

Title 4 WAC

ACCOUNTANCY, BOARD OF

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- 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Service of process—Filing with agency. [Regulation 08.140, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Subpoenas, where provided by law—Form. [Regulation 08.150, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Subpoenas, where provided by law—Issuance to parties. [Regulation 08.160, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Subpoenas, where provided by law—Service. [Regulation 08.170, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Subpoenas, where provided by law—Fees. [Regulation 08.180, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Subpoenas, where provided by law—Proof of service. [Regulation 08.190, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Subpoenas, where provided by law—Quashing. [Regulation 08.200, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Subpoenas, where provided by law—Enforcement. [Regulation 08.210, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Subpoenas, where provided by law—Geographical scope. [Regulation 08.220, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Depositions and interrogatories in contested cases—Right to take. [Regulation 08.230, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Depositions and interrogatories in contested cases—Scope. [Regulation 08.240, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Depositions and interrogatories in contested cases—Officer before whom taken. [Regulation 08.250, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Depositions and interrogatories in contested cases—Authorization. [Regulation 08.260, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Depositions and interrogatories in contested cases—Protection of parties and deponents. [Regulation 08.270, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Depositions and interrogatories in contested cases—Oral examination and cross-examination. [Regulation 08.280, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- Depositions and interrogatories in contested cases—Recordation. [Regulation 08.290, effective 2/5/60.]

DISPOSITION OF CHAPTERS FORMERLY CODIFIED IN THIS TITLE

Chapter 4-08

PRACTICE AND PROCEDURE

- 4-08-010 Appearance and practice before agency—Who may appear. [Regulation 08.010, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-030 Appearance and practice before agency—Solicitation of business unethical. [Regulation 08.030, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-040 Appearance and practice before agency—Standards of ethical conduct. [Regulation 08.040, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-050 Appearance and practice before agency—Appearance by former employee of board or former member of attorney general's staff. [Regulation 08.050, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-060 Appearance and practice before agency—Former employee as expert witness. [Regulation 08.060, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-070 Computation of time. [Regulation 08.070, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-080 Notice and opportunity for hearing in contested cases. [Regulation 08.080, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-090 Service of process—By whom served. [Regulation 08.090, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-100 Service of process—Upon whom served. [Regulation 08.100, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-110 Service of process—Service upon parties. [Regulation 08.110, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-120 Service of process—Method of service. [Regulation 08.120, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
- 4-08-130 Service of process—When service complete. [Regulation 08.130, effective 2/5/60.] Repealed by

	Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-480	Expert or opinion testimony and testimony based on economic and statistical data—Written sworn statements. [Regulation 08.480, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-300	Depositions and interrogatories in contested cases—Signing attestation and return. [Regulation 08.300, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-490	Expert or opinion testimony and testimony based on economic and statistical data—Supporting data. [Regulation 08.490, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-310	Depositions and interrogatories in contested cases—Use and effect. [Regulation 08.310, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	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. [Regulation 08.500, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-320	Depositions and interrogatories in contested cases—Fees of officers and deponents. [Regulation 08.320, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-510	Continuances. [Regulation 08.510, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-330	Depositions upon interrogatories—Submission of interrogatories. [Regulation 08.330, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-520	Rules of evidence—Admissibility criteria. [Regulation 08.520, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-340	Depositions upon interrogatories—Interrogation. [Regulation 08.340, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-530	Tentative admission—Exclusion—Discontinuing cumulative evidence—Objections. [Regulation 08.530, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-350	Depositions upon interrogatories—Attestation and return. [Regulation 08.350, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-540	Petitions for rule making, amendment or repeal—Who may petition. [Regulation 08.540, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-360	Depositions upon interrogatories—Provisions of the deposition rule. [Regulation 08.360, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-550	Petitions for rule making, amendment or repeal—Requisites. [Regulation 08.550, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-370	Official notice—Matters of law. [Regulation 08.370, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-560	Petitions for rule making, amendment or repeal—Agency must consider. [Regulation 08.560, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-380	Material facts. [Regulation 08.380, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-570	Petitions for rule making, amendment or repeal—Notice of disposition. [Regulation 08.570, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-390	Presumptions. [Regulation 08.390, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-580	Declaratory rulings. [Regulation 08.580, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-400	Stipulations and admissions of record. [Regulation 08.400, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.	4-08-590	Forms. [Regulation 08.590, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.
4-08-410	Form and content of decisions in contested cases. [Regulation 08.410, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.		
4-08-420	Definition of issues before hearing. [Regulation 08.420, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.		
4-08-430	Prehearing conferences—Authorized. [Regulation 08.430, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.		
4-08-440	Prehearing conferences—Record of conference action. [Regulation 08.440, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.		
4-08-450	Submission of documentary evidence in advance. [Regulation 08.450, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.		
4-08-460	Excerpts from documentary evidence. [Regulation 08.460, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.		
4-08-470	Expert or opinion testimony and testimony based on economic and statistical data—Number and qualifications of witnesses. [Regulation 08.470, effective 2/5/60.] Repealed by 88-22-056 (Order ACB-158), filed 11/1/88. Statutory Authority: RCW 18.04.055.		

