
SUBSTITUTE HOUSE BILL 1588

State of Washington 52nd Legislature 1991 Regular Session

By House Committee on State Government (originally sponsored by Representatives Pruitt, Bowman, Anderson, McLean and Paris; by request of State Board of Accountancy).

Read first time March 5, 1991.

1 AN ACT Relating to the board of accountancy; amending RCW
2 18.04.035, 18.04.045, 18.04.055, 18.04.065, 18.04.295, 18.04.345, and
3 18.04.350; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 18.04.035 and 1986 c 295 s 2 are each amended to read
6 as follows:

7 (1) There is created a board of accountancy for the state of
8 Washington to be known as the Washington board of accountancy. The
9 board shall consist of ~~((five))~~ seven members appointed by the
10 governor. Members of the board shall include four persons who hold
11 certified public accountant certificates and have been in public
12 practice as certified public accountants in this state continuously for
13 the previous ten years and two persons who have held a valid certified
14 public accountant's certificate in this state for at least ten years.
15 The ~~((fifth))~~ seventh member shall be the public member and shall be a

1 person who is qualified to judge whether the qualifications,
2 activities, and professional practice of those regulated under this
3 chapter conform with standards to protect the public interest.

4 (2) The members of the board of accountancy shall be appointed by
5 the governor to a term of three years. Vacancies occurring during a
6 term shall be filled by appointment for the unexpired term. Upon the
7 expiration of a member's term of office, the member shall continue to
8 serve until a successor has been appointed and has assumed office. The
9 governor shall remove from the board any member whose certificate or
10 license to practice has been revoked or suspended and may, after
11 hearing, remove any member of the board for neglect of duty or other
12 just cause. No person who has served two successive complete terms is
13 eligible for reappointment. Appointment to fill an unexpired term is
14 not considered a complete term.

15 **Sec. 2.** RCW 18.04.045 and 1986 c 295 s 3 are each amended to read
16 as follows:

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

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

22 (3) A majority of the board constitutes a quorum for the
23 transaction of business.

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

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

1 (6) The governor shall appoint an executive director of the board
2 to serve at the pleasure of the governor. The executive director may
3 employ such personnel as is appropriate for carrying out this chapter.
4 The executive director shall be a certified public accountant licensed
5 in the state of Washington. The board may ((employ personnel and))
6 arrange for assistance as it requires to perform its duties.
7 Individuals or committees assisting the board under this subsection (6)
8 constitute volunteers for purposes of chapter 4.92 RCW.

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

11 (8) The board shall file an annual report of its activities with
12 the governor. The report shall include, but not be limited to, a
13 statement of all receipts and disbursements. Upon request, the board
14 shall mail a copy of each annual report to any member of the public.

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

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

19 (1) Rules of procedure to govern the conduct of matters before the
20 board;

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

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

26 (4) Educational requirements to ((set for an)) write the
27 examination or for the issuance of the certificate or license of
28 certified public accountant;

1 (~~(4)~~) (5) Rules designed to ensure that certified public
2 accountants' "opinions on financial statements" meet the definitional
3 requirements for that term as specified in RCW 18.04.025;

4 (~~(5)~~) (6) Requirements for continuing professional education to
5 maintain or improve the professional competence of certificate and
6 license holders as a condition to maintaining their certificate or
7 license to practice under RCW 18.04.215;

8 (~~(6)~~) (7) Regulations governing sole proprietors, partnerships,
9 and corporations practicing public accounting including, but not
10 limited to, rules concerning their style, name, title, and affiliation
11 with any other organization, and establishing reasonable practice
12 standards to protect the public interest;

13 (~~(7)~~) (8) The board may by rule implement a quality assurance
14 review program as a means to monitor licensees' quality of practice and
15 compliance with professional standards. The board may exempt from such
16 program, licensees who undergo periodic peer reviews in programs of the
17 American Institute of Certified Public Accountants, National
18 Association of State Boards of Accountancy, or other programs
19 recognized and approved by the board by rule(~~(-)~~);

20 (~~(8)~~) (9) The board may by rule require firms to obtain
21 professional liability insurance if in the board's discretion such
22 insurance provides additional and necessary protection for the public;
23 and

24 (~~(9)~~) (10) Any other rule which the board finds necessary or
25 appropriate to implement this chapter.

26 **Sec. 4.** RCW 18.04.065 and 1983 c 234 s 24 are each amended to read
27 as follows:

28 The board shall set its fees at a level adequate to pay the costs
29 of administering this chapter. Eighty percent of the fees for

1 certified public accountants' licenses, certificates, renewals of
2 licenses, renewals of certificates, and delinquent filings received
3 under the authority of this chapter shall be deposited in the certified
4 public accountants' account created by RCW 18.04.105. Appropriation
5 from such account shall be made only for the cost of administering the
6 provisions of this chapter. Twenty percent of the fees for certified
7 public accountants' licenses, certificates, renewals of licenses,
8 renewals of certificates, and delinquent filing fees received under the
9 authority of this chapter shall be deposited to the state general fund.

