



RULE-MAKING ORDER
(RCW 34.05.360)

CR-103 (10/1/89)

Agency: Board of Accountancy

- Permanent Rule
 Emergency Rule

(1) Date of adoption: December 16, 1993

(2) Purpose: General housekeeping--reorganizes WAC section numbering; Prescribes who must obtain continuing professional education, types of acceptable programs, and reporting procedures.

(3) Citation of existing rules affected by this order: New sections: **WAC 4-25-810, 811, 812, and 813**
Repealed: See attached for titles
Amended:
Suspended:

(4) Authority for adoption:
Statute: RCW 18.04.055
Other Authority:

(5.1) PERMANENT RULE ONLY

Pursuant to notice filed as WSR 93-22-078 on November 1, 1993 (date).
Describe any changes other than editing from proposed to adopted version: None

(5.2) EMERGENCY RULE ONLY

Pursuant to 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:

(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

Emergency Rules

- 31 days after filing Immediately
 Other (specify) _____ * Later (specify) _____

* (If less than 31 days after filing, specific finding in 5.3 under RCW 34.05.380(3) is required)

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Carey L. Rader

SIGNATURE

Carey L. Rader

TITLE

Executive Director

DATE

01/04/94

Attachment to CR-103

Agency: Board of Accountancy

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

- WAC 4-25-810 Continuing professional education (CPE)--Who must have CPE.
- WAC 4-25-811 Continuing professional education (CPE)--Program standards.
- WAC 4-25-812 Continuing professional education (CPE)--Reports
- WAC 4-25-813 Continuing professional education (CPE)--Program sponsor agreements.

NEW SECTION

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).

(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.

(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.

NEW SECTION

WAC 4-25-811 Continuing professional education (CPE)--Program standards. (1) **Qualifying programs.** A program qualifies as acceptable CPE for purposes of RCW 18.04.215(4) if it is a formal program of learning which contributes to the growth in the professional knowledge and professional competence of an individual in the practice of the profession, and meets the minimum standards of quality of development and presentation and of measurement and reporting of credits set forth in WAC 4-25-810, 4-25-811, 4-25-812, 4-25-813, and in the *Statement on Standards for Formal Continuing Education* published by the National Association of State Boards of Accountancy, or such other educational standards as may be established from time to time by the board. Undergraduate courses are presumed not to contribute to a certified public accountant's (CPA's) growth beyond the level of knowledge required for initial certification and are therefore not generally acceptable for continuing professional education. Generally, CPE credit will not be allowed for attending committee meetings. A meeting qualifies for CPE credit only if it meets the requirements for a qualifying program. Service on the board of accountancy quality assurance review (QAR) committee or participating as a QAR team captain or reviewer will be considered for CPE credit under board policy.

(2) **Subject areas.** Programs dealing with the following general subject areas are acceptable so long as they meet the standards in subsection (1) of this section:

(a) Technical subjects:

(i) Accounting and auditing;

(ii) Management advisory services;

(iii) Personal financial planning;

(iv) Taxation;

(v) Management information services;

(vi) Budgeting and cost analysis;

(vii) Asset management;

(viii) Professional ethics;

(ix) Specialized areas of industry;

(x) Human resource management;

(xi) Economics;

(xii) Business law;

(xiii) Mathematics, statistics, and quantitative applications

in business;

(xiv) Business management and organization.

(b) Nontechnical subjects:

(i) Communication skills;

(ii) Interpersonal management skills;

(iii) Personal development skills;

(iv) Public relations;

(v) Practice development.

Subjects other than those listed above may be acceptable if the CPA can demonstrate that they contribute to the CPA's professional competence. The responsibility for demonstrating that a particular program is acceptable rests solely upon the CPA.

(3) **Group programs.** Group programs such as the following are acceptable so long as they meet the standards specified in subsection (1) of this section and deal with subjects referred to in subsection (2) of this section:

(a) Professional education and development programs of national, state, and local accounting organizations;

(b) Technical sessions at meetings of national, state, and local accounting organizations and their chapters;

(c) University or college courses, both credit and noncredit;

(d) Formal in-firm education programs;

(e) Programs of other organizations (accounting, industrial, professional, etc.);

(f) Dinner, luncheon, and breakfast meetings which are structured as formal educational programs;

(g) Firm meetings for staff and/or management groups which are structured as formal education programs. Portions of such meetings devoted to the communication and application of general professional policy or procedure may qualify, but portions devoted to firm administrative, financial and operating matters generally will not qualify.

