

2 **SHB 1588** - H COMM AMD **Adopted 3-19-91**
3 By Committee on Revenue

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 18.04.035 and 1986 c 295 s 2 are each amended to read
8 as follows:

9 (1) There is created a board of accountancy for the state of
10 Washington to be known as the Washington board of accountancy. The
11 board shall consist of ~~((five))~~ seven members appointed by the
12 governor. Members of the board shall include four persons who hold
13 certified public accountant certificates and have been in public
14 practice as certified public accountants in this state continuously for
15 the previous ten years and two persons who have held a valid certified
16 public accountant's certificate in this state for at least ten years.
17 The ~~((fifth))~~ seventh member shall be the public member and shall be a
18 person who is qualified to judge whether the qualifications,
19 activities, and professional practice of those regulated under this
20 chapter conform with standards to protect the public interest.

21 (2) The members of the board of accountancy shall be appointed by
22 the governor to a term of three years. Vacancies occurring during a
23 term shall be filled by appointment for the unexpired term. Upon the
24 expiration of a member's term of office, the member shall continue to
25 serve until a successor has been appointed and has assumed office. The
26 governor shall remove from the board any member whose certificate or
27 license to practice has been revoked or suspended and may, after
28 hearing, remove any member of the board for neglect of duty or other

1 just cause. No person who has served two successive complete terms is
2 eligible for reappointment. Appointment to fill an unexpired term is
3 not considered a complete term."

4 "Sec. 2. RCW 18.04.045 and 1986 c 295 s 3 are each amended to read
5 as follows:

6 (1) The board shall annually elect a (~~chairman~~) chairperson, a
7 vice (~~chairman~~) chairperson, and a secretary from its members.

8 (2) The board may adopt and amend rules under chapter 34.05 RCW for
9 the orderly conduct of its affairs and for the administration of this
10 chapter.

11 (3) A majority of the board constitutes a quorum for the
12 transaction of business.

13 (4) The board shall have a seal which shall be judicially noticed.

14 (5) The board shall keep records of its proceedings, and of any
15 proceeding in court arising from or founded upon this chapter. Copies
16 of these records certified as correct under the seal of the board are
17 admissible in evidence as tending to prove the content of the records.

18 (6) The governor shall appoint an executive director of the board
19 to serve at the pleasure of the governor. The executive director may
20 employ such personnel as is appropriate for carrying out this chapter.
21 The executive director shall be a certified public accountant licensed
22 in the state of Washington. The board may (~~employ personnel and~~)
23 arrange for assistance as it requires to perform its duties.
24 Individuals or committees assisting the board under this subsection (6)
25 constitute volunteers for purposes of chapter 4.92 RCW.

26 (7) Each member of the board shall receive compensation as provided
27 under RCW 18.04.080.

28 (8) The board shall file an annual report of its activities with
29 the governor. The report shall include, but not be limited to, a

1 statement of all receipts and disbursements. Upon request, the board
2 shall mail a copy of each annual report to any member of the public."

3 "Sec. 3. RCW 18.04.055 and 1986 c 295 s 4 are each amended to read
4 as follows:

5 The board shall prescribe rules consistent with this chapter as
6 necessary to implement this chapter. Included may be:

7 (1) Rules of procedure to govern the conduct of matters before the
8 board;

9 (2) Rules of professional conduct to establish and maintain high
10 standards of competence and integrity in the profession;

11 (3) Rules specifying the manner and circumstances of the use by
12 holders of certificates who do not also hold licenses under this
13 chapter of the titles "certified public accountant" and "CPA";

14 (4) Educational requirements to ~~((set for an))~~ write the
15 examination or for the issuance of the certificate or license of
16 certified public accountant;

17 ~~((4))~~ (5) Rules designed to ensure that certified public
18 accountants' "opinions on financial statements" meet the definitional
19 requirements for that term as specified in RCW 18.04.025;

20 ~~((5))~~ (6) Requirements for continuing professional education to
21 maintain or improve the professional competence of certificate and
22 license holders as a condition to maintaining their certificate or
23 license to practice under RCW 18.04.215;

24 ~~((6))~~ (7) Regulations governing sole proprietors, partnerships,
25 and corporations practicing public accounting including, but not
26 limited to, rules concerning their style, name, title, and affiliation
27 with any other organization, and establishing reasonable practice
28 standards to protect the public interest;

1 ~~((7))~~ (8) The board may by rule implement a quality assurance
2 review program as a means to monitor licensees' quality of practice and
3 compliance with professional standards. The board may exempt from such
4 program, licensees who undergo periodic peer reviews in programs of the
5 American Institute of Certified Public Accountants, National
6 Association of State Boards of Accountancy, or other programs
7 recognized and approved by the board by rule ~~((7))~~;

8 ~~((8))~~ (9) The board may by rule require firms to obtain
9 professional liability insurance if in the board's discretion such
10 insurance provides additional and necessary protection for the public;
11 and

12 ~~((9))~~ (10) Any other rule which the board finds necessary or
13 appropriate to implement this chapter."

