

**PUBLIC SESSION AGENDA
NORTH CAROLINA STATE BOARD OF CPA EXAMINERS
MAY 19, 2016
10:00 A.M.
1101 OBERLIN ROAD
RALEIGH, NC**

I. Administrative Items

A. Call to Order

In accordance with the State Government Ethics Act, it is the duty of every Board member to avoid both conflicts of interest and appearances of conflict. Does any Board member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.

1. Public Hearing – Belinda L. Johnson and Belinda Johnson, CPA, P.A.

B. Welcome and Introduction of Guests

C. Approval of Agenda (**ACTION**)

D. Minutes (**ACTION**)

E. Financial/Budgetary Items

1. Financial Statements for April 2016 (**ACTION**)

2. Draft Board Budget for 2016-2017 (**ACTION**)

II. Legislative & Rule-Making Items

A. Rule-Making for 2016-2017 (**DISCUSSION**)

B. Report on Occupational Licensing Board Legislation (**FYI**)

III. National Organization Items

A. Draft Response to the Re-Exposure Draft of the NASBA/AICPA *Statement on Standards for CPE Programs* (**ACTION**)

IV. State & Local Organization Items

A. Introduction of the NCACPA CEO and COO

V. Request for Declaratory Ruling

VI. Committee Reports

A. Professional Standards (**ACTION**)

B. Professional Education and Applications (**ACTION**)

VII. Public Comments

VIII. Closed Session

IX. Executive Staff and Legal Counsel Report

A. Draft Working Strategic Plan Objective – Excellent Customer Service (**ACTION**)

X. Adjournment

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
April 25, 2016
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Michael H. Womble, CPA, President; Wm. Hunter Cook, CPA, Vice President; Jeffrey J. Truitt, Esq., Secretary-Treasurer; Murchison (Bo) Biggs, CPA; Cynthia B. Brown, CPA; Justin C. Burgess; and George W. Rohe, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; David R. Nance, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Communications Manager; Jean Marie Small, Professional Standards Specialist; Buck Winslow, Licensing Manager; and Noel L. Allen, Legal Counsel.

GUESTS: James T. Ahler, CEO, NCACPA; Sharon Bryson, COO, NCACPA; Anna Baird Choi, Esq.; Suzanne Jolicoeur, Senior Manager, State Regulation & Legislation, AICPA; Curt Lee, Legislative Liaison, NCSA; Linda R. Sharp, CPA; Bryan Starrett, Esq.; Oliver W. Bowie, CPA; Penelope Bowie; Officer J.A. Stokes, Raleigh Police Department.

CALL TO ORDER: President Womble called the meeting to order at 10:00 a.m.

REVIEW OF OFFICE OF ADMINISTRATIVE HEARINGS (OAH) PROPOSAL FOR DISPOSITION OF 15 CPA 04488, NC STATE BOARD OF CPA EXAMINERS *v* LINDA R. SHARP: President Womble called the Review to order to hear OAH 15 CPA 04488 – Linda R. Sharp. Ms. Sharp was present and was not represented by counsel at the review. Anna Baird Choi, Esq., representing the Board, presented oral arguments and Ms. Sharp presented oral arguments. Messrs. Truitt and Biggs moved to enter Closed Session to discuss the matter with Noel L. Allen, Esq., without Executive Staff, Staff Attorney, or Ms. Choi present. The Board re-entered the Review and Messrs. Cook and Rohe moved to make the Final Agency Decision adopting the discipline proposed by the OAH Administrative Law Judge (Appendix I). Motion passed with seven (7) affirmative and zero (0) negative votes. The entire Review is a matter of public record.

PUBLIC HEARING: President Womble called the Public Hearing to order to hear Case No. C2014338-1 and Case No. C2014338-2 – Oliver W. Bowie, NC CPA #13561 and Oliver W. Bowie, CPA, P.A. Mr. Bowie was present and was represented by Bryan Starrett, Esq. Mr. Bowie and David R. Nance, CPA, were sworn in and presented testimony. Messrs. Biggs and Cook moved to enter Closed Session to discuss the matter with Noel L. Allen, Esq. without Executive Staff or Staff Attorney present. The Board re-entered the Hearing and Ms. Brown and Mr. Truitt moved to permanently revoke the

North Carolina CPA certificate issued to Oliver W. Bowie and to suspend the firm registration of Oliver W. Bowie, CPA, P.A. (Appendix II). Motion passed with seven (7) affirmative and zero (0) negative votes. The entire Hearing is a matter of public record.

MINUTES: The minutes of the March 23, 2016, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The March 2016 financial statements were accepted as submitted.

Messrs. Rohe and Truitt moved to authorize opening a money market account with Fidelity Bank and deposit up to \$250,000.00 in the account. Motion passed.

NATIONAL ORGANIZATION ITEMS: Messrs. Biggs and Cook moved to nominate Barton W. Baldwin, CPA, for the NASBA Nominating Committee as the representative of the Middle Atlantic Region. Motion passed.

STATE AND LOCAL ORGANIZATION ITEMS: Messrs. Womble and Brooks commented on their attendance at the Second Annual Occupational Licensing Agencies Best Practices Seminar held April 12, 2016, in Raleigh.

President Womble recognized James T. Ahler, CEO of the NCACPA with a resolution (Appendix III) for his dedicated service to the NCACPA and the CPA profession. Mr. Ahler's retirement from the NCACPA is effective April 30, 2016. President Womble also presented Mr. Ahler with a framed CPA stamp certificate.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Cook moved and the Board approved the following recommendations of the Committee:

Case No. C2015208 - Mark D. Sullivan - Approve the signed Consent Order (Appendix IV).

Case No. C2015227 - Suzanne Rudy - Approve the signed Consent Order (Appendix V).

Case No. C2015244 - James L. Ott - Approve the signed Consent Order (Appendix VI).

Case No. C2015281- Brendan C. Davern - Approve the signed Consent Order (Appendix VII).

Case No. C2015319 - McSoley McCoy & Co. - Approve the signed Consent Order (Appendix VIII).

Case No. C2015321 - Roddy, Horsley, Dillon & Gault - Approve the signed Consent Order (Appendix IX).

Case No. C2015322 - Rehmann Robson - Approve the signed Consent Order (Appendix X).

Case No. C2015148 - Warren H. Pennington - Approve a Notice of Hearing for July 25, 2016, at 10:00 a.m.

Case No. C2015163 - Rosenthal & Kaplin, P.C. - Approve a Notice of Hearing for September 19, 2016, at 10:00 a.m.

Case No. C2015152 - Kirby D. Dellinger - Approve the execution of the Consent Judgment pending in Wake County Superior Court for Case #15 CVS 15759.

Case No. C2007829 - Close the case without prejudice. Mr. Womble did not participate in the discussion of this matter nor did he vote on this matter.

Case No. C2015325 - Close the case without prejudice.

Case No. C2015328, Case No. C2016028, and Case No. C2016029 - Close the cases without prejudice and with a Letter of Warning.

Case No. C2015191 - Close the case without prejudice. Messrs. Cook and Womble did not participate in the discussion of this matter nor did they vote on this matter.

Case No. C2016005 - Close the case without prejudice. Messrs. Cook and Womble did not participate in the discussion of this matter nor did they vote on this matter.

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE: Mr. Rohe moved and the Board approved the following recommendations of the Committee:

Transfer of Grades Applications - The Committee recommended that the Board approve the following:

Joseph Francis Esposito
Jonathan Bolo Kemo
Dallin Emil Lemich

Tiffany Rene Ohmes
Heather Lyn Panettieri
Ansley Dawn Ripka

Original Certificate Applications - The Committee recommended that the Board approve the following:

Svyatoslav Steve Bashmakov
Benjamin Evans Blackmon
Shannon Marie Blodgett

Matthew Nye Borders
Adrienne Denise Bostic
Audrey Denise Bostic

Morgan Stanley Brown
Lynn Michelle Bruggeman
Nicholas Rundle Butterly
Amanda Susan Carballo
Ashley Beddard Cauley
Hannah Rae Crump
Bret Steven Denning
Joseph Francis Esposito
Gerald Wetherington Floyd
Emilee Somers Gazda
Kristin Michelle Green
Kristen Pearce Griffith
Sarah Jane Hazelton
Hillary Ann Holt
James Thomas Hope
Brendan Boland Hoyer
Hilary Frances Hughes
Walter Barrett Hughes
Lindsay Grace Jenkins
Neliana Zhivkova Karaman
Jonathan Bolo Kemo
Laura Alexandra Kessler
Dallin Emil Lemich
Rebecca Alyson Lickteig
Ryann Marwan Marzouk
Marc William Matalavage

Dale Thomas Millns, III
Cori Anne Moore
Edward Jack Muren, IV
Eric Russell Ogilvie
Tiffany Rene Ohmes
Tomasz Olejarz
Heather Lyn Panettieri
Alyssa Suresh Patel
John David Pike
Hannah Marie Porter
Mark Elliott Rackley
Raegan Merle Reifkind
Ansley Dawn Ripka
Nicole Angela Rocco
Lauren Elizabeth Rukasuwan
Misti Ann Skinner
Stuart Douglas Smith
Waylon Von Smith
Robert Lee Spencer, III
Haley Grace Streich
Lori Sullivan
Stephanie Campbell Taylor
Stephen Allen Watson, Jr.
Samantha Annette Webb
Elizabeth Clair Whitaker
Caleb Kennedy Witsil

Staff reviewed and recommended approval of the original application submitted by Michael William Roberts. Mr. Roberts failed to disclose pertinent information with his exam application but provided it with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee recommended that the Board approve staff recommendation.

Staff reviewed and recommended approval of the original application submitted by Jeffrey Skillman Hunt. Mr. Hunt failed to disclose pertinent information with his exam application but provided it with his certificate application. Staff recommended approval of the application. Staff requested guidance regarding the probationary period that Mr. Hunt should be subject to because he deliberately omitted this information from his exam application. Mr. Burgess recused himself from participating in this matter. The Committee recommended that the Board approve the application with a two-year probationary period.

Reciprocal Certificate Applications - The Committee recommended that the Board approve the following:

Stephanie Stern Al-Zubaidy
Keara Jane Attamante
April Elizabeth Audette
Donald Paul Beebe
Harry Albert Blume, Jr.
Austen John Bono
Tyler Jerome Cameron
Jeremy Paul Colombik
Peter H. Cook II
David Silvio D'Annunzio, Sr.
Amy Elizabeth DeVore
Thomas Bryce Moores Downen
Joshua Gerard Dzyak
James Bradley Elam
Sean Edward Etchells
Nicole Dianne Evans
Jeffrey Paul Farber
Richard M. Freiberg
Rochelle Ann Friend
Darcy Jane Garfinkel
Jennifer Payden George
Clifford Dean Goss
Lisa Ramsey Granlund
Andrew Howard Greene
Eric Douglas Griggs
Vonda Marie Hall
Stephanie Nicole Herbert
Karen Elaine Jolley
Doris H. Kidwell
Scott Alan King
Christopher Robert Kovach
Toni Thore Lee-Andrews
Megan Jean Leong
Samantha C. Lepionka
Morris Edward Levy

Koen Gerard Long
Kelsey Lee Mabe
Alexander Mason McGowin
Jamie Elizabeth Milliski
Aaron Christopher Myers
Jennifer Marie Neville
Michelle Marie O'Keefe
Eric Thomas Panian
Joseph Gerald Pariseau
Jennifer Lynn Perry
David Randall Peters
Kathryn Hull Porterfield
Jaime Smith Pritchett
Raheel Qureshi
Gregory Thomas Reagan
Kevin Michael Roberts
Kimberly Ann Robinson
Patricia Waites Rosenberg
Nadine Anastasia Russell
Jacqueline Marie Sabo
Lorey Ann Spade
Sherry L. States
Michael Thomas Stevens
Stephen Michael Strunk
Robert Phillip Trautwein
Kenneth Alan Turner
Theodore Allen Unruh
Astrid Ingrid Valentin
Alan Paul Vercio
Stephen Douglas Walker
Chad Warren Wouters
Deborah Joyce Zell
Dali Zhang
Ziqiu Zhu

Temporary Permits - The Committee recommended that the Board approve the following temporary permits that were approved by the Executive Director:

Vonda Marie Hall, T9073

Michael Thomas Stevens, T9074

Stephen Michael Strunk, T9075
Poonam Kulkarni, T9076
Joanna Atkinson, T9077
Darla Wynne Bowman (Gullion), T9078
Carmie Lee Howell, T9079
Megan Ruth Schuler, T9080
Alex Douglas Taylor, T9081
Evan George Schroedel, T9082
Joseph Davin Peak, III, T9083
Jamie-Lee Lavelle, T9084
Millicent Jean Frias, T9085
Heather Deininger Vetter, T9086

Zachary Brooks Schoenholtz, T9090
Melanie Carol Hoover, T9091
Christopher Edward Lorch, T9092
Mark Wurtenberger, T9093
Rachel Marie Warton-Eyers, T9094
Kavita Narendra Gada, T9095
Bonnie Sue Kline, T9096
Melissa Anne Kehoe, T9097
Andrew Steven Dailer, T9098
Michael Laurent Audet, T9099
James Emmanuel Ponce, T9100

Reinstatements - The Committee recommended that the Board approve the following:

Amy McLaughlin Hrinsin, #28562
Charla Dean Seif, #30992
Laura Copeland Stanziale, #30527

Kathy Kesler Thomas, #21548
Charlotte Tabler Vetter, #19910

Reissuance of New Certificate - The Committee recommended that the Board approve the following applications for reissuance of new certificate:

Kurt Andrew Dyck, #25146
Robert Dean Harris, #18750

Kondwani Khonje, #37726
Michelle Bryant Mehan, #22955

Reissuance of New Certificate and Consent Agreement - The Committee recommended that the Board approve the following applications for reissuance of new certificate and consent agreement:

James David Ewart, #4156
Kim Alarcó Stuntz, #27608

Hubert James Williams, #11967

Letter of Warning - Staff has reviewed the random CPE audit submitted by Alan Jennings Asbury, #11637, that lists CPE taken between January 1 and June 30, 2015, without an approved extension. Staff recommended a Letter of Warning for a first offense pursuant to 21 NCAC 08G .0406(b)(1). The Committee recommended that the Board approve staff recommendation.

Staff has reviewed and recommended approval of the request to rescind the Letter of Warning issued to Tracy Waterman Green, #35566. The Committee recommended that the Board approve staff recommendation.

Examinations – The Committee recommended that the Board approve the following staff-approved applicants to sit for the Uniform CPA Examination:

Caroline Adams	Kimberly Bonnette
James Addison	Taylor Bourg
Deedee Agu	Kathleen Bowen
Michael Aiello	Andrew Bowman
Jeremiah Akinsola	Marques Boyce
Helen Albini	Phillip Braverman
Megan Aleshire	Michael Brinck
Christa Allen	Meredith Brogden
Kelsey Allen	Emily Brown
Tammy Allman	Kathryn Brown
Candace Altman	Myranda Broyles-Lewis
Hope Anderson	Emily Bryant
Lincoln Anderson	Maris Bryant
Kathrynne Anna	Cassie Bumgarner
Garnett Antle-Kara	Ian Cader
Carissa Antoniou-Davis	Kenneth Cargain
Summer Ashby	Kimberly Carson
Paul Atkins	Matthew Casey
Pommy Aynu	Tyler Chapman
Alexander Bacon	Megan Cherry
David Badger	Sarah Chin
Shahin Bahadori	Ruth Chu
Hudson Ballenger	Wing-Wah Chu
Aric Bane	Hanna Clark
Jordan Barkley	Talia Clark
Christine Barnes	Carson Clement
William Barnes	Tracey Clements
Channing Bass	Stephen Cobb
Emily Batchelor	Elizabeth Colcord
Stephanie Baubie	Andrew Colitti
Allison Becknell	Kevin Collins
Ryan Beckner	Ciera Combs
Stacey Bell	Ryan Conley
Carley Benoit	Joseph Cooney
Shannon Berry	Abigail Cooper
Stephen Beutler	Kenneth Cooper
Tristan Biller	Morgan Costner
Gagandeep Bindra	Christopher Cox
Jovana Bjelica	Cameron Crawford
Kevin Blankenship	Courtney Crenshaw

Matthew Crisp
Sharon Cullipher
Natalie Cuzmenco
Justin D'Eredita
Laura Davenport
Andrew Deal
Cameron Deese
Michelle Denning
Caroline DeRhodes
Brian Donaldson
Kerianne Doran
Ruth Downs
Jonathan Draper
Alan DuBois
Mamie Duckworth
Christopher Dudley
William Dudley
Stewart Dula
Stephen Duncan
Kellie Earnhardt
Julia Echols
Felicia Edwards
Miranda Edwards
Laura El-Baytam
Jefferson Ellington
Kenneth Elliott
Scott Essick
Dimetriux Evans
James Evans
Amanda Fair
Melanie Falk
Alison Faustyn
Matthew Fearnow
Olena Fedchenko
Susan Fenwick
Brian Ferguson
Elizabeth Friss
Benjamin Fulcher
Rafaela Gaines
Wenyu Gao
Dylan Gardner
Spencer Goheen
Kelly Gooderham

Martha Goodman
Mihaela Gorciu
Benjamin Green
Derrick Greene
Valerie Greene
Karrie Grigg
John Gudauskas
Kregg Guestin
Kaitlyn Haake
Trish Hagar
Gregory Hales
Renee Halifax
Jonathan Harris
Jordan Harris
Morgan Harris
Tyler Hartman
Carolyn Harvey
James Haught
Heather Hayes
Kimberly Hecht
Jennifer Hemphill
Hayley Henson
Maria Hernandez
Daniel Hobbs
Jacqueline Hobbs
Nicolas Holch
Haley Holland
Daniel Honan
Alan Hu
Hannah Huff
Trevor Huggins
Fatimatu Ingawa
Kelsey Isaacs
Zana Ismail
Kevin Israel
Jason Jackson
Kellie Janes
Andrew Jarrett
Chelsea Johnson
Jacob Joyner
Sandra Joyner
Thomas Keaveny
Daniel Keef

Lance Kenewell
Katherine Kent
Supriya Khazanie
Michael Kincheloe
Morgan Kirby
Robert Kocur
Messavi Komlavi
Dena Konneker
Chelsea Kowalchuk
Jordan Kubinski
Eleonora Kuncheva
David Larsen
Jordan Larson
Nicholas Lavid
Matthew Leary
Guy Lewis
Jillian Lieber
Jenna Lindeman
Brooke Lisson
Marcus Lockamy
Megan Loeper
Matthew Loerop
Andrew Lopane
Travis Lowman
Keisha Lyons
Erica Mackey
Michael Madigan
Sarah Mali
Joseph Manzinger
Jacob Mattern
Susanne Matthews
Zachary Matthews
Peter Maxwell
David McAnally
Jill McCallister
Samuel McCraw
Kristen McLamb
Cody Means
Brandy Medina
Yixue Meehan
Addis Melesse
Erin Meyer
Allison Michaud

Dylan Miller
Kareem Miller
Michael Miller
Stephen Milton
Alina Misiunas
Edward Monks
Alyson Moore
Jason Morgan
Joseph Morrow
Connor Murdock
Rosemary Murphey
Eric Murphy
Baseemah Nance
Rebecca Nance
Rachel Needham
Michael Nelli
Marina Nesic
Tri Nguyen
Wei Ni
Sarah Nicholls
Mark Nielsen
Karen Nunnally
Meera Ogale
Deborah Ogunleye
Adaora Okonkwo
Elizabeth Paluso
Camilla Paramore
Jessie Parris
Nilisha Patel
Vishal Patel
Demetrice Patterson
Jessica Peddycord
Joshua Peng
William Perrault
Lindsey Phillips
Brian Pinault
Otishia Pinson
Tara Potter
Brandon Price
Emily Prutzman
Joshua Puryear
Donnell Raye
Jonathan Reda

Natalie Reed
Ashley Reynolds
Brian Reynolds
Michael Ricciarelli
Kurt Richey
Nora Richmond
John Riehl
Kimberly Riley
Andrew Riordan
Hillary Roberts
LeTeya Robinson
Jazmin Rois
Olena Romanchuk
Jessica Rosera
Amanda Ross
Elizabeth Ross
Drew Saia
Yuliya Sakun
Kenrick Samuelson
Stephen Saunders
Landon Savino
Cristy Scholler
Thomas Schotzinger
Courtney Scruggs
Shay Sellati
Anthony Serricchio
Stephen Sheller
Dayln Shelton
Erin Shepard
Dhruvit Sheth
Meiling Shih
Myranda Sieverding
Eric Sills
Barbora Silovska
Heather Simon
Lanita Slaughter
Brandon Sloan
John Smith
Kimberly Smith
Krista Smith
Samuel Smith
Grady Smyth Gilbert
Daniel Snipes

Hitesh Soni
Anna Sossaman
Seth Spencer
Matthew Spivey
Stacey Stafford
Erynn Stainback
Eric Stamp
Michael Stavick
Kerry Steed
Charles Steffenella
Elias Stergiou
Steven Strickland
Kenneth Stutts
Andrew Sudran
Christopher Swartwout
Kelly Sweeney
Kayla Sykes
Ryan Taylor
Emma Templeman
Julia Terry
Martrice Terry
Genessa Tetterton
Joseph Theys
Kayla Thomas
Kenndey Thomas
Jamie Thornburg
Kavonda Thrasher
Dominique Toomey
William True
Jeffrey Turner
Latonia Tyner
Ben Ulin
Grace Uzenski
Vien Van
Daniel Van Niekerk
Shakira Vance
Kelly Vander Heide
Michael Vazquez
Andre Viljoen
Pearce Vogler
Lauren Walker
Phillip Walker
Richard Warriner

Cooper Wasil
Delores Weaver
Shelby Webb
BreAnn Weeda
Harrison Welch
Dylan Westrick
Deborah Whaley
Andrew White
Kristin White
Leigh White
Laurel Whitten
Allison Williams
Bradley Williams
Ashley Willis
Catherine Wilson
Douglas Wilson

Jessica Wilson
George Wise
Adam Woeller
Shonet Wong
Derek Wright
Rachel Wright
Dongling Wu
Nia Wylie
Jun Xiong
Jonathan Yavorsky
Lindsey Yingling
Stephen Yokim
Patricia Young
Yishan Zhao
Brian Zick

Staff has reviewed and requested Committee guidance regarding of a hypothetical exam application. The Committee recommended that the Board approve the application.