Chapter 4-04 WAC

GENERAL PROVISIONS

WAC

4-04-010	Construction of "date of passage of the act."
4-04-020	Use of titles relating to accountancy.
4-04-030	Annual notice to renew an annual permit.
4-04-050	Temporary practice by out-of-state accountants.
4-04-060	Resident manager of public accounting office.
4-04-070	Professional service corporations—Notification requirements.
4-04-180	Reexamination requirements.
4-04-190	Time of examination.
4-04-200	Fees for CPA examination.
4-04-210	Fees for permit to practice accounting.
4-04-220	Fee for registration as CPA partnership or PS.
4-04-230	Annual license fee for CPA partnership or PS.
4-04-250	Fee for registration of LPA partnership or PS.
4-04-260	Annual license fee for LPA partnership or PS.
4-04-280	Fee for registration of PA partnership or PS.
4-04-290	Annual license fee for public accountant partnerships or PS.
4-04-300	Educational requirements.

- 4-04-310 License requirements for public accounting partnerships or professional service corporations.

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.]

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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 4-12 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.

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

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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.]

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

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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.
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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

WAC	
4-24-010	Purpose.
4-24-020	Definitions.
4-24-021	Definitions.
4-24-030	Description of central and field organization of the board.
4-24-040	Operations and procedures.
4-24-041	Operations and procedures.
4-24-050	Public records available.
4-24-060	Public records officer.
4-24-070	Office hours.
4-24-080	Requests for public records.
4-24-090	Copying.
4-24-100	Exemptions.
4-24-101	Exemptions.
4-24-110	Review of denials of public requests.
4-24-120	Protection of public records.
4-24-130	Index of public records available.
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.]

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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

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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,

Chapter 4-25 WAC
GENERAL PROVISIONS

[Statutory Authority: RCW 18.04.070. 83-21-030 (Order ACB 104), § 4-25-010, filed 10/10/83.]

WAC

4-25-010	Preamble.
4-25-020	Definitions.
4-25-030	Unlawful acts.
4-25-040	Board meetings, officers, fees.
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4-25-080	Rules of conduct—Independence, integrity, and objectivity.
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4-25-260	Temporary permits.
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4-25-280	Quality assurance review program.
4-25-300	Enforcement procedures—Investigations.
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4-25-360	Reinstatement.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

4-25-180	Permits to practice—Individual. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-180, filed 10/26/83.] Repealed by 89-03-062 (Order ACB-165), filed 1/17/89.
4-25-181	Experience. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-181, filed 10/26/83.] Repealed by 88-06-021 (Order ACB-146), filed 2/25/88. Statutory Authority: RCW 18.04.215 (1)(a).
4-25-182	Continuing professional education. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-182, filed 10/26/83.] Repealed by 87-19-118 (Order ACB-136), filed 9/21/87. Statutory Authority: RCW 18.04.105 (9)-(11) and 18.04.215.
4-25-183	Program standards. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-183, filed 10/26/83.] Repealed by 87-19-118 (Order ACB-136), filed 9/21/87. Statutory Authority: RCW 18.04.105 (9)-(11) and 18.04.215.
4-25-184	Reports. [Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-184, filed 10/26/83.] Repealed by 87-19-118 (Order ACB-136), filed 9/21/87. Statutory Authority: RCW 18.04.105 (9)-(11) and 18.04.215.

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.

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) "Generally accepted auditing standards" (GAAS) are measures of the quality of auditing performance as demonstrated by a licensee and include general standards, standards of field work, and standards of reporting as defined and codified by the American Institute of Certified Public Accountants. "Generally accepted accounting principles" (GAAP) is a body of knowledge which refers to the set of accounting conventions, rules and procedures as developed by the accounting profession and applied by licensees in the practice of public accountancy. Generally accepted accounting principles include but are not limited to principles concerned with the recognition and recording of financial data and with the issuance of reports upon that data, including audit reports 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), all in accordance with pronouncements or other authoritative publications issued by the Financial Accounting Standards Board (FASB) and by the American Institute of Certified Public Accountants, including but not limited to the senior technical committees thereof.

