



North Carolina State Board of Certified Public Accountant Examiners

Public Session Agenda

February 16, 2026

10:00 a.m.

North Carolina A&T State University

I. Administrative Items

- A. Call to Order
 - 1. **Conflict of Interest Disclosure:** *Under North Carolina General Statute 138A-15(e), every Board member must avoid conflicts of interest and the appearance of conflicts. Does any Board member have a known conflict of interest or appearance of conflict regarding any matter coming before the Board today? If so, please identify the conflict or appearance of conflict and abstain from participating in that matter.*
- B. Welcome and Introduction of Guests
- C. Approval of Agenda **(ACTION)**
- D. Minutes **(ACTION)**
- E. Financial/Budgetary Items
 - 1. January 2026 Financial Statements **(ACTION)**

II. Legislative & Rulemaking Items

- A. Approval of Re-Adoption of 21 NCAC 08, *Certified Public Accountants* **(ACTION)**

III. National Organization Items

- A. NASBA Committee Updates **(FYI)**
- B. AICPA Ethics Exposure Draft: Revisions Related to Alternative Practice Structures **(FYI)**

IV. State & Local Organization Items

V. Committee Reports

- A. Professional Standards Committee **(ACTION)**
- B. Professional Education and Applications Committee **(ACTION)**
- C. Audit Committee **(ACTION)**

VI. Executive Staff and Legal Counsel Report

- A. Operational Metrics **(FYI)**
- B. Executive Staff Report **(FYI)**

VII. Recognition of NC CPA Licensure Milestones

VIII. Public Comments

- A. Presentation by North Carolina A&T State University **(FYI)**

IX. Closed Session

X. Adjournment



North Carolina State Board of Certified Public Accountant Examiners

PUBLIC SESSION MINUTES

January 21, 2026

BOARD MEMBERS IN ATTENDANCE: Jodi K. Kruse, CPA, President; D. Michael (Mickey) Payseur, CPA, Vice President; Ulysses Taylor, CPA, Esq., Secretary-Treasurer; James T. Ahler, CAE; Tammy F. Coley, CPA; Maria M. Lynch, Esq.; and Kecia Williams Smith, Ph.D., CPA.

BOARD STAFF IN ATTENDANCE: David R. Nance, CPA, Executive Director; S. Lynne Sanders, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa Hearne-Bogle, Communications Officer; and Cammie Emery, Licensing Specialist.

OTHERS IN ATTENDANCE: Noel L. Allen, Esq., Board Legal Counsel; Robert Broome, Vice President of Advocacy & Outreach, NCACPA; Will Edmondson, Coordinator, Advocacy & Outreach, NCACPA; Sgt. J.D. Rattelade, Raleigh Police Department; Mark Sotichack, CPA, CEO, NCACPA; and Herbert W. Wakeford, CPA, Wakeford PLLC.

CALL TO ORDER: Ms. Kruse called the meeting to order at 10:00 a.m.

CONFLICT OF INTEREST: Ms. Kruse stated she recused herself from one item on the Professional Education and Applications Committee agenda.

PUBLIC HEARING: Ms. Kruse called the Public Hearing for Case Nos. C2025066 and C2025103, Brian Douglas Henderson, CPA No. 22176, to order at 10:01 a.m. Neither Mr. Henderson nor a representative appeared. Mr. Nance was sworn in and provided testimony. Ms. Coley moved to enter Closed Session to discuss legal matters related to the Hearing with Mr. Allen, and Mr. Ahler seconded. The motion passed unanimously, with seven votes in favor and none against.

Upon returning to the Hearing, Ms. Lynch moved to approve a Board Order permanently revoking the North Carolina CPA certificate issued to Mr. Henderson, and Dr. Smith seconded. The motion was approved unanimously at 10:26 a.m., with seven votes in favor and none opposed. (Appendix I)

RULEMAKING HEARING: Ms. Kruse called the Public Hearing for the proposed amendments to 21 NCAC 08, *Certified Public Accountants*, to order at 10:27 a.m. to receive oral and written testimony. No oral or written testimony was presented. Ms. Coley moved to adjourn the Hearing at 10:29 a.m., and Mr. Ahler seconded. The motion was approved unanimously with seven votes in favor and none opposed.

PUBLIC SESSION: The Board re-entered Public Session at 10:32 a.m. to continue with the agenda.

APPROVAL OF AGENDA: Mr. Taylor moved to approve the agenda, and Mr. Ahler seconded. The motion was approved unanimously, with seven votes in favor and none opposed.

MINUTES: Dr. Smith moved to approve the December 15, 2025, meeting minutes, and Ms. Coley seconded. The motion was approved unanimously, with seven votes in favor and none opposed.

FINANCIAL AND BUDGETARY ITEMS: Mr. Payseur moved to approve the December 2025 financial statements, and Mr. Ahler seconded. The motion was approved unanimously, with seven votes in favor and none opposed.

LEGISLATIVE AND RULEMAKING ITEMS: Mr. Nance provided an update on the Board's work to pursue options for verifying Social Security numbers, as required by House Bill 926, enacted in October 2025. In addition, Mr. Nance updated the Board on comment letters that had been received regarding current CPE requirements and experience requirements for CPAs. It was noted that the Board is an active participant in any discussions around these matters with an emphasis that the CPA profession be held to the highest standards.

NATIONAL ORGANIZATION ITEMS: Mr. Nance led a discussion among Board members regarding the AICPA Exposure Draft, *Proposed Revisions Related to Alternative Practice Structures*. He invited members to share their feedback with him so that he can prepare a draft response for the Board's consideration and vote at the March meeting.

Mr. Payseur presented an update on recent actions taken by NASBA's CPE Committee, and Ms. Sanders provided a report on the activities of the CPE Standards Working Group.

STATE AND LOCAL ORGANIZATION ITEMS: Mr. Nance reported that on January 15, 2026, the Office of the State Auditor released its first Division of Accountability, Value, and Efficiency (DAVE) Act report. He noted that since the Board was included in the report, he wanted Board members to be aware.

PROFESSIONAL STANDARDS COMMITTEE REPORT: The Board approved unanimously, with seven votes in favor and none opposed, the following Committee recommendations as presented by Mr. Payseur:

Case Nos. C2025198-1 and C2025198-2 - Ginger Tolley Levinson and Ginger T. Levinson, CPA, PA -
Approve the signed Consent Order. (Appendix II)

Case No. C2025213 - Dana S. Jones - Approve the signed Consent Order. (Appendix III)

Mr. Payseur reported that the Committee provided guidance to the staff on five items.

PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE REPORT: The Board approved unanimously, with six votes in favor and none opposed the following Committee recommendations as presented by Dr. Smith:

Application for Transfer of Exam Scores - Approve the following applications for transfer of Uniform CPA Exam scores from another jurisdiction:

Bailey Jack Callander
Haley Jade Erickson
Sei Kondo
Cameron Patrick Kreps

Andre Ricardo Martin
Benjamin Alan McQuillin
Wenqing Song
Frances Shayli Vazquez Souchet

Application for Original CPA Certificate - Approve the following applications for original North Carolina CPA licensure:

Cameron William David Bame
Sydney Elena Berrey
Douglas Edward Bittner
Jessica Marie Boyer
Bryson Whitmal Brown
Bailey Jack Callander
Blaine Lawson Campbell
Sydney Dare Carter
Kelsey Megan Caulfield
Austin Michael Cummings
Nicholas John DeMarco
Haley Jade Erickson
Sandra Anne Ferrera
Sierra Evelyn Foster
Emil Jude Gonsalvez
Gregory Eric Gutch
Tyler Cannon Hardy
Jonah Pearson Hatley
Alara Ann Hollyfield
Travis Wesley Idol
Sarah Elizabeth Inge
Sei Kondo
Wyatt M. Kontir
Cameron Patrick Kreps
Claire Elizabeth Mahoney
Charlene Rutendo Mandaza
Andre Ricardo Martin
Adam William Mayes
Benjamin Alan McQuillin

Andre Joseph Messier
Matthew Graeme Morrison
Robert Foard Naumann
Jimmy Lee Nguyen
Amber Kelley Nichols
Samuel Lee Oglesby
Alberto J. Pacheco
Reginald Delmarreo Parks
Anne Elise Pillow
Jamie Lynn Porter
Jason Odir Rosales
Tyler Graham Roten
John Michael Sammons
Andrew Robert Schroeder Jr.
Gabrielle Elizabeth Shannon
Stephanie Anne Shewhart
Noriko Shokita
Amelia Marie Sisson
Wenqing Song
Frances Shayli Vazquez Souchet
Sarah Stewart
Andrew Clifton Strickland
Jessica Elizabeth Taylor
Kellen Mckee Tucker
Madeline Ann Valle
Elizabeth Anne VanNote
Joshua Caleb Vincent
Jonathan Edward Walsh
Otto Pearce Benson Wolin

Application for Temporary Permit - Approve the following temporary permits approved by the Deputy Director:

Eric Lansinger Wells T15430
Marie Musacchio Johnson T15431
Stephen Wayne Panaro T15432
Angela Lynn Panaro T15433
Dustin Michael Jacober T15434
Christopher Steven Matthews T15435
Matthew Jeffrey Arovas T15436
Jennifer Jean Engle T15437
Zachary Francis Nieport T15438
Bernadette Degnan T15439

Lisa Jean Harrison T15440
Jonathon Harris Drury T15441
Ryan Edward Munz T15442
Alicia Bethany Nelson T15443
Matthew James Thayer T15444
Matthew Harry Erb T15463
Alexis Amber Grethen T15464
Hunter Michael Johnston T15465
Neacole Leigh Murray T15466
Stephanie Jo Anderson T15467

Aaron Goldstein T15468
William Tyler Thornton T15469
Anne Villere Lagarde T15470
Therrell E. Woods Jr. T15471

Christina Marie White T15472
Jonathan Warren Walls T15473
Jamie K. Burgess T15474

Application for Reciprocal CPA Certificate - Approve the following applications for reciprocal CPA certification:

Stephanie Jo Anderson
Matthew Jeffrey Arovas
Jamie K. Burgess
Jennifer Jean Engle
Matthew Harry Erb
Aaron Goldstein
Alexis Amber Grethen
Lisa Jean Harrison
Dustin Michael Jacober
Hunter Michael Johnson
Marie Musacchio Johnson
Anne Villere Lagarde

Nicholas James Leger
Ricardo Martinez
Christopher Steven Matthews
Neacole Leigh Murray
Alicia Bethany Nelson
Zachary Francis Nieport
Natalie Paige Noble
Angela Lynn Panaro
Stephen Wayne Panaro
William Tyler Thornton
Eric Lensinger Wells

Application for Reinstatement of CPA Certificate - Approve the following applications for certificate CPA reinstatement:

Christopher Richard Berube, #40366
Kayla Grant Corbett, #44479
Sydney Jordan Lee Davis, #42810
Jessica Leigh Flynn, #29316

Paul Kirby Hamlin Jr., #4331
Bryan P. McGrath, #24624
Nasreen Fathima Mohammed, #25354
Pamela Jones Wortham, #16876

CPE Extension Requests (Approval) - Approve seven requests for an extension to complete the 2025 CPE requirement before June 30, 2026, without penalty.

CPE Extension Requests (Disapproval) - Disapprove two requests for an extension to complete the 2025 CPE requirement before June 30, 2026, without penalty.

CPE Letter of Warning - Approve issuing a Letter of Warning to Mackenzie Reller, #43532. On the 2025–2026 CPA certificate renewal, Ms. Reller reported 2024 CPE completed between January 1 and June 30, 2025, without an approved extension. The Letter of Warning is issued pursuant to 21 NCAC 08G .0406(b)(1).