Firm Renewal and Peer Review Matters – The firms listed below submitted a renewal or termination notice less than 60 days after the deadline. Staff recommended referral to the Professional Standards Committee. The Committee recommended that the Board approve staff recommendation:

Lynn M. Kline CPA #26124

John F. Snyder, C.P.A., P.C.
John Frame Snyder #9905

CLOSED SESSION: Messrs. Biggs and Cook moved to enter Closed Session to discuss the Personnel Committee report and a contract. Motion passed.

PUBLIC SESSION: Mr. Womble and Ms. Brown moved to re-enter Public Session to continue with the agenda. Motion passed.

PERSONNEL COMMITTEE REPORT: Messrs. Biggs and Rohe moved to approve a revised Personnel Committee recommendation for 2016-2017. Motion passed.

REAL ESTATE OFFER TO PURCHASE BUILDING: Messrs. Truitt and Cook moved to decline the offer to purchase the Board building. Motion passed.

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: The Executive Staff provided a draft of the strategic plan objective, Excellent Customer Service, for Board review.

Mr. Cook and Ms. Brown moved to approve the vendors and contracts for replacing the building roof and heating/air conditioning system as presented by Mr. Nance. Motion passed.

ADJOURNMENT: Messrs. Truitt and Burgess moved to adjourn the meeting at . 2:51 p.m. Motion passed.

Respectfully submitted:

Attested to by:

Robert N. Brooks
Executive Director

Michael H. Womble, CPA
President

NORTH CAROLINA
DARE COUNTY

IN THE OFFICE OF
ADMINISTRATIVE HEARINGS
15 CPA 04488

N.C. STATE BOARD OF CERTIFIED)
PUBLIC ACCOUNTANT EXAMINERS,)
Petitioner,)
v.)
LINDA R. SHARP,)
Respondent.)

**FINAL AGENCY DECISION
BY THE N.C. STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT
EXAMINERS**

The North Carolina State Board of Certified Public Accountant Examiners (the “Board”) hereby issues its Final Agency Decision in the above-captioned matter, as set forth below.

PROCEDURAL HISTORY

1. This contested case was heard in the Office of Administrative Hearings before Administrative Law Judge Donald W. Overby (“ALJ” and “ALJ Overby”) in Elizabeth City, North Carolina on November 20, 2015.
2. On the day of the hearing, Respondent Sharp produced a written Motion to Dismiss which she submitted to the Court for consideration after the call of the case. After careful consideration and open discussion by the respective parties, Respondent’s Motion to Dismiss was denied.
3. On January 29, 2016, ALJ Overby filed a Proposal for Decision. ALJ Overby’s Proposal for Decision contained Findings of Fact and Conclusions of Law. ALJ Overby’s Proposal for Decision was to censure Respondent Sharp and order her to pay a civil penalty in the amount of five hundred dollars (\$500.00).
4. The Proposal for Decision was properly served upon the parties.

5. On February 10, 2016, the Board sent notice to the parties, informing them that they had the opportunity to file exceptions and present written arguments to the Board. Respondent received the notice on February 12, 2016.
6. The Board received the official record from the Office of Administrative Hearings on February 25, 2016. On February 29, 2016, the Board sent a courtesy copy of the official record to Respondent.
7. By correspondence dated April 4, 2016 Respondent provided a facsimile for the Board's consideration. By correspondence dated April 4, 2016, Anna Baird Choi, counsel for the Board, provided correspondence and a draft Final Agency Decision for the Board's consideration.
8. Respondent and Mrs. Choi presented oral arguments to the Board on April 25, 2016.
9. At the start of the public Board meeting on April 25, 2016, a quorum of the Board was present.

FINAL AGENCY DECISION

Having considered ALJ Overby's Proposal for Decision; the entire official record in this matter; Ms. Choi's written and oral arguments; and Respondent's oral arguments, the Board issues this Final Agency Decision pursuant to N.C. Gen. Stat. § 150B-42.

ISSUES AND APPLICABLE STATUTES AND RULES

With regard to the Issues and Applicable Statutes and Rules, the Board hereby adopts the Issues and Applicable Statutes and Rules proposed by ALJ Overby as set forth in the Proposal

for Decision, without amendment or modification. The Issues and Applicable Statutes and Rules are as follows:

Whether Respondent Sharp violated any of the provisions of N.C. Gen. Stat. § 93-1 *et seq.* or any of the rules and regulations of the N.C. State Board of Certified Public Accountant Examiners (“Board” or “Petitioner”), as set forth in 21 N.C.A.C. 08, subchapters A through N. Specifically, whether Respondent Sharp:

1. Failed to disclose litigation on renewal applications in violation of:
 - 21 N.C.A.C. 08J .0101; and
 - 21 N.C.A.C. 08J .0108.
2. Failed to cooperate with and/or respond to the Board regarding matters related to a Board investigation in violation of:
 - 21 N.C.A.C. 08N .0206

Further, if Respondent Sharp is found to have committed the acts or omissions described above, the ALJ shall determine whether her conduct constitutes a violation of:

- 21 N.C.A.C. 08N .0201 regarding integrity;
- 21 N.C.A.C. 08N .0202 regarding deceptive conduct; and
- 21 N.C.A.C. 08N .0203 regarding discreditable conduct.

Finally, if Respondent Sharp is found to be in violation of the above-referenced statutes and rules, the ALJ shall determine:

- What disciplinary action should be imposed under N.C. Gen. Stat. § 93-12(9); and
- What amount of civil penalty should be imposed under N.C. Gen. Stat. § 93-12(9).

Finally, if the Board has a conflict of interest in this matter.

With regard to the Findings of Fact proposed by ALJ Overby, the Board hereby adopts the Findings of Facts proposed by ALJ Overby as set forth in the Proposal for Decision, with modifications. The Findings of Fact are as follows:

FINDINGS OF FACT

1. Petitioner Board is established pursuant to N.C. Gen. Stat. § 93-1 *et seq.* and is charged with protecting the health, welfare and safety of the public by overseeing the licensing of certified public accountants in North Carolina.
2. Respondent Linda Rouse Sharp is the holder of a certificate of qualification admitting Respondent Sharp to practice as a Certified Public Accountant in North Carolina. Respondent Sharp was issued a certificate of qualification, number 11285, on January 3, 1979. Respondent Sharp's certificate is currently active. Respondent Sharp also holds a CPA firm registration, number 534401. The firm registration is currently active.

Prior Complaint History

3. On or about June 30, 2008, the Board received a complaint against Respondent Sharp (case C20085846). The complaint alleged failure to timely refund a tax preparation fee of \$80.00. Respondent Sharp correctly prepared the income tax return. The complaint was closed with a Letter of Warning issued by the Board on December 19, 2008. The matter was more than seven years ago.

Complaint C2011283

4. On or about November 17, 2011, the Board received a consumer complaint from Lawrence and Rose Hansen. In that complaint, it was disclosed that the consumers had previously sued Respondent Sharp in District Court in Dare

County, North Carolina in matters related to tax preparation and negligence. The Board subsequently conducted an investigation.

5. In May 2008, Respondent Sharp was sued in small claims court in Dare County, North Carolina (08 CVM 285). The Complaint for Money Owed alleged “incorrect tax preparation.” At the hearing in this matter, the Magistrate ruled in Respondent’s favor. On July 7, 2008, the plaintiff in the above-referenced matter filed a Notice of Appeal in District Court in Dare County (08 CVD 575). Upon Respondent Sharp’s motion, the case was dismissed on September 21, 2009.
6. On or about August 13, 2009, the same Plaintiffs as in the suit described above filed a lawsuit in District Court in Dare County, North Carolina (09 CVD 677). The complaint alleged that the plaintiffs had been damaged as a result of Respondent Sharp’s negligence. The case was dismissed on June 27, 2011.
7. On her 2009 firm renewal, which she submitted to the Board on December 22, 2008, Respondent Sharp failed to affirmatively answer the following question: “Has your firm or any firm owner/Have you or your firm been party to a civil suit, bankruptcy action, administrative proceeding, or binding arbitration the basis of which is an allegation of negligence, dishonesty, fraud, misrepresentation, or incompetence, since filing your firm’s last renewal?”
8. On her 2009 firm renewal, Respondent Sharp failed to notify the Board of 08 CVM 285 and 08 CVD 575.
9. On her 2009-2010 individual certificate renewal, which she submitted to the Board on June 8, 2009, Respondent Sharp responded “No” to the following

question: “Have you been party to a civil suit, bankruptcy action, administrative proceeding, or binding arbitration the basis of which is an allegation of negligence, dishonesty, fraud, misrepresentation, or incompetence, since filing your last renewal?”

10. On her 2009-2010 individual certificate renewal, Respondent Sharp failed to notify the Board of 08 CVM 285 and 08 CVD 575.
11. On her 2010 and 2011 firm renewals, which she submitted to the Board on December 22, 2009 and December 29, 2010 respectively, Respondent Sharp failed to affirmatively answer the following question: “Has your firm or any firm owner/Have you or your firm been party to a civil suit, bankruptcy action, administrative proceeding, or binding arbitration the basis of which is an allegation of negligence, dishonesty, fraud, misrepresentation, or incompetence, since filing your firm’s last renewal?”
12. On her 2010 and 2011 firm renewals, Respondent Sharp failed to notify the Board of 08 CVM 285, 08 CVD 575, and 09 CVD 677. Respondent’s contention that all of these cases were dismissed in favor of Respondent is factually correct; however, that does not address the issues raised in this contested case.
13. On her 2010-2011 and her 2011-2012 individual certificate renewals, which she submitted to the Board on June 2, 2010 and June 17, 2011 respectively, Respondent Sharp responded “No” to the following question: “Have you been party to a civil suit, bankruptcy action, administrative proceeding, or binding

arbitration the basis of which is an allegation of negligence, dishonesty, fraud, misrepresentation, or incompetence, since filing your last renewal?”

14. On her 2010-2011 and 2011-2012 individual certificate renewals, Respondent Sharp failed to notify the Board of 09 CVD 677. Respondent’s contention that this case was dismissed in favor of Respondent is factually correct; however, again, that does not address the issues raised in this contested case.

Complaint C2014057

15. On or about March 6, 2014, the Board received a complaint from a client, Nicholas Lewis Frank, alleging that Respondent Sharp failed to return tax-related documents that had been requested by the client. The Board subsequently commenced an investigation.
16. During the course of the investigation, the Board contacted Respondent Sharp via telephone, letter, and email on multiple occasions. Specifically, the Board sent Respondent Sharp letters dated March 7, 2014 and April 4, 2014, both letters giving Respondent approximately three weeks to respond
17. Respondent failed to respond to the letters described above, thus the Board followed up with emails dated June 9, 2014 and June 16, 2014. Additional requests were also made to Respondent Sharp and/or her staff via phone calls. Respondent requested extensions of time to respond and the extensions were granted. Respondent ultimately did respond but not in the timeframe allowed in the extension.
18. On June 19, 2015, the Board filed a Petition for a Contested Case Hearing with the N.C. Office of Administrative Hearings (“OAH”). By Notice of

Rescheduled Hearing dated November 20, 2015, the parties were notified of the hearing to be conducted in Elizabeth City, North Carolina on November 20, 2015. Both parties appeared at the hearing.

19. Respondent contends that the delay by the Board in filing with OAH was because of an on-going conflict of interest. That is not correct. Petitioner had lodged complaints against a member of the Board and therefore, the Board decided to wait until that Board member was no longer on the Board in order to avoid even the appearance of a conflict of interest. The Board member at issue was due to leave the Board relatively soon.
20. Petitioner Board presented evidence that Respondent Sharp failed to submit complete individual and firm renewals to the Board for the applicable renewal periods described above when Respondent Sharp failed to notify the Board of the aforementioned small claims and district court complaints.
21. Respondent Sharp did not deny that she failed to notify the Board in multiple renewal applications of the small claims and district court proceedings described above. She testified that the reason she chose not to notify the Board was because an attorney had instructed her that she did not need to do so. Respondent provided no written documentation of this attorney's opinion, nor did the attorney testify at hearing on Respondent Sharp's behalf.
22. Respondent Sharp also acknowledged that while she did not notify the Board of the Hanson Complaint for Money Owed, on her 1989-1990 renewal application, she had previously notified the Board of a Complaint for Money Owed that had been filed against

her in Dare County (District Court Division - Small Claims) by a Mr. Shane. Respondent Sharp testified that the magistrate found her not guilty.

23. Respondent Sharp testified that she never received letters and emails sent to her by Board staff regarding the Frank complaint. However, the Board presented evidence that its letters and emails were sent to Respondent Sharp's email and address of record maintained by the Board. Additionally, the Board's letters and emails were sent to the same physical and email addresses that were printed on Respondent Sharp's professional letterhead. Further Respondent Sharp provided the same physical and email addresses in her Prehearing Statement filed with OAH on July 8, 2015, as well as at the conclusion of the contested case hearing. Respondent has a duty and responsibility to keep the Board informed of her current address and contact information. There is no indication that Respondent did not receive the mail. Despite Respondent's assertions regarding the emails, the record reflects that she actually answered one of them by calling the Board.
24. The excuses and justifications offered by Respondent Sharp, including but not limited to the emails, letters and her tardiness in response, lack credibility.

With regard to the Conclusions of Law proposed by ALJ Overby, the Board hereby adopts the Conclusions of Law proposed by ALJ Overby as set forth in the Proposal for Decision, with modifications. The Conclusions of Law are as follows:

CONCLUSIONS OF LAW

1. This matter is properly before the Office of Administrative Hearings ("OAH") and the Board, which have both personal and subject matter jurisdiction. The parties were properly noticed for hearing. To the extent that the Findings of Fact contain Conclusions

of Law, or that the Conclusions of Law are Findings of Fact, they should be so considered without regard to the given labels.

2. N.C. Gen. Stat. § 93-12(9) provides that:

The Board shall have the power to adopt rules of professional ethics and conduct to be observed by certified public accountants in this State and persons exercising the practice privilege authorized by this Chapter. The Board shall have the power to revoke, either permanently or for a specified period, any certificate issued under the provisions of this Chapter to a certified public accountant or any practice privilege authorized by the provisions of this Chapter or to censure the holder of any such certificate or person exercising the practice privilege authorized by this Chapter. The Board also shall have the power to assess a civil penalty not to exceed one thousand dollars (\$1,000) for any one or combination of the following causes:

- a. Conviction of a felony under the laws of the United States or of any state of the United States.
- b. Conviction of any crime, an essential element of which is dishonesty, deceit or fraud.
- c. Fraud or deceit in obtaining a certificate as a certified public accountant.
- d. Dishonesty, fraud or gross negligence in the public practice of accountancy.
- e. Violation of any rule of professional ethics and professional conduct adopted by the Board.

3. Thus, in N.C. Gen. Stat. §93-12(9), the only sanctions available to the Board in this case are revocation, censure and a civil monetary penalty. Reprimand is not one of the disciplinary options enumerated in the statute.

4. 21 N.C.A.C. 08I .0101(a) provides that “[a]ny person may petition the Board for appropriate disciplinary action against a CPA.” Paragraph (d) provides that “[t]he Board may publish or announce the disciplinary action against a CPA in such manner and for such period as it deems appropriate.”

5. 21 N.C.A.C. 08J .0101(b) provides that “[t]o renew a certificate a CPA shall submit to the Board . . . a completed certificate renewal application form; . . .”

6. 21 N.C.A.C. 08J .0108(i) provides that all CPA firms file a complete registration with the Board.
7. 21 N.C.A.C. 08N .0101 identifies that subchapter 8N of the Board's rules constitute the rules of professional ethics and conduct referenced in N.C. Gen. Stat. §93B-12(9)(e).
8. 21 N.C.A.C. 08N .0102 provides that the Board rules in section .0200 subchapter 08N are generally applicable to all certificate holders. No exemption applies to Respondent Sharp.
9. 21 N.C.A.C. 08N .0201 provides that a CPA "shall at all times maintain independence of thought and action, hold the affairs of clients in strict confidence, strive continuously to improve professional skills, observe generally accepted accounting principles and standards, promote sound and informative financial reporting, uphold the dignity and honor of the accounting profession, and maintain high standards of personal conduct."
10. 21 N.C.A.C. 08N .0202 provides that a CPA shall not engage in deceptive conduct.
11. 21 N.C.A.C. 08N .0203 provides that a CPA shall not engage in discreditable conduct.
12. 21 N.C.A.C. 08N .0206 provides that "[a] CPA shall fully cooperate with the Board in connection with any inquiry it shall make." Further, "full cooperation is defined as responding "within 21 days to all inquiries of the Board or representatives of the Board or representative of the Board . . ."
13. Respondent Sharp failed to disclose litigation on multiple renewal applications in violation of:
 - 21 N.C.A.C. 08J .0101; and
 - 21 N.C.A.C. 08J .0108.
14. Respondent Sharp failed to cooperate with and/or respond to the Board regarding matters related to a Board investigation in violation of 21 N.C.A.C. 08N .0206.
15. Respondent Sharp's conduct constitutes a violation of:

- 21 N.C.A.C. 08N .0201 regarding integrity;
- 21 N.C.A.C. 08N .0202 regarding deceptive conduct; and
- 21 N.C.A.C. 08N .0203 regarding discreditable conduct.

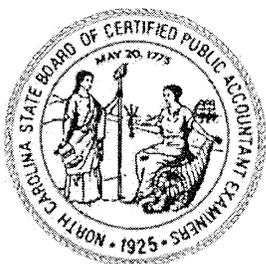
16. Respondent Sharp was reluctant to accept that the issue in this contested case was merely whether or not she had been named as a party in a law suit—not whether she won or lost. She was extremely reluctant to accept that whether or not she had prevailed at each of the civil suits against her was not the issue. She tried, without merit, to assert that she did not have to report because of an extremely literal translation of the factors involved in those suits. While she contends that much of this may have been due to the bad advice she received from an attorney, that too is without merit because ultimately it is her license on the line and the reporting is her responsibility. If the lawyer gave her bad advice, then that is between Ms. Sharp and the lawyer.

17. At the conclusion of this hearing, the ALJ did articulate that a reprimand would be appropriate; however, the law does not allow that sanction. The ALJ is without any authority to re-write the Administrative Code or General Statutes. This contested case hearing is conducted pursuant to Article 3A of N.C.G.S. 150B, and, therefore, the Administrative Law Judge only has the authority vested in the Board itself. For conduct of this hearing, the ALJ stands in the shoes of the Board.

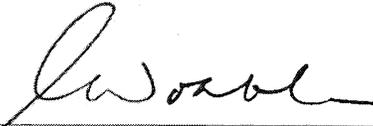
18. Respondent Sharp's contention that the sanction provided in this recommended decision should not be published is without merit and is not what the ALJ articulated at the conclusion of this hearing.

DECISION

Based on the foregoing Findings of Fact and Conclusions of Law, the Board hereby adopts the ALJ's proposed decision to CENSURE Respondent Sharp. The Board also adopts the ALJ's proposed decision to order Respondent Sharp to pay a civil penalty in the amount of Five Hundred Dollars (\$500.00). The Board further orders Respondent Sharp to pay the civil penalty within 30 days of the Board's issuance of a Final Decision.



NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: 
Michael H. Womble, CPA
President

CERTIFICATE OF SERVICE

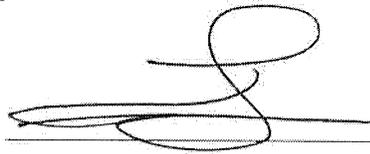
The undersigned hereby certifies that a copy of the foregoing **FINAL AGENCY DECISION** is served upon the following person by United States Postal Service:

Anna Baird Choi
Nichols, Choi & Lee, PLLC
4700 Homewood Court, Suite 320
Raleigh, NC 27609
Attorney For Petitioner Board

The undersigned hereby certifies that a copy of the foregoing **FINAL AGENCY DECISION** is served upon the following person by certified mail, return receipt requested:

Linda R Sharp, CPA
3003 North Croatan Highway
Kill Devil Hills, NC 27948
Respondent

This the 26th day of April, 2016.



A handwritten signature in black ink, appearing to be 'Linda R Sharp', is written over a horizontal line.

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #s C2014338-1 and C2014338-2

IN THE MATTER OF:
Oliver W. Bowie, #13561
Oliver W. Bowie, CPA, PA
Respondents

BOARD ORDER

THIS CAUSE coming before the North Carolina State Board of Certified Public Accountant Examiners (the "Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, at public hearing ("Hearing"), with a quorum present, the Board finds, based on the evidence presented at the Hearing on April 25, 2016, that:

FINDINGS OF FACT

1. Oliver W. Bowie (hereinafter "Respondent Bowie") is the holder of North Carolina certificate number 13561 as a Certified Public Accountant.
2. Respondent Oliver W. Bowie, CPA, PA (hereinafter "Respondent Firm"), is a registered certified public accounting firm in North Carolina.
3. The Board has jurisdiction over Respondent Bowie and Respondent Firm (hereinafter collectively referred to as "Respondents") and the subject matter of this action.
4. Respondents received at least fifteen (15) days written notice of the Hearing. The notice was achieved by serving a Notice of Hearing by personal service, certified mail, or other method of delivery authorized by N.C. Gen. Stat. § 150B-38(c).
5. Venue is proper and the Hearing was properly held at 1101 Oberlin Road, Raleigh, North Carolina.
6. Respondents did not object to any Board Member's participation in the Hearing of this matter.
7. Respondents were present at the Hearing and were represented by counsel.

8. At hearing, the Board received evidence showing the following:
 - a. Respondent Bowie was the sole owner of Respondent Firm and had ultimate responsibility for the filing and payment of Respondent Firm's withholding taxes.
 - b. At the time that the taxes were withheld, Respondents were responsible for holding those taxes in trust for the government pending timely transmittal to the IRS.
 - c. Respondent Bowie failed to cause Respondent Firm to timely pay the taxes due on Respondent Firm's Form 941 ("941 taxes") for the quarter ending December 31, 2011.
 - d. Respondent Bowie failed to cause Respondent Firm to timely pay the 941 taxes for the quarter ending December 31, 2013.
9. In 1996, Respondent Bowie had been disciplined for failure to properly file and report employer's federal unemployment taxes and employer's quarterly federal taxes and individual federal taxes.

CONCLUSIONS OF LAW

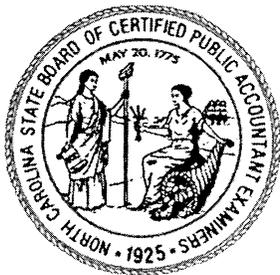
1. Per N.C. Gen. Stat. § 150B-42, this Board Order constitutes a Final Agency Decision of the Board.
2. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code. Pursuant to N.C. Gen. Stat. § 93-12(9), the Board has the authority to impose discipline upon Respondents and to impose civil monetary penalties.
3. Respondent Bowie was responsible for the Respondent Firm's deficiencies per 21 NCAC 08N .0103.
4. Respondent Bowie's failures to ensure the timely filing and payment of 941 taxes constitute violations of 21 NCAC 08N .0201, .0203(a), and .0207.
5. The Respondent Firm cannot continue to operate as a registered CPA firm without having any owners with an active CPA certificate.

Board Order - 3
Oliver W. Bowie
Oliver W. Bowie, CPA, PA

BASED ON THE FOREGOING, the Board orders in a vote of 7 to 0 that:

1. The Certified Public Accountant certificate issued to Respondent, Oliver W. Bowie, is hereby permanently revoked.
2. The firm registration for Respondent Firm, Oliver W. Bowie, CPA, PA, is hereby suspended.
3. Respondent Bowie shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this state either through CPA mobility provisions or substantial equivalency practice privileges or in any other manner.

This the 25th day of April, 2016.



NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: _____

President

**NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS**



RESOLUTION

WHEREAS, James T. Ahler, has served as the Executive Director/Chief Executive Officer of the North Carolina Association of Certified Public Accountants since July 1988;

WHEREAS, during his tenure he served as an ardent leader for the interest of the CPAs in North Carolina;

WHEREAS, during his tenure, he was instrumental in building and maintaining the relationship between the NCACPA and the State Board;

WHEREAS, during his tenure he served as an eloquent spokesman for the CPA profession;

WHEREAS, during his tenure he has faithfully and tirelessly served as a leader in the profession for the best interests of the profession and the membership of the association;

BE IT THEREFORE RESOLVED that the members of the North Carolina State Board of Certified Public Accountant Examiners thank and honor James T. Ahler upon his retirement for his dedicated service and his personal sacrifice to serve the members of the association and the profession.

This the 25th day of April 2016.

*North Carolina State Board of
Certified Public Accountant Examiners*

A handwritten signature in cursive script, appearing to read "Michael H. Womble", written over a horizontal line.

Michael H. Womble, CPA
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2015208

IN THE MATTER OF:
Mark D. Sullivan, #29876
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent was the holder of North Carolina certificate number 29876 as a Certified Public Accountant.
2. Respondent informed the Board on his 2014-2015 individual certificate Renewal ("Renewal") that between January 1, 2013, and June 30, 2014, he had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2013 CPE requirements.
3. Based on Respondent's representation, the Board accepted his Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2013 requirements.
5. Respondent provided proof of his base forty (40) hours of CPE. The Respondent did not provide documentation to substantiate completion of at least two (2) hours of ethics from a sponsor registered with either NASBA or the Board that he earned between January 1, 2013, and June 30, 2014.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

NC BOARD OF

APR 13 2016

CPA EXAMINERS

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew his certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return his certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of his certificate after one (1) year from the date the Board approves this Consent Order as long as the civil penalty required in number five (5) of this Order has been timely received by the Board.
4. Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Forty (40) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.
5. Respondent shall pay a one thousand dollar (\$1,000) civil penalty, to be remitted to the Board prior to submitting a reissuance application.

NC BOARD OF

APR 13 2016

CPA EXAMINERS

6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of his certificate.

CONSENTED TO THIS THE 10 DAY OF April, 2016.
(Day) (Month) (Year)

Mark Sullivan Mark Sullivan
Respondent

APPROVED BY THE BOARD THIS THE 25 DAY OF April, 2016.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

NC BOARD OF
APR 13 2016
CPA EXAMINERS

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2015227

IN THE MATTER OF:
Suzanne Rudy, CPA, #17195
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent is the holder of North Carolina certificate number 17195 as a Certified Public Accountant.
2. Respondent informed the Board on her 2014-2015 individual certificate Renewal ("Renewal") that between January 1, 2013, and June 30, 2014, she had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2013 CPE requirements.
3. Based on Respondent's representation, the Board accepted her Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet her 2013 requirements.
5. Respondent was unable to provide documentation for two and one-half (2.5) hours of the 2013 CPE hours that she would need to meet the forty (40) hour requirement that she claimed on her 2014-2015 annual renewal.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

NC BOARD OF
MAR 28 2016
CPA EXAMINERS

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew her certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return her certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of her certificate after one (1) year from the date the Board approves this Consent Order as long as the civil penalty required in number five (5) of this Order has been timely received by the Board.
4. Respondent may apply to return her certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Forty-two and one-half (42.5) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.

NC BOARD OF
MAR 28 2016
CPA EXAMINERS

Consent Order - 3
Suzanne Rudy, CPA

- 5. Respondent shall pay a one thousand dollar (\$1,000) civil penalty, to be remitted to the Board prior to submitting a reissuance application.
- 6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of her certificate.

CONSENTED TO THIS THE 1 DAY OF March, 2016.
(Day) (Month) (Year)

Suzanne Rudy
Respondent

APPROVED BY THE BOARD THIS THE 25 DAY OF April, 2016.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

NC BOARD OF
MAR 28 2016
CPA EXAMINERS

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2015244

IN THE MATTER OF:
James Luther Ott, #24752
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent is the holder of North Carolina certificate number 24752 as a Certified Public Accountant.
2. Respondent informed the Board on his 2014-2015 individual certificate Renewal ("Renewal") that between January 1, 2013, and June 30, 2014, he had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2013 CPE requirements.
3. Based on Respondent's representation, the Board accepted his Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2013 requirements.
5. Respondent provided proof of his base forty (40) hours of CPE. The Respondent did not provide documentation to substantiate completion of at least two (2) hours of ethics from a sponsor registered with either NASBA or the Board that he earned between January 1, 2013, and June 30, 2014.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

NC BOARD OF

MAR 10 2016

CPA EXAMINERS

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew his certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return his certificate to the Board within fifteen (15) days of his receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of his certificate after one (1) year from the date the Board approves this Consent Order as long as the civil penalty required in number five (5) of this Order has been timely received by the Board.
4. Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Forty (40) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.

NC BOARD OF

MAR 10 2016

CPA EXAMINERS

5. Respondent shall pay a one thousand dollar (\$1,000) civil penalty, to be remitted to the Board prior to submitting a reissuance application.
6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of his certificate.

CONSENTED TO THIS THE 9th DAY OF March, 2016.
(Day) (Month) (Year)

[Signature]
Respondent

APPROVED BY THE BOARD THIS THE 25 DAY OF April, 2016.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

NC BOARD OF
MAR 10 2016
CPA EXAMINERS

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2015281

IN THE MATTER OF:

Brendan Charles Davern, #36987
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent was the holder of North Carolina certificate number 36987 as a Certified Public Accountant.
2. Respondent informed the Board on his 2014-2015 individual certificate Renewal ("Renewal") that between January 1, 2013, and June 30, 2014, he had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2013 CPE requirements.
3. Based on Respondent's representation, the Board accepted his Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2013 and 2014 requirements.
5. Respondent could not provide the CPE certificates of completion to the Board as requested. Respondent was unable to provide any documentation of the 2013 and 2014 CPE hours that he would need to meet the forty (40) hour requirement for his 2014-2015 annual renewal.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

NC BOARD OF

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CPA EXAMINERS

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew his certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return his certificate to the Board within fifteen (15) days of his receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of his certificate after one (1) year from the date the Board approves this Consent Order as long as the civil penalty required in number five (5) of this Order has been timely received by the Board.
4. Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Eighty (80) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.

NC BOARD OF

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CPA EXAMINERS

Consent Order - 3
Brendan Charles Davern

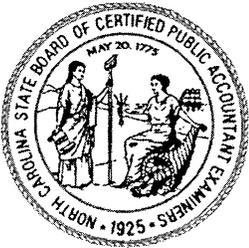
5. Respondent shall pay a one thousand dollar (\$1,000) civil penalty, to be remitted to the Board prior to submitting a reissuance application.
6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of his certificate.

CONSENTED TO THIS THE 11 DAY OF April, 2016.
(Day) (Month) (Year)


Respondent

APPROVED BY THE BOARD THIS THE 25 DAY OF April, 2016.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President

NC BOARD OF
APR 14 2016
CPA EXAMINERS

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2015319

IN THE MATTER OF:
McSoley McCoy & Co.,
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. McSoley McCoy & Co. (hereinafter "Respondent Firm"), has a principal place of business outside of North Carolina and has no office in North Carolina. Respondent Firm is not a registered certified public accounting firm in North Carolina.
2. Respondent Firm performed multiple audits of a retirement plan sponsored in North Carolina ("ERISA audits").
3. The North Carolina Accountancy Act, at N.C. Gen. Stat. § 93-10(c)(3), requires firms to provide notice without a fee to the Board prior to performing financial statement audits or other engagements performed in accordance with the Statements on Auditing Standards. The members or partners of Respondent Firm were unaware of the notice requirement.
4. Respondent Firm did not provide the Board with a Notification of Intent to Practice ("Notice") prior to performing the ERISA audits.
5. Respondent Firm subsequently provided a Notice to the Board.
6. Respondent Firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent Firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent Firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative

NC BOARD OF

MAR 15 2016

CPA EXAMINERS

Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. By exercising the practice privilege afforded by N.C. Gen. Stat. § 93-10(c) of the Accountancy Act, Respondent Firm consented to comply with the laws of this State and to be subject to the jurisdiction and disciplinary authority of the Board.
3. Respondent Firm's failure to comply with N.C. Gen. Stat. § 93-10(c) of the Accountancy Act as set out above constitutes a violation of 21 NCAC 08N .0213.
4. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of Respondent Firm's consent to this order, Respondent Firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent Firm agree to the following Order:

1. Respondent Firm shall remit, with this signed Order, a one thousand dollar (\$1,000) civil penalty.
2. Respondent Firm shall remit, with this signed Order, a five hundred dollar (\$500) payment for administrative costs.

CONSENTED TO THIS THE 26 DAY OF February, 2016.
(Day) (Month) (Year)

Tom Stretton, [Signature]
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 25 DAY OF April, 2016
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

NC BOARD OF
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CPA EXAMINERS

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2015321

IN THE MATTER OF:

Roddy, Horsley, Dillon & Gault,
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Roddy, Horsley, Dillon & Gault (hereinafter "Respondent Firm"), has a principal place of business outside of North Carolina and has no office in North Carolina. Respondent Firm is not a registered certified public accounting firm in North Carolina.
2. Respondent Firm performed multiple audits of a retirement plan sponsored in North Carolina ("ERISA audits").
3. The North Carolina Accountancy Act, at N.C. Gen. Stat. § 93-10(c)(3), requires firms to provide notice without a fee to the Board prior to performing financial statement audits or other engagements performed in accordance with the Statements on Auditing Standards. The members or partners of Respondent Firm were unaware of the notice requirement.
4. Respondent Firm did not provide the Board with a Notification of Intent to Practice ("Notice") prior to performing the ERISA audits.
5. Respondent Firm subsequently provided a Notice to the Board.
6. Respondent Firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent Firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent Firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code.

NC BOARD OF
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CPA EXAMINERS

Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. By exercising the practice privilege afforded by N.C. Gen. Stat. § 93-10(c) of the Accountancy Act, Respondent Firm consented to comply with the laws of this State and to be subject to the jurisdiction and disciplinary authority of the Board.
3. Respondent Firm's failure to comply with N.C. Gen. Stat. § 93-10(c) of the Accountancy Act as set out above constitutes a violation of 21 NCAC 08N .0213.
4. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of Respondent Firm's consent to this order, Respondent Firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent Firm agree to the following Order:

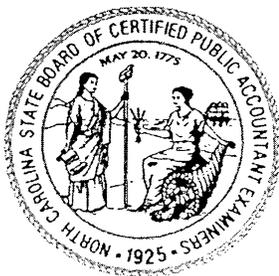
1. Respondent Firm shall remit, with this signed Order, a one thousand dollar (\$1,000) civil penalty.
2. Respondent Firm shall remit, with this signed Order, a five hundred dollar (\$500) payment for administrative costs.

CONSENTED TO THIS THE 11 DAY OF March, 2016
(Day) (Month) (Year)

Kimberley Roddy CPA
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 25 DAY OF April, 2016
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

NC BOARD OF
MAR 17 2016
CPA EXAMINERS

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2015322

IN THE MATTER OF:

Rehmann Robson,
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Rehmann Robson (hereinafter "Respondent Firm"), has a principal place of business outside of North Carolina and has no office in North Carolina. Respondent Firm is not a registered certified public accounting firm in North Carolina.
2. Respondent Firm performed multiple audits of a retirement plan sponsored in North Carolina ("ERISA audits").
3. The North Carolina Accountancy Act, at N.C. Gen. Stat. § 93-10(c)(3), requires firms to provide notice without a fee to the Board prior to performing financial statement audits or other engagements performed in accordance with the Statements on Auditing Standards. The members or partners of Respondent Firm were unaware of the notice requirement.
4. Respondent Firm did not provide the Board with a Notification of Intent to Practice ("Notice") prior to performing the ERISA audits.
5. Respondent Firm subsequently provided a Notice to the Board.
6. Respondent Firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent Firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent Firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative

NC BOARD OF

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CPA EXAMINERS

Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. By exercising the practice privilege afforded by N.C. Gen. Stat. § 93-10(c) of the Accountancy Act, Respondent Firm consented to comply with the laws of this State and to be subject to the jurisdiction and disciplinary authority of the Board.
3. Respondent Firm's failure to comply with N.C. Gen. Stat. § 93-10(c) of the Accountancy Act as set out above constitutes a violation of 21 NCAC 08N .0213.
4. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of Respondent Firm's consent to this order, Respondent Firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent Firm agree to the following Order:

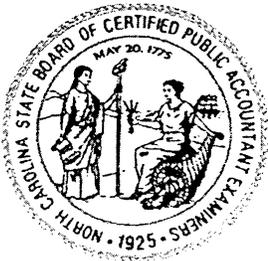
1. Respondent Firm shall remit, with this signed Order, a one thousand dollar (\$1,000) civil penalty.
2. Respondent Firm shall remit, with this signed Order, a five hundred dollar (\$500) payment for administrative costs.

CONSENTED TO THIS THE 12th DAY OF April, 2016.
(Day) (Month) (Year)

Michael Fleming, CPA, Principal
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 25 DAY OF April, 2016.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

Financial Highlights
For the One Month Period Ended April 30, 2016
Compared to the One Month Period Ended April 30, 2015

	Budget Var.	Apr-16	Apr-15	Inc. (Dec.)
Total Revenue	\$0.00	\$ 453,481.76	\$ 385,883.03	\$ 67,598.73
■ Total Operating Revenue	\$0.00	\$ 451,507.45	\$ 381,816.12	\$ 69,691.33
❖ Total Net Non Operating Revenue	\$0.00	\$ 1,974.31	\$ 4,066.91	\$ (2,092.60)
○ Total Expenses	\$0.00	\$ 244,854.13	\$ 249,222.99	\$ (4,368.86)
Increase(Dec.) Net Assets for Period		\$ 208,627.63	\$ 136,660.04	\$ 71,967.59
Total Checking and Savings		\$ 1,176,437.93	\$ 631,397.58	\$ 545,040.35
Total Assets		\$ 3,563,194.63	\$ 3,232,294.01	\$ 330,900.62
Full-Time/Part-time Employees		13/1	13/1	0/0

Budget:

There are no budget figures at this time awaiting Board's approval of proposed budget.

Actual:

- Total operating revenue increased this period compared to last by \$70,000 primarily due to the timing of collection of certificate renewal fees (+\$72k)
- ❖ Total net non operating revenue decreased this period compared to last by \$2,100 primarily due to the Board not having a tenant and rental income during the month.
- Total expenses slightly decreased this period compared to last by \$4,000. This variance primarily due to the timing of the printing costs related to the newsletter.

