



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:

Compliance with standards is a rule of professional conduct necessary to establish and maintain high standards of competence and ethics of certified public accountants (CPAs) to protect the public interest.

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

Repealed:

Amended: WAC 4-25-631 Compliance with standards.

Suspended:

(4) Statutory authority for adoption: RCW 18.04.055(6)

Other authority:

PERMANENT RULE ONLY (including EXPEDITED ADOPTION):

Adopted under notice filed as WSR 98-01-232 on 12/24/97 (date).

Describe any changes other than editing from proposed to adopted version: None.

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) _____

CODE REVISER USE ONLY

CODE REVISER'S OFFICE
STATE OF WASHINGTON
FILED

MAY 29

TIME 3:22
WEB 98-12-050

NAME (TYPE OR PRINT)

Cheryl M. Sexton

SIGNATURE

TITLE

Confidential Secretary

DATE

May 28, 1998

**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Federal statute:	New _____	Amended _____	Repealed _____
Federal rules or standards:	New _____	Amended _____	Repealed _____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 93-22-046, filed 10/28/93, effective 11/28/93)

WAC 4-25-631 Compliance with standards. A certified public accountant shall exercise due care and professional judgment in order to comply with the pertinent accounting principles, professional standards, regulations, releases and rules (hereinafter referred to as "standards") promulgated by the "appropriate bodies" for each endeavor undertaken. A certified public accountant shall be knowledgeable of federal, state and local law pertinent to the endeavor. If professional standards differ from board rule, board rules prevail.

Such "appropriate bodies" include, but are not limited to, the Securities and Exchange Commission; the Financial Accounting Standards Board; the Governmental Accounting Standards Board; (~~the American Institute of Certified Public Accountants;~~) the Internal Revenue Service; federal, state, and local audit, regulatory and tax agencies; the American Institute of Certified Public Accountants; and recognized educational and industry institutions.

Such "standards" include, but are not limited to:

- (1) Regulation SX and the accounting series releases of the Securities and Exchange Commission;
- (2) Generally accepted accounting principles and other comprehensive bases of accounting;
- (3) Generally accepted auditing, review, compilation, attestation, consulting and peer review standards;
- (4) Generally accepted government accounting standards;
- (5) Consensus opinions of "appropriate bodies'" such as Emerging Issues Task Forces;
- (6) Circular 230 of the IRS and "appropriate bodies'" guidance with respect to responsibilities in tax practice;
- (7) Rules governing practice before regulatory agencies; and
- (8) Guidance found in industry publications and textbooks and articles published by recognized accounting professionals or societies.