

Title 4 WAC

ACCOUNTANCY, BOARD OF

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Chapter 4-04 WAC GENERAL PROVISIONS

WAC	
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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

4-04-040	Registration limited to individuals and partnerships—Assumed name prohibited. [Regulation 04.040, effective 2/5/60.] Repealed by 79-06-024 (Order PL 303), filed 5/15/79. Statutory Authority: RCW 18.04.070.
4-04-080	Professional service corporations designation. [Order PL-116, § 4-04-080, filed 12/14/71.] Repealed by 79-06-024 (Order PL 303), filed 5/15/79. Statutory Authority: RCW 18.04.070.
4-04-170	Educational and experience requirements. [Order 234, § 4-04-170, filed 12/17/75; Order, § 4-04-170, filed 7/15/69.] Repealed by 79-06-024 (Order PL 303), filed 5/15/79. Statutory Authority: RCW 18.04.070.
4-04-240	Annual fee for LPA license. [Order PL-230, § 4-04-240, filed 11/17/75.] Repealed by 79-06-024 (Order PL 303), filed 5/15/79. Statutory Authority: RCW 18.04.070.
4-04-270	Annual fee for PA license. [Order PL-230, § 4-04-270, filed 11/17/75.] Repealed by 79-06-024 (Order PL 303), filed 5/15/79. Statutory Authority: RCW 18.04.070.

WAC 4-04-010 Construction of "date of passage of the act." Wherever in the Public Accounting Act of 1949 reference is made to the date of passage of the act, such wording shall be construed to mean the effective date of the act. [Regulation 04.010, effective 2/5/60.]

Reviser's note: The Public Accounting Act of 1949 is codified as chapter 18.04 RCW. In RCW the words "date of passage of the act" have been revised to read "date of passage of this chapter."

WAC 4-04-020 Use of titles relating to accountancy. The use of the titles "accountant," "auditor," or the terms "accounting," "accountancy," "auditing" or any other title or designation likely to be confused with the titles "public accountant," "licensed public accountant," or "certified public accountant," by any person, partnership or corporation is prohibited by RCW 18.04.340, unless such person, partnership or corporation holds a valid permit for the practice of public accounting in this state.

The use of the title "certified tax consultant," either alone or in conjunction with the title of "public accountant" constitutes the use of a title or designation likely to be confused with "certified public accountant" and as such is prohibited by RCW 18.04.340. [Regulation 04.020, effective 2/5/60.]

WAC 4-04-030 Annual notice to renew an annual permit. The act of returning the annual notice to renew sent out by the department of licenses shall constitute making application for an annual permit to practice public accounting, as contemplated under RCW 18.04.290, and the card returned to the applicant by the department of licenses shall constitute the annual permit. [Regulation 04.030, effective 2/5/60.]

WAC 4-04-050 Temporary practice by out-of-state accountants. Accountants who are registered to practice in another state and who undertake an engagement in this state are required to so inform the board in writing, giving the name of the client, and the assurance that they are temporarily practicing in this state on business incident to their regular practice. [Regulation 04.110, effective 2/5/60.]

WAC 4-04-060 Resident manager of public accounting office. A resident manager of a public accounting office must be an individual who holds a valid certificate to practice in this state as a certified public accountant, or a valid license to practice in this state as a licensed public accountant, and who, in fact, personally spends the major portion of his working time in the management and supervision of the practice conducted out of a given office of which he is a resident manager, and with respect to which he must be and is, in fact,

available during the major portion of the regular office hours of said office. [Regulation 04.130, effective 2/5/60.]

WAC 4-04-070 Professional service corporations—Notification requirements. It shall be the duty of the principal officer of every professional service corporation formed by persons licensed pursuant to chapter 18.04 RCW, within 30 days of the date of filing articles of incorporation with the secretary of state, or, in the case of such corporations formed prior to the adoption of this rule, within 30 days of the effective date of this rule, to provide the board of accountancy with the following information:

(1) The names and addresses of each shareholder, director or officer of the professional service corporation, and

(2) The name under which the professional service corporation is incorporated or intends to do business.

In the event of any changes the board shall be notified of such changes within 30 days of the occurrence of the change. [Order PL-116, § 4-04-070, filed 12/14/71.]

WAC 4-04-180 Reexamination requirements. A candidate who passes two or more subjects, or the single subject of accounting practice, at any examination, shall receive a conditional credit for such subject or subjects and shall have the right to be reexamined in the remaining subject or subjects within a period of three years. During the three-year period he may take the examination as many times as he wishes and shall receive a conditional credit for each portion of the examination he passes. If he passes the remaining subject or subjects within the three-year period, he shall be considered to have passed the examination: *Provided*, That if the applicant has not passed all remaining portions of the examination within the three-year period, he shall lose all conditional credits: *Provided further*, That the board, in its discretion, may extend the three-year period to a longer time period for good cause and in the interest of justice. Good cause includes, but is not limited to, chronic debilitating illness of the candidate or a member of his immediate family, and service in the armed forces of the United States: *And provided further*, That no portion of this rule shall apply to any applicant who has successfully completed at least one part of the accounting examination prior to August 9, 1969. [Order PL-188 § 4-04-180, filed 5/8/75; Order, § 4-04-180, filed 7/15/69.]

WAC 4-04-190 Time of examination. A candidate for a certificate must meet the educational requirements set forth in WAC 4-12-170 prior to examination: *Provided*, That the board may, in its discretion, admit to the examination any person who will complete his study at a college or university recognized by the board within 120 days after the date of the examination. [Statutory Authority: RCW 18.04.070. 80-05-033 (Order PL-341), § 4-04-190, filed 4/15/80; Order, § 4-04-190, filed 7/15/69.]

WAC 4-04-200 Fees for CPA examination. An application for a certified public accountant's examination or reexamination in any subject shall be accompanied by a fee of \$60 for four parts; \$50 for three parts; or \$40 for one or two parts. [Order PL-230, § 4-04-200, filed 11/17/75.]

WAC 4-04-210 Fees for permit to practice accounting. (1) The annual fee for a permit to practice public accounting shall be forty dollars for CPAs, LPAs and PAs.

(2) The annual fee for a permit to practice nonpublic accounting shall be twenty-five dollars for CPAs, LPAs and PAs. This permit enables a Washington CPA, LPA or PA to use the appropriate title for occupational purposes (other than engaging in public accounting). The requirements for this permit are licensure, annual application and payment of the annual fee. [Statutory Authority: RCW 18.04.070. 79-06-024 (Order PL 303), § 4-04-210, filed 5/15/79; Order PL-230, § 4-04-210, filed 11/17/75.]

WAC 4-04-220 Fee for registration as CPA partnership or PS. An application for registration or for amendment to registration as a partnership or professional corporation of certified public accountants shall be accompanied by a fee of \$15 for registration or \$10 for each amendment. [Order PL-230, § 4-04-220, filed 11/17/75.]

WAC 4-04-230 Annual license fee for CPA partnership or PS. The annual license fee for a certified public accountant's partnership or professional corporation license shall be \$25. [Order PL-230, § 4-04-230, filed 11/17/75.]

WAC 4-04-250 Fee for registration of LPA partnership or PS. An application for registration or for amendment to registration as a partnership or professional corporation of licensed public accountants shall be accompanied by a fee of \$15 for registration or \$10 for each amendment. [Order PL-230, § 4-04-250, filed 11/17/75.]

WAC 4-04-260 Annual license fee for LPA partnership or PS. The annual fee for a licensed public accountant's partnership or professional corporation license shall be \$25. [Order PL-230, § 4-04-260, filed 11/17/75.]

WAC 4-04-280 Fee for registration of PA partnership or PS. An application for registration or for amendment to registration as a partnership or professional corporation of public accountants shall be accompanied by a fee of \$15 for registration or \$10 for each amendment. [Order PL-230, § 4-04-280, filed 11/17/75.]

WAC 4-04-290 Annual license fee for public accountant partnerships or PS. The annual fee for a public

accountants' partnership or professional corporation license shall be \$25. [Order PL-230, § 4-04-290, filed 11/17/75.]

WAC 4-04-300 Educational requirements. The educational requirements for section 1, chapter 114, Laws of 1969, RCW 18.04.120, shall be: A graduate of a college or university recognized by the board who has been awarded a bachelor's degree therefrom or one who has an education that the board determines to be equivalent thereto. [Statutory Authority: RCW 18.04.070. 80-02-140 (Order PL-320), § 4-04-300, filed 2/4/80.]

WAC 4-04-310 License requirements for public accounting partnerships or professional service corporations. No application for registration for a public accounting partnership or professional service corporation will be approved by the board unless the following conditions exist:

(1) At least one partner or shareholder holds a current or otherwise valid permit to practice public accounting within this state as a certified public accountant, licensed public accountant or public accountant.

(2) Each partner or shareholder personally engaged within this state in the practice of public accounting holds a current and otherwise valid permit to practice public accounting in this state as a certified public accountant, licensed public accountant or public accountant.

(3) Each resident manager in charge of an office of the partnership or corporation in this state must hold a current and otherwise valid permit to practice public accounting in this state as a certified public accountant, licensed public accountant or public accountant.

Application for such registration shall be in writing, sworn to by a partner or shareholder who holds a current and otherwise valid permit to practice public accounting in this state as a certified public accountant, licensed public accountant or public accountant. [Statutory Authority: RCW 18.04.070. 80-02-140 (Order PL-320), § 4-04-310, filed 2/4/80.]

Chapter 4-08 WAC

PRACTICE AND PROCEDURE

WAC

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WAC 4-08-010 Appearance and practice before agency--Who may appear. No person may appear in a representative capacity before the board other than the following:

(1) Attorneys at law duly qualified and entitled to practice before the supreme court of the state of Washington.

(2) Attorneys at law duly qualified and entitled to practice before the highest court of record of any other state, if the attorneys at law of the state of Washington are permitted to appear in a representative capacity before administrative agencies of such other state, and if not otherwise prohibited by our state law.

(3) A bona fide partner of a partnership, who appears for such partnership. [Regulation 08.010, effective 2/5/60.]

WAC 4-08-030 Appearance and practice before agency--Solicitation of business unethical. It shall be unethical for persons acting in a representative capacity before the board to solicit business by circulars, advertisements or by personal communication or interviews not warranted by personal relations. It is equally unethical to procure business indirectly by solicitors of any kind. [Regulation 08.030, effective 2/5/60.]

WAC 4-08-040 Appearance and practice before agency--Standards of ethical conduct. All persons appearing in proceedings before the board in a representative capacity shall conform to the standards of ethical conduct required of attorneys before the courts of Washington. If any such person does not conform to such standards, the board may decline to permit such person to appear in a representative capacity in any proceeding before the board. [Regulation 08.040, effective 2/5/60.]

WAC 4-08-050 Appearance and practice before agency--Appearance by former employee of board or former member of attorney general's staff. No former employee of the board or member of the attorney general's staff may at any time after severing his employment with the board or the attorney general appear, except with the written permission of the board, and in compliance with RCW 42.22.040(4), in a representative capacity on behalf of other parties in a formal proceeding wherein he previously took an active part as a representative of the board. [Regulation 08.050, effective 2/5/60.]

WAC 4-08-060 Appearance and practice before agency--Former employee as expert witness. No former employee of the board shall at any time after severing his employment with the board appear, except with the written permission of the board, as an expert witness on behalf of other parties in a formal proceeding wherein he previously took an active part in the investigation as a representative of the board. [Regulation 08.060, effective 2/5/60.]

WAC 4-08-070 Computation of time. In computing any period of time prescribed or allowed by the board rules, by order of the board or by any applicable statute, the day of the act, event, or default after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, Sunday or a legal holiday, in which event the period runs until the end of the next day which is neither a Saturday, Sunday nor a holiday. When the period of time prescribed or allowed is less than seven days, intermediate Saturdays, Sundays and holidays shall be excluded in the computation. [Regulation 08.070, effective 2/5/60.]

WAC 4-08-080 Notice and opportunity for hearing in contested cases. In any contested case, all parties shall be served with a notice at least thirty and not more than ninety days before the date set for the hearing. The notice shall state the time, place, and issues involved, as required by RCW 34.04.090(1). [Regulation 08.080, effective 2/5/60.]

WAC 4-08-090 Service of process--By whom served. The board shall cause to be served all orders, notices and other papers issued by it, together with any other papers which it is required by law to serve. Every other paper shall be served by the party filing it. [Regulation 08.090, effective 2/5/60.]

WAC 4-08-100 Service of process--Upon whom served. All papers served by either the board or any party shall be served upon all counsel of record at the time of such filing and upon parties not represented by counsel or upon their agents designated by them or by law. Any counsel entering an appearance subsequent to the initiation of the proceeding shall notify all other counsel then of record and all parties not represented by counsel of such fact. [Regulation 08.100, effective 2/5/60.]

WAC 4-08-110 Service of process--Service upon parties. The final order, and any other paper required to be served by the board upon a party, shall be served upon such party or upon the agent designated by him or by law to receive service of such papers, and a copy shall be furnished to counsel of record. [Regulation 08.110, effective 2/5/60.]

WAC 4-08-120 Service of process--Method of service. Service of papers shall be made personally or by registered mail. [Regulation 08.120, effective 2/5/60.]

WAC 4-08-130 Service of process--When service complete. Service upon parties shall be regarded as complete: By registered mail, upon deposit in the United States mail properly stamped and addressed. [Regulation 08.130, effective 2/5/60.]

WAC 4-08-140 Service of process--Filing with agency. Papers required to be filed with the board shall be deemed filed upon actual receipt by the board at its office in Olympia, Washington, accompanied by proof of

service upon parties required to be served. [Regulation 08.140, effective 2/5/60.]

WAC 4-08-150 Subpoenas, where provided by law--Form. Every subpoena shall state the name of the board and the title of the proceeding, if any, and shall command the person to whom it is directed to attend and give testimony or produce designated books, documents or things under his control at a specified time and place. [Regulation 08.150, effective 2/5/60.]

WAC 4-08-160 Subpoenas, where provided by law--Issuance to parties. Upon application of counsel or other representative authorized to practice before the board for any party or a party to a contested case, there shall be issued to such party subpoenas requiring the attendance and testimony of witnesses or the production of evidence in such proceeding. The board or any member thereof may issue subpoenas to parties not so represented upon request or upon a showing of general relevance and reasonable scope of the testimony or evidence sought. [Regulation 08.160, effective 2/5/60.]

WAC 4-08-170 Subpoenas, where provided by law--Service. Unless the service of a subpoena is acknowledged on its face by the person subpoenaed, service shall be made by delivering a copy of the subpoena to such person and by tendering him on demand, if entitled by law to make such a demand, the fees for one day's attendance and the mileage allowed by law. [Regulation 08.170, effective 2/5/60.]

WAC 4-08-180 Subpoenas, where provided by law--Fees. Witnesses summoned before the board shall be paid by the party at whose instance they appear the same fees and mileage that are paid to witnesses in the superior courts of the state of Washington. [Regulation 08.180, effective 2/5/60.]

WAC 4-08-190 Subpoenas, where provided by law--Proof of service. The person serving the subpoena shall make proof of service by filing the subpoena and the required return, affidavit, or acknowledgment of service with the board or the officer before whom the witness is required to testify or produce evidence. If service is made by a person other than an officer of the board, and such service has not been acknowledged by the witness, such person shall make an affidavit of service. Failure to make proof of service does not affect the validity of the service. [Regulation 08.190, effective 2/5/60.]

WAC 4-08-200 Subpoenas, where provided by law--Quashing. Upon motion made promptly, and in any event at or before the time specified in the subpoena for compliance, by the person to whom the subpoena is directed, and upon notice to the party to whom the subpoena was issued the board or any member thereof may (1) quash or modify the subpoena if it is unreasonable or requires evidence not relevant to any matter in issue, or (2) condition denial of the motion upon just and reasonable conditions. [Regulation 08.200, effective 2/5/60.]

