



Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Rd., Ste. 104 • PO Box 12827 • Raleigh, NC 27605 • 919-733-4222 • nccpaboard.gov • No. 3-2021

2021-2022 Individual CPA License Renewal

The individual CPA license renewal will be available on the Board's website (nccpaboard.gov) in late April or early May.

While you are waiting for the online renewal to launch, there are things you can do to prepare for license renewal.

- Use the "Address Change" link on the Board's website to update your contact information, including your email address.
- Locate and organize your 2020 CPE Certificates of Completion.
 - Ensure you have a certificate for each course completed, including at least one hour (50 minutes) of approved ethics CPE.
- Check your carry-forward CPE and 2020 CPE to determine if you have enough minutes/hours to renew.
- If you don't have the required CPE minutes/hours, see if you can renew under the conditions of 21 NCAC 08G .0406(b)(1).

If you can't, consider submitting a request for a CPE extension (bit.ly/2Ohr-FiN).



Small Firm Engagement Letters

Roby B. Sawyers, CPA, Ph.D.

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Failure to advise clients (or providing improper advice) is the most frequent cause of claims in the AICPA Professional Liability Insurance Program.

Often, these disputes are a result of scope-of-service disagreements between firms and their clients.

Engagement letters are the first and most critical line of defense against scope-of-service claims, helping to prevent claims by establishing clear responsibilities and managing client expectations as well as defending against claims by defining the scope of services and establishing limitations on the services to be provided to a client.

Using engagement letters is also associated with reducing the severity, i.e., the dollar amount, of claims (see "Professional Liability Spotlight: Setting Expectations," *JofA*, Oct. 2017; see also "Professional Liability Spotlight: Overcoming Obstacles to Engagement Letter Use").

Unfortunately, small firms and sole practitioners are the least likely to regularly use engagement letters.

While firms may be reluctant to send multiple-page engagement letters to clients (the sample

AICPA letter for individual clients is eight pages, with an additional eight-page addendum of terms and documents) and may have difficulty getting clients to sign and return the letters, best practice standards in Section 10.33 of Circular 230, Regulations Governing Practice Before the Internal Revenue Service (31 C.F.R. Part 10), require "[c]ommunicating clearly with the client regarding the terms of the engagement."



Engagement Letters
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NCDOR Extra Credit Grant Program Extended

On March 1, 2021, the North Carolina Department of Revenue (NCDOR) began accepting applications for the \$335 Extra Credit Grants for eligible individuals who did not already receive the payments.

Individuals who already received the \$335 grant are not eligible for another grant.

The grant program was established in last year's *Coronavirus Relief Act 3.0* to assist families with virtual schooling and child-care costs during the COVID-19 pandemic.

Governor Roy Cooper recently signed Senate Bill 36, which authorized the program extension's through May 31, 2021.

Although more than 1 million North Carolinians received the

grant last year, some families with qualifying children missed the October 15, 2020, application deadline or did not receive an automatic payment because of a tax preparation software issue.

Individuals with qualifying children who were 16 and younger at the end of 2019 who did not already receive the \$335 grant may apply through the NCDOR website through May 31, 2021.

The NCDOR allows bulk applications from tax preparers for those affected by the software issue.

Payments will be sent by check to eligible applicants as soon as possible.

For more information, including eligibility, applications, and FAQs, visit www.ncdor.gov/extracredit.

Board FIRSTS

On May 19, 1913, the Board issued the first North Carolina CPA license to George G. Scott.

William L. Campfield is the first African American* licensed as a North Carolina CPA; he received NC CPA Certificate No. 579 on August 25, 1941.

The Board's early records are incomplete, but Marjorie Elaine Henderson Roe appears to be North Carolina's first female CPA. The Board issued NC CPA Certificate No. 662 to Roe on April 29, 1946.

**The Board doesn't collect race or ethnicity information, so this "first" is based on anecdotal evidence from multiple sources.*

2021 Board Meetings

Under NC Gen. Stat. §143-318.10, all official Board meetings are open to the public, and anyone may attend a meeting. However, the public may be excluded from certain portions of the meeting as allowed by NC Gen. Stat. §143-318.11, Closed Sessions. For more information on Board meetings, visit nccpaboard.gov/about.