Application for Uniform CPA Exam - Approve the following applications to sit for the Uniform CPA Exam as a North Carolina candidate:

Hebatullah Abdallah
Noah Abernethy
Samantha Addeo

Justin Ah You
Olivia Allen
Laura Alvarez Aguilar

Courtney Anderson
Philip Andrews
Gabriella Angiolino
Mae Angus
Dayelin Anuel
Ansel Arnot
Eric Atilano-Garcia
Natallia Auramenka
Bradley Baity
Alan Baldwin
Sydney Baldwin
Meghan Barefoot
Landon Barnes
Allen Barnett
Meghan Barrett
Jason Bauer
Abigail Beckham
Ryan Bellamy
Philip Benke
Katherine Berthiaume
Laina Beshgetoorian
Gavin Blackburn
Henry Blake
Rachel Blevins
Keifer Boyd
Jennifer Bradley
Julia Brooks
Jacqueline Brown
Constance Buck
Madison Bunch
Katherine Bunschoten
Peter Butcher
Lionel Cabrera
Trenton Cade
Jonah Carlson
Philycia Carmon
Jonathan Carpenter
Hannah Carte
Beatrice Carter
Catherine Cason
Yu Chen
Tyler Cherry
Elliot Cho
Nathan Clark
Cara Clippinger
John Coleman

Kaitlin Coleman
Amber Collins
Daniel Cooper
Steven Cortes Moran
Ruth Cox
Ashlyn Cramer
Ruth Crawford
Alexandra Davis
Darrin Davis
Jack Davison
Joshua Dawson
Grace De Noia
Riley Dean
Luke DeFranco
Adrien Depace
Jacquelyn Dickson
Marisa Donahue
Gabriela Donaire
Jacob Donald
Connor Dorflinger
Olivia Dougherty
Thomas Dufour
Devin Eason
Courtney Farishian
Tyler Fausnaught
Fernanda Ferreira de Almeida Barboza
Kannon Frady
Sarah Freeman
Tracettia Gaither
Robert Garbarz
Faith Gaster
Samuel Geisinger
Dominique George
Peter Geratz
Peyton Gilbert
Camilo Gomez
Joshua Gonzalez
Annika Grace
Andrew Gray
Katie Green
Troy Greene
Daniel Griffin
Cynthia Grose
Seth Guge
Owen Gullledge
David Harkleroad

Howard Harrell
Austin Harris
Taylor Harris
A'vaja Harris-Simmons
Michaela Hauber
Hannah Hawks
Charles Haynes
Zachary Helms
Alexander Hester
Elizabeth Heverly
Christina Hicks
Emily Hicks
Elizabeth Hittepole
Heather Holbrook
Katie Holding
Nathan Holzhauer
Lacey Hudson
Emily Huey
Zachary Hui
Mason Hutchinson
Joseph Huynh
Tarila Iduma
David Jackson
Artanzia Jackson Yates
Ryan James
Ayesha Johnson
Matthew Johnson
Ryan Johnson
Alicia Jones
Carson Jones
Abigail Justice
Jack Kambeseles
Caleb Karie
Jordan King
Noah King
Gillian Kitchings
Jack Kline
Emily Kneller
Daniel Kobos
Samantha Kofler
Iliana Koutsouris
Benjamin Kralowetz
Nathaniel Kusar
Alexander LaMothe Toland
Eva Larson
William Lavasque

Camie Le
Davonte Lee
Jonathan Leonard
Sarah Leonard
Christian Liebert
Radiatu Ligbi
Caterina Linares
Matthew Line
Morgan Littrell
Alessia Lluka
Matthew Looney
Fengqi Luo
Joshua Maas
Samuel Macy
Jordan Malik
Katherine Martin
Jessica Maya
Georgia McArdle
Lauren McClure
Easton McCoy
Thomas McGowan
Elyse McNeil
Madison McPherson
Sydney Meacham
Abigail Meier
Chase Mindy
Collin Montgomery
Ebony Montgomery
Khalif Muhammad
Patrick Murnane
David Murphy
Virginia Newton
David Neyland
Davis Noe
Jack O'Sullivan
Maryna Onyshchenko
Luis Ortiz-Gonzalez
Ezra Otterburn
Jessica Outlaw
Corey Oxendine
Adrian Palamaru
Holden Parker
Dristi Patel
Cristina Paz Rodriguez
Melissa Peaks
Izabella Pichardo-Leiva

Abigail Pierce
Marshall Pile
Luke Pirrung
Lynsey Plunkett
Jack Potier
Brady Proffitt
Emma Puckett
Jackson Purcell
Carly Purgason
Jacob Putnam
Benjamin Qualls
Robert Ragland
Samuel Ratterman
Ashlea Ray
Anthony Recinos Argueta
Leon Reid
Riley Rekuc
Hanna Respess
Amber Richards
Nicholas Rinaldi
Matthew Ritch
Ty Ritchie
Kaitlyn Roman
Jingxiu Rong
Caroline Rose
Caroline Rueckel
Gabriel Salinas
Ben Salmen
Kelsey Sampere
Jasmine Saucedo
Emma Sawtell
Chloe Schulte
Jade Seets
Kushal Shah
Shivani Shah
Parker Shahdad
Kaytlin Shaver
James Snavelly
Emma Spanvill
Paul Sposato
Ross Strickland
James Suggs

Leah Sullivan Johnson
John Summerford
Skylar Sustek
Matthew Sutton
Paul Swails
David Swearngan
Nicholas Thompson
Grant Timmerwilke
Brett Tornquist
Mariaja Travers
Julia Turner
Kassia Tuura
Bryce Ulloa
Evan Vance
Maura VandeWiele
Jennifer Vargas
Connor Vestal
Luis Villarreal Cantu
Samantha Villegas Mancilla
Trent Walker
Erin Walsh
Jace Ward
Cadee Warren
Lanett Washington
Allison Waters
Carter Waters
Zachary Watford
Celeste Waugh
Lacey Way
James Weaver
Logan Webb
Ashley Weekes
Joshua West
Brianna Whelan
Meghan Willard
Kari Wilson
Lindsey Wright
Brittany Writt
Katharine Yang
Ashlyn Yarbrough
Maddox Yegge
Jessica Zajac

Application for Firm Registration - Approve the following CPA firm registration applications as approved by the Executive Director:

Blue Haven CPA PLLC
Ketron CPA, PLLC

Matthew J. Shustack, CPA, PLLC

INVESTMENT COMMITTEE: The Board approved unanimously, with seven votes in favor and none opposed, the Committee report as presented by Mr. Payseur. Board staff will move funds from maturing certificates of deposit into the Board's investment account.

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: The Board reviewed the December 2025 operational metrics and the December 2025 Executive Staff Report.

The Board recognized Cammie Emery, Licensing Specialist, for completing 18 years of service with the Board in January 2026. The Board also recognized Mr. Trainor for completing 15 years of service with the Board as of January 2026.

Ms. Kruse and other Board members congratulated Dr. Smith on her appointment as Dean of the Willie A. Deese College of Business and Economics at North Carolina A&T State University.

Dr. Smith provided an overview of the location and schedule of events for the Board's February 16, 2026, meeting, which will be held on the North Carolina A&T State University campus.

RECOGNITION OF NC CPA LICENSURE MILESTONES: Ms. Kruse instructed the staff to send a Certificate of Recognition to the following individuals who achieved 50 or more years of North Carolina CPA licensure in January 2026:

Name	Years	Name	Years
Harold Dean Brashear, #9005	50	William Norfleet Alexander Jr., #7568	52
Mitchell Ray Crisp, #9013	50	Robert Leighton Buck, #7569	52
Raymond Wardell Edwards, #7559	52	John Michael Schwarz, #7571	52
Danny Ray Newcomb, #7564	52	John Nelson Spencer Jr., #7078	53
John A. Purdie Jr., #7565	52	William Blaine Hawkins, #5073	54

PUBLIC COMMENTS: Mr. Sotichack provided a summary of the NCPA's recent and upcoming activities.

ADJOURNMENT: Mr. Taylor moved to adjourn the meeting at 11:21 a.m. and Dr. Smith seconded. The motion passed unanimously, with seven votes in favor and none against.

Respectfully submitted:

Attested to by:

David R. Nance, CPA
Executive Director

Jodi K. Kruse, CPA
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #s: C2025066 and C2025103

IN THE MATTER OF:
Brian Douglas Henderson, CPA, #22176
Respondent

BOARD ORDER

THIS CAUSE coming before the North Carolina State Board of Certified Public Accountant Examiners (the “Board”) at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, at public hearing (“Hearing”), with a quorum present, the Board finds, based on the evidence presented at the Hearing on January 21, 2026, that:

FINDINGS OF FACT

1. The Respondent is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. The Board has jurisdiction over the Respondent and the subject matter of this action.
3. The Respondent received at least fifteen (15) days written notice of the Hearing. The notice was achieved by serving a Notice of Hearing by personal service.
4. Venue is proper and the Hearing was properly held at 1101 Oberlin Road, Raleigh, North Carolina.
5. The Respondent did not object to any Board Member’s participation in the Hearing of this matter.
6. The Respondent was not present at the Hearing and was not represented by counsel.
7. In 2025, the Board started receiving complaints against the Respondent. Those complaints generally allege the same issue, namely, that the Respondent had received prepayment from his clients to perform services. The Respondent later was unable to perform those services but did not repay all of his clients for the prepayments that he had received.
8. In response to the first two complaints, the Respondent pointed to circumstances beyond his control as the reason that he was unable to render services to his client. Foremost among those circumstances was that Hurricane Helene had flooded his offices in Asheville and he was forced to relocate to Concord.
9. The Respondent refunded the complainants their money and the Board closed those matters with a letter of warning informing the Respondent that if it receives evidence of similar activity in the future, it could proceed in light of the fact that he had been previously warned.
10. Subsequent to the initial complaints that resulted in letters of warning, the Board received two new complaints from clients who experienced similar circumstances. Those complaints were designated as C2025066 and C2025103.

11. The Respondent became unresponsive to the Board staff's communications during the course of those two cases despite repeated attempts to contact him through email, regular mail, certified mail and telephone.
12. The Respondent never addressed the allegations set forth by the Complainants on the new complaints.

CONCLUSIONS OF LAW

1. Per N.C. Gen. Stat. § 150B-42, this Board Order constitutes a Final Agency Decision of the Board.
2. The Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 8 of the North Carolina Administrative Code. Pursuant to N.C. Gen. Stat. § 93-12(9), the Board has the authority to impose discipline upon the Respondent and the Respondent's certificate and to impose civil monetary penalties.
3. The Respondent's failure to perform his engagements with his clients, despite having received payment for those engagements constitutes a violation of 21 NCAC 08N .0212 (Competence).
4. The Respondent's failure to timely respond to the Board's inquiries constitutes a violation of Rules 21 NCAC 08N .0206 (Cooperation with Board Inquiry).

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

1. The Certified Public Accountant certificate issued to the Respondent, Brian Douglas Henderson, is hereby permanently revoked.
2. The Respondent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this state either through CPA mobility provisions or substantial equivalency practice privileges or in any other manner, nor shall the Respondent claim or attempt to use any practice privileges in any other state based upon his permanently revoked North Carolina certificate.

This the 21st day of January, 2026.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: _____
President

Jodi K. Kruse

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #s C2025198-1/2

IN THE MATTER OF:
Ginger Tolley Levinson, CPA, #22396
Ginger T. Levinson, CPA, PA
Respondents

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, the Respondent, and the Respondent Firm stipulate to the following:

1. Ginger Tolley Levinson, CPA (hereinafter “Respondent”), is the holder of North Carolina certificate number 22396 as a Certified Public Accountant.
2. Ginger T. Levinson, CPA, PA (hereinafter “Respondent Firm”), is a registered certified public accounting firm in North Carolina. Hereinafter, the Respondent and the Respondent Firm shall collectively be referred to as the “Respondents.”
3. The Respondent Firm received a fail on its most recent engagement peer review, with an acceptance letter date of December 23, 2024. The peer review report was for the period ended November 30, 2023.
4. The peer review report noted that for a review engagement, the Respondent Firm did not document materiality as required by professional standards, and for a compilation engagement, the Respondent Firm did not present the statements of cash flow or functional expenses, and the accountant’s report did not report on the omissions.
5. The Respondent Firm completed corrective actions suggested by the North Carolina Peer Review Committee.
6. In August 2025, the Board staff discovered the failed report while reviewing the AICPA Facilitated State Board Access (“FSBA”) website.
7. The Respondent Firm had not provided the Board with a package that included the Peer Review Report, Letter of Response, and Final Letter of Acceptance for all failed and second passed with deficiencies reports issued by a peer review program within sixty (60) days of the date of the Final

Acceptance Letter as required by 21 NCAC 08M .0106(a)(4) for all failed peer reviews.

8. The Respondents wish to resolve this matter by consent and agree 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 Respondents understand and agree 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. The Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. The Respondents' failure to perform attest and assurance services in accordance with standards constitutes a violation of 21 NCAC 08N .0212 (Competence), .0404 (Accounting and Review Services Standards), and .0406 (Standards for Attest Engagements).
3. The Respondent's failure to timely report the results of the Respondent Firm's most recent engagement peer review to the Board constitutes a violation of 21 NCAC 08M .0106 (Compliance).
4. Per N.C. Gen. Stat. § 93-12(9), and also by virtue of the Respondents' consent to this order, the Respondents are subject to the discipline set forth below.

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

1. The Respondent, Ginger Tolley Levinson, CPA, is hereby censured.
2. The Respondents shall pay a one thousand dollar (\$1,000) civil monetary penalty, to be remitted with this Consent Order.
3. All professional staff in the Respondent Firm that work on review engagements shall participate in at least four (4) hours of continuing professional education covering SSARS engagements annually until the

Consent Order - 3
Ginger Tolley Levinson, CPA
Ginger T. Levinson, CPA, PA

Respondent Firm receives a pass or pass with deficiencies peer review report.

CONSENTED TO THIS THE 30 DAY OF Dec, 2025.
(Day) (Month) (Year)

Ginger Tolley Levinson
Individual authorized to sign on behalf of Respondent Firm

Ginger Tolley Levinson
Respondent

APPROVED BY THE BOARD THIS THE 21 DAY OF JANUARY, 2026.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: Jodi K. Krause
President

NC BOARD OF
JAN 2 2026
CPA EXAMINERS

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2025213

IN THE MATTER OF:
Dana S. Jones, CPA, #35945
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. Dana S. Jones, CPA (hereinafter "Respondent"), is the holder of North Carolina certificate number 35945 as a Certified Public Accountant.
2. The Respondent informed the Board on her 2024-2025 CPA certificate renewal that she had obtained the required CPE for calendar year 2024.
3. Based on the Respondent's representation, the Board accepted her renewal.
4. Subsequently, at the Respondent's request, the Board reviewed the Respondent's CPE certificates for 2024.
5. The Respondent was unable to provide documentation to substantiate completion of the required ethics course for that year. She mistakenly believed that there was an ethics component in a week-long seminar that she had attended.
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.

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(b)(4) and .0203(b)(5).
3. Per N.C. Gen. Stat. § 93-12(9) 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, Dana S. Jones, CPA, is hereby censured.
2. The Respondent's CPA certificate is subject to a one-year stayed suspension. Because the suspension is stayed, the Respondent's CPA certificate will remain active. If the Board finds that the Respondent has violated any other Board Rules of Professional Conduct during the one-year period, the stay will be lifted, and the Respondent's CPA certificate will be actively suspended.
3. The Respondent shall pay a one thousand dollar (\$1,000) civil penalty, to be remitted to the Board with this Consent Order.
4. The Respondent shall complete the NCACPA's eight hour (8) accountancy law course prior to June 30, 2026. The course may be used to satisfy the Respondent's obligation under this Consent Order and also may be counted towards her annual CPE obligations.

