



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: 4/17/98

(2) Purpose:

WAC 4-25-810 requires continuing professional education to maintain or improve the professional competence of certificate and license holders as a condition to maintain their certificate or license to practice public accounting. With the completion of ethics related courses on a regular basis, certified public accountants (CPAs) will maintain an understanding and awareness of the Board's rules and regulations in an ever-changing environment.

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

Repealed:

Amended: WAC 4-25-810 Continuing professional education (CPE)--Who must have CPE.

Suspended:

(4) Statutory authority for adoption: RCW 18.04.055(7)

Other authority: RCW 18.04.215(4)

PERMANENT RULE ONLY (including EXPEDITED ADOPTION):

Adopted under notice filed as WSR 98-01-233 on 12/24/97 (date).

Describe any changes other than editing from proposed to adopted version: Modified to read: ((Eight hours)) A four-hour course in the subject area of professional ethics ((including)) with specific application to statutes and regulations governing the practice of public accounting in Washington state shall be required every ((six)) four years effective January 1, 1999, and beginning with each CPA's next two-year reporting cycle. The hours of professional ethics shall be part of the total requirement for CPE.

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) 1/1/1999*

*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)

Cheryl M. Sexton

SIGNATURE

TITLE

Confidential Secretary

DATE

May 28, 1998

CODE REVISER USE ONLY

CODE REVISER'S OFFICE
STATE OF WASHINGTON
FILED

MAY 29 1998

TIME 3:23
WEST 98-12-051

AM
PM

**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 94-02-072, filed 1/4/94, effective 2/4/94)

WAC 4-25-810 Continuing professional education (CPE)--Who must have CPE. The following requirements of CPE apply to the biennial renewal, or initial issue if by reciprocity, of certificates and licenses to practice public accounting pursuant to RCW 18.04.105(8) and 18.04.215(4). Renewal of a license to practice means simultaneous renewal of the license and the certificate. Certificates issued to persons born in even-numbered years are subject to renewal on July 1 of even-numbered years. Certificates issued to persons born in odd-numbered years are subject to renewal on July 1 of odd-numbered years. Each certified public accountant (CPA) shall verify to the board completion of at least eighty hours of CPE during the last two-year period unless the CPA can demonstrate that the failure was due to reasonable cause. Persons who are retired, and persons who are certificate holders, but who do not make any public, professional, commercial, or occupational use of the title CPA shall be deemed to have met the reasonable cause exception provided by RCW 18.04.105(8) and 18.04.215(4). The board may, in particular cases, make exceptions to these requirements for reasons of individual hardship including health, military service, foreign residence, or other reasonable cause.

(1) **Hours required.**

(a) **Public accounting license.** A CPA seeking regular biennial renewal of a license, which includes renewal of the certificate, shall show completion of the required hours of CPE during the two calendar-year period preceding renewal, of which no less than thirty-two hours shall be accounting and/or auditing subjects. In a reporting period during which the licensee was not involved at any time in reporting on financial statements, no less than sixteen hours of the eighty-hour requirement shall be accounting and/or auditing subjects. Tax practitioners whose sole relationship to financial statements is the review of the federal income tax provision, related balance sheet accounts and notes are not considered to be involved in reporting on financial statements for purposes of this provision. Of the total requirement of eighty hours, no more than sixteen hours may be in CPE course subjects deemed "nontechnical" by the board in WAC 4-25-811 (2)(b). A four-hour course in the subject area of professional ethics with specific application to the practice of public accounting in Washington state shall be required every four years effective January 1, 1999, and beginning with each CPA's next two-year reporting cycle. The hours of professional ethics shall be part of the total requirement for CPE.

(b) **Certificate only.** A CPA, who holds a certificate but whose activities do not require a license to practice public accounting,

is required to show completion of not less than eighty hours of CPE to renew the certificate under RCW 18.04.105(8) which contribute to the CPA's professional competency, meet the criteria for courses set forth in WAC 4-25-811(1) and can be classified into one of the categories of WAC 4-25-811 (2)(a) or (b). The courses must include a minimum of eight hours of accounting and/or auditing subjects for each biennial reporting period. A four-hour course in the subject area of professional ethics with specific application to the practice of public accounting in Washington state shall be required every four years effective January 1, 1999, and beginning with each CPA's next two-year reporting cycle. The hours of professional ethics shall be part of the total requirement for CPE.

(2) Renewal of lapsed certificates or licenses and reciprocity.

A CPA who has previously held a license and certificate who has failed to renew timely, shall satisfy the requirements of subsection (1)(a) of this section. A CPA who held a license under the reciprocity provisions of RCW 18.04.180, shall, for the purposes of satisfying the CPE requirements, make the same showing as prescribed in subsection (1)(a) of this section at the time of application. A CPA who holds a certificate and no license who has failed to renew timely, shall satisfy the requirements of subsection (1)(b) of this section.

(3) Renewal of initial certificate or license and certificate.

A CPA seeking to renew an initial certificate or license and certificate issued less than two years but more than one year prior to the renewal must show completion of at least forty hours of such CPE during the calendar year preceding the application. A CPA seeking to renew an initial certificate or license and certificate issued less than one year prior to the renewal will not be required to demonstrate completion of any hours of CPE for the first renewal, subject to the provisions of subsection (2) of this section as it pertains to certificates or licenses granted through reciprocity.