of section fees plus administrative fees. <b>The total fee is contingent upon which section(s) is/are being applied for and the number of sections being applied for at the same time.</b> The total fee is the section fee(s) for each section(s) applied for added to the administrative fee for the number of section(s) applied for.		
(a)	Section fees:		
(i)	Auditing and attestation .....	\$134.50	
(ii)	Financial accounting and reporting .....	\$126.00	
(iii)	Regulation .....	\$109.00	
(iv)	Business environment and concepts .....	\$100.50	
(b)	Administrative fees:	1/1/04 -	After
		12/31/06	1/1/07
(i)	First-time candidate - Four sections .....	\$124.50	\$132.95
(ii)	First-time candidate - Three sections .....	\$111.00	\$119.10
(iii)	First-time candidate - Two sections .....	\$97.00	\$104.70
(iv)	First-time candidate - One section .....	\$83.00	\$90.30
(v)	Reexam candidate - Four sections .....	\$122.50	\$130.75
(vi)	Reexam candidate - Three sections .....	\$104.00	\$111.40

(vii)	Reexam candidate - Two sections .....	\$85.00	\$91.50
(viii)	Reexam candidate - One section .....	\$66.00	\$71.60
	<u>National Association of State Boards of Accountancy candidate data base investigation fee for exam applications submitted without the applicant's Social Security number .....</u>	<u>\$70</u>	<u>\$70</u>

Note: The board may waive late filing fees for ((good cause)) individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.