(4) **Credit.** CPE credit will be given for whole hours only, with a minimum of fifty minutes constituting one hour. As an example, one hundred minutes of continuous instructions would count as two hours; however, more than fifty minutes but less than one hundred minutes of continuous instruction would count only as one hour. For attendees, only time spent in instruction, and not preparation time, will be credited. For university or college courses, each semester hour of credit shall equal fifteen hours toward the requirement and a quarter hour of credit, shall equal ten hours.

(5) (a) **Self-study programs--Interactive.** The amount of credit to be allowed for interactive self-study will be that which is recommended by the program sponsor on the basis of the average completion time under appropriate "field tests." CPAs claiming credit for such interactive self-study programs are required to obtain evidence of satisfactory completion of the course from the program sponsor.

(b) **Self-study programs--Noninteractive.** The amount of credit to be allowed for noninteractive self-study will be that which is recommended by the program sponsor on the basis of one-half the average completion time under appropriate "field tests." CPAs claiming credit for such noninteractive self-study programs are required to obtain evidence of satisfactory completion of the course from the program sponsor.

Credit for all self-study programs will be allowed in the renewal period in which the course is completed.

(6) **Instructor, discussion leader, or speaker.** CPAs who have served as instructors, discussion leaders and speakers at programs coming under subsections (1), (2), and (3) of this section may claim CPE credit for both preparation and presentation time. Credit may be claimed for actual preparation time up to two times the presentation hours. The maximum credit for such preparation and teaching is sixty percent of the applicable renewal period requirement.

(7) **Published articles, books.** Credit toward the CPE requirement may be claimed for published articles and books, provided they contribute to the professional competence of the

certificate holder. Credit for preparation of such publications may be claimed on a self-declaration basis for up to twenty-five percent of the renewal period requirement. In exceptional circumstances a licensee may request additional credit by submitting the article(s) or book(s) to the board with an explanation of the circumstances which justify a greater credit. The amount of credit awarded for a given publication will be determined by the board.

NEW SECTION

**WAC 4-25-812 Continuing professional education (CPE)--
Reports.** (1) Certified public accountants (CPAs) applying for renewal of certificates and/or licenses to practice pursuant to RCW 18.04.105(8) or 18.04.215(4) shall file with their applications therefore a signed statement of the CPE programs for which they claim credit, showing:

- (a) Sponsor;
- (b) Title of program or description of content;
- (c) Dates attended; and
- (d) Hours claimed.

(2) Responsibility for documenting the entitlement to credits rests with the CPA. Such documentation should be retained for a period of five years after the completion of the program. Such documentation may consist of the following:

- (a) Course completion certificate provided by program sponsor;
- (b) Confirmation letter from sponsor stating program title, location, and dates and hours of attendance;
- (c) Copy of the course outline prepared by the course sponsor;
- (d) For courses taken for scholastic credit in accredited universities and colleges, evidence of satisfactory completion of the course will be sufficient; for noncredit courses taken, a statement of the hours of attendance, signed by the instructor, is required;

(e) For formal individual study programs written evidence of completion.

The board or its designees may verify on a test basis, information submitted by CPAs for license or certificate renewal. The board may require a general description of each course's contribution to the CPA's professional competence. In cases where the board determines that the requirement is not met, the board may grant an additional period of time in which the deficiencies can be cured.

NEW SECTION

WAC 4-25-813 Continuing professional education (CPE)--Program sponsor agreements. Persons or organizations may not state that the board endorses or approves any continuing education program or course. Persons or organizations intending to sponsor programs or courses qualifying for CPE may enter into a program sponsor agreement for continuing education with the board, or at the board's option, with the National Association of State Boards of Accountancy and, accordingly, may state in promotional or program materials that the sponsor has agreed to abide by board rules. The sponsor agreement must indicate the type of organization and the subject areas in which the sponsor plans to present courses. Further, the agreement shall specify that the sponsor will comply with the requirements of WAC 4-25-811 and will retain for a period of five years the required records of program date, location, names of instructors, a verified listing of certificate holders attending, and outlines of the program presentation. The agreement shall further specify that the program sponsor agrees that a representative of the board may, upon due notice and without cost to the board, attend any course to perform field observation and review of the sponsor's procedures and course quality.