

Board of Accountancy

Washington State



REGULAR BOARD MEETING AGENDA

Date, Time: Thursday, July 26, 2012 – Regular Board Meeting – 9:00 a.m.
Location: The Doubletree Hotel Seattle Airport - Cascade 13 Room
18740 International Boulevard, SeaTac, Washington
(206) 246-8600

Chair Introductions/Special Notices

PUBLIC RULE-MAKING HEARING – 9:00 a.m.

Attachments at tab:

1. Public Rule-Making Hearing Outline..... A
2. Rules Under Consideration
 - a. WAC 4-30-130 What are the requirements for participating in quality assurance review (QAR)? B
 - b. WAC 4-30-132 What are the program standards for CPE? C
3. Written Stakeholder Comments D

REGULAR MEETING AGENDA

1. Consent Agenda
 - a. Minutes – April 26, 2012, Regular Board Meeting..... E
 - b. Request Review Committee Report – Karen Saunders, Chair..... F
2. Motion for Entry of Order on Default - ACB-1339 – Akash Deep Sehgal..... G
3. Rules Review - Board Deliberation on proposed rules considered at public rule-making hearing - See listing above under Public Rule-Making Hearing – Item 2.
4. Board Governance Structure H
5. Board Policy – 2002-1 Substantially Equivalent Jurisdictions I
6. NASBA
 - a. International Education Evaluation..... J
 - b. Update
 - c. Western Regional Meeting
7. Legal Counsel’s Report – *No Report*
8. Chair’s Report

The Board of Accountancy schedules all public meetings at barrier free sites. Persons who need special assistance, such as enlarged type materials, please contact the Board’s Americans with Disabilities Act contact person:

Cheryl Sexton, Washington State Board of Accountancy
PO Box 9131, Olympia, WA 98507-9131
360/664-9194 Voice 360/664-9190 Fax

800/833-6388 (TT service) 800/833-6385 (Telebraille service)
(TT and Telebraille service nation wide by
Washington Telecom Relay Service)

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- 9. Committee/Task Force Reports
 - a. Compliance Assurance Oversight – Fred Shanafelt, CPA, Chair – *Update* K
 - b. Education/Exam Task Force – Elizabeth Masnari, CPA, Board Liaison – *On hold*
 - c. State Ethics Compliance – Thomas Neill, CPA, Chair – *No report*
 - d. Legislative Review – Edwin Jolicoeur, CPA, Chair – *No report*
 - e. Quality Assurance Review – Emily Rollins, CPA, Co-Chair – *Update* L
 - f. Request Review – Karen Saunders, CPA, Chair - *See Consent Agenda – Vote*

- 10. Executive Director’s Report
 - a. Appreciation - Compliance Assurance Oversight Retiring Chair
 - b. Budget
 - c. Government Management, Accountability & Performance (GMAP)
 - d. Implementation of Performance Review Task Force Recommendations
 - e. Investigation Statistics/Investigations & Administrative Sanctions M
 - f. Renewal Cycle 2012 - CPE Deficiencies/Pre-Lapsed Reinstatement - Online Services..... N
 - g. Staffing
 - h. WBOA-News
 - i. Other

- 11. Executive and/or Closed Sessions with Legal Counsel

- 12. Public Input - To ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

**WASHINGTON STATE
BOARD OF ACCOUNTANCY
EXECUTIVE DIRECTOR'S SUMMARY – July 26, 2012
REGULAR BOARD MEETING**

Day, time, location, special notices:

Meeting: **Thursday, July 26, 2012 - 9:00 a.m.**
Location: **The Doubletree Hotel Seattle Airport**
Cascade 13
18740 International Boulevard
Seattle, Washington
(206) 246-8600

Notices: Rules Hearing at 9:00 a.m.

**Chair's Opening
Announcements:**

The purpose of the Board meeting is for the Board to accomplish its business. After the Board completes its discussion of an agenda item, if appropriate, I will ask if anyone in the audience wishes to comment. As a reminder, individuals attending the meeting may participate only after recognition by the Chair. If you plan to address the Board during the public input section of the agenda, please sign the sign-up sheet.

JULY 26, 2012 - 9:00 A.M. - PUBLIC RULE-MAKING HEARING

Rules Hearing - At **9:00 a.m.** the Board will hold its scheduled rules hearing to obtain public input on the proposed changes to two Board rules.

- 1. Public Rule-Making Hearing Outline** - See **Tab A** for the script the Chair will use as a guide during the hearing.
- 2. Rules Under Consideration** - The Executive Director will provide a summary of the proposed changes for each rule during the rules hearing.
 - a. WAC 4-30-130 What are the requirements for participating in quality assurance review (QAR)?** See **Tab B** for the CR-102, Notice of Proposed Rule Making that includes the proposed changes to the rule.
 - b. WAC 4-30-132 What are the program standards for CPE?** See **Tab C** for the CR-102, Notice of Proposed Rule Making that includes the proposed changes to the rule.

Rule-making process – Comments suggest some opposition to extending peer review to those CPA firms providing review and compilation services. To help Board Members address comments that may come up during the hearing, I'm providing information concerning notice and costs:

Executive Director Summary – July 26, 2012

Notice – In addition to Board meeting agendas emailed to those individuals requesting notice and published to the Board’s web site at least four days prior to the meeting, draft Board meeting minutes published to the Board’s web site shortly after meetings, and the required filings (CR-101 and CR-102) with the Code Reviser, which were also noticed on the Board’s web site, staff provided the following notice to stakeholders:

- July 2, 2012 – Staff posted rules hearing notice to Board’s web site and emailed to notice of CR-102 filing to 38 individuals who requested notice of all Board rule-making and 21 approved ethics CPE providers.
- July 16 – Staff emailed rules hearing notice to 1,874 currently licensed CPA firms with a valid email address on file. As of July 20, 97.76% (1832) of those firms received the email. 45.41% (832) opened the email. 24.76% followed links provided in the notice. 4 firms shared the email notice. 1,980 CPA firms are currently registered with the Board.

Costs – Staff estimates the average cost of an engagement review at \$700. Oklahoma’s average cost of an engagement review is \$450.

Costs - Board’s QAR:

	2010 QAR Cycle	2011 QAR Cycle
QAR fee paid \$400	\$55,200	\$41,600
Agency Costs - Salary + Budget	\$37,474.86	\$50,580.80
Number of Firms Participating in QAR	761	568
Firms Submitting Reports	138	104
Firms with Unacceptable Reports	26	16

Sanctions:

- Required CPE
- Fine
- Cost recovery
- Preissue/Field Evaluation

Costs (approximate) Peer Review - Staff contacted the WSCPA and several peer reviewers and obtained the following information:

WSCPA Administration fees -	Annual	3 Years
Sole proprietor	\$185	\$555
2 - 10 professionals	\$290	\$870
11+ professionals	\$390	\$1170

Reviewer #1	\$400 - 1200			
Reviewer #2	\$1100 - 1440			
Reviewer #3 - Average \$587	\$400 - 786.25			

Reviewer #4	No. of reports reviewed	Estimated hours	Rate	Estimated fee
	2	4-7	\$220	\$880 - \$1,540
	3	5-8	\$220	\$1,100 - \$1,760
	4	6-9	\$220	\$1,320 - \$1,980
Reviewer #5	\$700 - 900			

3. **Written Stakeholder Comments** – See **Tab D** for copies of the eight (seven opposing, and one favoring) written comments concerning WAC 4-30-130 (QAR) received prior to the mailing of the agenda package. Comments opposed to the rule proposal are copied on white paper. Comments in favor of the rule proposal are copied on yellow paper. Staff will provide any additional comments received before the rule-making hearing to each Board member via email and in hard copy at the Board meeting for your reference and convenience.

JULY 26, 2012 - REGULAR BOARD MEETING

1. **Consent Agenda**

- a. **Minutes – April 26, 2012** - Board staff presents the draft minutes of the April 26, 2012, regular Board meeting at **Tab E** for the Board's consideration.
- b. **Request Review Committee** - The Request Review Committee presents its report at **Tab F** for the Board's consideration.

2. **Motion for Entry of Order on Default - ACB-1339 Akash Deep Sehgal**

Tab G contains a packet of documentation relating to the proceedings concerning Akash Deep Sehgal. The packet contains:

- Motion for Entry of Findings of Fact, Conclusions of Law and Final Order Imposing Sanctions
- Declaration of Richard C. Sweeney
- Various Exhibits
- Draft Findings of Fact, Conclusions of Law and Final Order Imposing Sanctions*

Lauren Jassny is the Consulting Board Member and will not participate in discussions.

*The Board received an updated billing from the Attorney General's Office since the Executive Director and Consulting Board Member identified the appropriate recommended sanctions. The legal costs for this case through June 30, 2012, are \$4,829.00. The recommended cost recovery does not include this entire amount. The Executive Director recommends increasing the cost recovery to \$5,500.

Does the Board wish to enter an order based on your review of this material?

3. Rules Review - Board Deliberation on proposed rules considered at public rule-making hearing - *Tabs B and C* contain the CR-102 filings including the proposed changes to:

- a. **WAC 4-30-130 What are the requirements for . . . quality assurance review (QAR)?**
- b. **WAC 4-30-132 What are the program standards for CPE?**

The Executive Director provided a summary of the proposed changes to each rule during the rules hearing. The Executive Director is prepared to summarize the changes for the rules or answer any questions for the Board during deliberation.

For each rule, does the Board wish to:

- **Adopt the rule as proposed with an effective date 31 days after filing?**
- **Adopt the rule with minor changes that do not change the general subject matter of the proposed rule with an effective date 31 days after filing?**
- **Amend the rule proposal and set another rules hearing date? or**
- **Withdraw the rule proposal?**

4. Board Governance Structure - *Tab H* contains the Executive Director's proposed governance structure.

Does the Board wish to adopt the proposed Governance Structure and appoint chairs for each committee? The proposed committees and current members are listed here for Board member convenience.

- Request Review Committee**
Karen Saunders, CPA, Chair
Gerald Ryles, Member
- Legislative Review Committee**
Edwin G. Jolicoeur, CPA, Chair
Jerry Ryles, Member.
- Compliance Assurance Oversight Committee**
Fred Shanafelt, CPA, Chair
Nina Gerbic, CPA
Christine Bogard, CPA
- Quality Review Committee**
Emily Rollins, CPA, Co-Chair
Robert Speicher, CPA, Co-Chair
Edwin Jolicoeur, CPA, Member
Elizabeth Masnari, CPA, Member
- State Ethics Compliance Committee**
Thomas Neill, CPA Chair
Richard Sweeney, CPA, Ex-officio Liaison

5. Board Policy – 2002-1 Substantially Equivalent Jurisdictions - Tab I

contains a copy of the Board's Substantially Equivalent Jurisdictions policy and NASBA's current listing of states and jurisdictions identified as "Substantially Equivalent States." The Board through its policy recognizes these states and jurisdictions for purposes of issuing a Washington State CPA license under statute's interstate reciprocity provision. The Executive Director wants Board members to be aware of this listing and recent issues. Some states may not grant reciprocity to Washington licensees due to time sensitive invalidation of CPA exam grades and/or experience requirements. This impacts mobility and substantial equivalency. The Executive Director will report.

6. NASBA

a. International Education Evaluation - Tab J contains background information on foreign education. The Executive Director asks the Board the following questions to be resolved likely at the October meeting:

1. Does the Board consider the level of Secondary High School education in India (REQUIRED for college or university entry) relevant to either the requirements for the exam or for licensure?
2. Does the Board consider the accreditation by the Association of Indian Universities of courses and final examination of the Institute of Chartered Accountants of India acceptable to recognize the bachelor's degree status for exam or licensure (vs. the three-year commerce degree) whether or not the applicant attends graduate school in India?

b. Update – The Executive Director will provide a verbal update on NASBA activities.

c. Western Regional Meeting – Don, Ed, Tom, and Rick attended NASBA's Western Regional meeting from June 27 through June 29, 2012, in Anchorage, Alaska. The Executive Director will initiate the discussion.

7. Legal Counsel's Report

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item allowing for Legal Counsel to report on any current issues related to the Board's activities and/or Washington state law such as: the Administrative Procedures Act, Open Public Meetings Act, Public Disclosure requirements, etc.

Due to a scheduling conflict, the Board's legal counsel is not able to attend this meeting. He reported to the Executive Director and Board Chair that he did not have anything to report, and oral argument in the *West* case still has not been scheduled by the court.

8. CHAIR'S REPORT

The Board's Chair requests the agenda for regular Board meetings contain a placeholder item allowing for the Chair to report on any current issues related to the Board's activities.

9. Committee Reports

- a. Compliance Assurance Oversight** – Fred Shanafelt, CPA, Chair.

Tab K contains the Compliance Assurance Oversight committee's annual report on oversight of the AICPA Peer Review program administered by the Washington Society of CPAs. The Executive Director will present the Committee's report.

- b. Education/Exam Task Force** – Elizabeth Masnari, CPA, Board Liaison; Emily Rollins, CPA, and Ronald Sabado, CPA, Members.

With NASBA's current plan to liaison with international education evaluation service providers, the Board at its April 26, 2012, meeting placed the activities of this task force on hold.

- c. Ethics Committee** – Thomas Neill, CPA Chair; Richard Sweeney, CPA, Ex-officio Liaison.

Tom has nothing to report at this meeting.

- d. Legislative Liaison Committee** – Edwin G. Jolicoeur, CPA, Chair; and Jerry Ryles, Member.

Ed has nothing to report for this meeting

- e. Quality Assurance Review (QAR) Committee** – Emily Rollins, CPA and Robert Speicher, CPA, Co-Chairs; Members: Edwin Jolicoeur, CPA, and Elizabeth Masnari, CPA.

Tab L contains the 2012 QAR program status report as of July 16, 2012. Emily will report.

- f. Request Review** – Karen Saunders, CPA, Chair; and Gerald Ryles, Member.

See Regular Meeting Consent Agenda, Item 1.b., (Tab F) above.

10. Executive Director's Report

- a. **Appreciation – Compliance Assurance Oversight Retiring Chair -** Fred Shanafelt, CPA, current chair of the Board's Compliance Assurance Oversight Committee is retiring. Staff prepared a certificate of appreciation for Fred.

Does the Board wish to express their appreciation for this volunteer's service and sign the prepared certificate?

- b. **Budget** – The Executive Director will report on the status of the agency's budget.
- c. **Government Management, Accountability & Performance (GMAP)** – The Executive Director will report.
- d. **Implementation of Performance Review Task Force Recommendations** – At its October 13, 2011, the Board adopted the recommendations of the Board's Performance Review Task Force and directed staff to include a place on the agendas for future Board meetings under the Executive Director to report on the status of further implementation of recommendations. The Executive Director will report.
- e. **Investigation Statistics/Investigations & Administrative Sanctions –** *Tab M* contains the following:
- Case Status Report for the period ended June 30, 2012
 - Investigations Results/Statistics through June 30, 2012, as posted on the Board's web site
 - Investigation Statistics January 1990 through June 30, 2012

The Executive Director will report.

- f. **Renewal Cycle 2012- CPE Deficiencies/Pre-Lapsed Reinstatement - Online Services** – All CPE extension requests were due on or before December 31, 2011. Any individual that came forward during their renewal cycle and admitted to a failure to complete their CPE by December 31st was allowed the option to apply for reinstatement prior to the license actually lapsing on June 30th.

Tab N provides statistics for the 2012 renewal cycle. Additionally, staff provides the following statistics concerning the timing of 2012 renewals:

Renewed prior to 5/1/2012	Individuals	4162
Renewed between 5/1/2012 and 06/24/2012	Individuals	502
Renewed after 6/25/2012 email notice	Individuals	532

The Executive Director will report.

- g. Staffing** – The Executive Director will report.
- h. WBOA-News** – As of July 18, 2012, 1792 individuals have subscribed. This is a net increase of 23 individuals since April 19, 2012 – 1.3%. NASBA will subsidize costs to print and mail WBOA-News to Washington CPAs. The Executive Director will report.
- i. Other**

11. Executive and/or Closed Session with Legal Counsel

The Board's Legal Counsel requests the agenda for regular Board meetings contain a placeholder item identifying the Board and Legal Counsel may enter into executive or closed session when determined appropriate.

12. Public Input

Board meeting time has been set aside to ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each with a maximum of three speakers at each Board meeting. *(Chair: Note the sign-up sheet will be set out at the start of the Board meeting.)*

**WASHINGTON STATE BOARD OF ACCOUNTANCY
RULES HEARING OUTLINE
JULY 26, 2012**

Presiding officer read or paraphrase BOLD type entries

Italics are explanatory notes to presiding officer

Opening statement:

The Board of Accountancy rules hearing is now in session. The date is Thursday, July 26, 2012. The time is _____. My name is Don Aubrey. I am Chair of the Board of Accountancy.

Copies of the rule proposals are available at the back of the room. If you have not already done so, please register your attendance at this hearing on the attendance roster at the back of the room. Please indicate on the roster whether you wish to testify.

Have Board Members, legal counsel, and staff in attendance introduce themselves.

Explain hearing sequence and ground rules as follows:

The hearing will be conducted as follows:

I will identify the rules presented for testimony and the Executive Director will present a brief statement for each proposal.

2. I will use the attendance roster to invite testimony on the proposals. When you give testimony, please:

- **Stand**
- **State your name and organization if you speak for a group**
- **Limit your testimony to the rule proposal currently before the Board.**
- **After you testify, please remain standing for questions, and**
- **If you are testifying from text, please provide a copy to Board staff.**

Testimony is limited to 5 minutes for each speaker.

3. When the testimony is complete the hearing will be closed. The Board will consider the proposed rule changes at its Board meeting later today.

The rule proposals concern:

- **WAC 4-30-130 What are the requirements for participating in quality assurance review (QAR)?**
- **WAC 4-30-132 What are the program standards for CPE?**

Richard Sweeney, the Board's Executive Director, will present a brief statement for each proposal. Rick presents the statement.

The rule proposals have been identified. We will now move to the testimony.

1. TESTIMONY FROM ATTENDANCE ROSTER

Ask for testimony from the audience according to the order on the attendance roster. After testimony is complete you will invite questions from the Board members.

Will (name of individual) please come forward to present testimony?

When the testimony is complete you may ask questions of the individual.

2. OTHER TESTIMONY

*After all persons on the attendance roster have testified, ask if others wish to testify. **Is there anyone who wishes to testify that has not had the opportunity?***

3. CLOSING STATEMENT:

Thank you for your testimony.

The Board will deliberate on the oral and written testimony and the proposed rules later today during its regular Board meeting. All participants will be notified in writing of the Board's decision regarding the proposed rules. Thank you all for your participation. This hearing is now closed.



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Board of Accountancy

- | | |
|--|---|
| <input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR 12-04-048 _____ ; or | <input checked="" type="checkbox"/> Original Notice |
| <input type="checkbox"/> Expedited Rule Making--Proposed notice was filed as WSR _____ ; or | <input type="checkbox"/> Supplemental Notice to WSR _____ |
| <input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1). | <input type="checkbox"/> Continuance of WSR _____ |

Title of rule and other identifying information: (Describe Subject)
WAC 4-30-130 What are the requirements for participating in quality assurance review (QAR)?: To monitor CPA and CPA firm compliance with audit, compilation, review, and other attestation standards.