[Statutory Authority: RCW 18.04.055. 84-06-021 (Order ACB 107), § 4-25-020, filed 2/29/84. 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 Board meetings, officers, fees. 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

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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. Fees charged by the board shall be as follows:

- (a) CPA examination applications:
 - (i) One or two parts \$ 75
 - (ii) Three parts \$ 100
 - (iii) Five parts \$ 125
- (b) Transfer of grade credits from other jurisdictions, pursuant to RCW 18.04.105(3) \$ 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 license to practice public accounting, includes certificate renewal fee \$ 80
- (f) Biennial certificate renewal \$ 10
- (g) Biennial firm license:
 - (i) Sole proprietorships (with one or more employees) \$ 50
 - (ii) Partnerships \$ 100
 - (iii) P.S. corporations \$ 100
- (h) Amendments to firm registration, each filing \$ 10
- (i) Temporary practice license, per individual who is to practice within this state \$ 10
- (j) Copies of records, per page \$ 0.10
- (k) Applications for reinstatement \$ 25
- (l) Replacement CPA certificates \$ 25

(m) Failure to file or complete an application to renew an individual certificate, individual license, or firm license by the due date of the application will result in a delinquency fee of twenty-five dollars per month (or any part thereof) from the due date of the application, not to exceed two hundred dollars total delinquency fee.

Note: The board may waive delinquency fees for good cause.

(2) Any applicant for a certificate or license 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 18.04.065. 89-19-004 (Order ACB-192), § 4-25-040, filed 9/7/89, effective 10/8/89; 89-03-062 (Order ACB-165), § 4-25-040, filed 1/17/89; 87-19-117 (Order ACB-135), § 4-25-040, filed 9/21/87. Statutory Authority: RCW 18.04.055. 85-24-026 (Order ACB 115), § 4-25-040, filed 11/26/85. 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, 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 CPA certificate--Education requirements. Applicants for a CPA certificate shall have a baccalaureate degree conferred by a college or university recognized by the board. The degree program shall include an accounting concentration or its equivalent and related subjects the board deems appropriate. The board may, in its discretion, waive the educational requirements for any person if it is satisfied through review of documentation of successful completion of equivalency examination that the person's educational qualifications are an acceptable substitute for the requirements of this rule.

(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) Accreditation standards. For purposes of this rule, the board will recognize colleges and universities which are accredited in accordance with (a) through (d) of this subsection.

(a) 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:

- (i) Middle States Association of College and Secondary Schools;
- (ii) New England Association of Schools and Colleges;
- (iii) North Central Association of Colleges and Secondary Schools;
- (iv) Northwest Association of Schools and Colleges;
- (v) Southern Association of Colleges and Schools; and
- (vi) Western Association of Schools and Colleges.

(b) 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.

(c) 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 institution will be deemed to be accredited for the purpose of (b) of this subsection provided that it:

- (i) Certifies 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
- (ii) Furnishes the board satisfactory proof, including college catalogue course numbers and descriptions, that the preaccrediting courses used to qualify the applicant for a concentration in accounting are substantially equivalent to postaccrediting courses.

(d) If an applicant's degree was received at an accredited college or university as defined by (a) or (c) of this subsection, but the educational program which was used to qualify him for a concentration in accounting 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:

- (i) Has accepted such courses by including them in its official transcript; or
- (ii) Certifies to the board that it will accept such courses for credit toward graduation.

(3) Alternative to accreditation. 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 service 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 (2) of this section.

(4) Accounting concentration. A concentration in accounting for holders of baccalaureate degrees, for purposes of this rule, shall consist of at least:

(a) Twenty-four semester hours or the equivalent, in accounting subjects including no more than ten semester hours of lower division elementary accounting courses; and

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

(c) A concentration in accounting for holders of graduate degrees for purposes of this rule shall consist of at least:

(i) Sixteen semester hours or the equivalent in graduate level accounting subjects. Undergraduate accounting courses may be substituted at two-thirds of the stated undergraduate credit; and

(ii) Sixteen semester hours or the equivalent in graduate level business administration subjects which shall include business law, finance, economics, and data processing. Undergraduate business courses may be substituted at two-thirds of the stated undergraduate credit.

(5) Transition rules for accounting concentration. Applicants for the certified public accountant examination whose original application is approved prior to September 1, 1986, shall not be required to comply with subsection (4)(a) and (b) of this section. Instead, they shall be required to meet the following requirements:

(a) Applicants who sat for an examination given before August 8, 1969, and received conditional credits from such examination, may continue to sit for the examination. They must pass all parts of the examination on or before the November 1992 sitting. Failure to pass said examination by November 1992 will cause the candidate to be subject to the accounting concentration requirements of subsection (4)(a) and (b) of this section for sitting after that date.

(b) Applicants who first sat for an examination given after August 8, 1969, but before November 15, 1986, may continue to sit for the examination. They must pass all parts of the examination on or before the November 1992 sitting. Failure to pass said examination by November 1992 will cause the candidate to be subject to the accounting concentration requirements of subsection (4)(a) and (b) of this section for sitting after that date. Candidates sitting under the provisions of this subsection must pass the examination within six additional consecutive sittings after receiving conditional credits.

