



RULE-MAKING ORDER
(RCW 34.05.360)

CR-103 (7/10/97)

Agency: Board of Accountancy

(1) Date of adoption: 4/17/98

(2) Purpose: To amend rule to add the definition of the term "attest services" as it applies to Washington State Regulations.

- Permanent Rule**
- Emergency Rule**
- Expedited Adoption**
- Expedited Repeal**

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

Repealed:

Amended: WAC 4-25-410 Definitions

Suspended:

(4) Statutory authority for adoption: RCW 18.04.055(11)

Other authority:

PERMANENT RULE ONLY (including EXPEDITED ADOPTION):

Adopted under notice filed as WSR 98-01-224 on 12/24/97 (date).

Describe any changes other than editing from proposed to adopted version: Added the language "by a certified public accountant" to the definition of attest services

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) _____ *

*(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)

Dana M. McInturff, CPA

SIGNATURE

TITLE

Executive Director

DATE

May 26, 1998

CODE REVISER USE ONLY

CODE REVISER'S OFFICE
STATE OF WASHINGTON
FILED

MAY 27 1998

TIME

2:20

WSR

98-12-020

**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Federal statute:	New _____	Amended _____	Repealed _____
Federal rules or standards:	New _____	Amended _____	Repealed _____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 94-23-071, filed 11/15/94, effective 12/16/94)

WAC 4-25-410 Definitions. For purposes of these rules the following terms have the meanings indicated:

(1) "Act" means the Public Accountancy Act codified as chapter 18.04 RCW.

(2) (a) "Audit," "review," and "compilation" are terms reserved by the public accountancy profession to identify forms of reports on financial statements that express differing levels of assurance. Professional standards setting bodies, such as the American Institute of Certified Public Accountants (AICPA), specify form and content of these reports.

(b) "Attest services" include services performed by a certified public accountant in accordance with generally accepted auditing standards, standards for attestation engagements and standards for accounting and review services.

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

(4) "Certificate" means a certificate as a certified public accountant issued under this chapter, or a corresponding certificate issued by another state or foreign jurisdiction that is recognized in accordance with the reciprocity provisions of RCW 18.04.180 and 18.04.183. "Valid CPA certificate" means the holder has fully complied with continuing professional education requirements or the board has granted specific exemption from continuing professional education requirements, with or without restricting use of the CPA title.

(5) "Client" means the person or entity that retains a CPA, through other than an employer/employee relationship, for the performance of professional services.

(6) "CPE" means continuing professional education (see also "Interactive CPE").

(7) "Enterprise" means any person or entity, whether organized for profit or not, with respect to which a CPA performs professional services.

(8) "Firm" means a sole proprietorship, a corporation, a limited liability company, or a partnership.

(9) "Generally accepted accounting principles" (GAAP) is a technical accounting term that encompasses the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. It includes not only broad guidelines of general application, but also detailed practices and procedures. Those conventions, rules, and procedures provide a standard by which to measure financial presentations.

(10) "Generally accepted auditing standards" (GAAS) are broad conceptual guidelines, promulgated by the American Institute of

Certified Public Accountants (AICPA), for conducting individual audits of historical financial statements. They include general standards, standards of field work, and reporting standards.

(11) "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 is a certified public accountant and that the person or firm offers to perform any professional services to the public as a certified public accountant. "Holding out" shall not affect or limit a person not required to hold a certificate under this chapter or a person or firm not required to hold a license under this chapter from engaging in practices identified in RCW 18.04.350(6).

(12) "Interactive self-study program" means a CPE program designed to use interactive learning methodologies that simulate a classroom learning process by employing software or administrative systems that provide significant ongoing interactive feedback to learners regarding their learning progress.

(13) "Licensee" means the holder of a valid license issued under chapter 18.04 RCW.

(14) "Public practice" or the "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 "audit reports," "review reports," "compilation reports," or "attestation reports" on financial statements, 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.

(15) "Quality assurance review" (QAR) 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 professional work of a person or firm in the practice of public accountancy, by a person or persons who hold certificates and who are not affiliated with the person or firm being reviewed.

(16) "Quality review" means a study, appraisal, or review of one or more aspects of the professional work of a person or firm in the practice of public accountancy, by a person or persons who hold certificates 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."

(17) "Reciprocity" means board recognition of certificates or other professional accounting credentials that the board will rely upon in full or partial satisfaction of CPA certification requirements. This board may grant reciprocity, by rule, to CPAs from other states or to certain professional accountants from countries whose credentials are recognized by this board. Board recognition of professional credentials issued by other state accountancy boards or foreign credentialing bodies is conditioned on those bodies' agreements to grant reciprocity to this board's licensees.

(18) "Reports on financial statements" means any reports or opinions prepared by certified public accountants, based on services

performed in accordance with generally accepted auditing standards, standards for attestation engagements, or standards for accounting and review services, as to whether the presentation of information used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private, or governmental, conforms with generally accepted accounting principles or other comprehensive bases of accounting. The term does not include incidental financial data included in management advisory services reports to support recommendations to a client.

(19) "Rules of professional conduct" means principles and rules adopted by the board to govern CPAs' conduct while representing themselves to others as CPAs. The rules apply to CPAs whether engaged in public practice or otherwise engaged in providing professional services while using the CPA title.

(20) "Statements on standards for accounting and review services" (SSARS) are standards, promulgated by the American Institute of Certified Public Accountants (AICPA), to give guidance to CPAs who are associated with the financial statements of nonpublic companies and issue compilation or review reports.

(21) "Statements on standards for attestation engagements" are guidelines, promulgated by the American Institute of Certified Public Accountants (AICPA), for use by CPAs in attesting to assertions involving matters other than historical financial statements and for which no other standards exist.