Hearing location(s):
The Doubletree Hotel Seattle Airport
Cascade 13 Room
18740 International Boulevard
SeaTac, Washington

Date: July 26, 2012 Time: 9:00 AM

Submit written comments to:
Name: Cheryl M. Sexton, Rules Coordinator
Address: PO Box 9131
Olympia, WA 98507-9131
e-mail cheryls@cpaboard.wa.gov
fax (360)664-9190 by (date) July 19, 2012

Assistance for persons with disabilities: Contact
Cheryl Sexton by July 19, 2012
TTY (800) 833-6388 or (800) 833-6385

Date of intended adoption: July 26, 2012
(Note: This is NOT the effective date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules:
Purpose: To require all CPA firms that issue any attestation or compilation reports on financial statements to participate in a Board approved peer review program.
Effects: Peer reviews are designed to improve the quality of accounting and auditing services provided by CPAs as well as provide public protection. CPA firms participating in Board approved peer review programs will benefit by achieving a nationally recognized "seal of approval."
Changes in existing rule: Currently, CPA firms that issue review and compilation reports are not required to undergo a peer review. These firms must participate in the Board's QAR program. The Board, through volunteers, evaluates financial statements and the reports of CPA firms via a desk review of financial statements chosen by the CPA firm to assess their compliance with applicable professional standards. Under this proposal, all CPA firms issuing reports purporting to be in accordance with professional standards must engage a qualified peer to complete a more thorough review of the firm's accounting and auditing practice.
Reasons supporting proposal: The quality of attest and compilation services is primarily demonstrated in the CPA firm's workpapers. The current QAR program, due to constrained resources and volunteer reviewers, does not review workpapers. The peer review process does review the CPA firm's workpapers. This enhances the Board's demonstration of promoting the dependability of information which is used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises. Currently, approximately 45 licensing jurisdictions have peer review requirements in effect.

Statutory authority for adoption: RCW 18.04.055(9)

Statute being implemented: RCW 18.04.055(9)

Is rule necessary because of a:
Federal Law? Yes No
Federal Court Decision? Yes No
State Court Decision? Yes No
If yes, CITATION:

DATE
June 20, 2012

NAME (type or print)
Richard C. Sweeney

SIGNATURE

TITLE
Executive Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: **June 20, 2012**

TIME: **10:59 AM**

WSR **12-13-103**

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

None

Name of proponent: (person or organization) The Washington State Board of Accountancy

- Private
- Public
- Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Implementation....Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Enforcement..... Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

A preliminary analysis of the financial effect on the small CPA firms (sole owners up to 10 professionals, including the owner) currently enrolled in the Board's QAR program indicates a maximum effect on these firms every three-year review cycle of +- \$500 overall but with a +- \$50 benefit to firms that need improvement. This financial impact ignores the financial benefit to the Board from reduced demand on staff time. The change in program administration has no expected effect on the revenue or administrative time of these firms.

Given these factors, the Executive Director has concluded there is less than a minor financial impact on this component of the small business environment in this state and the effect as noted above is not disproportionate to the effect peer review has had on the larger CPA firms since the inception of the national peer review process. Accordingly, no Small Business Economic Impact Study is included.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: The Board of Accountancy is not one of the agencies required to submit to the requirements of RCW 34.05.328(5)(a).

WAC 4-30-130 ~~What are the ((requirements for participating in))~~ **quality assurance review (QAR) requirements for licensed CPA firms?** (1) **Purpose.** The Washington state board of accountancy is charged with protection of the public interest and ensuring the dependability of information used for guidance in financial transactions or for accounting for or assessing the status or performance of commercial and noncommercial enterprises, whether public, private or governmental. The purpose of the QAR program is to monitor licensees' compliance with audit, compilation, review, and other attestation standards.

(2) **Peer review.** Generally, all licensed firms offering and/or performing attest services as defined by WAC 4-30-010(5), compilation services, as defined by WAC 4-30-010(12), or other professional services for which a report expressing assurance is prescribed by professional standards in Washington state, are required to participate in a board-approved peer review program as a condition of renewing each CPA firm license under RCW 18.04.215 and WAC 4-30-114. However, certain exemptions are listed in subsection (10) of this section. Board-approved peer review programs include:

(a) The inspection processes of the Public Company Accounting Oversight Board (PCAOB);

(b) Peer review programs administered by the American Institute of CPAs (AICPA);

(c) Peer review programs administered by the Washington Society of CPAs (WSCPA); and

(d) Other programs recognized and approved by the board.

(3) **Enrollment in peer review:** A licensed firm must enroll in a board-approved peer review program before issuing a report for each of the following types of service or any other service the board determines:

(a) Compilation on historical financial statements;

(b) Review on historical financial statements;

(c) Audit report on financial statements, performance audit reports, or examination reports on internal controls for nonpublic enterprises;

(d) Agreed-upon procedures;

(e) Forecasts; and

(f) Projections.

The schedule for the firm's peer review shall be established according to the peer review program's standards. The board does not require any licensee to become a member of any organization administering a peer review program.

(4) **Participation in peer review.** Every firm that is required to participate in a peer review program shall have a peer review in accordance with the peer review program standards.

(a) It is the responsibility of the firm to anticipate its needs

for review services in sufficient time to enable the reviewer to complete the review by the assigned review date.

(b) Any firm that receives a peer review grade of "fail" or "pass with comments," or is rejected or terminated by a peer review program for any reason shall have twenty-one days to provide written notice to the board of such termination or rejection, and to request authorization from the board to enroll in another board-approved peer review program.

(c) In the event a firm is merged, otherwise combined, dissolved or separated, the peer review program shall determine which firm is considered the succeeding firm. The succeeding firm shall retain its peer review status and the review due date.

(d) A firm choosing to change to another peer review program may do so only if there is not an open active peer review and if the peer review is performed in accordance with the minimum standards for performing and reporting on peer reviews.

(5) **Reporting requirements.** Every firm must provide the following information, along with the appropriate fees, with every application for renewal of a firm license by April 30th of the year of expiration that may consist of but is not limited to:

(a) Certify whether the firm does or does not perform attest services or compilation services as defined by WAC 4-30-010 (5), (12), or other professional services for which a report expressing assurance is prescribed by professional standards in Washington state;

(b) If the firm is subject to the peer review requirements, provide the name of the approved peer review program in which the firm is enrolled, and the period covered by the firm's most recent peer review;

(c) Certify the result of the firm's most recent peer review. Failure to timely submit complete information and the related fee by the April 30th due date can result in the assessment of late fees. The board may waive late fees based on individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.

(6) **Documents required.** A firm that has opted out of participating in the AICPA Facilitated State Board Access (FSBA) program shall provide to the board copies of the following documents related to the peer review report:

(a) Peer review report issued;
(b) Firm's letter of response, if any;
(c) Letter of acceptance from peer review program;
(d) Recommended action letter from the peer review program, if any;

(e) A letter from the firm to the board describing corrective actions taken by the firm that relate to recommendations of the peer review program;

(f) Other information the firm deems important for the board's understanding of the information submitted; and

(g) Other information the board deems important for the understanding of the information submitted.

(7) Document retention. Firms shall retain all documents relating to peer review reports, including working papers of the underlying engagement subject to peer review that was reviewed, until the acceptance of a subsequent peer review by the peer review program or for five years from the date of acceptance of the peer review by the peer review program, whichever is sooner.

(8) Extensions. The board may grant an extension of time for submission of the peer review report to the board. Extensions will be determined by the board on a case-by-case basis.

(9) Verification. The board may verify the certifications of peer review reports that firms provide.

(10) Exemption from peer review.

(a) Out-of-state firms that do not have a physical location in this state, but perform attest or compilation services in this state, and are otherwise qualified for practice privileges under RCW 18.04.195 (1)(b) are not required to participate in the board's program if the out-of-state firm participates in a board-approved peer review program or similar program approved or sponsored by another state's board of accountancy.

~~((3) Structure and implementation.~~ The board will annually appoint a quality assurance review committee co-chaired by a current or former board member and an individual selected by the board from the other committee members. The committee shall direct the following functions:

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

~~(b) Evaluation of licensees' reports and on other information covered by those reports for conformity with applicable professional standards;~~

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

~~(d) Evaluation of licensees' peer review reports; and~~

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

~~(4) Process.~~

~~(a) Once every three years the board requires a licensed firm with an office in this state to participate in the board's quality assurance review program. Participating firms will be required to submit quality assurance review status information, along with the appropriate fee, by the following April 30th.~~

~~Failure to timely submit complete quality assurance review status information and the related fee postmarked by the April 30th due date, can result in the assessment of late fees. The board may waive late fees based on individual hardship including, but not limited to, financial hardship, critical illness, or active military deployment.~~

~~(b) Participating firms may request exemption from the requirements of (c) of this subsection if within the three years immediately preceding the date of board request:~~

~~(i) The firm has not issued any attestation or compilation~~

~~reports; or~~

~~(ii) The firm has participated in a board-approved peer review program. The board has approved:~~

~~(A) The inspection processes of the Public Company Accounting Oversight Board (PCAOB);~~

~~(B) Peer review programs administered by the American Institute of CPAs (AICPA); and~~

~~(C) Peer review programs administered by the Washington Society of CPAs (WSCPA).~~

~~(c) Participating firms requesting exemption based on peer review must submit a copy of the peer review report, response to the peer review report, if applicable, and letter of acceptance from the reviewing organization. Firms that fail a peer review may request exemption, but must submit a copy of the peer review report and related correspondence, at the discretion of the board, for consideration on an individual basis.~~

~~(d) Each participating firm shall submit, for each of its offices, one licensee report and the information covered by that report, for each of the following types of service or any other service the board determines:~~

~~(i) Compilation report on historical financial statements;~~

~~(ii) Review report on historical financial statements;~~

~~(iii) Agreed-upon procedures;~~

~~(iv) Forecasts; and~~

~~(v) Projections.~~

~~(e) Firms issuing audit reports on financial statements, performance audit reports, or examination reports on internal controls for nonpublic enterprises must participate in a board-approved peer review program administered by the American Institute of CPAs (AICPA) or the Washington Society of CPAs (WSCPA).~~

~~(f) A participating firm shall select these reports from all reports prepared during the twelve months preceding the date of board request or, if no reports have been issued within the last twelve months, from all reports during the preceding three years.~~

~~(g) If reports issued by all offices of a firm are reviewed and issued in a controlled, centralized process, only one each of the type of licensee reports, including the information covered by the reports, specified above need be submitted by the firm as a whole.~~

~~(h) Any documents submitted in accordance with (d) of this subsection 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 entity undeterminable. Dates may not be omitted.~~

~~(i) Reports submitted to the committee pursuant to (d) of this subsection 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.~~

~~(j) The committee's evaluation of the licensee reports and other~~

~~information covered by those reports shall be directed toward the following:~~

~~(i) Presentation of the financial statements covered by the licensee reports and/or other information covered by those reports in conformity with applicable professional standards for presentation and disclosure;~~

~~(ii) Compliance by licensees with applicable reporting standards; and~~

~~(iii) Compliance by licensees with the rules of the board and other regulations relating to the practice of public accounting.~~

~~(5) Remedies. If the board determines that a report and/or other information covered by the report referred to the board by the committee is substandard or seriously questionable with respect to applicable professional standards, the board may take one or more of the following actions:—~~

~~(a) Send the licensee a letter of comment detailing the perceived deficiencies and require the licensee to develop quality control procedures to ensure that similar occurrences will not occur in the future;~~

~~(b) Require any 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;~~

~~(c) Require that the licensee 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. The cost of the preissuance review will be at the firm's expense;~~

~~(d) Require the licensee responsible for a substandard report to submit to a peer review conducted in accordance with standards acceptable to the board. The cost of the peer review will be at the licensee's expense;~~

~~(e) Require the licensee responsible for substandard work to submit to on-site field 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 field review or procedures to the licensee if the results of such investigative efforts substantiate the existence of substandard work product;~~

~~(f) Initiate an investigation pursuant to RCW 18.04.295, 18.04.305, and/or 18.04.320.~~

~~(6)) (b) Firms that do not perform attest services as defined by WAC 4-30-010(5), compilation services, as defined by WAC 4-30-010(12), or other professional services for which a report expressing assurance is prescribed by professional standards in Washington state are not required to participate in a peer review program, and shall request exemption on each firm license renewal application.~~

~~(c) Firms that prepare financial statements which do not require reports under Statements on Standards for Accounting and Review Services (SSARS) 8 as codified in SSARS 19 (management use only~~

compilation reports) and that perform no other attest or compilation services, are not required to participate in a peer review program; however, such engagements conducted by a firm that is otherwise required to participate in a peer review program shall be included in the selection of engagements subject to peer review.

(11) **Quality assurance oversight.**

(a) The board will:

(i) Annually appoint a compliance assurance oversight committee, and such other committees as the board, in its discretion deems necessary, to provide oversight of the administration of approved peer review programs in order to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with the minimum standards for performing and reporting on peer reviews;

(ii) Consider reports from the compliance assurance oversight committee;

(iii) Direct the evaluation of peer review reports and related documents submitted by firms;

(iv) Determine the appropriate action for firms that have unresolved matters relating to the peer review process or that have not complied with, or acted in disregard of the peer review requirements;

(v) Determine appropriate action for firms when issues with a peer review report may warrant further action; and

(vi) Take appropriate actions the board, in its discretion, deems appropriate to carry out the functions of the quality assurance review program and achieve the purpose of the peer review requirement.

(b) The **compliance assurance oversight committee** shall conduct oversight of approved peer review programs at least semiannually to provide reasonable assurance that such programs are in compliance with the minimum standards for performing and reporting on peer reviews.

(i) The compliance assurance oversight committee's oversight procedures may consist of but are not limited to:

(A) Attending the peer review program's report acceptance body (RAB) meetings during consideration of peer review documents;

(B) Observing the peer review program administrator's internal review of program and quality control compliance.

(C) Observing the peer review program's review of the administrator's process.

(ii) The compliance oversight assurance committee shall report to the board any modifications to approved peer review programs and shall make recommendations regarding the continued approval of peer review programs.

(12) **Remedies.** The board's quality assurance review program is intended to monitor the quality of a firm's attest and compilation practices and compliance with professional standards (RCW 18.04.065(9)). If the board determines that a firm's attest or compilation engagement performance and/or reporting practices are not in accordance with applicable professional standards and,

therefore, the board determines that one or more of the engagements are, or could be, substandard or seriously questionable, the board will take appropriate action to protect the public interest including, but not limited to:

(a) Require the firm to develop quality control procedures to provide reasonable assurance that similar occurrences will not occur in the future;

(b) Require any individual licensee who had responsibility for, or who substantially participated in the substandard or seriously questionable compilation or attest engagement(s), to successfully complete specific courses or types of continuing education as specified by the board;

(c) Require that the reviewed firm responsible for one or more substandard or seriously questionable compilation or attest engagement(s) submit all or specified categories of its compilation or attest working papers and reports to a preissuance evaluation performed by a board-approved licensee in a manner and for a duration prescribed by the board. Prior to the firm issuing the reports on the engagements reviewed, the board-approved licensee shall submit to the board for board acceptance a report of the findings, including the nature and frequency of recommended actions to the firm. The cost of the board-approved preissuance evaluation will be at the firm's expense;

(d) Require the reviewed firm to engage a board-approved licensee to conduct a board-prescribed on-site field review of the firm's work product and practices or perform other investigative procedures to assess the degree or pervasiveness of substandard or seriously questionable work product. The board-approved licensee engaged by the firm shall submit a report of the findings to the board within thirty days of the completion of the services. The cost of the board-prescribed on-site review or other board-prescribed procedures will be at the firm's expense; or

(e) Initiate an investigation pursuant to RCW 18.04.295, 18.04.305, and/or 18.04.320; and

(f) The specific rating of a peer review report, individually, is not a sufficient basis to warrant disciplinary action.

(13) The board may solicit and review licensee reports and/or other information covered by the reports from clients, public agencies, banks, and other users of such information.



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Board of Accountancy

- Preproposal Statement of Inquiry was filed as WSR 12-04-048 _____ ; or
 Expedited Rule Making--Proposed notice was filed as WSR _____ ; or
 Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).

- Original Notice
 Supplemental Notice to WSR _____
 Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)
WAC 4-30-132 What are the program standards for CPE?

Hearing location(s):
The Doubletree Hotel Seattle Airport
Cascade 13 Room
18740 International Boulevard
SeaTac, Washington

Date: July 26, 2012 Time: 9:00 AM

Submit written comments to:
Name: Cheryl M. Sexton, Rules Coordinator
Address: PO Box 9131
Olympia, WA 98507-9131
e-mail cheryls@cpaboard.wa.gov
fax (360)664-9190 by (date) July 19, 2012

Assistance for persons with disabilities: Contact
Cheryl Sexton by July 19, 2012
TTY (800) 833-6388 or (800) 833-6385

Date of intended adoption: July 26, 2012
(Note: This is NOT the effective date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

Purpose: (1) To allow continuing professional education (CPE) credit for volunteer service on the Board, on Board committees, or on Board approved peer review committees to include credit for time preparing for committee meetings.
(2) Clarify the definition of interactive self-study programs.
Effects: (1) The award of additional CPE may encourage successful professionals to enhance their competency by these volunteer services and in turn benefit the profession.
(2) The amendment will clearly advise the regulated CPA of the program standards for interactive self-study CPE programs.

Reasons supporting proposal: (1) Volunteers serving on the Board, its committees, and on Board approved peer review committees currently receive CPE credit for actual time spent on Board, Board committee, or Board approved peer review committee activities. The activities include Board meetings, committee meetings, and desk reviews. These volunteers spend many hours preparing for these activities such as, reviewing a Board/committee meeting agenda package, reviewing peer review reports prior to a committee meeting, researching issues/standards related to an agenda item/report. These activities contribute to the volunteer's professional knowledge and competence. Without competent volunteers the Board, Board committees, and Board approved peer review committees cannot succeed.
(2) The agency has found the definition to lack clarity. The amendment will provide the needed clarity to avoid any confusion/questions by the regulated CPAs.

Statutory authority for adoption: RCW 18.04.055(7); 18.04.215(5)

Statute being implemented: RCW 18.04.055(7); 18.04.215(5)

Is rule necessary because of a:
Federal Law? Yes No
Federal Court Decision? Yes No
State Court Decision? Yes No
If yes, CITATION: Yes No

DATE
June 20, 2012
NAME (type or print)
Richard C. Sweeney

SIGNATURE

TITLE
Executive Director

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: June 20, 2012
TIME: 10:48 AM

WSR 12-13-102

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) The Washington State Board of Accountancy

- Private
- Public
- Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Implementation....Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Enforcement..... Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

The proposed rule will not have more than minor economic impact on business.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: The Board of Accountancy is not one of the agencies required to submit to the requirements of RCW 34.05.328(5)(a).

AMENDATORY SECTION (Amending WSR 10-24-009, filed 11/18/10, effective 12/19/10)

WAC 4-30-132 What are the program standards for CPE? (1)

Qualifying program: A program qualifies as acceptable CPE for purposes of RCW 18.04.215(5) if it is a formal program of learning which contributes to the CPA's professional knowledge and competence. A formal program means:

- The program is at least fifty minutes in length;
- Attendance is recorded;
- Participants sign in to confirm attendance and, if the program is greater than four credit hours, participants sign out during the last hour of the program; and
- Attendees are provided a certificate of completion.

(2) **Undergraduate and graduate courses:** A graduate or undergraduate course qualifies for CPE credit if it meets the standards in subsections (1) and (5) of this section. For both undergraduate and graduate courses one quarter credit equals 10 CPE credit hours and one semester credit equals 15 CPE credit hours.

(3) **Committee meetings:** Generally, CPE credit is not allowed for attending committee meetings. A meeting qualifies for CPE credit only if it meets the standards in subsections (1) and (5) of this section.

(4) **CPE credit hours for volunteer service on the board and its committees and volunteer service on board approved peer review committees:** You may receive up to (~~(thirty-two)~~) sixty-four hours of technical CPE credit each calendar year for actual time spent on board, board committee, or board approved peer review committee activities including actual time you spend preparing for committee meetings.

(5) **Subject areas:** Programs dealing with the following general subject areas are acceptable so long as they meet the standards in subsection (1) of this section:

(a) **Technical subjects include:**

- (i) Auditing standards or procedures;
- (ii) Compilation and review of financial statements;
- (iii) Financial statement preparation and disclosures;
- (iv) Attestation standards and procedures;
- (v) Projection and forecast standards or procedures;
- (vi) Accounting and auditing;
- (vii) Management advisory services;
- (viii) Personal financial planning;
- (ix) Taxation;
- (x) Management information services;
- (xi) Budgeting and cost analysis;
- (xii) Asset management;
- (xiii) Professional ethics (other than those programs used to

satisfy the requirements of WAC 4-30-134(3));

(xiv) Specialized areas of industry;

(xv) Human resource management;

(xvi) Economics;

(xvii) Business law;

(xviii) Mathematics, statistics, and quantitative applications in business;

(xix) Business management and organization;

(xx) General computer skills, computer software training, information technology planning and management; and

(xxi) Negotiation or dispute resolution courses;

(b) **Nontechnical subjects include:**

(i) Communication skills;

(ii) Interpersonal management skills;

(iii) Leadership and personal development skills;

(iv) Client and public relations;

(v) Practice development;

(vi) Motivational and behavioral courses; and

(vii) Speed reading and memory building.