[Statutory Authority: RCW 18.04.005(3) [18.04.055(3)]. 87-04-051 (Order ACB-126), § 4-25-140, filed 2/4/87. Statutory Authority: RCW 18.04.055. 85-11-013 (Order ACB 111), § 4-25-140, filed 5/8/85. Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-140, filed 10/26/83.]

WAC 4-25-141 CPA exam—Application. 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 filed until the examination fee and required photographs have been received.

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

(1) Form of exam. The examination required by RCW 18.04.105 shall be the uniform CPA examination, including the following subjects:

- (a) Auditing
- (b) Business law
- (c) Theory of accounts, and
- (d) Accounting practices.

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.

(2) Conditional credits. 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.

(3) Ethics exam. 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.

(4) Proctoring CPA exam candidates. The board may agree to request the assistance of another accountancy board in proctoring Washington's applicants at out-of-state exam sites and may agree to proctor another accountancy board's applicants at a Washington exam site, both subject to space and staffing constraints. The board will not arrange for out-of-state proctoring for applicants domiciled out of state who wish to take the uniform CPA exam as Washington candidates. Such applicants must take the CPA exam in Washington on a space available basis.

(5) CPA exam—Completion of education requirement. A person who has met the education requirement of WAC 4-25-140, or who expects to meet it within one hundred twenty days following the examination, or with respect to whom it has been waived, is eligible to take

the uniform CPA examination provided all other requirements have been satisfied. If a person is admitted to the examination on the expectation that he or she will complete the educational requirement within one hundred twenty days, no certificate may be issued, nor credit for the examination or any part of it be given, unless this requirement is in fact completed within that time or within such time as the board in its discretion may determine upon application.

[Statutory Authority: RCW 18.04.105. 87-15-072 (Order ACB 134), § 4-25-141, filed 7/17/87. Statutory Authority: RCW 18.04.070. 83-22-032 (Order ACB 105), § 4-25-141, filed 10/26/83.]

WAC 4-25-142 CPA exam--Policy on cheating.

(1) Purpose. The purpose of this cheating policy is to define cheating for purposes of the CPA examinations and the penalties the board may impose for cheating. Cheating includes, but is not limited to:

- (a) Communication between candidates inside or outside of the examination room during the examination.
- (b) Unauthorized communication with others outside of the examination room during the examination.
- (c) Substitution by a candidate of another person to write one or more of the examination papers for him/her.
- (d) Reference to crib sheets, text books, or other material inside or outside the examination room during the examination.

(e) Copying another candidate's answers.

(2) Policy. Cheating on the CPA examination is dishonesty related to the professional responsibilities of a CPA. The board may impose one or more of the following penalties:

- (a) Enter a failing grade for any or all parts of the candidate's examination;
- (b) Bar a candidate from writing future examinations;
- (c) Expel a candidate from the examination room.

Board representatives may move a candidate suspected of cheating away from other candidates. Board representatives may request any candidate suspected of cheating or who may have observed cheating to remain for a reasonable period of time following an examination session for questioning. The board may schedule a hearing to determine the validity of the charge of cheating.

All candidates involved in cheating may be subject to penalties, although not necessarily of the same severity.

Other jurisdictions to which a candidate may apply for the examination may be notified of the board's conclusions and order.

[Statutory Authority: RCW 18.04.055(9). 88-05-015 (Order ACB-145), § 4-25-142, filed 2/11/88.]

WAC 4-25-185 Continuing professional education.

WHO MUST HAVE CPE. The following requirements of continuing professional education apply to the biennial renewal, or initial issue if by reciprocity, of certificates and licenses to practice public accounting pursuant to RCW 18.04.105(9) and 18.04.215(4). Renewal of a license to practice means simultaneous renewal of the license and the certificate. Certificates issued to persons born in even-numbered years are subject to renewal on

July 1, 1988, and biennially thereafter. Certificates issued to persons born in odd-numbered years are subject to renewal on July 1, 1989, and biennially thereafter. Each certificate holder shall verify to the board that he has completed at least eighty hours of continuing professional education during the last two-year period unless he can demonstrate that the failure was due to reasonable cause. Persons who are retired, and persons who are certificate holders, but who do not make any public, professional, commercial, or occupational use of the title certified public accountant shall be deemed to have met the reasonable cause exception provided by RCW 18.04.105(11) and 18.04.215(4). The board may, in particular cases, make exceptions to these requirements for reasons of individual hardship including health, military service, foreign residence, or other reasonable cause.

(1) HOURS REQUIRED.