05/05/16

NC Board of CPA Examiners
Statement of Net Position
As of April 30, 2016

	<u>Apr 30, 16</u>	<u>Apr 30, 15</u>
ASSETS		
Current Assets		
Checking/Savings		
1076 · Bank of North Carolina - MMA	251,697.49	0.00
1075 · Union - Money Market	246,532.16	245,423.25
1074 · First Tennessee Bank - MMA	245,678.22	144,647.21
1023 · BB&T Disciplinary Clearing Acct	4,500.00	0.00
1020 · BB&T Checking Acct	417,688.28	231,166.26
1021 · BB&T Savings Account	10,241.78	10,060.86
1030 · BB&T Payroll Acct	100.00	100.00
Total Checking/Savings	<u>1,176,437.93</u>	<u>631,397.58</u>
Other Current Assets		
1110 · Accrued CD Interest	2,666.43	2,418.40
1050 · CD Investments - Current	1,249,095.47	1,194,740.68
1125 · Accts Rec Civil Penalties	5,000.00	0.00
Total Other Current Assets	<u>1,256,761.90</u>	<u>1,197,159.08</u>
Total Current Assets	2,433,199.83	1,828,556.66
Fixed Assets		
1330 · Land Improvement	14,640.90	14,640.90
1300 · Building	917,143.10	917,143.10
1305 · Land	300,000.00	300,000.00
1310 · Furniture	112,387.24	113,918.90
1320 · Equipment	174,698.30	192,462.69
1325 · Data Base Software	180,336.18	180,336.18
1390 · Accumulated Depreciation	-815,010.72	-807,493.22
Total Fixed Assets	<u>884,195.00</u>	<u>911,008.55</u>
Other Assets		
1250 · CD Investments Non-Current	245,799.80	492,728.80
Total Other Assets	<u>245,799.80</u>	<u>492,728.80</u>
TOTAL ASSETS	<u>3,563,194.63</u>	<u>3,232,294.01</u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	0.00	6,476.08
Total Accounts Payable	0.00	6,476.08
Other Current Liabilities		
2040 · Accounts Payable Civil Penalty	4,500.00	0.00
2005 · Due to Exam Vendors	543,098.49	473,014.12
2011 · Accounts Payable Other	2,500.00	2,500.00
2015 · Accrued Vacation Current	7,332.18	4,571.00
Total Other Current Liabilities	<u>557,430.67</u>	<u>480,085.12</u>
Total Current Liabilities	557,430.67	486,561.20

05/05/16

NC Board of CPA Examiners
Statement of Net Position
As of April 30, 2016

	<u>Apr 30, 16</u>	<u>Apr 30, 15</u>
Long Term Liabilities		
2020 · Accrued Vacation	72,106.36	73,432.34
Total Long Term Liabilities	<u>72,106.36</u>	<u>73,432.34</u>
Total Liabilities	629,537.03	559,993.54
Net Assets		
3010 · Net Assets Invest in Cap Assets	884,195.00	911,008.55
3020 · Designated for Capital Assets	100,000.00	100,000.00
3031 · Designated-Operating Expenses	300,000.00	300,000.00
3040 · Designated for Litigation	750,000.00	750,000.00
3900 · Net Assets Undesignated	690,834.97	474,631.88
Change in Net Assets	208,627.63	136,660.04
Total Net Assets	<u>2,933,657.60</u>	<u>2,672,300.47</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>3,563,194.63</u></u>	<u><u>3,232,294.01</u></u>

05/05/16

NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2016

	<u>Apr 16</u>	<u>Bu...</u>	<u>\$ Over B...</u>
Ordinary Income/Expense			
Income			
Certificate Fees			
4110 · Certificates - Initial	4,100.00	0.00	4,100.00
4120 · Certificates - Reciprocal	2,000.00	0.00	2,000.00
4121 · Certificates - Recip/Temp	0.00	0.00	0.00
4130 · Certificates - Temporary	0.00	0.00	0.00
4131 · Certificates - Temp Renewal	0.00	0.00	0.00
4140 · Certificates - Renewal Fees	300,840.00	0.00	300,840.00
4150 · Certificates - Reinst/Revoked	200.00	0.00	200.00
4151 · Certificates - Reinst/Surr	500.00	0.00	500.00
4152 · Certificates - Reinst/Retired	0.00	0.00	0.00
4160 · Certificates - Notification	0.00	0.00	0.00
4161 · Certificate - Notification Rnw	0.00	0.00	0.00
Total Certificate Fees	<u>307,640.00</u>	<u>0.00</u>	<u>307,640.00</u>
Exam Fee Revenue			
4001 · Initial Adm Fees	22,310.00	0.00	22,310.00
4002 · Re-Exam Adm Fees	14,325.00	0.00	14,325.00
4004 · Exam Fees Revenue	107,451.35	0.00	107,451.35
4060 · Equivalency Exam Fees	0.00	0.00	0.00
4070 · Transfer Exam Grade Credit	0.00	0.00	0.00
4071 · Exam Review Fees	0.00	0.00	0.00
4072 · Exam Scholarship Coupon	-616.90	0.00	-616.90
Total Exam Fee Revenue	<u>143,469.45</u>	<u>0.00</u>	<u>143,469.45</u>
Misc			
4999 · Board Training	0.00	0.00	0.00
4910 · Educational Program Fees	0.00	0.00	0.00
4970 · Duplicate Certificates	150.00	0.00	150.00
4980 · Copies	0.00	0.00	0.00
4990 · Miscellaneous	153.00	0.00	153.00
Total Misc	<u>303.00</u>	<u>0.00</u>	<u>303.00</u>
Partnership Fees			
4260 · Partnership Registration Fees	30.00	0.00	30.00
4261 · Partnership Renewal Fees	0.00	0.00	0.00
Total Partnership Fees	<u>30.00</u>	<u>0.00</u>	<u>30.00</u>
Professional Corporation Fees			
4250 · PC Registration Fees	150.00	0.00	150.00
4251 · PC Renewal Fees	-110.00	0.00	-110.00
4252 · PC Renewal Fees W/Penalties	25.00	0.00	25.00
Total Professional Corporation Fees	<u>65.00</u>	<u>0.00</u>	<u>65.00</u>
Total Income	<u>451,507.45</u>	<u>0.00</u>	<u>451,507.45</u>
Expense			
6900 · Bad Debit Expense	0.00	0.00	0.00
6690 · Over & Short	0.00	0.00	0.00

05/05/16

Statement of Revenues & Expense - Budget v. Actual

April 2016

	Apr 16	Bu...	\$ Over B...
Fringe Benefits			
5031 · Retirement - NCLB Contribution	5,332.77	0.00	5,332.77
5033 · Retirement - NCLB Administr	0.00	0.00	0.00
5035 · Health Ins. Premiums	9,325.38	0.00	9,325.38
5036 · Medical Reim Plan	3,415.09	0.00	3,415.09
5038 · Unemployment Claims	0.00	0.00	0.00
Total Fringe Benefits	18,073.24	0.00	18,073.24
Board Travel			
5120 · Board Travel - Board Meetings	1,100.05	0.00	1,100.05
5121 · Board Travel - Prof Meetings	14.00	0.00	14.00
5122 · Board Travel - NASBA Annual	0.00	0.00	0.00
5123 · Board Travel - NASBA Regional	0.00	0.00	0.00
5124 · Board Travel - NASBA Committees	0.00	0.00	0.00
5125 · Board Travel - AICPA/NASBA	0.00	0.00	0.00
5126 · Board Travel - NCACPA Annual	0.00	0.00	0.00
5127 · Board Travel - NCACPA/Board	0.00	0.00	0.00
5128 · Board Travel - AICPA Committees	0.00	0.00	0.00
5129 · Miscellaneous Board Costs	0.00	0.00	0.00
5133 · Board Travel - NASBA CPE	0.00	0.00	0.00
Total Board Travel	1,114.05	0.00	1,114.05
Building Expenses			
5800 · Building Maintenance	700.00	0.00	700.00
5801 · Electricity	997.50	0.00	997.50
5802 · Grounds Maintenance	140.00	0.00	140.00
5803 · Heat & Air Maintenance	0.00	0.00	0.00
5804 · Improvements	0.00	0.00	0.00
5805 · Insurance	0.00	0.00	0.00
5807 · Janitorial Maintenance	475.00	0.00	475.00
5808 · Pest Control Service	0.00	0.00	0.00
5809 · Security & Fire Alarm	0.00	0.00	0.00
5810 · Trash Collection	278.09	0.00	278.09
5811 · Water & Sewer	0.00	0.00	0.00
Total Building Expenses	2,590.59	0.00	2,590.59
Continuing Education -Staff			
5050 · Continuing Education - Staff	292.25	0.00	292.25
5051 · Continuing Education - RNB	0.00	0.00	0.00
5052 · Continuing Education - Computer	0.00	0.00	0.00
Total Continuing Education -Staff	292.25	0.00	292.25
Exam Postage			
5531 · Exam Postage	120.00	0.00	120.00
Total Exam Postage	120.00	0.00	120.00
Exam Printing			
5533 · Exam Printing	0.00	0.00	0.00
Total Exam Printing	0.00	0.00	0.00

05/05/16

Statement of Revenues & Expense - Budget v. Actual

April 2016

	Apr 16	Bu...	\$ Over B...
Exam Sitting and Grading			
5538 · Exam Vendor Expense	107,451.35	0.00	107,451.35
Total Exam Sitting and Grading	107,451.35	0.00	107,451.35
Exam Supplies			
5532 · Exam Supplies	0.00	0.00	0.00
Total Exam Supplies	0.00	0.00	0.00
Exam Temporary Staff			
5530-10 · Temp Employees - May	0.00	0.00	0.00
5530-20 · Temp Employees - Nov	0.00	0.00	0.00
Total Exam Temporary Staff	0.00	0.00	0.00
Investigation & Hearing Costs			
5220 · Investigator Fees	0.00	0.00	0.00
5221 · Staff Investigation Costs	16.50	0.00	16.50
5222 · Investigation Materials	0.00	0.00	0.00
5230 · Hearing Costs	1,033.77	0.00	1,033.77
5231 · Rule-Making Hearing Costs	0.00	0.00	0.00
5232 · Legal Advertising	0.00	0.00	0.00
5250 · Administrative Cost Assessed	-1,000.00	0.00	-1,000.00
5260 · Civil Penalties Assessed	-1,500.00	0.00	-1,500.00
5261 · Civil Penalties Remitted	450.00	0.00	450.00
Total Investigation & Hearing Costs	-999.73	0.00	-999.73
Legal Expense			
5140 · Legal Counsel - Administrative	0.00	0.00	0.00
5141 · Legal Counsel - Spec Projects	0.00	0.00	0.00
5210 · Legal Counsel - Prof Standards	0.00	0.00	0.00
5211 · Legal Counsel - Litigation	0.00	0.00	0.00
Total Legal Expense	0.00	0.00	0.00
Misc Personnel			
5034 · Misc. Payroll Deduction	0.00	0.00	0.00
5037 · HSA Deduction	70.00	0.00	70.00
5090 · Flowers, Gifts, Etc.	0.00	0.00	0.00
5091 · Staff Recruiting	0.00	0.00	0.00
5092 · Misc. Personnel Costs	0.00	0.00	0.00
Total Misc Personnel	70.00	0.00	70.00
Office Expense			
5436 · Contracted Copy Service	0.00	0.00	0.00
5301 · Equipment Rent	0.00	0.00	0.00
5310 · Decorations	0.00	0.00	0.00
5320 · Payroll Service	148.85	0.00	148.85
5360 · Telephone	0.00	0.00	0.00
5361 · Internet & Website	362.89	0.00	362.89
5390 · Clipping Service	0.00	0.00	0.00
5400 · Computer Prog/Assistance	0.00	0.00	0.00
5405 · Computer Software Maintenance	0.00	0.00	0.00
5410 · Dues	470.00	0.00	470.00
5420 · Insurance	0.00	0.00	0.00
5430 · Audit Fees	0.00	0.00	0.00

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Statement of Revenues & Expense - Budget v. Actual

April 2016

	Apr 16	Bu...	\$ Over B...
5435 · Consulting Services	0.00	0.00	0.00
5440 · Misc Office Expense	145.00	0.00	145.00
5445 · Banking Fees	0.00	0.00	0.00
5450 · Credit Card Fees	5,951.34	0.00	5,951.34
Total Office Expense	7,078.08	0.00	7,078.08
Per Diem - Board			
5110 · Per Diem - Board Meetings	850.00	0.00	850.00
5111 · Per Diem - Prof Meetings	250.00	0.00	250.00
5112 · Per Diem - NASBA Annual	0.00	0.00	0.00
5113 · Per Diem - NASBA Regional	0.00	0.00	0.00
5114 · Per Diem - NASBA Committees	50.00	0.00	50.00
5115 · Per Diem - AICPA/NASBA	0.00	0.00	0.00
5116 · Per Diem - NCACPA Annual	0.00	0.00	0.00
5117 · Per Diem - NCACPA/Board	0.00	0.00	0.00
5118 · Per Diem - AICPA Committees	0.00	0.00	0.00
5119 · Per Diem - Miscellaneous	0.00	0.00	0.00
5130 · Clerical Reimbursement	0.00	0.00	0.00
5135 · Per Diem - NASBA CPE	0.00	0.00	0.00
Total Per Diem - Board	1,150.00	0.00	1,150.00
Postage			
5345 · Postage - UPS	2,000.00	0.00	2,000.00
5340 · Postage - Other	550.00	0.00	550.00
5341 · Postage - Newsletter	5,500.00	0.00	5,500.00
5342 · Postage - Business Reply	150.00	0.00	150.00
5343 · Postage - Renewal	180.00	0.00	180.00
5344 · Postage - Rulebook	0.00	0.00	0.00
Total Postage	8,380.00	0.00	8,380.00
Printing			
5330 · Printing - Other	147.00	0.00	147.00
5331 · Printing - Newsletter	0.00	0.00	0.00
5332 · Printing - Special Projects	0.00	0.00	0.00
5333 · Printing - Renewal	0.00	0.00	0.00
5334 · Printing - Rulebook	0.00	0.00	0.00
5335 · Mailing Label Printing	0.00	0.00	0.00
Total Printing	147.00	0.00	147.00
Repairs & Maintenance			
5380 · Repairs - Misc.	0.00	0.00	0.00
5381 · Maintenance - Copiers	0.00	0.00	0.00
5382 · Maintenance - Computer	0.00	0.00	0.00
5383 · Maintenance - Postage	490.00	0.00	490.00
Total Repairs & Maintenance	490.00	0.00	490.00

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Statement of Revenues & Expense - Budget v. Actual

April 2016

	Apr 16	Bu...	\$ Over B...
Salaries & Payroll Taxes			
5040 · State Unemployment Tax	0.00	0.00	0.00
5010 · Staff Salaries	88,880.60	0.00	88,880.60
5020 · Part-Time Staff Salaries	1,288.63	0.00	1,288.63
5021 · Temporary Contractors	0.00	0.00	0.00
5030 · FICA Taxes	6,934.32	0.00	6,934.32
Total Salaries & Payroll Taxes	97,103.55	0.00	97,103.55
Scholarships			
5535 · Scholarship	0.00	0.00	0.00
Total Scholarships	0.00	0.00	0.00
Staff Travel			
5060 · Staff Travel - Local	81.72	0.00	81.72
5061 · Staff Travel - Prof Mtgs	1,361.30	0.00	1,361.30
5062 · Staff Travel - NASBA CPE	0.00	0.00	0.00
5063 · Staff Travel - NASBA Ethics	0.00	0.00	0.00
5070 · Staff Travel - NASBA Annual	0.00	0.00	0.00
5071 · Staff Travel - NASBA Regional	0.00	0.00	0.00
5072 · Staff Travel - NASBA ED/Legal	25.00	0.00	25.00
5073 · Staff Travel - NASBA Committee	0.00	0.00	0.00
5074 · Staff Travel - AICPA	0.00	0.00	0.00
5075 · Staff Travel - NCACPA Meetings	0.00	0.00	0.00
5076 · Staff Travel - NCACPA/Board	0.00	0.00	0.00
5077 · Staff Travel - Clear Conference	0.00	0.00	0.00
5078 · Staff Travel - Vehicle	0.00	0.00	0.00
5080 · Staff Travel - Univ Dialogue	0.00	0.00	0.00
Total Staff Travel	1,468.02	0.00	1,468.02
Subscriptions/References			
5370 · Subscriptions/References	0.00	0.00	0.00
Total Subscriptions/References	0.00	0.00	0.00
Supplies			
5350 · Supplies - Office	178.73	0.00	178.73
5351 · Supplies - Copier	0.00	0.00	0.00
5352 · Supplies - Computer	147.00	0.00	147.00
5353 · Supplies - Special Projects	0.00	0.00	0.00
Total Supplies	325.73	0.00	325.73
5920 · Funded Depreciation	0.00	0.00	0.00
6999 · Uncategorized Expenses	0.00	0.00	0.00
9999 · Suspense	0.00	0.00	0.00
Total Expense	244,854.13	0.00	244,854.13
Net Ordinary Income	206,653.32	0.00	206,653.32
Other Income/Expense			
Other Income			
8250 · Gift Card Revenue	0.00	0.00	0.00

05/05/16

Statement of Revenues & Expense - Budget v. Actual

April 2016

	<u>Apr 16</u>	<u>Bu...</u>	<u>\$ Over B...</u>
Interest Income			
8500 · Interest Income - MMAs	181.50	0.00	181.50
8505 · Interest Income - BB&T BUS IDA	0.00	0.00	0.00
8510 · Interest Income - CDs	1,313.26	0.00	1,313.26
8520 · Interest Income - Prudential TB	0.00	0.00	0.00
8530 · Interest Income - Wachovia MM	0.00	0.00	0.00
Total Interest Income	<u>1,494.76</u>	<u>0.00</u>	<u>1,494.76</u>
8200 · Rental Income	0.00	0.00	0.00
8920 · Gain on Sale of Fixed Assets	479.55	0.00	479.55
8921 · Loss on Sale of Fixed Assets	0.00	0.00	0.00
Total Other Income	<u>1,974.31</u>	<u>0.00</u>	<u>1,974.31</u>
Other Expense			
7000 · Leasing Commission	0.00	0.00	0.00
Total Other Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Other Income	<u>1,974.31</u>	<u>0.00</u>	<u>1,974.31</u>
Change in Net Assets	<u>208,627.63</u>	<u>0.00</u>	<u>208,627.63</u>

05/05/16

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr 16	Apr 15
Ordinary Income/Expense		
Income		
Certificate Fees		
4110 · Certificates - Initial	4,100.00	3,300.00
4120 · Certificates - Reciprocal	2,000.00	2,400.00
4140 · Certificates - Renewal Fees	300,840.00	228,300.00
4150 · Certificates - Reinst/Revoked	200.00	0.00
4151 · Certificates - Reinst/Surr	500.00	800.00
Total Certificate Fees	307,640.00	234,800.00
Exam Fee Revenue		
4001 · Initial Adm Fees	22,310.00	22,310.00
4002 · Re-Exam Adm Fees	14,325.00	13,500.00
4004 · Exam Fees Revenue	107,451.35	110,248.20
4070 · Transfer Exam Grade Credit	0.00	75.00
4071 · Exam Review Fees	0.00	400.00
4072 · Exam Scholarship Coupon	-616.90	-959.08
Total Exam Fee Revenue	143,469.45	145,574.12
Misc		
4999 · Board Training	0.00	1,180.00
4970 · Duplicate Certificates	150.00	50.00
4990 · Miscellaneous	153.00	12.00
Total Misc	303.00	1,242.00
Partnership Fees		
4260 · Partnership Registration Fees	30.00	0.00
Total Partnership Fees	30.00	0.00
Professional Corporation Fees		
4250 · PC Registration Fees	150.00	200.00
4251 · PC Renewal Fees	-110.00	0.00
4252 · PC Renewal Fees W/Penalties	25.00	0.00
Total Professional Corporation Fees	65.00	200.00
Total Income	451,507.45	381,816.12
Expense		
Fringe Benefits		
5031 · Retirement - NCLB Contribution	5,332.77	5,049.89
5035 · Health Ins. Premiums	9,325.38	9,778.42
5036 · Medical Reim Plan	3,415.09	4,302.03
Total Fringe Benefits	18,073.24	19,130.34
Board Travel		
5120 · Board Travel - Board Meetings	1,100.05	1,554.88
5121 · Board Travel - Prof Meetings	14.00	0.00
Total Board Travel	1,114.05	1,554.88

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NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	<u>Apr 16</u>	<u>Apr 15</u>
Building Expenses		
5800 · Building Maintenance	700.00	0.00
5801 · Electricity	997.50	920.55
5802 · Grounds Maintenance	140.00	100.00
5807 · Janitorial Maintenance	475.00	475.00
5810 · Trash Collection	278.09	160.00
Total Building Expenses	<u>2,590.59</u>	<u>1,655.55</u>
Continuing Education -Staff		
5050 · Continuing Education - Staff	292.25	0.00
Total Continuing Education -Staff	<u>292.25</u>	<u>0.00</u>
Exam Postage		
5531 · Exam Postage	120.00	0.00
Total Exam Postage	<u>120.00</u>	<u>0.00</u>
Exam Sitting and Grading		
5538 · Exam Vendor Expense	107,451.35	110,248.20
Total Exam Sitting and Grading	<u>107,451.35</u>	<u>110,248.20</u>
Investigation & Hearing Costs		
5221 · Staff Investigation Costs	16.50	0.00
5230 · Hearing Costs	1,033.77	0.00
5250 · Administrative Cost Assessed	-1,000.00	-500.00
5260 · Civil Penalties Assessed	-1,500.00	-2,000.00
5261 · Civil Penalties Remitted	450.00	1,896.60
Total Investigation & Hearing Costs	<u>-999.73</u>	<u>-603.40</u>
Misc Personnel		
5034 · Misc. Payroll Deduction	0.00	0.00
5037 · HSA Deduction	70.00	0.00
5092 · Misc. Personnel Costs	0.00	50.96
Total Misc Personnel	<u>70.00</u>	<u>50.96</u>
Office Expense		
5301 · Equipment Rent	0.00	156.00
5320 · Payroll Service	148.85	141.90
5361 · Internet & Website	362.89	362.89
5400 · Computer Prog/Assistance	0.00	870.00
5410 · Dues	470.00	450.00
5440 · Misc Office Expense	145.00	105.00
5445 · Banking Fees	0.00	15.00
5450 · Credit Card Fees	5,951.34	2,074.22
Total Office Expense	<u>7,078.08</u>	<u>4,175.01</u>
Per Diem - Board		
5110 · Per Diem - Board Meetings	850.00	850.00
5111 · Per Diem - Prof Meetings	250.00	0.00
5114 · Per Diem - NASBA Committees	50.00	50.00
Total Per Diem - Board	<u>1,150.00</u>	<u>900.00</u>