CONSENTED TO THIS THE 17th DAY OF December, 2025.
(Day) (Month) (Year)
Dana S. Jones
Respondent

APPROVED BY THE BOARD THIS THE 21 DAY OF JANUARY, 2026.
(Day) (Month) (Year)

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: Jodi K. Krause
President

NC BOARD OF
DEC 22 2025
CPA EXAMINERS

Financial Highlights
For the Ten Month Period Ended January 31, 2026
Compared to the Ten Month Period Ended January 31, 2025

	Budget Var.	Jan-26	Jan-25	Inc. (Dec.)
Total Revenue	\$ 366,555.46	\$ 3,178,451.45	\$ 2,847,909.58	\$ 330,541.87
■ Total Operating Revenue	\$ 368,343.96	\$ 3,057,448.25	\$ 2,725,832.28	\$ 331,615.97
❖ Total Net Non Operating Revenue	\$ (1,788.50)	\$ 121,003.20	\$ 122,077.30	\$ (1,074.10)
○ Total Expenses	\$ 171,994.54	\$ 2,759,255.08	\$ 2,518,772.31	\$ 240,482.77
Increase(Dec.) Net Assets for Period		\$ 419,196.37	\$ 329,137.27	\$ 90,059.10
Total Checking and Savings		\$ 1,779,069.86	\$ 1,805,876.05	\$ (26,806.19)
Total Assets		\$ 5,708,462.11	\$ 5,239,242.84	\$ 469,219.27
Full-Time/Part-time Employees		11/0	11/0	

Budget:

- Operating revenue was \$368,000 over budget. Exam fee revenue up (+\$362k). Firm fee revenue up (+\$7k).
- ❖ Non-Operating revenue was \$1,800 under budget due to lower recognized interest income offset by increased other revenue items such as rent.
- Expenses were over budget by \$172,000. Key variances individually were increased exam costs (+\$239k) and increased office expense (+\$36); offset by reduced operational expenses including legal expense (-\$14k), board travel and per diem (-\$14k), and salary/benefit expense (-\$64k).

Actual:

- Total operating revenue increased from prior year by \$332,000. Increase related to increased exam fee revenue (+\$301k) and firm renewal fees (+\$28k).
- ❖ Total net non-operating revenue decreased this period compared to prior by \$1,000 due to decreased interest income.
- Total expenses increased from prior period by \$240,000. The increase can be explained by higher exam fees (+\$223k), office expenses (+\$19), and postage (+\$13k); offset by lower salary expenses (-\$19k).

North Carolina State Board of CPA Examiners

Statement of Net Position

As of January 31, 2026

	TOTAL	
	AS OF JAN 31, 2026	AS OF JAN 31, 2025 (PY)
ASSETS		
Current Assets		
Checking/Savings		
1020 Truist Checking Acct	12,118.12	103,029.29
1021 Truist Savings Account	5,081.00	5,080.52
1023 Truist Disciplinary Clearng Acct	2,000.00	1,000.00
1030 Truist Payroll Acct	100.00	100.00
1076 Pinnacle - MMA	1,334,277.95	1,283,413.49
1078 Pinnacle - ICS	425,492.79	413,252.75
Total Checking/Savings	\$1,779,069.86	\$1,805,876.05
Other Current Assets		
1050 CD Investments - Current	251,330.00	351,510.00
1110 Accrued CD Interest	9,012.13	11,995.15
1120 Accounts Receivable	489.28	20.95
1130 Lease Receivable - Current	50,350.00	50,362.00
Total Other Current Assets	\$311,181.41	\$413,888.10
Total Current Assets	\$2,090,251.27	\$2,219,764.15
Fixed Assets		
1300 Building	985,976.03	985,976.03
1305 Land	300,000.00	300,000.00
1310 Furniture	61,443.00	61,443.00
1320 Equipment	138,723.38	150,881.45
1325 Data Base Software	212,588.10	180,336.18
1330 Capital Improvements	163,679.96	163,679.96
1335 GL Software Subscription	122,513.00	279,684.00
1390 Accumulated Depreciation	-1,017,338.63	-959,811.67
1395 Amortization of GL Software	0.00	-197,369.00
Total Fixed Assets	\$967,584.84	\$964,819.95
Other Assets		
1080 Wells Fargo Advisors Investment	2,092,109.00	1,632,978.00
1081 Raymond James Investment	448,649.00	417,388.74
1180 Lease Receivable - LT	109,868.00	4,292.00
Total Other Assets	\$2,650,626.00	\$2,054,658.74
TOTAL ASSETS	\$5,708,462.11	\$5,239,242.84

North Carolina State Board of CPA Examiners

Statement of Net Position

As of January 31, 2026

	TOTAL	
	AS OF JAN 31, 2026	AS OF JAN 31, 2025 (PY)
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Other Current Liabilities		
2005 Due to Exam Vendors	336,825.81	426,138.48
2011 Accounts Payable Other	2,500.00	2,500.00
2013 GL Software Subscription Payable	122,513.00	82,315.00
2015 Compensated Absences - Current	48,461.17	42,115.17
Total Other Current Liabilities	\$510,299.98	\$553,068.65
Total Current Liabilities	\$510,299.98	\$553,068.65
Long-Term Liabilities		
2020 Compensated Absences - LT	93,478.27	95,939.27
2310 Deferred Inflow of Resources	160,218.00	54,654.00
Total Long-Term Liabilities	\$253,696.27	\$150,593.27
Total Liabilities	\$763,996.25	\$703,661.92
Net Assets		
3010 Net Assets Invest in Cap Assets	967,584.84	964,819.95
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	1,000,000.00	1,000,000.00
3900 Net Assets Undesignated	2,157,684.65	1,841,623.70
Change in Net Assets	419,196.37	329,137.27
Total Net Assets	\$4,944,465.86	\$4,535,580.92
TOTAL LIABILITIES & NET ASSETS	\$5,708,462.11	\$5,239,242.84

North Carolina State Board of CPA Examiners

Statement of Revenues and Expenses - Year-To-Date Comparison

April 2025 - January 2026

	TOTAL	
	APR 2025 - JAN 2026	APR 2024 - JAN 2025 (PY)
Income		
Certificate Fees		
4110 Certificates - Initial	45,025.00	37,900.00
4120 Certificates - Reciprocal	22,800.00	29,201.00
4140 Certificates - Renewal Fees	1,341,420.00	1,339,440.00
4150 Certificates - Reinst/Revoked	600.00	900.00
4151 Certificates - Reinst/Surr	5,600.00	4,400.00
Total Certificate Fees	1,415,445.00	1,411,841.00
Exam Fee Revenue		
4001 Initial Adm Fees	204,930.00	160,540.00
4002 Re-Exam Adm Fees	172,425.00	142,425.00
4004 Exam Fees Revenue	1,204,588.20	973,718.80
4070 Transfer Exam Grade Credit		75.00
4071 Exam Review Fees	-340.57	
4072 Exam Scholarship Coupon	-35,356.38	-31,588.52
Total Exam Fee Revenue	1,546,246.25	1,245,170.28
Misc		
4970 Duplicate Certificates	650.00	625.00
4990 Miscellaneous	1,297.00	2,186.00
Total Misc	1,947.00	2,811.00
Partnership Fees		
4260 Partnership Registration Fees		100.00
4261 Partnership Renewal Fees	45,330.00	28,260.00
Total Partnership Fees	45,330.00	28,360.00
Professional Corporation Fees		
4250 PC Registration Fees	5,050.00	4,750.00
4251 PC Renewal Fees	43,400.00	32,900.00
4252 PC Renewal Fees W/Penalties	30.00	
Total Professional Corporation Fees	48,480.00	37,650.00
Total Income	\$3,057,448.25	\$2,725,832.28
Expenses		
5920 Funded Depreciation	54,000.00	47,500.00
6690 Over & Short	23.55	0.40
6999 Uncategorized Expenses	-0.20	
Board Travel		
5120 Board Travel - Board Meetings	13,691.38	16,937.75
5122 Board Travel - NASBA Annual	11,046.88	16,436.65
5123 Board Travel - NASBA Regional	13,099.08	10,589.16

North Carolina State Board of CPA Examiners

Statement of Revenues and Expenses - Year-To-Date Comparison

April 2025 - January 2026

	TOTAL	
	APR 2025 - JAN 2026	APR 2024 - JAN 2025 (PY)
5129 Miscellaneous Board Costs	4,184.74	1,720.52
5131 Board Travel - Outside Legal	1,948.17	3,516.64
Total Board Travel	43,970.25	49,200.72
Building Expenses		
5800 Building Maintenance	9,459.73	1,877.94
5801 Electricity	9,892.97	10,644.89
5802 Grounds Maintenance	11,306.88	5,111.22
5803 Heat & Air Maintenance	3,382.00	2,292.00
5805 Insurance		8,293.00
5807 Janitorial Maintenance	10,778.00	12,850.00
5808 Pest Control Service	450.00	450.00
5809 Security & Fire Alarm	2,548.07	2,509.62
5810 Trash Collection	1,689.98	2,236.01
5811 Water & Sewer	1,214.53	1,287.61
Total Building Expenses	50,722.16	47,552.29
Continuing Education -Staff		
5050 Continuing Education - Staff	1,122.87	2,547.94
Total Continuing Education -Staff	1,122.87	2,547.94
Exam Postage		
5531 Exam Postage	540.00	480.00
Total Exam Postage	540.00	480.00
Exam Sitting and Grading		
5538 Exam Vendor Expense	1,090,929.44	873,871.08
5539 Exam Vendor Accommodations	7,539.25	1,452.00
Total Exam Sitting and Grading	1,098,468.69	875,323.08
Fringe Benefits		
5031 Retirement - NCLB Contribution	49,062.27	50,441.83
5033 Retirement - NCLB Administr	5,093.26	2,450.22
5035 Health Ins. Premiums	115,977.61	107,069.18
5036 Medical Reim Plan	16,588.87	25,504.89
Total Fringe Benefits	186,722.01	185,466.12
Investigation & Hearing Costs		
5222 Investigation Materials	3,312.00	3,008.25
5230 Hearing Costs	637.19	2,709.00
5232 Legal Advertising		514.76
5250 Administrative Cost Assessed	-1,100.00	-2,000.00
5260 Civil Penalties Assessed	-20,900.00	-13,000.00
5261 Civil Penalties Remitted	14,747.38	7,244.80
Total Investigation & Hearing Costs	-3,303.43	-1,523.19

North Carolina State Board of CPA Examiners

Statement of Revenues and Expenses - Year-To-Date Comparison

April 2025 - January 2026

	TOTAL	
	APR 2025 - JAN 2026	APR 2024 - JAN 2025 (PY)
Legal Expense		
5140 Legal Counsel - Administrative	49,321.53	47,978.19
Total Legal Expense	49,321.53	47,978.19
Misc Personnel		
5034 Misc. Payroll Deduction	-50.00	0.00
5090 Flowers, Gifts, Etc.	75.00	
5092 Misc. Personnel Costs	1,823.00	4,088.16
Total Misc Personnel	1,848.00	4,088.16
Office Expense		
5310 Decorations	40.73	
5320 Payroll Service	1,706.73	1,717.45
5360 Telephone	3,898.05	7,618.60
5361 Internet & Website	3,267.00	3,267.00
5390 Clipping Service		388.96
5400 Computer Prog/Assistance	300.00	400.00
5405 Computer Software Maintenance	160,372.43	158,342.28
5410 Dues	8,668.00	8,782.00
5420 Insurance	27,716.09	17,515.08
5430 Audit Fees	17,000.00	16,000.00
5440 Misc Office Expense	1,127.40	825.00
5445 Banking Fees	1,954.72	1,793.96
5450 Credit Card Fees	76,235.41	66,619.07
Total Office Expense	302,286.56	283,269.40
Per Diem - Board		
5110 Per Diem - Board Meetings	9,350.00	10,650.00
5112 Per Diem - NASBA Annual	1,200.00	2,000.00
5113 Per Diem - NASBA Regional	1,700.00	1,550.00
5114 Per Diem - NASBA Committees	750.00	1,900.00
Total Per Diem - Board	13,000.00	16,100.00
Postage		
5340 Postage - Other	2,783.88	2,172.03
5342 Postage - Business Reply	1,025.00	1,398.00
5343 Postage - Renewal	810.00	720.00
5345 Postage - UPS	24,500.00	12,000.00
Total Postage	29,118.88	16,290.03
Printing		
5330 Printing - Other	5,188.77	3,192.04
5332 Printing - Certificates	2,670.50	2,347.30
Total Printing	7,859.27	5,539.34