(a) PUBLIC ACCOUNTING LICENSE. An applicant seeking regular biennial renewal of a license, which will include renewal of his certificate, shall show that he has completed the required hours of continuing professional education during the two calendar-year period preceding renewal, of which no less than thirty-two hours shall be accounting and/or auditing subjects. In a reporting period during which the licensee was not involved at any time in reporting on financial statements, no less than sixteen hours of the eighty-hour requirement shall be accounting and/or auditing subjects. Tax practitioners whose sole relationship to financial statements is the review of the federal income tax provision, related balance sheet accounts and notes are not considered to be involved in reporting on financial statements for purposes of this provision. Of the total requirement of eighty hours, no more than sixteen hours may be in continuing professional education course subjects deemed "nontechnical" by the board in WAC 4-25-186 (2)(b).

(b) CERTIFICATE ONLY. An applicant, who holds a certificate but whose activities do not require a license to practice public accounting, is required to show that he has completed not less than eighty hours of continuing professional education to renew his certificate under RCW 18.04.105(9) which contribute to his own professional competency, meet the criteria for courses set forth in WAC 4-25-186(1) and can be classified into one of the categories of WAC 4-25-186 (2)(a) or (b). The courses must include a minimum of eight hours of accounting and/or auditing subjects for each biennial reporting period.

(2) RENEWAL OF LAPSED CERTIFICATES OR LICENSES AND RECIPROCITY. An applicant who has previously held a license and certificate who has failed to renew timely, shall satisfy the requirements of subsection (1)(a) of this section. An applicant who held a license under the reciprocity provisions of RCW 18.04.180, shall, for the purposes of satisfying the continuing education requirements, make the same showing as prescribed in subsection (1)(a) of this section at the time of application. An applicant who holds a certificate and no license who has failed to renew timely, shall satisfy the requirements of subsection (1)(b) of this section.

(3) **RENEWAL OF INITIAL CERTIFICATE OR LICENSE AND CERTIFICATE.** An applicant seeking to renew an initial certificate or license and certificate issued less than two years but more than one year prior to the renewal must show that he has completed at least forty hours of such continuing professional education during the calendar year preceding the application. An applicant seeking to renew an initial certificate or license and certificate issued less than one year prior to the renewal will not be required to demonstrate completion of any hours of continuing professional education for the first renewal, subject to the provisions of subsection (2) of this section as it pertains to certificates or licenses granted through reciprocity.

(4) **TRANSITION RULE.** Persons who held a certificate and no license and thereby became subject to continuing professional education requirements for the first time on July 1, 1986, pursuant to the requirements of RCW 18.04.105(9), shall make the following showing for purposes of satisfying the continuing professional education requirements:

(a) **EVEN-NUMBERED BIRTH YEAR - RENEWAL.** An individual who first becomes subject to continuing professional education requirements during the period July 1, 1986, through September 30, 1987, pursuant to RCW 18.04.105(9) and whose year of birth is even-numbered shall renew his certificate effective July 1 of each even-numbered year commencing with 1988. Such individual shall show completion of at least sixteen hours of continuing professional education (CPE) obtained during the two-year period ending December 31, 1987, as a condition of renewing his certificate in 1988. For renewal in 1990, such individuals must demonstrate completion of eighty hours of CPE during calendar years 1986 through 1989. For each subsequent renewal commencing with 1992, individuals must demonstrate eighty hours of CPE obtained in the two calendar-year period preceding the year of renewal.

(b) **ODD-NUMBERED BIRTH YEAR - RENEWAL.** An individual who first becomes subject to continuing professional education (CPE) requirements during the period July 1, 1986, through September 30, 1987, pursuant to RCW 18.04.105(9) and whose year of birth is odd-numbered shall renew his certificate effective July 1 of each odd-numbered year commencing with 1989. Such individual shall show completion of at least forty-eight hours of continuing professional education obtained during the three-year period ending December 31, 1988, as a condition of renewing his certificate in 1989. For renewal in 1991, such individuals must demonstrate completion of eighty hours of CPE during calendar years 1989 and 1990. For each subsequent renewal commencing with 1993, individuals must demonstrate eighty hours of CPE obtained in the two calendar-year period preceding the year of renewal.

(c) **CERTIFICATES ISSUED AFTER SEPTEMBER 30, 1987 - RENEWAL.** Certificates issued after September 30, 1987, shall be renewable on July 1 of each even-numbered year for individuals whose birth year is even-numbered and on July 1 of each odd-numbered year for individuals whose birth year is odd-numbered.

[Statutory Authority: RCW 18.04.105 (9)-(11) and 18.04.215. 87-19-118 (Order ACB-136), § 4-25-185, filed 9/21/87.]