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NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr 16	Apr 15
Postage		
5345 · Postage - UPS	2,000.00	4,300.00
5340 · Postage - Other	550.00	0.00
5341 · Postage - Newsletter	5,500.00	5,600.00
5342 · Postage - Business Reply	150.00	0.00
5343 · Postage - Renewal	180.00	0.00
Total Postage	8,380.00	9,900.00
Printing		
5330 · Printing - Other	147.00	162.00
5331 · Printing - Newsletter	0.00	6,206.44
Total Printing	147.00	6,368.44
Repairs & Maintenance		
5383 · Maintenance - Postage	490.00	0.00
Total Repairs & Maintenance	490.00	0.00
Salaries & Payroll Taxes		
5040 · State Unemployment Tax	0.00	404.08
5010 · Staff Salaries	88,880.60	84,165.61
5020 · Part-Time Staff Salaries	1,288.63	1,482.00
5030 · FICA Taxes	6,934.32	6,629.73
Total Salaries & Payroll Taxes	97,103.55	92,681.42
Scholarships		
5535 · Scholarship	0.00	1,000.00
Total Scholarships	0.00	1,000.00
Staff Travel		
5060 · Staff Travel - Local	81.72	0.00
5061 · Staff Travel - Prof Mtgs	1,361.30	883.97
5072 · Staff Travel - NASBA ED/Legal	25.00	48.00
Total Staff Travel	1,468.02	931.97
Supplies		
5350 · Supplies - Office	178.73	739.62
5352 · Supplies - Computer	147.00	490.00
Total Supplies	325.73	1,229.62
Total Expense	244,854.13	249,222.99
Net Ordinary Income	206,653.32	132,593.13
Other Income/Expense		
Other Income		
Interest Income		
8500 · Interest Income - MMAs	181.50	144.25
8510 · Interest Income - CDs	1,313.26	1,190.71
Total Interest Income	1,494.76	1,334.96

05/05/16

NC Board of CPA Examiners
Statement of Revenues & Expenses
Year-to-Date Comparison

	<u>Apr 16</u>	<u>Apr 15</u>
8200 · Rental Income	0.00	2,731.95
8920 · Gain on Sale of Fixed Assets	479.55	0.00
Total Other Income	<u>1,974.31</u>	<u>4,066.91</u>
Net Other Income	<u>1,974.31</u>	<u>4,066.91</u>
Change in Net Assets	<u><u>208,627.63</u></u>	<u><u>136,660.04</u></u>

***North Carolina State Board of Certified Public Accountant Examiners
2016-2017 Proposed Budget***

<u>Operating Budget</u>	<i>Prior Year Budget</i> <u>2015-2016</u>	<i>Prior Year Actual</i> <u>2015-2016</u>	<i>Approved Budget</i> <u>2016-2017</u>	<u>Ref</u>
Revenues	\$ 2,797,364	\$ 2,973,024	\$ 3,078,985	A
Expenses:				
Personnel	1,285,575	1,196,872	1,317,013	B
Board & Legal	139,822	117,799	136,128	C
Office	365,000	361,970	370,240	D
Examination	1,001,400	1,021,553	1,101,800	E
Scholarship	11,000	5,500	0	
Building	39,500	35,559	42,800	F
Leasing Commission	0	0	2,000	
Miscellaneous	10,000	0	0	
Bad Debt Expense	0	0	0	
Capital Expenses	31,250	20,447	126,445	
Total	<u>2,883,547</u>	<u>2,759,700</u>	<u>3,096,426</u>	
Estimated Change in Net Assets (Before Depreciation)	<u>\$ (86,183)</u>	<u>\$ 213,323</u>	<u>\$ (17,441)</u>	
 <u>Capital Budget</u> 				
Hardware	\$ 23,750	\$ 17,447	\$ 10,500	
Software	7,500	3,000	7,500	
Roof Replacement	0	0	55,000	
HVAC Replacement	0	0	53,445	
Total	<u>\$ 31,250</u>	<u>\$ 20,447</u>	<u>\$ 126,445</u>	

Notes to the Budget

Overall Budget

For 2016-2017:

- Overall revenue is budgeted at an increase of \$281,621 (10.07%) with overall expenditures increasing by \$212,878 (7.38%).
- Personnel expenses are budgeted at an increase of \$31,437 (2.45%).
- Board and legal expenses are budgeted at a decrease of \$3,694 (-2.64%).
- Office expenses are budgeted at an increase of \$5,240 (1.44%).
- Examination expenses are budgeted at an increase of \$100,400 (10.03%).
- Scholarship expenses are budgeted to go to zero due to change to coupons.
- Building expenses are budgeted at an increase of \$3,300 (8.35%).
- Other expenses consist of leasing commission expenses and capital project costs. The capital budget includes the cost of Board server maintenance plans (\$7,500), the rotational replacement of staff computers (\$10,000), and the roof and HVAC replacement projects (\$108,445).

Revenue Budget

- Examination fees are budgeted to increase by approximately \$197,250. The majority of this increase (\$150,000) is related to an increase in the proposed number of exam sections to be taken. With the exam changing Spring 2017, it is anticipated that more persons will try to complete their exam requirements.
- Certificate fees are budgeted to increase by \$59,500 as the numbers of new licensees (\$10,000) have increased over the last two years along with the related renewal fees (\$47,000).
- Examination fees (52%) and certificate fees (44%) represent (96%) of the total revenue budget for the 2016-2017 year.
- Rental income shows an increase of approximately \$16,000 as we have new agreement with new tenant going forward.

- The interest income budget for 2016-2017 is based on an expectation that rates will remain stable and our current year earnings will be similar to the prior year.

Personnel Expense

- Personnel budget includes salary increases as previously approved by the Board for staff.
- Part time personnel costs include amounts for (2) college interns (\$6,000).
- Health insurance budget reflects the anticipated costs for employee insurance plans reflecting current trends in increasing health plan costs.

Board & Legal Expenses

- Board travel budget and per diem budget remain similar to the prior year. Budget is based on anticipated travel costs for current year NASBA meeting locations and the allowance for each Board member's attendance at planned events.
- Actual legal costs for 2015-2016 were approximately \$4,000 under the prior year budget, primarily related to increased collections of administrative costs related to Board cases. Collected administrative costs are used to net the overall legal costs to the Board. The 2016-2017 recommended budget for legal expenses of \$52,500 includes a negotiated lower fixed fee contract with outside counsel as well as lower budgeted collection of administrative costs.

Office Expenses

- Office expense budget was increased by approximately \$5,240 from the prior year.
- The most significant changes in this area address the anticipated increases in postage and printing for newsletter mailing services and increasing costs of services necessary for the Board to operate (upgrade of internet services to fiber optic, computer software maintenance, and credit card fees).

Examination Expense

- Exam sitting and grading fees are budgeted based on the 2015-2016 actual with an anticipated increase of about 10% in exam sections taken. Current year budget reflects an increase of \$100,000 from the prior year budget.

Building Expense

- Building expense budget increased by \$3,300. The increase is related to planned maintenance on inside and outside of building including carpet cleaning and power washing of building to remove build-up of wasp nests. Current year building budget remains in-line with building expense costs over the past several years.

North Carolina State Board of Certified Public Accountant Examiners
Proposed Revenue Budget

	<i>Prior Year Budget 2015-2016</i>	<i>Prior Year Actual 2015-2016</i>	<i>Approved Budget 2016-2017</i>
Examination Fees			
Initial Admin Fees	\$ 224,250	\$ 229,770	\$ 241,500
Re-Exam Fees	157,500	179,400	187,500
Exam Fees Revenue	1,050,000	1,124,225	1,200,000
Exam Coupon	(41,240)	(15,390)	(41,240)
Exam Review Fees	0	200	0
Equivalency Exam Fees	0	0	0
Grade Transfer Fees	0	75	0
Total Exam Fees	<u>1,390,510</u>	<u>1,518,280</u>	<u>1,587,760</u>
Certificate Fees			
Initial	60,000 (600/100)	65,700 (657/100)	70,000 (700/100)
Reciprocal	30,000 (300/100)	31,900 (319/100)	32,000 (320/100)
Renewals	1,183,500 (19725/60)	1,203,060 (20051/60)	1,230,000 (20500/60)
Reinstatements	10,000 (100/100)	11,100 (111/100)	11,000 (110/100)
Total Certificate Fees	<u>1,283,500</u>	<u>1,311,760</u>	<u>1,343,000</u>
Firm Registrations			
Partnership Renewal	36,500	39,170	39,000
PC Initial	4,500	4,900	4,500
PC Renewal	35,000	37,840	38,000
Partnership Registration	0	0	0
Total Firm Registrations	<u>76,000</u>	<u>81,910</u>	<u>81,500</u>
Miscellaneous Income	1,500	1,397	1,500
Rental Income	21,854	21,856	37,225
Gain on Fixed Assets	0	0	0
Interest	16,000	19,521	20,000
Gift Cards	8,000	18,300	8,000
Other	0	0	0
Total Revenues	<u>\$ 2,797,364</u>	<u>\$ 2,973,024</u>	<u>\$ 3,078,985</u>

***North Carolina State Board of Certified Public Accountant Examiners
Proposed Personnel Expense Budget***

	<i>Prior Year Budget</i> 2015-2016	<i>Prior Year Actual</i> 2015-2016	<i>Approved Budget</i> 2016-2017	Ref
Full Time Staff	\$ 907,841	\$ 876,297	\$ 933,132	
Part Time Staff	18,123	14,403	18,123	
Taxes - FICA	70,836	65,088	72,771	
Taxes - State Unemployment	2,800	1,149	0	
Retirement Contributions	54,470	52,476	55,988	
Retirement - NCLB Admin Fee	2,000	1,733	3,500	
Insurance - Health	177,000	148,211	187,000	
Staff CPE	4,000	3,273	5,000	
Staff Travel	44,005	30,374	36,999	B1
Miscellaneous	4,500	3,867	4,500	
Total Personnel Expense	\$ 1,285,575	\$ 1,196,872	\$ 1,317,013	

***North Carolina State Board of Certified Public Accountant Examiners
Proposed Staff Meeting Expense Budget***

				<u>Rate</u>					<i>Approved Budget 2016-2017</i>
	<u>Mtgs</u>	<u>Staff</u>	<u>Days</u>	<u>Air</u>	<u>Reg</u>	<u>Hotel</u>	<u>Meal</u>		
NASBA Meetings									
Annual	1	3	4	350	750	285	50	\$ 7,320	
Regional	1	2	3	150	695	259	50	3,544	
Executive Director/Legal	1	7	4	350	695	265	50	16,135	
Other Meetings									
Professional								<u>10,000</u>	
Total Staff Meeting Expense								<u>\$ 36,999</u>	

***North Carolina State Board of Certified Public Accountant Examiners
Proposed Board & Legal Expense Budget***

<u>Board Expense</u>	<i>Prior Year Budget 2015-2016</i>	<i>Prior Year Actual 2015-2016</i>	<i>Approved Budget 2016-2017</i>	Ref
Board Travel	\$ 56,522	\$ 48,985	\$ 56,528	C1
Per Diem	26,300	16,312	27,100	C1
Clerical Reimbursement	0	0	0	
Total Board Expense	\$ 82,822	\$ 65,297	\$ 83,628	
 <u>Legal Expense</u>				
Legal Counsel Fees - Admin/Prof Stds	\$ 42,000	\$ 42,117	\$ 36,000	
Legal Counsel Fees - Litigation	10,000	29,489	10,000	
Investigation Cost	10,000	12,265	11,500	
Hearing Cost	5,000	3,833	5,000	
Reimbursements - Net	(10,000)	(35,201)	(10,000)	
Total Legal Expense	\$ 57,000	\$ 52,502	\$ 52,500	
Total Board and Legal Expense	\$ 139,822	\$ 117,799	\$ 136,128	

***North Carolina State Board of Certified Public Accountant Examiners
Proposed Board Travel & Per Diem Expense Budget***

					<i>Approved Budget 2016-2017</i>
<u>Board Travel</u>					
	<u>Mtgs</u>	<u>Members</u>	<u>Days</u>	<u>Rate</u>	
Regular Board Meetings					
Hotel	12	5	1	160	\$ 9,600
Meals	12	5	1	40	2,400
Travel	12	5	1		12,288
					<u>24,288</u>
NASBA Annual Meeting					
Hotel	1	7	4	285	7,980
Meals	1	7	4	50	1,400
Travel	1	7	1	350	2,450
Registration	1	7	1	750	5,250
					<u>17,080</u>
NASBA Regional Meeting					
Hotel	1	5	3	259	3,885
Meals	1	5	3	50	750
Travel	1	5	1	250	1,250
Registration	1	5	1	695	3,475
					<u>9,360</u>
AICPA Council Meetings					
Hotel	2	2	3	300	3,600
Meals	2	2	3	50	600
Travel	2	2	1	400	1,600
					<u>5,800</u>
Total Board Meeting Expense					<u>\$ 56,528</u>
 <u>Board Per Diem</u>					
Regular Meeting	12	7	2	100	\$ 16,800
Professional Meetings				100	4,000
NASBA					
Annual Meeting	1	7	5	100	3,500
Regional Meeting	1	7	4	100	2,800
Total Board Per Diem Expense					<u>\$ 27,100</u>

***North Carolina State Board of Certified Public Accountant Examiners
Proposed Office Expense Budget***

	<i>Prior Year Budget 2015-2016</i>	<i>Prior Year Actual 2015-2016</i>	<i>Approved Budget 2016-2017</i>
Office Decorations	\$ 250	\$ 238	\$ 250
Equipment Rental	1,000	780	1,000
Printing	60,000	71,855	72,000
Postage	100,000	99,523	105,000
Supplies	12,000	10,706	12,000
Telephone	7,500	6,047	7,000
Internet & Website	7,620	4,355	5,000
Subscriptions	4,400	1,673	3,000
Repairs & Maintenance	6,000	2,732	5,000
Clipping Service	4,000	3,550	4,000
Computer Software Maintenance	45,000	50,461	55,000
Computer Software	5,000	2,490	5,000
Dues	8,200	7,800	8,200
Insurance	15,600	16,101	16,800
Miscellaneous	3,500	1,155	3,500
Audit Fees	8,730	8,730	8,990
Credit Card Fees	45,000	49,382	52,000
Banking Fees	3,200	3,210	3,500
Contracted Copy Service	25,000	19,326	0
Payroll Service	2,000	1,856	2,000
Consulting Fees	1,000	0	1,000
Total Office Expense	\$ 365,000	\$ 361,970	\$ 370,240

***North Carolina State Board of Certified Public Accountant Examiners
Proposed Examination Expense Budget***

	<i>Prior Year Budget</i>	<i>Prior Year Actual</i>	<i>Approved Budget</i>
	<u>2015-2016</u>	<u>2015-2016</u>	<u>2016-2017</u>
Exam Sitting & Grading	\$ 1,000,000	\$ 1,019,993	\$ 1,100,000
Exam Postage	1,400	1,560	1,800
Total Examination Expense	\$ 1,001,400	\$ 1,021,553	\$ 1,101,800

***North Carolina State Board of Certified Public Accountant Examiners
Proposed Building Expense Budget***

	<i>Prior Year Budget 2015-2016</i>	<i>Prior Year Actual 2015-2016</i>	<i>Approved Budget 2016-2017</i>
Building Maintenance	\$ 1,000	\$ 249	\$ 2,500
Electricity	12,000	11,919	12,000
Grounds Maintenance	3,000	2,898	5,000
Heat & Air Maintenance	7,000	5,545	6,000
Improvements	2,000	0	2,000
Insurance	4,500	4,459	4,500
Janitorial Maintenance	6,000	5,700	6,000
Trash Collection	200	1,328	1,000
Water & Sewer	1,100	992	1,100
Security	2,500	2,320	2,500
Pest Control	200	150	200
Total Building Expense	\$ 39,500	\$ 35,559	\$ 42,800

North Carolina State Board of Certified Public Accountant Examiners
Budget History

Operating Budget	Proposed Budget 2016-2017	Fiscal Year Budget 2015-2016	Fiscal Year Budget 2014-2015	Fiscal Year Budget 2013-2014	Fiscal Year Budget 2012-2013	Fiscal Year Budget 2011-2012	Fiscal Year Budget 2010-2011
Revenues	\$ 3,078,985	\$ 2,797,364	\$ 2,731,395	\$ 2,782,204	\$ 2,853,054	\$ 2,845,688	\$ 2,672,502
Expenses:							
Personnel	1,317,013	1,285,576	1,290,674	1,268,114	1,292,764	1,149,809	1,053,035
Board & Legal	136,128	139,822	123,495	128,799	123,190	150,441	218,610
Office	370,240	365,000	329,300	321,800	303,000	311,825	318,350
Examination	1,101,800	1,001,400	926,400	1,001,400	1,078,300	1,154,000	1,150,000
Scholarship	0	11,000	11,000	10,000	11,000	0	0
Building	42,800	39,500	51,050	37,350	51,530	58,901	32,000
Other/Capital	128,445	41,250	17,500	32,635	5,000	11,300	10,000
Total	3,096,426	2,883,548	2,749,419	2,800,098	2,864,784	2,836,276	2,781,995
Estimated Change in Net Assets (Before Depreciation)	\$ (17,441)	\$ (86,184)	\$ (18,024)	\$ (17,894)	\$ (11,730)	\$ 9,412	\$ (109,493)

Operating Budget	Proposed Budget 2016-2017	Fiscal Year Budget 2015-2016	Fiscal Year Budget 2014-2015	Fiscal Year Budget 2013-2014	Fiscal Year Budget 2012-2013	Fiscal Year Budget 2011-2012	Fiscal Year Budget 2010-2011	CY vs PY Chg
Revenues	\$ 3,078,985 10.07%	\$ 2,797,364 2.42%	\$ 2,731,395 -1.83%	\$ 2,782,204 -2.48%	\$ 2,853,054 0.26%	\$ 2,845,688 6.48%	\$ 2,672,502	281,621
Expenses:								
Personnel	1,317,013 2.45%	1,285,576 -0.39%	1,290,674 1.78%	1,268,114 -1.91%	1,292,764 12.43%	1,149,809 9.19%	1,053,035	31,437
Board & Legal	136,128 -2.64%	139,822 13.22%	123,495 -4.12%	128,799 4.55%	123,190 -18.11%	150,441 -31.18%	218,610	(3,694)
Office	370,240 1.44%	365,000 10.84%	329,300 2.33%	321,800 6.20%	303,000 -2.83%	311,825 -2.05%	318,350	5,240
Examination	1,101,800 10.03%	1,001,400 8.10%	926,400 -7.49%	1,001,400 -7.13%	1,078,300 -6.56%	1,154,000 0.35%	1,150,000	100,400
Scholarship	0 -100.00%	11,000 0.00%	11,000 10.00%	10,000 0.00%	10,000 100.00%	0 0.00%	0	(11,000)
Building	42,800 8.35%	39,500 -22.62%	51,050 36.68%	37,350 -27.52%	51,530 -12.51%	58,901 84.07%	32,000	3,300
Other	128,445 211.38%	41,250 135.71%	17,500 -46.38%	32,635 552.70%	5,000 -55.75%	11,300 13.00%	10,000	87,195
Total	3,096,426 7.38%	2,883,548 4.88%	2,749,419 -1.81%	2,800,098 -2.22%	2,863,784 0.97%	2,836,276 1.95%	2,781,995	212,878
Estimated Change in Net Assets (Before Depreciation)	\$ (17,441)	\$ (86,184)	\$ (18,024)	\$ (17,894)	\$ (11,730)	\$ 9,412	\$ (109,493)	

- January 25, 2016 – discussion of rules and draft rule-making schedule
- February 22, 2016 – continued discussion of rules
- March 23, 2016 – continued discussion of rules
- April 25, 2016 – draft rules presented and discussed
- May 19, 2016 - continued discussion of draft rules
- June 23, 2016 –continued discussion of draft rules
- July 22, 2016 - continued discussion of draft rules
- August 22, 2016 - proposed rules presented and voted on to send to the Rules Review Commission (RRC) for publication in the NC Register
- September 12, 2016 – filing deadline for publication in the NC Register
- October 3, 2016 – published in the NC Register
- October 27, 2016 – public rule-making hearing
- December 2, 2016 – public comment period ends
- December 19, 2016 – final action by the Board on the proposed rules
- December 20, 2016 – file rules with the RRC
- January 2017 – review by the RRC at its meeting
- February 1, 2017 – effective date of rules

1 **21 NCAC 08A .0301 DEFINITIONS**

2
3 (a) The definitions set out in G.S. 93-1(a) apply when those defined terms are used in this Chapter.

