Amended Rules Effective May 1, 2017

Effective May 1, 2017, the Board has amended the rules cited as
- 21 NCAC 08A .0301 - Definitions;
- 21 NCAC 08I .0101 - Disciplinary Action;
- 21 NCAC 08N .0203 - Discredit-able Conduct Prohibited;
- 21 NCAC 08N .0208 - Reporting Convictions, Judgments, and Disciplinary Actions; and
- 21 NCAC 08N .0305 - Retention of Client Records.

The text of the amended rules begins on page 2. Language that was removed is indicated by a strike-through (example) and new language is underlined (example).

If you have questions about the amended rules, please contact Robert Brooks, the Board’s Executive Director, by email at rbrooks@nccpaboard.gov or the Board’s Deputy Director, David R. Nance, CPA, by email at dnance@nccpaboard.gov.

Update Your Newsletter Delivery Preference

As part of the 2017-2018 CPA license renewal, licensees must choose to receive the Activity Review by mail or email. The default delivery method is email.

If you prefer to receive the newsletter by mail, you must select that option by clicking the edit button in the address section of the renewal and choosing “paper.”

If you renewed your license without changing your newsletter delivery method, send an email to communications@nccpaboard.gov and your preference will be updated in the database.

Licensees with non-US addresses will receive the newsletter by email only.

CPA License Renewal Deadline Is June 30

The deadline for individual CPA license renewal for North Carolina CPAs is June 30.

To access the online renewal, navigate to the Board’s homepage, nccpaboard.gov, and click on the “Renew My CPA License” link in the “How Do I?” box on the right side of the homepage.

Instructions for completing the online renewal were published in the March issue of the Activity Review and are included in the online renewal.

Before launching the online renewal, read the instructions and gather the information and documents you need to complete the renewal.

When completing your renewal, make sure you check the appropriate box related to your CPE.

Failure to accurately report your CPE or not having the proper CPE may result in a forfeited certificate and a $1000 civil penalty through a Consent Order.

For general questions about CPA license renewal, contact the Board’s Licensing Manager, Buck Winslow, at buckw@nccpaboard.gov.

For specific questions about CPE, contact Cammie Emery, the Board’s Licensing Assistant, at cemery@nccpaboard.gov.

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21 NCAC 08A .0301 DEFINITIONS

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

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

1. “Active,” when used to refer to the status of a person, describes a person who possesses a North Carolina certificate of qualification and who has not otherwise been granted inactive status;

2. “Agreed-upon procedures” means a professional service whereby a CPA is engaged to issue a report of findings based on specific procedures performed on identified subject matter;

3. “AICPA” means the American Institute of Certified Public Accountants;

4. “Applicant” means a person who has applied to take the CPA examination or applied for a certificate of qualification;

5. “Attest service” means a professional service whereby a CPA in the practice of public accounting is engaged to issue or does issue:
   (A) any audit or engagement to be performed in accordance with the Statements on Auditing Standards, Statements on Generally Accepted Governmental Auditing Standards, Public Company Accounting Oversight Board Auditing Standards, and International Standards on Auditing;
   (B) any review or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services;
   (C) any compilation or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services; or
   (D) any engagement to be performed in accordance with the Statements on Standards for Attestation Engagements;

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

7. “Calendar year” means the 12 months beginning January 1 and ending December 31;

8. “Candidate” means a person whose application to take the CPA examination has been accepted by the Board and who may sit for the CPA examination;

9. “Client” means a person or an entity who orally or in writing agrees with a licensee to receive any professional services performed or delivered;

10. “Commission” means compensation, except a referral fee, for recommending or referring any product or service to be supplied by another person;

11. “Compilation” means a professional service whereby a CPA is engaged to present, in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the statements;

12. “Contingent fee” means a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service;

13. “CPA” means certified public accountant;