North Carolina State Board of CPA Examiners

Statement of Revenues and Expenses - Year-To-Date Comparison

April 2025 - January 2026

	TOTAL	
	APR 2025 - JAN 2026	APR 2024 - JAN 2025 (PY)
Repairs & Maintenance		
5381 Maintenance - Copiers	3,275.37	2,051.53
5383 Maintenance - Postage	2,471.24	2,129.00
Total Repairs & Maintenance	5,746.61	4,180.53
Salaries & Payroll Taxes		
5010 Staff Salaries	817,709.82	835,481.38
5030 FICA Taxes	62,729.11	64,005.15
Total Salaries & Payroll Taxes	880,438.93	899,486.53
Staff Travel		
5060 Staff Travel - Local	126.15	
5061 Staff Travel - Prof Mtgs	1,396.63	1,003.36
5070 Staff Travel - NASBA Annual	4,903.16	6,358.66
5071 Staff Travel - NASBA Regional	7,588.65	7,464.28
5072 Staff Travel - NASBA ED/Legal	2,967.54	
5073 Staff Travel - NASBA Committee	13.68	
5075 Staff Travel - NCACPA Meetings		731.38
Total Staff Travel	16,995.81	15,557.68
Subscriptions/References		
5370 Subscriptions/References	7,198.02	11,792.80
Total Subscriptions/References	7,198.02	11,792.80
Supplies		
5350 Supplies - Office	4,677.52	5,586.39
5351 Supplies - Copier		202.70
5352 Supplies - Computer	1,827.21	1,476.70
5353 Supplies - Special Projects	5.76	
5355 Expendable Equipment	6,665.08	676.50
Total Supplies	13,175.57	7,942.29
Total Expenses	\$2,759,255.08	\$2,518,772.31
NET ORDINARY INCOME	\$298,193.17	\$207,059.97
Other Income		
8200 Rental Income	44,024.40	42,742.15
8250 Gift Card Revenue	10,100.00	11,000.00
Interest Income		
8500 Interest Income - MMAs	39,837.60	54,443.24
8510 Interest Income - CDs	27,041.20	13,891.91
Total Interest Income	66,878.80	68,335.15
Total Other Income	\$121,003.20	\$122,077.30
NET OTHER INCOME	\$121,003.20	\$122,077.30
CHANGE IN NET ASSETS	\$419,196.37	\$329,137.27

North Carolina State Board of CPA Examiners

Statement of Revenues & Expenses - Budget vs Actual

April 2025 - January 2026

	TOTAL		
	ACTUAL	BUDGET	OVER BUDGET
Income			
Certificate Fees			
4110 Certificates - Initial	45,025.00	41,666.70	3,358.30
4120 Certificates - Reciprocal	22,800.00	26,666.70	-3,866.70
4140 Certificates - Renewal Fees	1,341,420.00	1,344,000.00	-2,580.00
4150 Certificates - Reinst/Revoked	600.00	1,458.30	-858.30
4151 Certificates - Reinst/Surr	5,600.00	3,541.70	2,058.30
Total Certificate Fees	1,415,445.00	1,417,333.40	-1,888.40
Exam Fee Revenue			
4001 Initial Adm Fees	204,930.00	155,250.00	49,680.00
4002 Re-Exam Adm Fees	172,425.00	143,750.00	28,675.00
4004 Exam Fees Revenue	1,204,588.20	916,666.70	287,921.50
4071 Exam Review Fees	-340.57	0.00	-340.57
4072 Exam Scholarship Coupon	-35,356.38	-31,395.81	-3,960.57
Total Exam Fee Revenue	1,546,246.25	1,184,270.89	361,975.36
Misc			
4970 Duplicate Certificates	650.00	0.00	650.00
4990 Miscellaneous	1,297.00	833.30	463.70
Total Misc	1,947.00	833.30	1,113.70
Partnership Fees			
4260 Partnership Registration Fees		500.00	-500.00
4261 Partnership Renewal Fees	45,330.00	40,000.00	5,330.00
Total Partnership Fees	45,330.00	40,500.00	4,830.00
Professional Corporation Fees			
4250 PC Registration Fees	5,050.00	4,166.70	883.30
4251 PC Renewal Fees	43,400.00	42,000.00	1,400.00
4252 PC Renewal Fees W/Penalties	30.00	0.00	30.00
Total Professional Corporation Fees	48,480.00	46,166.70	2,313.30
Total Income	\$3,057,448.25	\$2,689,104.29	\$368,343.96
			\$368,343.96
Expenses			
5920 Funded Depreciation	54,000.00	54,000.00	0.00
6690 Over & Short	23.55	0.00	23.55
6999 Uncategorized Expenses	-0.20	0.00	-0.20
Board Travel			
5120 Board Travel - Board Meetings	13,691.38	19,400.00	-5,708.62
5121 Board Travel - Prof Meetings		1,000.00	-1,000.00
5122 Board Travel - NASBA Annual	11,046.88	14,700.00	-3,653.12
5123 Board Travel - NASBA Regional	13,099.08	12,750.00	349.08
5125 Board Travel - AICPA Council		850.00	-850.00
5129 Miscellaneous Board Costs	4,184.74	0.00	4,184.74
5131 Board Travel - Outside Legal	1,948.17	2,666.66	-718.49

North Carolina State Board of CPA Examiners

Statement of Revenues & Expenses - Budget vs Actual

April 2025 - January 2026

	TOTAL		
	ACTUAL	BUDGET	OVER BUDGET
Total Board Travel	43,970.25	51,366.66	-7,396.41
Building Expenses			
5800 Building Maintenance	9,459.73	8,000.00	1,459.73
5801 Electricity	9,892.97	12,500.00	-2,607.03
5802 Grounds Maintenance	11,306.88	6,666.70	4,640.18
5803 Heat & Air Maintenance	3,382.00	2,625.00	757.00
5804 Improvements		500.00	-500.00
5805 Insurance		3,500.00	-3,500.00
5807 Janitorial Maintenance	10,778.00	13,333.30	-2,555.30
5808 Pest Control Service	450.00	600.00	-150.00
5809 Security & Fire Alarm	2,548.07	2,166.70	381.37
5810 Trash Collection	1,689.98	3,333.30	-1,643.32
5811 Water & Sewer	1,214.53	1,500.00	-285.47
Total Building Expenses	50,722.16	54,725.00	-4,002.84
Continuing Education -Staff			
5050 Continuing Education - Staff	1,122.87	2,500.00	-1,377.13
Total Continuing Education -Staff	1,122.87	2,500.00	-1,377.13
Exam Postage			
5531 Exam Postage	540.00	833.30	-293.30
Total Exam Postage	540.00	833.30	-293.30
Exam Sitting and Grading			
5538 Exam Vendor Expense	1,090,929.44	859,083.52	231,845.92
5539 Exam Vendor Accommodations	7,539.25	0.00	7,539.25
Total Exam Sitting and Grading	1,098,468.69	859,083.52	239,385.17
Fringe Benefits			
5031 Retirement - NCLB Contribution	49,062.27	52,637.15	-3,574.88
5033 Retirement - NCLB Administr	5,093.26	4,000.00	1,093.26
5035 Health Ins. Premiums	115,977.61	112,530.18	3,447.43
5036 Medical Reim Plan	16,588.87	27,564.83	-10,975.96
Total Fringe Benefits	186,722.01	196,732.16	-10,010.15
Investigation & Hearing Costs			
5222 Investigation Materials	3,312.00	3,750.00	-438.00
5230 Hearing Costs	637.19	4,166.70	-3,529.51
5250 Administrative Cost Assessed	-1,100.00	-2,083.30	983.30
5260 Civil Penalties Assessed	-20,900.00	-6,250.00	-14,650.00
5261 Civil Penalties Remitted	14,747.38	0.00	14,747.38
Total Investigation & Hearing Costs	-3,303.43	-416.60	-2,886.83
Legal Expense			
5140 Legal Counsel - Administrative	49,321.53	55,000.00	-5,678.47
5211 Legal Counsel - Litigation		8,333.30	-8,333.30
Total Legal Expense	49,321.53	63,333.30	-14,011.77
Misc Personnel			

North Carolina State Board of CPA Examiners

Statement of Revenues & Expenses - Budget vs Actual

April 2025 - January 2026

	TOTAL		
	ACTUAL	BUDGET	OVER BUDGET
5034 Misc. Payroll Deduction	-50.00	0.00	-50.00
5090 Flowers, Gifts, Etc.	75.00	0.00	75.00
5092 Misc. Personnel Costs	1,823.00	4,166.70	-2,343.70
Total Misc Personnel	1,848.00	4,166.70	-2,318.70
Office Expense			
5301 Equipment Rent		120.00	-120.00
5310 Decorations	40.73	200.00	-159.27
5320 Payroll Service	1,706.73	1,750.00	-43.27
5360 Telephone	3,898.05	6,666.70	-2,768.65
5361 Internet & Website	3,267.00	3,333.30	-66.30
5400 Computer Prog/Assistance	300.00	833.30	-533.30
5405 Computer Software Maintenance	160,372.43	136,416.70	23,955.73
5410 Dues	8,668.00	10,208.30	-1,540.30
5420 Insurance	27,716.09	20,000.00	7,716.09
5430 Audit Fees	17,000.00	17,000.00	0.00
5435 Consulting Services		833.30	-833.30
5440 Misc Office Expense	1,127.40	0.00	1,127.40
5445 Banking Fees	1,954.72	2,500.00	-545.28
5448 Interest Expense - GL Software		4,250.00	-4,250.00
5450 Credit Card Fees	76,235.41	61,666.70	14,568.71
Total Office Expense	302,286.56	265,778.30	36,508.26
Per Diem - Board			
5110 Per Diem - Board Meetings	9,350.00	10,625.00	-1,275.00
5111 Per Diem - Prof Meetings		2,916.70	-2,916.70
5112 Per Diem - NASBA Annual	1,200.00	2,400.00	-1,200.00
5113 Per Diem - NASBA Regional	1,700.00	2,000.00	-300.00
5114 Per Diem - NASBA Committees	750.00	0.00	750.00
5116 Per Diem - NCACPA Annual		791.63	-791.63
5117 Per Diem - NCACPA/Board		350.00	-350.00
5119 Per Diem - Miscellaneous		350.00	-350.00
Total Per Diem - Board	13,000.00	19,433.33	-6,433.33
Postage			
5340 Postage - Other	2,783.88	2,500.00	283.88
5342 Postage - Business Reply	1,025.00	1,333.30	-308.30
5343 Postage - Renewal	810.00	833.30	-23.30
5345 Postage - UPS	24,500.00	16,666.70	7,833.30
Total Postage	29,118.88	21,333.30	7,785.58
Printing			
5330 Printing - Other	5,188.77	3,750.00	1,438.77
5332 Printing - Certificates	2,670.50	2,916.63	-246.13
Total Printing	7,859.27	6,666.63	1,192.64
Repairs & Maintenance			

North Carolina State Board of CPA Examiners

Statement of Revenues & Expenses - Budget vs Actual

April 2025 - January 2026

	TOTAL		
	ACTUAL	BUDGET	OVER BUDGET
5381 Maintenance - Copiers	3,275.37	2,083.30	1,192.07
5383 Maintenance - Postage	2,471.24	2,083.30	387.94
Total Repairs & Maintenance	5,746.61	4,166.60	1,580.01
Salaries & Payroll Taxes			
5010 Staff Salaries	817,709.82	877,012.83	-59,303.01
5030 FICA Taxes	62,729.11	67,128.71	-4,399.60
Total Salaries & Payroll Taxes	880,438.93	944,141.54	-63,702.61
Staff Travel			
5060 Staff Travel - Local	126.15	0.00	126.15
5061 Staff Travel - Prof Mtgs	1,396.63	1,000.00	396.63
5070 Staff Travel - NASBA Annual	4,903.16	7,350.00	-2,446.84
5071 Staff Travel - NASBA Regional	7,588.65	7,650.00	-61.35
5072 Staff Travel - NASBA ED/Legal	2,967.54	0.00	2,967.54
5073 Staff Travel - NASBA Committee	13.68	0.00	13.68
5075 Staff Travel - NCACPA Meetings		1,000.00	-1,000.00
Total Staff Travel	16,995.81	17,000.00	-4.19
Subscriptions/References			
5370 Subscriptions/References	7,198.02	10,750.00	-3,551.98
Total Subscriptions/References	7,198.02	10,750.00	-3,551.98
Supplies			
5350 Supplies - Office	4,677.52	5,916.70	-1,239.18
5351 Supplies - Copier		791.70	-791.70
5352 Supplies - Computer	1,827.21	791.70	1,035.51
5353 Supplies - Special Projects	5.76	0.00	5.76
5355 Expendable Equipment	6,665.08	4,166.70	2,498.38
Total Supplies	13,175.57	11,666.80	1,508.77
Total Expenses	\$2,759,255.08	\$2,587,260.54	\$171,994.54
NET OPERATING INCOME	\$298,193.17	\$101,843.75	\$196,349.42
Other Income			
8200 Rental Income	44,024.40	41,958.30	2,066.10
8250 Gift Card Revenue	10,100.00	10,000.00	100.00
Interest Income			
8500 Interest Income - MMAs	39,837.60	35,416.70	4,420.90
8510 Interest Income - CDs	27,041.20	35,416.70	-8,375.50
Total Interest Income	66,878.80	70,833.40	-3,954.60
Total Other Income	\$121,003.20	\$122,791.70	\$ -1,788.50
NET OTHER INCOME	\$121,003.20	\$122,791.70	\$ -1,788.50
CHANGE IN NET ASSETS	\$419,196.37	\$224,635.45	\$194,560.92



NOTICE OF TEXT

[Authority G.S. 150B-21.2(c)]

OAH USE ONLY

VOLUME: 40

ISSUE: 12

CHECK APPROPRIATE BOX:

☒
☐
☐
Notice with a scheduled hearing

Notice without a scheduled hearing

Republication of text. Complete the following cite for the volume and issue of previous publication, as well as blocks 1 - 4 and 7 - 14. If a hearing is scheduled, complete block 5.

