

State of Washington

WASHINGTON STATE BOARD OF ACCOUNTANCY

(name of governing body)

(agency name, if applicable)

Resolution No. _____

Administrative Order No. PL 303

(1) Be it resolved by the WASHINGTON STATE BOARD OF ACCOUNTANCY
acting at Seattle, Washington

(place)

that it does promulgate and adopted the annexed rules relating to:

Amending WAC 4-04-210, 4-12-020, 4-20-020, 4-20-030, 4-20-045;
adding new sections, WAC 4-12-170, 4-12-180, 4-12-190;
repealing, WAC 4-04-040, 4-04-080, 4-04-170, 4-04-240,
4-04-270, 4-12-050, 4-12-160

(2) ALTERNATIVE A. Use only for Adoption of Permanent Rules.

This action is taken pursuant to Notice No. 79-03-047 filed with the code reviser on 3/6/79. Such rules shall take effect:

- pursuant to RCW 34.04.040(2).
at a later date, such date being _____

(2) ALTERNATIVE B. Use only for Adoption of Emergency Rules.

We, _____, find that an emergency exists and that the foregoing order is necessary for the preservation of the public health, safety, or general welfare and that observance of the requirements of notice and opportunity to present views on the proposed action would be contrary to public interest. A statement of the facts constituting such emergency is:

Such rules are therefore adopted as emergency rules to take effect upon filing with the code reviser.

(3) Pursuant to the requirements of RCW 34.04.____ (1977 c 19 § 2)¹ that "every agency shall incorporate the most specific, but in no case omit all, of the following language alternatives when adopting or amending rules" (fill in statement (a), (b), or (c) as appropriate):

(a) This rule is promulgated pursuant to RCW 18.04.070 and is intended to administratively implement that statute.

(b) This rule is promulgated pursuant to RCW _____ which directs that the

(agency)

has authority to implement the provisions of

(name of act or RCW citation)

(c) This rule is promulgated under the general rule-making authority of the

(agency)

as authorized in RCW _____

(4) The undersigned hereby declares that he has complied with the provisions of the Open Public Meetings Act (chapter 42.30 RCW), the Administrative Procedure Act (chapter 34.04 RCW) or the Higher Education Administrative Procedure Act (chapter 28B.19 RCW), as appropriate, and the State Register Act (chapter 34.08 RCW).

(5) This order after being first recorded in the order register of this governing body is herewith transmitted to the Code Reviser for filing with chapter 34.04 RCW and chapter 1-12 WAC.

STATE OF WASHINGTON

APPROVED AND ADOPTED April 26, 19 79

MAY 15 1979

CODE REVISER'S OFFICE
WSR 79-06-024

By Henry V. Benson, Jr.
HENRY V. BENSON, JR.
Chairman - State Accountancy Bd.

Title

STATE OF WASHINGTON
BOARD OF ACCOUNTANCY

Administrative Order No. PL303

STATEMENT OF PURPOSE AND IMPLEMENTATION

I. NAME OF AGENCY: WASHINGTON STATE BOARD OF ACCOUNTANCY

II. PURPOSE OF RULES:

1. Amendment to WAC 4-04-210, FEES FOR PERMIT TO PRACTICE ACCOUNTING. The purpose of the amendment is to clarify the renewal fees for permits for CPA's, LPA's and PA's in private and public practice and to increase the renewal fees for CPA's, LPA's and PA's in public practice.
2. Amendment to WAC 4-04-020, APPLICATIONS FOR EXAMINATIONS. The purpose of the amendment is to change the deadline for submission of applications for the CPA examination.
3. WAC 4-12-170, APPLICANTS FOR INITIAL PERMITS TO PRACTICE PUBLIC ACCOUNTING; WAC 4-12-180, RENEWAL OF PERMITS TO PRACTICE PUBLIC ACCOUNTING; WAC 4-12-190, APPLICANTS FOR PERMITS TO PRACTICE PUBLIC ACCOUNTING FROM OTHER STATUS. The purpose of these new rules is to delete the experience requirement from the CPA certification process and, instead, to require specific experience as a precondition to issuance of a permit to practice public accounting.
4. Amendment to WAC 4-20-020, BASIC REQUIREMENTS - AMOUNT; WAC 4-20-030, BASIC REQUIREMENTS - EFFECTIVE DATE OF REQUIREMENT. The purpose of the amendments to these rules is to establish a new professional education reporting date, to require a minimum amount of credits in accounting and auditing subject areas, and to condition receipt of a permit to practice public accounting upon compliance with the continuing professional education requirement.
5. Amendment to WAC 4-20-045, BASIC REQUIREMENTS - EXCEPTIONS. The purpose of the amendment to this rule is to exempt publicly practicing licensees who do not participate in the preparation of reports on financial statements from the mandatory accounting and auditing requirements of WAC 4-20-020.
6. Repealer. The purpose of the repealer is to eliminate predecessor rules in conflict with the newly adopted and amended rules and to eliminate rules in conflict with recently adopted code of conduct (WAC 4-16-300 through WAC 4-16-410).