Subjects other than those listed above may be acceptable provided you can demonstrate they contribute to your professional competence. You are solely responsible for demonstrating that a particular program contributes to your professional competency.

(6) **Group programs:** You may claim CPE credit for group programs such as the following so long as the program meets the standards in subsections (1) and (5) 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) Formal in-firm education programs;

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

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

(f) Firm meetings for staff and/or management groups structured as formal education programs. Portions of such meetings devoted to 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.

(7) **CPE credit:** CPE credit is allowable only for those programs taken in time periods after the first CPA license is issued pursuant to the authority of the board under chapter 18.04 RCW. Credit is not allowed for programs taken to prepare an applicant for the ethics examination as a requirement for initial licensure. CPE credit is given in half-hour increments only after the first full CPE credit hour has been earned. A minimum of fifty minutes constitutes one CPE credit hour and, after the first fifty-minute segment has been earned, twenty-five minutes constitutes one-half CPE credit hour. For example:

- Twenty-five minutes of continuous instruction counts as zero

CPE credit hour if that instruction is the first CPE course taken;

- Fifty minutes of continuous instruction counts as one CPE credit hour; and

- Seventy-five minutes of continuous instruction counts as one and one-half CPE credit hours.

Attendees obtain CPE credit only for time spent in instruction; no credit is allowed for preparation time unless the attendee is the discussion leader for the particular CPE segment or program.

(8) **Self-study programs:** Credit for self-study programs is allowed for reporting purposes on the date you completed the program as established by the evidence of completion provided by the program sponsor.

(a) **Interactive self-study programs:** Interactive means electronic or other delivery formats for delivery of CPE in which feedback is provided during the study of the material in a manner to validate the individual's understanding of the material. The amount of credit allowed for interactive self-study is that which is recommended by the program sponsor on the basis of the average completion time under appropriate "field tests." In order to claim CPE credit for interactive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor. Self-study CPE courses registered with the National Association of State Boards of Accountancy (NASBA) as a Quality Assurance Service (QAS) sponsor may be accepted as interactive.

(b) **Noninteractive self-study programs:** The amount of credit allowed for noninteractive self-study is one-half the average completion time as determined by the program sponsor on the basis of appropriate "field tests." To claim CPE credit for noninteractive self-study programs, you must obtain evidence of satisfactory completion of the course from the program sponsor.

(9) **Instructor, discussion leader, or speaker:** If you serve as an instructor, discussion leader or speaker at a program which meets the standards in subsections (1) and (5) of this section, the first time you present the program you may claim CPE credit for both preparation and presentation time. One hour of credit is allowed for each fifty minutes of instruction. Additionally, you may claim credit for actual preparation time up to two times the presentation hours. No credit is allowed for subsequent presentations. A maximum of seventy-two CPE credit hours are allowed for preparation and presentation during each CPE reporting period.

(10) **Published articles, books:** You may claim CPE credit for published articles and books, provided they contribute to your professional competence. Credit for preparation of such publications may be claimed on a self-declaration basis for up to thirty hours in a CPE reporting period. In exceptional circumstances, you may request additional credit by submitting the article(s) or book(s) to the board with an explanation of the circumstances that justify a greater credit. The amount of credit awarded for a given publication will be determined by the board.

(11) **Carry-forward:** CPE credit hours you complete during one

CPE reporting period cannot be carried forward to the next period.

(12) **Carry-back:** As specified in WAC 4-30-134(8), CPE credit hours you complete during one CPE reporting period can be carried back to the previous reporting period only after the board has approved your extension request or has required the carry-back as part of sanctions for failure to complete required CPE.

(13) **Credential examination:** CPE credit may not be claimed for CPA examination review courses. You may not claim CPE credit for preparing for or taking a credential examination unless you complete a formal review course and receive a certificate of completion meeting the requirements of WAC 4-30-138. CPE credit may not be claimed for CPA examination review courses.

Bivens & Wilson, P.S.

Certified Public Accountants

208 W. 9th Avenue, Suite #5 • Ellensburg, WA 98926
509 925-5357 • Fax 509 925-1584

July 18, 2012

Rules Coordinator
Washington State Board of Accountancy
PO Box 9131
Olympia, WA 98507-9131

To whom it may concern;

The Firm of Bivens & Wilson, P.S. is against the proposed requirement of an onsite peer review for small firms with few attestation or compilation reports due to the increase in costs to the firm. In an industry with more and more regulations at all levels and increased costs it appears that the Board is now trying to drive the small firms out of business.

The QAR program that has been in place for years has allowed small firms at a reasonable price to submit reports and receive feedback on those reports for possible errors or deficiencies and has served the profession well.

It would be nice in the future if the Board allowed more time for feedback on important Rule-Making items than four days, notified on Monday July 16th and written comments due July 19th.

Sincerely,

Bivens & Wilson, P.S.

Lee Bivens, CPA
Bill Wilson, CPA
Mark Messner, CPA

From: [Doug Collier](#)
To: [Sexton, Cheryl \(ACB\)](#)
Subject: Board rule changes
Date: Tuesday, July 17, 2012 9:43:39 AM

This appears to be another big CPA firm and government involvement to attack small businesses. This will cause an unnecessary increase in fees for small businesses needing compilation and review work done. It will force small CPA firms from doing this type of work charging reasonable fees. Our firm does about \$50000 per year for this work so we will terminate one employee and the state will now pay unemployment for them as the increase in fees will be too great to deal with.

When the state forced small CPA firms from doing audit work, small non-profits ended up paying about 10% or more of their yearly income to the larger CPA firms. We charged very low fees to allow the non-profits to use more of their donations to help the people they needed to help. Now the non-profits help out the large CPA firms doing the audit.

There is nothing wrong with the current system. We submit our reports, they get evaluated and we make any necessary changes. It works and it is simple.

Doug Collier CPA

Managing Shareholder

Doug Collier CPA and Associates, P.S.

4423 Point Fosdick Drive NW

Gig Harbor, WA 98335

P: (253)851-1794

F: (253)851-3997

E: doug@gigharborcpa.com

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CIRCULAR 230 DISCLOSURE: TO ASSURE COMPLIANCE WITH TREASURY DEPARTMENT RULES GOVERNING TAX PRACTICE, WE INFORM YOU THAT ANY ADVICE (INCLUDING IN ANY ATTACHMENT) (1) WAS NOT WRITTEN AND IS NOT INTENDED TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING ANY FEDERAL TAX PENALTY THAT MAY BE IMPOSED ON THE TAXPAYER, (2) MAY NOT BE USED IN CONNECTION WITH PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PERSON ANY TRANSACTION OR MATTER ADDRESSED HEREIN, AND (3) DOES NOT CONSTITUTE A FORMAL TAX OPINION AND THUS MAY NOT BE RELIED UPON AS SUCH.

From: [June Hoover](#)
To: [Sexton, Cheryl \(ACB\)](#)
Subject: Rule-making notice re: enrollment in peer review program
Date: Monday, July 16, 2012 4:17:33 PM

Dear Cheryl,

I understand that the Board is considering requiring all CPA firms issuing compilation or review reports to enroll in a peer review program.

I am a sole practitioner with annual revenue of less than \$40,000 per year. Currently only one of my clients requires a management-use-only compilation report. The current \$400 fee every three years for QAR already takes a bite out my budget; I fear that the cost of enrolling in a peer review program will outweigh the revenue I receive. I respectfully request that the Board consider keeping the current plan in place for firms such as mine that prepare few compilation reports, or at least consider ways to keep the costs down for small firms.

Thank you for your consideration.

*June T. Hoover, CPA
Washington License 23224*

*June Hoover Accounting, LLC
P. O. Box 2958
Longview, WA 98632
Telephone (360) 703-1144
Fax (866) 842-1577*

From: [Koval, Joseph L. \(DOC\)](#)
To: [Jerry Gintz; gary@bowetax.com](#)
Cc: [Gene@genebellassociates.com](#); [iba@isomedia.com](#); [Sexton, Cheryl \(ACB\)](#)
Subject: RE: Board of Accountancy - ALERT.....
Date: Tuesday, July 17, 2012 3:34:22 PM
Attachments: [image001.png](#)

Jerry,

Thank you very much for providing me the opportunity to express my review of Proposal 103. This proposal offers many changes to the existing peer review process including:

Section 2 of Proposal 103 adds a new section to WAC 4-30-130 defining peer review to include attest services defined by WAC 4-30-010 and includes compilation services as being subject to the peer review. Section 2 defines Board approved peer review programs.

Section 3 of Proposal 103 requires the licensed firm to be enrolled in the board-approved peer review program before issuing reports as required, including compilations.

Section 4 of Proposal 103 requires firms enrolled in the peer review program to adhere to peer review program standards

Section 5 of Proposal 103 provides the firm with the required reporting requirements to the State Board of Accountancy, certifying attest services provided including compilations.

Section 6 of Proposal 103 details the documents required for the peer review application process

Section 7 of Proposal 103 requires firms to retain documents relating to the peer review reports for five years from the date of acceptance in the peer review program

Section 8 of Proposal 103 grants the Board the authority to provide a firm an extension for the submittal of the peer review application

Section 9 of Proposal 103 grants the Board the authority to verify the certification of peer review reports

Section 10 of Proposal 103 provides an exemption from the peer review program for an out of state firm that does not have a physical presence in Washington State, but performs attest services or compilation services in this state.

I appreciate the Board's desire to protect the public interest and provide guidance clarifying the role of the peer review program. The current statute, WAC 4-30-130 (4)(d)(i) does allow for compilation statements. In my experience, firms requiring a compilation are seeking credit and the size of the firm is small in terms of assets.

The compilation provides a level of assurance that the company will continue to perform and is

many times measured against past performance as verified against bank statements, federal tax returns, and state tax returns. Compilations are most common for sole proprietorships who do not take a wage from their company. Banks choosing to extend credit do so, but not collateralized against the business, but collateralized against a personal asset, such as the business owner's house. I'm concerned that requiring the addition of compilations to peer review programs would place the undue burden on small business, requiring the small business to seek formalized compilation services that can lengthen the amount of time to grant credit and the services needed to be expensive. I have experienced small businesses seeking credit to provide their own compilation, which is their representation of their operational results, successfully without the aid of outside professionals. I recommend, in the interest of small business operators, the peer review program not require compilations in the program.

Joe Koval
Chief Financial Officer
Correctional Industries
Washington State Department of Corrections
360.725.9109

From: Jerry Gintz [mailto:Jerry@gintztax.com]
Sent: Thursday, July 12, 2012 5:21 PM
To: gary@bowetax.com
Cc: Jerry Gintz; Gene@genebellassociates.com; iba@isomedia.com
Subject: Board of Accountancy - ALERT.....

Dear WAA member:

You are one of 86 CPAs whom are WAA members and receiving this message. As per WAA's purpose:

"The Association is organized for the purpose to promote and to protect the interest of accountants and tax practitioners everywhere;"

The proposed rule changes (below) have come into our Legislative Committee's view and with a sampling of our CPA members there is not a clear consensus as to a majority opinion on these proposed rule changes. So, WAA will not take a formal position on these changes and you are encouraged to address this matter by writing to the WABOA directly, with your opinion. We have provided the contact information here:

Submit Written Comments to: Cheryl M. Sexton, Rules Coordinator, P.O. Box 9131, Olympia, WA 98507-9131, e-mail cheryls@cpaboard.wa.gov, fax (360) 664-9190, **by July 19, 2012**.

Proposal 103 proposes doing a peer review of compilation reports, review reports, and audit reports. My understanding of compilation is to provide no assurances on the accuracy of a compiled financial statement and that the compiled financial statement is a representation by the firm's owners regarding the company's financial situation. On the flip side is the issue of providing some assurance that compilation reports are properly prepared using the firm's financial

information. Many small businesses use compilation level financial statements to secure credit. So is it appropriate to peer review compilation statements to attempt to maximize their quality? The statutes do authorize doing peer reviews of compilation statements but do not require such reviews. Thus, is a peer review of these compiled financial statements appropriate?

You can view the proposal at:

<http://apps.leg.wa.gov/documents/laws/wsr/2012/13/12-13-103.htm>

Proposal 102 deals with CPE credit for CPA' who participate in peer review or other voluntary activities involving the Board. While this has less direct impact on most CPAs, it does bolster the resources to do peer reviews using volunteers.

You can view the proposal at:

<http://apps.leg.wa.gov/documents/laws/wsr/2012/13/12-13-102.htm>

Sincerely,

[Jerry Gintz](#) – (President, WAA)



*1029 E Main, #10
Puyallup, WA 98372
Phone: (253) 848-9241
Fax: (253) 848-256
jerry@gintztax.com
<http://www.gintztax.com>*

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From: [Tom Singleton](#)
To: [Sexton, Cheryl \(ACB\)](#)
Subject: WSR 12-04-048
Date: Monday, July 16, 2012 11:46:54 AM

Attest and compilation-only services should be treated differently in the review process as they are very different levels of service, and are perceived very differently by the client. They are different in practices, in assurances, in procedures, type of client, and consequence of deficiency. Why are they lumped together here by the board for quality review process as if they were the same? One size does not fit all.

There should be some statement as to what practical economic problem this rule addresses with regards to compilations. What types of deficiencies have been evidenced in the **current environment** with regards to compilation services? How often have these deficiencies occurred? What impact are compilation deficiencies currently having, as compared to the considerable cost of the current and proposed QAR for compilation-only CPAs?

Tom Singleton, CPA
Monroe Business Services, Inc. PS
Monroe, WA

From: [Waller & Waller](#)
To: [Sexton, Cheryl \(ACB\)](#)
Subject: proposed rule objection
Date: Monday, July 16, 2012 3:29:27 PM

I am a CPA in Lynnwood Wa and provide a variety of accounting services for small businesses. This proposed rule would make our fees for preparation of a simple compilation report to go up. During these tough economic times, I do not see how the general public will be best served. The small business person who uses a small CPA firm is the one who will be economically damaged.

We as CPA's have our education requirements, and our firm submits financial statements to the Board for review every three years, this seems adequate control by the Board.

I also would like to say that the timing of this proposed rule and the time frame to respond was not good timing nor adequate notice. Perhaps those making the decision did not want us to respond. (acceptance by fault).

This rule, if accepted will place another burden on the small CPA firms like ourselves.

Darleen Waller
Lic # 11881

From: [Waller & Waller CPA's](#)
To: [Sexton, Cheryl \(ACB\)](#)
Subject: proposed rule for peer review
Date: Monday, July 16, 2012 12:03:50 PM

First this was not enough time to comment. Many accountants are out of town getting cpe etc. the existing review seems adequate. This will cost our clients additional fees at a time when they cannot afford. Our firm does not now offer auditing because we do not have adequate staff.

Richard Michael Waller
Certified Public Accountant

From: [John Lynch](#)
To: [Sexton, Cheryl \(ACB\)](#)
Subject: in favor
Date: Monday, July 16, 2012 3:37:47 PM

Dear Cheryl,

Quick note in support of rule change to peer review. After participating in QAR for many years the better feedback and quicker response of peer review felt far superior. Good change.

Thanks -

John

--

John F. Lynch, P.C.
Certified Public Accountant
www.johnlynchcpa.com

p: 425.451.1707 f: 425.451.1710
c: 360.349.1917

P.O. Box 3884
Bellevue, WA 98009-3884
319 101st Avenue SE, Suite 309 (98004)

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of the Regular Meeting of the Board - Unapproved Draft

Time and Place of Meeting	9:00 a.m. – 1:52 p.m. Thursday, April 26, 2012 The Doubletree Hotel Seattle Airport Cascade 13 18740 International Boulevard SeaTac, Washington
Attendance	Donald F. Aubrey, CPA, Chair, Board Member Robert G. Hutchins, Vice Chair, Public Board Member Lauren Jassny, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Elizabeth D. Masnari, CPA, Board Member Thomas G. Neill, CPA, Board Member Gerald F. Ryles, Public Board Member Karen R. Saunders, CPA, Board Member Richard C. Sweeney, CPA, Executive Director Jennifer Sciba, Director of Operations and Administration Cheryl M. Sexton, Board Clerk Invited Guests: Michael Decker, AICPA John Fields, NASBA James Suh, NASBA
Public Rule-Making Hearing	<p>The Board held a public rule-making hearing from 9:01 a.m. to 9:17 a.m. The Board proposed to amend WAC 4-30-058 Does the board authorize the use of any other titles or designations?</p> <p>The Executive Director presented the rule-making proposal.</p> <p><u>Written Testimony</u> The Board received written comments from two individuals prior to the hearing.</p> <p><u>Oral Testimony</u> The Board heard oral testimony on the rule under consideration from the following participants:</p> <ul style="list-style-type: none">• Rich Jones, CPA, President and CEO, Washington Society of CPAs• Judy Love, Director of Advocacy, Washington Society of CPAs <p>The Board Chair announced that the Board would deliberate on the oral and written testimony and the</p>

proposed rule during its regularly scheduled Board meeting later in the day. All participants will be notified in writing of the Board's decision regarding the proposed rule.

Call to Order

Donald Aubrey, Chair, called the regular meeting of the Board to order at 9:17 a.m.

**AICPA Presentation
"CPA Examination
Update"**

Michael Decker, the American Institute of CPAs (AICPA) Director of Operations and Development, Examinations Team, provided the Board with a CPA examination update including:

- The NASBA, AICPA, Prometric (NAP) partnership
- Governance: the AICPA Board of Examiners
- About the CPA Exam
- CBT-e Update
- Examination Trends
- International Administration

The Board Chair asked the Executive Director to provide a copy of Mr. Decker's presentation to Board members.

Consent Agenda

The Board approved the following items on the consent agenda:

- Minutes of the January 26, 2011, Regular Board Meeting
- Request Review Committee Report

The Chair advised Board members that the proposed Board governance structure and social media will be deferred until the Board's July meeting.

**NASBA –
International
Education**

National Association of State Boards of Accountancy (NASBA) representatives, Johns Fields, Director, Project Management Office, and James Suh, Director, Continuous Improvement & Analytics, presented NASBA's solution to gaps encountered when evaluating international education such as lack of consistency and complex communication. NASBA plans to act as board liaison between boards and international education evaluation services providing quality control, knowledge sharing, and a central portal.

NASBA Update

Update - The Executive Director provided the Board with an update on NASBA activities including international education and NASBA's current focus on supporting state boards.

Western Regional Meeting – NASBA's Western Regional meeting will be held in Anchorage, Alaska on June 27-29, 2012. The Board Chair highly recommended Board member attendance. Members should contact Board staff for registration and help with travel arrangements.

Recommendation for Nomination of NASBA Director-at-Large - NASBA's nominating committee is calling for nominations for candidates for the 2012-2013 NASBA Board of Directors.

The Board voted to support the nomination of Dr. Raymond N. Johnson, CPA, of Oregon for the NASBA position.

Ed Jolicoeur is a member of NASBA's Nominating Committee. He recused himself and left the meeting room during the entire presentation, discussion, and vote of this agenda item. He does not endorse any candidate.

Rule Review

WAC 4-30-058 Does the board authorize the use of any other titles or designations? – The Board reviewed the proposed changes to rule WAC 4-30-058. After discussion, hearing concerns expressed by Gene Bell on behalf of the Washington Association of Accountants (WAA), and making a minor edit to the text, the Board voted unanimously to adopt the rule proposal as edited effective 31 days after filing with the Code Reviser. The Board thanked Judy Love and the Washington Society of CPAs for their work on this proposal.

WAC 4-30-130 What are the requirements for participating in quality assurance review (QAR)? – The Board directed staff to continue the rule-making process to amend the rule.