4 (b) In addition to the definitions set out in G.S. 93-1(a), the following definitions apply when these terms are used
5 in this Chapter:

- 6 (1) "Active," when used to refer to the status of a person, describes a person who possesses a North
7 Carolina certificate of qualification and who has not otherwise been granted "Inactive" status;
- 8 (2) "Agreed-upon procedures" means a professional service whereby a CPA is engaged to issue a
9 report of findings based on specific procedures performed on identified subject matter;
- 10 (3) "AICPA" means the American Institute of Certified Public Accountants;
- 11 (4) "Applicant" means a person who has applied to take the CPA examination or applied for a
12 certificate of qualification;
- 13 (5) "Attest service" means a professional service whereby a CPA in the practice of public accounting
14 is engaged to issue or does issue:
- 15 (A) any audit or engagement to be performed in accordance with the Statements on Auditing
16 Standards, Statements on Generally Accepted Governmental Auditing Standards, Public
17 Company Accounting Oversight Board Auditing Standards, and International Standards
18 on Auditing;
- 19 (B) any review or engagement to be performed in accordance with the Statements on
20 Standards for Accounting and Review Services;
- 21 (C) any compilation or engagement to be performed in accordance with the Statements on
22 Standards for Accounting and Review Services; or
- 23 (D) any engagement to be performed in accordance with the Statements on Standards for
24 Attestation Engagements;
- 25 (6) "Audit" means a professional service whereby a CPA is engaged to examine financial statements,
26 items, accounts, or elements of a financial statement prepared by management, in order to express
27 an opinion on whether the financial statements, items, accounts, or elements of a financial
28 statement are presented in conformity with an applicable reporting framework, that enhances the
29 degree of confidence that intended users can place on the financial statements, items, accounts, or
30 elements of a financial statement;
- 31 (7) "Calendar year" means the 12 months beginning January 1 and ending December 31;
- 32 (8) "Candidate" means a person whose application to take the CPA examination has been accepted by
33 the Board and who may sit for the CPA examination;
- 34 (9) "Client" means a person or an entity who orally or in writing agrees with a licensee to receive any
35 professional services performed or delivered;
- 36 (10) "Commission" means compensation, except a referral fee, for recommending or referring any
37 product or service to be supplied by another person;
- 38 (11) "Compilation" means a professional service whereby a CPA is engaged to present, in the form of
39 financial statements, information that is the representation of management without undertaking to
40 express any assurance on the statements;
- 41 (12) "Contingent fee" means a fee established for the performance of any service pursuant to an
42 arrangement in which no fee will be charged unless a specified finding or result is attained, or in
43 which the amount of the fee is otherwise dependent upon the finding or result of such service;
- 44 (13) "CPA" means certified public accountant;
- 45 (14) "CPA firm" means a sole proprietorship, a partnership, a professional corporation, a professional
46 limited liability company, or a registered limited liability partnership that uses "certified public
47 accountant(s)" or "CPA(s)" in or with its name or offers to or renders any attest services in the
48 public practice of accountancy;
- 49 (15) "CPE" means continuing professional education;
- 50 (16) "Disciplinary action" means revocation or suspension of, or refusal to grant a certificate, or the
51 imposition of a reprimand, probation, constructive comment, or any other penalty or condition;
- 52 (17) "FASB" means the Financial Accounting Standards Board;
- 53 (18) "Firm network" means an association of entities that includes one or more firms that cooperate for
54 the purpose of enhancing the firms' capabilities to provide professional services and share one or
55 more of the following characteristics:
- 56 (A) the use of a common brand name, including initials, as part of the firm name;

- 1 (B) common control among the firms through ownership, management, or other means;
2 (C) profits or costs, excluding costs of operating the association; costs of developing audit
3 methodologies, manuals, and training courses; and other costs that are immaterial to the
4 firm;
5 (D) common business strategy that involves ongoing collaboration amongst the firms
6 whereby the firms are responsible for implementing the association's strategy and are
7 accountable for performance pursuant to that strategy;
8 (E) significant part of professional resources; or
9 (F) common quality control policies and procedures that firms are required to implement and
10 that are monitored by the association;
11 (19) "GASB" means the Governmental Accounting Standards Board;
12 (20) "Inactive," when used to refer to the status of a person, describes a person who has requested
13 inactive status and has been approved by the Board and who does not use the title "certified public
14 accountant," nor does he or she allow anyone to refer to him or her as a "certified public
15 accountant," and neither he nor she nor anyone else refers to him or her in any representation as
16 described in Rule .0308(b) of this Section;
17 (21) "IRS" means the Internal Revenue Service;
18 (22) "Jurisdiction" means any state or territory of the United States or the District of Columbia;
19 (23) "License year" means the 12 months beginning July 1 and ending June 30;
20 (24) "Member of a CPA firm" means any CPA who has an equity ownership interest in a CPA firm;
21 (25) "NASBA" means the National Association of State Boards of Accountancy;
22 (26) "NCACPA" means the North Carolina Association of Certified Public Accountants;
23 (27) "North Carolina office" means any office physically located in North Carolina;
24 (28) "Person" means any natural person, corporation, partnership, professional limited liability
25 company, registered limited liability partnership, unincorporated association, or other entity;
26 (29) "Professional" means arising out of or related to the particular knowledge or skills associated with
27 CPAs;
28 (30) "Referral fee" means compensation for recommending or referring any service of a CPA to any
29 person;
30 (31) "Revenue Department" means the North Carolina Department of Revenue;
31 (32) "Review" means a professional service whereby a CPA is engaged to perform procedures, limited
32 to analytical procedures and inquiries, to obtain a reasonable basis for expressing limited
33 assurance on whether any material modifications should be made to the financial statements for
34 them to be in conformity with generally accepted accounting principles or other comprehensive
35 basis of accounting;
36 (33) "Reviewer" means a member of a review team including the review team captain;
37 (34) "Suspension" means a revocation of a certificate for a specified period of time. A CPA may be
38 reinstated after a specific period of time if the CPA has met all conditions imposed by the Board at
39 the time of suspension;
40 (35) "Trade name" means a name used to designate a business enterprise;
41 (36) "Work papers" mean the CPA's records of the procedures applied, the tests performed, the
42 information obtained, and the conclusions reached in attest services, tax services, consulting
43 services, special report services, or other engagements. Work papers include programs used to
44 perform professional services, analyses, memoranda, letters of confirmation and representation,
45 checklists, copies or abstracts of company documents, and schedules of commentaries prepared or
46 obtained by the CPA. The forms include handwritten, typed, printed, word processed,
47 photocopied, photographed, and computerized data, or in any other form of letters, words,
48 pictures, sounds or symbols; and
49 (37) "Work product" means the end result of the engagement for the client that may include a tax
50 return, attest or assurance report, consulting report, and financial plan. The forms include
51 handwritten, typed, printed, word processed, photocopied, photographed, and computerized data,
52 or in any other form of letters, words, pictures, sounds, or symbols.
53 (c) Any requirement to comply by a specific date to the Board that falls on a weekend or federal holiday shall be
54 received as in compliance if postmarked by U.S. Postal Service cancellation by that date, if received by a private
55 delivery service by that date, or received in the Board office on the next business day.
56

1 *History Note: Authority G.S. 93-1; 93-12; 93-12(3);*
2 *Eff. February 1, 1976;*
3 *Readopted Eff. September 26, 1977;*
4 *Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006; January 1, 2004; April 1,*
5 *1999; August 1, 1998; February 1, 1996; April 1, 1994; September 1, 1992;*
6 *Readoped Eff. February 1, 2016.*
7

1 **21 NCAC 08N .0203 DISCREDITABLE CONDUCT PROHIBITED**

2
3 (a) A CPA shall not engage in conduct discreditable to the accounting profession.

4 (b) Prohibited discreditable conduct includes:

- 5 (1) acts that reflect adversely on the CPA's honesty, integrity, trustworthiness, good moral character,
6 or fitness as a CPA;
7 (2) stating or implying an ability to improperly influence a governmental agency or official;
8 (3) failing to comply with any order issued by the Board;
9 (4) failing to fulfill the terms of a peer review engagement contract;
10 (5) misrepresentation in reporting CPE credits; or
11 (6) entering into any settlement or other resolution of a dispute that purports to keep its contents
12 confidential from the Board.
13 (7) failing to participate in a peer review program pursuant to 08M .0105 of this Chapter.

14
15 *History Note:* Authority G.S. 55B-12; 57C-2-01; 93-12(3); 93-12(9);
16 Eff. April 1, 1994;
17 Amended Eff. January 1, 2014; January 1, 2004; August 1, 1995.
18

1 **21 NCAC 08N .0305 RETENTION OF CLIENT RECORDS**

2
3 (a) Return Upon Demand. A CPA shall return client records in his or her possession to the client after a demand is
4 made for their return. The records shall be returned upon demand unless circumstances make some delay reasonable
5 in order to retrieve a closed file or to extract the CPA's work papers described in Paragraph (f) of this Rule. If the
6 records cannot be returned upon demand, the CPA shall immediately notify the client of the date the records will be
7 returned. Nothing in this Rule shall be interpreted to require a CPA to pay delivery costs when the records are
8 returned to the client.

9 (b) Who May Demand Client Records. If the client is a partnership, records shall be returned upon request to any of
10 its general partners. If the client is a limited partnership or a registered limited liability partnership, records shall be
11 returned upon request to its general partner(s) and the managing partner, or his or her designated individual
12 respectively. If the client is a corporation, records shall be returned upon request to its president. If the client is a
13 limited liability company, records shall be returned upon request to the manager. Joint records shall be returned
14 upon request to any party to the record.

15 (c) Return of Original Records. If the engagement is terminated prior to completion or the CPA's work product has
16 neither been received nor paid for by the client, the CPA shall be required to return only those records originally
17 given to the CPA by the client.

18 ~~(d) Retention to Force Payment. A CPA shall not retain a client's records in order to force payment of any kind.~~

19 ~~(e) Work Papers Included in Client Records. Work papers are usually the CPA's property and need not be~~
20 ~~surrendered to the client. However, in some instances work papers may contain data that should be reflected in the~~
21 ~~client's books and records but for convenience have not been duplicated therein with the result that the client's~~
22 ~~records are incomplete. In such instances, the portion of the work papers containing such data constitutes part of the~~
23 ~~client's records, and copies shall be given to the client along with the rest of the client's records. Work papers~~
24 ~~considered part of the client's records include but are not limited to:~~

- 25 (1) ~~worksheets in lieu of original entry (such as listings and distributions of cash receipts or cash~~
26 ~~disbursements on columnar work paper);~~
27 (2) ~~worksheets in lieu of general ledger or subsidiary ledgers, such as accounts receivable, job cost~~
28 ~~and equipment ledgers, or similar types of depreciation records;~~
29 (3) ~~all adjusting and closing journal entries and supporting details not fully set forth in the journal~~
30 ~~entry; and~~
31 (4) ~~consolidating or combining journal entries and worksheets and supporting detail used in arriving~~
32 ~~at final figures incorporated in an end product such as financial statements or tax returns.~~

33 ~~(f) Work Papers Belonging to the CPA. Work papers developed by the CPA incident to the performance of an~~
34 ~~engagement that do not result in changes to the client's records, or are not in themselves part of the records~~
35 ~~ordinarily maintained by such clients, are the CPA's work papers and are not the property of the client. For example,~~
36 ~~the CPA may make extensive analyses of inventory or other accounts as part of the selective audit procedures. These~~
37 ~~analyses are considered to be a part of the CPA's work papers, even if the analyses have been prepared by client~~
38 ~~personnel at the request of the CPA. Only to the extent these analyses result in changes to the client's records would~~
39 ~~the CPA be required to furnish the details from the work papers in support of the journal entries recording the~~
40 ~~changes, unless the journal entries themselves contain all necessary details.~~

41 ~~(g) (d) Reasonable fees for Copies. Nothing in this Rule shall be construed to require the CPA to furnish a client~~
42 ~~with copies of the client's records already in the client's possession. However, if the client asserts that such records~~
43 ~~have been lost, or are otherwise not in the client's possession, the CPA shall furnish copies of the records and may~~
44 ~~charge a reasonable fee.~~

45 ~~(h) (e) Retention of Work Product and Work Papers. A CPA shall ensure that the work product and the work~~
46 ~~papers created in the performance of an engagement for a client are retained for at least of five years after the date of~~
47 ~~issuance of the work product unless the CPA is required by law to retain such records for a longer period.~~

48
49 *History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
50 *Eff. April 1, 1994;*
51 *Amended Eff. January 1, 2006; April 1, 2003;*
52 *Readopted Eff. February 1, 2016.*
53

1 **21 NCAC 08N .0402 INDEPENDENCE**

2
3 (a) A CPA, or the CPA's firm, who is performing an engagement in which the CPA, or the CPA's firm, will issue a
4 report on financial statements of any client (other than a report in which lack of independence is disclosed) shall be
5 independent with respect to the client in fact and appearance.

6 (b) Independence is impaired if, during the period of the professional engagement, a covered person:

- 7 (1) had or was committed to acquire any direct or material indirect financial interest in the client;
- 8 (2) was a trustee of any trust or executor or administrator of any estate if such trust or estate had or
9 was committed to acquire any direct or material indirect financial interest in the client; and
- 10 (A) the covered person (individually or with others) had the authority to make investment
11 decisions for the trust or estate;
- 12 (B) the trust or estate owned or was committed to acquire more than 10 percent of the client's
13 outstanding equity securities or other ownership interests; or
- 14 (C) the value of the trust's or estate's holdings in the client exceeded 10 percent of the total
15 assets of the trust or estate;
- 16 (3) had a joint closely held investment that was material to the covered person; or
- 17 (4) except as permitted in the AICPA Professional Standards Code of Professional Conduct and
18 Bylaws, had any loan to or from the client or any officer or director of the client, or any individual
19 owning 10 percent or more of the client's outstanding equity securities or other ownership
20 interests.

21 (c) Independence is impaired if during the period of the professional engagement, a shareholder, a member, a
22 partner or professional employee of the firm, his or her immediate family and close relatives, (as defined in the
23 AICPA Code of Professional Conduct and Bylaws) or any group of such persons acting together owned more than
24 five percent of a client's outstanding equity securities or other ownership interests.

25 (d) Independence is impaired if, during the period covered by the financial statements, or during the period of the
26 professional engagement, a shareholder, a member, a partner, or professional employee of the firm was
27 simultaneously associated with the client as a:

- 28 (1) director, officer, employee, or in any capacity equivalent to that of a member of management;
- 29 (2) promoter, underwriter, or voting trustee; or
- 30 (3) trustee for any pension or profit-sharing trust of the client.

31 (e) For the purposes of this Rule "covered person" is

- 32 (1) an individual on the attest engagement team;
- 33 (2) an individual in a position to influence the attest engagement;
- 34 (3) a partner or manager who provides non-attest services to the attest client beginning once he or she
35 provides 10 hours of non-attest services to the client within any fiscal year and ending on the later
36 of the date:
 - 37 (A) the firm signs the report on the financial statements for the fiscal year during which those
38 services were provided; or
 - 39 (B) he or she no longer expects to provide 10 or more hours of non-attest services to the attest
40 client on a recurring basis;
- 41 (4) a partner in the office in which the lead attest engagement partner primarily practices in
42 connection with the attest engagement;
- 43 (5) the firm, including the firm's employee benefit plans; or
- 44 (6) an entity whose operating, financial, or accounting policies can be controlled (as defined by
45 generally accepted accounting principles (GAAP) for consolidation purposes) by any of the
46 individuals or entities described in Subparagraphs (1) through (5) of this Paragraph or by two or
47 more such individuals or entities if they act together;

48 (f) The impairments of independence listed in this Rule shall not be interpreted to be an all inclusive list.

49
50 *History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
51 *Eff. April 1, 1994;*
52 *Amended Eff. February 1, 2011; April 1, 2003;*
53 *Readopted Eff. February 1, 2016.*
54

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

SESSION LAW 2016-5
SENATE BILL 729*

1 AN ACT TO MAKE VARIOUS CHANGES TO THE REVENUE LAWS.

2
3 The General Assembly of North Carolina enacts:

4
5 **PART I. BUSINESS TAX CHANGES**

6 **SECTION 1.1.(a)** G.S. 105-121.1 is repealed.

7 **SECTION 1.1.(b)** G.S. 58-6-7(a) reads as rewritten:

8 "(a) In order to do business in this State, an insurance company shall apply for and obtain a
9 license from the Commissioner. The license shall be perpetual and shall continue in full force and
10 effect, subject to timely payment of the annual license continuation fee in accordance with this
11 Chapter and subject to any other applicable provision of the insurance laws of this State. The
12 insurance company shall pay a fee for each year the license is in effect, as follows:

13 For each domestic farmer's mutual assessment fire	
14 insurance company.....	\$ 25.00
15 For each fraternal order.....	500.00
16 For each of all other insurance companies, except domestic	
17 mutual burial associations taxed under G.S. 105-121.1	2,500.00

18 The fees levied in this subsection are in addition to those specified in G.S. 58-6-5."

19 **SECTION 1.1.(c)** This section is effective for taxes due on or after April 1, 2017.

20 **SECTION 1.3.(a)** G.S. 105-130.4(s) reads as rewritten:

21 "(s) All apportionable income of an air transportation corporation or a water transportation
22 corporation shall be apportioned by a fraction, the numerator of which is the corporation's revenue
23 ton miles in this State and the denominator of which is the corporation's revenue ton miles
24 everywhere. A qualified air freight forwarder shall use the revenue ton mile fraction of its
25 affiliated air carrier. The following definitions apply in this subsection:

- 26 (1) Air carrier. – A corporation engaged in the business of transporting any
27 combination of passengers or property of any kind in interstate commerce, and
28 the majority of the corporation's revenue ton miles everywhere are attributed to
29 transportation by aircraft.
- 30 (2) Air transportation corporation. – One or more of the following:
31 a. An air carrier that carries any combination of passengers or property of
32 any kind.
33 b. A qualified air freight forwarder.
- 34 (3) Qualified air freight forwarder. – A corporation that is an affiliate of an air
35 carrier and whose air freight forwarding business is primarily carried on with
36 the affiliated air carrier.
- 37 (4) ~~The term "revenue ton mile" means one mile.~~ – One ton of passengers,
38 freight, mail, or other cargo carried one ~~mile.~~ mile by the air transportation
39 corporation or water transportation corporation by aircraft, motor vehicle, or
40 vessel. In making this computation, a passenger is considered to weigh two
41 hundred pounds."

42 **SECTION 1.3.(b)** This section is effective for taxable years beginning on or after
43 January 1, 2016.

44 **SECTION 1.4.** G.S. 105-228.5(b)(4) reads as rewritten:

45 "(b) Tax Base. –

- 46 ...
- 47 (4) Self-insurers. – The tax imposed by this section on a self-insurer shall be
48 measured by the gross premiums that would be charged against the same or



1 c. Is built on a single chassis mounted on wheels with a gross trailer area
2 not exceeding 400 square feet in the setup mode.

3 (4)(5) Recreational vehicle. – Defined in G.S. 20-4.01. The term also includes a park
4 model RV.

5 (5)(6) Rescue squad. – An organization that provides rescue services, emergency
6 medical services, or both.

7 (6)(7) Retailer. – A retailer as defined in G.S. 105-164.3 who is engaged in the
8 business of selling, leasing, or renting motor vehicles.

9 (7)(8) Short-term lease or rental. – A lease or rental that is not a long-term lease or
10 rental."

11 **SECTION 3.19.(b)** G.S. 105-164.13(32) reads as rewritten:

12 **"§ 105-164.13. Retail sales and use tax.**

13 The sale at retail and the use, storage, or consumption in this State of the following tangible
14 personal property, digital property, and services are specifically exempted from the tax imposed
15 by this Article:

16 ...
17 (32) Sales of motor vehicles, the sale of a motor vehicle body to be mounted on a
18 motor vehicle chassis when a certificate of title has not been issued for the
19 chassis, and the sale of a motor vehicle body mounted on a motor vehicle
20 chassis that temporarily enters the State so the manufacturer of the body can
21 mount the body on the chassis. For purposes of this subdivision, a park model
22 RV, as defined in G.S. 105-187.1, is a motor vehicle."

23 **SECTION 3.19.(d)** This section becomes effective July 1, 2016.

