

**RCW 18.04.025 Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Attest" means providing the following services:

(a) Any audit or other engagement to be performed in accordance with the statements on auditing standards;

(b) Any review of a financial statement to be provided in accordance with the statements on standards for accounting and review services;

(c) Any engagement to be performed in accordance with the statements on standards for attestation engagements; and

(d) Any engagement to be performed in accordance with the public company accounting oversight board auditing standards.

(2) "Board" means the board of accountancy created by RCW 18.04.035.

(3) "Certificate" means an alternative license type issued by the board indicating that the certificate holder had passed the CPA examination, but has not verified the certificate holder's experience and was not fully licensed as a certified public accountant to practice public accounting. The board must allow renewal of certificates until June 30, 2024, at which time any then current and valid certificates automatically convert to a CPA license in an inactive status. As of July 1, 2024, board-issued certificates are no longer a recognized form of licensure.

(4) "Certified public accountant" or "CPA" means a person holding a certified public accountant license or certificate.

(5) "Compilation" means providing a service to be performed in accordance with statements on standards for accounting and review services that is presenting in the form of financial statements, information that is the representation of management (owners) without undertaking to express any assurance on the statements.

(6) "CPE" means continuing professional education.

(7) "Firm" means a sole proprietorship, a corporation, or a partnership. "Firm" also means a limited liability company formed under chapter 25.15 RCW.

(8) "Holding out" means any representation to the public by the use of restricted titles as set forth in RCW 18.04.345 by a person or firm that the person or firm holds a license under this chapter and that the person or firm offers to perform any professional services to the public as a licensee. "Holding out" shall not affect or limit a person or firm not required to hold a license under this chapter from engaging in practices identified in RCW 18.04.350.

(9) "Inactive" means the status of a license that is prohibited from practicing public accounting. A person holding an inactive license may apply to the board to return the license to an active status through an approval process established by the board.

(10) "Individual" means a living, human being.

(11) "License" means a license to practice public accountancy issued to an individual under this chapter, or a license issued to a firm under this chapter.

(12) "Licensee" means the holder of a license to practice public accountancy issued under this chapter.

(13) "Manager" means a manager of a limited liability company licensed as a firm under this chapter.

(14) "NASBA" means the national association of state boards of accountancy.

(15) "Peer review" means a study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee or licensed firm in the practice of public accountancy, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed, including a peer review, or any internal review or inspection intended to comply with quality control policies and procedures, but not including a quality assurance review.

(16) "Person" means any individual, nongovernmental organization, or business entity regardless of legal form, including a sole proprietorship, firm, partnership, corporation, limited liability company, association, or not-for-profit organization, and including the sole proprietor, partners, members, and, as applied to corporations, the officers.

(17) "Practice of public accounting" means performing or offering to perform by a person or firm holding itself out to the public as a licensee, for a client or potential client, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of "reports," or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. "Practice of public accounting" shall not include practices that are permitted under the provisions of RCW 18.04.350(10) by persons or firms not required to be licensed under this chapter.

(18) "Principal place of business" means the office location designated by the licensee for purposes of substantial equivalency and reciprocity.

(19) "Quality assurance review" means a process established by and conducted at the direction of the board of study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee or licensed firm in the practice of public accountancy, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed.

(20) "Report," when used with reference to any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in the practice of public accounting. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is involved in the practice of public accounting, or from the language of the report itself. "Report" includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to and/or special competence on the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance and/or such special knowledge or competence. "Report" does not include services referenced in RCW 18.04.350 (10) or (11) provided by persons not holding a license under this chapter as provided in RCW 18.04.350(14).

(21) "Review committee" means any person carrying out, administering or overseeing a peer review authorized by the reviewee.

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

(23) "Sole proprietorship" means a legal form of organization owned by one person meeting the requirements of RCW 18.04.195.

(24) "State" includes the states of the United States, the District of Columbia, Puerto Rico, Guam, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands at such time as the board determines that the Commonwealth of the Northern Mariana Islands is issuing licenses under the substantially equivalent standards in RCW 18.04.350(2)(a).

(25) "Substantial equivalency" or "substantially equivalent" means a determination by the board or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to or exceed the education, examination, and experience requirements contained in this chapter or that an individual CPA's education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements contained in this chapter. In ascertaining substantial equivalency and substantially equivalent as used in this chapter the board shall take into account the qualifications without regard to the sequence in which experience, education, or examination requirements were attained. [2022 c 85 § 2; 2016 c 127 § 1; 2008 c 16 § 2; 2001 c 294 § 2; 1999 c 378 § 1; 1994 c 211 § 1401; 1992 c 103 § 2; 1986 c 295 § 1; 1983 c 234 § 3.]

**Alphabetization—2008 c 16:** "The code reviser shall alphabetize and renumber the definitions in RCW 18.04.025 and correct any references." [2008 c 16 § 7.]

**Finding—Intent—2008 c 16:** "The legislature finds the multiple state licensing and registering requirements for certified public accountants to be cumbersome and an unnecessary constraint on the consumers of professional certified public accountant services. In the majority of United States jurisdictions, certified public accountants are licensed based on substantially equivalent education, national exam, and experience requirements. Yet in order to serve their various client needs, certified public accountants must often delay service while they first spend countless hours and dollars to register with regulators in the jurisdictions of the client.

To clarify the legislative intent of chapter 294, Laws of 2001, reduce the administrative licensing burden on certified public accountants licensed in any substantially equivalent jurisdiction, and facilitate consumer choice, the legislature intends to eliminate the requirement for out-of-state certified public accountants to notify the Washington state board of accountancy of intent to practice and pay a fee; however, firms providing audit or opinion-type services would be required to be licensed in this state. The requirement for notification will be replaced with "consent to automatic jurisdiction," which clarifies the legal disciplinary authority of the Washington state board of accountancy over out-of-state certified public accountants practicing in Washington state. This allows the board to more efficiently protect consumers while facilitating practice mobility and consumer choice." [2008 c 16 § 1.]

**Effective date—2001 c 294:** See note following RCW 18.04.015.

**Effective date—1994 c 211:** "This act shall take effect October 1, 1994." [1994 c 211 § 1312.]