WAC 4-30-132 What are the program standards for CPE? - The Board reviewed the proposed changes to the rule and directed staff to file a CR-102 and schedule a hearing with WAC 4-30-130.

Motion for Entry of Order on Default – ACB-1334 – Steven M. Carlson, CPA

The Executive Director presented a Motion for Entry of Order on Default and related documents to the Board in the matter of Steven M. Carlson. The Board entered Findings of Fact, Conclusions of Law and Default Order suspending Mr. Carlson’s CPA certificate and individual license to practice public accounting, and eligibility to register, renew or reinstate his firm license for five years.

Board Policies Review

The Board completed its annual review of all Board policies. Staff proposed minor changes to three policies to correct hyperlinks to NASBA’s web site, align sanctioning with current delegation, and align publication of Board orders to reflect current technology.

The Board reviewed the proposed changes and adopted the following policies as revised effective April 26, 2012:

- 2002-1 Substantial Equivalency Jurisdictions
- 2002-4 International Reciprocity
- 2004-1 Sanction and Penalty Guidelines

The Board did not act on the following policies. The policies were therefore retained:

- 2000-1 Continuing Professional Education
- 2002-2 Expert Witness Services
- 2003-1 Safe Harbor Report Language for Use by Non-CPAs
- 2004-2 Exam Applicant Disability Documentation
- 2011-1 Principles Underlying Board Rules (to replace WAC 4-25-610)
- 2011-2 Interim Policy Guidelines Pending Rule Changes

Legal Counsel’s Report

The Board’s legal counsel was not able to attend the meeting.

Chair’s Report

The Chair had nothing to report for this meeting.

Compliance Assurance Oversight Committee

Committee Chair Fred Shanafelt had nothing to report for this meeting.

**Education Exam
Task Force**

Elizabeth Masnari reported that task force chair Robin Clark, CPA, has resigned and other members may not be able to serve. With NASBA's current plan to liaison with international education evaluation service providers, the Board placed the activities of this task force on hold.

Ethics Committee

Tom Neill reported that the Washington State Executive Ethics Board approved the agency's ethics policy. Tom recently polled agency staff for compliance of with the state's ethics requirements.

**Legislative Liaison
Committee**

The Legislative Liaison Committee had nothing to report for this meeting.

**Quality Assurance
Review (QAR)
Committee**

The Quality Assurance Review Committee had nothing to report for this meeting.

**Request Review
Committee**

The following report was approved under the consent agenda:

During the 1st quarter 2012, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

CPE Extensions exceeding 16 CPE credit hours - All CPE extension requests were due on or before December 31, 2011. At January 1, 2012, 29 of those requests were pending review:

Approved: 27

Withdrawn: 2

Firm Names - *Approved:*

- Anaya Associates PLLC
- Brajcich & Associates PLLC
- Burr Pilger Mayer, Inc.
- The CFO Group, Inc.
- Eastside Tax and Accounting, P.S. Inc.
- Kim's Accounting Firm PLLC
- Lamson & Associates, PLLC
- LW Tax & Accounting Services, Inc.
- M. Cloutier Carpenter PLLC
- PHBV Partners LLP
- PK LLP
- Pointguard Financial, PLLC

- Polito Eppich Associates LLP
- Propp Christensen Caniglia LLP
- Raisl & Company PS
- Vavrinek, Trine, Day & Co., LLP
- VSH, PLLC
- Zezoff Yuen & Co., CPAs

Late Fee Waivers - No activity during 1st quarter 2012.

Professional/Educational Organization - Recognition Requests - During the 1st quarter 2012, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation Services – Applications:

Recognized:

- Academic Credentials Evaluation Institute, Inc. (ACEI)
- American Education Research Corporation (AERC)

Denied: None

Executive Director's Report

Budget – The Executive Director reported that the 2012 Legislature cut the agency's budget by \$168,000 primarily due to reductions in billing authority for auditor, legal, and archiving services.

CPE Deficiencies – All CPE extension requests were due on or before December 31, 2011. At January 1, 2012, three requests for extension of time to complete CPE of 16 hours and under were pending review: The Executive Director approved the three requests.

Pre Lapsed Reinstatement (PLR) - As of April 12, 2012 there were 123 individuals that have/or are going through the PLR processes:

- 118 processing or processed
- 4 who chose to let their status lapse
- 1 has been referred to enforcement for review due to back to back failures

The Executive Director reported that plans for 100% audit of CPE will be postponed until 2014 (the small renewal year).

Foreign Credit Evaluation Services – NASBA will be supporting the Board by liaising with international educational evaluation services.

Government Management, Accountability & Performance (GMAP) - The Executive Director reported.

Implementation of Board's Performance Review Task Force Recommendations – Most of the Board's recommendations are already implemented. The Executive Director had nothing to report for this meeting.

Investigation Statistics/Investigations & Administrative Sanctions

The Executive Director, provided the following reports to the Board:

- Case Status Report for the period ended March 31, 2012
- Investigations Results/Statistics through March 31, 2012, as posted on the Board's web site
- Investigation Statistics January 1990 through March 31, 2012

The Executive Director reported that he has identified six classes of public harm cases. He plans to categorize those cases more precisely in the future.

Renewal Cycle and Online Services – The Executive Director provided the Board with the following renewal statistics as of April 19, 2012:

Individuals

3062 renewing online – 92%
282 renewing via paper - 8%
2924 still to renew – 49%

Firms

292 renewing online – 83%
58 renewing via paper – 17%
534 still to renew – 60%

To date using the online application, the agency has collected in revenue:

ACH = \$1,546,385 - 49%
AMX = \$329,246 –10%
Mas = \$329,296 – 11%

Vis = \$964,906 –30%
Total = \$3,169,833

The agency is enhancing the online application to allow for CPA firm registration. The Executive Director expects the enhancement to become available within the next three months.

Task Force Appointments – With the placement of the Education/Exam Task Force on hold, it is not necessary to make any appointments.

WBOA-News – As of April 19, 2012, 1769 individuals have subscribed. This is a net increase of 21 individuals since January 18, 2012 – 1%. The Executive Director is thinking about producing a newsletter in the future.

Staffing – Thomas Sadler resigned from his position in late February. The Executive Director is seeking a qualified CPA for the investigator position.

Given Tom's resignation, the Executive Director appointed Jennifer Sciba as Acting Deputy Director. Effective next week, Jennifer will become the agency's Deputy Director. Board Members expressed their congratulations to Jennifer.

Delegations of Authority

The Board completed its annual review of its current delegations and took the following action:

Executive Director – Charges, Subpoenas, Negotiate Settlement –The Board resolved to remove the Executive Director's authority to delegate any of these investigation related activities to the Deputy Director. The Board directed staff to revise the delegation for the Chair's signature and bring the delegation to the Board for review when the investigation post is filled.

Deputy Director – Investigation, Subpoenas, Negotiate Settlement – The Board revoked this delegation. The Board directed staff to bring the delegation to the Board for review when the investigation post is filled.

The Board retained the following delegations:

- CPE Waiver Extension Requests/Request Review Committee

- QAR Remedial Actions/Review of Publicly Available Professional Work
- Administrative Notices of Non-Compliance and Respondent Agreements

**International
Education Credential
Evaluation Service –
Application**

The Executive Director advised the Board of the receipt of an application from NASBA for recognition as an international education credential evaluation service. He asked that the Board waive its requirement for references from other state boards. The Board voted to recognize NASBA as an international education credential evaluation service.

Public Input

Judy Love, Director of Advocacy for the WSCPA invited the Board to the WSCPA's annual meeting scheduled for June 7, 2012.

Adjournment

The Board adjourned at 1:52 p.m.

Request Review Committee Report July 26, 2012

Karen Saunders, CPA, Chair

During the 2nd quarter 2012, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

CPE Extensions exceeding 16 CPE credit hours – All CPE extension requests were due on or before December 31, 2011. Staff treated any extension requests received during 2nd quarter 2012 as self-reported CPE deficiencies and subject to reinstatement.

Firm Names:

Approved:

- Auditwerx, Inc
- Ballard Beancounters
- Colville CPA
- Conture Business Advisors, PS.
- Evergreen Tax & Law, PS
- Ferguson Accounting Service
- Gallina Merrill Carlson LLP
- Gehring & Associates PLLC
- Gregory Tax Resolution & CPA Services PLLC
- Harrell and Widener
- Lake Stevens Tax and Accounting Company
- Linford & Company LLP
- Magnolia CPA
- McGladrey LLP
- Mesfin M. M. Certified Public Accountant
- Osmun CPA & Associates, LLC
- Randy Joseph Consulting
- Torp and Associates CPA PLLC

Late Fee Waivers – Total 96 = Approved 24 + Denied 72

- | | | |
|----------------------|------------------|--------------------|
| • QAR - 5 | • Firms - 22 | • Individuals - 69 |
| ○...Approved 3 | ○ Approved.....6 | ○ Approved..... 15 |
| ○ Denied 2 | ○ Denied.....16 | ○ Denied..... 54 |

Professional/Educational Organization – Recognition Requests – During the 2nd quarter 2012, the Board did not receive any requests for recognition as an educational organization or professional association for purposes of obtaining a list of individual CPAs.

Domestic or International Education Credential Evaluation Services – Applications - During the 2nd quarter 2012, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In The Matter of:

Akash Deep Sehgal,

Respondent.

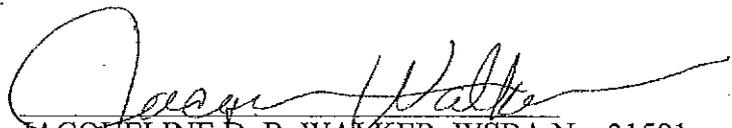
NO. ACB-1339

MOTION FOR ENTRY OF FINDINGS
OF FACT, CONCLUSIONS OF LAW
AND FINAL ORDER IMPOSING
SANCTIONS

COMES NOW the Washington State Board of Accountancy (State), appearing by and through its attorneys, ROBERT M. MCKENNA, Attorney General, and Jacqueline D. B. Walker, Assistant Attorney General, and moves the Board for entry of a final order imposing sanctions against Respondent. This motion is based on Respondent's admission to all the charges and waiver of the Respondent's right to a hearing before the Board on the Statement of Charges served on him on May 24, 2012, on the records and files herein, the accompanying Declaration of Richard C. Sweeney and the documents attached thereto, which provide prima facie proof of the allegations contained in the Statement of Charges.

Respectfully submitted this 2nd day of July, 2012.

ROBERT M. MCKENNA
Attorney General


JACQUELINE D. B. WALKER, WSBA No. 31591
Assistant Attorney General

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of:

Akash Deep Sehgal,

Respondent.

NO. ACB-1339

DECLARATION OF
RICHARD C. SWEENEY

I, RICHARD C. SWEENEY declare under penalty of perjury under the Laws of Washington that the matters set forth below are based upon my own personal knowledge and on the files and records of the Washington State Board of Accountancy (Board).

1. I am the Executive Director for the Board in the state of Washington, and in that capacity, I am custodian of records for the Board and have been at all times material to this declaration.
2. The Washington State Board of Accountancy has jurisdiction over the certification, licensing, and discipline of certified public accountants (CPAs) and the prohibited use of accounting titles likely to confuse the public in the state of Washington.
3. The Respondent was formerly employed by the CPA firm PricewaterhouseCoopers LLP (PwC). On or about January 24, 2012, the Respondent sent an internal email to Edward A. Zambrano at PwC, who was seeking to verify the Respondent's credentials. The Respondent stated in the email: "Edward – attached is a copy of my current WA CPA license. Regards, Akash." The Respondent attached a portable document format (pdf) file named: "Akash WA CPA License Copy.pdf." The file contained a copy of a document that appeared to be a Certified Public Accountant license issued by the Board of Accountancy, Washington State. The document contained the seal of the state of Washington and the following: "License Number: 11550; Expiration Date: June 30,

2012; Akash D. Sehgal; 2415 2nd Avenue # 342; Seattle WA 98121.” The Board did not issue license number 11550 to the Respondent. The Board issued license number 11550 to another individual on July 10, 1987. That license is valid through June 30, 2013.

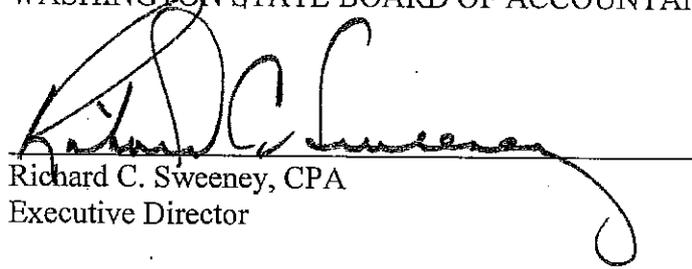
4. On or about February 13, 2012, in response to an inquiry from the Board, the Respondent stated, in part: “I am unaware of how my address has shown up on a copy of a Washington License as I have never represented myself as a CPA in Washington State or any state for that matter.”
5. On May 24, 2012, I issued a Statement of Charges alleging that the Respondent violated the provisions of RCW 18.04.345 and WAC 4-30-142(5).
6. The Board received the Respondent’s Answer to the Statement of Charges on June 14, 2012. The Respondent admitted to all the charges and waived Respondent’s right to a hearing before the Board on the Statement of Charges.
7. The attached documents, Exhibits 1-8, are true and correct copies of documents that were produced or obtained in the Board’s investigation regarding the circumstances described in the Statement of Charges under case number 2012-002 (ACB-1339).
8. The attached documents identified as **Exhibit 1** are photocopies of (1) a PricewaterhouseCoopers LLP (PwC) email dated September 2, 2011, from Laura E. Porter to the Respondent; (2) a PwC email dated September 6, 2011, from the Respondent to Laura E. Porter; and (3) the “Akash WA CPA License Copy.pdf” attached to the Respondent’s September 6, 2011, email to Ms. Porter which appears to be a Board of Accountancy, Washington State, Certified Public Accountant license #11550 that bears the Respondent’s name.
9. The attached documents identified as **Exhibit 2** is a photocopy of an email exchange on January 24, 2012, between Edward Zambrano at PwC and the Respondent. At 12:02 PM the Respondent stated: “. . . my WA license is current . . .”

10. The attached documents identified as **Exhibit 3** are photocopies of a (1) an email dated January 24, 2012, from the Respondent to Edward A. Zambrano at PwC; and (2) the “Akash WA CPA License Copy.pdf” attachment the Respondent provided to Mr. Zambrano of a license that bears the Respondent’s name.
11. The attached document identified as **Exhibit 4** is a photocopy of the Board’s February 7, 2012, inquiry to the Respondent requesting an explanation for the Respondent’s representations to PwC.
12. The attached document identified as **Exhibit 5** is a photocopy of the Respondent’s response to the Board’s February 7, 2012, inquiry. The Respondent stated, in part: “I am unaware of how my address has shown up on a copy of a Washington License as I have never represented myself as a CPA in Washington State or any state for that matter.” The Board received the response on February 13, 2012.
13. The attached document identified as **Exhibit 6** is a photocopy of my May 24, 2012, declaration that (1) the Board has never issued a CPA license to the Respondent; (2) the Board issued license # 11550 to another individual.
14. The attached documents identified as **Exhibit 7** are photocopies of (1) the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, and Appendix A, served on the Respondent; and (2) the Declaration of Service..
15. The attached documents identified as **Exhibit 8** is a photocopy of the Respondent’s Answer to Statement of Charges received June 14, 2012. The Respondent admitted to all the charges and waived Respondent’s right to a hearing before the Board on the Statement of Charges.
16. The attached documents form the basis for the Consulting Board Member and the Executive Director’s request for sanctions and are submitted in support of the Board’s proposed Findings of Fact, Conclusions of Law and Final Order.

17. The Consulting Board Member and the Executive Director request that the Board impose the sanctions set forth in the proposed Findings of Fact, Conclusions of Law and Final Order Imposing Sanctions.

DATED this 2ND day of July 2012, in Olympia, Washington.

WASHINGTON STATE BOARD OF ACCOUNTANCY



Richard C. Sweeney, CPA
Executive Director



{In Archive} CPA license
Laura E Porter to: Akash D Sehgal

09/02/2011 08:44 AM

Archive: This message is being viewed in an archive.

Hi Akash - I also need a copy of your CPA license.

Thanks,
Laura

Laura Porter
PwC | Pacific Northwest Tax HR Manager
Direct: +1 (206) 398-3154 | Mobile: +1 (206) 713-2663
Email: Laura.e.porter@us.pwc.com
PricewaterhouseCoopers LLP
1420 5th Ave., Suite 1900, Seattle WA 98101

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties.



{In Archive} CPA License Copy

Akash D Sehgal to: Laura E Porter

09/06/2011 06:27 PM

Archive:

This message is being viewed in an archive.

Laura - as requested. I think I may have given you the wrong expiration date when we spoke, it should be June 30, 2012. Thanks



Akash WA CPA License Copy.pdf

Akash D Sehgal | State and Local Tax Director | PricewaterhouseCoopers | Telephone: +1 206 398 3357 | Facsimile: +1 813 375 6866 | akash.d.sehgal@us.pwc.com

Save energy. Save a tree. Save the printing for something really important.

Board of Accountancy
Washington State



This certifies that the person named hereon is licensed as provided by law as a
CERTIFIED PUBLIC ACCOUNTANT

License Number: 11550 Expiration Date: June 30, 2012

Akash D. Sehgal
2415 2nd Avenue # 342
Seattle WA 98121



To: Edward A Zambrano; Akash D Sehgal[akash.d.sehgal@us.pwc.com]
From: Akash D Sehgal
Sent: Tue 1/24/2012 5:08:55 PM
Importance: Normal
Sensitivity: None
Subject: RE: Internal Candidate Process

Yes I will send you a copy and I will get contact WA to see what the deal is. They have had problems with their database as many in Seattle can attest to.

Regards,

Akash

----- Original Message -----

From: Edward A Zambrano/US/INF/PwC
To: Akash D Sehgal/US/TLS/PwC@Americas-US
Cc:
Sent on: 01/24/2012 12:06:40 PM
Subject: RE: Internal Candidate Process

Akash,

Thank you for your quick reply. The database is currently listing this credential as incomplete. The attachment in the system is blank for some reason. Can you send me a copy and I would be happy to upload it for you. Also, it is not showing up on the WA Board's database.

Thank you,
Ed

Edward Zambrano | Ethics & Compliance | PricewaterhouseCoopers | Telephone: +1 646 471 2187 | Facsimile: +1 813 637 4325 | edward.zambrano@us.pwc.com

From: Akash D Sehgal/US/TLS/PwC
To: Edward A Zambrano/US/INF/PwC
Cc: Katie Weisberg/US/INF/PwC
Date: 01/24/2012 12:02 PM
Subject: RE: Internal Candidate Process

Edward - yes my WA license is current and I have provided a copy of my license as part of the requirements of the database.

Regards,

Akash

----- Original Message -----

From : Edward A Zambrano/US/INF/PwC
To : Akash D Sehgal/US/TLS/PwC@Americas-US
Cc : Katie Weisberg/US/INF/PwC@Americas-US
Sent on : 01/24/2012 11:57:41 AM
Subject : Internal Candidate Process

Akash,

As part of our review during the internal candidate process for FY12 we are confirming credentials of candidates. Your CPA Credential Tracking System profile and your internal candidate file indicate that you currently hold a Washington CPA license. However, I am unable to confirm this license with the WA State Board. Can you please let me know if this information is correct?

Please get back to me at your earliest convenience.

Best regards,
Ed

Edward Zambrano | Ethics & Compliance | PricewaterhouseCoopers | Telephone: +1 646 471 2107 | Facsimile: +1 613 637 4325 | edward.zambrano@us.pwc.com

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties.



License

Akash D Sehgal to: Edward A Zambrano

01/24/2012 12:17 PM

History: This message has been forwarded.

Edward - attached is a copy of my current WA CPA license. Regards, Akash



Akash WA CPA License Copy.pdf

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties.