14. “CPA firm” means a sole proprietorship, a partnership, a professional corporation, a professional limited liability company, or a registered limited liability partnership that uses “certified public accountant(s)” or “CPA(s)” in or with its name or offers to or renders any attest services in the public practice of accountancy;

15. “CPE” means continuing professional education;

16. “Disciplinary action” means revocation or suspension of, or refusal to grant a certificate, or the imposition of a reprimand, probation, constructive comment, or any other penalty or condition;

17. “FASB” means the Financial Accounting Standards Board;

18. “Firm network” means an association of entities that includes one or more firms that cooperate for the purpose of enhancing the firms’ capabilities to provide professional services and share one or more of the following characteristics:
   (A) the use of a common brand name, including initials, as part of the firm name;
   (B) common control among the firms through ownership, management, or other means;
(C) profits or costs, excluding costs of operating the association; costs of developing audit methodologies, manuals, and training courses; and other costs that are immaterial to the firm; (D) common business strategy that involves ongoing collaboration amongst the firms whereby the firms are responsible for implementing the association’s strategy and are accountable for performance pursuant to that strategy; (E) significant part of professional resources; or (F) common quality control policies and procedures that firms are required to implement and that are monitored by the association; (19) “GASB” means the Governmental Accounting Standards Board; (20) “Inactive,” when used to refer to the status of a person, describes a person who has requested inactive status and has been approved by the Board and who does not use the title “certified public accountant,” nor does he or she allow anyone to refer to him or her as a “certified public accountant,” and neither he nor she nor anyone else refers to him or her in any representation as described in Rule .0308(b) of this Section; (21) “IRS” means the Internal Revenue Service; (22) “Jurisdiction” means any state or territory of the United States or the District of Columbia; (23) “License year” means the 12 months beginning July 1 and ending June 30; (24) “Member of a CPA firm” means any CPA who has an equity ownership interest in a CPA firm; (25) “NASBA” means the National Association of State Boards of Accountancy; (26) “NCACPA” means the North Carolina Association of Certified Public Accountants; (27) “North Carolina office” means any office physically located in North Carolina; (28) “Person” means any natural person, corporation, partnership, professional limited liability company, registered limited liability partnership, unincorporated association, or other entity; (29) “Professional” means arising out of or related to the particular knowledge or skills associated with CPAs; (30) “Referral fee” means compensation for recommending or referring any service of a CPA to any person; (31) “Revenue Department” means the North Carolina Department of Revenue; (32) “Review” means a professional service whereby a CPA is engaged to perform procedures, limited to analytical procedures and inquiries, to obtain a reasonable basis for expressing limited assurance on whether any material modifications should be made to the financial statements for them to be in conformity with generally accepted accounting principles or other comprehensive basis of accounting; (33) “Reviewer” means a member of a review team including the review team captain; (34) “Suspension” means a revocation of a certificate for a specified period of time. A CPA may be reinstated after a specific period of time if the CPA has met all conditions imposed by the Board at the time of suspension; (35) “Trade name” means a name used to designate a business enterprise; (36) “Work papers” mean the CPA’s records of the procedures applied, the tests performed, the information obtained, and the conclusions reached in attest services, tax services, consulting services, special report services, or other engagements. Work papers include programs used to perform professional services, analyses, memoranda, letters of confirmation and representation, checklists, copies or abstracts of company documents, and schedules of commentaries prepared or obtained by the CPA. The forms include handwritten, typed, printed,
word processed, photocopied, photographed, and
computerized data, or in any other form of letters, words, pictures, sounds, or symbols; and

(37) “Work product” means the end result of the
engagement for the client that may include a tax
return, attest or assurance report, consulting report,
and or financial plan. The forms include handwritten,
typed, printed, word processed, photocopied,
photographed, and computerized data, or in any
other form of letters, words, pictures, sounds, or
symbols.