WAC 4-08-210 Subpoenas, where provided by law--Enforcement. Upon application and for good cause shown, the board will seek judicial enforcement of subpoenas issued to parties and which have not been quashed. [Regulation 08.210, effective 2/5/60.]

WAC 4-08-220 Subpoenas, where provided by law--Geographical scope. Such attendance of witnesses and such production of evidence may be required from any place in the state of Washington, at any designated place of hearing. [Regulation 08.220, effective 2/5/60.]

WAC 4-08-230 Depositions and interrogatories in contested cases--Right to take. Except as may be otherwise provided, any party may take the testimony of any person, including a party, by deposition upon oral examination or written interrogatories for use as evidence in the proceeding. The attendance of witnesses may be compelled by the use of a subpoena. Depositions shall be taken only in accordance with this rule and the rule on subpoenas. [Regulation 08.230, effective 2/5/60.]

WAC 4-08-240 Depositions and interrogatories in contested cases--Scope. Unless otherwise ordered, the deponent may be examined regarding any matter not privileged, which is relevant to the subject matter involved in the proceeding. [Regulation 08.240, effective 2/5/60.]

WAC 4-08-250 Depositions and interrogatories in contested cases--Officer before whom taken. Within the United States or within a territory or insular possession subject to the dominion of the United States depositions shall be taken before an officer authorized to administer oaths by the laws of the state of Washington or of the place where the examination is held; within a foreign country, depositions shall be taken before a secretary of an embassy or legation consul general, vice consul or consular agent of the United States, or a person designated by the board, its chairman, or any member or agreed upon by the parties by stipulation in writing filed with the board. Except by stipulation, no deposition shall be taken before a person who is a party or the privy of a party, or a privy of any counsel of a party, or who is financially interested in the proceeding. [Regulation 08.250, effective 2/5/60.]

WAC 4-08-260 Depositions and interrogatories in contested cases--Authorization. A party desiring to take the deposition of any person upon oral examination shall give reasonable notice of not less than three days in writing to the board or its chairman and all parties. The notice shall state the time and place for taking the deposition, the name and address of each person to be examined, if known, and if the name is not known, a general description sufficient to identify him or the particular class or group to which he belongs. On motion of a party upon whom the notice is served, the hearing officer may for cause shown, enlarge or shorten the time. If the parties so stipulate in writing, depositions may be taken before any person, at any time or place, upon any

notice, and in any manner and when so taken may be used as other depositions. [Regulation 08.260, effective 2/5/60.]

WAC 4-08-270 Depositions and interrogatories in contested cases—Protection of parties and deponents. After notice is served for taking a deposition, upon its own motion or upon motion reasonably made by any party or by the person to be examined and upon notice and for good cause shown, the board or its chairman may make an order that the deposition shall not be taken or that it may be taken only at some designated place other than that stated in the notice, or that it may be taken only on written interrogatories, or that certain matters shall not be inquired into, or that the scope of the examination shall be limited to certain matters, or that the examination shall be limited to certain matters, or that the examination shall be held with no one present except the parties to the action and their officers or counsel, or that after being sealed, the deposition shall be opened only by order of the board or its chairman, or that business secrets or secret processes, developments, or research need not be disclosed, or that the parties shall simultaneously file specified documents or information enclosed in sealed envelopes to be opened as directed by the board or its chairman; the board or its chairman may make any other order which justice requires to protect the party or witness from annoyance, embarrassment, or oppression. At any time during the taking of the deposition, on motion of any party or of the deponent and upon a showing that the examination is being conducted in bad faith or in such manner as unreasonably to annoy, embarrass, or oppress the deponent or party, the board, its chairman or its designated agent may order the officer conducting the examination to cease forthwith from taking the deposition, or may limit the scope and manner of the taking of the deposition as above provided. If the order made terminates the examination, it shall be resumed thereafter only upon the order of the board. Upon demand of the objecting party or deponent, the taking of the deposition shall be suspended for the time necessary to make a motion for an order. [Regulation 08.270, effective 2/5/60.]

WAC 4-08-280 Depositions and interrogatories in contested cases—Oral examination and cross-examination. Examination and cross-examination shall proceed as at an oral hearing. In lieu of participating in the oral examination, any party served with notice of taking a deposition may transmit written cross-interrogatories to the officer who, without first disclosing them to any person, and after the direct testimony is complete, shall propound them seriatim to the deponent and record or cause the answers to be recorded verbatim. [Regulation 08.280, effective 2/5/60.]

WAC 4-08-290 Depositions and interrogatories in contested cases—Recordation. The officer before whom the deposition is to be taken shall put the witness on oath and shall personally or by someone acting under his

direction and in his presence, record the testimony by typewriter directly or by transcription from stenographic notes, wire or record recorders, which record shall separately and consecutively number each interrogatory. Objections to the notice, qualifications of the officer taking the deposition, or to the manner of taking it, or to the evidence presented, or to the conduct of the officer, or of any party, shall be noted by the officer upon the deposition. All objections by any party not so made are waived. [Regulation 08.290, effective 2/5/60.]

WAC 4-08-300 Depositions and interrogatories in contested cases—Signing attestation and return. When the testimony is fully transcribed the deposition shall be submitted to the witness for examination and shall be read to or by him, unless such examination and reading are waived by the witness and by the parties. Any changes in form or substance which the witness desires to make shall be entered upon the deposition by the officer with a statement of the reasons given by the witness for making them. The deposition shall then be signed by the witness, unless the parties by stipulation waive the signing or the witness is ill or cannot be found or refuses to sign. If the deposition is not signed by the witness, the officer shall sign it and state on the record the fact of the waiver or of the illness or absence of the witness or the fact of the refusal to sign together with the reason, if any, given therefor; and the deposition may then be used as fully as though signed, unless on a motion to suppress the board holds that the reasons given for the refusal to sign require rejection of the deposition in whole or in part.

The officer shall certify on the deposition that the witness was duly sworn by him and that the deposition is a true record of the testimony given by the witness. He shall then securely seal the deposition in an envelope indorsed with the title of proceeding and marked "deposition of (here insert name of witness)" and shall promptly send it by registered or certified mail to the board, or its designated hearing officer, for filing. The party taking the deposition shall give prompt notice of its filing to all other parties. Upon payment of reasonable charges therefor, the officer shall furnish a copy of the deposition to any party or to the deponent. [Regulation 08.300, effective 2/5/60.]

WAC 4-08-310 Depositions and interrogatories in contested cases—Use and effect. Subject to rulings by the board upon objections a deposition taken and filed as provided in this rule will not become a part of the record in the proceeding until received in evidence by the board upon his own motion or the motion of any party. Except by agreement of the parties or ruling of the board, a deposition will be received only in its entirety. A party does not make a party, or the privy of a party, or any hostile witness his witness by taking his deposition. Any party may rebut any relevant evidence contained in a deposition whether introduced by him or any other party. [Regulation 08.310, effective 2/5/60.]

WAC 4-08-320 Depositions and interrogatories in contested cases—Fees of officers and deponents. Deponents whose depositions are taken and the officers taking the same shall be entitled to the same fees as are paid for like services in the superior courts of the state of Washington, which fees shall be paid by the party at whose instance the depositions are taken. [Regulation 08.320, effective 2/5/60.]

WAC 4-08-330 Depositions upon interrogatories—Submission of interrogatories. Where the deposition is taken upon written interrogatories, the party offering the testimony shall separately and consecutively number each interrogatory and file and serve them with a notice stating the name and address of the person who is to answer them and the name or descriptive title and address of the officer before whom they are to be taken. Within ten days thereafter a party so served may serve cross-interrogatories upon the party proposing to take the deposition. Within five days thereafter, the latter may serve redirect interrogatories upon the party who served cross-interrogatories. [Regulation 08.330, effective 2/5/60.]

WAC 4-08-340 Depositions upon interrogatories—Interrogation. Where the interrogatories are forwarded to an officer authorized to administer oaths, as provided in WAC 4-08-250, the officer taking the same after duly swearing the deponent, shall read to him seriatim, one interrogatory at a time and cause the same and the answer thereto to be recorded before the succeeding interrogatory is asked. No one except the deponent, the officer and the court reporter or stenographer recording and transcribing it shall be present during the interrogation. [Regulation 08.340, effective 2/5/60.]

WAC 4-08-350 Depositions upon interrogatories—Attestation and return. The officer before whom interrogatories are verified or answered shall (1) certify under his official signature and seal that the deponent was duly sworn by him, that the interrogatories and answers are a true record of the deponent's testimony, that no one except deponent, the officer and the stenographer were present during the taking, and that neither he nor the stenographer, to his knowledge, is a party, privy to a party, or interested in the event of the proceedings, and (2) promptly send by registered or certified mail the original copy of the deposition and exhibits with his attestation to the board, one copy to the counsel who submitted the interrogatories and another copy to the deponent. [Regulation 08.350, effective 2/5/60.]

WAC 4-08-360 Depositions upon interrogatories—Provisions of the deposition rule. In all other respects, depositions upon interrogatories shall be governed by the previous deposition rule. [Regulation 08.360, effective 2/5/60.]

WAC 4-08-370 Official notice—Matters of law. The board or its hearing officer, upon request made before or during a hearing, will officially notice:

(1) Federal law. The Constitution; congressional acts, resolutions, records, journals and committee reports; decisions of federal courts and administrative agencies; executive orders and proclamations; and all rules, orders and notices published in the federal register;

(2) State law. The constitution of the state of Washington, acts of the legislature, resolutions, records, journals and committee reports; decisions of administrative agencies of the state of Washington, executive orders and proclamations by the governor; and all rules, orders and notices filed with the code reviser.

(3) Governmental organization. Organization, territorial limitations, officers, departments, and general administration of the government of the state of Washington, the United States, the several states and foreign nations;

(4) Agency organization. The board's organization, administration, officers, personnel, official publications, and practitioners before its bar. [Regulation 08.370, effective 2/5/60.]

WAC 4-08-380 Material facts. In the absence of controverting evidence, the board, upon request made before or during a hearing, may officially notice:

(1) Agency proceedings. The pendency of, the issues and position of the parties therein, and the disposition of any proceeding then pending before or theretofore concluded by the board;

(2) Business customs. General customs and practices followed in the transaction of business;

(3) Notorious facts. Facts so generally and widely known to all well-informed persons as not to be subject to reasonable dispute, or specific facts which are capable of immediate and accurate demonstration by resort to accessible sources of generally accepted authority, including but not exclusively, facts stated in any publication authorized or permitted by law to be made by any federal or state officer, department, or agency;

(4) Technical knowledge. Matters within the technical knowledge of the board as a body of experts, within the scope or pertaining to the subject matter of its statutory duties, responsibilities or jurisdiction;

(5) Request or suggestion. Any party may request, or the board may suggest, that official notice be taken of a material fact, which shall be clearly and precisely stated, orally on the record, at any prehearing conference or oral hearing or argument, or may make such request or suggestion by written notice, any pleading, motion, memorandum, or brief served upon all parties, at any time prior to a final decision;

(6) Statement. Where an initial or final decision of the board rests in whole or in part upon official notice of a material fact, such fact shall be clearly and precisely stated in such decision. In determining whether to take official notice of material facts, the hearing officer of the board may consult any source of pertinent information, whether or not furnished as it may be, by any party and whether or not admissible under the rules of evidence;

(7) Controversion. Any party may controvert a request or a suggestion that official notice of a material

fact be taken at the time the same is made if it be made orally, or by a pleading, reply or brief in response to the pleading or brief or notice in which the same is made or suggested. If any decision is stated to rest in whole or in part upon official notice of a material fact which the parties have not had a prior opportunity to controvert, any party may controvert such fact by appropriate exceptions if such notice be taken in an initial or intermediate decision or by a petition for reconsideration if notice of such fact be taken in a final report. Such controversion shall concisely and clearly set forth the sources, authority and other data relied upon to show the existence or nonexistence of the material fact assumed or denied in the decision;

(8) Evaluation of evidence. Nothing herein shall be construed to preclude the board from utilizing their experience, technical competence, and specialized knowledge in the evaluation of the evidence presented to them. [Regulation 08.380, effective 2/5/60.]

WAC 4-08-390 Presumptions. Upon proof of the predicate facts specified in the following six subdivisions hereof without substantial dispute and by direct, clear, and convincing evidence, the board, with or without prior request or notice, may make the following presumptions, where consistent with all surrounding facts and circumstances:

(1) Continuity. That a fact of a continuous nature, proved to exist at a particular time, continues to exist as of the date of the presumption, if the fact is one which usually exists for at least that period of time;

(2) Identity. That persons and objects of the same name and description are identical;

(3) Delivery. That mail matter, communications, express or freight, properly addressed, marked, billed and delivered respectively to the post office, telegraph, cable or radio company, or authorized common carrier of property with all postage, tolls and charges properly prepaid, is or has been delivered to the addressee or consignee in the ordinary course of business;

(4) Ordinary course. That a fact exists or does not exist, upon proof of the existence or nonexistence of another fact which in the ordinary and usual course of affairs, usually and regularly coexists with the fact presumed;

(5) Acceptance of benefit. That a person for whom an act is done or to whom a transfer is made has, does or will accept same where it is clearly in his own self-interest so to do;

(6) Interference with remedy. That evidence, with respect to a material fact which in bad faith is destroyed, elogned, suppressed or withheld by a party in control thereof, would if produced, corroborate the evidence of the adversary party with respect to such fact. [Regulation 08.390, effective 2/5/60.]

WAC 4-08-400 Stipulations and admissions of record. The existence or nonexistence of a material fact, as made or agreed in a stipulation or in an admission of record, will be conclusively presumed against any party

bound thereby, and no other evidence with respect thereto will be received upon behalf of such party, provided:

(1) Upon whom binding. Such a stipulation or admission is binding upon the parties by whom it is made, their privies and upon all other parties to the proceeding who do not expressly and unequivocally deny the existence or nonexistence of the material fact so admitted or stipulated, upon the making thereof, if made on the record at a prehearing conference, oral hearing, oral argument or by a writing filed and served upon all parties within five days after a copy of such stipulation or admission has been served upon them;

(2) Withdrawal. Any party bound by a stipulation or admission of record at any time prior to final decision may be permitted to withdraw the same in whole or in part by showing to the satisfaction of the board that such stipulation or admission was made inadvertently or under a bona fide mistake of fact contrary to the true fact and that its withdrawal at the time proposed will not unjustly prejudice the rights of other parties to the proceeding. [Regulation 08.400, effective 2/5/60.]

WAC 4-08-410 Form and content of decisions in contested cases. Every decision and order, whether proposed, initial, or final, shall:

(1) Be correctly captioned as to name of agency and name of proceeding;

(2) Designate all parties and counsel to the proceeding;

(3) Include a concise statement of the nature and background of the proceeding;

(4) Be accompanied by appropriate numbered findings of fact and conclusions of law;

(5) Whenever practical, include the reason or reasons for the particular order or remedy afforded;

(6) Wherever practical, be referenced to specific provisions of the law and/or regulations appropriate thereto, together with reasons and precedents relied upon to support the same. [Regulation 08.410, effective 2/5/60.]

WAC 4-08-420 Definition of issues before hearing. In all proceedings the issues to be adjudicated shall be made initially as precise as possible, in order that the board may proceed promptly to conduct the hearings on relevant and material matter only. [Regulation 08.420, effective 2/5/60.]