Board of Accountancy
Washington State



This certifies that the person named hereon is licensed as provided by law as a
CERTIFIED PUBLIC ACCOUNTANT

License Number: 11550 Expiration Date: June 30, 2012

Akash D. Sehgal
2415 2nd Avenue # 342
Seattle WA 98121





STATE OF WASHINGTON
BOARD OF ACCOUNTANCY
PO Box 9131 • Olympia, Washington 98507-9131
(360) 753-2585 • FAX (360) 664-9190 • www.cpaboard.wa.gov

February 7, 2012

Akash D. Sehgal
2415 2nd Ave #342
Seattle, WA 98121-1411

Re: Case 2012-002
Response Due: February 27, 2012

Dear Mr. Sehgal:

The Board received notification that you may have been holding yourself out as a Certified Public Accountant without the benefit of a Washington State CPA License as required by RCW 18.04 and Title 4 WAC.

We have received a copy of a Washington Certified Public Accountant License #11550 which has the following information on it:

Akash D. Sehgal
2415 2nd Avenue #342
Seattle, WA 98121

Board records indicate that you have never applied, been certified or licensed as a Certified Public Accountant (CPA) in the State of Washington.

It appears you may have used the title "CPA" in the State of Washington without an appropriate license.

RCW 18.04.345(2) allows only a licensed CPA to use the title "certified public accountant" or "CPA."

... (2) No person may hold himself or herself out to the public and assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or devise [device] tending to indicate that the person is a certified public accountant or CPA unless the person holds a valid certificate as a certified public accountant and holds a valid license to practice under RCW 18.04.215.



Akash D. Sehgal
February 7, 2012
Page 2

Because you do not hold a CPA license to practice public accounting in the State of Washington, you must immediately cease using the CPA title or referring to yourself as a certified public accountant in this state, including the removal of the CPA title or reference from business cards, resumes, e-mail address, campaign materials, web sites, social networks, etc.

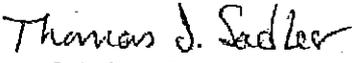
The Board opened an investigation into the matter as a potential violation of Board rules. The Board requests that in cooperation with this investigation, you provide the following:

- What is your basis for referring to yourself as a CPA in the state of Washington without a CPA license?
- Also, please explain when you began to represent yourself as a Certified Public Accountant in this state.
- Any documentation you have showing a history of a CPA certificate or license in the state of Washington.
- Status of your CPA certificate or license in another state, if applicable.
- Any documentation you have showing you have sat for and passed all parts of the CPA exam.
- Have you advertised yourself as a CPA in other mediums and on other documents?
- Have you provided any audit, review or compilation services? If so, how many and when?
- Any documents, letters, contracts, correspondence, reports, memos, legal memoranda or pleadings that support your response.

Please respond in writing on or before February 27, 2012.

If you have any questions or concerns, please contact me at toms@cpaboard.wa.gov or 360-586-0785.

Sincerely,


Thomas J. Sadler, CPA
Deputy Director

tjs/mas

Enclosure(s): Copy of License #11550
RCW 18.04.345

cc: Akash D. Sehgal
PricewaterhouseCoopers, LLC
US Bank Centre
1420 Fifth Ave Suite 1900
Seattle, WA 98101

Please be advised the Washington State Board of Accountancy complies with the Public Records Act, chapter 42.56 RCW. This act establishes a strong state mandate in favor of disclosure of public records. As such, the information you submit to the board, including personal information, may ultimately be subject to disclosure as a public record.

RECEIVED

FEB 13 2012

Mr. Thomas J. Sadler
Deputy Director
Washington Board of Accountancy
P.O. Box 9131
Olympia, Washington 98507-9131

WA ACCOUNTANCY BOARD

Dear Mr. Sadler –

I am responding to your letter dated February 7, 2012 claiming that I am holding out myself as a certificated public accountant ("CPA") in the State of Washington. I can say with absolute certainty that I have never held myself out to be a CPA in the State of Washington. My clients are well aware that I am not licensed as a CPA in Washington State and to that matter I have never done the following:

- 1) I have never advertised myself as a CPA in any medium or other documents. My business cards, email address, stationary, online profiles (facebook, linkedin, etc.) and social networks and any other forms of representation have never stated that I am a CPA in the State of Washington.
- 2) I have never provided any audit, review or compilation services to any clients at any time throughout my career.
- 3) I just recently signed up to take the CPA exam in the State of Washington which should show that I am in process of obtaining my CPA license.
- 4) My resume as presented to a number of recent companies does not show the title of CPA or that I am licensed in the state of Washington or any other state for that matter.
- 5) I don't have a basis for referring to myself as a CPA in Washington because I have never made the claim to anyone that I am a CPA in the State of Washington. My current employer prospects are well aware that I am in the process of sitting for the April/May 2012 examination and that one of my goals is to become licensed in the state.
- 6) I am unaware of how my address has shown up on a copy of a Washington License as I have never represented myself as a CPA in Washington State. At no time have I ever held myself out to the public as a CPA in Washington State or any state for that matter.
- 7) I have never signed a document to any of my clients with the title of CPA for this state or any other state.
- 8) Presentations that I have made to public conferences, including any bio's prepared by me have never stated that I am a CPA in the state of Washington or any other state for that matter.

9) I have never provided any documents to my clients holding myself out as a CPA at any time throughout my career.

I hope this helps clarify the matter and proves that I have never held myself out as a CPA in the State of Washington.

Regards,

A handwritten signature in black ink, appearing to read 'Akash Sehgal', with a large, stylized flourish at the end.

Akash Sehgal

PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY

In the Matter of:

Akash Deep Sehgal,

Respondent.

NO. ACB-1339

DECLARATION OF
RICHARD C. SWEENEY

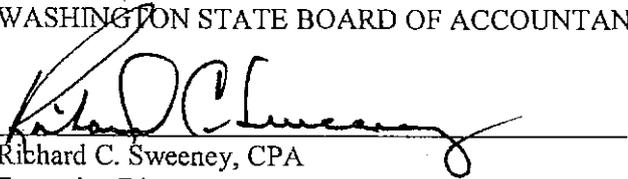
I, RICHARD C. SWEENEY, being competent to testify in the above-captioned matter, make this declaration based upon my own personal knowledge and on the files and records of the Washington State Board of Accountancy (Board).

1. I am the Executive Director and custodian of records for the Board and have been at all times material to this declaration.
2. The Board has never issued a CPA license to the Respondent.
3. On July 10, 1987, the Board issued a Certified Public Accountant (CPA) certificate number 11550 to another individual. That individual currently holds CPA license number 11550 that is valid through June 30, 2013.

I declare under penalty of perjury of the laws of the state of Washington that the foregoing is true and correct.

DATED this 24th day of May 2012, at Olympia, Washington.

WASHINGTON STATE BOARD OF ACCOUNTANCY


Richard C. Sweeney, CPA
Executive Director

DECLARATION OF
RICHARD C. SWEENEY

1

ATTORNEY GENERAL OF WASHINGTON
Licensing & Administrative Law Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
(206) 464-7676

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In The Matter of:

Akash Deep Sehgal,

Respondent.

No. ACB-1339

STATEMENT OF
CHARGES

RICHARD C. SWEENEY, CPA, Executive Director for the State of Washington Board of Accountancy, and acting in that capacity, states and alleges as follows:

I. ALLEGED FACTS

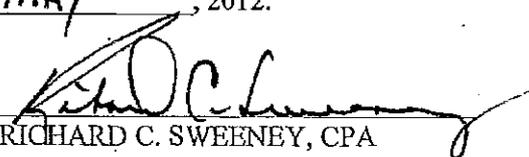
- 1.1 The Respondent was formerly employed by the CPA firm PricewaterhouseCoopers LLP (PwC). On or about January 24, 2012, the Respondent sent an internal email to Edward A. Zambrano at PwC, who was seeking to verify the Respondent's credentials. The Respondent stated in the email: "Edward – attached is a copy of my current WA CPA license. Regards, Akash." The Respondent attached a portable document format (pdf) file named: "Akash WA CPA License Copy.pdf." The file contained a copy of a document that appeared to be a Certified Public Accountant license issued by the Board of Accountancy, Washington State. The document contained the seal of the state of Washington and the following: "License Number: 11550 Expiration Date: June 30, 2012 Akash D. Sehgal 2415 2nd Avenue # 342 Seattle WA 98121." The Board did not issue license number 11550 to the Respondent. The Board issued license number 11550 to another individual on July 10, 1987. That license is valid through June 30, 2013.
- 1.2 On or about February 13, 2012, in response to an inquiry from the Board, the Respondent stated, in part: "I am unaware of how my address has shown up on a copy of a Washington License as I have never represented myself as a CPA in Washington State or any state for that matter."

II. ALLEGED VIOLATIONS

- 2.1 The Respondent's acts and omissions described in paragraph 1.2 constitute violations of RCW 18.04.345, and WAC 4-30-142(5)(c).
- 2.2 The violations set forth in Paragraph 2.2 constitute grounds for sanctions pursuant to RCW 18.04.295 which provides in part that "the Board shall have the power to ... impose a fine in an amount not to exceed thirty thousand dollars plus the boards investigative and legal costs in bringing charges against ... a non-CPA violating the provisions of RCW 18.04.345 for ... (3) A violation of any provision of this chapter" RCW 18.04.380 provides that "the display or presentation by a person of a card, sign, advertisement, ... bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof shall be prima facie evidence in any action brought under this chapter ... that the person is holding himself or herself out to be a licensee, a certified public accountant, or a person holding a certificate under this chapter."

WHEREFORE, Richard C. Sweeney alleges that the conduct referred to in this Statement of Charges affects the public health, safety and welfare, that a notice be issued and served as provided by law to Respondent, Akash Deep Sehgal, giving Respondent the opportunity to defend against the accusations of this Statement of Charges and provided that if Respondent shall fail to defend against these accusations, that an order be entered imposing such relief as authorized by law.

DATED this 24th day of MAY, 2012.


RICHARD C. SWEENEY, CPA
Executive Director
Washington State Board of Accountancy

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of:

Akash Deep Sehgal,

Respondent.

No. ACB-1339

ANSWER TO STATEMENT
OF CHARGES

Enter your answer below, sign, date and return this form within twenty (20) days after you are served (which is the date of deposit in the U.S. mail, if service is by mail, WAC 10-08-110) to:

Washington State Board of Accountancy
711 Capitol Way South, Suite 400 - Mail Stop: 43110
Post Office Box 9131
Olympia, Washington 98507-9131

If you desire a hearing, you must complete and return this form so that it is received at the above address within twenty (20) days of service. Failure to do so will constitute a waiver of hearing and result in default (see RCW 34.05.440), and the Board may proceed to resolve your case without further notice, or hearing for your benefit. This may include the imposition of a fine plus the Board's investigation and legal costs.

INSTRUCTIONS: Circle and initial your response and mail this document to the address set forth above.

I.

I [DO] [DO NOT] request a hearing in this matter.

II.

I [WILL] [WILL NOT] be represented by an attorney. His/her name and address is:

III.

INSTRUCTIONS: List by paragraph number in the spaces provided below, the admitted charges of the Statement of Charges. If you admit all of the charges, state "all." If you do not contest or if you deny any or all charges, see sections (2) and (3) of this paragraph.

(1) I DO ADMIT the following charges contained in the Statement of Charges and Intent to Deny Application:

(2) I DO NOT CONTEST the following charges contained in the Statement of Charges:

(3) I DENY the following charges contained in the Statement of Charges:

IV.

I [HAVE] [HAVE NOT] attached a sworn statement in my defense or in mitigation of the charges.

V.

You have the right to: demand a hearing; be represented by an attorney at your own expense at the hearing; subpoena witnesses or the production of books or documents, and otherwise defend against the Statement of Charges.

INTERPRETER REQUEST: I request that a qualified interpreter be appointed at no cost to me to interpret for (myself) or (my witness(es)). My, or my witness(es'), primary language is _____ (identify language). My, or my witness(es'), hearing impaired status is _____ (identify hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my witness(es).

DATED this ___ day of _____, 2012.

****SIGN****

Respondent

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the matter of:

Akash Deep Sehgal,

Respondent.

No. ACB-1339

NOTICE OF
OPPORTUNITY
TO DEFEND

THE STATE OF WASHINGTON TO: Akash Deep Sehgal

YOU ARE HEREBY NOTIFIED that a Statement of Charges has been filed with the Washington State Board of Accountancy, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that within twenty (20) days of the date you are served this notice (which is the date of deposit in the U.S. mail, if service is by mail, WAC 10-08-110), you may demand a formal hearing before the Washington State Board of Accountancy on the Statement of Charges. To demand a hearing you must complete and return the enclosed Answer to Statement of Charges requesting a hearing. If you demand a hearing, you will be subsequently notified of the time and place set for the hearing at least 7 days in advance of the hearing. See chapters 10-08 and Title 4 WAC and chapter 34.05 RCW for rules and statutes governing discovery, appearances and appeals.

ALTERNATIVELY, you may waive the formal hearing and, in lieu thereof, submit a written statement for consideration by the Board prior to disposition of the Statement of Charges. To exercise either alternative, merely check the appropriate box on the attached Answer to

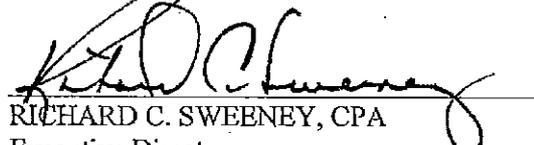
Statement of Charges form, sign, date and return it to the Washington State Board of Accountancy; 711 Capitol Way South, Suite 400; Post Office Box 9131; Olympia, Washington 98507-9131.

YOU ARE HEREBY FURTHER NOTIFIED that if you do not return the Answer to Statement of Charges form so that it is received within twenty (20) days from the date you are served this notice, this will constitute a waiver of your right to a hearing and result in a default (See RCW 34.05.440), and the Board may proceed to resolve your case without further notice, or hearing for your benefit. This may include the imposition of a fine plus the Board's investigation and legal costs.

INTERPRETER AVAILABILITY: If you are (or a witness for you) a person who, because of a non-English speaking cultural background, cannot readily speak or understand the English language, or, because of a hearing or speech impairment, cannot readily understand or communicate in spoken language, including persons who are blind, deaf, or hard of hearing AND YOU (OR YOUR WITNESS) NEED AN INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request the appointment of a qualified interpreter by indicating your request on the attached Answer to Statement of Charges form.

DATED at Olympia, this 24th day of MAY, 2012.

WASHINGTON STATE BOARD OF ACCOUNTANCY


RICHARD C. SWEENEY, CPA
Executive Director

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of:

Akash Deep Sehgal,

Respondent.

No. ACB-1339

APPENDIX A

RCW 18.04.295 Actions against CPA license. The board shall have the power to: Revoke, suspend, or refuse to issue, renew, or reinstate a license or certificate; impose a fine in an amount not to exceed thirty thousand dollars plus the board's investigative and legal costs in bringing charges against a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, a non-CPA violating the provisions of RCW 18.04.345, or a nonlicensee holding an ownership interest in a licensed firm; may impose full restitution to injured parties; may impose conditions precedent to renewal of a certificate or a license; or may prohibit a nonlicensee from holding an ownership interest in a licensed firm, for any of the following causes . . .

(2) Dishonesty, fraud, or negligence while representing oneself as a nonlicensee owner holding an ownership interest in a licensed firm, a licensee, or a certificate holder;

(3) A violation of any provision of this chapter . . . [2004 c 159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

RCW 18.04.345 Prohibited practices. . . . (2) No individual may hold himself or herself out to the public or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the individual is a certified public accountant or CPA unless the individual qualifies for the privileges authorized by RCW 18.04.350(2) or holds a license under RCW 18.04.105 and 18.04.215. . . . [2009 c 116 § 1; 2008 c 16 § 5; 2001 c 294 § 17; 1999 c 378 § 8; 1992 c 103 § 14; 1986 c 295 § 15; 1983 c 234 § 16.]

RCW 18.04.380 Advertising falsely--Effect. (1) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof shall be prima facie evidence in any action brought under this chapter that the person whose name is so displayed, caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a licensee, a certified public accountant, or a person holding a certificate under this chapter.

(2) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words

certified public accountant-inactive or any abbreviation thereof is prima facie evidence in any action brought under this chapter that the person whose name is so displayed caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a certified public accountant-inactive under this chapter.

(3) In any action under subsection (1) or (2) of this section, evidence of the commission of a single act prohibited by this chapter is sufficient to justify an injunction or a conviction without evidence of a general course of conduct. [2001 c 294 § 20; 1986 c 295 § 17; 1983 c 234 § 20; 1949 c 226 § 37; Rem. Supp. 1949 § 8269-44.]

WAC 4-30-142 What are the bases for the board to impose discipline?

RCW 18.04.055, 18.04.295, 18.04.305, and 18.04.350 authorize the board to revoke, suspend, refuse to issue, renew, or reinstate an individual or firm license, CPA-Inactive certificate, the right to exercise practice privileges in this state, or registration as a resident nonlicensee firm owner; impose a fine not to exceed thirty thousand dollars; recover investigative and legal costs; impose full restitution to injured parties; impose remedial sanctions; impose conditions precedent to renew; or prohibit a resident nonlicensee from holding an ownership interest in a firm licensed in this state for the specific acts listed below.

The following are specific examples of prohibited acts that constitute grounds for discipline under RCW 18.04.295, 18.04.305, and 18.04.350. The board does not intend this listing to be all inclusive . . .

(5) Dishonesty, fraud, or negligence while representing oneself as a licensee, CPA-Inactive certificate holder, or a resident nonlicensee firm owner including but not limited to . . .

(c) Making misleading, deceptive, or untrue representations . . . [Statutory Authority: RCW 18.04.055(16), 18.04.195 (11)(d), 18.04.295, 18.04.305, 18.04.350(2). 11-07-070, § 4-30-142, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-142, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-910, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055(16), 18.04.295, and 18.04.305. 05-01-137, § 4-25-910, filed 12/16/04, effective 1/31/05; 03-24-033, § 4-25-910, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(11), 18.04.295, and 18.04.305. 02-04-064, § 4-25-910, filed 1/31/02, effective 3/15/02; 00-11-078, § 4-25-910, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055 and 18.04.295. 94-23-070, § 4-25-910, filed 11/15/94, effective 12/16/94.]

PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY

In the Matter of:

Akash Deep Sehgal,
Respondent.

No. ACB-1339

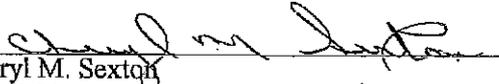
DECLARATION OF SERVICE

I certify under penalty of perjury under the laws of the state of Washington that the following is true and correct:

On May 24, 2012, I served a true and correct copy of a Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend, and Appendix A by mailing same with proper postage affixed by U.S. Certified Mail—Return Receipt Requested #7004 2510 0004 0552 3914 and a second true and correct copy by U.S. First Class mail to the Respondent's address of record:

Akash D. Sehgal
2415 2nd Ave #342
Seattle, WA 98121-1411

DATED this 24 day of May, 2012, in Olympia, Washington.


Cheryl M. Sexton
Board Clerk

PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY

In the Matter of:

Akash Deep Sehgal,
Respondent.

No. ACB-1339

ANSWER TO STATEMENT
OF CHARGES

Enter your answer below, sign, date and return this form within twenty (20) days after you are served (which is the date of deposit in the U.S. mail, if service is by mail, WAC 10-08-110) to:

Washington State Board of Accountancy
711 Capitol Way South, Suite 400 - Mail Stop: 43110
Post Office Box 9131
Olympia, Washington 98507-9131

If you desire a hearing, you must complete and return this form so that it is received at the above address within twenty (20) days of service. Failure to do so will constitute a waiver of hearing and result in default (see RCW 34.05.440), and the Board may proceed to resolve your case without further notice, or hearing for your benefit. This may include the imposition of a fine plus the Board's investigation and legal costs.

INSTRUCTIONS: Circle and initial your response and mail this document to the address set forth above.

I.

I [DO] [DO NOT] request a hearing in this matter.

II.

I [WILL] [WILL NOT] be represented by an attorney. His/her name and address is:

III.