Previous publication of text was published in Volume: Issue:

1. Rule-Making Agency: Board of Certified Public Accountant Examiners

2. Link to agency website pursuant to G.S. 150B-19.1(c): <https://nccpaboard.gov/>

3. Proposed Action -- Check the appropriate box(es) and list rule citation(s) beside proposed action:

☒ ADOPTION: 21 NCAC 08F .0411, .0505; 08J .0113; 08N .0216, .0310

☐ AMENDMENT:

☐ REPEAL:

☒ READOPTION with substantive changes: 21 NCAC 08A .0102-.0103, .0301, .0307; 08B .0101-.0102, .0104-.0105, .0202, .0304, .0307, .0501-.0503, .0507; 08C .0104, .0116, .0118, .0121, .0126; 08F .0101, .0103, .0107, .0113, .0302, .0401, .0409-.0410, .0502, .0504; 08G .0401, .0403, .0406, .0409; 08H .0101-.0102, .0104; 08I .0101-.0102, .0105; 08J .0101, .0105-.0112; 08K .0104, .0201, .0301; 08M .0105-.0106; 08N .0203, .0302, .0305-.0307, .0401-.0402, .0411

☒ READOPTION without substantive changes: 21 NCAC 08A .0101, .0203, .0308-.0310; 08B .0508; 08C .0103, .0105, .0107-.0111, .0114-.0115, .0122-.0125; 08F .0102, .0105-.0106, .0111, .0303; 08G .0404; 08I .0104; 08K .0105; 08M .0107; 08N .0101-.0103, .0201-.0202, .0204-.0209, .0211-.0215, .0303-.0304, .0308-.0309, .0403-.0406, .0408-.0410

☒ REPEAL through READOPTION: 21 NCAC 08A .0201; 08N .0301, .0412

4. Proposed effective date: 05/01/2026

5. Is a public hearing planned? Yes

If yes:

Date	Time	Location
01/21/2026	10:00 am	1101 Oberlin Road, Raleigh, NC 27605

6. If no public hearing is scheduled, provide instructions on how to demand a public hearing:

7. Explain Reason For Proposed Rule(s):

Readoption per periodic rule process:

Rules being adopted are to address the need for a rule to address forms used by the Board or where the Board is moving a previous rule into its proper categorization

Rules being repealed are due to lack of need for the rule or that the repeal of the rule is due to it moving to its proper categorization

Rules with substantive changes are addressing issues due to the wrong statutory reference, clean-up in accordance to the OAH style guide, or update to the rules based on changes that have occurred in the profession

Rules without substantive changes are current and reflect the state of the profession

8. Procedure for Subjecting a Proposed Rule to Legislative Review: If an objection is not resolved prior to the adoption of the rule, a person may also submit written objections to the Rules Review Commission. If the Rules Review Commission receives written and signed objections in accordance with G.S. 150B-21.3(b2) from 10 or more persons clearly requesting review by the legislature and the Rules Review Commission approves the rule, the rule will become effective as provided in G.S. 150B-21.3(b1). The Commission will receive written objections until 5:00 p.m. on the day following the day the Commission approves the rule. The Commission will receive those objections by mail, delivery service, hand delivery, or email. If you have any further questions concerning the submission of objections to the Commission, please call a Commission staff attorney at 984-236-1850.

Rule(s) is automatically subject to legislative review. Cite statutory reference:

9. The person to whom written comments may be submitted on the proposed rule(s):

Name: David R Nance

Address: 1101 Oberlin Rd
Raleigh, NC 27605

Phone (optional): 919-733-4215

Fax (optional):

EMail (optional) dnance@nccpaboard.gov

Please note in the subject line of any email sent that it pertains to written comments on the Board's proposed rules

10. Comment Period Ends: 02/13/2026**11. Fiscal impact. Does any rule or combination of rules in this notice create an economic impact? Check all that apply.**

No fiscal note required

12. Rule-making Coordinator:

Name: Felecia F. Ashe
919-733-4223
feleciaa@nccpaboard.gov

Agency contact, if any:

Name: David R Nance
Phone: 919-733-4215
Email: dnance@nccpaboard.gov

13. The Agency formally proposed the text of this rule(s) on

Date: 11/18/2025

21 NCAC 08A .0102 is proposed for readoption with substantive changes as follows:

**21 NCAC 08A .0102 ~~ADDRESS AND PHONE NUMBER~~ ADDRESS, PHONE NUMBER, AND
WEBSITE**

The Board's physical address is Suite 104, 1101 Oberlin Road, Raleigh, North Carolina 27605. The mailing address is Post Office Box 12827, Raleigh, North Carolina 27605-2827. The telephone number is (919) 733-4222. The Board's website is <https://nccpaboard.gov>.

*History Note: Authority G.S. 93-12(3);
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; April 1, 1987; October 1, 1984; April 1, 1982;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,
~~2014.~~ 2014;
Readopted Eff. May 1, 2026.*

21 NCAC 08A .0103 is proposed for readoption with substantive changes as follows:

21 NCAC 08A .0103 OFFICE HOURS

The office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday. The office is closed on recognized state holidays.

*History Note: Authority G.S. 93-12(3); ~~150B-11(1)~~;
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; October 1, 1984;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,
~~2014.~~ 2014;
Readopted Eff. May 1, 2026.*

21 NCAC 08A .0201 is proposed for repeal through readoption as follows:

21 NCAC 08A .0201 ELECTION OF OFFICERS

*History Note: Authority G.S. 93-12;
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 2003; May 1, 1989; June 1, 1985; October 1, 1984;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,
~~2014.~~ 2014;
Repealed Eff. May 1, 2026.*

21 NCAC 08A .0301 is proposed for readoption with substantive changes as follows:

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 or CPA-retired 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 engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services;
 - (C) any compilation 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;

- 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~~ expressing 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) or CPA(s) in or with its name or offers to or renders any attest services in the public~~
13 ~~practice of accountancy; an entity that is registered with the Board pursuant to Rule 08J .0108 of~~
14 ~~this Chapter or practices in the State by exercising the practice privilege as set forth by G.S. 93-10;~~
- 15 (15) "CPE" means continuing professional education;
- 16 (16) "Disciplinary action" means revocation, suspension of, or refusal to grant a certificate, or the
17 imposition of a reprimand, probation, constructive comment, or any other 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 whereby
28 the firms are responsible for implementing the association's strategy and are accountable
29 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 inactive
35 status and has been approved by the Board and who does not use the title certified public accountant,
36 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;~~
- (35) "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, or financial plan. The forms include handwritten, typed,~~

1 ~~printed, word processed, photocopied, photographed, and computerized data, or in any other form~~
2 ~~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. January 1, 2014; February 1, 2011; January 1, 2006; January 1, 2004; April 1, 1999;*

11 *August 1, 1998; February 1, 1996; April 1, 1994; September 1, 1992;*

12 *Readopted Eff. February 1, 2016;*

13 *Amended Eff. May 1, ~~2017~~; 2017;*

14 *Readopted Eff. May 1, 2026.*

21 NCAC 08A .0307 is proposed for readoption with substantive changes as follows:

21 NCAC 08A .0307 PUBLIC PRACTICE OF ACCOUNTANCY OR ACCOUNTING

(a) A person is engaged in the "public practice of accountancy" who:

- (1) holds ~~himself or herself~~ out to the public as a certified public accountant or an accountant; and
- (2) in consideration of compensation received or to be received, offers to perform or does perform for other persons services that involve:
 - (A) preparing, auditing, or verifying financial transactions, books, accounts, or records;
 - (B) preparing, verifying or certifying financial, accounting, and related statements intended for publication, including preparing tax returns;
 - (C) rendering professional services or assistance in or about any and all matters of principle or detail relating to accounting procedure and systems; or
 - (D) recording, presenting or certifying, and interpreting such service (including tax, consulting or management advisory services) through statements and reports.

(b) Services, as described in Subparagraph (a)(2) of this Rule, may be performed on a full-time, part-time or temporary basis in the various accounting fields, including public accounting, governmental or other not-for-profit accounting, industrial, commercial or financial accounting, taxation and tax-related ~~matters, or accounting education.~~ matters.

*History Note: Authority ~~G.S. 93-1~~; G.S. 93-1(a)(5); 93-12;
Eff. October 1, 1984;
Amended Eff. April 1, 1994; March 1, 1990;
Readopted Eff. February 1, ~~2016~~ 2016;
Readopted Eff. May 1, 2026.*

1 21 NCAC 08B .0101 is proposed for readoption with substantive changes as follows:

2
3 **21 NCAC 08B .0101 PETITIONS**

4 Any person wishing to submit a petition requesting the adoption, amendment or repeal of a rule by the Board shall
5 address a petition to the Board's Executive Director, as at the address as set forth in ~~21 NCAC 8A .0102.~~ 21 NCAC
6 08A .0102.

7
8 *History Note: Authority G.S. 93-12; ~~150B-11(1); 150B-16; 150B-20;~~*
9 *Eff. February 1, 1976;*
10 *Readopted Eff. September 26, 1977;*
11 *Amended Eff. May 1, 1989; July 1, 1987; October 1, 1984; April 1, 1982;*
12 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
13 *~~2014.~~ 2014;*
14 *Readopted Eff. May 1, 2026.*

21 NCAC 08B .0102 is proposed for readoption with substantive changes as follows:

21 NCAC 08B .0102 CONTENTS OF PETITION FOR NEW RULE

A petition requesting the adoption of a rule should contain the following information:

- (1) either a draft of the proposed rule or a summary of the contents of the proposed rule;
- (2) reason for the proposal;
- (3) effect of the new rule on existing rules;
- (4) data supporting the rule proposal;
- (5) effects of the rule on existing practices in the area involved; and
- (6) name, address and phone number of each petitioner.

*History Note: Authority G.S. 93-12; ~~150B-11(1)~~; ~~150B-16~~; 150B-20;
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,
~~2014~~. 2014;
Readopted Eff. May 1, 2026.*

21 NCAC 08B .0104 is proposed for readoption with substantive changes as follows:

21 NCAC 08B .0104 CONTENTS OF PETITIONS FOR RULE AMENDMENT OR REPEAL

A petition requesting the amendment or repeal of a rule should contain the following information:

- (1) rule affected;
- (2) reasons for change;
- (3) either a draft of the proposed amendment or a summary of the proposed amendment, if the petition is to amend the rule;
- (4) data supporting the rule proposal;
- (5) effect of the proposed change on existing practices in the area involved; and
- (6) ~~name and address of each petitioner;~~ name, address and phone number of each petitioner.

*History Note: Authority G.S. 93-12; ~~150B-11(1); 150B-16; 150B-20;~~
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,
~~2014.~~ 2014;
Readopted Eff. May 1, 2026.*

21 NCAC 08B .0105 is proposed for readoption with substantive changes as follows:

21 NCAC 08B .0105 GRANTING OR DENYING PETITIONS

The Executive Director of the Board shall make a recommendation to a committee of the Board and the committee shall recommend to the full Board, based on a study of the facts stated in the petition, whether the public interest will be better served by granting or denying the petition. The Board will consider all the contents of the submitted petition plus any additional information deemed relevant.

History Note: Authority G.S. 93-12; ~~150B-11(1)~~; ~~150B-16~~; 150B-20;

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. May 1, 1989; July 1, 1987; June 1, 1985;

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

~~2014~~. 2014;

Readopted Eff. May 1, 2026.

1 21 NCAC 08B .0202 is proposed for readoption with substantive changes as follows:

2
3 **21 NCAC 08B .0202 MAILING LIST**

4 (a) Persons or agencies desiring to be placed on the mailing list for the Board's rule-making notices issued pursuant
5 to G.S. 150B-21.2 may file a request in writing, furnishing their name and mailing address to the Executive Director
6 of the Board, at the address set forth in ~~21 NCAC 8A .0102.~~ 21 NCAC 08A. 0102.

7 (b) The request shall state the subject areas within the authority of the agency for which notice is requested.
8

9 *History Note: Authority G.S. 93-12; 150B-21.2;*

10 *Eff. February 1, 1976;*

11 *Readopted Eff. September 26, 1977;*

12 *Amended Eff. April 1, 1994; May 1, 1989; April 1, 1987; October 1, 1984;*

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

14 ~~2014.~~ 2014;

15 Readopted Eff. May 1, 2026.

1 21 NCAC 08B .0304 is proposed for readoption with substantive changes as follows:

2
3 **21 NCAC 08B .0304 ORAL PRESENTATION**

4 Upon receipt of a request to make an oral presentation at a rule-making hearing, the Executive Director will
5 acknowledge receipt of the request and inform the person making the request of any limitations deemed necessary to
6 achieve a full and effective public hearing on the proposed rule.

7
8 *History Note: Authority G.S. 93-12; ~~150B-11(1)~~; ~~150B-12(e)~~; ~~150B-16~~; 150B-21.2;*

9 *Eff. February 1, 1976;*

10 *Readopted Eff. September 26, 1977;*

11 *Amended Eff. May 1, 1989; June 1, 1985;*

12 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
13 *~~2014~~. 2014;*

14 *Readopted Eff. May 1, 2026.*

21 NCAC 08B .0307 is proposed for readoption with substantive changes as follows:

21 NCAC 08B .0307 CONTROL OF RULE-MAKING HEARINGS

(a) The presiding officer of a rule-making hearing shall have complete control of the proceedings including the following:

- (1) extension of any deadlines,
- (2) rescheduling a hearing time, as announced at the published hearing, and continuation of any hearing,
- (3) limitations for individual presentations,
- (4) recognition of speakers, and
- (5) direction of the flow of discussion and the management of the hearing.

(b) The presiding officer at all times shall take care that each person participating in the hearing is given a fair opportunity to present views, data and comments.

History Note: Authority G.S. 93-12; ~~150B-11(1); 150B-12(d); 150B-21.2;~~

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. May 1, 1989;

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

Readopted Eff. May 1, 2026.

