

PUBLIC SESSION AGENDA
NORTH CAROLINA STATE BOARD OF CPA EXAMINERS
OCTOBER 27, 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.

B. Welcome and Introduction of Guests

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

D. Minutes (**ACTION**)

E. Financial/Budgetary Items

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

II. Legislative & Rule-Making Items

A. Proposed Draft Rules for Rule-Making for 2016-2017 (**ACTION**)

III. National Organization Items

A. Draft Response to AICPA Discussion Paper, *Proposed Evaluation of Peer Review Administration* (**ACTION**)

IV. State & Local Organization Items

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. Strategic Plan Update (**DISCUSSION**)

B. Proposed 2017 Board Meeting Dates (**ACTION**)

X. Adjournment

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
September 19, 2016
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Michael H. Womble, CPA, President; Jeffrey J. Truitt, Esq., Secretary-Treasurer; Murchison (“Bo”) Biggs, CPA; Cynthia B. Brown, CPA; Justin C. Burgess; and L. Samuel Williams, Jr., 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, Esq., Legal Counsel.

GUESTS: Sharon Bryson, CEO, NCACPA; Mark Soticheck, CPA, COO, NCACPA; Amanda Davis, Director of Learning and Development, NCACPA; and Officer K.C. Min, Raleigh Police Department.

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

MINUTES: The minutes of the August 22, 2016, meeting were approved as submitted.

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

STRATEGIC PLAN: Ms. Brown and Mr. Biggs moved to have a meeting in Greensboro on January 14, 2017, to discuss and review the Board’s strategic plan. The Board approved the motion.

LEGISLATIVE AND RULE-MAKING ITEMS: The Board reviewed and discussed the rules and instructed the Executive Staff to present the rules for a vote at the October 2016 meeting.

NATIONAL ORGANIZATION ITEMS: Mr. Williams and Ms. Brown moved and the Board approved the response to the quarterly NASBA Regional Directors’ Focus Questions.

Mr. Biggs and Ms. Brown moved and the Board approved the response to the Exposure Draft on the *Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews*.

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

Case No. C2013213 - Barrow, Parris, & Davenport, P.A. - Approve the signed Consent Order (Appendix I).

Case No. C2015163 - Rosenthal & Kaplan, P.C. - Approve the signed Consent Order (Appendix II).

Case No. C2016037 - Angela D. Elliott, CPA - Approved the signed Consent Order (Appendix III).

Case No. C2016097 - John C. Sherrill, Jr. - Approve the signed Consent Order (Appendix IV).

Case No. C2016110 - Suzanne M. Martin, CPA - Approve the signed Consent Order (Appendix V).

Case No. C2015307 - Close the case without prejudice.

Case No. C2016019 - Close the case without prejudice and with a Letter of Warning.

Case No. C2016122 - Close the case without prejudice.

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

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

Patrick Carroll Duffy
Patrick Anthony George
James Harshaw Lane, III
Jacob Allen Miller

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

Severino Michael Alvarez
Jordan Fisher August
Nathan Todd Bell
Alison Irene Bilderback

Chase Martin Clemens
Ciera Marie Combs
Kolby John Dougherty
Patrick Carroll Duffy

David Lane Ferguson
Elijah Emanuel Francois
Patrick Anthony George
Caroline Ellington Gilbert
Devin Reshea Hairston
Jack Lamar Haymore
Blake Jordan Hetrick
Justin Swanner Jordan
Melissa Elizabeth Kenealy
Jeramee Kyle Kerl
Jeffrey Tyler Kirk
James Harshaw Lane, III
Madeline Heninger Leetz
Kent Lewis Mackman
Jacob Allen Miller
Jennifer Ann Miller
Leah Hope Moss

Todd Shippey Oldenburg
Edward Arthur Pejeau
Morgan Lea Phillips
David Domingo Rodriguez
Kenrick Carl Samuelson, II
Adam Robert Scarboro
Steven George Schulz
Colby Williams Smith
Daniel Charles Smith
Meaghann Elizabeth Smith
Natalie Carol Wiggins Smith
Cameron Johnson Strubinger
Brenna Johnson Stutts
Samantha Lauren Wolpert
Johnathan Reaves Worley
Francesca Ann Zappa

Staff reviewed and recommended approval of the original application submitted by Zachary Harris Matthews. Mr. Matthews 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.

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

Nicholas Riordan Caporale
Amanda Mae Johnson
Leslie Berry Steele
Kristopher Michael Willis

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

Christopher John Crowe, T9327
Clayton George Brinker, T9328
Robin A. Levy, T9329
Vincent John Rodda, T9330
Cibele Rocha da Motta, T9331
Paige Nielsen Ridout, T9332
William Michael Goodeill, T9333
Rachel Lauren Radcliffe, T9334

Thomas Bryant Disney, T9335
William Mark Rudolph, T9336
Monica Hite Graham, T9337
Rebecca Chinnis Freeland, T9338
Seth Michael Sherer, T9339
Shahen Naval Gandevia, T9340
Michael Joseph Murdy, T9341
Warren Jackson Cottingham, T9342

Elizabeth Ann McCravy, T9343
Sherryl Ann Seigfreid, T9344
Alan Russell Moldof, T9345
Robert Russoniello, T9346
Joseph Alan Vano, T9355
Ellen Riley Watson, T9356
William Alan Johnson, T9357
MaryKay Hagner Davis, T9358

Alexander F. Peter, T9359
Daniel Gregory McGovern, T9360
Hunter Alcana Mason, T9361
Lisabeth Ann Carr, T9362
Jayme Lee Edin, T9363
Godswill Mhlanga, T9364
John Stevens Norris, III, T9365
David Grady Landers, T9366

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

Wanda Gayle Watson Casteel, #32731
Jieqin Liu, #34481
Melissa Ellen Cole Miller, #35746
Angela Coates Walsh, #19024

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

Robert David Calcutta, #14485
Joshua Landon Chambers, #37574

Firm Registrations - The Committee recommended that the Board approve the professional limited liability company Amelia G. Varner, CPA, PLLC that was approved by the Executive Director.

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

Matthew Albert
Catherine Albury
Megan Aleshire
Naida Aliyeva
Kathrynne Anna
Lauren Appleton
Alana Ayala
Alexander Bacon
David Badger
James Badgett
Shahin Bahadori
Christine Barnes
Timothy Baynes
Kyra Beam

Laura Beam
Stephen Belch
Michele Belue
Thomas Bickes
Jessica Bickett
Kirstin Bigham
Brandon Bishopp
Margaret Blanton
Christopher Bleakley
Kathleen Bowen
Jonathan Bowie
Elizabeth Bowman
Sarah Branoff
Stefenie Brinson

Michael Brittain
Gregory Brown
Shannon Brown
Alexander Bruning
Maris Bryant
Meghan Burke
William Burke
Hanna Butler
Dylan Cain
Alan Cardoso
Lindsay Carlisle
Aleesa Carrington
Ryan Carson
Rashida Chang
Wendy Cheek
Hau Ping Cheng
Shawna Christie
An Thu Chu
Rashaad Clavon
Sara Cline
Lynn Couturier
Brian Crutchfield
Andrew Cullinan
Daniel Dapkiewicz
Susan Darnell
Cody Davidowski
Cameron Deese
Monica Deguzman
Amy Dherckers
Antwain Dickens
Cyprian Dickson
Nicole Dickson
Felicia Diggs
Jordan Duffey
Kellie Earnhardt
Miranda Edwards
Sydney Ellis
Elliott Etheridge
Amanda Fair
Mary Faircloth
Andrew Fanning
Dennis Farlow
Brian Ferguson

Matthew Finney
Nora Fitzgerald
Sean Fitzgerald
Landry Frei
David Friberg
Aaron Galliher
John Garrett
Melissa George
Danielle Goldstein
Thomas Graham
Danez Green
Samantha Greenberg
Derrick Greene
Joseph Greene
Cynthia Grose
John Gudauskas
Rebecca Gurganus
Monica Gutierrez
Gregory Hales
Leslie Hamilton
Jaime Hare
Morgan Harris
Dustin Harrison
Anna Hergenrader
Taylor Heys
Courtney Hickland
Brian Hillsinger
Daniel Hobbs
Jonathan Holt
Benjamin Horne
Hannah Huff
Noah Huffstetler
Lauren Hughes
Fatimatu Ingawa
Kimoi James
Daniel Jeffries
Angela Johnson
John Johnson
Sarah Johnson
Tonnette Johnson
Jessica Jones
Jolanda Jordan
Jeffrey Joyce

Brandon Kacer
Harpreet Kaur
Jordan Kay
Paul Kearns
Christopher Kennedy
Michael Kentfield
Arjumand Khan
Ian Klemons
William Koernig
Dena Konneker
Ryan Kose
Hannah Krainiak
Robin Krcelic
Katherine Lang
Andrea Lawing
Charles Lehrman
Melissa Leney
Amy Leopold
Keila Leverette
Jenna Lindeman
Jordan Loman
Matthew Long
Ernest Lookabill
Erica Love
Travis Lowman
Casey Maciej
Allison Malone
Anson Marcotte
Gina Martinez
India Mathis
Nino Matic
Stacey Matthews
Patrick McFarland
Anna Meerovich
Jeffrey Merritt
Joshua Miller
Garrett Millsaps
Joshua Minyon
Brian Mize
Michael Moll
Corry Molter
Johannes Moolman
Robert Moore

Rodney Moore
Shirley Morton
Erin Mulhern
Jason Murray
Avala Nealy
Rachel Needham
Laura O'Brien
Ryan O'Neal
Ashley Oliver
Emilia Ortiz
Cody Owenby
Alynn Parker
Taylor Parks
Jessie Parris
Trevor Parris
Hamel Patel
Chelsea Payne
Joshua Peng
Armand Perez
Marvinethia Person
Cecilia Peters
Adam Phillips
Charlotte Pielak
Otishia Pinson
James Powell
Veronika Quintana
Theresa Rabbass
Adline Ravnell
Nandita Rawalpally
John Reid
Ashley Reynolds
Theresa Richards
Kurt Richey
Nora Richmond
Dillon Rogers
Gladis Romero
Joseph Rosasco
Jeremy Rosenkrans
Jessica Rosera
William Ross
Meghan Ruddy
Mariana Samanez
Lindsay Schilleman

Jessica Schisler
Remington Scruggs
Leah Scully
Taylor Seal
Paul Seifert
Shay Sellati
Anthony Shank
Erin Shepard
Daniel Shulman
Barbora Silovska
Heather Simon
Karine Simonyants
Katherine Sloat
Meredith Sloboda
Caitlin Smith
Alec Smitherman
Amanda Sosebee
Carson Steen
Taylor Stewart
Samantha Stoddard
Nathanael Stoermann
Thao Stovesand
Sarah Sullivan
Steven Sumner
Carlyn Surratt
Kelly Sweeney
Qianxiang Tang
James Taylor
Brandi Teat
Martrice Terry
Jamie Thornburg
Amanda Thumm

Cassandra Townsend
Jonathan Upham
Corrie VanDyke
Matthew Vogler
Cassandra Wagner
Asia Walker
Gordon Walker
Lauren Walker
Phillip Walker
Ashley Walston
Charles Warren
Cooper Wasil
James Wax
Christina Weaver
Jared Weber
William Weeks
Rachelle Westbrook
Taylor Westerhof
David Whiteman
Jared Wiesehan
Chelsea Wiggins
Leigh Williams
Vaughn Williams
Ashley Willis
Alisia Wilson
Brittany Wilson
John Yancey
William Young
Nathaniel Zarzar
Liudmila Zill
Lisa Zimmerschied

Staff recommended that the Committee determine and accept the grades received for the April - May 2016 exams. Twenty-five (25) files with grade reports were haphazardly selected and available at the meeting for review by a Board member. The Committee recommended that the Board approve staff recommendation.

Rescind Form of Practice Statement -Stacy Em McMichael, #33559 signed a Form of Practice Statement due to her employment. However, due to a change in the licensee's employment, staff recommended that the statement be rescinded. The Committee recommended that the Board approve staff recommendation.

ADJOURNMENT: Messrs. Womble and Biggs moved to adjourn the meeting at 10:33 a.m. Motion passed.

Respectfully submitted:

Attested to by:

Robert N. Brooks
Executive Director

Michael H. Womble, CPA
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2013213

IN THE MATTER OF:
Barrow, Parris & Davenport, P.A.,
Respondent Firm

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. Barrow, Parris & Davenport, P.A. (hereinafter "Respondent firm"), is a registered certified public accounting firm in North Carolina.
2. Respondent firm was selected for a review of their governmental audit quality and compliance engagements to ensure that all work was performed in accordance with Generally Accepted Government Auditing Standards ("GAGAS") and OMB Circular A-133.
3. The audit report reviews noted some deficiencies that required enhancement of the audit workpapers to more closely comply with professional standards and OMB Circular A-133.
4. The review also identified that an inordinate number of adjustments were posted, giving rise to concerns that the self-review threat for independence was implicated.
5. 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.

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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, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent firm's failure to perform audit engagements in accordance with all applicable standards constitute violations of 21 NCAC 08N .0403 and .0409.
3. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the following.

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

1. Each of Respondent firm's professional staff participating in performing audit services shall take a minimum of eight (8) hours of continuing professional education ("CPE") in the subject area of Audit Documentation. The CPE must be completed prior to September 30, 2016. The aforementioned CPE may be counted towards their annual required forty (40) hours of CPE. Respondent Firm shall provide evidence to the Board of completion of this requirement; and
2. The respondent firm shall submit an engagement to the Board for post-issuance review. In furtherance of that review, the Respondent firm shall provide the Board with the audit report and workpapers for a single audit engagement for an audit period ending June 30, 2015. The engagement to be reviewed will be mutually agreed upon by the Respondent firm and the Board staff.

- 3. If the result of the post-issuance review is not satisfactory to the Board, it may require additional pre-issuance reviews to be performed on future engagements.

CONSENTED TO THIS THE 15th DAY OF August, 2016
Jay A. Parris, CPA
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 19 DAY OF September,
2016. NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2015163

IN THE MATTER OF:

Rosenthal & Kaplin, P.C.,
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. Rosenthal & Kaplin, P.C. (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 retirement plans 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 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, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

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Consent Order - 2
Rosenthal & Kaplin, P.C.

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:

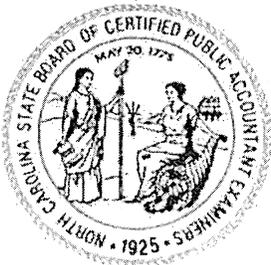
1. Respondent Firm shall remit, with this signed Order, a one thousand dollar (\$1,000) civil penalty.
2. Respondent Firm shall remit, with this signed Order, a five hundred dollar (\$500) payment for administrative costs.

CONSENTED TO THIS THE 31 DAY OF August, 2016.
(Day) (Month) (Year)


Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 19 DAY OF September,
2016.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President

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NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2016037

IN THE MATTER OF:
Angela D. Elliott, CPA, #13353
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. Angela D. Elliott, CPA (hereinafter "Respondent"), is the holder of North Carolina certificate number 13353 as a Certified Public Accountant.
2. The Board received a complaint against the Respondent from one of her prior tax clients ("Complainant").
3. The Complainant alleged that, after termination of the Respondent's services, the Complainant requested that the Respondent provide her records to her new CPA.
4. After numerous unsuccessful requests that the Respondent provide the records to her new CPA, the Complainant filed a complaint with the Board.
5. The Respondent stated that she would provide the records as requested. However, after several communications from the Board staff, the Respondent still had not provided the new CPA with the Complainant's records.
6. The Respondent ultimately provided the Complainant with the requested records. The records were supplied after three (3) months had elapsed since the filing of the complaint.
7. The 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. The Respondent understands and agrees that this Consent Order is subject to review.

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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. The 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. Per 21 NCAC 08N .0305(a) client records must be returned upon demand of a client, to wit:

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

3. The Board concludes that an unreasonable amount of time elapsed before the Complainant's records were provided.
4. Per N.C. Gen. Stat. § 93-12(9), 93-10(b) and also by virtue of the Respondent's consent to this order, the 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. The Respondent, Angela D. Elliott, CPA, is censured.
2. The Respondent shall remit, with this signed Consent Order, a civil penalty in the amount of one thousand dollars (\$1,000) for failure to timely provide client records upon demand.

Consent Order - 3
Angela D. Elliott, CPA

CONSENTED TO THIS THE 17th DAY OF August, 2016.
(Day) (Month) (Year)

Angela D Elliott
Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF September, 2016.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

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NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2016097

IN THE MATTER OF:
John Charles Sherrill, Jr., #19442
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. The Respondent was the holder of North Carolina certificate number 19442 as a Certified Public Accountant.
2. The Respondent informed the Board on his 2015-2016 individual certificate Renewal ("Renewal") that between January 1, 2014, and June 30, 2015, he had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2014 CPE requirements.
3. Based on the Respondent's representation, the Board accepted his Renewal.
4. The Board staff requested that the Respondent provide certificates of completion for the CPE reported to meet his 2014 requirements.
5. The Respondent provided proof of his base forty (40) hours of CPE but was unable to provide documentation of at least two (2) hours of ethics from a sponsor registered with NASBA that he earned between January 1, 2014, and June 30, 2015, to meet the 2014 ethics CPE requirement.
6. The 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. The 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.

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

1. The 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. The 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 the Respondent's consent to this order, the Respondent is subject to the discipline set forth below.

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

1. The Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. The Respondent's failure to adequately renew his certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. The 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. The 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. The 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.

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Consent Order - 3
John Charles Sherrill, Jr.

5. The Respondent shall pay a one thousand dollar (\$1,000) civil penalty, to be remitted to the Board prior to submitting a reissuance application.
6. The 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 1st DAY OF September, 2016.
(Day) (Month) (Year)

John Charles Sherrill, Jr.
Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF September, 2016.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

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NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2016110

IN THE MATTER OF:
Suzanne M. Martin, CPA, #25527
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 25527 as a Certified Public Accountant.
2. Respondent informed the Board on her 2015-2016 individual certificate renewal ("Renewal") that between January 1, 2014, and June 30, 2015, she had obtained the requisite forty (40) hours of continuing professional education ("CPE") to meet the 2014 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 2014 and 2015 requirements.
5. Respondent provided proof of her 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 she earned between January 1, 2015, and June 30, 2016.
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.