WAC 4-25-186 Program standards. (1) **QUALIFYING PROGRAMS.** A program qualifies as acceptable continuing professional education for purposes of RCW 18.04.215(4) if it is a formal program of learning which contributes to the growth in the professional knowledge and professional competence of an individual in the practice of his profession, and meets the minimum standards of quality of development and presentation and of measurement and reporting of credits set forth in WAC 4-25-185, 4-25-186, 4-25-187, 4-25-188, and in the *Statement on Standards for Formal Continuing Education* published by the National Association of State Boards of Accountancy, or such other educational standards as may be established from time to time by the board. Undergraduate courses are presumed not to contribute to licensees' growth beyond the level of knowledge required for initial certification and are therefore not generally acceptable for continuing professional education.

(2) **SUBJECT AREAS.** Programs dealing with the following general subject areas (as defined in the AICPA continuing professional education division. "*National Curriculum—A Pathway to Excellence*" or its successive documents) are acceptable so long as they meet the standards in subsection (1) of this section:

(a) **Technical subjects:**

- (i) Accounting and auditing;
- (ii) Management advisory services;
- (iii) Personal financial planning;
- (iv) Taxation;
- (v) Management information services;
- (vi) Budgeting and cost analysis;
- (vii) Asset management;
- (viii) Professional ethics;
- (ix) Specialized areas of industry;
- (x) Human resource management;
- (xi) Economics;
- (xii) Business law;
- (xiii) Mathematics, statistics, and quantitative applications in business;
- (xiv) Business management and organization.

(b) **Nontechnical subjects:**

- (i) Communication skills;
- (ii) Interpersonal management skills;
- (iii) Personal development skills;
- (iv) Public relations;
- (v) Practice development.

Subjects other than those listed above may be acceptable if the 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) of this section and deal with subjects referred to in subsection (2) of this section:

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

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

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

(d) Formal in-firm education programs;

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

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

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

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

(5) 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 the course is completed.

(6) INSTRUCTOR, DISCUSSION LEADER, OR SPEAKER. Applicants who have served as instructors, discussion leaders and speakers at programs coming under subsections (1), (2), and (3) of this section 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. Credit toward the continuing professional education requirement may be claimed for published articles and books, provided they contribute to the professional competence of the certificate holder. Credit for preparation of such publications may be claimed on a self-declaration basis for up to twenty-five percent of the renewal period requirement. In exceptional circumstances a licensee may request additional credit by submitting the article(s) or book(s) to the board with an explanation of the circumstances which justify a greater credit. The amount of credit

awarded for a given publication will be determined by the board.

[Statutory Authority: RCW 18.04.105 (9)-(11) and 18.04.215. 87-19-118 (Order ACB-136), § 4-25-186, filed 9/21/87.]

WAC 4-25-187 Reports. Applicants for renewal of certificates and/or licenses to practice pursuant to RCW 18.04.105(9) or 18.04.215(4) shall file with their applications therefore a signed statement of the continuing professional education programs for which they claim credit, showing:

Sponsoring organization;

Title of program or description of content;

Dates attended;

Hours claimed; and

For certificate only reporters, a general description of each course's contribution to the CPA's professional competence.

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) Course completion certificate provided by program sponsor;

(2) Confirmation letter from sponsor stating program title, location, and dates and hours of attendance;

(3) Copy of the course outline prepared by the course sponsor;

(4) 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;

(5) 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 license or certificate renewal. 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 18.04.105 (9)-(11) and 18.04.215. 87-19-118 (Order ACB-136), § 4-25-187, filed 9/21/87.]

WAC 4-25-188 Program sponsor agreements. Persons or organizations may not state that the board endorses or approves any continuing education program or course. All persons or organizations intending to sponsor programs or courses qualifying for continuing professional education shall enter into a program sponsor agreement for continuing education with the board, or at the board's option, with the National Association of State Boards of Accountancy and, accordingly, may state in promotional or program materials that the sponsor has agreed to abide by board rules. The sponsor agreement must indicate the type of organization and the subject areas in which the sponsor plans to present courses. Further, the agreement shall specify that the sponsor will comply with the requirements of WAC 4-

25-186 and will retain for a period of five years the required records of program date, location, names of instructors, a verified listing of certificate holders attending, and outlines of the program presentation. The agreement shall further specify that the program sponsor agrees that a representative of the board may, upon due notice and without cost to the board, attend any course to perform field observation and review of the sponsor's procedures and course quality.

[Statutory Authority: RCW 18.04.105 (9)-(11) and 18.04.215. 87-19-118 (Order ACB-136), § 4-25-188, filed 9/21/87.]

WAC 4-25-190 Experience. Experience required for issuance of an initial license pursuant to RCW 18.04.215 (1)(a) shall meet the requirements of this section:

(1) **EXPERIENCE DEFINITION AND TIMING:** One year of experience shall consist of full-time employment of no less than two thousand hours. For purposes of computing work experience for a part-time employee, two thousand hours shall constitute one year. Employment may be for one or more employers, with or without compensation, and may consist of any combination of full-time and part-time employment. For an applicant who passed the uniform certified public accounting examination prior to May 1988, experience obtained more than five years prior to application for initial license shall be supplemented by eighty hours of continuing education during the two-year period prior to application. For an applicant who passed the examination in May 1988, or thereafter, experience must be obtained within the five-year period prior to application.