WAC 4-08-430 Prehearing conferences--Authorized. In any proceeding the board, its chairman or designated member upon its or his own motion, or upon the motion of one of the parties or their qualified representatives, may in its or his discretion direct the parties or their qualified representatives to appear at a specified time and place for a conference to consider:

- (1) The simplification of the issues;
- (2) The necessity of amendments to the pleadings;
- (3) The possibility of obtaining stipulations, admissions of facts and of documents;
- (4) The limitation of the number of expert witnesses;

(5) Such other matters as may aid in the disposition of the proceeding. [Regulation 08.430, effective 2/5/60.]

WAC 4-08-440 Prehearing conferences--Record of conference action. The board shall make an order or statement which recites the action taken at the conference, the amendments allowed to the pleadings and the agreements made by the parties or their qualified representatives as to any of the matters considered, including the settlement or simplification of issues, and which limits the issues for hearing to those not disposed of by admissions or agreements; and such order or statement shall control the subsequent course of the proceeding unless modified for good cause by subsequent order. [Regulation 08.440, effective 2/5/60.]

WAC 4-08-450 Submission of documentary evidence in advance. Where practicable the board, its chairman or its designated member may require:

(1) That all documentary evidence which is to be offered during the taking of evidence be submitted to the board and to the other parties to the proceeding sufficiently in advance of such taking of evidence to permit study and preparation of cross-examination and rebuttal evidence;

(2) That documentary evidence not submitted in advance, as may be required by subdivision (1), be not received in evidence in the absence of a clear showing that the offering party had good cause for his failure to produce the evidence sooner;

(3) That the authenticity of all documents submitted in advance in a proceeding in which such submission is required, be deemed admitted unless written objection thereto is filed prior to the hearing, except that a party will be permitted to challenge such authenticity at a later time upon a clear showing of good cause for failure to have filed such written objection. [Regulation 08.450, effective 2/5/60.]

WAC 4-08-460 Excerpts from documentary evidence. When portions only of a document are to be relied upon, the offering party shall prepare the pertinent excerpts, adequately identified, and shall supply copies of such excerpts, together with a statement indicating the purpose for which such materials will be offered, to the hearing examiner and to the other parties. Only the excerpts, so prepared and submitted, shall be received in the record. However, the whole of the original document shall be made available for examination and for use by all parties to the proceeding. [Regulation 08.460, effective 2/5/60.]

WAC 4-08-470 Expert or opinion testimony and testimony based on economic and statistical data--Number and qualifications of witnesses. The board, its chairman or designated member, in all classes of cases where practicable shall make an effort to have the interested parties agree upon the witness or witnesses who are to give expert or opinion testimony, either by selecting one or more to speak for all parties or by limiting the

number for each party; and, if the interested parties cannot agree, require them to submit to him and to the other parties written statements containing the names, addresses and qualifications of their respective opinion or expert witnesses, by a date determined by him and fixed sufficiently in advance of the hearing to permit the other interested parties to investigate such qualifications. [Regulation 08.470, effective 2/5/60.]

WAC 4-08-480 Expert or opinion testimony and testimony based on economic and statistical data--Written sworn statements. The board, its chairman or designated member, in all classes of cases in which it is practicable and permissible, shall require and when not so permissible, make every effort to bring about by voluntary submission, that all direct opinion or expert testimony and all direct testimony based on economic or statistical data be reduced to written sworn statements, and, together with the exhibits upon which based, be submitted to him and to the other parties to the proceeding by a date determined by the board, its chairman, or designated member and fixed a reasonable time in advance of the hearing; and that such sworn statements be acceptable as evidence upon formal offer at the hearing, subject to objection on any ground except that such sworn statements shall not be subject to challenge because the testimony is not presented orally, and provided that witnesses making such statements shall not be subject to cross-examination unless a request is made sufficiently in advance of the hearing to insure the presence of the witnesses. [Regulation 08.480, effective 2/5/60.]

WAC 4-08-490 Expert or opinion testimony and testimony based on economic and statistical data--Supporting data. The board, its chairman or designated member, in his discretion but consistent with the rights of the parties, shall cause the parties to make available for inspection in advance of the hearing, and for purposes of cross-examination at the hearing, the data underlying statements and exhibits submitted in accordance with WAC 4-08-480, but, wherever practicable that he restrict to a minimum the placing of such data in the record. [Regulation 08.490, effective 2/5/60.]

WAC 4-08-500 Expert or opinion testimony and testimony based on economic and statistical data--Effect of noncompliance with WAC 4-08-470 or 4-08-480. Whenever the manner of introduction of opinion or expert testimony or testimony based on economic or statistical data is governed by requirements fixed under the provisions of WAC 4-08-470 or 4-08-480, such testimony not submitted in accordance with the relevant requirements shall not be received in evidence in the absence of a clear showing that the offering party had good cause for his failure to conform to such requirements. [Regulation 08.500, effective 2/5/60.]

WAC 4-08-510 Continuances. Any party who desires a continuance shall, immediately upon receipt of

notice of a hearing, or as soon thereafter as facts requiring such continuance come to his knowledge, notify the board of said desire, stating in detail the reasons why such continuance is necessary. The board, its chairman or designated member, in passing upon a request for continuance, shall consider whether such request was promptly and timely made. For good cause shown, the board, its chairman or designated member may grant such a continuance and may at any time order a continuance upon its or his own motion. During a hearing, if it appears in the public interest or in the interest of justice that further testimony or argument should be received, the board may in its discretion continue the hearing and fix the date for introduction of additional evidence or presentation of argument. Such oral notice shall constitute final notice of such continued hearing. [Regulation 08.510, effective 2/5/60.]

WAC 4-08-520 Rules of evidence--Admissibility criteria. Subject to the other provisions of these rules, all relevant evidence is admissible which, in the opinion of the board member conducting the hearing, is the best evidence reasonably obtainable, having due regard for its necessity, availability and trustworthiness. In passing upon the admissibility of evidence, the board shall give consideration to, but shall not be bound to follow, the rules of evidence governing civil proceedings, in matters not involving trial by jury, in the superior court of the state of Washington. [Regulation 08.520, effective 2/5/60.]

WAC 4-08-530 Tentative admission--Exclusion--Discontinuing cumulative evidence--Objections. When objection is made to the admissibility of evidence, such evidence may be received subject to a later ruling. The board may, in its discretion, either with or without objection, exclude inadmissible evidence or order cumulative evidence discontinued. Parties objecting to the introduction of evidence shall state the precise grounds of such objection at the time such evidence is offered. [Regulation 08.530, effective 2/5/60.]

WAC 4-08-540 Petitions for rule-making, amendment or repeal--Who may petition. Any interested person may petition the board requesting the promulgation, amendment, or repeal of any rule. [Regulation 08.540, effective 2/5/60.]

WAC 4-08-550 Petitions for rule-making, amendment or repeal--Requisites. Where the petition requests the promulgation of a rule, the requested or proposed rule must be set out in full. The petition must also include all the reasons for the requested rule together with briefs of any applicable law. Where the petition requests the amendment or repeal of a rule presently in effect, the rule or portion of the rule in question must be set out as well as suggested amended form, if any. The petition must include all reasons for the requested amendment or repeal of the rule. [Regulation 08.550, effective 2/5/60.]

WAC 4-08-560 Petitions for rule-making, amendment or repeal--Agency must consider. All petitions shall be considered by the board and the board may, in its discretion, order a hearing for the further consideration and discussion of the requested promulgation, amendment, repeal, or modification of any rule. [Regulation 08.560, effective 2/5/60.]

WAC 4-08-570 Petitions for rule-making, amendment or repeal--Notice of disposition. The board shall notify the petitioning party within a reasonable time of the disposition, if any, of the petition. [Regulation 08.570, effective 2/5/60.]

WAC 4-08-580 Declaratory rulings. As prescribed by RCW 34.04.080, any interested person may petition the board for a declaratory ruling. The board shall consider the petition and within a reasonable time the board shall:

- (1) Issue a nonbinding declaratory ruling; or
- (2) Notify the person that no declaratory ruling is to be issued; or
- (3) Set a reasonable time and place for a hearing or the submission of written evidence upon the matter, and give reasonable notification to the person of the time and place for such hearing and of the issues involved.

If a hearing is held or written evidence is submitted as provided in subsection (3) the board shall within a reasonable time:

- (1) Issue a binding declaratory rule; or
- (2) Issue a nonbinding declaratory ruling; or
- (3) Notify the person that no declaratory ruling is to be issued. [Regulation 08.580, effective 2/5/60.]

WAC 4-08-590 Forms. Any interested person petitioning the board for a declaratory ruling pursuant to RCW 34.04.080, shall generally adhere to the following form for such purpose.

At the top of the page shall appear the wording "Before the (name of the board)." On the left side of the page below the foregoing the following caption shall be set out: "In the matter of the petition of (name of petitioning party) for a declaratory ruling." Opposite the foregoing caption shall appear the word "petition."

The body of the petition shall be set out in numbered paragraphs. The first paragraph shall state the name and address of the petitioning party. The second paragraph shall state all rules or statutes that may be brought into issue by the petition. Succeeding paragraphs shall set out the state of facts relied upon in form similar to that applicable to complaints in civil actions before the superior courts of this state. The concluding paragraphs shall contain the prayer of the petitioner. The petition shall be subscribed and verified in the manner prescribed for verification of complaints in the superior courts of this state.

The original and two legible copies shall be filed with the board. Petitions shall be on white paper, either 8-1/2" x 11" or 8-1/2" x 13" in size.

Any interested person petitioning the board requesting the promulgation, amendment or repeal of any rules

shall generally adhere to the following form for such purpose.

At the top of the page shall appear the wording "Before the (name of the board)." On the left side of the page below the foregoing the following caption shall be set out: "In the matter of the petition of (name of petitioning party) for (state whether promulgation, amendment or repeal) of rule (or rules)." Opposite the foregoing caption shall appear the word "petition."

The body of the petition shall be set out in numbered paragraphs. The first paragraph shall state the name and address of the petitioning party and whether petitioner seeks the promulgation of new rule or rules, or amendment or repeal of existing rule or rules. The second paragraph, in case of a proposed new rule or amendment of an existing rule, shall set forth the desired rule in its entirety. Where the petition is for amendment, the new matter shall be underscored and the matter proposed to be deleted shall appear in double parentheses. Where the petition is for repeal of an existing rule, such shall be stated and the rule proposed to be repealed shall either be set forth in full or shall be referred to by board rule number. The third paragraph shall set forth concisely the reasons for the proposal of the petitioner and shall contain a statement as to the interest of the petitioner in the subject matter of the rule. Additional numbered paragraphs may be used to give full explanation of petitioner's reason for the action sought.

Petitions shall be dated and signed by the person or entity named in the first paragraph or by his attorney. The original and two legible copies of the petition shall be filed with the board. Petitions shall be on white paper, either 8-1/2" x 11" or 8-1/2" by 13" in size. [Regulation 08.590, effective 2/5/60.]

Chapter 4-12 WAC

QUALIFICATIONS AND EXAMINATION OF CANDIDATES FOR CERTIFIED PUBLIC ACCOUNTANT

WAC	
4-12-010	Examinations, times and places.
4-12-020	Applications for examinations.
4-12-030	Examination specified in RCW 18.04.120(5) means examination by the board.
4-12-040	Construction of RCW 18.04.120 (6)(b) as to graduation from established resident school of business or accounting.
4-12-060	Construction of RCW 18.04.120 as to graduate of college or university.
4-12-070	Construction of RCW 18.04.170 as to college enrollment.
4-12-080	Credit for parts of examination passed.
4-12-090	Giving or receiving aid at examination.
4-12-110	Equivalent examination.
4-12-170	Applicants for initial permits to practice public accounting.
4-12-180	Renewal of permits to practice public accounting.
4-12-190	Applicants for permits to practice public accounting from other status.

(1983 Ed.)

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

4-12-050	Construction of RCW 18.04.120 (6)(c) as to equivalent education. [Regulation 04.080, effective 2/5/60.] Repealed by 79-06-024 (Order PL 303), filed 5/15/79. Statutory Authority: RCW 18.04.070.
4-12-100	Minimum accounting experience. [Order 9, § 4-12-100, filed 8/23/68, effective 9/1/69.] Amended by Order, filed 7/15/69 as § 4-12-160. See WAC 4-12-160.
4-12-160	Minimum accounting experience. [Order, § 4-12-160, filed 7/15/69. Formerly: Order 9, § 4-12-100, filed 8/23/68, effective 9/1/69.] Repealed by 79-06-024 (Order PL 303), filed 5/15/79. Statutory Authority: RCW 18.04.070.

WAC 4-12-010 Examinations, times and places.

Examinations for the certificate as a certified public accountant (hereinafter referred to as C.P.A. certificate) will be held simultaneously in Seattle and Spokane, and such other places as the board may from time to time designate, in May and November of each year. [Regulation 04.050, effective 2/5/60.]

WAC 4-12-020 Applications for examinations. Applications for examination or reexamination must be received by the department of licensing at least sixty days prior to the examination. [Statutory Authority: RCW 18.04.070. 79-06-024 (Order PL 303), § 4-12-020, filed 5/15/79; Order PL-116, § 4-12-020, filed 12/14/71; Regulation 04.060, effective 2/5/60.]

WAC 4-12-030 Examination specified in RCW 18.04.120(5) means examination by the board. The examination mentioned in RCW 18.04.120(5) has reference to the C.P.A. examination given by the board of accountancy of the state of Washington. [Regulation 04.070, effective 2/5/60.]

WAC 4-12-040 Construction of RCW 18.04.120 (6)(b) as to graduation from established resident school of business or accounting. That portion of RCW 18.04.120 (6)(b) which refers to a graduate of an established resident school of business or accounting is interpreted to mean that not only must a school offer courses of study in accounting, business law, economics and finance, but a graduate thereof in order to qualify under such portion of RCW 18.04.120 (6)(b), must have satisfactorily completed courses of study in accounting, business law, economics and finance. [Regulation 04.140, effective 2/5/60.]

WAC 4-12-060 Construction of RCW 18.04.120 as to graduate of college or university. A graduate of a college or university recognized by the board, as provided under RCW 18.04.120, is defined as one who has received a bachelor's degree as a result of approximately one hundred and twenty semester hours of study or the equivalent at an institution whose credits would be accorded full recognition on transfer to the University of Washington or Washington State University. [Regulation 04.100, effective 2/5/60.]

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WAC 4-12-070 Construction of RCW 18.04.170 as to college enrollment. Any person who was enrolled in a recognized college or university on or before June 8, 1949, and who was graduated with his class as an accounting major, shall be considered to have been enrolled in a college course in accounting as of June 8, 1949, for the purpose of RCW 18.04.170. Any such person whose education is interrupted by military service shall come under this resolution if such person again enrolls in college within six months after his discharge from service. [Regulation 04.120, effective 2/5/60.]

WAC 4-12-080 Credit for parts of examination passed. Candidates are required to sit for and make a reasonable effort to pass all parts of the examination not previously passed in order that they may be given credit for parts passed; in order to retain credits for parts passed of prior examinations candidates are required to retake the examination at least once every twelve months thereafter. [Regulation 04.150, effective 2/5/60.]

WAC 4-12-090 Giving or receiving aid at examination. Any applicant detected in an effort to give or obtain aid in the examination will be dismissed from the examination and his application voided. [Regulation 04.090, effective 2/5/60.]

WAC 4-12-110 Equivalent examination. An applicant for the CPA examination, who is not a college graduate and who desires to qualify under the provisions of RCW 18.04.120(5), will be permitted to substitute a passing score on an equivalency examination, said examination to be held at least twice yearly by the board or its designee. [Statutory Authority: RCW 18.04.070. 80-02-140 (Order PL-320), § 4-12-110, filed 2/4/80.]

WAC 4-12-170 Applicants for initial permits to practice public accounting. An applicant for an initial permit to practice public accounting shall show to the satisfaction of the board the following:

(1) An applicant who is a graduate of a college or university and who has completed courses satisfactory to the board in the study of accounting, business law, economics and finance must have either engaged in the practice of public accounting for one year or been employed in private or governmental accounting work acceptable to the board for two years. Each two months of private or governmental work may be substituted for one month of public accounting experience.