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 her 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 (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.

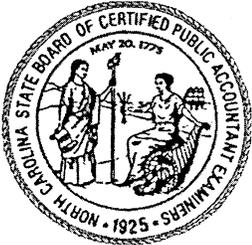
- 5. Respondent shall pay a one thousand dollar (\$1,000) civil penalty, to be remitted to the Board prior to submitting a reissuance application.
- 6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation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

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

Suzanne M. Martin
Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF September, 2016.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

NC BOARD OF
AUG 16 2016
CPA EXAMINERS

Financial Highlights
For the Six Month Period Ended September 30, 2016
Compared to the Six Month Period Ended September 30, 2015

	Budget Var.	Sep-16	Sep-15	Inc. (Dec.)
Total Revenue	\$ 57,771.41	\$ 2,174,071.31	\$ 2,048,467.27	\$ 125,604.04
■ Total Operating Revenue	\$ 58,211.94	\$ 2,141,591.82	\$ 2,012,651.41	\$ 128,940.41
❖ Total Net Non Operating Revenue	\$ (440.53)	\$ 32,479.49	\$ 35,815.86	\$ (3,336.37)
○ Total Expenses	\$ (22,340.80)	\$ 1,481,015.58	\$ 1,356,127.64	\$ 124,887.94
Increase(Dec.) Net Assets for Period		\$ 693,055.73	\$ 692,339.63	\$ 716.10
Total Checking and Savings		\$ 1,886,053.64	\$ 1,188,221.79	\$ 697,831.85
Total Assets		\$ 4,131,630.35	\$ 3,851,360.56	\$ 280,269.79
Full-Time/Part-time Employees		13/1	13/1	0/0

Budget:

- Operating revenue was \$58,000 over budget. The primarily area of increased revenue was exam fee revenue (\$61,000).
- ❖ Non-Operating revenue was \$500 under budget primarily due to the leasing cost expense.
- Expenses were \$22,000 under budget. Key variances individually were fringe benefit costs (-\$33k), exam costs (+\$46k), office expense (+\$11k), and postage and printing costs (-\$23k).

Actual:

- Total operating revenue increased from prior year by \$129,000. Increase related to higher intake of certificate renewal fees (\$30,000) and expected exam fee revenue (\$100,000).
- ❖ Total net non-operating revenue decreased this period compared to prior by \$3,000 primarily due the Board not redeeming gift cards equal to prior year to offset expenses at this time.
- Total expenses increased from prior period by \$125,000. Exam costs are up \$76,000, and the investigation and hearing costs has a net change of \$32,000 (civil penalty collections).

10/06/16

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

	<u>Sep 30, 16</u>	<u>Sep 30, 15</u>
ASSETS		
Current Assets		
Checking/Savings		
1077 · Fidelity Bank - MMA	249,124.12	0.00
1076 · Bank of North Carolina - MMA	502,675.13	250,438.73
1075 · Union - Money Market	248,999.34	245,886.62
1074 · First Tennessee Bank - MMA	245,772.52	245,035.04
1023 · BB&T Disciplinary Clearing Acct	2,500.00	15,400.00
1020 · BB&T Checking Acct	126,579.11	121,154.07
1021 · BB&T Savings Account	510,303.42	310,207.33
1030 · BB&T Payroll Acct	100.00	100.00
Total Checking/Savings	<u>1,886,053.64</u>	<u>1,188,221.79</u>
Other Current Assets		
1110 · Accrued CD Interest	6,559.35	6,361.41
1050 · CD Investments - Current	500,991.47	1,237,150.47
1165 · Deferred Lease Commissions	4,358.12	0.00
1125 · Accts Rec Civil Penalties	3,000.00	0.00
1120 · Accounts Receivable	348.60	8.76
Total Other Current Assets	<u>515,257.54</u>	<u>1,243,520.64</u>
Total Current Assets	<u>2,401,311.18</u>	<u>2,431,742.43</u>
Fixed Assets		
1330 · Land Improvement	14,640.90	14,640.90
1300 · Building	1,022,767.10	917,143.10
1305 · Land	300,000.00	300,000.00
1310 · Furniture	112,387.24	113,918.90
1320 · Equipment	174,698.30	208,343.47
1325 · Data Base Software	180,336.18	180,336.18
1390 · Accumulated Depreciation	-815,010.72	-807,493.22
Total Fixed Assets	<u>989,819.00</u>	<u>926,889.33</u>
Other Assets		
1250 · CD Investments Non-Current	740,500.17	492,728.80
Total Other Assets	<u>740,500.17</u>	<u>492,728.80</u>
TOTAL ASSETS	<u>4,131,630.35</u>	<u>3,851,360.56</u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Other Current Liabilities		
2040 · Accounts Payable Civil Penalty	3,600.00	0.00
2005 · Due to Exam Vendors	628,006.11	542,877.16
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>641,438.29</u>	<u>549,948.16</u>
Total Current Liabilities	<u>641,438.29</u>	<u>549,948.16</u>

10/06/16

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

	<u>Sep 30, 16</u>	<u>Sep 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	713,544.65	623,380.50
Net Assets		
3010 · Net Assets Invest in Cap Assets	989,819.00	926,889.33
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	585,210.97	458,751.10
Change in Net Assets	693,055.73	692,339.63
Total Net Assets	<u>3,418,085.70</u>	<u>3,227,980.06</u>
TOTAL LIABILITIES & NET ASSETS	<u>4,131,630.35</u>	<u>3,851,360.56</u>

10/06/16

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

	<u>Apr - Sep 16</u>	<u>Budget</u>	<u>\$ Over B...</u>
Ordinary Income/Expense			
Income			
Certificate Fees			
4110 · Certificates - Initial	28,600.00	34,999.98	-6,399.98
4120 · Certificates - Reciprocal	15,700.00	16,000.02	-300.02
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	1,234,380.00	1,230,000.00	4,380.00
4150 · Certificates - Reinst/Revoked	1,100.00	0.00	1,100.00
4151 · Certificates - Reinst/Surr	3,800.00	5,500.02	-1,700.02
4152 · Certificates - Reinst/Retired	0.00	0.00	0.00
4160 · Certificates - Notification	0.00	0.00	0.00
4161 · Certificate - Notification RnwI	0.00	0.00	0.00
Total Certificate Fees	<u>1,283,580.00</u>	<u>1,286,500.02</u>	<u>-2,920.02</u>
Exam Fee Revenue			
4001 · Initial Adm Fees	122,820.00	120,750.00	2,070.00
4002 · Re-Exam Adm Fees	104,475.00	93,750.00	10,725.00
4004 · Exam Fees Revenue	645,334.19	600,000.00	45,334.19
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	-17,387.00	-20,620.14	3,233.14
Total Exam Fee Revenue	<u>855,242.19</u>	<u>793,879.86</u>	<u>61,362.33</u>
Misc			
4993 · Revenue Suspense	0.00	0.00	0.00
4999 · Board Training	0.00	0.00	0.00
4910 · Educational Program Fees	0.00	0.00	0.00
4970 · Duplicate Certificates	450.00	0.00	450.00
4980 · Copies	0.00	0.00	0.00
4990 · Miscellaneous	604.63	750.00	-145.37
Total Misc	<u>1,054.63</u>	<u>750.00</u>	<u>304.63</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	1,650.00	2,250.00	-600.00
4251 · PC Renewal Fees	10.00	0.00	10.00
4252 · PC Renewal Fees W/Penalties	25.00	0.00	25.00
Total Professional Corporation Fees	<u>1,685.00</u>	<u>2,250.00</u>	<u>-565.00</u>
Total Income	<u>2,141,591.82</u>	<u>2,083,379.88</u>	<u>58,211.94</u>
Expense			
6900 · Bad Debit Expense	0.00	0.00	0.00
6690 · Over & Short	0.60	0.00	0.60

10/06/16

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

	Apr - Sep 16	Budget	\$ Over B...
Fringe Benefits			
5031 · Retirement - NCLB Contribution	27,510.81	27,994.02	-483.21
5033 · Retirement - NCLB Administr	1,636.81	2,400.00	-763.19
5035 · Health Ins. Premiums	52,227.31	73,999.98	-21,772.67
5036 · Medical Reim Plan	9,516.76	19,500.00	-9,983.24
5038 · Unemployment Claims	0.00	0.00	0.00
Total Fringe Benefits	90,891.69	123,894.00	-33,002.31
Board Travel			
5120 · Board Travel - Board Meetings	10,411.49	12,144.00	-1,732.51
5121 · Board Travel - Prof Meetings	14.00	0.00	14.00
5122 · Board Travel - NASBA Annual	6,591.02	0.00	6,591.02
5123 · Board Travel - NASBA Regional	8,134.03	9,360.00	-1,225.97
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	2,981.53	2,800.00	181.53
5128 · Board Travel - AICPA Committees	0.00	0.00	0.00
5129 · Miscellaneous Board Costs	332.42	0.00	332.42
5133 · Board Travel - NASBA CPE	0.00	0.00	0.00
Total Board Travel	28,464.49	24,304.00	4,160.49
Building Expenses			
5800 · Building Maintenance	2,772.17	1,800.00	972.17
5801 · Electricity	5,780.34	6,000.00	-219.66
5802 · Grounds Maintenance	840.00	2,500.02	-1,660.02
5803 · Heat & Air Maintenance	1,212.00	3,000.00	-1,788.00
5804 · Improvements	0.00	0.00	0.00
5805 · Insurance	0.00	0.00	0.00
5807 · Janitorial Maintenance	2,900.66	3,000.00	-99.34
5808 · Pest Control Service	0.00	200.00	-200.00
5809 · Security & Fire Alarm	2,448.00	2,500.00	-52.00
5810 · Trash Collection	-152.75	499.98	-652.73
5811 · Water & Sewer	607.71	550.02	57.69
Total Building Expenses	16,408.13	20,050.02	-3,641.89
Continuing Education -Staff			
5050 · Continuing Education - Staff	394.85	2,500.02	-2,105.17
5051 · Continuing Education - RNB	102.60	0.00	102.60
5052 · Continuing Education - Computer	0.00	0.00	0.00
Total Continuing Education -Staff	497.45	2,500.02	-2,002.57
Exam Postage			
5531 · Exam Postage	480.00	900.00	-420.00
Total Exam Postage	480.00	900.00	-420.00
Exam Printing			
5533 · Exam Printing	0.00	0.00	0.00
Total Exam Printing	0.00	0.00	0.00

10/06/16

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

	<u>Apr - Sep 16</u>	<u>Budget</u>	<u>\$ Over B...</u>
Exam Sitting and Grading			
5538 · Exam Vendor Expense	596,018.98	550,000.02	46,018.96
Total Exam Sitting and Grading	596,018.98	550,000.02	46,018.96
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	3,284.83	5,749.98	-2,465.15
5230 · Hearing Costs	7,191.84	2,500.02	4,691.82
5231 · Rule-Making Hearing Costs	0.00	0.00	0.00
5232 · Legal Advertising	0.00	0.00	0.00
5250 · Administrative Cost Assessed	-3,100.00	-1,249.98	-1,850.02
5260 · Civil Penalties Assessed	-9,200.00	-3,750.00	-5,450.00
5261 · Civil Penalties Remitted	9,450.13	0.00	9,450.13
Total Investigation & Hearing Costs	7,643.30	3,250.02	4,393.28
Legal Expense			
5140 · Legal Counsel - Administrative	15,504.00	18,000.00	-2,496.00
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	16,003.61	10,000.00	6,003.61
Total Legal Expense	31,507.61	28,000.00	3,507.61
Misc Personnel			
5034 · Misc. Payroll Deduction	0.00	750.00	-750.00
5037 · HSA Deduction	0.00	0.00	0.00
5090 · Flowers, Gifts, Etc.	302.58	0.00	302.58
5091 · Staff Recruiting	299.00	0.00	299.00
5092 · Misc. Personnel Costs	433.55	1,500.00	-1,066.45
Total Misc Personnel	1,035.13	2,250.00	-1,214.87
Office Expense			
5436 · Contracted Copy Service	1,235.16	0.00	1,235.16
5301 · Equipment Rent	312.00	600.00	-288.00
5310 · Decorations	0.00	0.00	0.00
5320 · Payroll Service	878.64	1,000.02	-121.38
5360 · Telephone	2,583.00	3,499.98	-916.98
5361 · Internet & Website	2,900.40	2,500.02	400.38
5390 · Clipping Service	1,538.92	1,999.98	-461.06
5400 · Computer Prog/Assistance	3,555.92	2,500.02	1,055.90
5405 · Computer Software Maintenance	29,767.08	27,499.98	2,267.10
5410 · Dues	7,730.00	8,200.00	-470.00
5420 · Insurance	9,020.00	16,800.00	-7,780.00
5430 · Audit Fees	8,990.00	8,990.00	0.00

10/06/16

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

	Apr - Sep 16	Budget	\$ Over B...
5435 · Consulting Services	0.00	499.98	-499.98
5440 · Misc Office Expense	705.00	1,700.00	-995.00
5445 · Banking Fees	2,903.49	1,750.02	1,153.47
5450 · Credit Card Fees	42,352.16	25,999.98	16,352.18
Total Office Expense	114,471.77	103,539.98	10,931.79
Per Diem - Board			
5110 · Per Diem - Board Meetings	6,650.00	7,200.00	-550.00
5111 · Per Diem - Prof Meetings	250.00	1,999.98	-1,749.98
5112 · Per Diem - NASBA Annual	0.00	0.00	0.00
5113 · Per Diem - NASBA Regional	2,100.00	2,800.00	-700.00
5114 · Per Diem - NASBA Committees	200.00	0.00	200.00
5115 · Per Diem - AICPA/NASBA	0.00	0.00	0.00
5116 · Per Diem - NCACPA Annual	0.00	800.00	-800.00
5117 · Per Diem - NCACPA/Board	100.00	500.00	-400.00
5118 · Per Diem - AICPA Committees	0.00	0.00	0.00
5119 · Per Diem - Miscellaneous	0.00	500.00	-500.00
5130 · Clerical Reimbursement	0.00	0.00	0.00
5135 · Per Diem - NASBA CPE	0.00	0.00	0.00
Total Per Diem - Board	9,300.00	13,799.98	-4,499.98
Postage			
5345 · Postage - UPS	7,000.00	6,000.00	1,000.00
5340 · Postage - Other	2,201.88	9,750.00	-7,548.12
5341 · Postage - Newsletter	27,000.00	35,500.02	-8,500.02
5342 · Postage - Business Reply	600.00	1,249.98	-649.98
5343 · Postage - Renewal	720.00	1,000.02	-280.02
5344 · Postage - Rulebook	0.00	0.00	0.00
Total Postage	37,521.88	53,500.02	-15,978.14
Printing			
5330 · Printing - Other	1,247.80	3,499.98	-2,252.18
5331 · Printing - Newsletter	26,705.18	32,500.02	-5,794.84
5332 · Printing - Certificates	609.00	0.00	609.00
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	28,561.98	36,000.00	-7,438.02
Repairs & Maintenance			
5380 · Repairs - Misc.	0.00	0.00	0.00
5381 · Maintenance - Copiers	454.76	1,249.98	-795.22
5382 · Maintenance - Computer	766.64	750.00	16.64
5383 · Maintenance - Postage	490.00	499.98	-9.98
Total Repairs & Maintenance	1,711.40	2,499.96	-788.56

10/06/16

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

April 2016 through September 2016

	Apr - Sep 16	Budget	\$ Over B...
Salaries & Payroll Taxes			
5040 · State Unemployment Tax	0.00	0.00	0.00
5010 · Staff Salaries	458,520.29	470,175.05	-11,654.76
5020 · Part-Time Staff Salaries	5,832.13	8,655.09	-2,822.96
5021 · Temporary Contractors	0.00	0.00	0.00
5030 · FICA Taxes	34,510.67	36,674.18	-2,163.51
Total Salaries & Payroll Taxes	498,863.09	515,504.32	-16,641.23
Scholarships			
5535 · Scholarship	0.00	0.00	0.00
Total Scholarships	0.00	0.00	0.00
Staff Travel			
5060 · Staff Travel - Local	271.80	1,275.00	-1,003.20
5061 · Staff Travel - Prof Mtgs	2,148.85	1,975.02	173.83
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	3,500.84	7,320.00	-3,819.16
5071 · Staff Travel - NASBA Regional	3,383.64	3,544.00	-160.36
5072 · Staff Travel - NASBA ED/Legal	-635.96	0.00	-635.96
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	1,000.02	-1,000.02
5076 · Staff Travel - NCACPA/Board	806.28	750.00	56.28
5077 · Staff Travel - Clear Conference	1,293.08	0.00	1,293.08
5078 · Staff Travel - Vehicle	0.00	0.00	0.00
5080 · Staff Travel - Univ Dialogue	0.00	0.00	0.00
Total Staff Travel	10,768.53	15,864.04	-5,095.51
Subscriptions/References			
5370 · Subscriptions/References	345.07	1,500.00	-1,154.93
Total Subscriptions/References	345.07	1,500.00	-1,154.93
Supplies			
5350 · Supplies - Office	4,256.34	2,250.00	2,006.34
5351 · Supplies - Copier	1,902.20	2,125.02	-222.82
5352 · Supplies - Computer	365.94	1,624.98	-1,259.04
5353 · Supplies - Special Projects	0.00	0.00	0.00
Total Supplies	6,524.48	6,000.00	524.48
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	1,481,015.58	1,503,356.38	-22,340.80
Net Ordinary Income	660,576.24	580,023.50	80,552.74
Other Income/Expense			
Other Income			
8250 · Gift Card Revenue	6,500.00	6,000.00	500.00

10/06/16

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

	<u>Apr - Sep 16</u>	<u>Budget</u>	<u>\$ Over B...</u>
Interest Income			
8500 · Interest Income - MMAs	2,136.53	0.00	2,136.53
8505 · Interest Income - BB&T BUS IDA	0.00	0.00	0.00
8510 · Interest Income - CDs	8,301.09	10,000.02	-1,698.93
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>10,437.62</u>	<u>10,000.02</u>	<u>437.60</u>
8200 · Rental Income	16,919.80	16,920.00	-0.20
8920 · Gain on Sale of Fixed Assets	514.55	0.00	514.55
8921 · Loss on Sale of Fixed Assets	0.00	0.00	0.00
Total Other Income	<u>34,371.97</u>	<u>32,920.02</u>	<u>1,451.95</u>
Other Expense			
7000 · Leasing Commission	1,892.48	0.00	1,892.48
Total Other Expense	<u>1,892.48</u>	<u>0.00</u>	<u>1,892.48</u>
Net Other Income	<u>32,479.49</u>	<u>32,920.02</u>	<u>-440.53</u>
Change in Net Assets	<u>693,055.73</u>	<u>612,943.52</u>	<u>80,112.21</u>