1 21 NCAC 08B .0501 is proposed for readoption with substantive changes as follows:

2
3 **21 NCAC 08B .0501 REQUEST FOR DECLARATORY RULING**

4 Any person aggrieved, as defined in G.S. 150B-2(6), by a statute administered or rule promulgated by the Board may
5 request a declaratory ruling as to how the statute or rule applies to a given factual situation or whether a particular
6 Board rule is valid. All requests for declaratory rulings shall be in writing and mailed to the Board ~~at its address, as~~
7 at the address as set forth in ~~21 NCAC 8A .0102~~, 21 NCAC 08A .0102.

8
9 *History Note: Authority G.S. 93-12; ~~150B-17~~; 150B-4;*

10 *Eff. February 1, 1976;*

11 *Readopted Eff. September 26, 1977;*

12 *Amended Eff. May 1, 1989; October 1, 1984; April 1, 1982;*

13 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
14 *~~2014~~, 2014;*

15 *Readopted Eff. May 1, 2026.*

21 NCAC 08B .0502 is proposed for readoption with substantive changes as follows:

21 NCAC 08B .0502 CONTENTS OF REQUEST

All requests for a declaratory ruling must include the following information:

- (1) ~~name and address of petitioner;~~ name, address, and phone number of each petitioner;
- (2) statute or rule to which the petition relates;
- (3) concise statement of the manner in which the petitioner is aggrieved, as defined in G.S. 150B-2(6), or thinks that he or she may be injured by the rule or statute and its application to him or her; and
- (4) statement of whether an oral hearing is desired and if so the reasons for such an oral hearing.

History Note: Authority G.S. 93-12; 150B-4;

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. April 1, 1994; June 1, 1985;

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

Readopted Eff. May 1, 2026.

21 NCAC 08B .0503 is proposed for readoption with substantive changes as follows:

21 NCAC 08B .0503 REFUSAL TO ISSUE DECLARATORY RULING

Whenever the Board believes for good reason that issuing a declaratory ruling is undesirable, it may refuse to do so.

The Board will notify the petitioner in writing of its reasons for refusing to issue a declaratory ruling.

History Note: Authority G.S. 93-12; ~~150B-11(1); 150B-17; 150B-4;~~

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. May 1, 1989;

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

~~2014.~~ 2014;

Readopted Eff. May 1, 2026.

21 NCAC 08B .0507 is proposed for readoption with substantive changes as follows:

21 NCAC 08B .0507 CIRCUMSTANCES

As a general rule the Board will issue a declaratory ruling except:

- (1) when the subject of a requested declaratory ruling is also the subject of a lawsuit pending in a court of this state or a federal court;
- (2) when the facts presented in the request were considered at a rule-making hearing; or
- (3) in other special ~~circumstances~~ circumstances, as determined by the Board.

History Note: Authority G.S. 93-12; ~~150B-17~~; 150B-4;

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. May 1, 1989;

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

Readopted Eff. May 1, 2026.

1 21 NCAC 08C .0104 is proposed for readoption with substantive changes as follows:

2
3 **21 NCAC 08C .0104 WRITTEN PETITION FOR INTERVENTION**

4 A person desiring to intervene in a contested case must file a written petition with the Board ~~at its address set at the~~
5 address as set forth in 21 NCAC 8A .0102. 21 NCAC 08A .0102. A petition to intervene shall be filed in accordance
6 with G.S. 1A-1, Rule 24.

7
8 *History Note: Authority G.S. 93-12; 150B-38;*

9 *Eff. May 1, 1989;*

10 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
11 *2014. 2014;*

12 *Readopted Eff. May 1, 2026.*

1 21 NCAC 08C .0116 is proposed for readoption with substantive changes as follows:

2
3 **21 NCAC 08C .0116 NOTICE OF PRE-HEARING CONFERENCE**

4 Notice of a pre-hearing conference in a contested case will be given in the notice of hearing for the case or, if the
5 decision to hold a pre-hearing conference is made after the notice of hearing has been sent, in a subsequent notice.

6
7 *History Note: Authority G.S. 93-12; ~~150B-11(1)~~; 150B-38;*

8 *Eff. May 1, 1989;*

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

10 *~~2014.~~ 2014;*

11 *Readopted Eff. May 1, 2026.*

1 21 NCAC 08C .0118 is proposed for readoption with substantive changes as follows:

2
3 **21 NCAC 08C .0118 CONTINUANCES**

4 A continuance of a pre-hearing conference will be granted to a party only under compelling circumstances, especially
5 when a continuance has been previously requested by and granted to the party. Under no circumstances is the Board
6 required to grant continuances.

7
8 *History Note: Authority G.S. 93-12; ~~150B-11(1)~~; 150B-38;*

9 *Eff. May 1, 1989;*

10 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
11 *~~2014.~~ 2014;*

12 *Readopted Eff. May 1, 2026.*

21 NCAC 08C .0121 is proposed for readoption with substantive changes as follows:

21 NCAC 08C .0121 SERVICE OF SUBPOENAS

(a) Subpoenas shall be served as the officer issuing the subpoenas shall direct and as may be appropriate to the circumstances of the case. The Executive Director, Board counsel, or staff member designated by the Executive Director may serve subpoenas on behalf of the Board pursuant to G.S. 1A-1, Rule 45(e).

(b) Subpoenas shall be issued in duplicate ~~with a "Return of Service" form attached to each copy, and contain a Return of Service. The Return of Service shall be the same as that found in the Subpoena and Return of Service forms provided by the North Carolina Administrative Office of the Courts.~~ The person serving the subpoena shall fill out the ~~attached "Return of Service"~~ Return of Service form for each copy and promptly return one copy of the subpoena ~~and containing~~ the completed ~~"Return of Service"~~ Return of Service form to the Board office.

History Note: Authority G.S. 93-12; 150B-39;

Eff. May 1, 1989;

Amended Eff. March 1, 1990;

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

Readopted Eff. May 1, 2026.

21 NCAC 08C .0126 is proposed for readoption with substantive changes as follows:

21 NCAC 08C .0126 HEARING EXHIBITS

(a) The Board staff shall serve upon the Respondent copies of documents it plans to offer as evidence at a contested case hearing at least ~~14~~ 10 business days prior to the scheduled hearing.

(b) Respondent shall likewise serve upon the Board staff copies of documents Respondent plans to offer as evidence at the hearing at least ~~14~~ 10 business days prior to the scheduled hearing.

(c) ~~Additional exhibits may be introduced by the Board staff or Respondent and admitted into evidence at the hearing if the presiding officer determines that the document(s) were not otherwise available to the party 14 business days prior to the hearing or the document(s) are offered in response to documents served by the other party. A party may object to the admission of evidence that was not timely served in accordance with this Rule. The objecting party must show that it was prejudiced by a violation of this Rule. Upon a valid objection, the presiding officer may refuse to admit the evidence, continue the hearing to a future date, or take other action within the presiding officer's discretion.~~

(d) Respondents shall supply at the hearing 16 copies of any document(s) that ~~is of this Rule~~ was not served upon the Board staff in advance as prescribed in Paragraph (b) of this Rule.

History Note: Authority G.S. 93-12; 150B-41;

Eff. February 1, 2011;

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

Readopted Eff. May 1, 2026.

21 NCAC 08F .0101 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0101 TIME AND PLACE OF CPA EXAMINATIONS

(a) The Board shall offer the CPA examination through the examination vendors(s), who have contracted with NASBA, ~~at least eight months in a~~ through out the calendar year.

(b) The months the CPA Examination is administered are determined by the examination vendor(s).

(c) The examination vendor(s) shall provide examination applicants with computer access ~~to~~ at the testing centers for the CPA examination.

History Note: Authority G.S. 93-12(3); 93-12(4);

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. February 1, 2011; January 1, 2004; May 1, 1989;

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

Readopted Eff. May 1, 2026.

21 NCAC 08F .0103 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0103 FILING OF EXAMINATION APPLICATIONS AND FEES

(a) All applications for CPA examinations shall be filed with the Board and accompanied by the examination ~~fee~~ fees. The Board sets the ~~fee~~ fees for each examination at the amount that enables the Board to recover its actual costs of examination services. If a check or credit card authorization fails to clear the bank, the application shall be deemed incomplete and returned. CPA examination applications and fee information are on the Board's website at nccpaboard.gov and may be requested from the Board.

(b) The initial application filed to take the examination shall include supporting documentation demonstrating that all legal requirements have been met, including:

- (1) minimum legal age;
- (2) education; and
- (3) good moral character.

(c) In addition, any person born outside the United States shall furnish to the Board office:

- (1) evidence of citizenship; or
- (2) evidence of resident alien status; or
- (3) other bona fide evidence that the applicant is legally allowed to remain in the United States; or
- (4) a notarized affidavit of intention to become a U.S. citizen; or
- (5) evidence that the applicant is a citizen of a foreign jurisdiction that extends to citizens of this State like or similar privileges to be examined.

(d) Education and satisfaction of degree requirements shall be proven by submission of either original official transcripts, not photocopies, signed by the college registrar and bearing the college seal or by electronic delivery of official transcripts directly from the college registrar or through the institution's chosen provider. Official transcripts shall show the grades the applicant received on courses completed and shall also show degree(s) awarded. A letter from the college registrar of the school may be filed as documentation that the applicant has met the graduation requirements if the degree has not been awarded and posted to the transcript. No examination grades shall be released until an official transcript is filed with the Board confirming the education requirement as stated in the college registrar's letter.

(e) Applicants for re-examination shall not ~~re-submit~~ be required to resubmit official transcripts, additional statements, or affidavits regarding education.

(f) To document good moral character as required by G.S. 93-12(5), three persons not related by blood or marriage to the applicant shall sign the application certifying the good moral character of the applicant and the Board shall conduct a background check of the applicant including a check of criminal records.

(g) An applicant shall include as part of any application for the CPA examination a statement of explanation and a certified copy of the final disposition if the applicant has been arrested, charged, convicted or found guilty of, received a prayer for judgment continued, or pleaded nolo contendere to any criminal offense. An applicant shall not be required to disclose any arrest, charge, or conviction that has been expunged by a court.

1 (h) If an applicant has been denied any license by any state or federal agency, the applicant shall include as part of
2 the application for the CPA examination a statement explaining such denial. An applicant shall include a statement of
3 explanation and a certified copy of applicable license records if the applicant has been registered with or licensed by
4 a state or federal agency and has been disciplined by that agency.

5 (i) An applicant shall submit one photograph or digital image as part of the application for the CPA examination. The
6 photograph or digital image shall be of the applicant alone, front view, full face, taken in normal street attire without
7 a hat or dark glasses, with a plain light background, and taken within the last six months. The photograph or digital
8 image may be in black and white or in color. Retouched photographs or digital images shall not be accepted. If
9 submitting a photograph, applicants shall write their names on the back of their photograph, with the photograph two
10 by two inches in size.

11 (j) If an applicant's name has legally changed and is different from the name on any transcript or other document
12 supplied to the Board, the applicant shall furnish copies of the documents legally authorizing the name change.

13 (k) Candidates shall file initial and re-exam applications to sit for the CPA examination on forms provided by the
14 Board.

15 (l) Examination fees are valid for a six-month period from the date of the applicant's notice to schedule for the
16 examination from the examination vendor.

17 (m) No application for examination shall be considered while the applicant is serving a sentence for any criminal
18 offense. Serving a sentence includes incarceration, ~~probation (supervised or unsupervised)~~, supervised probation,
19 parole, or conditionally suspended sentence, any of which are imposed as a result of having been convicted or having
20 pled to a criminal charge.

21
22 *History Note: Authority G.S. 93-2; ~~93-10~~; 93-12(3); 93-12(4); 93-12(5); 93-12(7);*

23 *Eff. February 1, 1976;*

24 *Readopted Eff. September 26, 1977;*

25 *Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006; January 1, 2004; August 1,*
26 *1998; February 1, 1996; April 1, 1994; March 1, 1990; May 1, 1989;*

27 *Readopted Eff. February 1, 2016;*

28 *Amended Eff. September 1, 2023; February 1, ~~2018~~; 2018;*

29 *Readopted Eff. May 1, 2026.*

21 NCAC 08F .0107 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0107 COMMUNICATION OF RESULTS OF CPA EXAMINATIONS

~~(a) The Board shall communicate to candidates in writing the result achieved in each of their examinations. NASBA notifies candidates once their score(s) are finalized and the results are available for review. Grades awarded to candidates shall not be released to third parties except by written consent of the candidate.~~

~~(b) In no event shall any information concerning answers of candidates be given to anyone other than the candidate.~~

~~(c) Examination grades shall be mailed to the candidates upon receipt by the Board.~~

History Note: Authority G.S. 93-12(2); 93-12(3);

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. January 1, 2006; April 1, 1999; April 1, 1994; May 1, 1989; December 1, 1987; June 1, 1985;

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

Readopted Eff. May 1, 2026.

21 NCAC 08F .0113 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0113 CANDIDATE'S REQUEST TO REVIEW CPA EXAMINATION

The Board ~~may~~ shall allow a North Carolina ~~candidate~~ candidates pursuant to ~~G.S. 93B-8~~ G.S. 93B-8 to have the privilege to review his or her their CPA Examination within 60 days after the release of the grades in question. examination. The candidate must make the request for the review within 60 days after the release of the grades in question.

History Note: Authority G.S. 93-12(3);

Eff. August 1, 1995;

Amended Eff. January 1, 2004;

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

Readopted Eff. May 1, 2026.