(2) **EXPERIENCE IN PUBLIC ACCOUNTING:**

(a) An applicant shall show he/she has had employment for a period of one year as a staff accountant under the direct supervision of a currently licensed certified public accountant who is actively engaged in the practice of public accounting. Qualifying experience for purposes of this section shall mean the performance of services as one skilled in the knowledge and practice of public accounting, including performance of accounting or auditing procedures, issuance of reports on financial statements, performance of management advisory or other consulting services, preparation of tax returns and furnishing advice on tax matters.

(b) Public accounting services shall be performed for clients of a certified public accountant or a firm of certified public accountants in compliance with the board's rules and must regularly involve the exercise of independent judgment and the application of appropriate technical and behavioral standards such as the standards contained in the Code of Professional Ethics, Generally Accepted Auditing Standards, Statement of Responsibilities in Tax Practice, Statement on Standards for Management Advisory Services, Statement on Standards for Accounting and Review Services, Statement on Standards for Attestation Engagements and other similar practice standards issued by the American Institute of Certified Public Accountants.

(c) Commencing July 1, 1988, an applicant shall demonstrate that he/she has obtained required experience by performing one or more of the services described in (a) and (b) of this subsection, including attest function experience related to reports on financial statements. As a guideline, five hundred hours of attest function experience will be necessary to achieve a minimum level of competence. Experience gained in less than five hundred hours will be evaluated for quality and substance on a case-by-case basis. The attest function experience shall consist of experience within activities generally performed by certified public accountants in audit engagements, review engagements, compliance audits, management audits, operational audits, or other attest function engagements.

(d) An applicant's attest function experience shall include the following:

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

(ii) Experience in the preparation of working papers in connection with each element of the work accomplished under (d)(i) of this subsection;

(iii) Experience in the planning of the program for the application of accounting and/or auditing procedures and techniques including the selection of the procedures to be followed;

(iv) Experience in the preparation of written explanations and comments on the results of accounting and/or auditing work; and

(v) Experience in the preparation and analysis of financial statements, including explanations and notes.

(e) Attest function experience shall be documented on an experience affidavit form provided by the board which enumerates specific procedures typically applied in an audit of financial statements. The objective of the affidavit is to provide evidence that an applicant has a satisfactory knowledge of current practice standards and pronouncements of the profession.

(3) **EXPERIENCE OTHER THAN IN PUBLIC ACCOUNTING:**

(a) The experience required, as stated in subsection (2) of this section, may also be met by work experience, not including in-classroom training, performed under the direct supervision of a currently licensed certified public accountant in a commercial or governmental organization which has filed a sponsorship agreement with the board, acceptable to the board, which among other things specifies:

(i) The scope of accounting, auditing, consulting, and other services performed within the organization;

(ii) The professional education and on-job training provided to an applicant prior to application; and

(iii) The program of review and supervision performed by the internal review committee within the organization which administers the agreement.

(b) Qualifying work experience must be of a type and at a level equivalent to that performed in public accounting practice and must regularly involve the exercise of independent judgment and the application of the appropriate technical and behavioral standards.

(c) Two years of experience outside of public accounting shall be considered equivalent to one year of public accounting experience.

(4) **EXPERIENCE AFFIDAVIT:** The experience claimed by an applicant shall be verified by the certified public accountant or firm of certified public accountants supervising the applicant on an experience affidavit form provided by the board.

(5) **EXAMINATION OF EXPERIENCE DOCUMENTATION:**

(a) 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.

(b) The board may require an interview or an inspection of documentation relating to an applicant's experience. Any licensee having custody of such documentation shall produce it upon request by the board.

(c) Any licensee who refuses to provide the evidence or documentation of the applicant's experience, requested by an applicant or by the board, shall upon request by the board explain in writing or in person the basis for such refusal.

(6) **RECIPROCITY:** An applicant who applies for initial license in this state shall be required to document experience obtained in another jurisdiction which is equivalent to the requirements of this state.

[Statutory Authority: RCW 18.04.215 (1)(a), 88-06-021 (Order ACB-146), § 4-25-190, filed 2/25/88.]

WAC 4-25-191 Licenses to practice—Certificates—Individual. (1) Application for initial license to practice public accounting and for renewal of license pursuant to RCW 18.04.215 shall be made on a form provided by the board. Application for renewal of licenses and/or certificates shall be filed no later than March 31 of the year of expiration. Renewal of the license to practice public accounting is deemed to be renewal of the associated certificate.