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

	<u>Apr - Sep 16</u>	<u>Apr - Sep 15</u>
Ordinary Income/Expense		
Income		
Certificate Fees		
4110 · Certificates - Initial	28,600.00	30,600.00
4120 · Certificates - Reciprocal	15,700.00	15,200.00
4140 · Certificates - Renewal Fees	1,234,380.00	1,203,360.00
4150 · Certificates - Reinst/Revoked	1,100.00	1,200.00
4151 · Certificates - Reinst/Surr	3,800.00	3,100.00
Total Certificate Fees	<u>1,283,580.00</u>	<u>1,253,460.00</u>
Exam Fee Revenue		
4001 · Initial Adm Fees	122,820.00	97,060.00
4002 · Re-Exam Adm Fees	104,475.00	95,250.00
4004 · Exam Fees Revenue	645,334.19	569,341.39
4070 · Transfer Exam Grade Credit	0.00	75.00
4071 · Exam Review Fees	0.00	0.00
4072 · Exam Scholarship Coupon	-17,387.00	-5,754.48
Total Exam Fee Revenue	<u>855,242.19</u>	<u>755,971.91</u>
Misc		
4999 · Board Training	0.00	0.00
4970 · Duplicate Certificates	450.00	475.00
4990 · Miscellaneous	604.63	244.50
Total Misc	<u>1,054.63</u>	<u>719.50</u>
Partnership Fees		
4260 · Partnership Registration Fees	30.00	0.00
Total Partnership Fees	<u>30.00</u>	<u>0.00</u>
Professional Corporation Fees		
4250 · PC Registration Fees	1,650.00	2,500.00
4251 · PC Renewal Fees	10.00	0.00
4252 · PC Renewal Fees W/Penalties	25.00	0.00
Total Professional Corporation Fees	<u>1,685.00</u>	<u>2,500.00</u>
Total Income	<u>2,141,591.82</u>	<u>2,012,651.41</u>
Expense		
6690 · Over & Short	0.60	0.00
Fringe Benefits		
5031 · Retirement - NCLB Contribution	27,510.81	26,684.00
5033 · Retirement - NCLB Administr	1,636.81	1,069.77
5035 · Health Ins. Premiums	52,227.31	56,318.33
5036 · Medical Reim Plan	9,516.76	11,740.09
Total Fringe Benefits	<u>90,891.69</u>	<u>95,812.19</u>

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

	<u>Apr - Sep 16</u>	<u>Apr - Sep 15</u>
Board Travel		
5120 · Board Travel - Board Meetings	10,411.49	9,007.79
5121 · Board Travel - Prof Meetings	14.00	41.00
5122 · Board Travel - NASBA Annual	6,591.02	939.60
5123 · Board Travel - NASBA Regional	8,134.03	4,084.04
5127 · Board Travel - NCACPA/Board	2,981.53	1,548.55
5129 · Miscellaneous Board Costs	332.42	1,077.32
Total Board Travel	<u>28,464.49</u>	<u>16,698.30</u>
Building Expenses		
5800 · Building Maintenance	2,772.17	212.32
5801 · Electricity	5,780.34	5,813.25
5802 · Grounds Maintenance	840.00	1,900.00
5803 · Heat & Air Maintenance	1,212.00	4,168.93
5807 · Janitorial Maintenance	2,900.66	2,850.00
5808 · Pest Control Service	0.00	150.00
5809 · Security & Fire Alarm	2,448.00	2,320.38
5810 · Trash Collection	-152.75	662.57
5811 · Water & Sewer	607.71	430.40
Total Building Expenses	<u>16,408.13</u>	<u>18,507.85</u>
Continuing Education -Staff		
5050 · Continuing Education - Staff	394.85	2,168.15
5051 · Continuing Education - RNB	102.60	0.00
Total Continuing Education -Staff	<u>497.45</u>	<u>2,168.15</u>
Exam Postage		
5531 · Exam Postage	480.00	480.00
Total Exam Postage	<u>480.00</u>	<u>480.00</u>
Exam Sitting and Grading		
5538 · Exam Vendor Expense	596,018.98	519,510.59
Total Exam Sitting and Grading	<u>596,018.98</u>	<u>519,510.59</u>
Investigation & Hearing Costs		
5221 · Staff Investigation Costs	16.50	100.00
5222 · Investigation Materials	3,284.83	6,218.87
5230 · Hearing Costs	7,191.84	445.88
5231 · Rule-Making Hearing Costs	0.00	398.80
5250 · Administrative Cost Assessed	-3,100.00	-21,100.00
5260 · Civil Penalties Assessed	-9,200.00	-61,900.00
5261 · Civil Penalties Remitted	9,450.13	50,784.90
Total Investigation & Hearing Costs	<u>7,643.30</u>	<u>-25,051.55</u>
Legal Expense		
5140 · Legal Counsel - Administrative	15,504.00	17,500.00
5211 · Legal Counsel - Litigation	16,003.61	18,410.15
Total Legal Expense	<u>31,507.61</u>	<u>35,910.15</u>

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

	<u>Apr - Sep 16</u>	<u>Apr - Sep 15</u>
Misc Personnel		
5034 · Misc. Payroll Deduction	0.00	0.00
5037 · HSA Deduction	0.00	0.00
5090 · Flowers, Gifts, Etc.	302.58	80.06
5091 · Staff Recruiting	299.00	0.00
5092 · Misc. Personnel Costs	433.55	424.78
Total Misc Personnel	1,035.13	504.84
Office Expense		
5436 · Contracted Copy Service	1,235.16	5,356.12
5301 · Equipment Rent	312.00	468.00
5320 · Payroll Service	878.64	842.20
5360 · Telephone	2,583.00	3,056.17
5361 · Internet & Website	2,900.40	2,177.34
5390 · Clipping Service	1,538.92	1,321.08
5400 · Computer Prog/Assistance	3,555.92	1,110.00
5405 · Computer Software Maintenance	29,767.08	19,505.35
5410 · Dues	7,730.00	7,665.00
5420 · Insurance	9,020.00	9,020.00
5430 · Audit Fees	8,990.00	8,730.00
5440 · Misc Office Expense	705.00	630.00
5445 · Banking Fees	2,903.49	1,164.38
5450 · Credit Card Fees	42,352.16	37,838.96
Total Office Expense	114,471.77	98,884.60
Per Diem - Board		
5110 · Per Diem - Board Meetings	6,650.00	5,500.00
5111 · Per Diem - Prof Meetings	250.00	0.00
5113 · Per Diem - NASBA Regional	2,100.00	400.00
5114 · Per Diem - NASBA Committees	200.00	450.00
5117 · Per Diem - NCACPA/Board	100.00	500.00
Total Per Diem - Board	9,300.00	6,850.00
Postage		
5345 · Postage - UPS	7,000.00	8,900.00
5340 · Postage - Other	2,201.88	2,170.09
5341 · Postage - Newsletter	27,000.00	34,200.00
5342 · Postage - Business Reply	600.00	600.00
5343 · Postage - Renewal	720.00	720.00
Total Postage	37,521.88	46,590.09
Printing		
5330 · Printing - Other	1,247.80	2,092.68
5331 · Printing - Newsletter	26,705.18	29,347.37
5332 · Printing - Certificates	609.00	0.00
Total Printing	28,561.98	31,440.05
Repairs & Maintenance		
5381 · Maintenance - Copiers	454.76	416.21
5382 · Maintenance - Computer	766.64	0.00
5383 · Maintenance - Postage	490.00	0.00
Total Repairs & Maintenance	1,711.40	416.21

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

	<u>Apr - Sep 16</u>	<u>Apr - Sep 15</u>
Salaries & Payroll Taxes		
5040 · State Unemployment Tax	0.00	1,099.85
5010 · Staff Salaries	458,520.29	444,987.01
5020 · Part-Time Staff Salaries	5,832.13	7,339.77
5021 · Temporary Contractors	0.00	290.00
5030 · FICA Taxes	34,510.67	33,793.80
Total Salaries & Payroll Taxes	<u>498,863.09</u>	<u>487,510.43</u>
Scholarships		
5535 · Scholarship	0.00	6,000.00
Total Scholarships	<u>0.00</u>	<u>6,000.00</u>
Staff Travel		
5060 · Staff Travel - Local	271.80	334.42
5061 · Staff Travel - Prof Mtgs	2,148.85	1,155.48
5070 · Staff Travel - NASBA Annual	3,500.84	1,580.00
5071 · Staff Travel - NASBA Regional	3,383.64	5,347.45
5072 · Staff Travel - NASBA ED/Legal	-635.96	-239.20
5075 · Staff Travel - NCACPA Meetings	0.00	93.70
5076 · Staff Travel - NCACPA/Board	806.28	0.00
5077 · Staff Travel - Clear Conference	1,293.08	0.00
Total Staff Travel	<u>10,768.53</u>	<u>8,271.85</u>
Subscriptions/References		
5370 · Subscriptions/References	345.07	852.80
Total Subscriptions/References	<u>345.07</u>	<u>852.80</u>
Supplies		
5350 · Supplies - Office	4,256.34	2,673.42
5351 · Supplies - Copier	1,902.20	597.60
5352 · Supplies - Computer	365.94	1,500.07
Total Supplies	<u>6,524.48</u>	<u>4,771.09</u>
9999 · Suspense	0.00	0.00
Total Expense	<u>1,481,015.58</u>	<u>1,356,127.64</u>
Net Ordinary Income	660,576.24	656,523.77
Other Income/Expense		
Other Income		
8250 · Gift Card Revenue	6,500.00	10,300.00
Interest Income		
8500 · Interest Income - MMAs	2,136.53	1,434.18
8510 · Interest Income - CDs	8,301.09	7,689.98
Total Interest Income	<u>10,437.62</u>	<u>9,124.16</u>
8200 · Rental Income	16,919.80	16,391.70
8920 · Gain on Sale of Fixed Assets	514.55	0.00
Total Other Income	<u>34,371.97</u>	<u>35,815.86</u>

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

	<u>Apr - Sep 16</u>	<u>Apr - Sep 15</u>
Other Expense		
7000 - Leasing Commission	1,892.48	0.00
Total Other Expense	<u>1,892.48</u>	<u>0.00</u>
Net Other Income	<u>32,479.49</u>	<u>35,815.86</u>
Change in Net Assets	<u><u>693,055.73</u></u>	<u><u>692,339.63</u></u>

- September 19, 2016 - continued discussion on the draft rules
- October 27, 2016 - proposed rules presented and voted on to send to the Rules Review Commission (RRC) for publication in the NC Register
- November 7, 2016 – filing deadline for publication in the NC Register
- December 1, 2016 – published in the NC Register
- December 19, 2017 – public rule-making hearing
- January 30, 2017 – public comment period ends
- February 20, 2017 – final action by the Board on the proposed rules
- March 20, 2017 – file rules with the RRC
- April 20, 2017 – review by the RRC at its meeting
- May 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~~" inactive
8 status;

9 (2) "Agreed-upon procedures" means a professional service whereby a CPA is engaged to issue a
10 report of findings based on specific procedures performed on identified subject matter;

11 (3) "AICPA" means the American Institute of Certified Public Accountants;

12 (4) "Applicant" means a person who has applied to take the CPA examination or applied for a
13 certificate of qualification;

14 (5) "Attest service" means a professional service whereby a CPA in the practice of public accounting
15 is engaged to issue or does issue:

16 (A) any audit or engagement to be performed in accordance with the Statements on Auditing
17 Standards, Statements on Generally Accepted Governmental Auditing Standards, Public
18 Company Accounting Oversight Board Auditing Standards, and International Standards
19 on Auditing;

20 (B) any review ~~or~~ engagement to be performed in accordance with the Statements on
21 Standards for Accounting and Review Services;

22 (C) any compilation ~~or~~ engagement to be performed in accordance with the Statements on
23 Standards for Accounting and Review Services; or

24 (D) any engagement to be performed in accordance with the Statements on Standards for
25 Attestation Engagements;

26 (6) "Audit" means a professional service whereby a CPA is engaged to examine financial statements,
27 items, accounts, or elements of a financial statement prepared by management, in order to express
28 an opinion on whether the financial statements, items, accounts, or elements of a financial
29 statement are presented in conformity with an applicable reporting framework, that enhances the
30 degree of confidence that intended users can place on the financial statements, items, accounts, or
31 elements of a financial statement;

32 (7) "Calendar year" means the 12 months beginning January 1 and ending December 31;

33 (8) "Candidate" means a person whose application to take the CPA examination has been accepted by
34 the Board and who may sit for the CPA examination;

35 (9) "Client" means a person or an entity who orally or in writing agrees with a licensee to receive any
36 professional services performed or delivered;

- 1 (10) "Commission" means compensation, except a referral fee, for recommending or referring any
2 product or service to be supplied by another person;
- 3 (11) "Compilation" means a professional service whereby a CPA is engaged to present, in the form of
4 financial statements, information that is the representation of management without undertaking to
5 express any assurance on the statements;
- 6 (12) "Contingent fee" means a fee established for the performance of any service pursuant to an
7 arrangement in which no fee will be charged unless a specified finding or result is attained, or in
8 which the amount of the fee is otherwise dependent upon the finding or result of such service;
- 9 (13) "CPA" means certified public accountant;
- 10 (14) "CPA firm" means a sole proprietorship, a partnership, a professional corporation, a professional
11 limited liability company, or a registered limited liability partnership that uses "~~certified public~~
12 ~~accountant(s)~~" certified public accountant(s) or "~~CPA(s)~~" CPA(s) in or with its name or offers to
13 or renders any attest services in the public practice of accountancy;
- 14 (15) "CPE" means continuing professional education;
- 15 (16) "Disciplinary action" means ~~revocation or~~ revocation, suspension of, or refusal to grant a
16 certificate, or the imposition of a reprimand, probation, constructive comment, or any other
17 penalty or condition;
- 18 (17) "FASB" means the Financial Accounting Standards Board;
- 19 (18) "Firm network" means an association of entities that includes one or more firms that cooperate for
20 the purpose of enhancing the firms' capabilities to provide professional services and share one or
21 more of the following characteristics:
- 22 (A) the use of a common brand name, including initials, as part of the firm name;
- 23 (B) common control among the firms through ownership, management, or other means;
- 24 (C) profits or costs, excluding costs of operating the association; costs of developing audit
25 methodologies, manuals, and training courses; and other costs that are immaterial to the
26 firm;
- 27 (D) common business strategy that involves ongoing collaboration amongst the firms
28 whereby the firms are responsible for implementing the association's strategy and are
29 accountable for performance pursuant to that strategy;
- 30 (E) significant part of professional resources; or
- 31 (F) common quality control policies and procedures that firms are required to implement and
32 that are monitored by the association;
- 33 (19) "GASB" means the Governmental Accounting Standards Board;
- 34 (20) "Inactive," when used to refer to the status of a person, describes a person who has requested
35 inactive status and has been approved by the Board and who does not use the title "~~certified public~~
36 ~~accountant~~," certified public accountant, nor does he or she allow anyone to refer to him or her as

1 a "~~certified public accountant,~~ certified public accountant, and neither he nor she nor anyone else
2 refers to him or her in any representation as described in Rule .0308(b) of this Section;

3 (21) "IRS" means the Internal Revenue Service;

4 (22) "Jurisdiction" means any state or territory of the United States or the District of Columbia;

5 (23) "License year" means the 12 months beginning July 1 and ending June 30;

6 (24) "Member of a CPA firm" means any CPA who has an equity ownership interest in a CPA firm;

7 (25) "NASBA" means the National Association of State Boards of Accountancy;

8 (26) "NCACPA" means the North Carolina Association of Certified Public Accountants;

9 (27) "North Carolina office" means any office physically located in North Carolina;

10 (28) "Person" means any natural person, corporation, partnership, professional limited liability
11 company, registered limited liability partnership, unincorporated association, or other entity;

12 (29) "Professional" means arising out of or related to the particular knowledge or skills associated with
13 CPAs;

14 (30) "Referral fee" means compensation for recommending or referring any service of a CPA to any
15 person;

16 (31) "Revenue Department" means the North Carolina Department of Revenue;

17 (32) "Review" means a professional service whereby a CPA is engaged to perform procedures, limited
18 to analytical procedures and inquiries, to obtain a reasonable basis for expressing limited
19 assurance on whether any material modifications should be made to the financial statements for
20 them to be in conformity with generally accepted accounting principles or other comprehensive
21 basis of accounting;

22 (33) "Reviewer" means a member of a review team including the review team captain;

23 (34) "Suspension" means a revocation of a certificate for a specified period of time. A CPA may be
24 reinstated after a specific period of time if the CPA has met all conditions imposed by the Board at
25 the time of suspension;

26 (35) "Trade name" means a name used to designate a business enterprise;

27 (36) "Work papers" mean the CPA's records of the procedures applied, the tests performed, the
28 information obtained, and the conclusions reached in attest services, tax services, consulting
29 services, special report services, or other engagements. Work papers include programs used to
30 perform professional services, analyses, memoranda, letters of confirmation and representation,
31 checklists, copies or abstracts of company documents, and schedules of commentaries prepared or
32 obtained by the CPA. The forms include handwritten, typed, printed, word processed,
33 photocopied, photographed, and computerized data, or in any other form of letters, words,
34 pictures, ~~sounds~~ sounds, or symbols; and

35 (37) "Work product" means the end result of the engagement for the client that may include a tax
36 return, attest or assurance report, consulting report, ~~and~~ or financial plan. The forms include

1 handwritten, typed, printed, word processed, photocopied, photographed, and computerized data,
2 or in any other form of letters, words, pictures, sounds, or symbols.

3 (c) Any requirement to comply by a specific date to the Board that falls on a weekend or federal holiday shall be
4 received as in compliance if postmarked by U.S. Postal Service cancellation by that date, if received by a private
5 delivery service by that date, or received in the Board office on the next business day.