21 NCAC 08F .0302 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0302 EDUCATION AND ~~WORK EXPERIENCE~~ REQUIRED PRIOR TO CPA EXAM

(a) Applicants who intend to demonstrate their possession of sufficient education to become a CPA by showing that they possess a bachelor's degree shall submit official transcripts with their application to take the CPA examination. Official transcripts shall show the grades the applicant received on courses completed and shall also show degrees awarded. ~~An official transcript bears the seal of the school and the signature of the registrar or assistant registrar.~~

(b) The Board may approve an application to take the CPA examination prior to the applicant's obtaining the concentration of accounting or the receipt of a bachelor's degree, if:

- (1) the concentration in accounting that shall be included in or supplement the bachelor's degree is already complete or is reasonably expected to be completed by the end of the school term within which the examination falls; and
- (2) an applicant reasonably expects to receive the bachelor's degree within 120 days after the application is ~~received~~ approved by the Board. However, if the applicant fails to receive the degree within the specified time, the CPA examination grades shall not be released and if the applicant wishes to retake the examination, the applicant shall reapply.

History Note: Authority G.S. 93-12(3); 93-12(5);

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. February 1, 2011; August 1, 1998; April 1, 1994; May 1, 1989; September 1, 1988; April 1, 1987;

Readopted Eff. February 1, ~~2016~~, 2016;

Readopted Eff. May 1, 2026.

21 NCAC 08F .0401 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0401 WORK EXPERIENCE REQUIRED OF CANDIDATES FOR CPA CERTIFICATION

(a) ~~G.S. 93-12(5)(e)~~ G.S. 93-12(5)c. sets forth work experience alternatives, one of which is required of candidates applying for CPA certification. In connection with those requirements, the following provisions apply:

- (1) the work experience shall be acquired prior to the date a candidate applies for certification; and
- (2) all experience that is required to be under the direct supervision of a CPA shall be under the direct supervision of a licensed CPA on active status in one of the U.S. states or jurisdictions.

(b) The following provisions apply to all candidates seeking to meet the work experience requirement of ~~G.S. 93-12(5)(e)(3)~~ G.S. 93-12(5)c.3. by working in the field of accounting:

- (1) One year of work experience is 52 weeks of full-time employment. The candidate is employed full-time when the candidate is expected by the employer to work for the employer at least 30 hours each week. Any other work is working part-time.
- (2) All weeks of actual full-time employment are added to all full-time equivalent weeks in order to calculate how much work experience a candidate has acquired. Dividing that number by 52 results in the years of work experience the candidate has acquired.
- (3) Full-time-equivalent weeks are determined by the number of actual part-time hours the candidate has worked. Actual part-time hours do not include hours paid for sick leave, vacation leave, attending continuing education courses, or other time not spent directly performing accounting services. For each calendar week during which the candidate worked actual part-time hours of 30 hours or more, the candidate receives one full-time-equivalent week. The actual part-time hours worked in the remaining calendar weeks are added together and divided by 30. The resulting number is the additional number of full-time-equivalent weeks to which the candidate is entitled.
- (4) The candidate shall submit experience affidavits on ~~a form~~ forms provided by the Board from all of the relevant ~~employers; employers as identified by Rule .0411 of this section.~~ If the experience was obtained while working under the supervision of a CPA, then the supervising CPA must sign the affidavit. The affidavit will confirm the dates of employment for the CPA and the type of duties assigned to the applicant. The affidavit does not require the supervising CPA to state an opinion regarding the applicant's competency or the quality of the applicant's work. ~~provided that when such~~ If the experience was not acquired while employed with a CPA firm, the candidate shall also submit details of the work experience and supervision on a form provided by the Board. Experience affidavits for part-time work shall contain a record of the actual part-time hours the candidate has worked for each week of part-time employment. Both the experience affidavit and the form for additional detail shall be certified by the employer's office supervisor or an owner of the firm who is a certificate holder.

1 (c) Rule .0409 of this Section applies to teaching experience acquired pursuant to ~~G.S. 93-12(5)(c)(2) and (4)~~. G.S. 93-
2 12(5)c.2.and 4.

3
4 *History Note: Authority G.S. 93-12(3); 93-12(5);*
5 *Eff. February 1, 1976;*
6 *Readopted Eff. September 26, 1977;*
7 *Temporary Amendment Eff. June 17, 1982 for a period of 120 days to expire on October 12, 1982;*
8 *Legislative Objection Lodged Eff. July 20, 1982;*
9 *Amended Eff. February 1, 2011; January 1, 2006; August 1, 1998; March 1, 1990; July 1, 1989;*
10 *December 1, 1988; September 1, 1988;*
11 *Readopted Eff. February 1, 2016;*
12 *Amended Eff. April 1, 2024; September 1, 2023. 2023;*
13 *Readopted Eff. May 1, 2026.*

21 NCAC 08F .0409 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0409 SATISFACTION OF EXPERIENCE REQUIREMENT BY TEACHING

(a) Teaching Experience. The requirement of "four years experience teaching accounting," G.S. 93-12(5), means teaching accounting full-time for four years.

(1) Full-time teaching as described by the rules of the educational institution where the applicant taught will be accepted by the Board to be full-time teaching. However, in no case will less than 12 semester hours, or the equivalent, be accepted by the Board as full-time teaching.

(2) If the applicant has not taught accounting full-time for four years, credit will be allowed by the Board for teaching accounting less than full-time on a pro rata basis based upon the number of semester hours required for full-time teaching at the educational institution where the applicant taught. However, in no case can an applicant receive credit for a full-time teaching year for teaching done in less than one academic year or more credit than one full-time teaching year for teaching done within one calendar year.

(3) Courses outside the field of accounting will not be counted toward full-time teaching. Such courses include, but are not limited to: business law, finance, computer applications, personnel management, economics and statistics.

(4) Of the four years of full-time teaching experience, teaching accounting principles (below intermediate accounting) cannot be counted toward the educational requirement for more than the equivalent of two full-time years. The remaining two full-time teaching years must be taught in at least two different areas of advanced accounting such as auditing, income tax, intermediate financial accounting or advanced managerial accounting, and the applicant must have taught at least nine semester hours, or the equivalent, in at least two of the different areas.

~~The purpose of this Subparagraph is to render unacceptable as meaningful experience both the continuous teaching of the elementary accounting course and the continuous teaching of the advanced courses in only one area of accounting.~~

(b) Required Information. Applicants must submit with their application a letter from each institution where they taught, certified by the applicant's dean or department head at that institution. The letter must state:

(1) the number of credit hours which the applicant taught each year;

(2) the names and academic level of the courses taught; and

(3) the number of hours set by the rules of the institution as full-time teaching for each relevant year.

(c) Burden of Proof. An applicant having taught in an accredited ~~community college or technical institute~~ institution other than a four-year accredited college or university has the burden of proving that the credits earned by students taking those courses which the applicant taught would transfer to a four-year accredited college or university.

History Note: Authority G.S. 93-12(5);

Eff. December 1, 1983;

Amended Eff. January 1, 2006; April 1, 1994; May 1, 1989; January 1, 1988; July 1, 1985;

1 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
2 *~~2014.~~ 2014;*
3 *Readopted Eff. May 1, 2026.*

21 NCAC 08F .0410 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0410 EDUCATION REQUIRED OF CANDIDATES FOR CPA CERTIFICATION

(a) ~~G.S. 93-12(5)~~(a) G.S. 93-12(5)a, sets forth the education required of candidates applying for CPA certification.

The ~~150-semester~~educational hours required include:

- (1) a concentration in accounting, as defined by 21 NCAC 08A .0309; and
- (2) 24 semester hours of coursework that includes one ~~three-semester~~ three-semester hour course from at least 8 of the following 10 fields of study:
 - (A) communications;
 - (B) computer technology;
 - (C) economics;
 - (D) ethics;
 - (E) finance;
 - (F) humanities or social science;
 - (G) international environment;
 - (H) law;
 - (I) management; or
 - (J) statistics.

(b) Anyone applying for CPA certification who holds a Master's or more advanced degree in accounting, tax law, economics, finance, business administration, or a law degree from an accredited college or university is in compliance with Subparagraph (a)(2) of this Rule.

*History Note: Authority G.S. 93-12(5);
Eff. January 1, 2001;
Amended Eff. February 1, 2011; January 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.
Amended Eff. February 1, 2018; 2018;
Readopted Eff. May 1, 2026*

21 NCAC 08F .0411 is proposed for adoption as follows:

21 NCAC 08F .0411 WORK EXPERIENCE FORMS

(a) A CPA license applicant shall complete and submit work experience affidavits to the Board to document the work experience required of applicants applying for CPA certification.

(b) The work experience forms shall contain the following:

(1) The applicant's full name;

(2) The applicant's mailing address;

(3) Identification of the type of work experience obtained by the applicant in accordance with G.S. 93-12(5)c. A separate form must be completed for each different type of experience provided;

(4) Identification of the beginning and ending dates during which the work experience was obtained;

(5) A description of the job titles and/or classifications of work performed during the time period noted;

(6) A description of the job duties assigned to the applicant during the time period noted;

(7) The affidavit of the supervising CPA affirming the work experience being reported by the applicant.

The affidavit should include the following information from the supervising CPA:

(a) Signature, printed name, title, telephone number, and the CPAs certificate number and date of certificate issuance;

(b) Company where the work experience was obtained, mailing address, and email address;

(c) Date that the affidavit was signed;

(d) Identification as to whether the CPA certificate was issued by North Carolina or from another jurisdiction and the current status of the CPA certificate;

(e) Whether the CPA certificate(s) of the CPA supervisor(s) has ever been revoked or suspended and if so, documentation that states the dates, periods, and reasons for the revocation(s) or suspension(s);

(f) If the employment of the CPA supervisor has changed since the work experience was earned, the CPA supervisor should provide current address, email address, and daytime telephone number.

(c) If the work experience is obtained through part-time work, the applicant must complete a supplemental form that documents the hours worked, by week, in meeting the work experience requirement. Part-time hours are measured as per Rule .0401(b)(3) of this Section.

(d) If the work experience is obtained through self-employment, the applicant must complete a supplemental form that affirms work performed for clients during the same period needed for certification. The affidavit should include the following information:

(1) The applicant's full name;

(2) The beginning and end dates of accounting service provided to the client;

(3) Identification of the types of services provided by the applicant to the client;

1 (4) Signature, date, printed name, address, company name, telephone number, fax number, and email
2 address of the client for whom the accounting services were performed;

3 (5) The affidavit must me notarized for authentication.

4 (6) Affidavits must be completed for a minimum of five different individuals of companies to affirm
5 that the applicant has performed accounting work on full-time basis for the entire reported period.
6 In addition, the applicant must submit supporting documentation to support the self-employment
7 experience. Examples include state or local privilege licenses and/or copies of Schedule C pages of
8 the applicant's tax returns.

9 (e) If the work experience is obtained through teaching, the applicant must complete a supplemental form that affirms
10 the qualifying teaching experience. The teaching experience affirmation shall contain the following:

11 (1) The applicant's full name;

12 (2) The beginning and end dates during which the applicant was teaching at the educational institution;

13 (3) Information as to whether the institution is on a quarter or semester hour system and the minimum
14 amount of time necessary to be categorized as full-time teaching;

15 (4) A listing by quarter/semester/year of the course that was taught by the applicant and the number of
16 hours related to the course taught;

17 (5) The printed name, signature, date, and name of the educational institution for the person affirming
18 the teaching experience;

19 (6) The seal for the educational institution.

21 History Note: Authority G.S. 93-12(5)c.;

22 Eff. May 1, 2026.

21 NCAC 08F .0502 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0502 APPLICATION FOR CPA CERTIFICATE

(a) A person applying for a certificate of qualification shall file with the Board an application and an experience affidavit on forms provided by the Board and supporting documentation to determine that the applicant has met the statutory and rule requirements. CPA certificate applications and fee information are on the Board's website at ~~www.nccpa-board.gov~~ as set forth in 21 NCAC 08A .0102 or may be requested from the Board.

(b) The application for a CPA certificate shall include three certificates of good moral character on forms as identified per Rule .0505 of this Section and provided by the Board and which shall be completed by CPAs and the CPAs. The certificate of good moral character will require CPAs to describe their familiarity with the applicant and to state whether they believe the applicant will conscientiously observe the professional responsibilities of a CPA. They will also disclose whether they are aware of any events that need to be disclosed pursuant to Paragraph (c) of this Rule. The Board shall conduct a background check of the applicant including a check of criminal records.

(c) An applicant shall include as part of any application for a CPA certificate a statement of explanation and a certified copy of final disposition if the applicant has been arrested, charged, convicted or found guilty of, received a prayer for judgment continued, or pleaded nolo contendere to any criminal offense. An applicant shall not be required to disclose any arrest, charge, or conviction that has been expunged by the court.

(d) If an applicant has been denied any license by any state or federal agency, the applicant shall also include as part of the application for the CPA certificate a statement explaining such denial. An applicant shall include a statement of explanation and a certified copy of applicable license records if the applicant has been registered with or licensed by a state or federal agency and has been disciplined by that agency.

(e) No application for a certificate shall be considered while the applicant is serving a sentence for any criminal offense. Serving a sentence includes incarceration, probation (supervised or unsupervised), parole, or conditionally suspended sentence, any of which are imposed as a result of having been convicted or having pled to a criminal charge.