(2) An applicant who is a graduate of a college or university, but who has not completed the courses required by the board in subsection (1) above must have engaged in the practice of public accounting for two years or been employed in private or governmental accounting work acceptable to the board at least three years. Each three month's experience in private or governmental accounting work may be substituted for two months of the public accounting experience required by this subsection.

(3) An applicant must provide the affidavit of a CPA or LPA currently holding a valid permit to practice public accounting showing to the satisfaction of the board that the applicant has experience in the elements of the attest function to include:

(a) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions recorded in accounting records.

(b) Experience in the preparation of audit working papers covering the examination of the accounts usually found in accounting records.

(c) Experience in the planning of the program of audit work including the selection of the procedures to be followed.

(d) Experience in the preparation of written explanations and comments on the findings of the examination and on the content of the accounting records.

(e) Experience in preparation and analysis of financial statements, together with explanations and notes thereof. [Statutory Authority: RCW 18.04.070. 79-06-024 (Order PL 303), § 4-12-170, filed 5/15/79.]

WAC 4-12-180 Renewal of permits to practice public accounting. An applicant for renewal of a permit to practice public accounting shall demonstrate to the board, compliance with continuing education provisions of RCW 18.04.290(2). [Statutory Authority: RCW 18.04.070. 79-06-024 (Order PL 303), § 4-12-180, filed 5/15/79.]

WAC 4-12-190 Applicants for permits to practice public accounting from other status. An applicant for permit to practice public accounting who is entering public accounting from some other status shall:

(1) Show to the board's satisfaction that the applicant has sufficient experience in the elements of the attest function as listed in WAC 4-12-170(3).

(2) Show to the board's satisfaction compliance with the continuing education requirements of chapter 4-20 WAC or successor chapters. [Statutory Authority: RCW 18.04.070. 79-06-024 (Order PL 303), § 4-12-190, filed 5/15/79.]

Chapter 4-16 WAC

RULES OF PROFESSIONAL CONDUCT OF CERTIFIED PUBLIC ACCOUNTANTS, LICENSED PUBLIC ACCOUNTANTS AND PUBLIC ACCOUNTANTS

WAC

4-16-300	Preamble.
4-16-310	Definitions.
4-16-320	Rule 101—Independence.
4-16-325	Rule 102—Integrity and objectivity.
4-16-330	Rule 103—Commissions.
4-16-335	Rule 104—Contingent fees.
4-16-340	Rule 105—Incompatible occupations.
4-16-345	Rule 201—Competence.
4-16-350	Rule 202—Auditing standards.
4-16-355	Rule 203—Accounting principles.
4-16-360	Rule 204—Forecasts.
4-16-370	Rule 301—Confidential client information.
4-16-375	Rule 302—Records.

- 4-16-380 Rule 401—Discreditable acts.
- 4-16-385 Rule 402—Acting through others.
- 4-16-390 Rule 403—Advertising.
- 4-16-395 Rule 404—Solicitation.
- 4-16-400 Rule 405—Form of practice.
- 4-16-405 Rule 406—Firm names.
- 4-16-410 Rule 407—Communications.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

- 4-16-010 Preamble. [Rule 04.500, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-015 Integrity and dignity in the profession. [Rule 04.501, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-020 Conformance to laws, rules, and regulations. [Rule 04.502, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-025 Independence. [Rule 04.503, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-030 Confidential relationship. [Rule 04.504, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-035 Contingent fee. [Rule 04.505, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-050 Expressing opinions. [Rule 04.601, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-055 Use of name with estimate of earnings. [Rule 04.602, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-070 Advertising. [Rule 04.701, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-075 Solicitation. [Rule 04.702, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-080 Competitive bidding. [Rule 04.703, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-085 Fee splitting and commissions. [Rule 04.704, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-100 Use of name by others. [Rule 04.801, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-105 Employees' services. [Rule 04.802, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-110 Incompatible occupation. [Rule 04.803, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-115 Simultaneous practice of other occupations. [Rule 04.804, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-125 Encroachment. [Rule 04.901, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-130 Engagements referred by another. [Rule 04.902, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-135 Offers to another's employees. [Rule 04.903, filed 5/22/62.] Repealed by Order PL 174, filed 9/24/74.
- 4-16-200 Definitions. [Order PL 174, § 4-16-200, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-205 Applicability of rules. [Order PL 174, § 4-16-205, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-210 Independence—Rule 101. [Order PL 174, § 4-16-210, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-215 Integrity and objectivity—Rule 102. [Order PL 174, § 4-16-215, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-220 Competence—Rule 201. [Order PL 174, § 4-16-220, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-225 Auditing standards—Rule 202. [Order PL 174, § 4-16-225, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-230 Accounting principles—Rule 203. [Order PL 174, § 4-16-230, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-235 Forecasts—Rule 204. [Order PL 174, § 4-16-235, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.

- 4-16-240 Confidential client information—Rule 301. [Order PL 174, § 4-16-240, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-245 Contingent fees—Rule 302. [Order PL 174, § 4-16-245, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-250 Encroachment—Rule 401. [Order PL 174, § 4-16-250, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-255 Offers of employment—Rule 402. [Order PL 174, § 4-16-255, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-260 Acts discreditable—Rule 501. [Order PL 174, § 4-16-260, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-265 Solicitation and advertising—Rule 502. [Order PL 174, § 4-16-265, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-270 Commissions—Rule 503. [Order PL 174, § 4-16-270, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-275 Incompatible occupations—Rule 504. [Order PL 174, § 4-16-275, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.
- 4-16-280 Form or practice and name—Rule 505. [Order PL 174, § 4-16-280, filed 9/24/74.] Repealed by Order PL-280, filed 12/29/77.

WAC 4-16-300 Preamble. This code of professional conduct is promulgated under the authority granted by RCW 18.04.070 of the Public Accounting Act of 1949, which delegates to the board of accountancy of the state of Washington the power to promulgate and amend rules of professional conduct appropriate to establish and maintain a high standard of integrity and dignity in the profession of public accountancy.

The rules of conduct set out below rest upon the premises that the reliance of the public in general and of the business community in particular on sound financial reporting, and on the implication of professional competence which inheres in the authorized use of a legally restricted title relating to the practice of public accountancy, imposes on persons engaged in such practice certain obligations both to their clients and to the public. These obligations, which the rules of conduct are intended to enforce where necessary, include the obligation to maintain independence of thought and action, to strive continuously to improve one's professional skills, to observe, where applicable, generally accepted accounting principles and generally accepted auditing standards, to promote sound and informative financial reporting, to hold the affairs of clients in confidence, to uphold the standards of the public accountancy profession, and to maintain high standards of personal conduct in all matters affecting one's fitness to practice public accountancy.

Acceptance of licensure to engage in the practice of public accountancy or to use titles which imply a particular competence so to engage involves acceptance by the licensee of such obligations, and accordingly, of a duty to abide by the rules of conduct.

The rules of conduct are intended to have application to all kinds of professional services performed in the practice of public accountancy, including tax and management advisory services, and to apply as well to all licensees, whether or not engaged in the practice of public

accountancy, except where the wording of a rule clearly indicates that the applicability is more limited.

A licensee who is engaged in the practice of public accountancy outside the United States will not be subject to discipline by the board for departing, with respect to such foreign practice, from any of the rules, so long as his conduct is in accordance with the standards of professional conduct applicable to the practice of public accountancy in the country in which he is practicing. However, even in such a case, if a licensee's name is associated with financial statements in such manner as to imply that he is acting as an independent public accountant and under circumstances that would entitle the reader to assume that United States practices are followed, he will be expected to comply with Rules 202 and 203.

In the interpretation and enforcement of the rules of conduct, the board will give consideration, but not necessarily dispositive weight, to relevant interpretations, rulings and opinions issued by the board of other jurisdictions, and by appropriately authorized committees on ethics of professional organizations. [Order PL-280, § 4-16-300, filed 12/29/77.]

WAC 4-16-310 Definitions. For purposes of these rules, the following terms have the meanings indicated:

(1) Board. Board of accountancy of the state of Washington.

(2) Client. The person or entity which retains a licensee for the performance of professional services.

(3) Enterprise. Any person or entity, whether organized for profit or not, with respect to which a licensee performs professional services.

(4) Firm. A proprietorship, partnership or professional corporation engaged in the practice of public accountancy.

(5) Financial statements. Statements and footnotes related thereto that purport to show financial position that relates to a point in time or changes in financial position that relate to a period of time, including statements that use a cash or other incomplete basis of accounting. The term includes balance sheets, statements of income, statements of retained earnings, statements of changes in financial position and statements of changes in owners' equity, but does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules.

(6) He, his, him. Masculine pronouns when used herein also include the feminine and the neuter.

(7) Licensee. A person holding a certificate issued by the board or registered by the board or holding a permit to practice, pursuant to the Public Accounting Act of 1949, and a firm registered with the board or holding a permit to practice, pursuant to the Public Accounting Act of 1949. The term includes each firm of which a licensee is a partner, officer or shareholder, and each partner, officer or shareholder of a firm that is a licensee.

(8) Practice of public accountancy. Offering to perform or performing for a client one or more types of

services involving the use of accounting or auditing skills or one or more types of management advisory or consulting services or the preparation of tax returns or the furnishing of advice on tax matters while holding oneself out in such manner as to state or imply that one is a licensee.

(9) Professional services. Any services performed or offered to be performed by a licensee for a client in the course of the practice of public accountancy.

(10) Public communication. A communication made in identical form to multiple persons or to the world at large, as by television, radio, motion picture, newspaper, pamphlet, mass mailing, letterhead, business card or directory. [Order PL-280, § 4-16-310, filed 12/29/77.]

WAC 4-16-320 Rule 101—Independence. A licensee shall not express an opinion on financial statements of an enterprise in such a manner as to imply that he is acting as an independent public accountant with respect thereto unless he is independent with respect to such enterprise. Independence will be considered to be impaired if, for example:

(1) During the period of his professional engagement, or at the time of expressing his opinion, the licensee:

(a) Had or was committed to acquire any direct or material indirect financial interest in the enterprise; or

(b) Was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise; or

(c) Had any joint closely held business investment with the enterprise or any officer, director or principal stockholder thereof that was material in relation to the net worth of either the licensee or the enterprise; or

(d) Had any loan to or from the enterprise or any officer, director or principal stockholder thereof other than loans of the following kinds made by a financial institution under normal lending procedures, terms and requirements:

(i) Loans obtained by the licensee which are not material in relation to the net worth of the borrower; and

(ii) Home mortgages; and

(iii) Other secured loans, except those secured solely by a guarantee of the licensee.

(2) During the period covered by the financial statements, during the period of the professional engagement, or at the time of expressing an opinion, the licensee:

(a) Was connected with the enterprise as a promoter, underwriter or voting trustee, a director or officer or in any capacity equivalent to that of a member of management or of an employee; or

(b) Was a trustee for any pension or profit-sharing trust of the enterprise.

The foregoing examples are not intended to be all inclusive. [Order PL-280, § 4-16-320, filed 12/29/77.]

WAC 4-16-325 Rule 102—Integrity and objectivity. A licensee shall not in the performance of professional services knowingly misrepresent facts, nor subordinate his judgment to others. In tax practice, however, a licensee may resolve doubt in favor of his client as long as

there is reasonable support for his position. [Order PL-280, § 4-16-325, filed 12/29/77.]

WAC 4-16-330 Rule 103--Commissions. A licensee shall not pay a commission to obtain a client, nor accept a commission for a referral to a client of products or services of others. This rule does not prohibit payments for the purchase of all, or a material part, of an accounting practice, or retirement payments to persons formerly engaged in the practice of public accountancy or payments to the heirs or estates of such persons. [Order PL-280, § 4-16-330, filed 12/29/77.]

WAC 4-16-335 Rule 104--Contingent fees. A licensee shall not offer to perform professional services for a fee which is contingent upon the findings or results of such services: *Provided, however,* That this rule does not apply to professional services involving federal, state or other taxes in which the findings are those of the tax authorities and not those of the licensee, nor does it apply to professional services for which the fees are to be fixed by courts or other public authorities, and which are, therefore, indeterminate in amount at the time the professional services are undertaken. [Order PL-280, § 4-16-335, filed 12/29/77.]

WAC 4-16-340 Rule 105--Incompatible occupations. A licensee shall not concurrently engage in the practice of public accountancy and in any other business or occupation which impairs his independence or objectivity in rendering professional services. [Order PL-280, § 4-16-340, filed 12/29/77.]

WAC 4-16-345 Rule 201--Competence. A licensee shall not undertake any engagement for the performance of professional services that he cannot reasonably expect to complete with due professional competence, including compliance, where applicable, with Rules 202 and 203. [Order PL-280, § 4-16-345, filed 12/29/77.]

WAC 4-16-350 Rule 202--Auditing standards. A licensee shall not permit his name to be associated with financial statements in such a manner as to imply that he is acting as an independent public accountant with respect to such financial statements unless he has complied with applicable generally accepted auditing standards. Statements on auditing standards issued by the American Institute of Certified Public Accountants and other pronouncements having similar generally recognized authority are considered to be interpretations of generally accepted auditing standards, and departures therefrom must be justified by those who do not follow them. [Order PL-280, § 4-16-350, filed 12/29/77.]

WAC 4-16-355 Rule 203--Accounting principles. A licensee shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such financial statements contain any departure from such accounting principles that has a material effect on the financial statements taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances the financial

statements would otherwise have been misleading. In such a case, the licensee's report must describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement. For purposes of this rule, generally accepted accounting principles are considered to be defined by pronouncements issued by the financial accounting standards board and its predecessor entities and similar pronouncements issued by other entities having similar generally recognized authority. [Order PL-280, § 4-16-355, filed 12/29/77.]

WAC 4-16-360 Rule 204--Forecasts. A licensee shall not in the performance of professional services permit his name to be used in conjunction with any forecast of future transactions in a manner that may reasonably lead to the belief that the licensee vouches for the achievability of the forecast. [Order PL-280, § 4-16-360, filed 12/29/77.]

WAC 4-16-370 Rule 301--Confidential client information. A licensee shall not without the consent of his client disclose any confidential information pertaining to his client obtained in the course of performing professional services.

This rule does not (a) relieve a licensee of any obligations under Rules 202 and 203, or (b) affect in any way a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of a court, or (c) prohibit disclosures in the course of a quality review of a licensee's professional services, or (d) preclude a licensee from responding to any inquiry made by the board or any investigative or disciplinary body established by law or formally recognized by the board.

Members of the board and professional practice reviewers shall not disclose any confidential client information that comes to their attention from licensees in disciplinary proceedings or otherwise in carrying out their responsibilities, except that they may furnish such information to an investigative or disciplinary body of the kind referred to above. [Order PL-280, § 4-16-370, filed 12/29/77.]

WAC 4-16-375 Rule 302--Records. A licensee shall furnish to his client or former client, upon request made within a reasonable time after original issuance of the document in question:

- (1) A copy of a tax return of the client; and
- (2) A copy of any report or other document issued by the licensee to or for such client; and
- (3) Any accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received for the client's account, but the licensee may make and retain copies of such documents when they form the basis for work done by him; and
- (4) A copy of the licensee's working papers, to the extent that such working papers include records that would ordinarily constitute part of the client's books and records and are not otherwise available to the client. [Order PL-280, § 4-16-375, filed 12/29/77.]

WAC 4-16-380 Rule 401--Discreditable acts. A licensee shall not commit any act that reflects adversely on his fitness to engage in the practice of public accountancy. [Order PL-280, § 4-16-380, filed 12/29/77.]