6
7 *History Note: Authority G.S. 93-1; 93-12; 93-12(3);*

8 *Eff. February 1, 1976;*

9 *Readopted Eff. September 26, 1977;*

10 *Amended Eff. May 1, 2017; January 1, 2014; February 1, 2011; January 1, 2006; January 1,*
11 *2004; April 1, 1999; August 1, 1998; February 1, 1996; April 1, 1994; September 1, 1992;*

12 *Readoped Eff. February 1, 2016.*

1 **21 NCAC 081 .0101 DISCIPLINARY ACTION**

2
3 (a) Any person may ~~petition the Board for appropriate disciplinary action against a CPA.~~ file a complaint with the Board
4 against a CPA, pursuant to G.S. 150B for disciplinary action against a CPA for violations of G.S. 93 and 21 NCAC
5 Chapter 08 on forms provided by the Board that are on the Board's website at www.nccpaboard.gov and may be
6 requested from the Board.

7 (b) The ~~petition~~ complaint shall set forth ~~in simple language~~ the facts upon which the ~~petition~~ complaint is based. ~~It shall~~
8 ~~bear an affidavit of the petitioner stating-~~ The complainant shall confirm that he or she believes the facts stated in the
9 petition complaint are true and that he or she is prepared to prove them at a hearing.

10 (c) The ~~petition~~ complaint shall be filed in the office of the Board. The Board's professional standards staff shall open a
11 case file, notify the complainant of receipt of the complaint, notify and provide a copy of the complaint to the respondent
12 named in the complaint, and conduct any appropriate investigation. ~~an investigation of the allegations in the complaint.~~
13 ~~Based upon its investigation, the professional standards staff~~ the investigation and the recommendation of the
14 Professional Standards Committee of the Board appointed by the Board President, and with the approval of the Board,
15 the professional standards staff may do any of the following:

- 16 (1) close the case without prejudice;
- 17 (2) close the case with prejudice;
- 18 (3) prepare a Consent Order;
- 19 (4) apply to the courts for injunctive relief; or
- 20 (5) ~~may~~ prepare a proposed Hearing Notice.

21 ~~A~~ The Professional Standards Committee, appointed by the President of the Board, Committee shall determine whether
22 the allegations in a case warrant applying to the courts for injunctive relief and the allegations in the proposed Hearing
23 Notice, if proven, would warrant a contested case proceeding pursuant to G.S. 150B-38 - 150B-42. A copy of any
24 Hearing Notice filed and application for injunctive relief applied for shall be provided to the complainant in that matter.

25 (d) The Board ~~may~~ shall notify the complainant and the respondent in any complaint filed with the Board of the
26 disposition of the case and shall publish or announce the disciplinary action against a CPA in such manner and for such
27 period as it deems appropriate. CPA.

28
29 *History Note: Authority G.S. 55B-12; 93-12(9);*

30 *Eff. February 1, 1976;*

31 *Readopted Eff. September 26, 1977;*

32 *Amended Eff. May 1, 2017; April 1, 1994; May 1, 1989; June 1, 1985; October 1, 1984;*

33 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
34 *2014.*

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.~~ Board; or

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; 57D-2-02; 93-12(3); 93-12(9);*

16 *Eff. April 1, 1994;*

17 *Amended Eff. May 1, 2017; January 1, 2014; January 1, 2004; August 1, 1995;*

18 *Readopted Eff. February 1, 2016.*

1 **21 NCAC 08N .0208 REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS**

2
3 (a) Criminal Actions. A CPA shall notify the Board within 30 days of any conviction or finding of guilt of, pleading
4 of nolo contendere, or receiving a prayer for judgment continued to any criminal offense.

5 (b) Civil Actions. A CPA shall notify the Board within 30 days of any judgment or settlement in a civil suit,
6 bankruptcy action, administrative proceeding, or binding arbitration that:

7 (1) is grounded upon an allegation of professional negligence, gross negligence, dishonesty, fraud,
8 misrepresentation, incompetence, or violation of any federal or state tax law; and

9 (2) was brought against either the CPA or a North Carolina office of a CPA firm of which the CPA
10 was a managing owner.

11 (c) Settlements. A CPA shall notify the Board within 30 days of any written settlement in ~~lieu of a civil suit or~~
12 ~~criminal charge~~ which a client or former client releases the CPA from liability that is grounded upon an allegation of
13 professional negligence; gross negligence; dishonesty; fraud; misrepresentation; incompetence; or violation of any
14 federal, state, or local law. ~~Notification shall be required regardless of any confidentiality clause in the settlement.~~
15 law, regardless of whether the client or former client has filed a civil suit or criminal charge.

16 (d) Investigations. A CPA shall notify the Board within 30 days of any inquiry or investigation by the criminal
17 investigation divisions of the Internal Revenue Service (IRS) or any state department of revenue pertaining to any
18 personal or business tax matters.

19 (e) Liens. A CPA shall notify the Board within 30 days of the filing of any liens by the Internal Revenue Service
20 (IRS) or any state department of revenue regarding the failure to pay or apparent failure to pay for any amounts due
21 for any tax matters.

22
23 *History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(9);*

24 *Eff. April 1, 1994;*

25 *Amended Eff. May 1, 2017; January 1, 2014; January 1, 2006; April 1, 2003; April 1, 1999;*

26 *Readopted Eff. February 1, 2016.*

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 the 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~~

1 personnel at the request of the CPA. Only to the extent these analyses result in changes to the client's records would
2 the CPA be required to furnish the details from the work papers in support of the journal entries recording the
3 changes, unless the journal entries themselves contain all necessary details.

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

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

11 (a) A CPA shall return client-provided records in the CPA's custody or control to the client at the client's request.
12 Client provided records are accounting or other records, including hardcopy and electronic reproductions of such
13 records, belonging to the client that were provided to the CPA by, or on behalf of, the client.

14 (b) Unless a CPA and the client have agreed to the contrary, when a client makes a request for CPA prepared
15 records or a CPA's work products that are in the CPA's custody or control and that have not previously been
16 provided to the client, the CPA should respond to the client's request as follows:

17 (1) The CPA should provide CPA prepared records relating to a completed and issued work product
18 to the client, except that such records may be withheld if fees are due to the CPA for that specific
19 work product; and

20 (2) CPA's work products should be provided to the client, except that such work products may be
21 withheld:

22 (a) if fees are due to the CPA for the specific work product;

23 (b) if the work product is incomplete;

24 (c) if for purpose of complying with professional standards (for example, withholding an audit
25 report due to outstanding audit issues); or

26 (d) if threatened or outstanding litigation exists concerning the engagement or CPA's work.

27 (c) CPA prepared records are accounting or other records that the CPA was not specifically engaged to prepare and
28 that are not in the client's books and records or are otherwise not available to the client, thus rendering the client's
29 financial information incomplete. Examples include adjusting, closing, combining, or consolidating journal entries
30 (including computations supporting such entries) and supporting schedules and documents that the CPA proposed or
31 prepared as part of an engagement, (for an example, an audit). CPA's work products are deliverables set forth in the
32 terms of the engagement, such as tax returns.

33 (d) Once a CPA has complied with these requirements, he or she is under no ethical obligation to:

34 (1) comply with any subsequent requests to again provide records or copies of records described in
35 (a) and (b) of this Rule. However, if subsequent to complying with a request, a client experiences
36 a loss of records due to a natural disaster, the CPA should comply with an additional request to
37 provide such records; and

1 (2) retain records for periods that exceed applicable professional standards, state and federal statutes
2 and regulations, and contractual agreements relating to the service performed.

3 (e) A CPA who has provided records to an individual designated or held out as a the client's representative, such as
4 the general partner, majority shareholder, or spouse, is not obligated to provide such records to other individuals
5 associated with the client.

6 (f) Work papers are the CPA's property, and the CPA is not required to provide such information to the client.
7 However, state and federal statutes and regulations and contractual agreements may impose additional requirements
8 on the CPA.

9 (g) In fulfilling a request for client provided records, CPA prepared records, or a CPA's work products, the CPA
10 may:

11 (1) charge the client a fee for the time and expense incurred to retrieve and copy such records and
12 require that the client pay the fee before the CPA provides the records to the client;

13 (2) provide the requested records in any format usable by the client. However, the CPA is not
14 required to convert records that are not in electronic format to electronic format. If the client
15 requests records in a specific format and the records are available in such format within the CPA's
16 custody and control, the client's request should be honored. In addition, the CPA is not required
17 to provide the client with formulas, unless the formulas support the client's underlying accounting
18 or other records or the CPA was engaged to provide such formulas as part of a completed work
19 product; and

20 (3) make and retain copies of any records that the CPA returned or provided to the client.

21 (h) A CPA who is required to return or provide records to the client should comply with the client's request as soon
22 as practicable but, absent extenuating circumstances, no later than 45 days after the request is made.

23
24 History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);
25 Eff. April 1, 1994;
26 Amended Eff. May 1, 2017; January 1, 2006; April 1, 2003;
27 Readopted Eff. February 1, 2016.



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October 27, 2016

Beth Thoresen, Director – Peer Review Operations
Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Dear Ms. Thoresen:

The North Carolina State Board of CPA Examiners (Board) has reviewed the supplemental discussion paper entitled *Proposed Evolution of Peer Review Administration* prepared by the AICPA and released for comment on July 18, 2016. The supplemental discussion paper, targeted specifically to state boards, discusses a proposed model for changing the administration of the current AICPA Peer Review Program and supplements a discussion paper previously shared only with state CPA society leaders. While the Board appreciates the fact that it is being given an opportunity to provide feedback for the proposal, it is concerning that state boards, who rely heavily on the results of the Peer Review program in monitoring CPA firms' accounting and audit practices to protect the public, were not engaged during the initial stages of the process.

The stated purpose of the AICPA Peer Review Program (PR Program) is the enhancement of the quality of accounting and auditing services by the CPA profession. As this Board requires peer review for all licensed firms performing attestation services, it is supportive of any effort that further enhances the Program. However, the Board is not sure that the dramatic changes in this proposal related to the administrative aspects of the PR Program will correlate to the quality improvements aspired to by the changes. The PR Program was originally designed to assist professionals in performing quality services and provide educational opportunities to address identified deficiencies. However, the perceptions and expectations of the PR Program have evolved over time. Regulatory representatives, from state boards to governmental oversight agencies, have come to rely on the results of the PR Program as an indicator of the quality of accounting and auditing services performed by CPA firms. Also, Government Auditing

Standards speak to the PR Program in addressing CPA firms' systems of quality control and assurance. Yet, as state boards are drawn into audit quality issues, there continues to be a disconnect between the audit quality issues being identified by governmental oversight agencies and the specific audit firm peer review results. While some of this may be attributed to the administrative process of the PR Program, the core efforts should focus on the competency of the services being provided and adherence to the standards and regulations that guide the profession.

As the AICPA looks at potential changes to the PR Program, perhaps a more thorough review should be done for the peer review process itself before making dramatic changes to the administrative process. The peer review is an assessment of a CPA firm's system of quality control that is performed every three years. A pass peer review represents a seal of approval for the firm's quality of services and assures the firm's clients and the public that the CPA firm is adhering to appropriate professional standards. Thus, the peer review should be identified as a high-level service within the CPA profession. However, for many it is seen as just a necessary step to comply with a rolling three-year compliance requirement. The procedure of the peer review should not be to look at firm practices at the 30,000-foot level, but to actually spend sufficient time with the work product and evaluating the sufficiency of evidence to support quality and adherence to standards for the work performed. The sheer volume of checklists and reporting processes in the current peer review environment is overwhelming and possibly could be simplified to relate more to the core aspects of the performance of quality services.

In addressing the proposed criteria and structure for the PR Program administration in the future, the Board offers the following comments:

- The proposal lays out a very specific and defined structure, one that is much different from the structure currently in place in North Carolina. The Board has a very good relationship with its current Administrative Entity (AE) and does not see where the proposed change in its administrative structure would lead to increased efficiencies or higher quality PR Program results. As the North Carolina AE has been subjected to many oversight visits and found to be successfully overseeing the local PR Program activities, there have not been any compelling arguments presented that a newer administrative structure would provide a more efficient operating environment or successful PR Program.
- The proposal speaks to the need for improving consistency in "the way the Program guidance is applied" by the AEs. That consistency should be derived from the guidelines and oversight provided to the PR Program. Regardless of the administrative structure in place, that expectation should always be there. If

there are truly issues of consistency within the current AE environment, corrective actions taken to address those issues may be a better first step than a total revamp of the administrative structure of the PR Program. The staffing specifics call for at least one full-time administrator, director, and technical reviewer with the logic that dedicated staff will help with the consistent application of PR Program Guidance. The North Carolina AE has a dedicated Peer Review Coordinator who oversees the administrative aspects of the PR Program; therefore, the current structure appears to allow for the administrative consistency which is sought.

- As previously mentioned, the staffing specifics call for at least one full-time administrator, director, and technical reviewer. The latter two positions must be CPAs with qualifications and experience that would allow them to appropriately perform the technical procedures required of a peer review. The immediate concern is while these persons may meet the necessary requirements at their time of hire, how would those persons be able to maintain that technical expertise? As full-time employees of the AE, these persons would no longer be in the practice of public accounting. As such, they would no longer be performing engagements on a regular basis that would allow them to sufficiently maintain, from a practitioner standpoint, those attestation skills. In the ever-changing regulatory environment of the accounting profession, any significant time outside of that environment could impact professional judgments required of those persons.
- The proposal discusses the Report Acceptance Body (RAB) and the committee structure envisioned within the new AE structure. The requirement for a 49-member RAB appears arbitrary. North Carolina currently operates with an AE oversight committee that varies between 15-20 people. And although the North Carolina AE routinely provides classes to those interested in participating in the PR Program processes, the number of persons that follow through with that interest is minimal. We do not disagree that having a larger RAB might allow for more timely and efficient conclusions to the peer review processes; however, committee members would still need to possess the technical skills and knowledge necessary to perform the roles. Challenges continue to be attracting and retaining these types of new volunteer participants.
- There is much discussion about the technological advances that will be put into place to address the peer review of the future. Communications with our state level users indicate that there are limitations as to the usage and effectiveness of the current peer review administrative systems. Peer reviewers and the firms subject to peer review come in all sizes and levels of sophistication. The leap from the current systems to the described technological advancements appears to be substantial, requiring significant investments in time, resources, and

testing. Should consideration be given to delaying the redesign of the administrative processes until the AICPA actually determines what the actual processes of peer review itself will be?

- No discussion of changing the PR Program should occur without discussion of the costs incurred related to those changes. The proposed administrative charges provide some estimated budgeting guidelines; however, there is too much uncertainty with the current proposal to realistically evaluate the financial proposals. Our North Carolina AE has concerns as to whether the proposed revenue streams will support the proposed changes. In addition, there are concerns as to whether the changes will have an effect on the number of firms that continue to provide services that are subject to peer review. Any contraction in the pool of firms overseen by a particular AE would directly impact that AE's ability to maintain staffing and sufficiently perform the required services.
- The Board has already been hearing from licensees about the proposed AICPA peer review administrative charges as the AICPA begins to plan for the changes to the PR Program. This administrative fee is in addition to expected costs that firms will have to pay their AE related to the actual performance of the peer review services. There is real concern that increasing costs will have an effect on the number of firms continuing to provide services. In addition, the administrative proposal identifies the AICPA as a potential provider, potentially a competitor, of AE services. As the overseer of the AICPA PR Program, there should be caution taken if the reviewer of the PR Program also becomes a processor within the PR Program.

The Board is appreciative of the AICPA's efforts to improve the effectiveness of the peer review process by reviewing all aspects of the PR Program. The goal of the proposed evolution of the AE process is to improve the quality of CPA firms' accounting and auditing practices, one that is surely supported by this Board in its efforts to serve the public interest.

Sincerely,

Michael H. Womble, CPA
President

DRN

Proposed Evolution of Peer Review Administration

*A discussion paper seeking input from state CPA
society leaders.*

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Introduction

CPAs take pride in their long-standing commitment to excellence. That commitment includes continued vigilance in delivering accounting and auditing services and protecting the public interest.

In the current business environment, the rapid pace of change is driving complexity, and that trend is not likely to abate. Increased complexity presents challenges to practitioners in public accounting as they strive to perform high-quality accounting and auditing engagements for entities not subject to Public Company Accounting Oversight Board (PCAOB) permanent inspection. The public's reliance on these services is based on CPAs' integrity, objectivity and competence. The goal of the AICPA Peer Review Program (Program) is to promote quality in the accounting and auditing services provided by the CPA firms.

With that in mind, in May 2014, the American Institute of CPAs (AICPA) launched its [Enhancing Audit Quality](#) (EAQ) initiative. EAQ is a holistic effort to consider auditing of private entities through multiple touch points, especially where quality issues have emerged. The goal is to align the objectives of all audit-related AICPA efforts to improve audit performance.

EAQ is being implemented through a multi-phased approach. The initial phase involves planned and proposed efforts that will begin to improve quality in the near term. The long-term vision focuses on the transformation of the current peer review program into a near real-time practice monitoring process that marries technology with human oversight.

This paper discusses a proposed plan to increase the quality, consistency, efficiency and effectiveness in the administration of peer reviews, while providing for appropriate cost recovery, as one of the long-term changes under the EAQ initiative. The proposal was developed with direct input from more than a dozen state CPA society leaders and is being shared with executive leadership of all state CPA societies for the purpose of obtaining additional feedback before finalizing a formal plan for execution.

In developing the evolution of peer review administering entities (AEs), the following guiding principles were followed:

- Improve quality of CPA firms' accounting and auditing practices
- Maximize opportunities to support firms in their quality efforts
- Provide appropriate cost recovery for administration
- Enable state societies to provide member value and service to firms, by maintaining involvement in the program
- Position state societies for appropriate interchange with federal and state regulators
- Support EAQ initiatives

Each of the state CPA societies and all peer review administering entities (AEs) have been integral to the success of the peer review function, which is enormous in both scope and size across the country. Their commitment to meeting the needs of practitioner members and regulators has been, and continues to be, tremendous. The

need for an evolution of peer review administration as outlined in this discussion paper is the direct result of how peer review has grown and matured over the past 35 years in the marketplace, in the regulatory environment and in the technological environment, and does not diminish the contributions of any state CPA society or AE.