III. STATUTORY AUTHORITY FOR THE RULES:

RCW 18.04.070.

IV. SUMMARY OF THE RULES:

1. WAC 4-04-210 establishes a \$40 renewal fee for a permit to practice public accounting, a \$25 renewal fee for a permit to practice nonpublic accounting, and establishes requirements for the latter.

2. WAC 4-12-020 changes the deadline for receipt of applications to sit for the next CPA examination to sixty days from forty-five days prior to the examination.
3. WAC 4-12-170 establishes criteria for the issuance of permits to practice public accounting to include general accounting and specific audit experience.
4. WAC 4-12-180 requires applicants for renewal of permits to practice public accounting to demonstrate compliance with continuing education requirements.
5. WAC 4-12-190 requires a licensee seeking to move from a non-public status to a public practice status to demonstrate compliance with continuing professional education rules and audit experience requirements before receiving a permit to practice public accounting.
6. WAC 4-20-020 changes the report due date for continuing professional education reports to December 31 each year, establishes a requirement that 40 percent of the minimum reporting requirement be in accounting or auditing related subjects, and provides a two-year phase in period for the new requirements.
7. WAC 4-20-030 establishes effective dates for filing continuing professional education reports and requires existing licensees not in public practice to demonstrate compliance with continuing professional education and audit experience requirements before receiving a permit to practice public accounting.
8. WAC 4-20-045 excepts non-public practitioners from continuing professional education requirements and exempts public practitioners not involved in the preparation of financial statement reports from the accounting and auditing related subject requirement of WAC 4-20-020.

V. RESPONSIBLE PERSONNEL:

The Accountancy Board and its chief executive officer have the sole responsibility for drafting, implementing and enforcing these rules. They are as follows:

<u>NAME/TITLE</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
Henry V. Benson, Jr., CPA Chairman	BENSON & McLAUGHLIN, PS 401 Second Avenue Seattle, WA 98119	284-2400 (COMM.) 576-5841 (SCAN)
Robert L. Block, CPA Vice Chairman	LAVENTHOL & HORWATH Plaza 600, Suite 1200 Seattle, WA 98101	622-3385 (COMM.)
Betty Jean Lucas, LPA Secretary	LUCAS & BOUNDS, PS E. 702 - 27th Avenue Spokane, WA 99203	624-2752 (COMM.)
Robert C. Dillon, LPA Member	P. O. Box 5381 Spokane, WA 99205	327-5571 (COMM.)
E. William Parker, CPA Member	COOPERS & LYBRAND 4700 Seattle-1st Bldg. Seattle, WA 98154	622-8700 (COMM.)
Carey L. Rader, CPA Chief Executive Officer	Board of Accountancy 210 E. Union, Suite H Olympia, WA 98504	753-2585 (COMM.) 234-2585 (SCAN)

VI. PROPONENTS AND OPPONENTS:

These rules were proposed by the State Board of Accountancy. The following people spoke in support of the rules:

Russell A. Davis
Thomas E. Corning
William E. Tremper

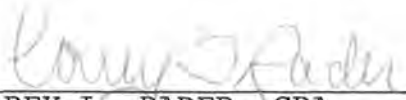
The following people spoke in opposition to the rules:

Martha Webb
Donald M. Blankenship
R. Lee Springer
John E. Ross
Arther Beck
Joe L. Hagman
J. Van Horn
Donald Mitchell
Mr. Gillespie

VII. AGENCY COMMENTS:

This rule was promulgated pursuant to RCW 18.04.070.