INSTRUCTIONS: List by paragraph number in the spaces provided below, the admitted charges of the Statement of Charges. If you admit all of the charges, state "all." If you do not contest or if you deny any or all charges, see sections (2) and (3) of this paragraph.

(1) I DO ADMIT the following charges contained in the Statement of Charges and Intent to Deny Application: *All*

(2) I DO NOT CONTEST the following charges contained in the Statement of Charges:

(3) I DENY the following charges contained in the Statement of Charges:

IV.

I [HAVE] [HAVE NOT] attached a sworn statement in my defense or in mitigation of the charges.

V.

You have the right to: demand a hearing; be represented by an attorney at your own expense at the hearing; subpoena witnesses or the production of books or documents, and otherwise defend against the Statement of Charges.

INTERPRETER REQUEST: I request that a qualified interpreter be appointed at no cost to me to interpret for (myself) or (my witness(es)). My, or my witness(es'), primary language is _____ (identify language). My, or my witness(es'), hearing impaired status is _____ (identify hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my witness(es).

DATED this 11 day of June, 2012.

SIGN


Respondent

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In The Matter of:

Akash Deep Sehgal,

Respondent.

NO. ACB-1339

FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND FINAL ORDER
IMPOSING SANCTIONS

I. INTRODUCTION

THIS MATTER, arises out of the Statement of Charges issued by the Executive Director of the Washington State Board of Accountancy (hereinafter State) on May 24, 2012. The Statement of Charges alleges that Akash Deep Sehgal (hereinafter Respondent), violated the provisions of RCW 18.04 and WAC 4-30.

THIS MATTER having come before the Board upon the motion of Jacqueline Walker, Assistant Attorney General; Respondent having admitted to all the charges and waived Respondent's right to a hearing before the Board on the Statement of Charges; the Board having reviewed the record herein and the Declaration of Richard C. Sweeney, Executive Director, and being advised in the premises, makes the following:

II. FINDINGS OF FACT

2.1 The Respondent was formerly employed by the CPA firm PricewaterhouseCoopers LLP (PwC). On or about January 24, 2012, the Respondent sent an internal email to Edward A. Zambrano at PwC, who was seeking to verify the Respondent's credentials. The Respondent stated in the email: "Edward -- attached is a copy of my current WA CPA license. Regards, Akash." The Respondent attached a portable document format (pdf) file

named: "Akash WA CPA License Copy.pdf." The file contained a copy of a document that appeared to be a Certified Public Accountant license issued by the Board of Accountancy, Washington State. The document contained the seal of the state of Washington and the following: "License Number: 11550; Expiration Date: June 30, 2012; Akash D. Sehgal; 2415 2nd Avenue # 342; Seattle WA 98121." The Board did not issue license number 11550 to the Respondent. The Board issued license number 11550 to another individual on July 10, 1987. That license is valid through June 30, 2013.

- 2.2 On or about February 13, 2012, in response to an inquiry from the State, the Respondent stated, in part: "I am unaware of how my address has shown up on a copy of a Washington License as I have never represented myself as a CPA in Washington State or any state for that matter."
- 2.3 On May 24, 2012, the Executive Director of the Washington State Board of Accountancy issued Statement of Charges alleging that Respondent violated the provisions of RCW 18.04.345 and WAC 4-30-142(5).
- 2.4 On June 14, 2012, the State received the Respondent's Answer to the Statement of Charges.
- 2.5 The Respondent admitted to all the charges and did not request a hearing.

III. CONCLUSIONS OF LAW

From the foregoing Findings of Fact, the Board makes the following Conclusions of Law.

- 3.1 The Washington State Board of Accountancy has jurisdiction over the Respondent and the subject matter of the case. RCW 18.04.295.
- 3.2 Based on the above Findings of Fact, and Conclusions of Law, Respondent has been served with the Statement of Charges, Answer to Statement of Charges, and Notice of Opportunity to Defend.

- 3.4 The Respondent admitted to all the charges and waived Respondent's right to a hearing before the Board on the Statement of Charges. The Board is entitled to serve this Order upon the Respondent on the grounds that pursuant to his answer, Respondent admitted to the allegations in the Statement of Charges and did not request a hearing. .
- 3.5 Based on Findings of Fact 2.1 and 2.2, the Board concludes that the Respondent violated RCW 18.04.345 and WAC 4-30-142(5)(c). (See Appendix A for reproduction of the statute and rule.)
- 3.6 The violations set forth in Conclusions of Law 3.5 constitute grounds for sanctions pursuant to RCW 18.04.295 which provides in part that "the Board shall have the power to ... impose a fine in an amount not to exceed thirty thousand dollars plus the boards investigative and legal costs in bringing charges against ... a non-CPA violating the provisions of RCW 18.04.345 for ... (3) A violation of any provision of this chapter" RCW 18.04.380 provides that "the display or presentation by a person of a card, sign, advertisement, ... bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof shall be prima facie evidence in any action brought under this chapter ... that the person is holding himself or herself out to be a licensee, a certified public accountant, or a person holding a certificate under this chapter." (See Appendix A for reproduction of the statute.)

IV. FINAL ORDER

Based upon the above Findings of Fact and Conclusions of Law, the Board hereby makes the following Order:

- 4.1 The Respondent shall:

- 4.1.1 Pay a thirty thousand dollar (\$30,000) fine. This fine shall be payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO Box 41465, Olympia, WA 98504-1465 in such manner that the Board receives it within 90 days of the entry of this Findings of Fact, Conclusions of Law, and Final Order.
- 4.1.2 Reimburse the Board one thousand five hundred dollars (\$1,500) for investigative and legal costs. This payment shall be payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO Box 41465, Olympia, WA 98504-1465 in such manner that the Board receives it within 90 days of the entry of this Findings of Fact, Conclusions of Law, and Final Order.
- 4.2 The Respondent shall refrain from holding himself out to the public or assuming or using the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the Respondent is a certified public accountant or CPA until Respondent is licensed to do so under Chapter 18.04 RCW.
- 4.3 The Respondent shall refrain from signing, affixing, or associating Respondent's name or trade name to any report designated as an "audit," "review," or "compilation," until Respondent is licensed to do so under Chapter 18.04 RCW.
- 4.4 That Respondent shall refrain from holding Respondent out to the public, or use in connection with Respondent's name, or any other name, the title or designation "certified accountant," "chartered accountant," "licensed accountant," "licensed public accountant," "public accountant," "CPA (Retired)," or any other title or designation likely to be confused with

“certified public accountant” or any of the abbreviations “CA,” “LA,” “LPA,” or “PA,” or similar abbreviations likely to be confused with “CPA.”

- 4.5 The Board will publish the terms of this Findings of Fact, Conclusions of Law, and Final Order.

V. NOTICE TO PARTIES

- 5.1 Judicial Review. Proceedings for judicial review may be instituted by filing a petition in superior court according to the procedures specified in chapter 34.05 RCW, Part V, Judicial Review and Civil Enforcement. The petition for judicial review of this Order shall be filed with the appropriate court and served on the Board, the Office of the Attorney General, and all parties within thirty days after service of this Order, as provided in RCW 34.05.542.
- 5.2 Service. This Order was served on you the day it was deposited in the United States mail. RCW 34.05.010(19).

DATED this _____ day of _____ 2012.

WASHINGTON STATE BOARD OF ACCOUNTANCY

Donald F. Aubrey, CPA
Chair

**PROCEEDINGS BEFORE THE
WASHINGTON STATE
BOARD OF ACCOUNTANCY**

In the Matter of:

Akash Deep Sehgal,

Respondent.

No. ACB-1339

APPENDIX A

RCW 18.04.295 Actions against CPA license. The board shall have the power to: Revoke, suspend, or refuse to issue, renew, or reinstate a license or certificate; impose a fine in an amount not to exceed thirty thousand dollars plus the board's investigative and legal costs in bringing charges against a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, a non-CPA violating the provisions of RCW 18.04.345, or a nonlicensee holding an ownership interest in a licensed firm; may impose full restitution to injured parties; may impose conditions precedent to renewal of a certificate or a license; or may prohibit a nonlicensee from holding an ownership interest in a licensed firm, for any of the following causes . . .

(2) Dishonesty, fraud, or negligence while representing oneself as a nonlicensee owner holding an ownership interest in a licensed firm, a licensee, or a certificate holder;

(3) A violation of any provision of this chapter . . . [2004 c 159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

RCW 18.04.345 Prohibited practices. . . . (2) No individual may hold himself or herself out to the public or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the individual is a certified public accountant or CPA unless the individual qualifies for the privileges authorized by RCW 18.04.350(2) or holds a license under RCW 18.04.105 and 18.04.215. . . . [2009 c 116 § 1; 2008 c 16 § 5; 2001 c 294 § 17; 1999 c 378 § 8; 1992 c 103 § 14; 1986 c 295 § 15; 1983 c 234 § 16.]

RCW 18.04.370 Penalty. (1) Any person who violates any provision of this chapter, shall be guilty of a crime, as follows:

(a) Any person who violates any provision of this chapter is guilty of a misdemeanor, and upon conviction thereof, shall be subject to a fine of not more than thirty thousand dollars, or to imprisonment for not more than six months, or to both such fine and imprisonment.

(b) Notwithstanding (a) of this subsection, any person who uses a professional title intended to deceive the public, in violation of RCW 18.04.345, having previously entered into a stipulated agreement and order of assurance with the board, is guilty of a felony, and upon conviction thereof, is subject to a fine of not more than thirty thousand dollars, or to imprisonment for not more than two years, or to both such fine and imprisonment.

(c) Notwithstanding (a) of this subsection, any person whose license or certificate was suspended or revoked by the board and who uses the CPA professional title intending to deceive the public, in violation of RCW 18.04.345, having previously entered into a stipulated agreement and order of assurance with the board, is guilty of a class C felony, and upon conviction thereof, is subject to a fine of not more than thirty thousand dollars, or to imprisonment for not more than two years, or to both fine and imprisonment.

(2) With the exception of first time violations of RCW 18.04.345, subject to subsection (3) of this section whenever the board has reason to believe that any person is violating the provisions of this chapter it shall certify the facts to the prosecuting attorney of the county in which such person resides or may be apprehended and the prosecuting attorney shall cause appropriate proceedings to be brought against such person.

(3) The board may elect to enter into a stipulated agreement and orders of assurance with persons in violation of RCW 18.04.345 who have not previously been found to have violated the provisions of this chapter. The board may order full restitution to injured parties as a condition of a stipulated agreement and order of assurance.

(4) Nothing herein contained shall be held to in any way affect the power of the courts to grant injunctive or other relief as above provided.

[2004 c159 § 5; 2003 c 290 § 5; 2001 c 294 § 19; 1983 c 234 § 19; 1949 c 226 § 36; Rem. Supp. 1949 § 8269-43.]

RCW 18.04.380 Advertising falsely--Effect. (1) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof shall be prima facie evidence in any action brought under this chapter that the person whose name is so displayed, caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a licensee, a certified public accountant, or a person holding a certificate under this chapter.

(2) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words certified public accountant-inactive or any abbreviation thereof is prima facie evidence in any action brought under this chapter that the person whose name is so displayed caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a certified public accountant-inactive under this chapter.

(3) In any action under subsection (1) or (2) of this section, evidence of the commission of a single act prohibited by this chapter is sufficient to justify an injunction or a conviction without evidence of a general course of conduct. [2001 c 294 § 20; 1986 c 295 § 17; 1983 c 234 § 20; 1949 c 226 § 37; Rem. Supp. 1949 § 8269-44.]

WAC 4-30-142 What are the bases for the board to impose discipline? RCW 18.04.055, 18.04.295, 18.04.305, and 18.04.350 authorize the board to revoke, suspend, refuse to issue, renew, or reinstate an individual or firm license, CPA-Inactive certificate, the right to exercise practice privileges in this state, or registration as a resident nonlicensee firm owner; impose a fine not to exceed thirty thousand dollars; recover investigative and legal costs; impose full restitution to injured parties; impose remedial sanctions; impose conditions precedent to renew; or prohibit a resident nonlicensee from holding an ownership interest in a firm licensed in this state for the specific acts listed below.

The following are specific examples of prohibited acts that constitute grounds for discipline under RCW 18.04.295, 18.04.305, and 18.04.350. The board does not intend this listing to be all inclusive . . .

(5) Dishonesty, fraud, or negligence while representing oneself as a licensee, CPA-Inactive certificate holder, or a resident nonlicensee firm owner including but not limited to . . .

(c) Making misleading, deceptive, or untrue representations . . . [Statutory Authority: RCW 18.04.055(16), 18.04.195 (11)(d), 18.04.295, 18.04.305, 18.04.350(2). 11-07-070, § 4-30-142, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-142, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-910, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055(16), 18.04.295, and 18.04.305. 05-01-137, § 4-25-910, filed 12/16/04, effective 1/31/05; 03-24-033, § 4-25-910, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(11), 18.04.295, and 18.04.305. 02-04-064, § 4-25-910, filed 1/31/02, effective 3/15/02; 00-11-078, § 4-25-910, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055 and 18.04.295. 94-23-070, § 4-25-910, filed 11/15/94, effective 12/16/94.]

Governor

Retain Statutory Authority Structure

“as is” but provide

Specific Board Proactive Oversight of Agency Functional Performance

Executive Director
Agency Authority
Direct Investigations

Board Members
Rule Making Authority
Disciplinary Authority

Existing

NEW PROPOSED

See NOTE #1

Board Executive Committee

(Board Officers)

Request Review Committee

(Members Appointed from the Board)

Legislative Review Committee

(Members Appointed from the Board)

Compliance Assurance Oversight Committee

(Members Approved by the Board)

Quality Review Committee

RENAME to Quality Assurance Committee

(Board Member Co-Chair)

(Volunteer Committee Members Approved by the Board)

Board Oversight of Agency Activities

- (a) Initial Licensing*
- (b) Renewals*
- (c) CPE Audit*
- (d) Investigations*
- (e) Monitoring Orders*
- (f) Education and Experience*
- (g) Other*

NOTE #1:

To limit the number of Standing Committees staffed by Board members, the Board Chair and the Executive Director have discussed the prudence of utilizing a Task Force approach utilizing Board member expertise directly (with or through volunteers) to evaluate the efficiency and effectiveness of Agency functional activities on “Prudent Oversight” basis. **The exact tasks would be outlined by the Board upon Board identification of a desire (or need) for greater insight into a specific agency activity or upon a non-binding request by the Executive Director. Information gathered would be used by the Board to evaluate the efficiency and/or effectiveness of the agency activity as well as to be utilized in the annual evaluation of the Executive Director’s performance.**



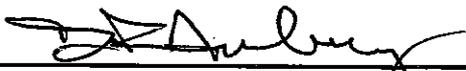
Washington State Board of Accountancy

Policy Number: 2002-1

Title: Substantially Equivalent Jurisdictions

Revised: April 26, 2012*

Approved:



Donald F. Aubrey, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

To provide guidance to:

- Individuals applying for a Washington State CPA license under the interstate reciprocity provision of WAC 4-30-092 and
- CPAs licensed in other jurisdictions exercising practice privileges under RCW 18.04.350(2) and WAC 4-30-090.

I. Exercise of Practice Privileges under RCW 18.04.350(2)(a)

Individuals who hold a valid license issued by one of the states deemed "substantially equivalent" by the National Association of State Boards of Accountancy (NASBA) are deemed to have met the requirements of RCW 18.04.350(2)(a).

II. Exercise of Practice Privileges under RCW 18.04.350(2)(b)

The qualification of individuals licensed in other than a substantially equivalent state may be determined by the Board to meet the substantially equivalent requirement. For purposes of exercising practice privileges, the Board will exempt individuals from the 150 semester hour education requirement of RCW 18.04.350(2)(a) provided the individual holds a valid license issued by any other state issued prior to January 1, 2012, and meets the other requirements of RCW 18.04.350(2)(a).

III. Substantially Equivalent States

The Board recognizes the states and jurisdictions identified as "Substantially Equivalent States" by the National Association of State Boards of Accountancy (NASBA) for purposes of issuing a Washington State CPA license under the

interstate reciprocity provisions of WAC 4-30-092 and exercise of practice privileges under RCW 18.04.350(2)(a).

The Board does not recognize the states and jurisdictions identified by NASBA as “Non-Substantially Equivalent States” for purposes of issuing a Washington State CPA license under the interstate reciprocity provisions.

Listings of the substantially and non-substantially equivalent states and jurisdictions can be found at <http://www.nasba.org/licensure/substantialequivalency/>.

IV. Individuals Applying for a CPA License under the Interstate Reciprocity Provisions of WAC 4-30-092

Individuals deemed by the National Association of State Boards of Accountancy (NASBA) as being substantially equivalent to the education, examination, and experience requirements of the Uniform Accountancy Act are deemed to have met the requirements of WAC 4-30-092(2).

An individual holding a valid license from a substantially equivalent state is also deemed to have met this requirement.

Effective: January 25, 2002

*Revised: April 25, 2011; January 28, 2010; October 17, 2008; October 25, 2002;

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CPA Examination Services

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Substantial Equivalency

The concept of Substantial Equivalency was developed to allow licensed CPAs to practice across jurisdictions more readily. Under Section 23 of the Uniform Accountancy Act (UAA), a CPA with a CPA license in good standing from a jurisdiction with CPA licensing requirements that are essentially equivalent to those outlined in the UAA (degree with 150 hours, minimum 1 year experience and successful completion of the Uniform CPA Examination) may be granted a privilege to practice in another jurisdiction that is not the CPAs principal place of business. Several jurisdictions have adopted a Section 23 privilege to practice. It is the responsibility of the CPA to contact the board of accountancy in the state he/she intends to practice to determine if the state has adopted Section 23 and if it requires notification or payment of a fee. This information may also be found in NASBA's Accountancy Licensing Library.

NASBA's National Qualification Appraisal Service (NQAS) has reviewed the CPA licensure requirements of its member jurisdictions to determine which CPA licensure requirements are substantially equivalent to the licensure requirements of the UAA. Individuals who are licensed in jurisdictions that are not substantially equivalent may have their credentials evaluated by NASBA's CredentialNet service to determine their individual substantial equivalency.

Substantially Equivalent States

The National Qualification Appraisal Service has found the following jurisdictions to have CPA licensure requirements that are substantially equivalent to those of the UAA.

Alabama*	Georgia	Maryland	New Mexico	Tennessee
Alaska	Guam	Massachusetts	New York	Texas
Arizona	Hawaii*	Michigan	North Carolina	Utah
Arkansas	Idaho	Minnesota	North Dakota	Vermont**
California**	Illinois	Mississippi	Ohio	Virginia
CNMI	Indiana	Missouri	Oklahoma*	Washington
Colorado**	Iowa	Montana*	Oregon	West Virginia
Connecticut	Kansas*	Nebraska*	Pennsylvania	Wisconsin
Delaware**	Kentucky	Nevada	Rhode Island	Wyoming
District of Columbia*	Louisiana	New Hampshire**	South Carolina	
Florida	Maine	New Jersey	South Dakota	

* These states are two-tier. A certificate is initially obtained which does not allow the individual full privileges as a CPA. After additional

requirements are met, the certificate holder may receive a license or permit. Only those CPAs holding an active license or permit are considered substantially equivalent.

** These states currently have more than one path to licensure, with at least one path meeting the 3E criteria of the UAA (baccalaureate degree or higher with 150 semester hours, minimum 1 year experience and Uniform CPA Examination). Based on their current laws/rules, these states have passed legislation terminating the alternative paths within the time limits set forth by the UAA. (The ** notation is informational and does not affect a state's current SE status. At such time as the alternate paths to licensure expire and the 3E criteria is the sole path to licensure in these states, the ** notation will be removed.)

Non-Substantially Equivalent States

The National Qualification Appraisal Service has not found the following jurisdictions to have CPA licensure requirements that are substantially equivalent to those of the UAA.

Puerto Rico
Virgin Islands

For more information or help with Substantial Equivalency, visit NASBA's Accountancy Licensing Library at www.allLibrary.com.



