
**Consumer Protection & Business
Committee**

HB 1208

Brief Description: Concerning public accounting services.

Sponsors: Representatives Vick, Kirby and Wylie; by request of State Board of Accountancy.

Brief Summary of Bill

- Adds attest and compilation services as included functions of CPAs and CPA firms.
- Removes language related to the use of "certified public accountant" and "CPA" in firm or office titles.

Hearing Date: 1/29/19

Staff: Robbi Kesler (786-7153).

Background:

The Public Accountancy Act (Act) governs the practice of accounting in Washington. Under the Act, both accountants and accounting firms must be licensed to hold themselves out as "certified public accountants" or "CPAs." The Board of Accountancy (Board) issues licenses, adopts rules, conducts investigations, and otherwise administers the Act.

Certified Public Accountants and CPA firms perform various services that, depending on the service, must meet certain professional standards. The Board conducts a quality assurance review (QAR) program to review the work of licensees and out-of-state CPAs with practice privileges in Washington.

The "practice of public accounting" means performing or offering to perform one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports, or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or consulting services on tax matters.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

CPAs and CPA firms may also provide "attest" services. "Attest" means providing the following financial statement services:

- any audit or other engagement to be performed in accordance with the Statements on Auditing Standards;
- any review of a financial statement to be provided in accordance with the Statements on Standards for Accounting and Review Services;
- any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements; and
- any engagement to be performed in accordance with the Public Company Accounting Oversight Board Auditing Standards.

CPAs and CPA firms may also provide "compilation" services. "Compilation" means providing a service to be performed in accordance with statements on standards for accounting and review services that is presenting in the form of financial statements, information that is the representation of management (owners) without undertaking to express any assurance on the statements.

Summary of Bill:

Various provisions of the Public Accountancy Act (Act) are amended to include attest and compilation services as included functions of CPAs and CPA firms.

Various provisions related to the use of "certified public accountant" and "CPA" in firm or office titles are amended. The firm offering accounting and other regulated services must be licensed by the Board, however specific language prohibiting the use of the "certified public accountant" and "CPA" are removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Sections 2 and 5 expire June 30, 2023, sections 3 and 6 take effect on June 30, 2023, all other sections take effect 90 days after adjournment of the session in which the bill is passed.