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

21 NCAC 08I .0101 DISCIPLINARY ACTION

(a) Any person may petition the Board for appropriate
disciplinary action against a CPA: file a complaint with
the Board against a CPA, pursuant to [G.S. 150B] G.S.
150B, Article 3A for disciplinary action against a CPA for
violations of G.S. 93 and this Chapter on forms provided
by the Board that are on the Board’s website at www.
nccpaboard.gov and may be requested from the Board.
(b) The petition complaint shall set forth in simple
language the facts upon which the petition complaint is
based. It shall bear an affidavit of the petitioner stating
The complainant shall confirm that he or she believes
the facts stated in the petition complaint are true and that
he or she is prepared to prove them at a hearing.
(c) The petition complaint shall be filed in the office of
the Board. The Board’s professional standards staff shall
open a case file, notify the complainant of receipt of the
complaint, notify and provide a copy of the complaint to
the respondent named in the complaint, and conduct
any appropriate investigation: an investigation of the
allegations in the complaint. Based upon its investigation,
the professional standards staff investigate the
complaint and the recommendation of the Professional Standards
Committee of the Board appointed by the Board
President, and with the approval of the Board, the
professional standards staff may do any of the following:

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

A The Professional Standards Committee, appointed by
the President of the Board, Committee shall determine
whether the allegations in a case warrant applying to the
courts for injunctive relief and whether the allegations
in the proposed Hearing Notice, if proven, would
warrant a contested case proceeding pursuant to G.S.
150B-38 - 150B-42. A copy of any Hearing Notice filed
and application for injunctive relief applied for shall be
provided to the complainant in that matter.
(d) The Board may shall notify the complainant and the
respondent in any complaint filed with the Board of the
disposition of the case and shall publish or announce the
disciplinary action against a CPA in such manner and for
such period as it deems appropriate. CPA.

21 NCAC 08N .0203 DISCREDITABLE CONDUCT

PROHIBITED

(a) A CPA shall not engage in conduct discreditable to
the accounting profession.
(b) Prohibited discreditable conduct includes:

(1) acts that reflect adversely on the CPA’s honesty,
integrity, trustworthiness, good moral character, or
fitness as a CPA;
(2) stating or implying an ability to improperly
influence a governmental agency or official;
(3) failing to comply with any order issued by the
Board;
(4) failing to fulfill the terms of a peer review
engagement contract;
(5) misrepresentation in reporting CPE credits; or
(6) entering into any settlement or other resolution
of a dispute that purports to keep its contents
confidential from the Board; or

(7) failing to participate in a peer review program
pursuant to 21 NCAC 08M .0105.

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

(a) Criminal Actions. A CPA shall notify the Board within
30 days of any conviction or finding of guilt of, pleading
of nolo contendere, or receiving a prayer for judgment
continued to any criminal offense.
(b) Civil Actions. A CPA shall notify the Board within
30 days of any judgment or settlement in a civil suit,
bankruptcy action, administrative proceeding, or binding
arbitration that:

(1) is grounded upon an allegation of professional
negligence, gross negligence, dishonesty, fraud,
misrepresentation, incompetency, or violation of any
federal or state tax law; and
(2) was brought against either the CPA or a North
Carolina office of a CPA firm of which the CPA was a
managing owner.

(c) Settlements. A CPA shall notify the Board within
30 days of any written settlement in lieu of a civil

suit or criminal charge which a client or former client releases the CPA from liability that is grounded upon an allegation of professional negligence; gross negligence; dishonesty; fraud; misrepresentation; incompetence; or violation of any federal, state, or local law. Notification shall be required regardless of any confidentiality clause in the settlement law, regardless of whether the client or former client has filed a civil suit or criminal charge.

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

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

21 NCAC 08N.0305 RETENTION OF CLIENT RECORDS

(a) 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.