Executive Summary

The AICPA Peer Review Program (Program) has represented the profession's ongoing commitment to enhancing the quality of accounting and auditing services for more than 35 years. It has served the public interest while simultaneously delivering numerous benefits to thousands of CPA firms. The Program is governed by the AICPA Peer Review Board (PRB), which is comprised of public practitioners, state CPA society chief executive officers and a regulatory representative.

Currently, 41 administering entities (AEs), including the National Peer Review Committee (National PRC), administer the Program for public accounting firms within the 50 states, the District of Columbia and the U.S. territories (see Exhibit 1). The AEs also administer peer reviews for public accounting firms enrolled in a state society peer review program (non-AICPA member firms and non-state society member firms). In total, the AEs administer about 34,000 peer reviews over a three-year period.

Effective and consistent peer review administration is critical to help ensure the quality of the accounting and auditing services performed by CPA firms. The AEs vary in the number of peer reviews that they administer, ranging from approximately 100 to as many as 5,250 peer reviews over a three-year period. As a result, they differ in structure, policies, the composition and involvement of employees, use of contractors, Report Acceptance Body (RAB) criteria, and Peer Review Committee (Committee) criteria.

The PRB, at a national level, performs oversight of the AEs and RABs. Past oversight has frequently identified inconsistencies in the effectiveness of peer review administration. Oversight consists of reviewing the procedures conducted by the AEs and RABs to ensure peer reviews are being performed and accepted in accordance with the AICPA's *Standards for Performing and Reporting on Peer Reviews (Standards)*. Oversight has revealed that a significant level of investment (time, money and volunteer and staff commitments) is necessary to maintain the technical and administrative competence required to administer the Program, and to efficiently and effectively incorporate changes in guidance and technology into AE administrative processes.

Other than through technological advances, the administration of peer reviews has remained largely unchanged since the inception of the Program. To help improve overall accounting and auditing quality, enhancements to and greater consistency in peer review administration are required. Accordingly, an evolution of the structure and criteria for AEs is being proposed for input and discussion.

The proposed criteria would decrease the number of AEs to approximately eight to ten in total, each of which would have the capacity to effectively administer at least 1,000 peer reviews per year. Consolidating AEs will provide greater consistency in the Program's administration.

Each AE would be required to have a Director-level professional with primary responsibility for peer review and at least one full-time staff in each of the following roles:

- Administrator
- Technical Reviewer
- Manager

In addition, each AE would have an appropriately structured Committee and RAB(s). The Committee would meet at least quarterly and include 15-20 members who are team captain qualified from the states administered. RABs would be comprised of approximately five members and would meet every two weeks. RAB members would be assigned to the meetings to obtain a cross section of industry experience, including at least one member with experience in any must-select industry included in a review to be presented. A minimum of three RAB members must accept any review. Most meetings could be conducted using technology, rather than in-person.

Feedback on the proposed criteria and structure is requested by August 1, 2016. Once criteria are established, AEs wishing to continue to administer the program will be asked to communicate to the AICPA no later than January 31, 2017 their commitment to and plans for meeting the criteria. The goal is to have the revised structure in place by December 28, 2018. The AICPA is committed to providing resources to all AEs to help ease the transition to becoming an AE of the future, or to transitioning administration responsibilities to another AE.

Evolution of Administering Entities

As designated by the PRB, the Oversight Task Force (OTF) conducts onsite oversight of AEs every other year. The process includes meetings with administrators, technical reviewers, and RAB members to understand their policies and procedures to ensure compliance with the Program.

OTF members and/or AICPA staff conduct RAB observations three times per year per AE to ensure RABs are performing all of their responsibilities. The observations include a review of materials provided to the RAB from a sample of AICPA peer reviews to consider the risk assessment, scope, peer review report, letter of response, management representation letter, corrective actions, implementation plans and other peer review documents before the RAB meeting. During its meeting, RAB members deliberate each review. If, after the deliberation, there are items the observer noted that were not discussed, the observer brings them to the RAB's attention for discussion. Observers also analyze certain administrative procedures to ensure the AE administered the peer review in accordance with Program *Standards*.

An enhanced oversight program of AE administration and RAB activity began in the fall of 2014 as part of the EAQ initiative. This program engages subject-matter experts (SMEs) to oversee peer reviews, primarily focusing on "must-select" engagements. Must-select engagements¹ are industries and practice areas from which at least one

¹ Must-select engagements currently include engagements performed under *Governmental Auditing Standards (GAS)*, audits of employee benefit plans, audits performed under the Federal Deposit Insurance Corporation Improvement Act (FDICIA), audits of carrying broker-dealers and examinations of Service Organization Control (SOC) 1 and 2 engagements.

engagement must be selected as part of the peer review, if applicable. The enhanced oversight includes a review of the financial statements and engagement working papers to verify that peer reviewers are identifying all issues in must-select engagements, including whether engagements are properly identified as non-conforming. The oversight increases confidence in the peer review process and identifies areas that need improvement, such as peer reviewer training. Engagements are selected on a random basis to establish a statistically valid quality measure, and additional targeted selections focus on specific areas of concern, such as high-volume reviewers.

The oversight process has captured and highlighted areas of concern for the effectiveness, efficiency and consistency of the Program across AEs, regardless of state society size.

Noted inconsistencies from the oversights and RAB observations include (but are not limited to):

- Finding for Further Consideration forms (FFCs) lack all required elements in the firm's response – meaning, the firm's response does not include how it intends to implement changes to prevent future occurrences of the finding, the person responsible for implementation, the timing of implementation and, if applicable, additional procedures to ensure the finding is not repeated in the future
- The peer reviewer failed to identify the systemic causes of quality issues identified in the FFCs and deficiencies/significant deficiencies in the peer review report were not clearly articulated by the reviewer
- The appropriateness of the firms' taken or planned remediation of engagements not performed in accordance with professional standards was not discussed by the RAB – meaning, an incorrect or ineffective remediation plan could have been undertaken by the reviewed firm, and, if the firm's actions were not appropriate, could have resulted in a significant change to a negative report rating (pass with deficiencies or fail)
- Peer review overdue notices were not sent on a timely basis resulting in peer reviews that were not performed timely and noncooperation procedures delayed or not begun on firms – meaning, quality issues could remain undetected and firms could be violating licensing requirements
- SMEs identified a much higher rate of non-conforming engagements (engagements not performed in accordance with professional standards) than peer reviewers. The 2014 statistically-valid sample revealed a 43% deficiency rate versus a 9% rate detected by the peer reviewers. Targeted selections, which were high-volume reviewers, resulted in a 50% versus 0% rate.

While these items support the need to strengthen the qualifications and support of peer reviewers, which have and will continue to be addressed by various EAQ initiatives, they also support the need for technical reviewers to perform more thorough evaluations of peer reviews and AEs to perform more effective (and possibly more frequent) oversights. In addition, peer reviewers and RAB members should more closely consider the details of a review and contemplate the implications of the information provided, including the determination of whether:

- The firm has complied with professional standards
- The firm's planned remediation (for engagements and its system of quality control) is appropriate
- The firm's corrective actions are an appropriate remediation

- The firm is cooperating and if not, terminating the firm's enrollment, which in turn can jeopardize the firm's license to practice public accountancy

To help improve audit quality and consistency across peer review administration, the following criteria (more fully described below) are proposed for AEs to be most effective and to continue to administer the Program. The criteria are based upon discussions with state society leaders, meetings with AEs and the results of AE and RAB oversights:

- Administration of at least 1,000 peer reviews annually
- Effective AE peer review management, employee and consultant structure, qualifications and responsibilities
- Effective performance of Committee and RABs

Administration of at least 1,000 Peer Reviews Annually

While many lower volume AEs excel at Program administration, oversight data and RAB observations indicate large volume AEs generally operate with greater consistency, achieving administration that is cost effective and efficient. Achieving more consistency in peer review administration is key to improving peer review and enhancing audit quality in the profession.

With deeper resources, the AEs that administer a larger volume of reviews typically administer reviews more quickly, more frequently address reviewer performance issues at the appropriate level, when required, conduct highly deliberative RAB meetings, demonstrate thorough reviews in their RAB conclusions, and overall, receive fewer oversight comments. The yearly cost to administer 1,000 peer reviews annually, based on a team of one Director, six Administrators, one Manager and four full-time equivalent Technical Reviewers would be approximately \$1,015,000 (see Exhibit 2 for assumptions and the section immediately following this one for staffing rationale). As occurs today, AEs of the future will charge administrative fees to enrolled firms to recover all costs associated with Program administration. Larger volume AEs also tend to have more flexibility and expertise to incorporate changes in technology and guidance when changes are required. Additionally, the oversight and communications functions between and among the AICPA and the AEs can be enhanced to create more opportunities to provide members and state society value, and minimize inconsistencies.

Accordingly, we propose the administration of at least 1,000 peer reviews annually by each AE.

Effective Administering Entity Peer Review Management, Employee and Consultant Structure, Qualifications and Responsibilities

AEs that administer a large volume of reviews generally have the most effective and consistent administrative processes. Such AEs have similar structures, including dedicated full-time staff. Staffing specifics vary, however each has *at least* one full-time administrator, manager and technical reviewer who were identified as important aspects to the administration of the peer reviews. Further, these AEs have dedicated management focusing exclusively on peer review and sometimes on other audit quality initiatives; examples include ethics enforcement and staffing technical A&A committees. Also, as peer review continues to evolve, dependency on technology for all steps of the

process, including administration, has increased (and will continue to increase). The ability to adapt and work effectively with changing technology has been considered critical in determining the qualifications necessary to perform these roles.

The proposed structure of an AE would consist of a Director-level professional with primary responsibility for peer review and full time staff should include at least one of each of the following:

- Administrator
- Technical Reviewer
- Manager-level employee

The AE should have additional staff of dedicated technical reviewers or consultants to administer at least 1,000 peer reviews annually. Our estimates indicate 1,000 peer reviews will require 9,000 administrator and 7,100 technical reviewer hours (see Exhibit 2), and the AE should be structured accordingly.

Director

The Director would be responsible for overseeing the operations of the Peer Review Program administration and ensuring quality and consistency. The Director would provide assistance to peer review firms and reviewers, including technical assistance in areas such as accounting, auditing and independence. The Director would be accountable for ensuring that the Committee and RABs act in compliance with the Program and the RAB Handbook. The Administrators, Managers and Technical Reviewers would report to the Director, who would have the authority to assign and reprioritize tasks for these positions. A Director's time would not need to be 100% allocated to peer review, but he/she should have sufficient experience and involvement to maintain an efficient and effective Program. See Exhibit 3 for additional responsibilities and recommended qualifications for this position.

Administrator

The Administrator(s) would be responsible for the scheduling aspects of the Program. The Administrator(s) would:

- Confirm that all enrolled firms schedule their reviews in accordance with AICPA *Standards* and state board requirements
- Maintain information for firms enrolled in the program that do not require peer reviews
- Assist firms to resolve any scheduling errors or issues
- Work with peer reviewers to coordinate the submission of peer review documents to the AE
- Process the submitted review documents to ensure that all required documentation is received
- File review work papers received from peer reviewers and reviewed firms so they are accessible for the Technical Reviewers
- Maintain Facilitated State Board Access records in a timely manner
- Ensure the AE Plan of Administration is submitted annually to the AICPA by the stated deadline

Our estimates indicate six full-time equivalent Administrators would be needed to effectively administer 1,000 peer reviews annually based upon an assumption of 9,000 total hours of Administrator time (see Exhibit 2 for further information on assumptions). See Exhibit 4 for additional responsibilities and recommended qualifications for this position.

Manager

The Manager(s) would be responsible for the operation and maintenance of all administrative functions of the Peer Review Program. The Manager(s) would:

- Develop processes and procedures for the scheduling and processing of reviews, maintain information on the status of reviews and monitor compliance with deadlines
- Coordinate the review of working papers with Technical Reviewers, and coordinate and document activities of the RAB

See Exhibit 5 for additional responsibilities and recommended qualifications for this position.

Technical Reviewer

The Technical Reviewer(s) would be responsible for performing the work paper review before the presentation of a peer review to the RAB. The Technical Reviewer(s) should be capable of performing a full work paper review, which includes a review of all of the engagement checklists and the quality control policies and procedures documents. The Technical Reviewer(s) would:

- Work closely with peer reviewers and public accounting firms to identify and resolve questions and issues prior to RAB presentation
- Assist the RAB member responsible for presenting the review by providing additional detailed information as necessary

Our estimates indicate four full-time equivalent Technical Reviewers would be needed to administer effectively full working paper reviews of 1,000 peer reviews annually based upon an assumption of 7,100 total hours of technical reviewer time (see Exhibit 2 for further information on assumptions). See Exhibit 6 for additional responsibilities and recommended qualifications for this position.

Full-time Administrators and Technical Reviewers may serve in a limited capacity in other areas with prior approval and periodic review by the OTF. Any known additional responsibilities should be provided to the AICPA as part of the AE's proposed plan for continuing as an AE (see discussion below under Administering Entities of the Future).

The AICPA will consider exceptions to the required criteria for AEs, by grandfathering Directors, Administrators, Managers and Technical Reviewers currently engaged in the Program and performing at a high level of quality in their area of expertise. An objective of the final plan is to retain experienced and qualified peer review staff members, and Program technology will enable telecommuting where appropriate.

Effective Performance of Peer Review Committee and Report Acceptance Body

Each AE will be responsible for establishing a Committee and RAB(s) having the collective knowledge and expertise key to the Program's success and the profession's self-regulation. Through assigning and following up on corrective actions, Committee and RAB members help improve audit quality and support firms by holding them accountable. Finally, the Committees and RABs ascertain the right information is included in the system to support improvement and changes to professional standards, as appropriate.

The Committee would include:

- 15-20 members who are team captain qualified
- Members from each of the states administered by the AE

Committee members would ordinarily serve five one-year terms that are dependent upon satisfactory performance with the ability to extend beyond five years for one or more additional one-year terms depending upon the Committee's needs.

The full Committee should meet at least quarterly, in whichever format the AE deems effective (in-person, web-based, telephonic), with at least one in-person meeting per year. The Committee is ultimately responsible for the following:

- Discussing AICPA PRB proposals to the Program and comment, as appropriate
- Discussing and executing changes to the Program *Standards*, interpretations and related guidance issued by the AICPA PRB
- Communicating guidance changes to RAB members who are not on the Committee
- Discussing the AE Plan of Administration, including effectiveness of technical reviews and oversights and approval before submission to the PRB
- Resolving concerns raised during RAB meetings
- Resolving disagreements (or where no resolution can be made, referring unresolved issues to the PRB for final determination)
- Monitoring the status of reviews administered (e.g., overdue scheduling forms, length of time since work papers were received, firms undergoing hearings, etc.)
- Evaluating the qualifications and competencies of technical reviewers on an annual basis
- Performing other tasks as discussed in the RAB Handbook

An Executive Committee may be formed and would be responsible for the tasks previously listed, delegating certain tasks to sub-committees or other groups who then report back to the Executive Committee.

RAB meetings would follow these criteria:

- Organized and hosted by AE on a regular cycle, scheduled, at a minimum, every two weeks (meeting may be canceled if there are not six peer reviews (or a reasonable number) to accept)
- Active participation by approximately five members in each meeting

- A minimum of three RAB members must accept any particular review
- A mix of experience of industries with at least one member who has experience in any must-select industry in which such engagements are included in a review to be presented
- Members presenting or voting on system reviews must be team captain qualified
- Members presenting or voting on engagement reviews must be review captain qualified
- Meetings may be separated between system and engagement reviews based upon qualification of the RAB members
- When conducting conference calls, the number and complexity of reviews should be considered so that the calls are expected to last approximately two hours

A Committee member would chair each RAB meeting. This allows for consistency in RAB decisions and the identification of overarching concerns to be brought back to the Committee for discussion and resolution. It would also aid in increasing the effectiveness of the technical review process and oversight. The RAB Chair would also communicate Committee decisions, changes in guidance and other information during RAB meetings, as necessary.

The AE should maintain a RAB pool large enough to rotate members so that each RAB does not consist of the same individuals. The pool should include an estimated 49 members, which considered the following:

- 59 meetings per year,
- Five RAB members involved in each call and
- Six calls per year per RAB member.

Each RAB member would contribute approximately 50 hours per year. (See Exhibit 2 for assumptions). The RAB member pool should consist of individuals from each of the states administered by the AE. The AE should avoid RABs comprised of all individuals from one particular market especially when that market's reviews are being presented. It is possible and acceptable that a RAB may not have a member from all markets being administered.

For each RAB meeting, the reviews being presented would be assigned to RAB members based on their industry experience, RAB members should commit sufficient time prior to the meeting to familiarize themselves with the details of the reviews they are assigned to present and if necessary, discuss the review with the Technical Reviewer. For reviews the RAB member would not be responsible for presenting, they should *at least* have a general understanding of the results and issues prior to the meeting so a robust discussion can occur and the RAB can reach the right conclusion about the review.

For each review, the RAB would consider whether it was performed in accordance with the *Standards*, interpretations and other related guidance. RAB members should also consider whether Matters for Further Consideration (MFCs), FFCs, reports and letters of response are substantive and prepared in accordance with the *Standards*. The RAB should determine whether the firm's remedial actions for non-conforming engagements and systemic issues are appropriate, and whether any corrective actions or implementation plans are necessary. The RAB should follow up on any corrective

actions or implementation plans to ensure that they are completed to the satisfaction of the RAB.

It is critical to the efficacy of the Program that Committee and RAB members exercise the appropriate degree of skepticism in discharging their responsibilities. Our combined and collaborative ability to continue to administer the Program on behalf of stakeholders - and to satisfy the needs of regulators - requires that Committee members, RAB participants, and AE and AICPA staff be willing to execute on the values of the CPA profession, even when faced with difficult or uncomfortable decisions.

National Peer Review Program

National Peer Review Committee

The National PRC currently meets the proposed criteria, except for administering 1,000 reviews per year. Approximately 700 firms have their peer reviews administered by the National PRC either voluntarily or due to meeting any of the following criteria:

- 1) The firm is required to be registered with and subject to permanent inspection by the PCAOB,
- 2) The firm performs any engagement under PCAOB standards or
- 3) The firm is a provider of Quality Control Materials (QCM) (or affiliated with a provider of QCM) that are used by firms that it peer reviews

Due to the unique nature of the firms administered by the National PRC with special requirements and their need for more rigorous oversight, these firms would continue to be administered by the National PRC to ensure that they will be supported effectively.