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NASBA
150 Fourth Ave. North
Suite 700
Nashville, TN 37219-2417
Tel: 615-880-4200
Fax: 615-880-4290

CPA Examination Services
800-CPA-EXAM
615-880-4250
cpaexam@nasba.org

National Candidate Database
866-MY-NASBA
cbtcpa@nasba.org

**National Registry of
CPE Sponsors**
866-627-2286
cpe@nasba.org

Guam Call Center
855-CPA-GUAM or
671-300-7441

**NASBA
(New York Satellite Office)**
12 East 49th Street
Suite 1709
New York, NY 10017
Tel: 615-880-4200
Fax: 212-644-5961

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Foreign Credit Evaluation Services

Washington Strategy

The 3 E's Committee and Task Force was initially charged with promptly seeking information to serve as a basis for the Board to evaluate which, if any, *foreign educational institutions* providing courses and degrees of all levels, meet the Board's criteria for "equivalent to" the education and degrees offered by U.S. educational institutions recognized by the Board or the U.S. Department of Education.

The Board Chair and the Executive Director suggest that an approach might include:

1. Determine and document the criteria used by at least two Foreign Credit Evaluation Services currently approved by the Board.

The Executive Director and liaison staff will provide recommended contacts upon request.

2. Determine and document those *foreign educational institutions by country* currently deemed equivalent by at least two Foreign Credit Evaluation Services currently approved by the Board and the basis for that determination;
3. Seek and document any information regarding the reliability of any governmental accreditation authorities in the following countries:

- India
- Pakistan
- China
- Japan
- UK
- Brazil
- Mexico

4. Analyze and evaluate the foreign educational institutions currently recognized by two Foreign Credit Evaluation Services against the Task Forces' comfort with the reliability of foreign governmental accreditation agencies and make a formal written report to the Board Officers, including any conclusions or recommendations, on or before June 30, 2012.

NASBA International Evaluation Services

Applicant:
Jurisdiction: Washington

Date: June 25, 2012
Reference # N/A

Overall Equivalency Statement

The combination of the Bachelor of Commerce program and the intermediate examinations from the Institute of Chartered Accountants of India (ICAI) is comparable to a four-year baccalaureate degree from a regionally accredited university in the United States. The final examinations administered by the ICAI are comparable to a one-year master degree from a regionally accredited university in the United States. The Master of Commerce program is comparable to a two-year master’s degree from a regionally accredited university in the United States. (NAME) has a total of 25 credits of business administration courses from the University of Mumbai, at least 25 credits of upper level accounting courses from ICAI, 24 credits of upper level accounting graduate courses and 16 credits of business administration courses from Annamalai University. The combination of all programs of study totals 205 semester credits.

Education Breakdown for each Academic College or University

Credential: Bachelor of Commerce
Institution: University of Mumbai
Accrediting Body: University Grants Commission
Date Conferred: 2000
Total Credits: 95

Program Length: 3 years
Country: India
Attendance: 1998 - 2000

U.S. Equivalency: The Bachelor of Commerce is equivalent to three years of undergraduate study at a regionally accredited university.

Accounting Courses	Requirement Met	U.S. Credit
24 semester hours including 15 hours of upper level courses	Yes or No	
No courses apply to the accounting requirement		
Total Credits	No	0
Business Administration Courses	Requirement Met	U.S. Credit
24 Semester Hours	Yes or No	
Business Communication		5
Mathematics & Statistics		5
Computer Systems & Applications		5
Management Human Resource Development		5
Financial Management & Accounts		5
Total Credits	Yes	25

* Indicates upper level accounting courses.

Notes: No courses from the Bachelor of Commerce program apply to the accounting requirement.

NASBA International Evaluation Services

Credential: Intermediate and final examinations

Program Length: 3 years

Institution: Institute of Chartered Accountants of India (ICAI)

Country: India

Accrediting Body: Association of Indian Universities (AIU)

Attendance: 2000 - 2003

Total Semester Credits: 70

U.S. Equivalency: The intermediate and final examinations are comparable to a bachelor degree and a one-year master degree when combined with a three-year baccalaureate degree from India.

Accounting Courses	Requirement Met	U.S. Credit
24 semester hours including 15 hours of upper level courses	Yes or No	
Advanced Accounting *		5
Auditing *		5
Cost Accounting *		5
Management Accounting & Financial Analysis *		5
Income Tax & Central Sales Tax *		5
Total Semester Credits	Yes	25

* Indicates upper level accounting courses.

Credential: Master of Commerce

Program Length: 2 years

Institution: Annamalai University

Country: India

Accrediting Body: University Grants Commission

Attendance: 2003 - 2004

Total Semester Credits: 40

Accounting Courses	Requirement Met	U.S. Credit
24 semester hours including 15 hours of upper level courses	Yes or No	
Financial Accounting H		4
Costing Methods H		4
Accounting Theory & Standards H		4
Advanced Corporate Accounting H		4
Cost Control Techniques H		4
Accounting for Business Decisions H		4
Total Credits	Yes	24

Business Administration Courses	Requirement Met	U.S. Credit
24 Semester Hours	Yes or No	
Project Management †		4
Investment & Portfolio Management †		4
Managerial Finance †		4
Management of Financial Services †		4
Total Credits	No	16

†Indicates graduate level courses. NIES does not use the 1.5 multiplier permitted by the board and leaves this calculation to be used at the board’s discretion.

Notes: The candidate does not have enough credits to meet the business administration requirement from the Master of Commerce program. However, the candidate meets the business administration requirement with courses from the Bachelor of Commerce program.

This evaluation report was prepared according to Washington Board of Accountancy standards.

Please contact NASBA International Evaluation Services for inquiries.

Signed

Brentni Henderson-King
International Evaluation Services Manager

APPENDICES

Higher Education System in India

The [higher education](#) system in [India](#) includes both [private](#) and public universities. Public universities are supported by the [Government of India](#) and the [state governments](#), while private universities are mostly supported by various bodies and societies. Universities in India are recognized by the [University Grants Commission](#) (UGC), which draws its power from the *University Grants Commission Act, 1956*.^[1] In addition, 15 Professional Councils are established, controlling different aspects of accreditation and coordination.^[2]

The types of universities include:

- [Central universities](#), or Union universities are established by Act of Parliament and are under the purview of the [Department of Higher Education](#) in the [Union Human Resource Development Ministry](#).^[3] The UGC lists 42 central universities.^[4] However, as Central University of Jammu has not started operating as of June 2011,^[5] there are, in effect, 41.
- [State universities](#) are run by the state government of each of the [states and territories of India](#), and are usually established by a local legislative assembly act. As of 30 November 2011, the UGC lists 285 state universities.^[6] The oldest establishment date listed by the UGC is 1857, shared by the [University of Mumbai](#), the [University of Madras](#) and the [University of Calcutta](#).
- [Deemed university](#), or "Deemed-to-be-University", is a status of autonomy granted by the Department of Higher Education on the advice of the UGC, under Section 3 of the UGC Act.^[7] The UGC list from 23 June 2008 lists 130 deemed universities.^[8] According to this list, the first institute to be granted deemed university status was [Indian Institute of Science](#) which was granted this status on 12 May 1958. Note that in many cases, the same listing by the UGC covers several institutes. For example, the listing for [Homi Bhabha National Institute](#) covers the [Institute of Mathematical Sciences](#), the [Indira Gandhi Centre for Atomic Research](#) and other institutes.^[9]
- [Private universities](#) are approved by the UGC. They can grant degrees but they are not allowed to have off-campus affiliated colleges. The UGC list of private universities from 7 June 2012 lists 112 private universities.^[10]

As of 22 June 2012, the total number of universities in India is 567. There are universities of some kind in each and every of the 28 [states of India](#) as well as three of the [union territories](#), [Chandigarh](#), [Delhi](#) and [Pondicherry](#). The state with the most universities is [Tamil Nadu](#) with 55 universities. It is also the state with the most deemed universities, numbering 29.^[8] [Andhra Pradesh](#) has the most state universities (32),^[6] [Rajasthan](#) the most private universities (25),^[10] while [Delhi](#) and [Uttar Pradesh](#) have four central universities each, the largest number of all the states and territories.^[4]

Apart from the above universities, other institutions are granted the permission to autonomously award degrees. However, they do not affiliate colleges and are not officially called "universities" but "autonomous organizations" or "autonomous institutes". They fall under the administrative control of the Department of Higher Education.^[11] These organizations include the [Indian Institutes of Technology](#), the [National Institutes of Technology](#), the [Indian Institutes of Science](#)

[Education and Research](#), the [Indian Institutes of Management](#) (though these award diplomas, not degrees)^[12] and other autonomous institutes. These institutes are not listed below. Also not listed are institutes which are under the control of the professional councils, without approval of the UGC, e.g. Agricultural Universities, which are under the control of the Agricultural Education Division of the [Indian Council of Agricultural Research](#) (ICAR), one of the professional councils.^{[13][14]}

Accrediting Bodies

University Grants Council (UGC)

From Wikipedia, the free encyclopedia

History

UGC was recommended in 1945 and formed in 1946 to oversee the work of the three Central Universities of Aligarh, Banaras and, Delhi. In 1947, the Committee was entrusted with the responsibility of dealing with all the then existing Universities. After independence, the University Education Commission was set up in 1948 under the Chairmanship of [S. Radhakrishna](#) and it recommended that the UGC be reconstituted on the general model of the University Grants Commission of the United Kingdom.

UGC was formally inaugurated by late [AbulKalam Azad](#), the then Minister of Education, Natural Resources and Scientific Research on 28 December 1953.

However UGC was formally established in November 1956, by an Act of Parliament in 1956, as a statutory body of the Government of India. In order to ensure effective region-wise coverage throughout the country, the UGC has decentralized its operations by setting up six regional centres at [Pune](#), [Hyderabad](#), [Kolkata](#), [Bhopal](#), [Guwahati](#) and [Bangalore](#). The head office of the UGC is located at [Bahadur Shah ZafarMarg](#) in New Delhi, with two additional bureaus operating from 35, Feroze Shah Road and the South Campus of [University of Delhi](#) as well.

UGC's Mandate

The UGC has the unique distinction of being the only grant-giving agency in the country which has been vested with two responsibilities: that of providing funds and that of coordination, determination and maintenance of standards in institutions of higher education.

The UGC's mandate includes:

- Promoting and coordinating university education.
- Determining and maintaining standards of teaching, examination and research in universities.
- Framing regulations on minimum standards of education.
- Monitoring developments in the field of collegiate and university education; disbursing grants to the universities and colleges.
- Serving as a vital link between the Union and state governments and institutions of higher learning.
- Advising the Central and State governments on the measures necessary for improvement of university education.

Professional councils

UGC currently conducts [NET](#) for the appointments of teachers in colleges and universities. It has made NET qualification mandatory for teaching at Graduation level and at Post Graduation level since July 2009. However, those with [Ph.D](#) are given five percent relaxation.

[Accreditation](#) for [higher learning](#) over Universities under the aegis of University Grants Commission is overseen by following sixteen autonomous statutory institutions .^{[3][4]}

- [All India Council for Technical Education](#) (AICTE)
- [Distance Education Council](#) (DEC)
- [Indian Council of Agricultural Research](#) (ICAR)
- [Bar Council of India](#) (BCI)
- [National Council for Teacher Education](#) (NCTE)
- [Rehabilitation Council of India](#) (RCI)
- [Medical Council of India](#) (MCI)
- [Pharmacy Council of India](#) (PCI)
- [Indian Nursing Council](#) (INC)
- [Dental Council of India](#) (DCI)
- [Central Council of Homoeopathy](#) (CCH)
- [Central Council of Indian Medicine](#) (CCIM)
- Rehabilitation Council^[4]
- National Council for Rural Institutes
- State Councils of Higher Education
- Council of Architecture

Association of Indian Universities

From Wikipedia, the free encyclopedia

- **Association of Indian Universities (AIU)** is an organisation and association of major universities of India based in [Delhi](#), to evaluate the courses, syllabi, standard and credits of foreign Universities and to equate them in relation to various courses offered by [Indian Universities](#).
- The AIU is mainly concerned with the recognition of Degrees/Diplomas awarded by the accredited Universities in India and abroad for the purpose of admission to higher courses at [Indian Universities](#). The AIU is also an implementing agency for the agreements signed under the [Cultural Exchange Programme](#) executed between [India](#) and other countries in the field of education, insofar as it relates to the recognition of foreign qualifications (except for medicine and allied courses).
- Its opinion as to legitimacy or recognition of any foreign qualification is not binding upon anyone, as it is neither a statutory body, nor a part of the government. It is in fact a society registered under the societies act.

Association of Indian Universities (AIU)

AIU Web Site:

The Association of Indian Universities (AIU). The membership includes traditional universities, open universities, professional universities, Institutes of National Importance and deemed-to-be universities. In addition, there is a provision of granting of Associate Membership to universities of neighbouring countries.

Objectives:

- to serve as an Inter-University Organisation;
- to act as a bureau of information and to facilitate communication,
- coordination and mutual consultation amongst universities
- to act as a liaison between the universities and the Government (Central as well as the State Governments) and to co-operate with other universities or bodies (national or international) in matters of common interest;
- to act as the representative of universities of India;
- to promote or to undertake such programmes as would help to improve standards of instruction, examination, research, textbooks, scholarly publications, library organisation and such other programmes as may contribute to the growth and propagation of knowledge;
- to help universities to maintain their autonomous character;
- to facilitate exchange of members of the teaching and research staff;
- to appoint or recommend where necessary a common representative of the Association at any Conference, national or international, on higher education;

- to assist universities in obtaining recognition for their degrees, diplomas and examinations from other universities, Indian as well as foreign;
- to undertake, organise and facilitate conferences, seminars workshops, lectures and research in higher learning;
- to establishment and maintain a sports organisation for promoting sports among Member-Universities;
- to establish and maintain organisation dealing with youth welfare, student services, cultural programmes, adult education and such other activities as are conducive to the betterment and welfare of students or teachers and others connected with universities;
- to act as a service agency to universities in whatever manner it may be required or prescribed
- to undertake, facilitate and provide for the publication of newsletters, research papers, books and journals;

Top 20 Universities of India - 2011

From Wikipedia, the free encyclopedia

The [University of Madras](#), established 1857, is one of the three oldest modern [state universities](#) in India, the others being the [University of Mumbai](#) and the [University of Calcutta](#).

Admission to the best of Universities is not easy in India as the demand is much higher than the number of seats available. However, choosing the right University for admission is also not an easy job. Here is the India Today - **Nielsen ranking of India's top universities.**

Overall Rank 2011	University	Overall Rank 2010
1	Delhi University	3
2	Jawaharlal Nehru University	2
3	Banaras Hindu University	1
4	University of Calcutta	4
5	University of Madras	5
6	University of Hyderabad	7
7	Osmania University	10
8	JamiaMilliaIslamia	15
9	Bangalore University	13
10	MS University of Baroda	19
11	Aligarh Muslim University	16
12	Andhra University	11
13	University of Allahabad	23

14	Birla Institute of Technology & Science, Pilani	21
15	University of Lucknow	24
16	Pondicherry University	22
17	University of Mysore	17
18	Madurai Kamraj University	18
19	Goa University	35
20	Guru Nanak Dev University	20

Other Rankings from the WEB

Top 10 Universities in India :- Hello everyone, welcome here in this section we will be provide complete list of *Top 10 University in India*. Candidates who want to get the admission in the best university of India it is not easy for students to choose the best university. They are always confused but here we will be suggested you the *Top 10 University of India* are given below.

1. Banaras Hindu University
2. Jawaharlal Nehru University
3. Delhi University
4. University of Calcutta
5. University of Madras
6. University of Hyderabad
7. Osmania University
8. Bangalore University
9. Andhra University
10. University of Mumbai

All above universities India's very oldest and higher educational Universities. Candidates who want to get the admission in these University the admission are not easy because there are more competition every student dream to get the admission in all these Universities.

One (1) Example of Indian High School Curriculums

The Indian High School of Dubai

Ranked among the premier centres of learning in the Middle East, **The Indian High School (IHS) spans two sprawling campuses in the heart of Dubai.** Its resource -both human and material - are superbly geared to prepare the student for the twenty-first century.

Permanently affiliated to the Central Board of Secondary Education (CBSE), New Delhi, and the autonomous federal board under the Ministry of Human Resource Development (HRD) Government of India, since 1975, the highest authority in education in India, and recognised by the Ministry of Education, Dubai, UAE, the IHS adheres to a strict regimen of educational and extracurricular activities that inspire the highest levels of academic excellence among students.

With a teacher-student ratio of 1:20 for Pre-Primary, Primary and the Middle Section and 1:15 for Secondary and Senior Secondary classes, personal attention is guaranteed for each student. This helps in building an excellent rapport between the educators and the ones being educated.

Moral Science

Think positively, Be original, Create opportunities, for yourself, Be ambitious, Orderliness and efficiency, Keys to perfection, Improve yourself, Develop good habits, Master your moods, Overcome your fears, Do not Stay idle, Plan for the future, Remain modest in success.

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Decisive Years

Senior Secondary School (Grades 11-12)

Transition to a Higher Level of Education

Though these are more intensive years, formative and impressionable, leading to the All India Senior School Certificate Examinations, IHS leaves no stone unturned in guiding, sometimes confused, teenagers to the right career. Numerous seminars and workshops help the students to choose the right path.

One (1) Example of Indian High School Curriculums

The Indian High School of Dubai

English

Designed to help students acquire competence in English so that they can use the language: as a means for self-expression in real life situations and as a resource for studying vocational courses in many different fields such as medicine and engineering. Objectives: To acquire reading and writing skills including summarizing, abstracting, note making; the art of learning to learn, that is, the ability to cope with English for further education; an active vocabulary of 2,500 common words, and a passive vocabulary of another 1,500 words; interest in listening to English speech and in reading varied materials in English.

Mathematics

Strategy: Focussing attention on 'problem solving' in the liberal sense. Nurturing the higher order mental processes of logical reasoning with stress on rigour and precision, development of concepts, language etc. Introducing non-traditional techniques inclusive of audio-visual aids, viz. films, video-films, computer-aided instruction etc. to supplement classroom teaching.

Economics

Objectives: To help understand the existing economic institutions in India in their historical perspective. To understand the structure of Indian economy and the changes it is undergoing. To acquaint with principles, laws and concepts of economics. To understand the concept of national income and methods used in calculating national income. To appreciate efforts for economic reconstruction.

Business Studies

Objectives: To develop in the student an interest in the theory and practice in business, trade and industry. To acquaint students with the theoretical foundations and practice of organizing, managing and handling routine operations of a business firm. To inculcate attitudes and values leading to the integration of business with the social system with a positive approach.

Accountancy

Objectives: To impart knowledge of method considered useful in maintaining records of proprietary and partnership firms, companies and non-trading organization. To generate and promote awareness of students in modern techniques of maintaining accounting records with the help of computers.

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Accountancy

Objectives: To impart knowledge of method considered useful in maintaining records of proprietary and partnership firms, companies and non-trading organization. To generate and promote awareness of students in modern techniques of maintaining accounting records with the help of computers.

Informatics Practices

Objectives: To acquire basic knowledge of Information technology. To learn information processing tools and techniques. To understand IT applications in various domains of business. To develop IT vocational appreciation.

COMPLIANCE ASSURANCE OVERSIGHT COMMITTEE
WASHINGTON STATE BOARD OF ACCOUNTANCY
Fred Shanafelt, CPA Christine Bogard, CPA Nina Gerbic, CPA

June 25, 2012

Donald F. Aubrey, Chairman
Washington State Board of Accountancy
P.O. Box 9131
Olympia, WA 98507-9131

RE: Annual Report on Oversight of AICPA Peer Review Program
Administered by the Washington Society of Certified Public Accountants
For the period from June 1, 2011 through May 31, 2012

Dear Mr. Aubrey:

We have completed our monitoring and evaluation of the AICPA Peer Review Program administered by the Washington Society of Certified Public Accountants (WSCPAs) for the period from June 1, 2011 through May 31, 2012. Our oversight work was performed in accordance with the *Operating Agreement Between the Washington State Board of Accountancy (Board) and the Washington Society of Certified Public Accountants for State Oversight of the Peer Review Program*.