24 **SECTION 3.20.(a)** G.S. 105-187.21 reads as rewritten:

25 **"§ 105-187.21. Tax imposed.**

26 A privilege tax is imposed on a white goods retailer at a flat rate for each new white good that
27 is sold by the retailer. An excise tax is imposed on a new white good purchased ~~outside the State~~
28 for storage, use, or consumption in this State. The rate of the privilege tax and the excise tax is
29 three dollars (\$3.00). These taxes are in addition to all other taxes."

30 **SECTION 3.20.(b)** This section becomes effective July 1, 2016.

31 **SECTION 3.21.** G.S. 105-538 reads as rewritten:

32 **"§ 105-538. Administration of taxes.**

33 The Secretary shall, on a monthly basis, allocate to each taxing county the net proceeds of the
34 tax levied under this Article. If the Secretary collects taxes under this Article in a month and the
35 taxes cannot be identified as being attributable to a particular taxing county, the Secretary must
36 allocate the net proceeds of these taxes among the taxing counties in proportion to the amount of
37 taxes collected in each county under this Article in that month. For purposes of this Article, the
38 term "net proceeds" has the same meaning as defined in G.S. 105-472.

39 Except as provided in this Article, the adoption, levy, collection, administration, and repeal of
40 these additional taxes must be in accordance with Article 39 of this Chapter. G.S. 105-468.1 is an
41 administrative provision that applies to this Article. A tax levied under this Article does not apply
42 to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales
43 price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary shall not
44 divide the amount allocated to a county between the county and the municipalities within the
45 county."

46 **SECTION 3.22.(a)** G.S. 105-164.29A(a) reads as rewritten:

47 "(a) Application. – To be eligible for the exemption provided in G.S. 105-164.13(52), a
48 State agency must obtain from the Department a sales tax exemption number. The application for
49 exemption must be in the form required by the Secretary, be signed by the State agency's head,
50 and contain any information required by the Secretary. The Secretary must assign a sales tax
51 exemption number to a State agency that submits a proper application. This section does not apply
52 to any of the following State agencies:

53 (1) An occupational licensing board, as defined in G.S. 93B-1.

54 (2) An entity listed in G.S. 105-164.14(c)."

55 **SECTION 3.22.(b)** G.S. 105-164.14(e) reads as rewritten:

56 "(e) State Agencies. – The State is allowed quarterly refunds of local sales and use taxes
57 paid indirectly by the State agency on building materials, supplies, fixtures, and equipment that
58 become a part of or annexed to a building or structure that is owned or leased by the State agency
59 and is being erected, altered, or repaired for use by the State agency. This subsection does not

1 apply to a State agency that is ineligible for a sales and use tax exemption number under
2 G.S. 105-164.29A(a).

3 A person who pays local sales and use taxes on building materials or other tangible personal
4 property for a State building project shall give the State agency for whose project the property was
5 purchased a signed statement containing all of the following information:

6
7 ~~....~~
8 **SECTION 3.22.(c)** This section becomes effective July 1, 2017.

9 **SECTION 3.23.(a)** G.S. 105-164.13(11b) reads as rewritten:

10 "(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a
11 commercial aircraft. For purposes of this subdivision, the term "commercial
12 aircraft" has the same meaning as defined in subdivision (45a) of this
13 subsection. This exemption applies to aviation gasoline and jet fuel purchased
14 for use in a commercial aircraft in interstate or foreign commerce by a person
15 whose primary business is scheduled passenger air transportation. This
16 subdivision expires January 1, 2020."

17 **SECTION 3.23.(b)** This section becomes effective January 1, 2016.

18 **SECTION 3.24.(a)** G.S. 105-164.4I(b)(3) reads as rewritten:

19 "(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or
20 the gross receipts derived from a service contract applicable to any of the following items:

21 ~~...~~
22 (3) A transmission, an engine, rear-end gears, and any other item ~~purchased~~
23 purchased, leased, or rented by a professional motorsports racing team or a
24 related member of a team for which the team or related member may receive a
25 sales tax exemption under G.S. 105-164.13(65) or G.S. 105-164.13(65a) or a
26 sales tax refund under G.S. 105-164.14A(a)(5). This subdivision expires
27 January 1, 2020."

28 **SECTION 3.24.(b)** This section is effective when it becomes law and applies
29 retroactively to January 1, 2014.

30 PART IV. EXCISE TAX CHANGES

31 **SECTION 4.1.(a)** G.S. 105-113.13 reads as rewritten:

32 **"§ 105-113.13. Secretary may require a bond or irrevocable letter of credit.**

33 (a) Repealed by Session Laws 2013-414, s. 22(c), effective September 1, 2013.

34 (b) The Secretary may require a distributor to furnish a bond in an amount that adequately
35 protects the State from loss if the distributor fails to pay taxes due under this Part. A bond must be
36 conditioned on compliance with this Part, payable to the State, and in the form required by the
37 Secretary. ~~The Secretary must set the bond amount based on the anticipated tax liability of the~~
38 ~~distributor. The amount of the bond is two times the distributor's average expected monthly tax~~
39 ~~liability under this Article, as determined by the Secretary, provided the amount of the bond may~~
40 ~~not be less than two thousand dollars (\$2,000) and may not be more than two million dollars~~
41 ~~(\$2,000,000).~~ The Secretary should periodically review the sufficiency of bonds required of the
42 distributor and increase the required bond amount if the amount no longer covers the anticipated
43 tax liability of the distributor and decrease the amount if the Secretary finds that a lower bond
44 amount will protect the State adequately from loss.

45 For purposes of this section, a distributor may substitute an irrevocable letter of credit for the
46 secured bond required by this section. The letter of credit must be issued by a commercial bank
47 acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be
48 in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in the
49 amounts stipulated in this section."

50 **SECTION 4.1.(b)** G.S. 105-113.38 reads as rewritten:

51 **"§ 105-113.38. Bond or irrevocable letter of credit.**

52 The Secretary may require a wholesale dealer or a retail dealer to furnish a bond in an amount
53 that adequately protects the State from loss if the dealer fails to pay taxes due under this Part. A
54 bond must be conditioned on compliance with this Part, payable to the State, and in the form
55 required by the Secretary. ~~The bond amount must be proportionate to the anticipated tax liability~~
56 ~~of the wholesale dealer or retail dealer. The amount of the bond is two times the wholesale or~~
57 ~~retail dealer's average expected monthly tax liability under this Article, as determined by the~~
58 ~~Secretary, provided the amount of the bond may not be less than two thousand dollars (\$2,000)~~
59 ~~and may not be more than two million dollars (\$2,000,000).~~ The Secretary should periodically

1 wage that is at least equal to one hundred ten percent (110%) of the lesser of the
2 average wage for all insured private employers in the State and ninety percent
3 (90%) of the average wage for all insured private employers in the county in
4 which the datacenter is located."

5 **SECTION 5.5.(d)** G.S. 143B-437.012(h) reads as rewritten:

6 "(h) Environmental Impact. – A business is eligible for consideration for a grant under this
7 section only if the business certifies that, at the time of the application, ~~the business satisfies the~~
8 ~~environmental impact standard under G.S. 105-129.83~~ there has not been a final determination
9 unfavorable to the business with respect to an environmental disqualifying event. For the purposes
10 of this section, a "final determination unfavorable to the business" occurs when there is no further
11 opportunity for the business to seek administrative or judicial appeal, review, certiorari, or
12 rehearing of the environmental disqualifying event and the disqualifying event has not been
13 reversed or withdrawn."

14 **SECTION 5.5.(e)** G.S. 143B-437.02(g) reads as rewritten:

15 "(g) Environmental Impact. – A business is eligible for consideration for site development
16 under this part only if the business certifies that, at the time of the application, ~~the business~~
17 ~~satisfies the environmental impact standard under G.S. 105-129.83~~ there has not been a final
18 determination unfavorable to the business with respect to an environmental disqualifying event.
19 For the purposes of this section, a "final determination unfavorable to the business" occurs when
20 there is no further opportunity for the business to seek administrative or judicial appeal, review,
21 certiorari, or rehearing of the environmental disqualifying event and the disqualifying event has
22 not been reversed or withdrawn."

23 **SECTION 5.5.(f)** This section is effective when it becomes law.

24 **PART VI. EFFECTIVE DATE AND TIME TO FILE CERTAIN CLAIMS FOR REFUND**

25 **SECTION 6.1.** Except as otherwise provided, this act is effective when it becomes
26 law. Notwithstanding the general statute of limitations for obtaining a refund of an overpayment of
27 tax under G.S. 105-241.6(a), a taxpayer that had an amount added to taxable income as deferred
28 income under section 108(i)(1) of the Internal Revenue Code and the amount would be excluded
29 under Sections 1.9, 2.1, or 2.4 of this act may apply to the Department of Revenue for a refund of
30 the State income tax paid on the deferred income. A request for a refund under this section must
31 be made to the Secretary of Revenue on or before July 1, 2016. A request for a refund received
32 after that date is barred unless authorized by G.S. 105-241.6(a).

33 In the General Assembly read three times and ratified this the 9th day of May, 2016.

34
35
36
37 s/ Tom Apodaca
38 Presiding Officer of the Senate

39
40
41 s/ Tim Moore
42 Speaker of the House of Representatives

43
44
45 s/ Pat McCrory
46 Governor

47
48
49 Approved 10:01 a.m. this 11th day of May, 2016

Senate Bill 729

Section	Bill Analysis	Effective Date
3.22	Disallows the State government sales tax exemption and sales tax refund of local taxes paid on indirect purchases for (i) occupational licensing board and (ii) State governmental entities that are specifically designated to apply for a sales tax refund under G.S. 105-164.14. An occupational licensing board is defined by G.S. 93B-1 to be "any board, committee, commission, or other agency in North Carolina which is established for the primary purpose of regulating the entry of persons into, and/or the conduct of persons within, a particular profession or occupation, and which is authorized to issue licenses; ... the term does not include State agencies, staffed by full-time State employees, which as a part of their regular functions may issue licenses." The NC Bar Association and the NC State Board of Certified Public Accountants are occupational licensing boards under that definition. As such, these entities would no longer be eligible for the State sales tax exemption.	7/1/17
3.23	Clarifies that the exemption for aviation gasoline and jet fuel applies to commercial aircraft in interstate or foreign commerce. The change adds "foreign commerce" to allow the exemption to apply where commercial aircraft fly directly to another country from NC. The effective date is retroactive to match the effective date of the enactment of the exemption.	1/1/16
3.24	Clarifies the sales tax exemption for service contracts on transmissions, engines, rear-end gears, and any other items purchased, leased, or rented by a professional motorsports racing team.	Applies retroactively to 1/1/14
PART IV: EXCISE TAX CHANGES		
4.1	Conforms the bonding requirements for entities that must pay excise tax on cigarettes and tobacco products. Provides that the entities must file a bond (or letter of credit) in an amount that is two times the monthly average liability of the taxpayer. The minimum amount of the bond is \$2,000, the maximum amount of the bond is \$2 million. The Secretary must periodically review the bonds, and adjust the amount based on changes in the taxpayer's liability.	When law
4.2	Clarifies the applicability of the tax on other tobacco products (OTP) to specify that the OTP rate does not apply to cigarettes that are taxed at 45¢ per pack and does not apply to vapor products that are taxed at 5¢ per mL of consumable product.	When law
4.3	Authorizes wine shippers to file excise tax returns on shipments once a year, rather than monthly.	When law
4.4	Conforms the bonding requirements for the severance tax on energy minerals to the provisions for other excise taxes. Clarifies that the tax is imposed on the producer of the energy mineral. Repeals a provision that would have relieved the producer of paying the tax. In Section 4.4(c), the phrase "prior to" is replaced with "after." The change allows severance producers to post a bond or irrevocable letter of credit after obtaining a permit under G.S. 113-395. The Department of Revenue requested	When law

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

FILED SENATE
Apr 25, 2016
S.B 743
PRINCIPAL CLERK

S

D

SENATE BILL DRS45422-SBz-25* (03/28)

Short Title: Authorize APO Studies. (Public)

Sponsors: Senator Hartsell (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE JOINT LEGISLATIVE ADMINISTRATIVE PROCEDURE
3 OVERSIGHT COMMITTEE TO STUDY CERTAIN ISSUES, AS RECOMMENDED BY
4 THE JOINT LEGISLATIVE ADMINISTRATIVE PROCEDURE OVERSIGHT
5 COMMITTEE.

6 The General Assembly of North Carolina enacts:

7 SECTION 1. The Joint Legislative Administrative Procedure Oversight Committee
8 may continue to study issues related to occupational licensing boards. As part of this study, the
9 Committee may consider any of the following:

- 10 (1) Oversight of occupational licensing boards, generally.
11 (2) Oversight of the North Carolina State Bar.
12 (3) Disciplinary actions and procedures of occupational licensing boards.

13 The Committee may report the results of this study, if any, including any legislative
14 proposals, to the 2017 General Assembly.

15 SECTION 2. The Joint Legislative Administrative Procedure Oversight Committee
16 may study whether there are certain categories of contested cases in which the burden of proof
17 should be placed with the agency. The Committee may report the results of this study, if any,
18 including any legislative proposals, to the 2017 General Assembly.

19 SECTION 3. This act is effective when it becomes law.



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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B 948
Apr 25, 2016
HOUSE PRINCIPAL CLERK

H

D

HOUSE BILL DRH40535-SBz-25A* (03/28)

Short Title: Authorize APO Studies. (Public)

Sponsors: Representative Jordan.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE JOINT LEGISLATIVE ADMINISTRATIVE PROCEDURE
3 OVERSIGHT COMMITTEE TO STUDY CERTAIN ISSUES, AS RECOMMENDED BY
4 THE JOINT LEGISLATIVE ADMINISTRATIVE PROCEDURE OVERSIGHT
5 COMMITTEE.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** The Joint Legislative Administrative Procedure Oversight Committee
8 may continue to study issues related to occupational licensing boards. As part of this study, the
9 Committee may consider any of the following:

- 10 (1) Oversight of occupational licensing boards, generally.
11 (2) Oversight of the North Carolina State Bar.
12 (3) Disciplinary actions and procedures of occupational licensing boards.

13 The Committee may report the results of this study, if any, including any legislative
14 proposals, to the 2017 General Assembly.

15 **SECTION 2.** The Joint Legislative Administrative Procedure Oversight Committee
16 may study whether there are certain categories of contested cases in which the burden of proof
17 should be placed with the agency. The Committee may report the results of this study, if any,
18 including any legislative proposals, to the 2017 General Assembly.

19 **SECTION 3.** This act is effective when it becomes law.



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

1

SENATE BILL 744*

Short Title: Occupational Licensing Board Contact Info. (Public)

Sponsors: Senator Hartsell (Primary Sponsor).

Referred to: Finance

April 26, 2016

A BILL TO BE ENTITLED

AN ACT TO REQUIRE OCCUPATIONAL LICENSING BOARDS TO PROVIDE AND
UPDATE CONTACT INFORMATION, AS RECOMMENDED BY THE JOINT
LEGISLATIVE ADMINISTRATIVE PROCEDURE OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 93B-2 is amended by adding a new subsection to read:

"(c1) Each occupational licensing board shall provide the Joint Legislative Administrative Procedure Oversight Committee with the name and contact information of the individual responsible for filing the reports required by this section. Each occupational licensing board shall keep this information current and notify the Committee within 30 days of any changes in this information."

SECTION 2. This act is effective when it becomes law.



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B 949
Apr 25, 2016
HOUSE PRINCIPAL CLERK

H

D

HOUSE BILL DRH10465-SBz-29A* (03/31)

Short Title: Occupational Licensing Board Contact Info. (Public)

Sponsors: Representative Jordan.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE OCCUPATIONAL LICENSING BOARDS TO PROVIDE AND
3 UPDATE CONTACT INFORMATION, AS RECOMMENDED BY THE JOINT
4 LEGISLATIVE ADMINISTRATIVE PROCEDURE OVERSIGHT COMMITTEE.
5 The General Assembly of North Carolina enacts:
6 **SECTION 1.** G.S. 93B-2 is amended by adding a new subsection to read:
7 "(c1) Each occupational licensing board shall provide the Joint Legislative Administrative
8 Procedure Oversight Committee with the name and contact information of the individual
9 responsible for filing the reports required by this section. Each occupational licensing board shall
10 keep this information current and notify the Committee within 30 days of any changes in this
11 information."
12 **SECTION 2.** This act is effective when it becomes law.



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

FILED SENATE
Apr 27, 2016
S.B 783
PRINCIPAL CLERK

S

D

SENATE BILL DRS45438-SBz-21* (03/02)

Short Title: Amend Occupational Licensing Boards Statutes. (Public)

Sponsors: Senator Hartsell (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO RESPOND TO THE HOLDING IN *NORTH CAROLINA STATE BOARD OF*
3 *DENTAL EXAMINERS V. FEDERAL TRADE COMMISSION*, AS RECOMMENDED BY
4 THE JOINT LEGISLATIVE ADMINISTRATIVE PROCEDURE OVERSIGHT
5 COMMITTEE.

6 The General Assembly of North Carolina enacts:

7 SECTION 1. G.S. 93B-5(g) reads as rewritten:

8 "(g) Within six months of a board member's initial appointment to the board, and at least
9 once within every two calendar years thereafter, a board member shall receive training, either from
10 the board's staff, including its legal advisor, or from an outside educational institution such as the
11 School of Government of the University of North Carolina, on the statutes governing the board
12 and rules adopted by the board, as well as the following State and federal laws, in order to better
13 understand the obligations and limitations of a State agency:

- 14 (1) Chapter 150B, The Administrative Procedure Act.
- 15 (2) Chapter 132, The Public Records Law.
- 16 (3) Article 33C of Chapter 143, The Open Meetings Act.
- 17 (4) Articles 31 and 31A of Chapter 143, The State Tort Claims Act and The
18 Defense of State Employees Law.
- 19 (5) Chapter 138A, The State Government Ethics Act.
- 20 (6) Chapter 120C, Lobbying.
- 21 (7) Antitrust law and State action immunity.

22 Completion of the training requirements contained in Chapter 138A and Chapter 120C of the
23 General Statutes satisfies the requirements of subdivisions (5) and (6) of this subsection."

24 SECTION 2. Chapter 93B of the General Statutes is amended by adding six new
25 sections to read:

26 "**§ 93B-17. Occupational licensing board rule making.**

27 (a) Each occupational licensing board shall adopt rules for the receipt and resolution of
28 complaints, for taking disciplinary or enforcement actions against its licensees, and for taking
29 enforcement actions against persons not licensed by the board.

30 (b) Any interpretation, clarification, or other delineation of the scope of practice of an
31 occupational licensing board shall be adopted as a rule.

32 "**§ 93B-18. Unlicensed activity.**

33 (a) An occupational licensing board shall have the authority to investigate unlicensed
34 activity and notify unlicensed persons and entities of the possible violation of the law and
35 administrative rules and any civil action or criminal penalty that may be imposed by a court. The
36 notification shall not indicate that the occupational licensing board has made any finding of a



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1 violation but may indicate the board's belief or opinion that a particular act may violate the board's
2 enabling statutes, include factual information regarding legislation and court proceedings
3 concerning the potential violation, and provide notice of the board's intention to pursue
4 administrative remedies or court proceedings with regard to the potential violation.

5 (b) Any occupational licensing board providing notification to unlicensed persons and
6 entities of a possible violation of the law and administrative rules and any civil action or criminal
7 penalty that may be imposed by a court shall include the following statement in the notification:

8 You are hereby notified that the opinion expressed herein is not a legal
9 determination. An occupational licensing board does not have the authority to order
10 you to discontinue your current practices. Only a court may determine that you
11 have violated or are violating any law and, if appropriate, impose a remedy or
12 penalty for the violation. Further, pursuant to G.S. 150B-4, you may have the right,
13 prior to initiation of any court action by the occupational licensing board, to request
14 a declaratory ruling regarding whether your particular conduct is lawful. You are
15 further notified that any right to a declaratory ruling supplements any other legal
16 rights that you may already have to establish the legality of your conduct with
17 respect to the goods or services you offer or provide.

18 **"§ 93B-19. Venue for court enforcement.**

19 The venue for occupational licensing boards seeking court order for injunctive relief or to
20 show cause for failure to comply with a subpoena lawfully issued by the occupational licensing
21 board shall be in the superior court of the county where the defendant resides or in the county
22 where the occupational licensing board has its principal place of business.

23 **"§ 93B-20. Injunctive relief.**

24 An occupational licensing board may appear in its own name in superior court in actions for
25 injunctive relief to restrain the violation of the provisions of a statute administered by the board or
26 a rule or order of the board. The superior court shall have the jurisdiction to grant these
27 injunctions, restraining orders, or take other appropriate action even if criminal prosecution has
28 been or may be instituted as a result of the violations, or whether the person is a licensee of the
29 board. No board shall issue such orders independently of the superior court unless specifically
30 authorized to do so by law.