New National AE

The AICPA would create an additional national AE that would meet this proposal's criteria to administer peer review for firms that do not meet National PRC criteria, and to provide another option for state societies that choose not to administer the program in their state. As with the current Program, firms may request approval for their reviews to be administered by the AE primarily responsible for their home state or by another newly-approved AE, upon approval by that AE after evaluating the reasons for the request.

Administering Entities of the Future

As occurs today, the AICPA will evaluate and approve AEs administering the program in the future. A commitment to meet the criteria by a certain date, as finally determined after input from stakeholders, would be a prerequisite to such approval, but not be the sole deciding factor. The AICPA would work with the approved AEs on transition, including how the AEs can establish best practices regarding cost and quality issues. The AICPA will provide policy communications through state society committees to ease the transition by outlining the ongoing role of the society. Multiple state societies have outsourced their own peer reviews for many years (See Exhibit 1), with effective and efficient results for members.

The AICPA and the PRB will continue to serve in an oversight role for AEs and will not actively participate in the RAB and Committee meetings.

Currently, peer reviews of non-AICPA member firms are administered by the state societies where their home office is located, and they are not officially part of the Program. The AICPA's *Standards* and related Interpretations are expected to be revised so that non-AICPA member firms and non-state society member firms must be enrolled in the AICPA Program to receive a peer review through an AE.

Feedback on the proposed criteria and structure is requested by August 1, 2016. Once criteria are established, AEs wishing to continue to administer the program will be asked to communicate to the AICPA no later than January 31, 2017 their commitment to and plans for meeting the criteria. The goal is to have the revised structure in place by December 28, 2018. The AICPA is committed to providing resources to all AEs to help ease the transition to becoming an AE of the future, or to transitioning administration responsibilities to another AE.

Transitioning out of Administering Entity Role

If a state society does not plan to administer reviews going forward or chooses not to meet the criteria by the end of 2018, all of the reviews administered by that state society must be transitioned to another AE, either:

1. A newly-approved AE or
2. The new national AE established by the AICPA.

As with the current Program, firms may request approval for their reviews to be administered by the AE primarily responsible for their home state or by another newly-approved AE, upon approval by that AE after evaluating the reasons for the request.

Throughout this transition, there will likely be change management issues for members, peer reviewers, firms and AICPA and state society staff. The AICPA is committed to helping ease transition issues, and will work to find ways to retain the skills and knowledge of participants at all levels of the current AE structure, whenever feasible and appropriate.

Stakeholder Feedback Requested by August 1, 2016

Feedback is integral to the progress of evolving peer review administration. All input will be considered, and it will inform and shape how the AICPA and state CPA societies move forward with this proposal.

Please consider the following questions when commenting on this discussion paper.

- Is the proposed timeline feasible?
 - Is January 31, 2017 sufficient time to make decisions regarding the role your state CPA society will play in peer review in the future?
 - Is December 28, 2018 a feasible timeframe for full transition to the new model assuming appropriate technology is in place?

- Are there other qualifications of Administrators, Technical Reviewers, Directors, RAB members or Committee members that should be included in the required criteria?
- Are there procedures that should be standardized at the Committee vs. the RAB level?
- Are there any additional issues for consideration?
- If you disagree with any aspects of the proposed plan, please share alternative suggestions for meeting the quality objectives.

Comments and responses should be sent to Beth Thoresen, Director – Peer Review Operations, AICPA Peer Review Program, AICPA, 220 Leigh Farm Road, Durham, NC 27707-8110 or prsupport@aicpa.org and are requested by August 1, 2016.

Thank you in advance for your thoughtful consideration of the issues facing Peer Review administration, and your commitment to enhancing audit quality throughout the CPA profession.

Exhibit 1 – Administering Entities Approved to Administer the AICPA Peer Review Program

Administering Entity	Licensing Jurisdiction
Alabama Society of CPAs	Alabama
Arkansas Society of CPAs	Arkansas
California Society of CPAs	California, Arizona, Alaska
Colorado Society of CPAs	Colorado
Connecticut Society of CPAs	Connecticut
Florida Institute of CPAs	Florida
Georgia Society of CPAs	Georgia
Hawaii Society of CPAs	Hawaii
Idaho Society of CPAs	Idaho
Illinois CPA Society	Illinois, Iowa
Indiana CPA Society	Indiana
Kansas Society of CPAs	Kansas
Kentucky Society of CPAs	Kentucky
Society of Louisiana CPAs	Louisiana
Maryland Association of CPAs	Maryland
Massachusetts Society of CPAs	Massachusetts
Michigan Association of CPAs	Michigan
Minnesota Society of CPAs	Minnesota
Mississippi Society of CPAs	Mississippi
Missouri Society of CPAs	Missouri
Montana Society of CPAs	Montana
National Peer Review Committee	N/A
Nevada Society of CPAs	Nevada, Wyoming, Nebraska, Utah
New England Peer Review, Inc.	Maine, New Hampshire*, Rhode Island, Vermont
New Jersey Society of CPAs	New Jersey
New Mexico Society of CPAs	New Mexico
New York State Society of CPAs	New York
North Carolina Association of CPAs	North Carolina
North Dakota Society of CPAs	North Dakota
The Ohio Society of CPAs	Ohio
Oklahoma Society of CPAs	Oklahoma, South Dakota
Oregon Society of CPAs	Oregon, Guam, Northern Mariana Islands
Pennsylvania Institute of CPAs	Pennsylvania, Delaware, Virgin Islands
Puerto Rico Society of CPAs	Puerto Rico
South Carolina Association of CPAs	South Carolina
Tennessee Society of CPAs	Tennessee
Texas Society of CPAs	Texas
Virginia Society of CPAs	Virginia, District of Columbia
Washington Society of CPAs	Washington
West Virginia Society of CPAs	West Virginia
Wisconsin Institute of CPAs	Wisconsin

*New Hampshire firms will be administered by the Massachusetts Society of CPAs beginning May 1, 2016.

Exhibit 2 – Assumptions in Calculations

The proposed criteria for the new AEs is based on administering 1,000 peer reviews annually, having effective AE employee structure, qualifications and responsibilities, and having an effective Committee and RAB structure as described on pages 5-9. As occurs today, AEs of the future will charge administrative fees to enrolled firms to recover all costs associated with administration of the Program. Assumptions used in calculating the number of technical reviewers and RAB members include:

- For 2012-2014, there were 14,355 engagement reviews and 12,081 system reviews
- All firms with 100 or more professionals are administered by the National PRC. The calculations excluded firms whose peer review was administered by the National PRC
- All firms with more than 10 professionals have a system review.
- For firms with 10 or fewer professionals, 39% are system reviews and 61% are engagement reviews
- The number of firms with more than 10 professionals are spread evenly across the AEs
- Based upon performing 1,000 technical reviews annually, 427 would be system reviews and 573 would be engagement reviews.
- Estimated hours of technical review time per review
 - System reviews – 8 hours
 - Engagement reviews – 2.5 hours
- Technical reviewers to spend an estimated 190 hours per month (excluding time per reviews) on RAB meetings and preparation, follow-up on corrective actions, on-site and off-site oversights and other trainings
- Technical reviewers are able to accept 30% of the engagement reviews (approximately 172 out of 1,000) without presenting to the RAB.
- Of the reviews presented to the RAB per year, 427 would be system reviews and 401 would be engagement reviews
- Of the reviews that require RAB acceptance, 30% are included on the consent agenda (128 would be system reviews and 120 would be engagement reviews).
- System and engagement reviews discussed by the RAB were divided into easy, moderate and difficult reviews for each type of review with different amounts of time allocated to each to estimate that 118 hours of RAB meeting time would be required per year
- RAB Meetings should not extend longer than 2 hours
- Administrators spend on average 9 hours per review administered, assuming a small increase in efficiency provided by self-service background form
- Full-time employee equivalent calculations for the administrators and technical reviewers are based upon 1,800 hours, which would *exclude* vacation, continuing education, etc.

Exhibit 3 – Proposed Peer Review Director Responsibilities and Qualifications

Responsibilities:

- Oversee the technical and operational aspects of the Peer Review Program
- Maintain the quality and consistency of the Peer Review Program
- Ensure the Committee and the RAB(s) act in compliance with the Peer Review Program Manual and RAB Handbook
- Assign and reprioritize tasks for Manager, Administrator and Technical Reviewer
- Provide assistance (technical and general) to firms, peer reviewers and staff
- Assist in the review of CPE materials, monitor CPE courses and, as necessary, write CPE materials for courses
- Ensure the Peer Review Program website is up to date and accurate
- Approve and ensure peer review communications are accurate

Qualifications:

- Bachelor's degree in accounting, finance or related field
- CPA designation and active license
- Minimum of eight years of professional experience in accounting or auditing
- Strong knowledge of accounting, auditing and quality control standards
- Ability to multi-task in a time-sensitive environment
- Excellent verbal and written communication skills
- Strong interpersonal skills with ability to work well with CPAs
- Strong knowledge of the state peer review regulatory requirements in the states it administers and a familiarity with the peer review requirements of other state boards

Exhibit 4 – Proposed Peer Review Administrator Responsibilities and Qualifications

Responsibilities:

- Manage the scheduling aspects of the Peer Review Program ensuring that all enrolled firms schedule their reviews in accordance with standards
- Provide assistance to CPA firms in the preparation and scheduling of their review, the scheduling of the review in the AICPA computer system, the selection and approval of reviewers
- Assist firms to resolve any scheduling errors or issues
- Coordinate with peer reviewers the submission of peer review documents to the AE
- Process submitted documents to ensure completeness of information provided before review by a Technical Reviewer
- Coordinate with Technical Reviewers to provide peer review documents for review
- Assist firms and reviewers by answering questions and providing information about the Peer Review Program
- Help individuals understand the licensing requirements of peer review and enroll firms that are not already enrolled in the Peer Review Program
- Evaluate and process firm change requests through research and discussion with members
- Maintain current knowledge of the Peer Review Program standards and guidance and Administrative Handbook

Qualifications:

- Bachelor's degree in a related field
- Two to three years of work experience in the administration of a compliance or regulatory program
- Ability to support web based applications or other software support technology
- Ability to multi-task in a time-sensitive environment
- Proficiency in Microsoft Word, PowerPoint and Excel
- Ability to work independently and with minimal supervision
- Ability to work non-traditional hours on a flexible basis
- Proficiency in time management, organization and problem solving skills
- Strong interpersonal skills with ability to work well with CPAs
- Knowledge of state board peer review requirements related to the scheduling, completion and state board document submission

Exhibit 5 – Proposed Peer Review Manager Responsibilities and Qualifications

Responsibilities:

- Maintain the day to day operations of the Peer Review Program
- Develop processes and procedures for the scheduling and processing of reviews
- Maintain information on the status of reviews in progress to ensure timely completion
- Document and follow-up on the receipt of review materials, letters of response and remedial action documentation
- Monitor compliance with deadlines for scheduling information, completed reviews, and follow-up information
- Ensure the timely mailing of communications (i.e. request for scheduling, acceptance/deferral letters, follow-up letters, etc.)
- Assist in planning the budget for the Peer Review Program
- Coordinate the performance of technical reviews
- Assist the Report Acceptance Body by preparing meeting materials and answering questions
- Coordinate and document the decisions of the Report Acceptance Body
- Develop and disseminate Peer Review Program information
- Respond to inquiries regarding billing charges incurred during the review process
- Maintain current knowledge of the Peer Review Program standards and guidance and Administrative Handbook
- Assist in the preparation of the Annual Plan of Administration
- Actively participate in conference calls scheduled by the AICPA to receive training and other information

Qualifications:

- Bachelor's degree in related field
- Minimum of three years of experience in the administration of a compliance or regulatory program, or equivalent experience
- Ability to support web-based applications or other software support technology
- Proficiency in Microsoft Word, PowerPoint, and Excel
- Ability to work independently and with minimal supervision
- Ability to multi-task in a time-sensitive environment
- Ability to work non-traditional hours on a flexible basis
- Proficiency in time management, organization, and problem-solving skills
- Excellent written and verbal communication skills
- Strong interpersonal skills with ability to work well with CPAs

Exhibit 6 – Proposed Technical Reviewer Responsibilities and Qualifications

Responsibilities:

- Perform a full working paper review (includes all engagement checklists and quality control policies and procedures documents) before presentation to the Report Acceptance Body
- Work closely with peer reviewer and firms to identify any questions or issues before presenting a review to the Report Acceptance Body
- Provide assistance to the Report Acceptance Body member responsible for presenting the review and provide any additional information as necessary
- Participate in at least one peer review each year, which may include participation in an on-site oversight of a system review
- Maintain current knowledge of Peer Review Program standards and guidance
- Obtain appropriate CPE annually to maintain an appropriate level of accounting and auditing knowledge including necessary CPE needed to review must-select engagements
- Acquire and maintain an in-depth knowledge of the technical aspects of the Peer Review Program

Qualifications:

- Bachelor's degree in accounting, finance or related field
- CPA designation and active license
- Minimum of five years of current public accounting experience, including preferred experience with Government and/or ERISA engagements
- Strong knowledge of accounting, auditing and quality control standards
- Ability to multi-task in a time-sensitive environment
- Proficiency in Microsoft Word, PowerPoint, and Excel
- Ability to work independently and with minimal supervision
- Ability to work non-traditional hours on a flexible basis
- Proficiency in time management, organization and problem-solving skills
- Strong interpersonal skills with ability to work well with CPAs



Peer Review Program

Proposed Evolution of Peer Review Administration

*A supplemental discussion paper seeking input from
State Boards of Accountancy.*

Background

During a strategic planning session held in October 2010, the AICPA Peer Review Board (PRB) focused on enhancements and improvements in five key areas of the AICPA Peer Review Program (Program). One key area was improving the peer review administrative process. The PRB observed that the existing processes remained largely the same since the inception of the Program in 1985, despite dramatic changes in the environment and in technology. Historically administering entities (AEs) have administered the Program on behalf of the AICPA. Through annual Plans of Administration (POAs), AEs agree to:

- Administer the Program in compliance with the [AICPA Standards for Performing and Reporting on Peer Reviews](#) (Standards) and other guidance established by the PRB
- Ensure staff and all others involved in the Program comply with the Standards and other guidance established by the PRB
- Appoint a peer review committee to oversee the administration, acceptance and completion of peer reviews to ensure the Program is performed in accordance with the Standards and other guidance established by the PRB
- Employ staff who meet the requirements defined in the Standards to perform technical reviews on all peer reviews administered

Based on surveys and focus groups conducted in 2011 and 2012 with enrolled firms, peer reviewers and AEs, stakeholder feedback indicated various opportunities to improve the administration of the Program, including consistency and quality of the:

- Report Acceptance Body (RAB) process,
- Resume verification process,
- Reviewer qualification on must-select engagements,
- Firm reenrollment/reinstatement,
- Firm change of venue,
- Administrative fee structures, and
- Managerial skills needed to run a complex technology driven process.

Consideration of this feedback led the PRB to conclude that fewer entities administering the program would result in greater consistency in peer reviews, and hence, greater quality. Further, the PRB noted the importance of consistent peer review administration and acceptance processes across AEs as states move to adopt firm mobility, as the public is best served when peer reviews are consistently administered in accordance with the Standards, regardless of where the peer review takes place.

The PRB's work was temporarily suspended, pending the work of the AICPA Board of Directors authorized Practice Monitoring of the Future (PMoF) initiative. The initiative conceptualizes a future technology-driven system, much different from today's peer review process. Upon the realization that PMoF will take several years – and the input of many stakeholders – to achieve actualization, the PRB resumed its focus on improvements to the current Program.

In 2015, a group of state CPA society (society) staff leaders was engaged to advise and assist in designing a potential new administration model (referred to as the Evolution of Peer Review

Administration). The group offered a variety of suggestions that shaped the model developed by AICPA staff, and though they did not offer consensus on proposed criteria for AEs they all agreed a reduction in the number of AEs was needed to ensure consistency.

The proposed model was presented to the society CEOs (the Program administrators) in a discussion paper on February 22, 2016, as a first step in gathering feedback from the Program's key stakeholders. The paper primarily focused on issues directly impacting the societies that administer the Program, including staffing, Peer Review Committees and RABs. The objective was to first gather feedback on the proposal from societies, then solicit input from state boards of accountancy (boards) after consideration of initial feedback.

The proposed model was next introduced to board executive directors at the National Association of State Boards of Accountancy (NASBA) Executive Directors conference in March 2016, with the Evolution paper distributed more broadly to boards shortly thereafter. Further discussions were held at the June 2016 NASBA Regional Meetings.

This follow-up discussion paper is being provided for further consideration and feedback by boards. It includes responses to initial comments as well as thoughts on additional issues of importance to boards, including oversight of the Program and access to peer review information.

Process Improvement

The goal of the proposed model is to enhance quality by reducing inconsistencies in peer review administration and acceptance, enhance objectivity and professional skepticism in the report acceptance process and improve timeliness of review acceptance.

All AEs are required to administer the Program in accordance with the Standards and other guidance established by the PRB. Any issues identified during the AICPA's annual administrative oversight process are noted in the [AE oversight report](#) and are required to be rectified for the state to remain an AE. However, many inconsistencies exist with the way the Program guidance is applied. Improving consistency is important for quality and supports the profession's overall efforts to increase mobility in the profession.

Achieving Greater Consistency

History has demonstrated that it is difficult to achieve consistency among 40 or more AEs, and consistency is critical. Firms and their regulators should expect the same peer review results regardless of where the peer review is conducted and administered. While some lower volume AEs excel at Program administration, AEs that administer a larger volume of reviews generally have more effective and consistent administrative processes. Such AEs have important attributes, including full-time staff dedicated to peer review. Although staffing specifics vary, each has *at least* one full-time administrator, manager and technical reviewer with appropriate qualifications. Further, these AEs have dedicated management focusing exclusively on peer review. As the profession and the assurance services it performs continues to evolve and become more complex, the Program continues to evolve with it, becoming increasingly complex and making it more challenging for staff to remain fully versed on the Program if they are also focused on non-peer review related responsibilities. Throughout the rapid changes in the Program, dependency on technology for all steps of the process, including administration, has

increased (and will continue to increase). The ability to adapt and work effectively with changing technology has been considered critical in determining the qualifications of staff necessary to perform these roles.