The purpose of the Compliance Assurance Oversight Committee (CAOC) is to provide reasonable assurance that:

- The participating entities are complying with the administrative procedures acceptable to the Board.
- Reviews are being conducted in accordance with WAC 4-25-820 (1) Purpose, to *monitor licensees' compliance with attest standards* and (2) Structure and implementation, (iv) *such other functions as the board may assign to the committee*.
- Results of reviews are evaluated in a consistent manner.
- Compliance assurance information is provided to firms and reviewers by administering entities in an accurate and timely manner.
- The Board is advised on any other matters related to the compliance assurance program.

The WSCPAs administration of the peer review program is performed by an Executive Committee and two Report Acceptance Bodies (RABs). They are assisted by three technical reviewers engaged by the WSCPAs who receive peer review reports from firms upon completion of their reviews. These reports and certain summary information are reviewed by the technical

reviewers who summarize the information and obtain explanations and revisions as considered necessary. The RABs receive this information for review, acceptance, modification and determination of follow up and/or monitoring to be performed relative to the review.

We observed all of the meetings of the Executive Committee (3) and each of the RAB meetings that occurred during the period above. The System RAB, which reviews firms that perform audits and other attest engagements, met six times and the Engagement RAB, which reviews firms that do not perform attest engagements, also met six times. Some of these meetings were tele-conferences. We received the information that the RABs had available to make their conclusions prior to the meetings and observed, without comment, the proceedings. One CAOC member observed each meeting. After each of the meetings, the CAOC member summarized any observations.

During the period above, the System RAB reviewed 67 reports and accepted 55 (82%) without follow-up or monitoring. The remaining 12 (18%) firms were subjected to further monitoring by the RAB. Two others were deferred for additional information. Of the 67 reports, 57 (85%) were rated "pass" by the peer reviewer, 9 (13%) were rated as "pass with deficiency (ies)" and 1 (1.5%) was rated "fail". The Engagement RAB reviewed 96 reports and accepted 72 (75%) without follow-up or monitoring. The remaining 24 (25%) firms were subjected to further monitoring by the RAB. Of the 96 reports, 65 (68%) received a rating of "pass", 25 (26%) received a rating of "pass with deficiency (ies)" and 6 (6%) received a rating of "fail".

We also observed administrative oversight of the program performed by a former chairman of the executive committee. In addition to reviewing files relative to reviewer qualifications, the review included inspection of 15 administrative files for peer reviews completed during the period.

Schedule I is a summary of matters we observed during the meetings.

Based upon the results of the procedures we performed, it is our opinion that peer reviews are being conducted and reported on in accordance with standards of the AICPA Peer Review Program and that the AICPA program can be relied upon as a basis for excluding CPAs from undergoing Board initiated reviews.

Sincerely,

COMPLIANCE ASSURANCE OVERSIGHT COMMITTEE

Fred Shanafelt, CPA, Chairman

SCHEDULE I

SUMMARY OF OBSERVATIONS OF COMPLIANCE ASSURANCE OVERSIGHT COMMITTEE

For the period from June 1, 2011 through May 31, 2012

During our observations of the WSCPA Peer Review Executive Committee (PREC) and its two Report Acceptance Bodies (RABs) and the administrative oversight, the CAOC members observed the following.

1. The PREC and RABs had good discussions relative to the more difficult reports (which contained matters for further consideration (MFCs) and findings for further consideration (FFCs)).
2. The members of the RABs had good discussions about the ratings being given on the reviews and did not always agree with the reviewer between the “pass”, “pass with deficiencies” and “fail” conclusions reached. Their recommended follow-up actions, however, generally tried to identify what would benefit the firm the most.
3. The WSCPA is making efforts to get additional RAB members and is trying hard to obtain more peer reviewers to help with the increased work load due to the transfer of the QAR program to the AICPA program.
4. The AICPA oversight during the period, generated some discussions that helped committee members develop criteria for consistency in report ratings.

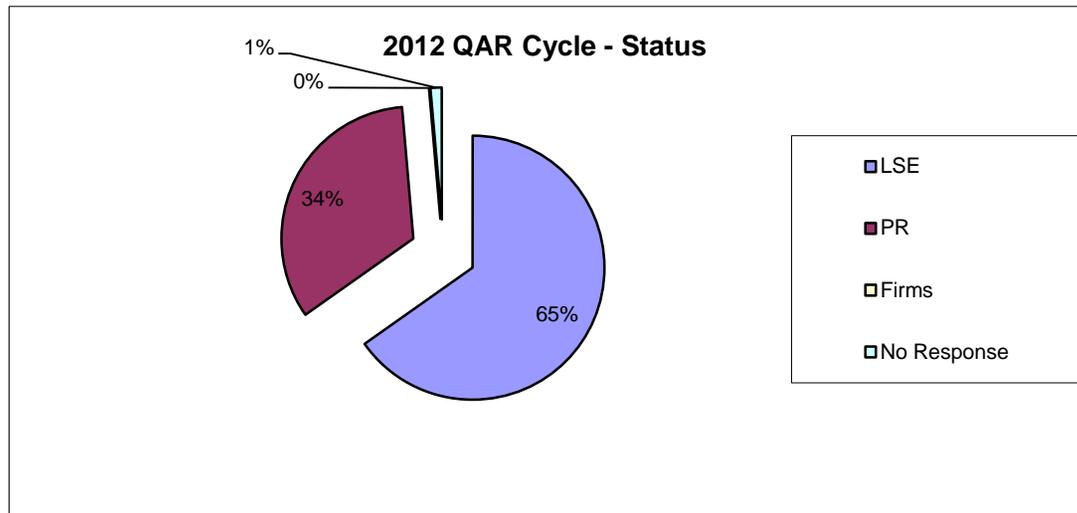
Washington State Board of Accountancy 2012 QAR Program - Status Report As of July 16, 2012

2012 QAR Status Forms:

- 1) A total of 738 firms were cycled for the 2012 QAR program.
- 2) Sixty-five firms have been deleted due to firm closure or re-scheduled for the 2013 or 2014 program.
- 3) Analysis of the remaining 673 firms:

LSE	377	Requested Limited Scope Exemption (All files closed)
PR	193	Requested a Peer Review Exemption
Firms	95*	Submitted Reports for Review By the Board
No Response	8	Firms that did not respond and were sent to Enforcement
Total	673	

* Thirty firms had two reports reviewed & eight firms had three reports reviewed



**Washington State Board of Accountancy
Case Status Report**

	<u>6/30/10</u>	<u>9/30/10</u>	<u>12/31/10</u>	<u>2010</u>	<u>3/31/11</u>	<u>6/30/11</u>	<u>9/30/11</u>	<u>12/31/11</u>	<u>2011</u>	<u>03/31/12</u>	<u>06/30/12</u>
Beginning Cases	157	150	131	176	93	66	51	48	93	42	28
Cases Opened	39	34	13	99	18	19	30	15	82	7	4
Cases Closed	<u>-46</u>	<u>-53</u>	<u>-51</u>	<u>-182</u>	<u>-45</u>	<u>-34</u>	<u>-33</u>	<u>-21</u>	<u>-133</u>	<u>-21</u>	<u>-9</u>
Remaining Cases	<u>150</u>	<u>131</u>	<u>93</u>	<u>93</u>	<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>	<u>42</u>	<u>28</u>	<u>23</u>
Cases 07 and Older				14	10	6	5	3	3	2	2
Cases 09 and Newer				<u>79</u>	<u>56</u>	<u>45</u>	<u>43</u>	<u>39</u>	<u>39</u>	<u>26</u>	<u>21</u>
Totals				<u>93</u>	<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>	<u>42</u>	<u>28</u>	<u>23</u>
Investigation Completed:											
Attorney General	12	7	9		11	7	5	1		4	3
CBM	38	27	7		9	4	0	10		10	4
S&AO	45	55	53		23	11	7	7		2	2
CBM Dismissals	<u>10</u>	<u>9</u>	<u>4</u>		<u>0</u>	<u>1</u>	<u>1</u>	<u>2</u>		<u>1</u>	<u>0</u>
	<u>105</u>	<u>98</u>	<u>73</u>		43	23	13	20		17	9
Investigation In Progress:											
Complaint Files											
Active Investigation	18	14	20		19	17	17	11		5	9
Agency Files											
QAR	7	2	0		0	2	8	0		0	0
CPE	20	9	0		0	4	6	7		1	0
Admin	<u>0</u>	<u>8</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>
	<u>45</u>	<u>33</u>	<u>0</u>		<u>0</u>	<u>6</u>	<u>14</u>	<u>7</u>		<u>1</u>	<u>0</u>
Total	<u>150</u>	<u>131</u>	<u>93</u>		<u>62</u>	<u>46</u>	<u>44</u>	<u>38</u>		<u>23</u>	<u>18</u>
Active	149	129	90		62	46	44	38		23	18
Pending	<u>1</u>	<u>2</u>	<u>3</u>		<u>4</u>	<u>5</u>	<u>4</u>	<u>4</u>		<u>5</u>	<u>5</u>
Total	<u>157</u>	<u>150</u>	<u>131</u>		<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>		<u>28</u>	<u>23</u>
Classification:											
Code of Conduct		23	20		22	17	11	12		8	6
Competency		18	16		11	10	11	13		9	10
Title		26	18		6	6	2	1		1	
Fraud		<u>6</u>	<u>5</u>		<u>7</u>	<u>6</u>	<u>9</u>	<u>6</u>		<u>7</u>	<u>6</u>
		73	59		46	39	33	32		25	22
Administrative											
QAR		21	13		8	5	8	1		0	1
CPE		<u>37</u>	<u>21</u>		<u>12</u>	<u>7</u>	<u>7</u>	<u>9</u>		<u>3</u>	<u>0</u>
		<u>58</u>	<u>34</u>		<u>20</u>	<u>12</u>	<u>15</u>	<u>10</u>		<u>3</u>	<u>1</u>
Total		<u>131</u>	<u>93</u>		<u>66</u>	<u>51</u>	<u>48</u>	<u>42</u>		<u>28</u>	<u>23</u>
Closed cases:											
Revocation - PH*		3	0	5	0	1	2	1	4	1	
Suspension - PH*		1	6	8	4	6	3	3	16	1	2
Suspension - Other											2
Practice restriction - PH*		1	1	3	2	2	0	0	4	1	0
SAO-Fine/costs/other sanctions - PH*										1	0
Reinstatements		0	0	0	1	1	0	1	3	0	0
SAO-Fine/costs/other sanctions		8	18	68	24	13	7	9	53	3	3
Dismissals		11	17	57	12	8	12	1	33	9	2
Admin Sanctions		<u>29</u>	<u>9</u>	<u>41</u>	<u>2</u>	<u>3</u>	<u>9</u>	<u>6</u>	<u>20</u>	<u>5</u>	<u>0</u>
Total		<u>53</u>	<u>51</u>	<u>182</u>	<u>45</u>	<u>34</u>	<u>33</u>	<u>21</u>	<u>133</u>	<u>21</u>	<u>9</u>
Other:											
Complaints received not opened	<u>13</u>	<u>12</u>	<u>17</u>	<u>56</u>	<u>10</u>	<u>8</u>	<u>5</u>	<u>21</u>	<u>44</u>	<u>10</u>	<u>8</u>
PCAOB/Peer Review Monitoring		<u>28</u>	<u>34</u>		<u>29</u>	<u>25</u>	<u>20</u>	<u>25</u>		<u>23</u>	<u>25</u>
Administrative Sanctions-CPE Failures under 16 hours				<u>255</u>							

* Public Harm



Investigation Results/Statistics

2012

In carrying out its mission "to promote dependable, accessible financial information" the Board is responsible for investigating complaints against CPAs, CPA-Inactive certificateholders, and CPA firms. Complaints can originate from clients, other CPAs, federal or state regulators, or identified through agency oversight and review programs. Complaints result from allegations of technical errors, or ethical or legal violations. The Board has closed 30 cases during 2012. Complaints or inquiries originated from the following sources:

Source of Complaint		
Agency oversight programs/Board initiated	14	47%
Clients	10	33%
Employer/Employee	1	3%
Other CPAs		
Media		
Miscellaneous	4	13%
Anonymous		
Federal, state, local or foreign jurisdiction	1	3%
Self-reported		
Non-governmental professionally related standard-setting entity		
Total	30	

The 30 cases closed during 2012 resulted from the following allegations:

Administrative		
Failure to change address		
Failure to respond to Board oversight/inquiries	1	3%
Request for reinstatement of suspended license/certificate		
Code of Conduct		
Conflicts	2	7%
Confidentiality		
Failure to complete engagement	2	7%
Failure to pay individual federal income taxes		
Independence		
Misrepresentations/fees		
Professional misconduct	1	3%
Records retention	2	7%
Competency		
Noncompliance with technical standards including Quality Assurance Review	2	7%
Sanction/denial of practice privilege by a federal, state, local or foreign jurisdiction		
Sanction by non-governmental professionally related standard-setting entity		
Tax reporting errors	4	13%
Tax Lien USA Treasury	1	3%
CPE		
Failure to substantiate CPE on audit	8	27%
Failure to substantiate CPE on renewal	2	7%

Fraud		
Embezzlement	3	10%
Theft		
Conspiracy		
Other	1	3%
Title Use:		
Use of title or holding out in public practice by a nonCPA or non WA CPA		
Issuance or offering to issue audit, review, or compilation report by unauthorized individual		
Use of title or holding out in public practice with a lapsed license/certificate or no CPA firm license	1	3%
Total:	30	

The Board resolved the 30 cases during 2012 as follows:

Closed via Board Order		
Fine/costs/other sanctions	6	20%
Reinstatement of suspended license/certificate	1	3%
Practice restriction	1	3%
Suspension	5	17%
Revocation	1	3%
Administrative Sanctions Imposed	5	17%
Lack of evidence of violation	11	37%
Total	30	

See Also:

[2012 License and certificate suspensions \(including stayed suspension\) and revocations](#)

[2012 Other Board Orders](#)

[Back to Investigation Statistics Main Page](#)

Investigation Statistics

Historical data: January 1990 through March 31, 2012

Year Opened	Number of Cases Opened	Number of Cases Closed
1990	79	68
1991	79	81
1992	83	83
1993	76	80
1994	83	67
1995	79	62
1996	78	91
1997	83	85
1998	93	109
1999	58	71
2000	33	40
2001	50	33
2002	45	58
2003	83	62
2004	144	92
2005	83	85
2006	131	64
2007	143	176
2008	90	99
2009	130	76
2010	99	182
2011	82	133
2012	11	30

As of June 30, 2012:

Active Cases: **18**
Pending Cases: **5**
Total Open Cases **23**

2012 RENEWAL CYCLE NUMBERS

Non-Licensee CPA Firm Owners

TOTAL TO RENEW: 4

• Renewed Online	2	
• Renewed by Paper	1	
• PLR*-Total	1	
○ \$480	0	
○ \$250	1	
○ \$150	0	
• Retired		N/A
• Lapsed		<u>1</u>
▪ Total	4	

CPA Licensees

TOTAL TO RENEW: 5,419

• Renewed Online	4263
• Renewed by Paper	375
• PLR*-Total	189
○ \$480	103
○ \$250	49
○ \$150	28
• Retired	38
• Lapsed	<u>640</u>
▪ Total	5419

CPA- Inactive Certificateholders

TOTAL TO RENEW: 818

• Renewed Online	532
• Renewed by Paper	23
• PLR*-Total	39
○ \$480	21
○ \$250	11
○ \$150	7
• Retired	32
• Lapsed	<u>210</u>
▪ Total	818

Firms

TOTAL TO RENEW: 905

• Renewed Online	611
• Renewed by Paper	109
• Dissolved	51
• Expired	<u>134</u>
▪ Total	905

* PLR-Pre Lapsed Reinstatement: Per Board decision, any individual that came forward during their renewal cycle and admitted to a failure to complete their CPE by December 31st was allowed the option to apply for reinstatement prior to the license actually lapsing on June 30th.

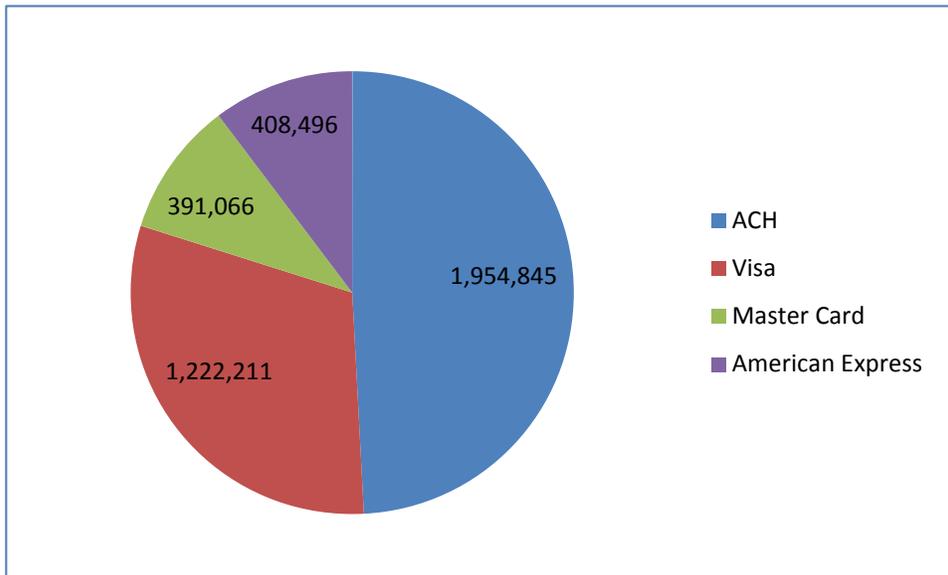
Prepared by Lisa Zolman
July 19, 2012

Closing numbers for 2012 Renewal Cycle

Total Renewal Applications Received= 5,916 (91% online renewal verses paper. We were at 98% in 2012 and 92% in *2010).

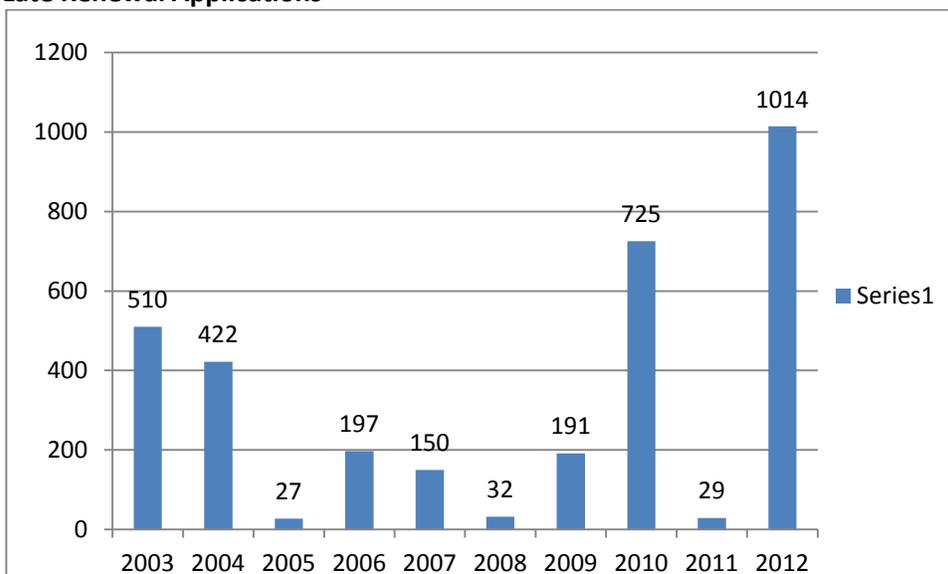
- Total **Online** Renewal Applications = **5,408** (4,797 individuals and 611 firms)
- Total **Paper** Renewal Applications = **508** (399 individuals and 109 firms)

Total Online Revenue between *01/01/2010 and 07/16/2012 = \$3,976,618 (All Applications)



*Online application implementation.

Late Renewal Applications



Note: Small adjustments were made from last year's chart due to a data cleanup effort.