(2) Application for renewal of license or certificate shall be accompanied by evidence satisfactory to the board that the applicant has complied with continuing professional education requirements pursuant to RCW 18.04.105(10).

(3) An application shall not be deemed to be completed until the applicable fees have been received and continuing education requirements have been met.

(4) Certificates and licenses expire on June 30 of every other year and have a duration of two years.

(5) Failure to file or complete an application for certificate or license renewal within the time required by board rule will result in delinquency fees as listed in WAC 4-25-040.

(6) In those instances where the applicant for certificate or license renewal fails to file a complete application by June 30 of the year of expiration, the board may enter into an agreement with the applicant to renew the license or certificate under the following condition: The applicant agrees to stipulate that his certificate and license will be suspended effective September 30 of the

year of renewal unless the applicant files a complete application with the board prior to that date.

[Statutory Authority: RCW 18.04.215, 89-03-062 (Order ACB-165), § 4-25-191, filed 1/17/89.]

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 4-25-280 Quality assurance review program.

(1) **Purpose.** The Washington state board of accountancy is charged with protection of the public interest as it relates to the licensure of certified public accountants. The purpose of the quality assurance review program (hereinafter referred to as program) is to monitor licensees' compliance with professional standards.

(2) **Structure and implementation.**

(a) The board will annually appoint a quality review committee (hereinafter referred to as committee) of five members to perform the following functions:

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

(ii) Improvement of reporting practices of licensees through education and rehabilitative measures;

(iii) Referral of cases requiring further investigation to the board or its designees; and

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

(b) With respect to a firm required to renew a biennial license for a period beginning on or after July 1, 1987, such firm shall submit, for each of its offices, the following reports which have been issued by that office during the twelve months preceding the date of application if any report of such type was issued during the period:

- (i) A compilation report;
- (ii) A review report; and
- (iii) An audit report.

(If reports issued by all offices of a firm are reviewed and issued in a controlled, centralized process, only one of each of the reports specified above shall be submitted by the firm as a whole.)

(c) The board may exempt from the requirement of subsection (b) of this section any firm which within the three years immediately preceding the application has been subjected to a peer review and submits with its application a copy of an unmodified report from a reviewing organization acceptable to the board. Firms which received modified peer review reports shall submit copies of such reports and related correspondence, at the discretion of the board, for consideration on an individual basis.

(d) Any documents submitted in accordance with subsection (b) of this section may have the name of the client, the client's address, and other identifying factors omitted, provided that the omission does not render the type or nature of the enterprise undeterminable. Dates may not be omitted.

(e) The committee may also solicit for review financial statements and related reports of licensees from clients, public agencies, banks, and other users of financial statements.

(f) 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.

(g) The identities of the sources of financial statements and reports received by the board or the committee from other than the licensees who issued the reports shall be preserved in confidence. Reports submitted to the committee pursuant to subsection (b) of this section and comments of reviewers, the committee and the board on such reports or workpapers relating thereto, shall also be preserved in confidence except to the extent that they are communicated by the board to the licensees who issued the reports or disclosure is required under administrative procedure rules or by direction of a court of law.

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

- (i) Presentation of financial statements in conformity with generally accepted accounting principles;
- (ii) Compliance by licensees with generally accepted auditing standards;
- (iii) Compliance by licensees with other professional standards; and
- (iv) Compliance by licensees with the rules of the board and other regulations relating to the practice of public accounting.

(i) If the board determines that a report referred to the board by the committee is substandard or seriously questionable with respect to applicable professional standards, the board may take any one or more of the following actions:

(i) The board may submit to the licensee firm a letter of comment detailing the perceived deficiencies and require the licensee to develop quality control procedures to insure that similar occurrences will not occur in the future;

(ii) The board may require any individual licensee who had responsibility for issuance of a report, or who substantially participated in preparation of the report and/or related workpapers, to successfully complete specific courses or types of continuing education as specified by the board;

(iii) The board may require that the office responsible for a substandard report submit all or specified categories of its reports to a preissuance review in a manner and for a duration prescribed by the board;

(iv) The board may require the office or the licensee firm responsible for a substandard report to submit to a peer review conducted in accordance with standards acceptable to the board;

(v) The board may require the licensee firm responsible for substandard work to submit to on-site review or other investigative procedures of work product and practices by board representatives in order to assess the degree or pervasiveness of substandard work. The board may assess the costs of such procedures to the firm if the results of such investigative efforts substantiate the existence of substandard work product;

(vi) If it appears that the professional conduct reflected in a substandard report is so serious as to warrant consideration of possible disciplinary action, the board may initiate an investigation pursuant to RCW 18.04.320.

[Statutory Authority: RCW 18.04.055(7). 87-03-040 (Order ACB-128), § 4-25-280, filed 1/16/87.]

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.]