WAC 4-16-385 Rule 402--Acting through others. A licensee shall not permit others to carry out on his behalf, either with or without compensation, acts which, if carried out by the licensee, would place him in violation of the rules of conduct. [Order PL-280, § 4-16-385, filed 12/29/77.]

WAC 4-16-390 Rule 403--Advertising. A licensee shall not use or participate in the use of any form of public communication having reference to his professional services that contains a false, fraudulent, misleading, deceptive or unfair statement or claim. A false, fraudulent, misleading, deceptive or unfair statement or claim includes, but is not limited to, a statement or claim that:

- (1) Contains a misrepresentation of fact; or
- (2) Is likely to mislead or deceive because it fails to make full disclosure of relevant facts; or
- (3) Contains any testimonial or laudatory statement or other statement or implication that the licensee's professional services are of exceptional quality; or
- (4) Is intended or likely to create false or unjustified expectations of favorable results; or
- (5) Implies educational or professional attainments or licensing recognition not supported in fact; or
- (6) States or implies that the licensee has received formal recognition as a specialist in any aspect of the practice of public accountancy, if this is not the case; or
- (7) Represents that professional services can or will be competently performed for a stated fee when this is not the case or makes representations with respect to fees for professional services that do not disclose all variables affecting the fees that will in fact be charged; or
- (8) Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived. [Order PL-280, § 4-16-390, filed 12/29/77.]

WAC 4-16-395 Rule 404--Solicitation. A licensee shall not by any direct personal communication solicit an engagement to perform professional services (a) if the communication would violate Rule 403 if it were a public communication; or (b) by the use of coercion, duress, compulsion, intimidation, threats, overreaching, or vexatious or harassing conduct; or (c) where the engagement would be for a person or entity not already a client of the licensee, unless such person or entity has invited such a communication or is seeking to secure the performance of professional services and has not yet engaged another to perform them. [Order PL-280, § 4-16-395, filed 12/29/77.]

WAC 4-16-400 Rule 405--Form of practice. A licensee may practice public accountancy only in a proprietorship, a partnership or a professional corporation whose characteristics conform to the Public Accounting

Act of 1949. [Order PL-280, § 4-16-400, filed 12/29/77.]

WAC 4-16-405 Rule 406--Firm names. A licensee shall not practice public accountancy under a firm name that is misleading in any way as to the legal form of the firm or as to the persons who are partners, officers or shareholders of the firm or as to any matter with respect to which public communications are restricted by Rule 403. However, names of one or more past partners or shareholders may be included in the firm name of a partnership or corporation or its successor, and a partner surviving the death or withdrawal of all other partners may continue to practice under a partnership name for up to two years after becoming a sole practitioner. [Order PL-280, § 4-16-405, filed 12/29/77.]

WAC 4-16-410 Rule 407--Communications. A licensee shall, when requested, respond to communications from the board within thirty days of the mailing by the board of such communications by registered or certified mail. [Order PL-280, § 4-16-410, filed 12/29/77.]

Chapter 4-20 WAC ACCOUNTANCY CONTINUING EDUCATION RULES

WAC	
4-20-010	Citation of rules and purpose.
4-20-020	Basic requirements—Amount.
4-20-030	Basic requirements—Effective date of requirement.
4-20-045	Basic requirements—Exceptions.
4-20-100	Qualification of program—Primary consideration.
4-20-110	Qualification of program—Basic requirements.
4-20-120	Qualification of program—Approved by board.
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4-20-140	Instructor or discussion leader.
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4-20-200	Controls and reporting—Statement of completion.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

4-20-040	Basic requirements—Exceptions. [Order PL-148, § 4-20-040, filed 9/25/73.] Repealed by Order PL-175, filed 9/24/74. Later promulgation, see WAC 4-20-045.
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WAC 4-20-010 Citation of rules and purpose. These rules may be cited and referred to as the "accountancy continuing education rules." They are subject to amendment, modification, revision, supplement, repeal or other change by appropriate action in the future. The purpose of these rules is to require certified public accountants, licensed public accountants and public accountants licensed under the Washington Public Accounting Act of 1949, as amended, to comply with continuing education requirements except that it does not apply to those individuals not engaged in public practice such as licensees in private industry, government organizations, educational institutions, or similar activities unless those individuals in addition to their basic employment, engage in public practice, regardless of degree. [Order PL-148, § 4-20-010, filed 9/25/73.]

WAC 4-20-020 Basic requirements--Amount. In the three-year period ending the December 31 immediately preceding the annual renewal of the permit to practice public accounting, the applicant must have completed 15 days, or accumulated 120 hours of acceptable continuing education: *Provided*, That at least two days or 16 hours in each calendar year period shall consist of accounting related or auditing related subjects: For three-year periods ending December 31, 1983, and thereafter, no more than 24 hours in a three-year period and no more than 16 hours in any one year, of the basic requirement, may be in courses deemed "nontechnical" by the board.

(1) Measurement is in full hours only (a fifty-minute period equals one hour). A one day course will constitute eight hours of credit.

(2) Only class hours or the equivalent (and not hours devoted to preparation) are counted. [Statutory Authority: RCW 18.04.070, 83-09-049 (Order PL 432), § 4-20-020, filed 4/20/83; 79-06-024 (Order PL 303), § 4-20-020, filed 5/15/79; Order PL-148, § 4-20-020, filed 9/25/73.]

WAC 4-20-030 Basic requirements--Effective date of requirement. With respect to any individual, the regulation will become effective December 31, three years following the end of the calendar year in which the individual's first annual permit to practice public accounting is issued: *Provided*, That all individuals holding valid Washington CPA, LPA or PA certificates who are not eligible under RCW 18.04.290(2) to practice public accounting at the time of this amendment must comply with terms of this regulation prior to applying for a permit to practice public accounting: *Provided further*, That licensees entering public accounting from some other status after the effective date of this amendment must demonstrate compliance with WAC 4-20-020 before applying for a license to practice public accounting. [Statutory Authority: RCW 18.04.070, 79-06-024 (Order PL 303), § 4-20-030, filed 5/15/79; Order 233, § 4-20-030, filed 12/17/75; Order PL-148, § 4-20-030, filed 9/25/73.]

WAC 4-20-045 Basic requirements--Exceptions. The following are exceptions from the continuing education requirements:

(1) Licensees who are not practicing public accounting in the state of Washington are exempt from any continuing education requirement of RCW 18.04.290(2) and the applicable continuing education rules and regulations of the board.

(2) Upon a showing of good cause by a licensee to the board, the board may exempt such licensee from any, all or part of the continuing education requirements of RCW 18.04.290(2) and the applicable continuing education rules and regulations of the board. Good cause includes but is not limited to: Chronic illness, retirement or military service.

(3) A licensee is exempted from the 16-hour accounting and auditing related subject provision for any calendar year in a reporting period during which the licensee

was not involved in preparing reports on financial statements: *Provided*, That a licensee must accumulate at least 16 hours in accounting and auditing related subjects during the current calendar year if (s)he reasonably expects to be involved in preparing financial statements in the calendar year following the reporting period. [Statutory Authority: RCW 18.04.070, 79-06-024 (Order PL 303), § 4-20-045, filed 5/15/79; Order PL-175, § 4-20-045, filed 9/24/74. Formerly Order PL-148, WAC 4-20-040, filed 9/25/73.]

WAC 4-20-100 Qualification of program--Primary consideration. The overriding consideration in determining whether a specific program qualifies is that it should be a formal program of learning which contributes directly to the professional competence of an individual after he has been licensed to practice public accounting. [Order PL-148, § 4-20-100, filed 9/25/73.]

WAC 4-20-110 Qualification of program--Basic requirements. Formal programs requiring class attendance will qualify only if:

(1) An outline is prepared in advance and preserved.

(2) The program is at least one hour (fifty minute periods) in length.

(3) The program is conducted by a qualified instructor.

(4) A record of registration or attendance is maintained. [Order PL-148, § 4-20-110, filed 9/25/73.]

WAC 4-20-120 Qualification of program--Approved by board. The following are deemed to qualify provided the criteria in WAC 4-20-110 are met:

(1) Professional development programs of the AICPA, and the state societies.

(2) Technical sessions at meetings of the AICPA, state societies and chapters thereof.

(3) University or college courses

(a) Credit courses - each semester hour credit shall equal fifteen hours toward the requirement. A quarter hour credit shall equal ten hours.

(b) Noncredit short courses.

(4) Formal organized in-firm educational programs which have been approved by the board.

(5) Other educational programs (accounting, industrial, professional, etc.) which have been approved by the board. [Order PL-148, § 4-20-120, filed 9/25/73.]

WAC 4-20-130 Qualification of program--Individual study. Formal correspondence or other individual study programs which require registration and provide evidence of satisfactory completion will qualify with the amount of credit to be determined by the board of accountancy. [Order PL-148, § 4-20-130, filed 9/25/73.]

WAC 4-20-140 Instructor or discussion leader. Credit for one hour of continuing education will be awarded for each hour completed as an instructor or discussion leader; in addition, credit will be given for time spent in preparation for instruction or discussion by the instructor or discussion leader. Credit given for

preparation time shall not exceed twice the amount of time spent in actual instruction or discussion: *Provided*, That said instruction, discussion or course shall constitute the initial course of instruction or discussion of the subject matter for the instructor or discussion leader and shall contribute to the professional competence of the licensee instructor or discussion leader: *Provided further*, That total credit that may be obtained as an instructor or discussion leader pursuant to this rule shall not exceed fifteen hours in any calendar year, and that any presentation hours in excess of those fifteen hours may be reported as educational programs attended. [Statutory Authority: RCW 18.04.070. 80-05-033 (Order PL-341), § 4-20-140, filed 4/15/80; Order PL-175, § 4-20-140, filed 9/24/74; Order PL-148, § 4-20-140, filed 9/25/73.]

WAC 4-20-150 Qualification of program—Published articles and books. Credit may be awarded for published articles and books. The amount of credits so awarded will be determined by the board: *Provided*, That such credit may not exceed 25% of the renewal period requirement or 30 CPE hours in any three year reporting period without submission of the article for prior approval. Credit is given in the period in which the article or book is published. [Statutory Authority: RCW 18.04.070 and 18.04.290(2). 82-14-052 (Order PL 401), § 4-20-150, filed 6/30/82; Order PL-148, § 4-20-150, filed 9/25/73.]

WAC 4-20-200 Controls and reporting—Statement of completion. The licensee should provide a signed statement, under penalty of perjury, on forms to be provided by the state board, of the continuing education in which he has participated showing:

- (1) Sponsoring organization.
- (2) Location of course or correspondent.
- (3) Title and/or description of content.
- (4) Principal instructor.
- (5) Dates attended or period of correspondence.
- (6) Hours claimed. [Order PL-148, § 4-20-200, filed 9/25/73.]

Chapter 4-24 WAC

PUBLIC RECORDS—DISCLOSURE

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4-24-131	Index of public records available.
4-24-140	Address where requests to be directed.
4-24-150	Adoption of form—Appendix A.

WAC 4-24-010 Purpose. The purpose of this chapter shall be to ensure compliance by the Washington state board of accountancy with the provisions of RCW 42.17.250, also known as chapter 1, Laws of 1973 (Initiative 276), Disclosure—Campaign finances—Lobbying—Records; and in particular with RCW 42.17.250 through 42.17.320, dealing with public records. [Order 257, § 4-24-010, filed 11/16/76.]

WAC 4-24-020 Definitions. (1) "Public record" includes any writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics.

(2) "Writing" means handwriting, typewriting, printing, photostating, photographing and every other means of recording any form of communication or representation, including letters, words, pictures, sounds, or symbols or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, magnetic or punched cards, discs, drums and other documents.

(3) The "Washington state board of accountancy" is the board whose members are appointed by the governor, pursuant to RCW 18.04.020. The Washington state board of accountancy shall hereinafter be referred to as the "board." Where appropriate, the term "board" also refers to the staff and employees of the Washington state accountancy board. [Order 257, § 4-24-020, filed 11/16/76.]

WAC 4-24-021 Definitions. (1) "Public record" includes any writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.

(2) "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording any form of communication or representation, including letters, words, pictures, sounds, or symbols or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, magnetic or punched cards, discs, drums, and other documents.

(3) The "Washington state board of accountancy" is the board whose members are appointed by the governor. The Washington state board of accountancy shall hereinafter be referred to as the "board." Where appropriate, the term "board" also refers to the staff and employees of the Washington state accountancy board. [Statutory Authority: RCW 18.04.070. 83-22-033 (Order ACB 106), § 4-24-021, filed 10/26/83.]

WAC 4-24-030 Description of central and field organization of the board. The board is a professional licensing and disciplinary agency for public, licensed

public and certified public accountants. The administrative office of the board and its staff are located at 210 East Union, Suite H, Olympia, Washington 98504. [Order 257, § 4-24-030, filed 11/16/76.]

WAC 4-24-040 Operations and procedures. (1) The board of accountancy consists of five members, one of whom is designated as chairman. The CPA members are appointed by the governor for staggered three-year terms. The LPA members are appointed by the governor for staggered two-year terms.

(2) The board meets approximately once each month in various places throughout the state. The time and place of the meeting can be learned by writing or calling the administrative office of the board.

(3) The chief executive officer is the board's administrator. He is responsible for carrying out the board's directions and for directing the board's staff.

(4) It is the board's duty to administer the law in chapter 18.04 RCW:

(a) The board administers a certified public accountant's examination semiannually.

(b) The board receives applications for certificates of CPA's and permits to practice as public accountants and investigates the qualifications of applicants and instructs the director of the department of motor vehicles to issue licenses to those properly qualified.

(c) The board publishes an annual register of all persons holding permits to practice public accounting in this state.

(d) The board reviews licensees' compliance with its continuing education rules.

(e) The board receives complaints about licensees' professional conduct and revokes or suspends the license of persons found to have violated terms of the licensing law.

(5) Information concerning all licenses or registrations issued by the board may be obtained by writing or calling the administrative office of the board. [Order 257, § 4-24-040, filed 11/16/76.]

WAC 4-24-041 Operations and procedures. (1) The board of accountancy consists of five members, one of whom is designated as chairman.

(2) The board meets approximately once each month in various places throughout the state. The time and place of the meeting can be learned by writing or calling the administrative office of the board.

(3) The chief executive officer is the board's administrator. He is responsible for carrying out the board's directions and for directing the board's staff.

(4) It is the board's duty to administer the accountancy law:

(a) The board administers a certified public accountant's examination semiannually.

(b) The board receives applications for certificates of CPA's and permits to practice as public accountants and investigates the qualifications of applicants and issues licenses to those properly qualified.

(c) The board prepares an annual report to the governor of its activities, which upon request shall be available to any person, office, partnership, or corporation within this act, or to any member of the public.

(d) The board reviews licensees' compliance with its continuing education rules.

(e) The board receives complaints about licensees' professional conduct and revokes or suspends the license of persons found to have violated terms of the licensing law.

(5) Information concerning all licenses or registrations issued by the board may be obtained by writing or calling the administrative office of the board. [Statutory Authority: RCW 18.04.070. 83-22-033 (Order ACB 106), § 4-24-041, filed 10/26/83.]

WAC 4-24-050 Public records available. All public records of the board, as defined in WAC, are deemed to be available for public inspection and copying pursuant to these rules, except as otherwise provided by RCW 42.17.310, also known as chapter 1, Laws of 1973, and except as otherwise provided by WAC 4-04-100. [Order 257, § 4-24-050, filed 11/16/76.]

WAC 4-24-060 Public records officer. The board's public records shall be in the charge of the public records officer designated by the board. The person so designated shall be located in the administrative office of the board. The public records officer shall be responsible for the following: The implementation of the board's rules and regulations regarding release of public records, coordinating the staff of the board in this regard, and generally insuring compliance by the staff with the public records disclosure requirements of chapter 42.17 RCW, known as chapter 1, Laws of 1973. [Order 257, § 4-24-060, filed 11/16/76.]