SUBMITTED in accordance with RCW 34.04.045 this 17 day of May, 1979.


CAREY L. RADER, CPA
Chief Executive Officer

AMENDATORY SECTION (Amending Order PL-230, filed 11-17-75)

~~WAC 4-04-210 ((ANNUAL-CPA-LICENSE-FEE,---The-annual-fee-for-a-certified-public-accountant's-license-shall-be-\$25-))~~
FEEES FOR PERMIT TO PRACTICE ACCOUNTING. (1) The annual fee for a permit to practice public accounting shall be Forty Dollars for CPAs, LPAs and PAs.

(2) The annual fee for a permit to practice non-public accounting shall be Twenty-Five Dollars for CPAs, LPAs and PAs. This permit enables a Washington CPA, LPA or PA to use the appropriate title for occupational purposes (other than engaging in public accounting). The requirements for this permit are licensure, annual application and payment of the annual fee.

AMENDATORY SECTION (Amending Order PL-116, filed 12-14-71)

~~WAC 4-12-020 ((TIME-FOR-SUBMITTING-APPLICATION-FOR EXAMINATION))~~ APPLICATIONS FOR EXAMINATIONS. Applications for examination ((7-in-whole-or-in-part7)) or reexamination must be ((mailed-to)) received by the department of ((motor-vehicles)) licensing at least ((forty-five)) sixty days prior to the examination.

NEW SECTION

WAC 4-12-170 APPLICANTS FOR INITIAL PERMITS TO PRACTICE PUBLIC ACCOUNTING. An applicant for an initial permit to practice public accounting shall show to the satisfaction of the board the following:

(1) An applicant who is a graduate of a college or university and who has completed courses satisfactory to the board in the study of accounting, business law, economics and finance must have either engaged in the practice of public accounting for one year or been employed in private or governmental accounting work acceptable to the board for two years. Each two months of private or governmental work may be substituted for one month of public accounting experience.

(2) An applicant who is a graduate of a college or university, but who has not completed the courses required by the board in subsection (1) above must have engaged in the practice of public accounting for two years or been employed in private or governmental accounting work acceptable to the board at least three years. Each three months' experience in private or governmental accounting work may be substituted for two months of the public accounting experience required by this subsection.

(3) An applicant must provide the affidavit of a CPA or LPA currently holding a valid permit to practice public accounting showing to the satisfaction of the board that the applicant has experience in the elements of the attest function to include:

(a) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions recorded in accounting records.

(b) Experience in the preparation of audit working papers covering the examination of the accounts usually found in accounting records.

(c) Experience in the planning of the program of audit work including the selection of the procedures to be followed.

(d) Experience in the preparation of written explanations and comments on the findings of the examination and on the content of the accounting records.

(e) Experience in preparation and analysis of financial statements, together with explanations and notes thereof.

NEW SECTION

WAC 4-12-180 RENEWAL OF PERMITS TO PRACTICE PUBLIC ACCOUNTING. An applicant for renewal of a permit to practice public accounting shall demonstrate to the board, compliance with continuing education provisions of RCW 18.04.290(2).

NEW SECTION

WAC 4-12-190 APPLICANTS FOR PERMITS TO PRACTICE PUBLIC ACCOUNTING FROM OTHER STATUS. An applicant for permit to practice public accounting who is entering public accounting from some other status shall:

(1) Show to the board's satisfaction that the applicant has sufficient experience in the elements of the attest function as listed in WAC 4-12-170(3).

(2) Show to the board's satisfaction compliance with the continuing education requirements of Chapter 4-20 WAC or successor chapters.