14 "**Sec. 4.** RCW 18.04.295 and 1986 c 295 s 11 are each amended to
15 read as follows:

16 The board of accountancy shall have the power to revoke, suspend,
17 or refuse to renew the certificate and/or license of any certified
18 public accountant for any of the following causes:

19 (1) Fraud or deceit in obtaining a certificate as a certified
20 public accountant, or in obtaining a license to practice public
21 accounting under RCW 18.04.215;

22 (2) Dishonesty, fraud, or negligence in the practice of public
23 accounting;

24 (3) A violation of any provision of this chapter;

25 (4) A violation of a rule of professional conduct promulgated by
26 the board under the authority granted by this chapter;

27 (5) Conviction of a crime or an act constituting a crime under:

28 (a) The laws of this state;

1 (b) The laws of another state, and which, if committed within this
2 state, would have constituted a crime under the laws of this state; or

3 (c) Federal law;

4 (6) Cancellation, revocation, suspension, or refusal to renew the
5 authority to practice as a certified public accountant by any other
6 state for any cause other than failure to pay a fee or to meet the
7 requirements of continuing education in the other state;

8 (7) Suspension or revocation of the right to practice before any
9 state or federal agency."

10 **"Sec. 5.** RCW 18.04.345 and 1986 c 295 s 15 are each amended to
11 read as follows:

12 (1) No person may hold himself or herself out to the public, or
13 assume or use the designation "certified public accountant" or "CPA" or
14 any other title, designation, words, letters, abbreviation, sign, card,
15 or device tending to indicate that the person is a certified public
16 accountant or CPA unless the person has received a certificate as a
17 certified public accountant, holds a valid license to practice under
18 RCW 18.04.215, and all of the person's offices in this state for the
19 practice of public accounting are maintained and registered under RCW
20 18.04.205.

21 (2) No firm may hold itself out to the public, or assume or use the
22 designation "certified public accountant" or "CPA" or any other title,
23 designation, words, letters, abbreviation, sign, card, or device
24 tending to indicate that the firm is composed of certified public
25 accountants or CPAs, unless the firm is licensed under RCW 18.04.195,
26 holds a valid license to practice under RCW 18.04.215, and all offices
27 of the firm in this state for the practice of public accounting are
28 maintained and registered under RCW 18.04.205.

1 (3) No person, partnership, or corporation may hold himself,
2 herself, or itself out to the public, or assume or use along, or in
3 connection with his, hers, or its name, or any other name the title or
4 designation "certified accountant," "chartered accountant," "licensed
5 accountant," "public accountant," or any other title or designation
6 likely to be confused with "certified public accountant" or any of the
7 abbreviations "CA," "LA," or "PA," or similar abbreviations likely to
8 be confused with "CPA." However, nothing in this chapter prohibits use
9 of the title "accountant" by any person regardless of whether the
10 person has been granted a certificate or holds a license under this
11 chapter.

12 (4) No person may sign, affix, or associate his or her name or any
13 trade or assumed name used by the person in his or her business to any
14 report designated as an "audit," "review," or "compilation," unless the
15 person holds a biennial license to practice under RCW 18.04.215 and all
16 of the person's offices in this state for the practice of public
17 accounting are maintained and licensed under RCW 18.04.205.

18 (5) No person may sign, affix, or associate a firm name to any
19 report designated as an "audit," "review," or "compilation," unless the
20 firm is licensed under RCW 18.04.195 and 18.04.215, and all of its
21 offices in this state for the practice of public accounting are
22 maintained and registered under RCW 18.04.205.

23 (6) No person, partnership, or corporation not holding a license to
24 practice under RCW 18.04.215 may hold himself, herself, or itself out
25 to the public as an "auditor" with or without any other description or
26 designation by use of such word on any sign, card, letterhead, or in
27 any advertisement or directory.

28 (7) ~~((Nothing contained in this chapter prohibits any person who is
29 the holder of a valid certified public accountant certificate from
30 assuming or using the designation "certified public accountant" or~~

1 ~~"CPA" or any other title, designation, words, letters, sign, card, or~~
2 ~~device tending to indicate that the person is a certified public~~
3 ~~accountant.~~

4 ~~(8))~~ No person may assume or use the designation "certified public
5 accountant" or "CPA" in conjunction with names indicating or implying
6 that there is a partnership or corporation, if there is in fact no bona
7 fide partnership or corporation registered under RCW 18.04.195.