Monday	April 19	10:00 a.m.	Raleigh/WebEx*
Monday	May 24	10:00 a.m.	Raleigh/WebEx*
Monday	June 28	10:00 a.m.	Raleigh/WebEx*
Monday	July 26	10:00 a.m.	Raleigh/WebEx*
Monday	August 23	10:00 a.m.	Raleigh/WebEx*
Monday	September 20	10:00 a.m.	Raleigh/WebEx*
Monday	October 18	10:00 a.m.	Raleigh/WebEx*
Monday	November 22	10:00 a.m.	Raleigh/WebEx*
Monday	December 13	10:00 a.m.	Raleigh/WebEx*

*The location of this meeting will be based on the COVID-19 restrictions in place at the time. To participate in a WebEx meeting, send your name, email address, telephone number, and employer/firm name to **communications@nccpaboard.gov** at least three (3) business days before the scheduled meeting.

Uniform CPA Exam Applicants and CPA Licensure Applicants Subject to Background Checks

In 2018, the Board amended 21 NCAC 08F .0103(f) and .0502(b) to allow the Board to conduct a background check, including criminal records, on all initial Uniform CPA Exam applicants and all NC CPA licensure applicants.

The background check is in keeping with NCGS §93-2 and §93-12(5), which require that to be eligible to take the Exam or be certified as a CPA in North Carolina, an individual must be of good moral character.

In general, “of good moral character” means the person possesses the personal traits of honesty, integrity, forthrightness, trustworthiness, and self-restraint to be a CPA.

By signing the Exam or licensure application, applicants authorize the Board to verify any of the information entered on the application, including a background check.

Applicants must report all offenses—even speeding tickets—and provide relevant documents or court records for each violation.

In North Carolina, a traffic law violation is a criminal offense, and the Board’s background check software often shows a criminal offense without identifying it as a traffic law violation.

Therefore, the Board routinely asks applicants for further clarification of the matter.

It is unnecessary to report offenses removed from an applicant’s record or sealed by a court.

However, it is the applicant’s responsibility to make sure those offenses do not show up on a background check.

The Board doesn’t automatically deny an application based on an incident in the applicant’s past; an offense rarely keeps an applicant from pursuing a career as a CPA.

Although the Board does consider criminal convictions when approving an Exam or licensure application, the Board must consider all the factors listed in NCGS §93B-8.1(b1).

Have you ever been charged, arrested, convicted, found guilty of, received a prayer for judgment continued, or pleaded nolo contendere to any offense, inclusive of traffic infractions? If yes, please attach a copy of the relevant records. You are not required to disclose any arrest, charge, or conviction that has been expunged by the court.

If the Board denies an application because of a criminal conviction, the applicant can appeal the decision through NCGS §90-14.1.

If the background check is “clean,” the application is processed. If the background check shows an offense that an applicant did not report, the Board holds the application until the applicant explains the item in question.

The Board’s initial inquiry asks the applicant to confirm that the charge is genuinely the applicant’s charge.

If the charge is not the applicant’s, they must correct the inaccuracy and provide the Board with documentation of the correction.

If the charge is the applicant’s, the applicant must explain in writing why

he or she did not disclose the charge, describe the circumstances of the charge, and provide relevant documentation such as court records.

After reviewing the background check and pertinent information submitted by the applicant, the Board staff will process the application or ask for guidance from the Professional Education and Applications Committee.

Based on the Committee’s recommendation, the application may be approved, approved with limitations, or denied.

An applicant may request a formal hearing before the Board to contest the denial of an application.

If you have questions about application-related background checks, please contact the Board’s Deputy Director, David R. Nance, CPA, at dnance@nccpaboard.gov, or the Board’s Staff Attorney, Frank Trainor, Esq., at fttrainor@nccpaboard.gov.

Common Offenses Reported on Background Checks

Speeding Tickets

Vehicle registration (expired tags, etc.)

Traffic charge related to an accident

Alcohol related (underage drinking, public intoxication, etc.)

Violation of a local ordinance, usually related to another charge



Engagement Letters

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Limiting Scope of Services

Engagement letters should be used to limit the scope of services by specifying the returns and other services for which the firm is responsible. It is just as important to specify the services for which the firm is not responsible.

For example, a firm may want to include language regarding whether bookkeeping services required to prepare a tax return are included in the engagement, or whether the firm will prepare partner or shareholder basis schedules as part of an engagement.