AMENDATORY SECTION (Amending Order PL-148, filed 9-25-73)

WAC 4-20-020 BASIC REQUIREMENTS - AMOUNT. In the three year period ending the December 31 immediately preceding the annual renewal of the permit to practice public accounting, the applicant must have completed 15 days, or accumulated 120 hours of acceptable continuing education: Provided, that at least two days or 16 hours in each calendar year period and six days or 48 hours in each three-year reporting period shall consist of accounting related or auditing related subjects: Provided, Further, That affected licensees shall report 140 hours for the three and one-half year period ending December 31, 1979, of which at least eight hours must be in accounting or auditing related subjects. For the three-year period ending December 31, 1980, 120 hours must

be reported of which at least 24 hours must be in accounting or auditing related subjects. For three-year periods ending December 31, 1981, and thereafter, 120 hours must be reported, of which at least 48 hours must be in accounting or auditing related subjects.

(1) Measurement is in full hours only (a fifty minute period equals one hour). A one day course will constitute eight hours of credit.

(2) Only class hours or the equivalent (and not hours devoted to preparation) are counted.

~~((3) -- Acceptable courses taken after January 1, 1974 may be included in the initial qualification.))~~

AMENDATORY SECTION (Amending Order 233, filed 12-17-75)

WAC 4-20-030 BASIC REQUIREMENTS - EFFECTIVE DATE OF REQUIREMENT. ~~((1) -- The effective date of the requirement will be three years after July 16, 1973. Therefore, the required number of hours must first be met by June 30, 1977.~~

~~(2))~~ With respect to any individual, the regulation will become effective ~~((on the effective date of the requirement or three years after his first annual license renewal, whichever is later))~~ on December 31, three years following the end of the calendar year in which the individual's first annual permit to practice public accounting is issued: Provided, That all individuals holding valid Washington CPA, LPA or PA certificates who are not eligible under RCW 18.04.290(2) to practice public accounting at the time of this amendment must comply with terms of this regulation prior to applying for a permit to practice public accounting: Provided, Further, That licensees entering public accounting from some other status after the effective date of this amendment must demonstrate compliance with WAC 4-20-020 before applying for a license to practice public accounting.

AMENDATORY SECTION (Amending Order PL-175, filed 9-24-74)

WAC 4-20-045 BASIC REQUIREMENTS - EXCEPTIONS. The following are exceptions from the continuing education requirements:

(1) Licensees who are not practicing public accounting in the state of Washington ~~((but do hold a permit to practice public accounting in the state of Washington))~~ are exempt from any continuing education requirement of RCW 18.04.290(2) and the applicable continuing education rules and regulations of the board ~~((-- Provided, That if such licensee subsequently enters the practice of public accounting within the state of Washington, such licensee shall satisfy all continuing education requirements of RCW 18.04.290(2) and all applicable continuing education rules and regulations of the board upon the first renewal of his permit following his entry into the practice of public accounting, except as otherwise provided in WAC 4-20-030(2)).~~

(2) Upon a showing of good cause by a licensee to the board, the board may exempt such licensee from any, all or part of the continuing education requirements of RCW 18.04.290(2) and the applicable continuing education rules and regulations of the board. Good cause includes but is not limited to: chronic illness, retirement or military service.

(3) ~~((Upon the date of entering into public practice any licensee must advise the board of the date of entry into public practice))~~ A licensee is exempted from the 16-hour accounting and auditing related subject provision for any calendar year in a reporting period during which the licensee was not involved in preparing reports on financial statements: Provided, That a licensee must accumulate at least 16 hours in accounting and auditing related subjects during the current calendar year if (s)he reasonably expects to be involved in preparing financial statements in the calendar year following the reporting period.

REPEALER

The following sections of the Washington Administrative Code are each repealed:

- (1) WAC 4-04-040 REGISTRATION LIMITED TO INDIVIDUALS AND PARTNERSHIPS - ASSUMED NAME PROHIBITED.
- (2) WAC 4-04-080 PROFESSIONAL SERVICE CORPORATIONS DESIGNATION.
- (3) WAC 4-04-170 EDUCATIONAL AND EXPERIENCE REQUIREMENTS.
- (4) WAC 4-04-240 ANNUAL FEE FOR LPA LICENSE.
- (5) WAC 4-04-270 ANNUAL FEE FOR PA LICENSE.
- (6) WAC 4-12-050 CONSTRUCTION OF RCW 18.04.120(6)(c) AS TO EQUIVALENT EDUCATION.
- (7) WAC 4-12-160 MINIMUM ACCOUNTING EXPERIENCE.