A high-level summary of the duties AE staff perform is outlined below.

Administrator

- Confirm all enrolled firms schedule reviews in accordance with Standards and board requirements and assist firms to resolve scheduling errors or issues
- Work with peer reviewers to coordinate the submission and processing of peer review documents to the AE to ensure that all required documentation is received and work papers are accessible for Technical Reviewers
- Maintain Facilitated State Board Access (FSBA) records in a timely manner

Manager

- Develop processes and procedures for the scheduling and processing of reviews, maintain information on the status of reviews and monitor compliance with deadlines
- Coordinate the review of working papers with Technical Reviewers, and coordinate and document activities of the RAB

Technical Reviewer

- Perform full work paper reviews before the presentation of a peer review to the RAB
- Work closely with peer reviewers and public accounting firms to identify and resolve questions and issues prior to RAB presentation
- Assist the RAB member responsible for presenting the review by providing additional detailed information as necessary

AEs that administer a larger volume of reviews also have a greater pool of available volunteer committee and RAB members with the expertise needed to accurately assess high risk reviews. Coupled with a proportionately lower number of technical reviewers (since full-time technical reviewers are employed), these AEs are able to have more frequent RAB meetings, resulting in a more efficient and consistent process, and are more easily able to minimize the threat of being overly familiar with the reviewers whose reports they consider.

Noted Inconsistencies

The nature of some of the inconsistencies across the current structure include how the following are identified and addressed.

- Peer review report ratings – inconsistency in identifying and/or requiring a modification to a report (e.g., from pass to pass with deficiency or fail)
- Corrective actions and implementation plans – inconsistently imposing appropriate corrective action or implementation plans on the reviewed firm

- Reviewer performance matters (including feedback) – inconsistency in appropriately addressing reviewer performance issues and reluctance to eliminate reviewer from the pool when warranted
- Firms with consecutive non-pass reports – inconsistencies among AEs referring such firms to the PRB for non-cooperation
- Determination of pervasiveness (and impact on the firms as a whole) – inconsistencies in requiring expansion of scope or study when problems encountered in a review
- Determination of systemic cause – inconsistencies in requiring peer reviewer to determine (and opine on) systemic cause
- Inconsistencies in implementation of and compliance with new and existing Standards
- Inconsistent treatment of documentation issues – verbal acceptance that audit work was completed where no or little documentation exists
- Engagement selection – scope and reasonable cross-section – inconsistency in challenging the reviewer on the number or scope of engagements selected
- Inconsistent timeliness of presentation to RABs, following-up with overdue reviews and firms with corrective action – general timeliness due to staffing priorities
- Matter for Further Consideration (MFC) and Finding for Further Consideration (FFC) – inconsistency in properly elevating a matter to a finding where remediation should be monitored and implementation plans required
- Accuracy of information input into peer review database (PRISM)

Initial Proposed Criteria for AEs of the Future

To help improve audit quality, a peer review process is needed that appropriately and consistently detects and corrects issues by providing feedback in a timely manner. This means that peer review staff must be thoroughly versed on the rapidly changing Standards and processes, and the pool of volunteer participants must be large enough to support frequent RAB meetings and provide the expertise needed for appropriate review and acceptance of reviews.

Accordingly, the following criteria were initially proposed for AEs to be most effective and to continue to administer the Program. The criteria are based upon discussions with society leaders, meetings with AEs and the results of AE and RAB oversights. The criteria have been proposed as a “straw-man” to begin the discussion and are expected to change based on stakeholder feedback received.

- Consistent AE peer review management, employee and consultant structure, qualifications and responsibilities
- Effective performance of Peer Review Committee and RABs
- Administration of at least 1,000 peer reviews annually to improve efficiencies

Oversight

The PRB has always recognized and supported the value of oversight to boards and is an active partner with NASBA in promoting the board Peer Review Oversight Committee (PROC) process.

By way of this paper and other means, the AICPA expresses its understanding that proposed changes in peer review administration will have an impact on the current model for board oversight of the program and may necessitate changes by boards of the current PROC process. The AICPA, and members of the PRB and its Oversight Task Force, are cooperating with NASBA's Compliance Assurance Committee and NASBA leadership to assist boards in considering and vetting new potential models for board oversight based on the proposed new administration model and will continue to work with boards to ensure an effective board oversight process is implemented.

Initial Feedback on Discussion Paper:

Provided below is clarification for questions and commentary received on a number of issues.

Continuing as AEs

Many states currently and successfully have their states' peer reviews administered by an AE outside of their state. Additionally, prior to the release of the discussion paper, some societies had already been considering transitioning out of Program administration due to the exit of an employee or other factors, and had begun conversations with other states independent of the discussion paper proposed model. As a result of the discussion paper, societies have advised us that they are considering continuing to be an AE, transitioning administration to another state (or AICPA) or are unsure. A process for states to transition to another state (or AICPA) will be developed once final criteria and structure are determined. Societies have been advised to engage in discussions with their respective boards regarding their future vision for peer review administration.

Cost of Peer Review

The reduction in the number of AEs should not, in and of itself, cause a rise in administrative fees. However, the cost of peer review for firms will increase moderately with or without the Evolution of Administration, as a result of enhancements to the program designed to better detect and correct deficiencies. Peer Review administrative fees have always been expected to be based on cost recovery, and this will continue to be the expectation.

Peer Reviewer Pool

The current active reviewer pool is larger than ever before. In addition, many reviewers already perform reviews for firms administered in multiple states. Some reviewers may choose to discontinue reviewing due to changes in the Program, but many qualified reviewers are available and ready to handle reviews if some leave the pool. The AICPA remains committed to monitoring and taking action to ensure an appropriate pool of reviewers remains available.

Performance by a Peer

The Evolution of Administration does not change the review process as articulated in the Standards, including having peers performing the peer review, considering and accepting the review and determining the appropriate remedial action, when necessary. Some states have statutes and other state-specific considerations, and future guidelines will address this concern.

Proposed Number of AEs (8-10) and Administering 1,000 Annual Reviews

The straw-man suggested in the initial discussion paper is a proposal, as are the other criteria and timeline. None of the proposed criteria including the total number of AEs or annual reviews are fixed. It is possible the final number of AEs and the number of annual reviews administered will be different, if stated at all. In addition, though the discussion paper indicates the AICPA will develop a new national AE to provide an additional option for societies that choose not to administer the program in their state, the AICPA is encouraging societies to look first to other societies to share administration.

RABs and RAB Members

Inconsistencies among RABs

Achieving consistency among 40+ AEs has been difficult and costly. PRB oversights have noted inconsistencies in the RAB process from state to state and peer reviewers who perform reviews in multiple states have voiced concerns about this as well. Firms and regulators should be able to expect the same review results regardless of the state in which they are based.

Commitment required of RAB Members

The commitment effort for individual volunteers is not expected to change from the current program. The 50 hours per year estimate was developed by AICPA staff based on the time anticipated volunteers would need to prepare for and participate in RAB meetings. Though the proposed model articulates more frequent RAB meetings than are currently held by lower-volume AEs to better assist firms in meeting state licensing requirements, the increased frequency will be possible due to the larger number of volunteers participating in the consolidated AE.

Pool of RAB Members

The majority of the current volunteers will continue to play a significant role in the new RAB structure. Society CEOs are already having discussions with existing peer review committees, indicating their value and need for their continued service. In addition, as they do now, states that administer peer review and those that do not will be involved in the active recruitment of both peer reviewers and volunteers.

Timeline

The original proposed model suggested a timeline for implementation of the new model. However, initial feedback has clearly indicated that more time will be needed for the proposed changes, and it is now assumed the previously proposed implementation dates will be pushed back.

Board Involvement

Choosing Future AEs

Virtually all of the laws or regulations of states that mandate peer review provide the board the ability to withdraw its recognition of a program or AE if it is shown to be ineffective. The AICPA fully supports such provisions and are confident that all AEs formed from the evolution initiative will be as or more effective than existing AEs.

Oversight

The AICPA and the PRB recognize and support the value of oversight to boards. The AICPA is an active partner with NASBA in promoting the board PROC process. The PRB and members of the PRB Oversight Task Force are cooperating with NASBA's Compliance Assurance Committee to assist boards in developing an effective board oversight model under Evolution.

Resources, Support and Transparency

All AEs under a new model will continue to have designated personnel charged with responding to board questions. In addition, recognizing the need of boards to have such information, the AICPA has requested the assistance of several board executive directors to join a working group to develop a standardized information reporting form. Representatives from 10 boards have agreed to participate. Also, a representative of NASBA staff will participate to facilitate communication with all boards. This group will have its initial meeting in July 2016.

Working with State Societies

Just as happens today with states that currently do not administer peer review, societies will continue to be the first point of contact with boards for their members, including issues and concerns regarding the Program. The AICPA has encouraged societies to engage in a dialogue with the board in their states.

Board Feedback Requested by October 31, 2016

With the distribution of this paper, the AICPA is asking boards to consider the proposed criteria and structure for Program administration in the future. All input will be considered and will inform and shape how the AICPA and societies move forward with this initiative.

Please consider the following questions when formulating your response.

- Considering the information presented in the proposed model, what changes do you believe will best increase consistency in peer review acceptance results?
- Considering the information presented in the proposed model, what changes do you believe will best promote proper and timely application of Standards and guidance?
- How do you believe the familiarity threat in the peer review acceptance process can best be minimized?

Comments and responses should be sent to Beth Thoresen, Director – Peer Review Operations, AICPA Peer Review Program, AICPA, 220 Leigh Farm Road, Durham, NC 27707-8110 or prsupport@aicpa.org and are requested by October 31, 2016.

Thank you in advance for your thoughtful consideration of the issues facing Peer Review administration, and your commitment to enhancing audit quality throughout the CPA profession.



Peer Review Program

North Carolina State Board of CPA Examiners Working Strategic Plan

Executive Summary:

The North Carolina State Board of CPA Examiners qualifies, monitors, and regulates Certified Public Accountants (CPAs) in the practice of public accountancy, business, industry, government, and education in North Carolina.

The Board's mission is to protect the citizens of the State through licensure and oversight of the CPA profession in the State.

The Board assists CPAs in their performance of the public practice of accountancy and provides assurance to the public and users of financial information that those services are performed to the highest standards.

The Board functions using a value system similar to the CPAs that it regulates; designed to meet the needs of the licensees that it serves as well as protect the interests of the public in the financial marketplace.

The Board is cognizant of changes to the accounting profession that must be constantly weighed in its decision-making processes to ensure that it continues to be efficient and effective in the performance of its regulatory duties.

The Board's critical goals are to:

- Provide timely, quality customer service to all customers of the North Carolina State Board of CPA Examiners.
- Ensure the effective and timely processing of exam applications for candidates desiring to sit for the North Carolina Uniform CPA exam.
- Ensure the effective and timely processing of CPA licensure applications for persons wishing to be North Carolina certified public accountants.
- Ensure the effective and timely processing of regulatory compliance activities for CPAs and CPA firms to ensure public protection of North Carolina consumers.

The Board continues to review its communication methodologies to ensure that Board operations and results are transparent and readily available to CPAs and the interested public.

The Board is created as an agency of the State of North Carolina and consists of seven members appointed by the Governor, five certified public accountants and two persons who are not certified public accountants who shall represent the interest of the public at large.

The Board's major products and services include processing exam applications for the CPA candidates, processing licensure applications for individuals and firms, and protecting the

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 are 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 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 staff, legal counsel, and 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.

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- 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

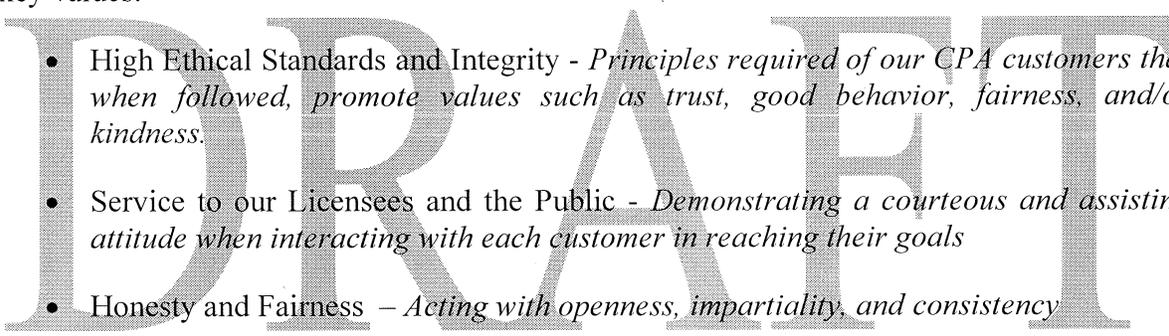
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- Be good stewards of our resources
- Provide excellent customer service to our licensees and the public
- Maintain a vigorous and effective enforcement program
- Maintain a CPE program focused on enhancing licensee competence
- Use technology to effectively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

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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:

To provide excellent customer service to the public and licensees

Customers Defined: CPAs licensed by the Board
CPA firms
Candidates applying to sit for the NC CPA exam
CPAs practicing mobility in the State
Third Party Complainants on Disciplinary Actions
General Public as a whole outside of the CPA population
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, Board staff will continually evaluate and identify methods to enhance overall customer service.

❖ The Board website is a primary source of information for licensees and the public. Board staff will ensure that website has current information and addresses the needs of its customers.

- Board staff will measure website traffic on a quarterly basis to determine most searched items to determine adequacy of information presented as well as the proper placement of those items within website design.
 - Communication Director to utilize measurement tools for Board website on a quarterly basis (March 31, June 30, September 30, and December 31) to obtain website traffic reports. Communication Director will provide Senior Staff with summary report identifying high traffic areas and proposed website changes to ensure customers can easily find those topics.
- Board staff will ensure that customers are able to conduct necessary business in the most direct manner as possible, utilizing online methods where possible.
 - Licensing Manager to update the CPA individual licensure renewal and CPA firm renewal website links and instructions on an annual basis. CPA individual renewal link will be made available by the last week of March. CPA firm renewal link will be made available by December 1st.

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- Licensing Manager to annually review the CPA examination forms (application and related forms) for necessary changes/enhancements. Any language/formatting changes will be provided to the Communication Director for updates such that all updates will be effective by July 1st of each year.
 - Licensing Manager to annually review the CPA individual licensing forms (application and related forms) for necessary changes/enhancements. Any language/formatting changes will be provided to the Communication Director for updates such that all updates will be effective by July 1st of each year.
 - Licensing Manager to annually review the CPA firm licensing forms (application and related forms) for necessary changes/enhancements. Any language/formatting changes will be provided to the Communication Director for updates such that all updates will be effective by July 1st of each year.
 - Staff Attorney to annually review the Consumer complaint form to ensure that it complies with statutory requirements and provides adequate means for the general public to file a complaint with the Board. Any language/formatting changes will be provided to the Communication Director such that all updates will be effective by January 1st of each year.
- ❖ Provide customer base with web-based tools to allow for more efficient automated methods for conducting Board business.
- Executive staff, in cooperation with Board staff, to review current operational processes to determine possible areas for enhancement.
 - Board staff is currently working with its systems processor to provide customer base with an online re-examination application. Licensing Manager to work with systems processor to have online re-examination application functioning and available to website users by September 30, 2016.
 - Board staff is currently working with its systems processor to provide customer base with an online reciprocal licensure application. Licensing Manager to work with systems processor to have online reciprocal licensure application functioning and available to website users by September 30, 2016.
 - Board third party complaint process is currently a manual process. Board staff is currently reviewing the third party complaint process to provide for an online format. Executive staff and Communication Director to work with third party contractor on language/formatting changes necessary for online format. Third party contractor to be engaged to assist with necessary website changes and implementations for online format to be available by October 31, 2016. Deadline

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contingent upon any necessary implementation issues that might arise that would require involvement with Board system processor.

- Executive staff and Licensing Manager to review other areas for automated enhancement including such items as initial exam application; automated submission of college transcripts; interstate exchange forms, and CPA licensure application. Initial reviews for possible online applications will take place by June 30, 2017.
- ❖ Communicate the activities of the Board with its customer base throughout the year.
- Communications Director to prepare, for both email and print distribution, a monthly newsletter of Board activities.
 - Communication Director, with assistance from Executive staff, will prepare and distribute a monthly newsletter communicating Board activities and other relevant information. Distribution to be by email, postal mail, and posting to Board website. Current ongoing activity.
 - Communications Director to prepare email communications throughout the year to communicate Board points of emphasis to licensees.
 - Communication Director, with assistance from Executive staff, will prepare and have distributed email blasts that communicate critical Board information throughout the year. Board to produce a minimum of four email blasts per year. Current ongoing activity.
 - Communications Director and Executive staff to assist in the development and posting of informational videos on Board website to assist customer base in completing or performing various tasks.
 - Communication Director, with assistance from Executive staff, will work with NASBA to develop Board informational videos to assist customer base in completing various regulatory tasks such as applying for the CPA examination or licensure or to provide Board specific information. Goal to add minimum of one informational video per fiscal year. Current ongoing activity.

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- ❖ Provide customer base with access to knowledgeable staff persons to ensure consistent and accurate answers to inquiries.
 - Executive staff to establish a subject matter expert listing that identifies primary and backup subject matter expert for direct customer inquiries and to provide customer assistance.
 - Executive and Deputy Director to establish subject matter expert listing by August 31, 2016. Listing will be shared with Customer Service Representative to ensure customer inquiries directed to most appropriate staff members for response.
 - Deputy Director to work with subject matter experts to identify primary areas of inquiry and to develop Frequently Asked Questions (FAQ) formats that may be clearly displayed on Board website.
 - Deputy Director to work with Communications Director to populate website with well-thought-out FAQ section to provide for additional means for customer base to find access to Board information. Board staff to work to implement website FAQs by July 1, 2017.

2) **Board staff will establish measureable goals for performance of specific process tasks related to providing timely and efficient customer services.**

- ❖ Exam Measurements – Processing goals for processing initial and re-exam exam apps
 - Process 1
 - Details and measurements
- ❖ Licensure Measurements – Processing goals for processing initial and reciprocal license applications
 - Process 1
 - Details and measurements
- ❖ CPE Audit Measurements – Goals for performing review of licensee CPE compliance
 - Process 1
 - Details and measurements

North Carolina State Board of CPA Examiners
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3) 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. Current ongoing activity.