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

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

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

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

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

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

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

(h) Retention of Work Product and Work Papers. A CPA shall ensure that the work product and the work papers created in the performance of an engagement for a client are retained for at least five years after the date of issuance of the work product unless the CPA is required
A CPA shall return client-provided records in the CPA’s custody or control to the client at the client’s request. Client-provided records are accounting or other records including hardcopy and electronic reproductions of such records, belonging to the client that were provided to the CPA by, or on behalf of, the client.

Unless a CPA and the client have agreed to the contrary, when a client makes a request for CPA prepared records or a CPA’s work products that have not previously been provided to the client, the CPA shall respond to the client’s request as follows:

1. CPA prepared records relating to a completed and issued work product to the client, except that such records may be withheld if fees are due for the CPA for that specific work product; and
2. CPA’s work products shall be provided to the client, except that such work products may be withheld:
   a. if fees are due to the CPA for the specific work product;
   b. if the work product is incomplete;
   c. if for purpose of complying with professional standards (for example, withholding an audit report due to outstanding audit issues); or
   d. if threatened or outstanding litigation exists concerning the engagement or CPA’s work.

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

Once a CPA has complied with these requirements, he or she shall not be under any further ethical obligation to:

1. comply with any subsequent requests to again provide records or copies of records described in Paragraphs (a) and (b) of this Rule. [However, if] If subsequent to complying with a request, a client experiences a loss of records due to a natural disaster, the CPA shall comply with an additional request to provide such records; and
2. retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service performed.

A CPA who has provided records to an individual designated or held out as the client’s representative, such as the general partner, majority shareholder, or spouse, shall not be obligated to provide such records to other individuals associated with the client.

Work papers are the CPA’s property, and the CPA is not required to provide such information to other individuals associated with the client. However, state and federal statutes and regulations and contractual agreements may impose additional requirements on the CPA.

In fulfilling a request for client provided records, CPA prepared records, or a CPA’s work products, the CPA may:

1. charge the client a fee for the time and expense incurred to retrieve and copy such records and require that the client pay the fee before the CPA provides the records to the client;
2. provide the requested records in any format usable by the client. [However, the] The CPA is not required to convert records that are not in electronic format to electronic format. If the client requests records in a specific format and the records are available in such format within the CPA’s custody and control, the client’s request should be honored. In addition, the CPA is not required to provide the client with formulas, unless the formulas support the client’s underlying accounting or other records or the CPA was engaged to provide such formulas as part of a completed work product; and
3. make and retain copies of any records that the CPA returned or provided to the client.
On April 24, 2017, the Board approved the following individuals for licensure as North Carolina CPAs:

Tammy Ruggiero Allman
Joseph Landon Anderson
Charles Earl Bailey
Ryan Timothy Bannister
Timothy Michael Barney
James States Lee Baynard
Bradley Alan Beck
Kara Johanna Bohde
Scott Michael Brenner
Michael Andrew Brinck
Edwin Joseph Buehner
Eric Ted Burton
Marion M. Connor
Zachary Wayne Cope
Matthew Robert Costa
Matthew Cameron Creech
Maria Carmina Crisol
Frederick Michael Deeb
Robert William Del Riego
Larisa Kay Demling
Thomas William Devine
Jessica Diaz
George Doulis
Kelsey Musslewhite Doulis
Megan Elizabeth Early
David Scott Emery
Karina Ruth Escalante
Jialin Li Feasel
Bradley Alexander Gates
Alexander Steele Givens
Nancy Jean Goodwin
Will Browder Goodwin
Samantha Elizabeth Graves
Harriett Gray
Shelly Ann Guzzetta
Mary Etta Hall
Stacey Stafford Hardister
Kasey Lynn Harris
Neil Ira Harris
Nicholas Richard Harris
Theresa Marie Higgins
John Van Hinson, Jr.
Daniel Philip Hobbs
Skye LaRae Hodges
Kathleen Marie Holston
Xiaoping Jiang
Elaine Denison Johnson
Tabatha O’Neil Johnson
John Isaac Jordan
Gregory Reed Kellar
Tanya Marie Kellar
John Hunter Kennedy
Robb Morrow Kiley
Samuel Charles Kimber
Catherine Cushman Kropp
Joseph Paul Lakatos
Eric Peter Llorey
Clifton Lee Looney, Jr.
Casey Victoria Maciej
Kamal Prakash Manik
Lynsi Morgan Matthews
David William McGarry
Brent Edward McKenzie
Parker David Meggison
Jeffrey Michael Moncrief
Lindsey Nicole Monek
Latonya Danielle Montford
Annie Murphree Moore
Hunter John Nottingham
Lori J. Nurse
Corrin Vassey O’Brien
Corey Palmer
Angel Alicia Pia
Wenyi Qiu
Dyan Dillion Riden
Erin Michelle Rieddle
Micah Daniel Rivera
Jeremy Wayne Rosenkrans
Drew Anthony Saia
Beverly Joann Schonauer
Nicole Lafranz Seeling
Kay Anne Sees
Suzanne Krail Sevin
Scott James Sherwood
Elizabeth B. Shomo
Sharmila Shrestha
Julie Barlow Smith
Oyinade Taylor
Stephen Carroll Taylor
William Scott VanKirk
Mitali Harsh Vasavada
Michael Jerome Vazquez
Nan Wang
Joseph Anton Westerhaus
Shayna Michele Wiggins
Aviance Latrice Williams
David Brian Williams
Maria Adele Williamson
Kasey Taylor Woodard
Anthony John Yorio

Reclassifications

At its April 24, 2017, meeting, the Board approved the applications for reinstatement and reissuance submitted by the following individuals:

Reissuance

James Alan Barbee, #16064
Occoquan, VA
John Kevin Cage, #14918
Rock Hill, SC
Wendy White Pope, #34917
Surf City, NC
Kelly Butler Smith, #25842
Cary, NC

Reissuance

Daniel Alan Yarborough, #33032
Hillsborough, NC

Certificates Issued

On April 24, 2017, the Board approved the following individuals for licensure as North Carolina CPAs:

On April 24, 2017, the Board approved the following individuals for licensure as North Carolina CPAs:

CPA Exam Score Release Timeline

<table>
<thead>
<tr>
<th>Testing Window</th>
<th>April/May (Q2)</th>
<th>July/August/September (Q3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPA Exam</td>
<td>Testing Window</td>
<td>Testing Window</td>
</tr>
<tr>
<td>Score Release</td>
<td>April/May</td>
<td>July/August/September</td>
</tr>
<tr>
<td>Timeline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If you take your test in: April/May</td>
<td>And the AICPA receives your examination data files from Prometric between: April 1 - May 31</td>
<td></td>
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<tr>
<td>Your score will be released by the target release date: August 17 (AUD, FAR, REG) August 21 (BEC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If you take your test in: July/August/September</td>
<td>And the AICPA receives your examination data files from Prometric between: July 1 - September 10</td>
<td></td>
</tr>
<tr>
<td>Your score will be released by the target release date: September 22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notice of Address Change

Please Print Legibly

Full Name:  
Certificate No.:  Last 4 Digits of SSN:
Home Address:  
City/State/Zip:  
Home Phone No:  Home Fax:  
Personal Email:  
Firm/Business Name:  
Business Address:  
City/State/Zip:  
Business Phone No:  Business Fax:  
Business Email:  
Signature:  
Date:  
Send mail to:  □ Home  □ Business

Mail form to:  PO Box 12827, Raleigh, NC  27605  
Fax form to:  (919) 733-4209

Pursuant to 21 NCAC 08J .0107, all certificate holders & CPA firms shall notify the Board in writing within 30 days of any change in home address & phone number; CPA firm address & phone number; business location & phone number; & email address.

20,000 copies of this document were printed in May 2017 at an estimated cost of $4,032 or approximately 20¢ per copy.