31 **"§ 93B-21. Jurisdictional disputes between boards.**

32 It is the policy of the State that jurisdictional disputes among occupational licensing boards
33 shall be resolved through informal procedures. If a jurisdictional dispute among occupational
34 licensing boards cannot be resolved through informal procedures, any affected board may
35 commence an administrative proceeding to resolve the jurisdictional dispute by filing a petition
36 with the Office of Administrative Hearings and serve the petition on all affected boards. Once the
37 petition is filed and the required fee is paid, the dispute shall become a contested case and shall be
38 conducted by the Office of Administrative Hearings under Articles 3 and 4 of Chapter 150B of the
39 General Statutes.

40 **"§ 93B-22. Complaint process.**

41 Each occupational licensing board shall develop and implement a complaint process that
42 provides for all of the following:

- 43 (1) A description of the complaint process on the board's Web site, including the
44 types of violations that are under the jurisdictional authority of the board.
- 45 (2) Electronic complaint submission via the board's Web site, including a
46 prominently displayed link to a complaint form.
- 47 (3) The ability to provide complainants with a written description of the final
48 disposition of each complaint."

49 **SECTION 3.** The Joint Legislative Administrative Procedure Oversight Committee
50 shall continue to monitor and study the effects of the opinion in *North Carolina State Board of*

1 *Dental Examiners v. Federal Trade Commission* and other issues related to the scope of practice
2 jurisdiction of occupational licensing boards.

3 **SECTION 4.** This act is effective when it becomes law.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

H 1**HOUSE BILL 1007***

Short Title: Amend Occupational Licensing Boards Statutes.

(Public)

Sponsors: Representatives Jordan, Stevens, and Bryan (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Commerce and Job Development, if favorable, Judiciary III

April 28, 2016

A BILL TO BE ENTITLED

AN ACT TO RESPOND TO THE HOLDING IN *NORTH CAROLINA STATE BOARD OF DENTAL EXAMINERS V. FEDERAL TRADE COMMISSION*, AS RECOMMENDED BY THE JOINT LEGISLATIVE ADMINISTRATIVE PROCEDURE OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 93B-5(g) reads as rewritten:

"(g) Within six months of a board member's initial appointment to the board, and at least once within every two calendar years thereafter, a board member shall receive training, either from the board's staff, including its legal advisor, or from an outside educational institution such as the School of Government of the University of North Carolina, on the statutes governing the board and rules adopted by the board, as well as the following State and federal laws, in order to better understand the obligations and limitations of a State agency:

- (1) Chapter 150B, The Administrative Procedure Act.
- (2) Chapter 132, The Public Records Law.
- (3) Article 33C of Chapter 143, The Open Meetings Act.
- (4) Articles 31 and 31A of Chapter 143, The State Tort Claims Act and The Defense of State Employees Law.
- (5) Chapter 138A, The State Government Ethics Act.
- (6) Chapter 120C, Lobbying.
- (7) Antitrust law and State action immunity.

Completion of the training requirements contained in Chapter 138A and Chapter 120C of the General Statutes satisfies the requirements of subdivisions (5) and (6) of this subsection."

SECTION 2. Chapter 93B of the General Statutes is amended by adding six new sections to read:

"§ 93B-17. Occupational licensing board rule making.

(a) Each occupational licensing board shall adopt rules for the receipt and resolution of complaints, for taking disciplinary or enforcement actions against its licensees, and for taking enforcement actions against persons not licensed by the board.

(b) Any interpretation, clarification, or other delineation of the scope of practice of an occupational licensing board shall be adopted as a rule.

"§ 93B-18. Unlicensed activity.

(a) An occupational licensing board shall have the authority to investigate unlicensed activity and notify unlicensed persons and entities of the possible violation of the law and administrative rules and any civil action or criminal penalty that may be imposed by a court. The notification shall not indicate that the occupational licensing board has made any finding of a violation but may indicate the board's

belief or opinion that a particular act may violate the board's enabling statutes, include factual information regarding legislation and court proceedings concerning the potential violation, and provide notice of the board's intention to pursue administrative remedies or court proceedings with regard to the potential violation.

(b) Any occupational licensing board providing notification to unlicensed persons and entities of a possible violation of the law and administrative rules and any civil action or criminal penalty that may be imposed by a court shall include the following statement in the notification:

You are hereby notified that the opinion expressed herein is not a legal determination. An occupational licensing board does not have the authority to order you to discontinue your current practices. Only a court may determine that you have violated or are violating any law and, if appropriate, impose a remedy or penalty for the violation. Further, pursuant to G.S. 150B-4, you may have the right, prior to initiation of any court action by the occupational licensing board, to request a declaratory ruling regarding whether your particular conduct is lawful. You are further notified that any right to a declaratory ruling supplements any other legal rights that you may already have to establish the legality of your conduct with respect to the goods or services you offer or provide.

"§ 93B-19. Venue for court enforcement.

The venue for occupational licensing boards seeking court order for injunctive relief or to show cause for failure to comply with a subpoena lawfully issued by the occupational licensing board shall be in the superior court of the county where the defendant resides or in the county where the occupational licensing board has its principal place of business.

"§ 93B-20. Injunctive relief.

An occupational licensing board may appear in its own name in superior court in actions for injunctive relief to restrain the violation of the provisions of a statute administered by the board or a rule or order of the board. The superior court shall have the jurisdiction to grant these injunctions, restraining orders, or take other appropriate action even if criminal prosecution has been or may be instituted as a result of the violations, or whether the person is a licensee of the board. No board shall issue such orders independently of the superior court unless specifically authorized to do so by law.

"§ 93B-21. Jurisdictional disputes between boards.

It is the policy of the State that jurisdictional disputes among occupational licensing boards shall be resolved through informal procedures. If a jurisdictional dispute among occupational licensing boards cannot be resolved through informal procedures, any affected board may commence an administrative proceeding to resolve the jurisdictional dispute by filing a petition with the Office of Administrative Hearings and serve the petition on all affected boards. Once the petition is filed and the required fee is paid, the dispute shall become a contested case and shall be conducted by the Office of Administrative Hearings under Articles 3 and 4 of Chapter 150B of the General Statutes.

"§ 93B-22. Complaint process.

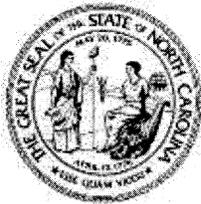
Each occupational licensing board shall develop and implement a complaint process that provides for all of the following:

- (1) A description of the complaint process on the board's Web site, including the types of violations that are under the jurisdictional authority of the board.
- (2) Electronic complaint submission via the board's Web site, including a prominently displayed link to a complaint form.
- (3) The ability to provide complainants with a written description of the final disposition of each complaint."

SECTION 3. The Joint Legislative Administrative Procedure Oversight Committee shall continue to monitor and study the effects of the opinion in *North Carolina State Board of Dental*

Examiners v. Federal Trade Commission and other issues related to the scope of practice jurisdiction of occupational licensing boards.

SECTION 4. This act is effective when it becomes law.



Bill Draft 2015-SBz-21: Amend Occupational Licensing Boards Statutes.

2015-2016 General Assembly

Committee:	Joint Legislative Administrative Procedure Oversight Committee	Date:	April 4, 2016
Introduced by:		Prepared by:	Chris Saunders Committee Counsel
Analysis of:	2015-SBz-21 [v.10]		

SUMMARY:

Section 1:

Within six months of a board member's initial appointment to an occupational licensing board (OLB), and at least every two years thereafter, the board member must receive training on the statutes governing the board, rules adopted by the board, and several State laws.

Section 1 of the legislative proposal would require that this training must also include education on federal antitrust law and state action immunity.

Section 2:

Section 2 would add several new sections to the Chapter of the General Statutes governing OLBs as follows:

G.S. 93B-17 would require all OLBs to adopt rules for the process of receiving and resolving complaints, for taking disciplinary or enforcement actions against its licensees, and for taking enforcement actions against persons not licensed by the board. Additionally, this section would require OLBs to adopt any interpretation, clarification, or other delineation of the board's scope of practice as a rule.

G.S. 93B-18 would clarify OLBs' authority to investigate unlicensed activity and to notify unlicensed persons of possible violations of laws and rules. This section would also provide standardized language for notifying unlicensed persons and entities of possible violations of the law. The notification would not indicate that the board has made a finding of a violation, but may indicate the board's belief or opinion that an unlicensed activity may violate the board's enabling statutes, include factual information regarding legislation and court proceedings concerning the potential violation, and provide notice of the board's intent to pursue administrative remedies or court proceedings.

G.S. 93B-19 would provide that the venue for OLBs seeking a court order for injunctive relief or to show cause for failure to comply with a subpoena issued by the board is the superior court of the county where the defendant resides or the county where the board has its principal place of business.

G.S. 93B-20 would allow an OLB to appear in its own name in superior court in actions for injunctive relief to restrain activities in violation of the board's rules, orders, or statutes administered by the board. No board would be permitted to issue injunctive orders independently of the superior court unless specifically authorized to do so by law.

G.S. 93B-21 would state that the policy of the State is that OLBs should resolve jurisdictional disputes through informal procedures. For jurisdictional disputes between OLBs that cannot be resolved through



Draft

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informal procedures, the procedure would be for an affected board to file a petition with the Office of Administrative Hearings and serve the petition on all affected boards. This dispute would become a contested case under Articles 3 and 4 of the Administrative Procedure Act.

G.S. 93B-22 would require all OLBs to develop and implement a complaint process that provides for all of the following:

- A description of the complaint process on the board's website, including the types of violations that are under the board's jurisdiction.
- Electronic complaint submission via the board's website, including a prominently displayed link to a complaint form.
- The ability to provide complainants with a written description of the final disposition of each complaint.

Section 3 would direct the Joint Legislative Administrative Procedure Oversight Committee to continue to study the effects of the opinion in *North Carolina State Board of Dental Examiners v. Federal Trade Commission* and other issues related to the scope of practice jurisdiction of occupational licensing boards.

EFFECTIVE DATE: This legislative proposal would become effective when it becomes law.



North Carolina State Board of Certified Public Accountant Examiners

May 19, 2016

DRAFT

Jessica Luttrull, CPA
National Association of State Boards of Accountancy
150 Fourth Avenue North, Suite 150
Nashville, TN 37219

Dear Ms. Luttrull:

Thank you for providing the North Carolina State Board of CPA Examiners (Board) with the opportunity to comment on the re-exposure of the NASBA/AICPA *Statement on Standards for Continuing Professional Education (CPE) Programs (Standards)*. The Board appreciates the effort that the CPE Committee and the CPE Working Group put into reviewing the comments from the initial exposure of the *Standards* and preparing the *Standards* for re-exposure.

In anticipation of changes to learning methods, the Board amended its rule to allow group and self-study CPE credits to be earned in half CPE hour (25 minutes) increments without requiring that one CPE hour (50 minutes) be earned first. In the re-exposure of the *Standards*, this method of measurement has been removed from group-study programs. The Board does not plan to change its 25 minute increment rule. It is the Board's opinion that there is inconsistency in the computation of CPE credits across all methods of learning. CPAs should not have such complexity in computing CPE credits across group live, internet-based, self-study, nano and blended learning programs. There should be consistency in computing CPE credits across all programs.

The Board is confident that NASBA and the AICPA will consider our comments and those submitted by others regarding consistency in computing CPE credit across all learning programs. Again, thank you for allowing the Board to comment on the re-exposure of the NASBA/AICPA *Statement on Standards for Continuing Professional Education (CPE) Programs*.

Sincerely,

Michal H. Womble, CPA
President

RNB/lrh



North Carolina State Board of Certified Public Accountant Examiners

October 22, 2015

Jessica Luttrull, CPA
National Association of State Boards of Accountancy
150 Fourth Avenue North, Suite 700
Nashville, TN 37219

Dear Ms. Luttrull:

Thank you for providing the North Carolina State Board of CPA Examiners (the Board) with the opportunity to comment on the April 2015 Exposure Draft on the NASBA/AICPA jointly-issued *Statement on Standards for Continuing Professional Education (CPE) Programs*. The Board appreciates the work that the joint committee accomplished in preparing the Exposure Draft for the Boards of Accountancy.

While the Board believes that there are a number of clarifications and additions to program development, measurement, and reporting that strengthen the *Standards*, the Board feels that the recommendations regarding the two new CPE delivery methods—nano-learning and blended learning—necessitate our comments.

For individuals entering the CPA profession today, nano-learning and blended learning are representative of the methods in which they will earn CPE. These methods will allow CPAs to take advantage of current and future technology to increase their competency. The *Standards*, as amended in the Exposure Draft, ensure that nano-learning and blended learning programs are developed using the same qualified assessment requirements and standards as group and self-study delivery methods.

After NASBA and the AICPA consider all submitted comments and make a final decision on the *Standards*, the Board will analyze the new *Standards* in regard to our rules concerning CPE.

Again, thank you for allowing the Board to comment on the *Statement on Standards for Continuing Professional (CPE) Programs*.

Sincerely,

Michael H. Womble, CPA
President

RNB/lrh

North Carolina State Board of CPA Examiners

Working Strategic Plan

interest of the public by performing regulatory compliance duties to ensure that professional accounting services performed to the highest standards.

The Board's operations are overseen by Executive staff, as directed by the Board members, and is organized into five sections designed to address the goals of the Board. Those sections include:

- Administrative Services – internal operations of Board and customer service
- Communications – maintains Board newsletter, website, social media
- Examinations – processes exam candidate applications
- Licensing – processes certificate applications and oversees CPE activities
- Professional Standards – processes regulatory compliance actions

The Board adopts an annual budget for operations, reviews financial activity on a monthly basis, has an annual audit conducted, and provides numerous operational reports to State government oversight bodies in the normal course of business.

The Board has identified appropriate staffing levels and assigned duties in accordance with the functional expectations of the Board. The Board continues to identify areas of technology that will assist it in performing its duties to allow Board staff to continue to oversee its increasing number of licensees.

Authority and Responsibilities:

The Board was created by North Carolina statute and is charged with administering the provisions identified in Chapter 93 of the *North Carolina General Statutes*. Those functions include, but are not limited to:

- To employ legal counsel, clerical and technical assistance and to incur such other expenses as may be deemed necessary in the performance of its duties and the enforcement of the provisions related to the oversight of the practice of public accountancy in North Carolina.
- To hold written, oral, and computer-based examinations of applicants for certificates of qualification at least once a year, or more often, as may be deemed necessary by the Board.
- To issue certificates of qualification admitting to practice as certified public accountants, each applicant who, having the qualifications herein specified, has passed an examination to the satisfaction of the Board, in "accounting," "auditing," "business law," and other related subjects.

North Carolina State Board of CPA Examiners

Working Strategic Plan

- To formulate rules for the government of the Board and for the examination of applicants for certificates of qualification admitting such applicants to practice as certified public accountants.
- To have the power to adopt rules of professional ethics and conduct to be observed by certified public accountants in this State and persons exercising the practice privilege authorized by this Chapter.

Board Mission Statement:

The mission of the North Carolina State Board of CPA Examiners is to protect the public by ensuring that persons issued licenses as certified public accountants possess the necessary education, skills, and capabilities, and that they perform competently in the accounting profession.

In doing so, the Board strives to accomplish:

- 1) *Promote the reliability of financial and other information used by decision-makers in the conduct of business in the State.*
- 2) *Protect public interests by:*
 - a) *Licensing only those persons that meet initial qualifying levels of education, examination, and experience as well as good moral character for the practice of public accountancy*
 - b) *Ensuring CPA firms meet established criteria before offering or performing professional public accounting services*
 - c) *Ensuring that CPAs and CPA firms continue to demonstrate professionalism, competence, and adherence to ethical behavior in performing professional public accounting services*

Board's Vision:

The Board seeks to:

- Faithfully meet our mandate of public protection
- Be visible and available to the public and our licensees
- Be diverse in gender and ethnicity

North Carolina State Board of CPA Examiners

Working Strategic Plan

- Be good stewards of our resources
- Provide excellent customer service to our licensees and the public
- Maintain a vigorous and effective enforcement program
- Maintain a CPE program focused on enhancing licensee competence
- Use technology to effectively and efficiently provide services to our licensees and the public

Board Values:

The Board's values define how we will go about the work of fulfilling our mission and achieving our vision. The Board commitment to excellence is demonstrated by the following key values:

- High Ethical Standards and Integrity - *Principles required of our CPA customers that when followed, promote values such as trust, good behavior, fairness, and/or kindness.*
- Service to our Licensees and the Public - *Demonstrating a courteous and assisting attitude when interacting with each customer in reaching their goals*
- Honesty and Fairness – *Acting with openness, impartiality, and consistency*
- Competence – *Knowledge and experience to get the job done*
- Open Transparent Communication – *Achieving an understanding of the Board's regulatory role and performance activities through effective communication means including newsletters, website, social media, etc.*
- Teamwork – *Working effectively with licensees, citizens, oversight agencies, national, state, and local organizations to obtain shared goals*
- Continuous Improvement – *Being able to innovate and change as needed to address the needs of the profession*
- Financial Stewardship – *Effective management of Board resources to accomplish its mission and goals independent of state funding*

North Carolina State Board of CPA Examiners

Working Strategic Plan

Significant Influential Factors:

- ❖ There is increasing complexity in the accounting profession, with ever-changing professional standards for most practice areas, but particularly with audit, tax, and firm peer review. The constant change impacts individual CPAs as well as CPA firms as they seek to stay current with professional standards and competitive within the current market structures.
- ❖ There are numerous national and state level organizations that have oversight authority over various niches of the professional practice that contribute to the complexity of the regulatory environment. Federal oversight agencies, state oversight agencies, and national trade organizations compete, as well as conflict, with each other in provide guidance within the accounting profession.
- ❖ There are threats to the strength of the CPA certification as uniformly recognized in the United States due to increasing interest to expand the reach of the CPA licensure process to foreign nationals to serve clients in international settings.
- ❖ The CPA population, due to the “Baby Boomer” era, is aging which leads to an uptick in those persons eligible for retirement/transitioning from CPA firms.
- ❖ Possible declining interest by accounting students in wanting to become CPAs, possibly related to perceived barriers for obtaining licensure such as costs, time commitment, additional educational requirements, etc.
- ❖ Impact on disciplinary actions possibly required due to increased CPA mobility and the varying degrees of regulatory oversight provided by other Boards of Accountancy.
- ❖ Inability to obtain timely and relevant communication of matters of significance impacting the Board’s enforcement activities from oversight entities.
- ❖ Potential threat to Board independent structure based on current ongoing studies by the North Carolina legislature, as well as the editorial climate relative to occupational licensing boards at this time
- ❖ Need to maintain Board importance with newer generation of CPAs through newer technology and social methodologies

North Carolina State Board of CPA Examiners

Working Strategic Plan

Board Objectives:

Excellent Customer Service:

Recognized as providing the highest quality service to the public and licensees

Customers Defined: CPAs licensed by the Board
CPAs practicing mobility in the State
CPA firms
Candidates applying to sit for the NC CPA exam
Third Party Complainants on Disciplinary Actions
Professional Associations such as NASBA, NCACPA, and AICPA
Oversight organizations such as IRS, Federal Agencies, State agencies
National standard setters such as FASB and GASB

- 1) The Board assists customers through automated and direct contact methods; therefore, identifying methods to enhance overall customer service.
- ❖ Enhance the knowledge and skills of Board staff to ensure quality customer service support.
 - Executive management is committed to providing Board staff with continuing education opportunities and training necessary to stay current with their assigned areas of responsibility, including technological needs.
 - As part of annual evaluation process, Deputy Director will work with employees to ensure that appropriate training opportunities are identified and assigned.
 - ❖ Provide customer base with web-based tools to allow for more efficient automated methods for communicating with Board staff on Board business.
 - Executive staff to review current automated systems and methods of contact to determine possible areas for enhancement.
 - Review areas for automated enhancement including such items as online exam renewal application; automated submission of college transcripts; online complaint form for third party complaints; continued website enhancements; review/update of Board forms and formats; etc.
 - ❖ Provide customer base with access to knowledgeable staff persons to ensure consistent and accurate answers to inquiries.

North Carolina State Board of CPA Examiners

Working Strategic Plan

- Ensure that Board staff assigned with specific responsibilities is identified to assist customer inquiries and are available to provide such assistance.
 - Develop customer assistance protocols to ensure that clients are directed to proper staff member for most effective communication. Ensure backup responders identified to provide assistance to ensure that customer assistance is available as necessary.

- 2) Continue to review Board processes to improve the ease of access to information by licensees and the public related to Board operations, processes, and actions.

- ❖ Provide client base with most effective and efficient access to Board data sources that are available as public records.
 - Ensure that Board information is updated and sufficiently populated to allow for technological upgrades that might provide information in a more user-friendly format.
 - Review information requests and try to develop data routines that might provide customers with more effective means for gathering or accessing information.