Firms should generally exclude from a compliance engagement any tax consulting and tax planning, as well as correspondence with taxing authorities, and use separate letters for those services if a client requests them.

Care should be taken to specify the client taxpayer or taxpayers to which the engagement services are being provided, particularly if an individual taxpayer has an ownership interest in business entities or trusts.

Separate letters should be used for business engagements and individual engagements, as well as for adult children of clients, and should specifically include or exclude filing responsibilities for minor children.

Model engagement letters available to AICPA Tax Section members (available at aicpa.org as part of the Annual Tax Compliance Kit) suggest specifically noting not only which federal and state returns will be prepared as part of the engagement, but also the specific tax years involved.

Using form numbers and years (e.g., “2018 Form 1040 and applicable schedules”) is an effective way to clearly articulate the firm’s responsibilities.

Responsibility for filing the returns and the subsequent termination of the engagement should also be discussed in the letter.

Engagement Letter Do’s and Don’ts

What You Should Do

- State the purpose of the engagement
- Define the scope of the engagement (specifically what you will & won’t do)
- Specify known negative conditions or adverse situations
- Note client instructions, responsibilities, deliverables, and dates
- Note reliance on facts provided by client
- Outline terms of fee collections and the consequences of late payment.
- Include a stop-work clause
- Indicate your record retention policy
- Include third-party service provider language, if applicable
- Confirm client’s acknowledgment of the terms of the engagement and request client’s signature

Additional Areas to Consider:

- Include warnings regarding inadequate internal controls
- Explain limitations regarding financial statement distribution
- Include alternative dispute resolution language (i.e., mediation for all disputes and an arbitration clause for fee disputes only)
- Review efficacy of limitation of liability clauses with your risk advisor or legal counsel

What You Should Avoid

- Promotional information and other forms of marketing
- All-encompassing language that expands rather than limits the scope of your work.
- Legal jargon, ambiguity, abbreviations, or words only a CPA would understand.

Source: CAMICO

The information above is provided for informational purposes only; it is not an endorsement or approval by the Board of any of the products or services of CAMICO.

For electronically filed returns, language should typically specify that firm responsibilities end with the electronic filing of the return (and subsequent acknowledgment by the taxing authorities).

For paper-filed returns, it is critical to note whether the client or the firm is responsible for mailing the returns.

Firms should avoid using engagement letters that do not require a client’s signature but instead specify an automatic acceptance by a client when a client provides tax information to the firm. Instead, engagement letters should be updated and signed by clients annually.

This is important in limiting potential liability resulting from clients’ allegations of continuous representation by a firm.

Annual letters also are beneficial in starting the running of the statute of limitation for claims.

For a detailed discussion of the issues in this area, see “Tax Practice Responsibilities: The Importance of Engagement Letters for Small Firms” in the November 2018 issue of *The Tax Adviser*.

The *Tax Adviser* is the AICPA’s monthly journal of tax planning, trends, and techniques.

Successful Uniform CPA Exam Candidates

The Board is pleased to announce that the following North Carolina Uniform CPA Exam candidates passed the Exam between January 1, 2021, and January 31, 2021:

April Louise Ammons
Nicholas Tyler Bailey
Bradley James Bennett
Stephen Thomas Brown
Blake Evan Buffaloe
Thomas Herman Dehnel
Thomas Matthew Galligan
Joanna Mary Gaynes
Nia Amoni Griffin
Aaron Thomas Gulibon
Ronnie Harper, Jr.
Joshua Todd Hudson
Wilson Lee Jolly
Ryan James Linden

LeeAnne Marie Lower
Andrew McDonald Lundgren
Sara Mary Ann Mellen-Stier
Peyton Christina Noschese
Kevin Osayande Ohuoba
Alexander George Pantelakos
Emily Ann Paulson
Olivia Vankirk Rooney
Samantha Nicole Schisler
Quinten Reece Squires
Emma Kathleen Strickland
Michael Tobey Vance
Kevin Andrew Wiles
Andrew Patrick Willetts

50 Years of NC CPA Licensure

Congratulations to the following individuals who have been licensed as North Carolina CPAs since March 1971:

James Hobbs Ogburn
Earle Hilton Ward
William Sidney Lewis, III



Office Closed

The Board office will be closed on April 2, 2021, for Good Friday.