8 ~~((9))~~ (8) No person, partnership, or corporation holding a
9 license under RCW 18.04.215 may hold himself, herself, or itself out to
10 the public in conjunction with the designation "and Associates" or "and
11 Assoc." unless he or she has in fact a partner or employee who holds a
12 license under RCW 18.04.215.

13 ~~((10))~~ (9) No person, partnership, or corporation may hold
14 himself, herself, or itself out to the public for the practice of
15 public accounting unless the person, partnership, or corporation holds
16 a license to practice under RCW 18.04.215 and all of his or its offices
17 in this state are maintained and registered under RCW 18.04.205."

18 **"Sec. 6.** RCW 18.04.350 and 1986 c 295 s 16 are each amended to
19 read as follows:

20 (1) Nothing in this chapter prohibits any person not a certified
21 public accountant from serving as an employee of, or as assistant to,
22 a certified public accountant or partnership composed of certified
23 public accountants or corporation of certified public accountants
24 holding a valid license under RCW 18.04.215. However, the employee or
25 assistant shall not issue any accounting or financial statement over
26 his or her name.

27 (2) Nothing in this chapter prohibits a certified public accountant
28 registered in another state, or any accountant of a foreign country
29 holding a certificate, degree or license which permits him to practice

1 therein from temporarily practicing in this state on professional
2 business incident to his regular practice.

3 (3) Nothing in this chapter prohibits a certified public
4 accountant, a partnership, or corporation of certified public
5 accountants, or any of their employees from disclosing any data in
6 confidence to other certified public accountants, peer review teams,
7 partnerships, or corporations of public accountants engaged in
8 conducting peer reviews, or any one of their employees in connection
9 with peer reviews of that accountant's accounting and auditing practice
10 conducted under the auspices of recognized professional associations.

11 (4) Nothing in this chapter prohibits a certified public
12 accountant, a partnership, or corporation of certified public
13 accountants, or any of their employees from disclosing any data in
14 confidence to any employee, representative, officer, or committee
15 member of a recognized professional association, or to the board of
16 accountancy, or any of its employees or committees in connection with
17 a professional investigation held under the auspices of recognized
18 professional associations or the board of accountancy.

19 (5) Nothing in this chapter prohibits any officer, employee,
20 partner, or principal of any organization:

21 (a) From affixing his or her signature to any statement or report
22 in reference to the affairs of the organization with any wording
23 designating the position, title, or office which he or she holds in the
24 organization; or

25 (b) From describing himself or herself by the position, title, or
26 office he or she holds in such organization.

27 (6) Nothing in this chapter prohibits any person, or partnership or
28 corporation composed of persons not holding a license under RCW
29 18.04.215 from offering or rendering to the public bookkeeping,
30 accounting, and tax services, including devising and installing

1 systems, financial information or data, or preparing financial
2 statements, written statements describing how such financial statements
3 were prepared, or similar services, provided that persons,
4 partnerships, or corporations not holding a license under RCW 18.04.215
5 who offer or render these services do not designate any written
6 statement as an "audit report," "review report," or "compilation
7 report," do not issue any written statement which purports to express
8 or disclaim an opinion on financial statements which have been audited,
9 and do not issue any written statement which expresses assurance on
10 financial statements which have been reviewed.

11 (7) Nothing in this chapter prohibits any act of or the use of any
12 words by a public official or a public employee in the performance of
13 his or her duties.

14 (8) Nothing contained in this chapter prohibits any person who
15 holds only a valid certified public accountant certificate from
16 assuming or using the designation "certified public accountant" or
17 "CPA" or any other title, designation, words, letters, sign, card, or
18 device tending to indicate the person is a certified public accountant.
19 However, the person may not hold himself or herself out to the public
20 as engaged in the practice of public accounting unless that person
21 holds a valid license in addition to the certificate under RCW
22 18.04.215."

23 "NEW SECTION. Sec. 7. This act is necessary for the immediate
24 preservation of the public peace, health, or safety, or support of the
25 state government and its existing public institutions, and shall take
26 effect on July 1, 1991. The executive director of the board may take

1 such steps as are necessary to ensure that this act is implemented on
2 its effective date."

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6 On page 1, line 1 of the title, after "accountancy;" strike the
7 remainder of the title and insert "amending RCW 18.04.035, 18.04.045,
8 18.04.055, 18.04.295, 18.04.345, and 18.04.350; providing an effective
9 date; and declaring an emergency."