10 **Sec. 5.** RCW 18.04.295 and 1986 c 295 s 11 are each amended to read
11 as follows:

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

15 (1) Fraud or deceit in obtaining a certificate as a certified
16 public accountant, or in obtaining a license to practice public
17 accounting under RCW 18.04.215;

18 (2) Dishonesty, fraud, or negligence in the practice of public
19 accounting;

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

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

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

24 (a) The laws of this state;

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

27 (c) Federal law;

28 (6) Cancellation, revocation, suspension, or refusal to renew the
29 authority to practice as a certified public accountant by any other

1 state for any cause other than failure to pay a fee or to meet the
2 requirements of continuing education in the other state;

3 (7) Suspension or revocation of the right to practice before any
4 state or federal agency.

5 **Sec. 6.** RCW 18.04.345 and 1986 c 295 s 15 are each amended to read
6 as follows:

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

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

24 (3) No person, partnership, or corporation may hold himself,
25 herself, or itself out to the public, or assume or use along, or in
26 connection with his, hers, or its name, or any other name the title or
27 designation "certified accountant," "chartered accountant," "licensed
28 accountant," "public accountant," or any other title or designation
29 likely to be confused with "certified public accountant" or any of the

1 abbreviations "CA," "LA," or "PA," or similar abbreviations likely to
2 be confused with "CPA." However, nothing in this chapter prohibits use
3 of the title "accountant" by any person regardless of whether the
4 person has been granted a certificate or holds a license under this
5 chapter.

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

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

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

22 ~~(7) ((Nothing contained in this chapter prohibits any person who is~~
23 ~~the holder of a valid certified public accountant certificate from~~
24 ~~assuming or using the designation "certified public accountant" or~~
25 ~~"CPA" or any other title, designation, words, letters, sign, card, or~~
26 ~~device tending to indicate that the person is a certified public~~
27 ~~accountant.~~

28 (+8)) No person may assume or use the designation "certified public
29 accountant" or "CPA" in conjunction with names indicating or implying

1 that there is a partnership or corporation, if there is in fact no bona
2 fide partnership or corporation registered under RCW 18.04.195.

3 ~~((+9))~~ (8) No person, partnership, or corporation holding a
4 license under RCW 18.04.215 may hold himself, herself, or itself out to
5 the public in conjunction with the designation "and Associates" or "and
6 Assoc." unless he or she has in fact a partner or employee who holds a
7 license under RCW 18.04.215.

8 ~~((+10))~~ (9) No person, partnership, or corporation may hold
9 himself, herself, or itself out to the public for the practice of
10 public accounting unless the person, partnership, or corporation holds
11 a license to practice under RCW 18.04.215 and all of his or its offices
12 in this state are maintained and registered under RCW 18.04.205.

13 **Sec. 7.** RCW 18.04.350 and 1986 c 295 s 16 are each amended to read
14 as follows:

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

22 (2) Nothing in this chapter prohibits a certified public accountant
23 registered in another state, or any accountant of a foreign country
24 holding a certificate, degree or license which permits him to practice
25 therein from temporarily practicing in this state on professional
26 business incident to his regular practice.

27 (3) Nothing in this chapter prohibits a certified public
28 accountant, a partnership, or corporation of certified public
29 accountants, or any of their employees from disclosing any data in

1 confidence to other certified public accountants, peer review teams,
2 partnerships, or corporations of public accountants engaged in
3 conducting peer reviews, or any one of their employees in connection
4 with peer reviews of that accountant's accounting and auditing practice
5 conducted under the auspices of recognized professional associations.

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

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

16 (a) From affixing his or her signature to any statement or report
17 in reference to the affairs of the organization with any wording
18 designating the position, title, or office which he or she holds in the
19 organization; or

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

22 (6) Nothing in this chapter prohibits any person, or partnership or
23 corporation composed of persons not holding a license under RCW
24 18.04.215 from offering or rendering to the public bookkeeping,
25 accounting, and tax services, including devising and installing
26 systems, financial information or data, or preparing financial
27 statements, written statements describing how such financial statements
28 were prepared, or similar services, provided that persons,
29 partnerships, or corporations not holding a license under RCW 18.04.215
30 who offer or render these services do not designate any written

1 statement as an "audit report," "review report," or "compilation
2 report," do not issue any written statement which purports to express
3 or disclaim an opinion on financial statements which have been audited,
4 and do not issue any written statement which expresses assurance on
5 financial statements which have been reviewed.

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

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

18 NEW SECTION. Sec. 8. The state treasurer, on the effective date
19 of this act, shall transfer from the general fund to the certified
20 public accountants' account an amount equal to eighty percent of the
21 amount by which the board's fee revenues for the 1989-91 biennium
22 exceeded the board's general fund appropriations for that biennium.