CPA Certificates Issued

On February 22, 2021, the Board approved the following individuals for North Carolina CPA licensure:

Stone Hobby Alexander
James Christopher Allred
Megan Elizabeth Austin
Zachary Alan Bane
Christopher Adam Beamguard
Ryan Patrick Beckman
Adam Kyle Beebe
Trevor Brian Blevins
Gabriel Mark Branscomb
Mackenzie Erin Brown
Sara Nicole Callahan
Emily Katherine Campbell
Rebecca Lea Carroll
George Allen Carter
Elizabeth McGreal Cartrette
Nathaniel Bernard Clark
Tori Nicole Cockrell
Rodrigo Cohen
Isabella Constance Colasante
Tyler Anthony Cole
Jack Taylor Condon
Jerome Darren Conley, Jr.
Phillip Douglas Cordeiro
Sarah Kleinman Day
John Frederick Deans, Jr.
David Allen Dennis, III
John Andrew Diffendal
Trisha Kay Distler

WeiWei Dai Doucette
Brian Lee Douglass, Jr.
Danielle Jamison Doyle
Arthur Ferreira de Oliveira
Connor William Ferrentino
James Troy Fine
Abigail Marie Fleming
Jordan Emily Friedland
Fredy Garcia
Elondia Patrice Grant
Thomas Parker Hanshaw
Cody Alan Harrell
Lilly McDowell Hutchinson
Kaleb Hunter Iocco
Cameron Michael Jacques
Adriane Michelle Jones Wilson
Hannah Elizabeth Kerns
Sharon Ann La Roux
Ruby Brady Lansdell
Johnathan Taylor Lara
Kenzie Shea Laughlin
Graciela Lopez Arriaga
Berenice Lopez-Garcia
Catherine King Macon
Mary Noll McDonald
Ariel Brooke Mittleman
Lauren Miller Moore
Ashleigh Marie Morstad

Randy Jaron Moss
Paul Samuel Nelson
Jesse Christopher Nikonowicz, III
Garrett Gregory Notartomaso
Cameron Elizabeth Perry
Jody Ann Picarella
Erica Ariana Propst
Stephen David Puckett
Courtney Dyan Radley
John Anthony Reynolds
Francisco Alberto Rojas-Descalzi
Brian Randall Roundtree
Brittany Nicole Schultz
Megan Kelly Shutt
Muhammad Atir Siddique
Tyler Ryan Smith
Mamie Elizabeth Kerr Soule
Savannah Kristen Sutton
Cole Elliott Taylor
Caleb Daniel Thurber
Zachary Ryan Tidmore
Joshua Franklin Tripp
Megan Ladawn Turner
Mary Margaret Waterer
Landon Lee Wilson
Thomas Lash Woolbright

FAQs: Uniform CPA Exam Scoring

Q. What is the passing score?

A. The passing score is 75 on a 0-99 scale. Scores are not curved. Find out how your score is determined by reading about Exam Scoring.

Q. Who sets the passing score for the Exam?

A. The passing score is determined by the AICPA Board of Examiners (BOE), which considers many factors, including standard-setting study results, historical trends, and Exam content changes.

The BOE also receives input from NASBA, consultant psychometricians, the academic community, and licensed CPAs.

The passing score is the basis of the pass or fail decision recommended to Boards of Accountancy on the advisory score report.

Q. Is scoring an automated process?

A. Scoring is fully automated for all Exam components except the written communication tasks.

Most written communication responses are scored by a computer grading program, which is calibrated using human scorers.

In some cases, responses are scored by a network of human graders (all CPAs).

If your score is close to the passing score, your written communication tasks will be automatically re-graded by human graders.

When there is more than one grader for a response, the average of the scores is used as the final grade.

The AICPA uses Item Response Theory (IRT) for the objective portion of the Exam.

IRT is a well-established psychometric approach to scoring used by licensing and certification examinations that administer many different test forms.

All scoring routines, whether automated or not, are verified at various stages of the scoring process.

Q. When are scores released?

A. Score release dates are posted in the “Become a CPA” section of the AICPA website, aicpa.org.

[The Board publishes the score release dates in each issue of the *Activity Review*. See chart below.]