WAC 4-24-070 Office hours. Public records shall be available for inspection and copying during the customary hours of the board. For the purposes of this chapter, the customary office hours shall be from 9:00 a.m. to 12:00 noon and 1:00 p.m. to 4:00 p.m., Monday through Friday, excluding legal holidays. [Order 257, § 4-24-070, filed 11/16/76.]

WAC 4-24-080 Requests for public records. In accordance with requirements of chapter 42.17 RCW, known as chapter 1, Laws of 1973, that agencies prevent unreasonable invasions of privacy, protect public records from damage or disorganization, and prevent excessive interference with essential functions of the agency, public records may be inspected or copied, or copies of such records may be obtained, by members of the public, upon compliance with the following procedures:

(1) A request shall be made in writing upon a form prescribed by the board which shall be available at its administrative office. The form shall be presented to the public records officer or to any member of the board's staff, if the public records officer is not available, at the

administrative office of the board during customary office hours. This request shall include the following information:

- (a) The name of the person requesting the record;
- (b) The time of day and calendar date on which the request was made;
- (c) The nature of the request;
- (d) If the matter requested is referenced within the current index maintained by the records officer, a reference to the requested record as it is described in such current index;
- (e) If the requested matter is not identifiable by reference to the board's current index, an appropriate description of the record requested.

(2) In all cases in which a member of the public is making a request, it shall be the obligation of the public records officer or staff member to whom the request is made to assist the member of the public in appropriately identifying the public records requested. [Order 257, § 4-24-080, filed 11/16/76.]

WAC 4-24-090 Copying. No fee shall be charged for the inspection of public records. The board shall charge a fee for providing copies of public records and for the use of the board's copy equipment. The charge shall be the amount necessary to reimburse the board for its actual costs incident to such copying. The copy machine will be operated by staff persons only. [Order 257, § 4-24-090, filed 11/16/76.]

WAC 4-24-100 Exemptions. (1) The board reserves the right to determine that a public record requested in accordance with the procedures outlined in WAC 4-24-080 is exempt from disclosure under provisions of RCW 42.17.310, also known as section 31, chapter 1, Laws of 1973.

(2) In addition, pursuant to RCW 42.17.310(2), section 26, chapter 1, Laws of 1973, the board reserves the right to delete identifying details when it makes available or publishes any public record, in any cases when there is reason to believe that disclosure of such details would be an invasion of personal privacy protected by RCW 42.17.310, also known as chapter 1, Laws of 1973. The public records officer will fully justify such deletion in writing.

(3) All denials of requests for public records must be accompanied by a written statement specifying the reason for the denial, including a statement of the specific exemption authorizing the withholding of the record and a brief explanation of how the exemption applies to the record withheld. [Order 257, § 4-24-100, filed 11/16/76.]

WAC 4-24-101 Exemptions. (1) The board reserves the right to determine that a public record requested in accordance with the procedures outlined is exempt from disclosure under provisions of RCW 42.17.310, also known as section 31, chapter 1, Laws of 1973.

(2) In addition, pursuant to RCW 42.17.310(2), section 26, chapter 1, Laws of 1973, the board reserves the

right to delete identifying details when it makes available or publishes any public record, in any cases when there is reason to believe that disclosure of such details would be an invasion of personal privacy protected by RCW 42.17.310, also known as chapter 1, Laws of 1973. The public records officer will fully justify such deletion in writing.

(3) All denials of requests for public records must be accompanied by a written statement specifying the reason for the denial, including a statement of the specific exemption authorizing the withholding of the record and a brief explanation of how the exemption applies to the record withheld. [Statutory Authority: RCW 18.04.070. 83-22-033 (Order ACB 106), § 4-24-101, filed 10/26/83.]

WAC 4-24-110 Review of denials of public requests.

(1) Any person who objects to the denial of a request for a public record may petition for prompt review of such decision by tendering a written request for review. The written request shall specifically refer to the written statement by the public records officer or other staff member which constituted or accompanied the denial.

(2) Immediately after receiving a written request for review of a decision denying a public record, the public records officer or other staff member denying the request shall refer it to the chief executive officer of the board. The chief executive officer shall immediately consider the matter and either affirm or reverse such denial or call a special meeting of the board as soon as legally possible to review the denial. In any case, the request shall be returned with a final decision within two business days following the original denial.

(3) Administrative remedies shall not be considered exhausted until the board has returned the petition with a decision or until the close of the second business day following denial of inspection, whichever occurs first. [Order 257, § 4-24-110, filed 11/16/76.]

WAC 4-24-120 Protection of public records. No record shall be removed from the board office except by written permission of the public records officer under such conditions as are required to protect the records from damage or disorganization. No record may be marked, folded or damaged in any way, nor may any record be removed from any file to which it is attached, nor may the record's filing order be damaged in any way. Inspection of records will be supervised by a member of the staff of the state board of accountancy. [Order 257, § 4-24-120, filed 11/16/76.]

WAC 4-24-130 Index of public records available.

(1) The board has available to all persons:

(a) Card file of every Washington licensed certified public accountant, licensed public accountant and public accountant with details of name, address, certificate type, date issued and number, including certified public accountant examination candidates without grade information.

(b) Computer status report showing current status of all licensed accountants, name and address, current or delinquent.

(c) Formal orders including orders of public hearings.

(d) Minutes of board meetings.

(e) Files to support above, with specific complaints and other nondisclosable items deleted.

(f) Tape recordings of all board meetings, excluding executive sessions.

(g) Correspondence, including AICPA reports of examination results, excluding names.

(h) Law pamphlets and amendments thereto.

(i) Continuing education course data, sponsor agreements and records applicable to licensees.

(j) Legal orders file.

(k) Correspondence and materials referred to therein by and with the board relating to any regulatory, supervisory or enforcement responsibilities of the board, whereby the board determines or opines upon, or is about to determine or opine upon, the rights of the state, the public, a subdivision of state government or of any private party, which is filed chronologically, with one copy also filed in a licensee's file, if applicable.

(2) The board has determined that it would be unduly burdensome to maintain an index, except as set forth herein, due to fiscal and personnel limitations and to the general nature and large volume of correspondence of the board.

(3) The board shall not give, sell or provide access to lists of individuals requested for commercial purposes except that a list of licensees is maintained according to statute, and except that lists of applicants for licenses are accessible to bona fide educational and professional organizations. [Order 257, § 4-24-130, filed 11/16/76.]

WAC 4-24-131 Index of public records available.

(1) The board has available to all persons:

(a) Card file of every Washington licensed certified public accountant, with details of name, address, certificate type, date issued and number, including certified public accountant examination candidates without grade information;

(b) Computer status report showing current status of all licensed accountants, name and address, current or delinquent;

(c) Formal orders including orders of public hearings;

(d) Minutes of board meetings;

(e) Files to support above, with specific complaints and other nondisclosable items deleted;

(f) Tape recordings of all board meetings, excluding executive sessions;

(g) Correspondence, including AICPA reports of examination results, excluding names;

(h) Law pamphlets and amendments thereto;

(i) Continuing education course data, sponsor agreements and records applicable to licensees;

(j) Legal orders file; and

(k) Correspondence and materials referred to therein by and with the board relating to any regulatory, supervisory, or enforcement responsibilities of the board, whereby the board determines or opines upon, or is

about to determine or opine upon, the rights of the state, the public, a subdivision of state government or of any private party, which is filed chronologically, with one copy also filed in a licensee's file, if applicable.

(2) The board has determined that it would be unduly burdensome to maintain an index, except as set forth herein, due to fiscal and personnel limitations and to the general nature and large volume of correspondence of the board.

(3) The board shall not give, sell, or provide access to lists of individuals requested for commercial purposes except that a list of licensees is maintained according to statute, and except that lists of applicants for licenses are accessible to bona fide educational and professional organizations. [Statutory Authority: RCW 18.04.070. 83-22-033 (Order ACB 106), § 4-24-131, filed 10/26/83.]

WAC 4-24-140 Address where requests to be directed. All communications with the board, including but not limited to the submission of materials pertaining to its operations and/or the administration or enforcement of chapter 42.17 RCW, known as chapter 1, Laws of 1973 and these rules, requests for copies of the board's decisions and other matters shall be addressed to:

Washington State Board of Accountancy
c/o Public Records Officer
210 East Union, Suite H
Olympia, Washington 98504.

[Order 257, § 4-24-140, filed 11/16/76.]

WAC 4-24-150 Adoption of form--Appendix A. The board hereby adopts for use by all persons requesting inspection and/or copying or copies of its records, the form attached hereto as Appendix A entitled "request for public record." The board hereby authorizes the chief executive officer to modify the form as necessary.

WASHINGTON STATE BOARD OF ACCOUNTANCY
210 E. Union, Suite H
Olympia, Washington 98504

REQUEST FOR PUBLIC RECORDS

1. Name: -----

Address: -----

Street City State Zip

(am) (pm)

2. Date: ----- Time: -----

3. Nature of Request: -----

4. Current Index Reference: -----

- 5. Record Description, if not indexed: -----

- 6. Signature of Requestor: -----

FOR BOARD USE ONLY

Received by: ----- Staff time expended -----
Request: Time completed -----
No. of pages copied: ----- at ----- cents copy -----
Total

APPENDIX A

[Order 257, § 4-24-150, filed 11/16/76.]

**Chapter 4-25 WAC
GENERAL PROVISIONS**

WAC

- 4-25-010 Preamble.
- 4-25-020 Definitions.
- 4-25-030 Unlawful acts.
- 4-25-040 State board of accountancy.
- 4-25-060 Code of professional conduct.
- 4-25-080 Rules of conduct—Independence, integrity, and objectivity.
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- 4-25-120 Responsibilities to clients.
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- 4-25-220 Permits to practice—Firms.
- 4-25-260 Temporary permits.
- 4-25-270 Enforcement actions against licensees.
- 4-25-300 Enforcement procedures—Investigations.
- 4-25-320 Enforcement procedures—Hearings by the board.
- 4-25-360 Reinstatement.

WAC 4-25-010 Preamble. These rules are adopted by the Washington state board of accountancy, pursuant to its authority under section 6, chapter 234, Laws of 1983, the Public Accounting Act of 1983. Their purpose is to promote and protect the public interest by implementing the provisions of that act, which provide for the licensing of certain practitioners of public accountancy and the regulation of the practice of public accountancy, all to the end of enhancing the reliability of information which is used for guidance in financial transactions or for accounting for or assessing the financial status or performance of commercial, noncommercial, and governmental enterprises. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-010, filed 10/10/83.]

WAC 4-25-020 Definitions. For purposes of these rules the following terms have the meanings indicated:

- (1) "Act" means the Public Accounting Act of 1983.
- (2) "Board" means the Washington state board of accountancy.
- (3) "Client" means the person or entity which retains a licensee for the performance of professional services.
- (4) "Enterprise" means any person or entity, whether organized for profit or not, with respect to which a licensee performs professional services.
- (5) "Firm" means a sole proprietorship, a corporation or a partnership.
- (6) "Financial statements" means statements and footnotes related thereto that purport to show financial position which relates to a period of time, or changes in financial position which relate to a period of time, or results of operations, on the basis of generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules.
- (7) "He," "his," and "him" mean, where applicable, the corresponding feminine and neuter pronouns also.
- (8) "Licensee" means the holder of a certificate issued under the act, or of a permit issued under the act; or, in each case, under corresponding provisions of prior law.
- (9) "Practice of (or practicing) public accountancy" means performing services as one skilled in the knowledge and practice of public accounting and preparing reports designated as "audit reports," "review reports," and "compilation reports."
- (10) "Professional services" means any services performed or offered to be performed by a licensee for a client in the course of a practice of public accountancy.
- (11) "Public communication" means a communication made in identical form to multiple persons or to the world at large, as by television, radio, motion picture, newspaper, pamphlet, mass mailing, letterhead, business card or directory.
- (12) "Opinions on financial statements" are any reports prepared by certified public accountants, including audits based on examinations in accordance with generally accepted auditing standards and review and compilation reports based on statements on standards for accounting and review services (SSARS) 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, in accordance with pronouncements or other authoritative media formally issued by the American Institute of Certified Public Accountants or any of its subdivisions including but not limited to the FASB and SSARS. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-020, filed 10/26/83.]

WAC 4-25-030 Unlawful acts. A firm name is misleading within the meaning of section 16 (2) and (3), chapter 234, Laws of 1983 and is thus prohibited if, among other things:

(1) The firm name implies the existence of a corporation when the firm is not a corporation (as by the use of the abbreviations "P.C.," "P.S.," or "Inc. P.S.")

(2) The firm name implies existence of a partnership when there is not a partnership (as in "Smith & Jones, CPA's"); or

(3) The firm name includes the name of a person who is neither a present nor a past partner or shareholder of the firm.

A fictitious firm name (that is, one not consisting of the names of one or more present or former partners or shareholders) may not be used by a licensee in the practice of public accounting unless such name has been registered with and approved by the board as not being false or misleading.

No licensee may engage in the practice of public accountancy while representing himself or itself as having membership in any professional society, association, or organization, or membership in an association of firms, or a correspondent relationship with another certified public accountant or firm, if such representation:

- (a) Contains a misrepresentation of fact; or
- (b) Implies educational or professional attainments or licensing recognition not supported in fact; or
- (c) Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

Any person who is the holder of a valid certificate as a certified public accountant may use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, sign, card, or device to indicate that such person is a certified public accountant if such person holds a permit which provides for title usage, provided that this designation shall not be used in any connection with the practice of public accounting unless the person is the holder of a permit to practice granted by the board pursuant to section 11, chapter 234, Laws of 1983. [Statutory Authority: RCW 18.04-.070. 83-21-030 (Order ACB 104), § 4-25-030, filed 10/10/83.]

WAC 4-25-040 State board of accountancy. An annual meeting of the board shall be held each year, on a date following the annual meeting of the National Association of State Boards of Accountancy, and at least six other meetings shall be held each year, in the months of February, April, June, August, October, and December. Such regular board meetings will normally be on the last Friday of the month, with the exceptions of November and December meetings which shall normally be on the third Friday of the month. The chairman or a quorum of the board shall have the authority to call meetings of the board. The board shall follow and apply the rules of procedure, chapter 34.04 RCW, as regards to notice and conduct of meetings.

At the annual meeting the board shall elect from among its members the chairman, vice chairman, and secretary. The officers shall assume the duties of their respective offices at the conclusion of the annual meeting at which they were elected. They shall serve a term

of one year, but shall be eligible for reelection for an additional term.

The chairman or, in the event of his absence or inability to act, the vice chairman shall preside at all meetings of the board. Other duties of the officers shall be such as the board may from time to time determine.

- (1) Fees charged by the board shall be as follows:
 - (a) CPA examination applications:
 - (i) One or two parts \$ 50
 - (ii) Three parts \$ 60
 - (iii) Five parts \$ 75
 - (b) Transfer of grade credits from other jurisdictions, pursuant to section 7(5), chapter 234, Laws of 1983..... \$ 40
 - (c) Administration of examination for out-of-state applicants, per part..... \$ 10
 - (d) Application for certificate by reciprocity from other jurisdictions..... \$ 40
 - (e) Biennial permit to practice public accounting \$ 80
 - (f) Biennial permit restricted to nonpublic accounting (title-only use) \$ 50
 - (g) Biennial firm registration:
 - (i) Sole proprietorships \$ 50
 - (ii) Partnerships \$ 100
 - (iii) P.S. corporations \$ 100
 - (h) Amendments to firm registration, each filing \$ 10
 - (i) Delinquency fee for permit renewal applications sixty days overdue \$ 25
 - (j) Delinquency fee for firm renewal applications sixty days overdue \$ 20
 - (k) Temporary practice permits, per individual who is to practice within this state... \$ 10
 - (l) Copies of records, per page \$ 0.10
 - (m) Applications for reinstatement \$ 25
 - (n) Duplicate CPA certificates \$ 10

(2) Any applicant for a certificate or permit who is aggrieved by an action taken by the board with respect to his application may request the board to reconsider such action. Any such request shall be filed within sixty days of the mailing of the board's letter, advising the following information:

- (a) The name and address of the applicant;
- (b) The date of the board's letter advising the applicant of the action of the board complained of; and
- (c) A statement of any facts or consideration to which the applicant believes the board failed to give due weight.