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North Carolina State Board of CPA Examiners

Working Strategic Plan

Improved Visibility of the Board:

Enhanced public awareness of the Board and its mission

Enhanced understanding of the purpose and operation of the Board among its candidates and licensees

1) The Board serves in a role of public protection as it performs its regulatory functions of licensing individual CPAs and CPA firms, as well as overseeing the professional conduct of those practicing in public accounting.

❖ Executive staff and Communication Director to work to devise methods for enhancing the public awareness of the Board and its mission

➤ Board staff to work with NASBA to assist in the production of a series of website videos that speak to the Board's mission and goals

▪ Communication Director will work with NASBA Communications group to develop a base video that speaks to the generics of the Board such as its origins, purpose, and Board oversight. Board staff to work with NASBA to have initial video created by March 31, 2017.

▪ Communication Director to work with Executive staff to plan for additional videos that may be helpful in increasing Board visibility. Potential video ideas to be developed by March 31, 2017.

➤ Board staff to vet additional opportunities to enhance Board visibility using internet and social media opportunities.

▪ Executive staff to work with Communication Director to design addition website methods for increased visibility of Board and its mission. Ideas may include Chairman blog; Board member bios with description as to what Board service means to them; Creation of website location for real-time summary of Board actions; Staff member bios that allow for customer base to put a face to the person with whom they communicate; etc. Potential enhancements to be presented to Board members for review at the December 31, 2016 meeting.

▪ Communication Director to research creation of LinkedIn presence for social media. Consideration to be given to possible increased usage of current social media sites Facebook and Twitter as communication means for customer base.

North Carolina State Board of CPA Examiners Working Strategic Plan

2) The Board's regulatory duties are sometimes misconstrued by the public and those in the profession to be advocacy-based.

- ❖ Board staff to look to expand opportunities for communicating the mission and goals of the Board.
 - Board Executive staff will continue to engage with CPA exam candidates and licensees to communicate the goals of the Board.
 - Executive staff will continue to be involved in the Board required Ethics training process. This includes presentations to governmental-only groups as requested and as fits within the Executive staff schedules. This is an ongoing task.
 - Executive staff will continue to present to college campus accounting groups that request specific information related to the Board, and specifically to the CPA examination process. This is an ongoing task.
 - Board Executive staff and Communications Director will research and entertain opportunities for Board members to engage with licensees and the public.
 - Board staff receives various requests for speaking opportunities through the year. Executive staff will look for opportunities for Board members to speak at various events such as NCACPA presentations, NASBA meetings, other accounting organizations, as well as educational events such as college/high school career days. This will be an ongoing task with events targeted to either specialty areas or home location of the Board members.

North Carolina State Board of CPA Examiners

Working Strategic Plan

Effective Enforcement:

Convenient access for the public and profession to report complaints

Timely processing of legitimate complaints to final resolution

Consistent application of statutes and rules

Appropriate discipline for violations

1) A key role of the Board is to ensure that CPAs and CPA firms continue to demonstrate professionalism, competence, and adherence to ethical behavior in performing professional public accounting services.

❖ The Board's public protection oversight is enhanced by providing convenient access to the public for reporting ethical violations by its licensees.

➤ The Board will enhance its current third-party complaint process by providing the public and other professionals with the ability to report possible ethical violations through an online means.

- Executive staff will review current third-party complaint reporting processes for areas of improvement and simplification. This task was completed in April 2016 with the internal recommendation to discontinue requiring a notary certification of filed complaints and to begin the process of establishing an online complaint format.
- Executive staff will design an online complaint format that can be easily accessed by the public. The Board website will be configured such that the complaint format is readily found. Board staff will work with website designer to have online complaint format operational by October 31, 2016.
- Professional standards staff will begin tracking data related to monthly reported complaints, opened cases, closed cases, etc. Data will be presented for Board members in the format of semi-annual updates of Professional Standards activities. Format to be developed by Staff Attorney and implement for first quarter of 2017.

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- ❖ The Board's oversight of disciplinary measures must be consistent, timely, and performed in a professional manner.
 - Staff attorney and Executive staff will develop internal policies and procedures to ensure fair, consistent, and timely disciplinary actions by the Board.
 - Staff attorney and Executive staff will develop staffing recommendations for standard disciplinary guidelines related to peer review matters, CPE audit failures, and fiduciary responsibilities for consistency purposes. While not bound by the recommendations, the guidelines will provide baseline disciplinary results for review by the Professional Standards Committee. These guidelines have been developed and are currently in use by Board staff in preparation of monthly agendas for the Committee.

2) The Board will be proactive in its enforcement processes to provide value and support to the CPA profession in North Carolina.

- ❖ The Board's public protection oversight is enhanced by providing convenient access to the public for reporting ethical violations by its licensees.
 - The Board will enhance its current third-party complaint process by providing the public and other professionals with the ability to report possible ethical violations through an online means.
 - Executive staff will review current third-party complaint reporting processes for areas of improvement and simplification. This task was completed in April 2016 with the internal recommendation to discontinue requiring a notary certification of filed complaints and to begin the process of establishing an online complaint format.

North Carolina State Board of CPA Examiners

Working Strategic Plan

Sustainable Staffing:

Ensure continuity of Board operations through proper staffing levels and effective retention efforts

Maintain effective succession planning at all levels

1) The Board desires to maintain continuity in its operations through proper staffing that is knowledgeable, professional, and technically competent.

❖ Board desires knowledgeable staff to ensure it maintains the ability to provide services critical to the mission and goals of the Board.

➤ A succession plan will be developed to address the Executive Director position and ensure continuity and stability of Board staff operations.

▪ Board approved succession plan developed by Executive Director at its November 2015 meeting. Plan identifies procedures for Board to identify and select eventual successor for Executive Director. Board's Personnel Committee will communicate with Executive Director as part of the annual performance evaluation process to determine timing for implementation of the plan.

▪ Deputy Director is positioned to provide leadership skills and manage operations on an interim basis until Board approval of successor Executive Director. This is an ongoing task.

➤ Executive staff will identify mission critical staffing positions to assess succession planning risk.

▪ Executive staff had identified key staffing positions and performs succession planning risk and needs assessment as part of its performance evaluation process. This is performed on an annual basis in March.

▪ Job descriptions, as well as position specific procedures, will be reviewed for agreement with current position functions. Information will be updated as part of the next performance evaluation cycle in March 2017 to ensure written documentation exists to support Board operations.

▪ Executive staff has implemented cross-training procedures for specific job functions to ensure business continuity.

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- Board staff will be given opportunities to identify areas for improvement for technical competence and seek training opportunities.
 - Deputy Director will work with managers and staff employees to identify needed areas for training opportunities and take appropriate steps to ensure training occurs. This is an ongoing task that occurs as part of the annual staff evaluation process in March.

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North Carolina State Board of CPA Examiners

Working Strategic Plan

Strategically Aligned Operational Planning:

Operational activities and goals aligned with the strategic objectives of the Board

- ❖ The Board will identify operational goals directed at ensuring effectiveness and efficiencies in performing its regulatory functions.
 - The Board will establish a strategic plan to provide Board staff with goals and objectives for Board operations.
 - Board, with the assistance of an outside moderator, crafted the guidelines for a Board strategic plan in January 2016.
 - Executive staff, with guidance and assistance from the Board, will further develop the strategic plan with the directive of establishing operating goals and appropriate measurements. Updates to the strategic plan will be provided at least quarterly at a regular monthly meeting of the Board. This is an ongoing task.
 - Board members will provide input, feedback, and approval for finalizing the strategic plan as various components of the plan are completed. This is an ongoing task.
- ❖ Board Executive staff will implement Board strategic plan and design appropriate methods to measure the effectiveness of the objectives identified by the strategic plan.
 - Executive staff, working with Board staff members, will identify critical operational processes that fall within the regulatory mission of the Board.
 - Measurement criteria will be established for key data elements for such processes as exam applications, licensure applications, CPE audits, and disciplinary actions so that operational measurement data can be provided to Board members on a monthly basis. Deputy Director to work with various operational units to identify key measurement criteria by March 31, 2017.
 - Executive staff, with assistance of Communications Manager, will design Board reports that provide measurement data in a format understandable by Board members. This would correlate with the March 31, 2017 date.
- ❖ The Board will review operational measurements against established operational goals to provide guidance to Executive staff on Board operational goals.

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- Executive staff will provide the Board, or appropriate Board Committees (Executive, Personnel, Audit, etc.), with operational results for comparison with the Board strategic plan.
 - As measurement criteria are approved by the Board, Executive staff will implement operational procedures to ensure reporting procedures are implemented to obtain information on a monthly basis. This is an ongoing task that will align with the Board's approval of various sections of the strategic plan.

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North Carolina State Board of CPA Examiners
Working Strategic Plan

Integrated Technology:

Integrated licensing, compliance (including CPE tracking and auditing), and enforcement systems

Adopting best practices in the use of technology across the activities of the Board to enhance board effectiveness and efficiency

- ❖ The Board's information technology (IT) infrastructure should be supportive of the goals and objectives of the Board.
 - A global assessment of the Board's current IT infrastructure will be completed to analyze strengths, weaknesses, and opportunities for improvement.
 - Deputy Director will prepare RFP for overall assessment of Board's IT infrastructure. RFP to be completed by September 30, 2016.
 - Executive staff, with Board approval, to contract for assessment of Board's IT infrastructure. Assessment to focus on such areas as need for IT policy development; IT security; Sustainability of current IT systems; data hosting options; maximizing efficiencies of current application products; strategizing for future applications for mobile users; etc. Target date for assessment report is March 31, 2017.
 - Executive staff, with contractor assistance, to develop future strategic plan items based on Board approval of assessment report recommendations. This will be an ongoing task based on complexity of recommendations and feasibility of implementation.

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Improved Audit Quality:

Improvements in identifying and remediating audit failures

- ❖ As part of its regulatory authority, the Board will emphasize audit quality through its educational and disciplinary activities.
 - Executive staff will participate in various training activities that are inclusive of discussions on audit quality.
 - Executive staff will emphasize issues related to audit quality in its various presentations including Ethics trainings, State of the Profession discussions, and prepared training opportunities. This is an ongoing task and opportunities vary throughout the year.
 - Deputy Director is a member of the NCACPA Governmental Accounting & Auditing Committee, which provides assistance to largest group of auditors of governmental units in North Carolina. Emphasis will be placed on audit quality through directives and educational opportunities sponsored by this group. This is an ongoing task with regular meetings throughout the year as well as one planned educational conference.
 - Executive staff will monitor audit quality issues through regular oversight meetings with the AICPA Peer Review Committee and provide input through meeting discussions and responses to applicable Exposure drafts. This is an ongoing task.
 - Board will monitor audit quality and impact systemic change through its disciplinary processes.
 - Board staff will monitor CPA firm peer review results for deficiencies noted with audit quality. Disciplinary actions will include continuing professional education, pre-issuance and post-issuance reviews, limitation of services, individual license or firm suspensions, etc. Disciplinary actions will be communicated to the profession through the Board's monthly newsletter. This is an ongoing task by Board's Professional Standards staff as well as Executive staff. Results are provided to the Board's Professional Standards Committee on a monthly basis.

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Competency-Based Continuing Professional Education (CPE):

Relevant CPE requirements that result in enhanced competence for licensees

- ❖ The Board will continue to monitor continuing professional education requirements necessary for professionals to maintain their competence as well as the appropriate mechanisms for CPE delivery and measurement.
 - The Board staff will monitor ongoing discussions with educators and state, local, and national CPE providers to ensure that CPE required to maintain licensure is adequate.
 - Executive Director will continue to provide Board with updates in regard to changing landscape of CPE.

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Working Strategic Plan

Board Components:

State Board of Certified Public Accountant Examiners is created as an agency of the State of North Carolina and shall consist of seven members to be appointed by the Governor, five persons to be holders of valid and unrevoked certificates as certified public accountants issued under the provisions of this Chapter and two persons who are not certified public accountants who shall represent the interest of the public at large. Members of the Board shall hold office for the term of three years and until their successors is appointed. Appointments to the Board shall be made under the provisions of this Chapter expiring on the thirtieth day of June.

CPA Members: Michael H. Womble, CPA
Wm. Hunter Cook, CPA
L. Samuel Williams, Jr., CPA
Bo Biggs, CPA
Cynthia B. Brown, CPA

Public Members: Jeffrey J. Truitt, Esquire
Justin C. Burgess

Operations Plan:

The Board's staff includes an Executive Director, a Deputy Director, a Staff Attorney, 10 full-time staff members, and one part-time staff member. The Board's major products and services include:

- CPA Exam candidate application processing
- CPA Licensee individual and firm application processing
- CPA Licensee individual and firm annual renewal processing
- CPA Continuing Professional Education (CPE) monitoring
- CPA Firm Peer Review monitoring
- Regulatory Compliance/Investigative/Enforcement processing

The Executive Director and Deputy Director are responsible for the overall management of the Board staff and the management of the Board's activities as directed by the Board members. The Board operations are broken down into five sections:

North Carolina State Board of CPA Examiners Working Strategic Plan

- Administrative Services
- Communications
- Examinations
- Licensing
- Professional Standards

The Administrative Services Section is responsible for the internal operation of the office for functions such as accounting and purchasing.

The Communications Section is responsible for designing, writing, and editing Board publications such as the Activity Review and press releases as well as maintaining the Board's website.

The Examinations Section is responsible for processing applications for the Uniform CPA Examination, exam score notices, and notifications to successful exam candidates.

The Licensing Section is responsible for processing applications for CPA certificates and CPA firm registrations as well as the annual renewal of each. In addition, the Licensing Section is responsible for administering the CPE and peer review compliance programs.

The Professional Standards Section is responsible for all inquiries, complaints, and administrative hearings pertaining to the rules of professional ethics and conduct of CPAs. The Professional Standards Section is also responsible for investigating the unauthorized use of the CPA title. The Professional Standards section is overseen by the Staff Attorney.

North Carolina State Board of CPA Examiners Working Strategic Plan

Operational Data: (Licensee data as of August 17, 2015)

Licensees by License Type:		Licensees by Occupation:	
Original	15,741	Industry:	
Reciprocal	4,370	Accounting	7,970
Total	20,111	Non-Accounting	1,425
			9,395
Licensees by Residency:		Public Practice:	
North Carolina	16,532	CPA Firm Staff	3,801
Out-of-State	3,579	CPA Firm Partner	1,301
Total	20,111	CPA Firm PC Shareholder	877
		CPA Firm PLLC Member	398
Licensees by Gender:		Individual Practitioner	1,503
Male	9,289		7,880
Female	20,111	Government:	
Total		Accounting	1,078
		Non-Accounting	94
Licensees by Concentration:			1,172
Auditing	2,864	Other	684
Administration	830	Educator	293
Advisory Services	669	Unemployed	285
Financial Planning	501	Legal	193
General Accountancy	9,175	Retired	174
Law	151	Student	35
Non-Accounting	598		
Other	740		
Taxation	4,529	Total	20,111
No Designation	54		
Total	20,111		

North Carolina State Board of CPA Examiners
Working Strategic Plan

Board Cases for 2015:	
Open	
Closed	
Total	0
Board Cases by Type:	
Type	
Total	0

Exam Applicants:	
Initial	
Re-Exam	
Total	0
License Applicants:	
Original	
Reciprocal	
Total	0

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North Carolina State Board of CPA Examiners
Working Strategic Plan

Financial Overview:

The North Carolina State Board of CPA Examiners is 100% receipt-supported, deriving all of its fees from business-type operations. No funds are provided by the State of North Carolina. Fines are transferred to the General Fund of the State of North Carolina. The licensing fees charged by the Board have been stable for a significant number of years and the \$60 annual renewal fee by individual CPAs is one of the lower renewal fees in the United States.

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North Carolina State Board of CPA Examiners
Working Strategic Plan

The Board adopts an annual budget based on prior year historical trends and anticipated changes for the upcoming year. The budget for the current fiscal year is presented as follows.

		<i>Approved Budget</i>
<u>Operating Budget</u>		2015-2016
OPERATING REVENUES		
Examination Fees	\$	1,390,510
Licensing Fees		1,359,500
Miscellaneous		9,500
Total Operating Revenues		2,759,510
OPERATING EXPENSES		
Salaries and Employee Benefits		1,233,071
Examination		1,000,000
Office		102,680
Postage and Printing		161,400
Travel		126,827
Maintenance and Computer Support		57,620
Legal and Investigative costs		57,000
Insurance		20,100
Dues and Subscriptions		12,600
Scholarship		11,000
Building		35,000
Total Operating Expenses		2,817,298
Operating Income (Loss)		(57,788)
NON-OPERATING REVENUES (EXPENSES)		
Rental Income		21,854
Interest Income		16,000
Gain on Sale of Assets		0
Leasing Commission		0
Miscellaneous		(35,000)
Total Non-Operating Revenues		2,854
Estimated Change in Net Assets	\$	(54,934)

North Carolina State Board of CPA Examiners
Working Strategic Plan

Following is a presentation of expected full-time equivalencies (FTEs) identified for the overall operations of the Board:

Program Services:	Staff FTE
Administrative Services	
Board Operations	1.80
Customer Service	1.25
Communications	1.10
Examinations	1.10
Licensing	
Applications	1.75
Compliance Activities	1.45
Professional Standards	4.55
	13.00

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North Carolina State Board of Certified Public Accountant Examiners

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Proposed 2017 Board Meeting Dates

Saturday	January 14	Greensboro	8:00 a.m.
Monday	January 23	Raleigh	10:00 a.m.
Monday	February 20	Raleigh	10:00 a.m.
Wednesday	March 22	Raleigh	1:00 p.m.
Monday	April 24	Raleigh	10:00 a.m.
Thursday	May 25	Raleigh	10:00 a.m.
Thursday	June 22	Greensboro	10:00 a.m.
Monday	July 24	Raleigh	10:00 a.m.
Monday	August 21	Raleigh	10:00 a.m.
Monday	September 18	Raleigh	10:00 a.m.
Thursday	October 26	Raleigh	10:00 a.m.
Monday	November 20	Raleigh	10:00 a.m.
Monday	December 18	Raleigh	10:00 a.m.