Q. How does the Exam test my knowledge and skills?

A. The Exam uses a multistage adaptive test delivery model for all multiple-choice testlets.

Your first testlet will be given at a level of moderate difficulty. The next testlet will be the same level or slightly more difficult based on your performance.

The adaptive model is not used for task-based simulations or written communication tasks.

Q. How do you decide which questions are difficult and which are medium?

A. The difficulty levels of the test questions (and other statistics used to describe each test question) are determined through statistical analysis of candidate responses.

Scores

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Exam Score Release Dates

If you take your exam on or before:	Your target score release date is:
March 10, 2021	March 18, 2021
March 31, 2021	April 9, 2021
April 23, 2021	May 11, 2021
May 16, 2021	May 25, 2021
June 8, 2021	June 16, 2021
June 30, 2021	July 13, 2021

- All dates and times are based on the Eastern Standard Time (EST) zone.
- For most candidates, Prometric sends Exam data files to the AICPA within 24 hours after you complete testing.
- Exam data files received after the AICPA cutoff dates will result in subsequent scheduled target score release dates.
- If you take the BEC section, you might receive your score approximately one week following the target release date due to additional analysis that may be required for the written communication tasks.
- Follow NASBA on Twitter ([@NASBA](https://twitter.com/NASBA)) for score release updates.

Scores from page 6

At the question level, difficulty is not quantified as a category (e.g., moderate or difficult), but as a numeric value along a scale.

Testlets are classified as either medium or difficult based on the average difficulty of the questions within that testlet.

All testlets have questions ranging in difficulty. Questions in difficult testlets just have a higher average level of difficulty than those in medium testlets.

Q. What are pretest questions and are they scored?

A. Pretest questions are included in every Exam (they may be multiple-choice questions, task-based simulations, or written communication tasks) only for the purpose of collecting data.

The data are needed to assess the quality of the questions, and to collect scoring information for later use when the questions become operational items. They are not part of your score calculation.

Q. Are scoring adjustments made for candidates who experience difficulties during testing?

A. No. Your results are scored using the same process and method to ensure uniformity and the validity of the pass or fail decision.

In the rare instances when serious technical problems occur during testing, NASBA may offer you a free retest.

Q. Can I get a passing score by only doing well on the multiple-choice questions?

A. No. Your results are scored using the same process and method to ensure uniformity and the validity of the pass or fail decision.

Source: AICPA

CPA License Reclassifications

At its February 22, 2021, meeting, the Board approved the applications for CPA license reclassification submitted by the following individuals:

Reinstatement

Megan Stainback Boswell, #33926	Saltville, VA
Matthew Vaughn Church, #31893	Charlotte, NC
Dianne Speight Clinton, #15651	Raleigh, NC
Jessica Lea Fine, #42544	Los Angeles, CA
Yvette Joy McPherson, #18955,	Boca Raton, FL
Edward Jack Muren, IV, #40287	Charlotte, NC
Amy Shea Howie Niles, #29910	Weddington, NC
Casey Edward O'Keefe, #34664	Raleigh, NC
Michael Edward Phillips, #26491	Greensboro, NC
Elizabeth McCarter Robinson, #17076	Washington, NC
Gary Lee Shepherd, #37169	Charlotte, NC

Reissuance

Dale William Gillmore #32174	Davidson, NC
Anita Ori Shimer #35011	Fairfax, VA
Robert Kirk Somervell #23964	Charlotte, NC

Inactive Status

Between February 1, 2021, and February 26, 2021, the Board approved the individuals listed below for inactive status. "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 NCAC 08A .0301(b)(20)].

Hilda Joyce Bullard, #14843	Whiteville, NC
Julia Armfield Carper, #14279	Greensboro, NC
William Reid Culp, Jr., #12564	Charlotte, NC
Samuel Richard Allred, #19384	Lexington, NC
Jean Elizabeth M. Schauer, #42438	Glen Allen, VA
Anne Nauful Boyd, #22755	Shelton, CT
Christopher Michael Holmes, #14503	Bluffton, SC
Cathy Sue Crosby, #18187	Charlotte, NC
Lucile Abbitt Bond, #19302	Hickory, NC



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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:	
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Business Email:	
Signature:	
Date:	Send mail to: <input type="checkbox"/> Home <input type="checkbox"/> 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.