Each licensee shall notify the board in writing within thirty days of any change of address or, in the case of individual licensees, change of employment.

A licensee shall respond in writing to any communication from the board requesting a response, within twenty days of the mailing of such communications by registered or certified mail, to the last address furnished to the board by the licensee. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-040, filed 10/10/83.]

WAC 4-25-060 Code of professional conduct. This code of professional conduct is promulgated under the authority granted by the Public Accounting Act of 1983, which delegated to the Washington state board of accountancy the power and duty to prescribe rules of professional conduct directed to controlling the quality of the practice of public accountancy, and dealing among other things with independence, integrity, and objectivity; competence and technical standards; responsibilities to the public; and responsibilities to clients.

The rules of conduct set out below rest upon the premises that the reliance on the public in general and of the business community in particular on sound financial reporting, and on the implication of professional competence which inheres in the authorized use of a legally restricted title relating to the practice of public accountancy, imposes on persons engaged in such practice certain obligations both to their clients and to the public. These obligations, which the rules of conduct are intended to enforce where necessary, include the obligation to maintain independence of thought and action, to strive continuously to improve one's professional skills, to observe where applicable generally accepted accounting principles and generally accepted auditing standards, to promote sound and informative financial reporting, to hold the affairs of clients in confidence, to uphold the standards of the public accountancy profession, and to maintain high standards of personal conduct in all matters affecting one's fitness to practice public accountancy.

Acceptance of licensure to engage in the practice of public accountancy, or to use titles which imply a particular competence so to engage, involves acceptance by the licensee of such obligations, and accordingly of a duty to abide by the rules of conduct.

The rules of conduct are intended to have application to all kinds of professional services performed in the practice of public accountancy, including auditing, accounting and review services, tax services and management advisory services; and to apply as well to all licensees, whether or not engaged in the practice of public accountancy, except where the wording of a rule clearly indicates that the applicability is more limited.

A licensee who is engaged in the practice of public accountancy outside the United States will not be subject to discipline by the board for departing, with respect to such foreign practice, from any of the rules, so long as his conduct is in accordance with the standards of professional conduct applicable to the practice of public accountancy in the country in which he is practicing. However, even in such a case, if a licensee's name is associated with financial statements in such manner as to imply that he is acting as an independent public accountant and under circumstances that would entitle the reader to assume that United States practices are followed, he will be expected to comply with the rules herein concerning independence, integrity, and objectivity.

In the interpretation and enforcement of the rules of conduct, the board will give consideration, but not necessarily dispositive weight, to relevant interpretations,

and rulings and opinions issued by the board of other jurisdictions, and by appropriately authorized committees on ethics of professional organizations. [Statutory Authority: RCW 18.04.070, 83-21-030 (Order ACB 104), § 4-25-060, filed 10/10/83.]

WAC 4-25-080 Rules of conduct—Independence, integrity, and objectivity. A licensee shall not express an opinion on financial statements of an enterprise in such a manner as to imply that he is acting as an independent public accountant with respect thereto unless he is independent with respect to such enterprise. Independence will be considered to be impaired if, for example:

(1) During the period of his professional engagement, or at the time of expressing his opinion, the licensee:

(a)(i) Had or was committed to acquire any direct or material indirect financial interest in the enterprise; or

(ii) Was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise; or

(b) Had any joint closely-held business investment with the enterprise or any officer, director, or principal stockholder thereof which was material in relation to the net worth of either the licensee or the enterprise; or

(c) Had any loan to or from the enterprise or any officer, director, or principal stockholder thereof other than loans of the following kinds made by a financial institution under normal lending procedures, terms and requirements:

(i) Loans obtained by the licensee which are not material in relation to the net worth of the borrower;

(ii) Home mortgages; and

(iii) Other secured loans, except those secured solely by a guarantee of the licensee.

(2) During the period covered by the financial statements, during the period of the professional engagement or at the time of expressing an opinion, the licensee:

(a) Was connected with the enterprise as a promoter, underwriter, or voting trustee, a director or officer or in any capacity equivalent to that of a member of management or of an employee; or

(b) Was a trustee for any pension or profit-sharing trust of the enterprise.

The foregoing examples are not intended to be all inclusive.

A licensee shall not in the performance of professional services knowingly misrepresent facts, nor subordinate his judgment to others. In tax practice, however, a licensee may resolve doubt in favor of his client as long as there is reasonable support for his position.

A licensee shall not pay a commission to obtain a client, nor accept a commission for a referral to a client of products or services of others. This rule does not prohibit payments for the purchase of all, or a material part, of an accounting practice, or retirement payments to persons formerly engaged in the practice of public accountancy, or payments to the heirs or estates of such persons.

A licensee shall not offer or perform professional services for a fee which is contingent upon the findings or

results of such services: *Provided however*, That this rule does not apply to professional services involving federal, state, or other taxes in which the findings are those of the tax authorities and not those of the licensee, nor does it apply to professional services for which the fees are to be fixed by courts or other public authorities, and which are therefore indeterminate in amount at the time the professional services are undertaken.

A licensee shall not concurrently engage in the practice of public accountancy and in any other business or occupation which impairs his independence or objectivity in rendering professional services. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-080, filed 10/10/83.]

WAC 4-25-100 Competence and technical standards. A licensee shall not undertake any engagement for the performance of professional services which he cannot reasonably expect to complete with due professional competence.

A licensee shall not permit his name to be associated with financial statements in such a manner as to imply that he is acting as an independent public accountant with respect to such financial statements unless he has complied with applicable generally accepted auditing standards. Statements on auditing standards issued by the American Institute of Certified Public Accountants, and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards, and departures therefrom must be justified by those who do not follow them.

A licensee shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such financial statements contain any departure from such accounting principles which has a material effect on the financial statements taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances the financial statements would otherwise have been misleading. In such a case, the licensee's report must describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement. For purposes of this rule generally accepted accounting principles are considered to be defined by pronouncements issued by the financial accounting standards board and its predecessor entities and similar pronouncements issued by other entities having similar generally recognized authority.

A licensee, in the performance of management advisory services or accounting and review services shall conform to the professional standards applicable to such services. For purposes of this rule such professional standards are considered to be defined by statements on management advisory services and statements on standards for accounting and review services, respectively, in each instance issued by the American Institute of Certified Public Accountants, and by similar pronouncements by other entities having similar generally recognized authority.

A licensee shall not in the performance of professional services permit his name to be used in conjunction with any forecast of future transactions in a manner which may reasonably lead to the belief that the licensee vouches for the achievability of the forecast. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-100, filed 10/10/83.]

WAC 4-25-120 Responsibilities to clients. A licensee shall not without the consent of his client disclose any confidential information pertaining to his client obtained in the course of performing professional services.

This rule does not (1) affect in any way a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of a court, or (2) prohibit disclosures in the course of a quality review of a licensee's professional services, or (3) preclude a licensee from responding to any inquiry made by the board or any investigative or disciplinary body established by law or formally recognized by the board.

Members of the board and professional practice reviewers shall not disclose any confidential client information which comes to their attention from licensees in disciplinary proceedings or otherwise in carrying out their responsibilities, except that they may furnish such information to an investigative or disciplinary body of the kind referred to above. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-120, filed 10/10/83.]

WAC 4-25-130 Other responsibilities and practices. A licensee shall not commit any act that reflects adversely on his fitness to engage in the practice of public accountancy.

A licensee shall not permit others to carry out on his behalf, either with or without compensation, acts which, if carried out by the licensee, would place him in violation of the rules of conduct.

A licensee shall not use or participate in the use of any form of communication having reference to his professional services which contains a false, fraudulent, misleading, deceptive or unfair statement or claim. A false, fraudulent, misleading, deceptive or unfair statement or claim includes but is not limited to a statement or claim which:

- (1) Contains a misrepresentation of fact; or
- (2) Is likely to mislead or deceive because it fails to make full disclosure of relevant facts; or
- (3) Contains any testimonial, laudatory or other statement or implication that the licensee's professional services are of exceptional quality, if not supported by verifiable facts; or
- (4) Is intended or likely to create false or unjustified expectations of favorable results; or
- (5) Implies educational or professional attainments or licensing recognition not supported in fact; or
- (6) States or implies that the licensee has received formal recognition as a specialist in any aspect of the practice of public accountancy, except in accordance with rules adopted by the board; or

(7) Represents that professional services can or will be competently performed for a stated fee when this is not the case, or make representations with respect to fees for professional services that do not disclose all variables that may reasonably be expected to affect the fees that will in fact be charged; or

(8) Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

A licensee shall not by any direct personal or public communication solicit an engagement to perform professional services (a) if the communication would violate any of these rules or (b) by the use of coercion, duress, compulsion, intimidation, threats, overreaching, or vexatious or harassing conduct.

A licensee may practice public accountancy only in a proprietorship, a partnership or a professional corporation meeting the requirements of the act. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-130, filed 10/26/83.]

WAC 4-25-140 Certified public accountants. (1) As used in these rules, a "semester hour" means the conventional college semester hour. Quarter hours may be converted to semester hours by multiplying them by two-thirds.

(2) For purposes of section 7(b) of the act the board will recognize colleges and universities which are accredited in accordance with subsections 3 through 6 of this rule.

(3) An accredited college or university is a four year degree-granting college or university accredited at the time applicant's degree was received by virtue of membership in one of the following regional accrediting agencies:

- (a) Middle States Association of College and Secondary Schools;
- (b) New England Association of Schools and Colleges;
- (c) North Central Association of Colleges and Secondary Schools;
- (d) Northwest Association of Schools and Colleges;
- (e) Southern Association of Colleges and Schools; and
- (f) Western Association of Schools and Colleges.

(4) A listing of accredited colleges and universities as recognized by the board is contained in "Accredited Institutions of Postsecondary Education" published by the U. S. Department of Education, National Center for Education Statistics.

(5) If an institution was not accredited at the time an applicant's degree was received but is so accredited at the time his application is filed with the board, the institute will be deemed to be accredited for the purpose of subsection (4) provided that it:

(a) Certified that the applicant's total educational program would qualify him for graduation with a baccalaureate degree during the time the institution has been accredited; and

(b) Furnishes the board satisfactory proof, including college catalogue course numbers and descriptions, that

the preaccredited courses used to qualify the applicant as an accounting major are substantially equivalent to postaccrediting courses.

(6) If an applicant's degree was received at an accredited college or university as defined by subsection (3) or (5), but the educational program which was used to qualify him as an accounting major included courses taken at nonaccredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which applicant's degree was received, provided the accredited institution either:

(a) Has accepted such courses by including them in its official transcript; or

(b) Certifies to the board that it will accept such courses for credit toward graduation.

(7) A graduate of a four-year-granting institution not accredited at the time the applicant's degree was received or at the time his application was filed will be deemed to be a graduate of a four-year accredited college or university if a credentials evaluation services approved by the board certifies that the applicant's degree is equivalent to a degree from an accredited college or university as defined in subsection (3).

(8) The concentration in accounting and related subjects or its equivalent shall be determined in accordance with the following provisions of this rule:

(a) A concentration in accounting, for purposes of section 7(b) of the act shall consist of at least:

(i) Twenty-four semester hours or the equivalent, in accounting subjects including elementary accounting courses; and

(ii) Twenty-four semester hours or the equivalent, in business administration subjects which shall include business law, finance, economics, and data processing.

(iii) Appropriate college-level courses which are taken without credit may be considered equivalent to courses taken for credit for purposes of this section.

(b) Applicants for the certified public accountant examination whose original application is approved prior to September 1, 1986, and reapplicants whose original application was approved prior to September 1, 1985 shall not be required to comply with subsection (8)(a)(i) and (8)(a)(ii) of this rule. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-140, filed 10/26/83.]

WAC 4-25-141 Applications. Applications to take the certified public accountant examination must be made on a form provided by the board and filed with the board on or before March 1 for the May examination and September 1 for the November examination.

An application will not be considered until the examination fee and all required supporting documents have been received, including photographs, official transcripts and certification of degree.

Applicants whose graduation occurs after the deadlines may file official transcripts and certification of degrees after those deadlines but not later than 150 days after the date of the examination.

An applicant who fails to appear for examination or reexamination shall forfeit the fees charged the examination and reexamination.

Notice of the time and place of the examination shall be mailed at least ten days prior to the date set for the examination to each candidate whose application to sit for the examination has been approved by the board.

The examination required by section 7(c) of the act shall be the uniform CPA examination, including the following subjects:

- (1) Auditing
- (2) Business law
- (3) Theory of accounts, and
- (4) Accounting practices I and II.

In addition to the uniform CPA examination, candidates shall be required to pass an examination, or alternatively to complete a course of study, prescribed by or acceptable to the board, in professional ethics.

A passing grade for each subject shall be seventy-five. The board uses the Advisory Grading Services of the American Institute of Certified Public Accountants.

An applicant, at each sitting of the examination in which he takes any part of the examination, must take all parts not previously passed.

An applicant who at one sitting for the examination receives a passing grade in any two parts of the examination, or in the subject accounting practice I and II, and who receives a grade of at least fifty in each of the remaining parts, shall be granted credit for parts passed, on the condition that the applicant receives a passing grade in each of the remaining parts of reexamination at one or more of the next six consecutive examinations.

An applicant who at one sitting for the examination receives a passing grade in any three parts of the examination shall, regardless of the grade received on the remaining part, be granted credit for the parts passed, on the condition that the applicant receives a passing grade in the remaining part on reexamination at one of the next six consecutive examinations.

For purposes of satisfying the education requirements of section 7(b) of the act, an applicant holding a certificate of another state must complete semester hours, or the equivalent, in an accredited institution as defined by the foregoing rules which shall include not less than nine semester hours, or the equivalent, in accounting and auditing subjects and six semester hours, or the equivalent, in business administration subjects, such as economics, business law and finance. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-141, filed 10/26/83.]

WAC 4-25-180 Permits to practice--Individual. (1) Applications for initial permits to practice and for renewal of permits pursuant to section 11 of the act shall be made on a form provided by the board and, in the case of applications for renewal, shall be filed no later than April 30 of the year of expiration. Applications will not be considered filed until the applicable fee is received. If an application for permit renewal is received later, it shall also be accompanied by the applicable delinquency fee.

(2) Applications for renewal of permits shall be accompanied by evidence satisfactory to the board that the applicant has complied with the continuing professional education requirements under section 11(3) of the act.

(3) Permits expire on June 30 of every other year and have a duration of two years. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-180, filed 10/26/83.]

WAC 4-25-181 Experience. The experience in the practice of public accountancy, required to be demonstrated for issuance of an initial permit pursuant to section 11(1)(a) of the act shall meet the requirements of this rule:

(1) The applicant shall show that he has had employment as a staff accountant for a certified public accountant or a firm of certified public accountants, or equivalent experience satisfactory to the board. Such employment shall include practical public accounting experience, or the equivalent of such experience, of reasonable variety and importance and requiring independent thought and judgment, under the direct supervision of a holder of a certificate as certified public accountant.

(2) The applicant shall also show to the satisfaction of the board that the employment has included all of the following:

(a) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions recorded in accounting records;

(b) Experience in the preparation of audit working papers covering the examination of the accounts usually found in accounting records;

(c) Experience in planning programs of audit work including the selection of procedures to be followed;

(d) Experience in the preparation of written explanation and comments on the findings of an examination and on the content of accounting records; and

(e) Experience in the preparation and analysis of financial statements together with explanation and notes thereon.

(3) The experience prescribed by subsections (1) and (2) may be fulfilled by a combination of financial audits, reviews, compilations, compliance audits, operational audits and management audits.

(4) Experience obtained outside public accounting must include the requirements of subsections (1) and (2), and may require more than one year. In appraising such experience, the board may require an interview and/or a review of audit workpapers and reports.

Any licensee who, having been requested by an applicant to submit to the board evidence of the applicant's experience, has refused to do so, shall upon request by the board explain in writing or in person the basis for such refusal.

Any licensee who has furnished evidence of an applicant's experience to the board shall upon request by the board explain in writing or in person the information so provided.

The board may require inspection, by the board itself or by its representatives, of documentation relating to an applicant's claimed experience. Such inspections may, at

the option of the board, be made at the board's office, in which case any licensee having custody of such documentation shall produce it upon request at such office. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-181, filed 10/26/83.]

WAC 4-25-182 Continuing professional education.

The following requirements of continuing professional education apply to the biennial renewal of permits to practice public accounting pursuant to section 11(3) of the act:

(1) An applicant seeking regular biennial renewal of a permit shall show that he has completed no less than 80 hours of continuing professional education during the two-year period preceding renewal, of which no less than 16 hours of accounting and/or auditing subjects must be obtained in each year: *Provided*, A licensee is exempt from the accounting and/or auditing subject requirement for any calendar year in a reporting period during which the licensee was not involved in the preparation of reports on financial statements. Of the total requirement of 80 hours, no more than 16 hours may be in continuing professional education course subjects deemed "nontechnical" by the board.

(2) An applicant who has previously held a permit but whose permit has at the time of application lapsed shall make the same showing as prescribed in subsection (1).

(3) An applicant seeking to renew an initial permit issued less than two years but more than one year prior to the renewal must show that he has completed at least 40 hours of such continuing professional education.

The board may in particular cases make exceptions to these requirements for reasons of individual hardship including health, military service, foreign residence, retirement, or other good cause. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-182, filed 10/26/83.]

WAC 4-25-183 Program standards. (1) A program qualifies as acceptable continuing professional education for purposes of section 11(3) of the act 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 public accountancy, and meets the minimum standards of quality of development and presentation and of measurement and reporting of credits set forth in the Statement on standards for Formal Continuing Education Programs 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.

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

- (a) Accounting and auditing;
- (b) Taxation;
- (c) Management;
- (d) Computer science;
- (e) Communication arts;
- (f) Mathematics, statistics, probability and quantitative applications in business;

- (g) Economics;
- (h) Business law;
- (i) Functional fields of business, including finance, production, marketing, personnel relations, and business management and organization;
- (j) Specialized areas of industry (film industry, real estate, farming, etc.);
- (k) Administrative practice (engagement letters, personnel, etc.).

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

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

- (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) Committee meetings of professional societies which are structured as formal educational programs;
- (g) Dinner, luncheon and breakfast meetings which are structured as formal educational programs;
- (h) 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. Continuing professional education credit will be given for whose 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) Correspondence and formal individual study programs. The amount of credit to be allowed for correspondence and formal individual study programs (including taped study programs) will be that which is recommended by the program sponsor on the basis of one-half the average completion time under appropriate "field tests." Applicants claiming credit for such correspondence or formal individual study courses are required to obtain evidence of satisfactory completion of

the course from the program sponsor. Credit will be allowed in the renewal period in which course is completed.

(6) Instructor, discussion leader, or speaker. Applicants who have served as instructors, discussion leaders, and speakers at programs coming under subsection (1), (2) and (3) may claim continuing professional education 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. Credits toward the continuing professional education requirement may be claimed for published articles and books, provided they contribute to the professional competence of the licensee. 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. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-183, filed 10/26/83.]

WAC 4-25-184 Reports. Applicants for renewal of permits to practice pursuant to section 11 of the act shall file with their applications therefor a signed statement of the continuing professional education programs for which they claim credit, showing:

- Sponsoring organization;
- Location of program;
- Title of program or description of content;
- Dates attended; and
- Hours claimed.

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

(1) Copy of the course outline prepared by the course sponsor along with the information required by paragraph 1.

(2) 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.

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

The board or its designees may verify on a test basis information submitted by applicants for permits. 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.® [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-184, filed 10/26/83.]

WAC 4-25-220 Permits to practice--Firms. (1) Applications by firms for initial registration to practice and for renewal of registration pursuant to section 9, chapter 234, Laws of 1983 shall be made on a form provided by the board and, in the case of applications for renewal, shall be filed no later than sixty days prior to the expiration date of the firm's current registration. Applications will not be considered filed until the applicable fee is received. If an application for registration renewal is filed late, it shall also be accompanied by the applicable delinquency fee.

(2) A sole proprietor applying for a firm registration, whether initial or renewal, may join such application with his application for an individual registration, on a form provided for that purpose by the board, together with the applicable renewal fee for the firm registration.

(3) Applications shall include the firm name, addresses and telephone numbers of the main office and any branch offices of the firm, the name of the manager of each branch office, the names and state in which licensed, the partners or, in the case of corporations, shareholders, directors, and officers, and in the case of corporations a certified copy of the articles of incorporation and the bylaws.

(4) Biennial registration expires on June 30 of every other year.

(5) Firms which are in corporate form shall submit, together with their application for a registration, evidence that they are in compliance with this rule with respect to financial responsibility for liability that may be incurred to clients or others.

(6) A corporation engaged in the practice of public accountancy shall maintain in force liability insurance, or alternatively a written agreement of its shareholders providing a joint and several guarantee of payment, covering liability of the corporation for damages resulting from claims against it by its clients or others arising out of the rendering of or failure to render professional services by the corporation, in an amount for each claim of at least \$50,000 multiplied by the number of employed persons rendering professional services and an aggregate maximum limit of liability per calendar year of at least \$100,000 multiplied by the number of such employees, provided that the maximum amount guaranteed is not required to exceed \$1,000,000 for each claim and \$2,000,000 for all claims during any one calendar year.

(7) A firm registered pursuant to section 9, chapter 234, Laws of 1983 shall file with the board a written notification of any of the following events within thirty days after its occurrence:

- (a) Formation of a new partnership or corporation;
- (b) Admission of a partner or shareholder;
- (c) Retirement or death of a partner or shareholder;
- (d) Any change in the name of the firm;
- (e) Termination of the partnership or corporation;
- (f) Change in the management of any branch office;
- (g) Establishment of a new branch office or the closing or change of address of a branch office; and
- (h) The occurrence of any event or events which would cause such partnership or professional corporation

not to be in conformity with the provisions of the act or these rules.

In the event of any change in legal form of a firm, as between a proprietorship, a partnership or a professional corporation, such new firm shall within thirty days of the change file an application for an initial registration in accordance with these rules and pay the applicable fee. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-220, filed 10/10/83.]

WAC 4-25-260 Temporary permits. (1) Applications for temporary permits to practice pursuant to section 17(2), chapter 234, Laws of 1983 shall be made on a form provided by the board, and accompanied by the applicable fee.

(2) Each application shall be accompanied by a statement of the applicant, or if it is a partnership or corporation, by a partner or shareholder of the applicant:

(a) Showing that the applicant is duly licensed to practice as a certified public accountant or a firm or certified public accountants in another state;

(b) Identifying the specific professional engagement to be performed in this state pursuant to the temporary permit; and

(c) Stating the name and office address of each person who will be engaged in the performance of the engagement in this state. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-260, filed 10/10/83.]

WAC 4-25-270 Enforcement actions against licensees. The grounds for revocation and suspension of certificates and permits, and other disciplinary action against licensees, are set out in section 12, chapter 234, Laws of 1983 in both specific and general terms. The general terms of that provision of the act include the following particular grounds for such disciplinary action:

(1) Fraud or deceit in obtaining a certificate or permit, within the meaning of section 12(1), chapter 234, Laws of 1983, includes the knowing submission to the board of any false or forged evidence in, or in support of, an application for a certificate or permit.

(2) Dishonesty, fraud, or gross negligence in the practice of public accountancy, within the meaning of section 12(2), chapter 234, Laws of 1983, includes making misleading, deceptive or untrue representations in the practice of public accountancy.

(3) Violations of the act or of rules promulgated under the act, within the meaning of section 12 (3) through (7), chapter 234, Laws of 1983, include:

(a) Knowingly practicing public accounting in this state prior to obtaining a permit to practice;

(b) Knowingly using or attempting to use a certificate or permit which has been suspended or revoked;

(c) The making of any false or misleading statement in support of an application for a certificate or a permit filed by another; or

(d) Failure of a licensee to provide any explanation requested by the board regarding evidence submitted by the licensee in support of an application filed by another, or regarding a failure or refusal to submit such evidence;

and failure by a licensee to furnish for inspection upon request by the board or its representative documentation relating to any evidence submitted by the licensee in support of such an application.

(4) Conduct reflecting adversely upon the licensee's fitness to engage in the practice of public accountancy, within the meaning of section 12(8), chapter 234, Laws of 1983, includes:

(a) Adjudication as mentally incompetent;

(b) Fiscal dishonesty of any kind;

(c) Knowingly presenting as one's own a certificate or permit issued to another;

(d) Knowing concealment of information regarding violations by other licensees of the act or the rules thereunder; and

(e) Wilfully failing to file a report or record required by state or federal law; wilfully impeding or obstructing the filing of such a report or record, or inducing another person to impede or obstruct such filing by another; and the making or filing of such a report or record which one knows to be false.

Any licensee whose certificate or permit issued by the board is subsequently suspended or revoked shall promptly return such certificate or permit to the board. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-270, filed 10/10/83.]

WAC 4-25-300 Enforcement procedures--Investigations. (1) The board will annually appoint a standards review committee of three members, to perform the following functions:

(a) Review of financial statements and the reports of licensees thereon, to assess their compliance with applicable professional standards;

(b) Improvement of reporting practices of licensees through educational and rehabilitative measures;

(c) Referrals to the board of cases requiring further investigation; and

(d) Such other functions as the board may assign to the committee.

The committee may solicit financial statements and the related reports of licensees from clients, public agencies, banks, and other users of financial statements. The identities of sources, of licensees, and of clients to whom the financial statements pertain shall be kept in confidence and shall not be disclosed to any person not a member or agent of the committee or the board, unless the review necessitates referral to an industry specialist or results in a referral to the board for investigation.

(2) The committee's review of financial statements and reports of licensees thereon shall be directed toward the following:

(a) Presentation of financial statements in conformity with generally accepted accounting principles;

(b) Compliance by licensees with generally accepted auditing standards;

(c) Compliance by licensees with other professional standards; and

(d) Compliance by licensees with the rules of the board and other regulations relating to the practice of public accountancy.

In gathering information about the professional work of licensees, the committee may make use of investigators, either paid or unpaid, who are not themselves members of the committee.

In any instance where the committee finds a deficiency in the professional work of a licensee, it shall advise the licensee in writing of the deficiency. The committee may offer to meet with the licensee to discuss deficiencies. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-300, filed 10/10/83.]

WAC 4-25-320 Enforcement procedures--Hearings by the board. (1) A complaint issued by the board pursuant to section 14, chapter 234, Laws of 1983 will include:

(a) A short and plain statement of matters asserted or charged; and

(b) References to any particular sections of the act or of the rules which are asserted to have been involved in the conduct complained of.

(2) When the complaint and notice of hearing are served pursuant to section 14, chapter 234, Laws of 1983, they will be accompanied by:

(a) A copy of the board's applicable rule(s);

(b) A copy of the act;

(c) A copy of any particular sections of the act of any rule asserted to have been violated; and

(d) A brief statement calling attention to the rights of the licensee, under the act and the rules, to examine reports and evidence in advance of the hearing; to appear by counsel at the hearing to present evidence, and to appeal an adverse decision.

Under section 14, chapter 234, Laws of 1983 a licensee respondent has the right in advance of the hearing to examine and copy any report of investigation and documentary or testimonial evidence and summaries in the board's possession relating to the subject matter of the complaint. The right of examination may be exercised by the respondent or his attorney or agent at the board's office where the records in question are kept, during regular business hours, on three days' advance notice in writing. Copies will be promptly furnished of any documents designated for copying, but the board may charge a fee for such copying.

A hearing under section 14, chapter 234, Laws of 1983 shall be conducted by and shall be under the control of a presiding officer appointed by the board.

(3) The order of proceedings shall be as follows:

(a) Statement and presentation of evidence supporting the complaint, by the investigating officer, if any, by a board member designated for that purpose, or by counsel;

(b) Statement and presentation of evidence of the respondent licensee, in person (or in the case of a firm through a partner, officer, director, or shareholder) and by counsel;

(c) Rebuttal evidence in support of the complaint;

(d) Surrebuttal evidence of the respondent licensee;

(e) Closing statements; and

(f) Board decision.

The presiding officer, board members, the respondent, and the person presenting the complaint shall have the right to question or examine or cross-examine any witness.

The burden of presenting evidence to support a fact or position rests on the proponent of the fact or position.

The hearing may be continued with recesses as determined by the presiding officer.

The presiding officer may set reasonable time limits for oral presentation.

Exhibits shall be marked, and preserved along with the stenographic transcript as part of the record of the hearing.

The board is not bound by technical rules of evidence, and any evidence of a kind commonly relied upon by reasonably prudent persons in the conduct of their affairs shall be admissible.

All such evidence that is offered and not objected to will be received by the presiding officer unless he determines that it is irrelevant, immaterial, or unduly repetitious.

Evidence may be received provisionally, subject to later ruling by the presiding officer as to its admissibility; but any such ruling must be made before closing statements are heard.

Decisions by the board following hearings under section 14, chapter 234, Laws of 1983 will, if they sustain any charge, be made in public. Decisions that do not sustain a charge will not be made public, unless the respondent licensee requests that this be done or the board determines that the pendency of the charges had itself been the subject of substantial publicity. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-320, filed 10/10/83.]

WAC 4-25-360 Reinstatement. A person or firm whose certificates or permit to practice has been revoked or suspended pursuant to section 14, chapter 234, Laws of 1983, may apply to the board for modification of the suspension, revocation, or probation at any time after one year has elapsed from the effective date of the board's decision imposing it; except that if any previous application has been made with respect to the same penalty, no additional application will be entertained before the lapse of an additional year following the board's decision on the last such previous application.

The application shall be in writing; shall set out and, as appropriate, substantiate the reasons constituting good cause for the relief sought, and shall be accompanied by at least two supporting recommendations, under oath, from licensees who have personal knowledge of the activities of the applicant since the suspension or revocation was imposed.

An application will ordinarily be disposed of by the board upon the basis of the materials submitted in support thereof, supplemented by such additional inquiries as the board may think fit. At the board's discretion a hearing may be held on such an application, following such procedures as the board may deem suitable for the particular case.

The board may impose, as a condition for reinstatement of a certificate or permit or modification of a suspension or probation, such terms and conditions as it deems suitable.

In considering an application, the board may consider all activities of the applicant since the disciplinary penalty from which relief is sought was imposed, the offense for which the applicant was disciplined, the applicant's activities during the time the certificate or permit was in good standing, the applicant's rehabilitative efforts, restitution to damaged parties in the matter for which the penalty was imposed, and the applicant's general reputation for truth and professional probity.

No application for reinstatement will be considered while the applicant is under sentence for any criminal offense, including any period during which the applicant is on court-imposed probation or parole. [Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-360, filed 10/10/83.]