*History Note: Authority G.S. 93-2; ~~93-10~~; 93-12(3); 93-12(5);
Eff. December 1, 1982;
Amended Eff. January 1, 2014; March 1, 1990; May 1, 1989; October 1, 1984;
Readopted Eff. February 1, 2016;
Amended Eff. February 1, ~~2018~~2018;
Readopted Eff. May 1, 2026.*

21 NCAC 08F .0504 is proposed for readoption with substantive changes as follows:

21 NCAC 08F .0504 CANDIDATES' ACCOUNTANCY LAW COURSE REQUIREMENT

(a) Within one year prior to applying for certification, all candidates for original or reciprocal certification must pass an open book examination complete an 400-minute course on the North Carolina Accountancy Statutes and Rules, including the Rules of Professional Ethics and Conduct contained therein.

~~(b) In lieu of taking the examination, a candidate may complete an eight-hour CPE course on the subject of the examination within one year prior to applying for the CPA certificate. Such course or examination must meet the requirements of 21 NCAC 08G .0404(a). This course may count toward the candidate's annual CPE requirement.~~

History Note: Authority G.S. 93-12(8a);

Eff. October 1, 1987;

Amended Eff. April 1, 2003; April 1, 1999; May 1, 1989;

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

Readopted Eff. May 1, 2026.

21 NCAC 08F .0505 is proposed for adoption as follows:

21 NCAC 08F .0505 MORAL CHARACTER FORM

(a) A CPA license applicant shall complete and submit three certificates of moral character completed by CPAs.

(b) The moral character form shall contain the following:

(1) The applicant's full name and mailing address;

(2) Identification as to whether the application type is for an original CPA certificate applicant, a reinstatement of a CPA certificate, or a reissuance of a CPA certificate;

(3) Identification of the number of years and months that the signing CPA has known the applicant;

(4) A description in detail of the opportunities that the signing CPA has had to evaluate the applicant's moral character;

(5) Affirmation that the applicant is of good moral character within the expectations of the professional responsibilities of a CPA;

(6) Affirmation, to the best of the signing CPA's knowledge, that the applicant has not been convicted of, found guilty of, received a prayer for judgment continued, or pleaded nolo contendere to any office, excluding non-criminal traffic infractions. If so, a statement providing additional information is required that provides the jurisdiction, charge, and disposition of each conviction;

((7) An affirmation from the signing CPA that includes:

(a) Signature, printed name, and title of the signing CPA;

(b) The employer of the signing CPA, mailing address, daytime phone number, and email address;

(c) Date that the affidavit was signed;

(d) Identification of the signing CPA's certificate number and the issuing jurisdiction.

History Note: Authority G.S. 93-2;

Adopted Eff. May 1, 2026.

21 NCAC 08G .0401 is proposed for readoption with substantive changes as follows:

21 NCAC 08G .0401 CPE REQUIREMENTS FOR CPAS

(a) In order for a CPA to receive credit for CPE activities:

- (1) the CPA shall attend or complete the activity and receive a certificate of completion as set forth in the Standards for CPE Program Sponsors in the NASBA/AICPA Statement on Standards for Continuing Professional Education (CPE) Programs, including subsequent amendments and editions, that are hereby incorporated by reference. Copies of the Standards for CPE Program Sponsors can be found at no cost on the NASBA website at www.nasbaregistry.org/the-standards;
- (2) the activity shall meet the requirements set out in Rule .0404 of this Section; and
- (3) the activity shall increase the professional competency of the CPA.

(b) An activity that increases the professional competency of a CPA shall be an activity in an area of the profession in which the CPA practices or is planning to practice, or in the area of professional ethics.

(c) Because of differences in the education and experience of CPAs, an activity may contribute to the professional competence of one CPA but not another. Each CPA shall therefore exercise judgment in selecting activities for which CPE credit is claimed and choose only those that contribute to that CPA's professional competence. Courses that cover substantially the same content, learning objectives, and materials as a course the CPA has already completed and received credit for within the certification cycle, regardless of the format or provider, are considered duplicate courses and do not qualify for additional CPE credit.

(d) Active CPAs shall complete 2,000 CPE minutes computed in accordance with Rule .0409 of this Section by December 31 of each year, except as follows:

- (1) CPAs having certificate applications approved by the Board in April to June shall complete 1,500 CPE minutes during the same calendar year;
- (2) CPAs having certificate applications approved by the Board in July to September shall complete 1,000 CPE minutes during the same calendar year; or
- (3) CPAs having certificate applications approved by the Board in October to December shall complete 500 CPE minutes during the same calendar year; and

Any CPE minutes completed during the calendar year in which the certificate application is approved may be used for that year's requirement even if the minutes were completed before the certificate was granted.

(e) A CPA shall complete a minimum of 50 CPE minutes annually in activities on regulatory or behavioral professional ethics and conduct. Ethics CPE shall be offered by a CPE sponsor registered with NASBA pursuant to Rule .0403(c) of this Section.

(f) There shall be no CPE requirements for inactive or CPA-retired CPAs.

(g) When a CPA has completed more than the required number of minutes of CPE in any one calendar year, up to 1,000 minutes shall be carried forward and treated as minutes earned in the following year. Ethics CPE minutes may not be included in any carry forward minutes to meet the requirement of Paragraph (e) of this Rule. A CPA shall not claim CPE credit for activities taken in any year prior to the year of certification.

1 (h) Any CPE minutes used to satisfy the requirements for change of status as set forth in 21 NCAC 08J .0105, for
2 reissuance as set forth in 21 NCAC 08J .0106, or for application for a new certificate as set forth in Rule 08I .0104 of
3 this Chapter may be used to satisfy the annual CPE requirement set forth in Paragraph (d) of this Rule.

4 (i) It shall be the CPA's responsibility to maintain records substantiating the CPE credits claimed for the current year
5 and for each of the four calendar years prior to the current year.

6 (j) A non-resident licensee may satisfy the annual CPE requirements in the jurisdiction where the CPA is licensed
7 and currently works or resides. If there is no annual CPE requirement in the jurisdiction where the CPA is licensed
8 and currently works or resides, the CPA shall comply with Paragraph (d) of this Rule. A non-resident licensee whose
9 office is in North Carolina shall comply with Paragraph (e) of this Rule. All other non-resident licensees may satisfy
10 Paragraph (e) of this Rule by completing the ethics requirements in the jurisdiction in which the non-resident licensee
11 is licensed as a CPA and works or resides. If there is no ethics CPE requirement in the jurisdiction where the non-
12 resident licensee is licensed and currently works or resides, the non-resident licensee shall comply with Paragraph (e)
13 of this Rule.
14

15 *History Note: Authority G.S. 93-12(3); 93-12(8b);*

16 *Eff. May 1, 1981;*

17 *Amended Eff. January 1, 2014; January 1, 2007; January 1, 2004; August 1, 1995; April 1, 1994;*

18 *May 1, 1989; September 1, 1988;*

19 *Readopted Eff. February 1, 2016;*

20 *Amended Eff. January 1, ~~2020~~; 2020;*

21 *Readopted Eff. May 1, 2026.*

21 NCAC 08G .0403 is proposed for readoption with substantive changes as follows:

21 NCAC 08G .0403 QUALIFICATION OF CPE SPONSORS

(a) The Board shall not register CPE ~~activities nor sponsors~~ activities, sponsors, or providers of CPE activities.

(b) CPE providers not ~~in good standing~~ listed on the NASBA National Registry of CPE Sponsors shall comply with the Standards for CPE Program Sponsors in the NASBA/AICPA Statement on Standards for Continuing Professional Education (CPE) Programs found on the NASBA website at www.nasbaregistry.org.

(c) Sponsors of continuing education activities that are listed ~~in good standing~~ on the NASBA National Registry of CPE Sponsors shall be considered by the Board as compliant with the Standards for CPE Program Sponsors in the NASBA/AICPA Statement on Standards for Continuing Profession Education (CPE) Programs found on the NASBA website at www.nasbaregistry.org.

(d) ~~Failure of a~~ If a sponsor listed on the National Registry of CPE Sponsor fails to comply with Paragraph (c) of this Rule ~~Rule~~, it shall be grounds for the Board to disqualify the sponsor as a CPE sponsor with this Board and to notify NASBA and the public of this action.

History Note: Authority G.S. 93-12(3); 93-12(8b);

Eff. May 1, 1981;

Amended Eff. January 1, 2014; January 1, 2007; January 1, 2004; March 1, 1990; May 1, 1989;

August 1, 1988; February 1, 1983;

Readopted Eff. February 1, 2016;

Amended Eff. January 1, ~~2020~~ 2020;

Readopted Eff. May 1, 2026.

21 NCAC 08G .0406 is proposed for readoption with substantive changes as follows:

21 NCAC 08G .0406 COMPLIANCE WITH CPE REQUIREMENTS

(a) All active CPAs shall file a reporting of CPE minutes by the July 1 renewal date of each year. The Board may ~~audit~~ verify the information submitted by licensees who apply for a renewal license.

(b) If a CPA fails to complete the CPE requirements prior to the end of the previous calendar year but the CPA has completed them by June 30, the Board may:

- (1) issue a letter of warning for the first such failure within a five-calendar year period; and
- (2) deny the renewal of the CPA's certificate for a period of not less than 30 days and until the CPA meets the ~~reinstatement~~ reissuance requirements set forth in 21 NCAC 08J .0106 for the second such failure within a five-calendar year period.

History Note: Authority G.S. 93-12(8b); 93-12(9)(e);

Eff. May 1, 1981;

Amended Eff. January 1, 2007; January 1, 2004; April 1, 1994; March 1, 1990; May 1, 1989;

October 1, 1988;

Readopted Eff. February 1, 2016;

Amended Eff. January 1, 2020, 2020;

Readopted Eff. May 1, 2026.

21 NCAC 08G .0409 is proposed for readoption with substantive changes as follows:

21 NCAC 08G .0409 COMPUTATION OF CPE CREDITS

(a) Group Activity. CPE credit for a group activity shall be given based on contact minutes.

(b) Completing a College Course. CPE credit for completing a college course in the college curriculum shall be granted based on converting the number of credit hours the college gives the CPA for completing the course into minutes. One semester hour of college credit shall be 750 CPE minutes. No CPE credit shall be given to a CPA who audits a college course. No more than 50 percent of the CPE credits required for a year shall be credits for completing a college course.

(c) Self Study Activity. CPE credit for a self-study activity shall be given based on the number of minutes needed to complete the activity as determined by the sponsor.

(d) Preparing or Presenting a CPE Activity. CPE credit for preparing or presenting a CPE activity for CPAs shall be given based on the number of minutes spent in preparing or presenting the activity. Preparing includes activities such as authoring or conducting a technical review. No more than 50 percent of the CPE credits required for a year shall be credits for preparing for or presenting CPE activities. CPE credit for preparing or presenting an activity shall be allowed only once a year for an activity prepared or presented more than once in the same year by the same CPA.

(e) Authoring a Publication. CPE credit for published articles and books shall be given based on the number of minutes the CPA spent writing the article or book. No more than 25 percent of a CPA's required CPE credits for a year shall be credits for published articles or books. An article written for a CPA's client or business newsletter shall not receive CPE credit.

(f) Instructing a College Course. CPE credit for instructing a college course above the level of accounting principles shall be given based on the number of credit hours the college gives a student for completing the course, using the calculation set forth in Paragraph (b) of this Rule. No more than 50 percent of the CPE credits required for a year shall be credits for instructing a college course.

(g) Nano Learning Activity. CPE credit for Nano Learning, a tutorial activity without interaction with a real-time instructor that is designed to permit a participant to learn a given subject through electronic media including technology applications/processes, computer-based or web-based technology, shall be based on the number of contact minutes. Nano Learning is not a group program. This CPE activity shall be offered by a CPE sponsor registered with NASBA pursuant to Rule .0403(c) of this Section.

(h) Blended Learning Activity. A Blended Learning program offers participants learning in multiple formats or delivery methods. Activities can include lectures, discussion, guided practice, games, case studies, and simulation. The varied delivery methods include Group Live, Group Internet Based, Self Study, or Nano Learning. The primary component of the program may be concurrent (a group program) or nonconcurrent, allowing the participant to control a portion of the time and place of the learning. CPE credit for Blended Learning shall be based on the number of contact minutes incorporated in all the learning formats in the Blended Learning activity. This CPE activity shall be offered by a CPE sponsor registered with NASBA pursuant to Rule .0403(c) of this Section.

(i) No more than 50 percent of the CPE credits required for a year in the aggregate shall be credits claimed under Paragraphs (b), (d), and (f) of this Rule.

History Note: Authority G.S. 93-12(8b);

Eff. May 1, 1989;

Amended Eff. July 1, 2015; January 1, 2014; February 1, 2012; January 1, 2007; January 1, 2004;

February 1, 1996; April 1, 1994; March 1, 1990;

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

Amended Eff. January 1, ~~2020~~, 2020;

Readopted Eff. May 1, 2026.

21 NCAC 08H .0101 is proposed for readoption with substantive changes as follows:

21 NCAC 08H .0101 RECIPROCAL CERTIFICATES

(a) Unless utilizing a practice privilege per G.S. 93-10(a), a person having a CPA certificate from another jurisdiction who desires to utilize the CPA title in this State or offer or render professional services as a CPA to his or her employer or a client in this State shall obtain a reciprocal North Carolina CPA certificate.

(b) The fee for a reciprocal certificate shall be \$100. The fee specified does not exceed the maximum amount allowed by as set forth in G.S. 93-12(7a).

(c) An applicant for a reciprocal certificate shall meet the following requirements:

- (1) The applicant has the legal authority to use the CPA title and to practice public accountancy in a United States jurisdiction; and
- (2) The applicant has received a passing score on each section of the Uniform CPA Examination.
- (3) The applicant meets the minimum education requirements as defined by G.S. 93-12(5).

History Note: Authority G.S. 93-12(6); 93-12(7a);

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. February 1, 2011; January 1, 2006; April 1, 2003; April 1, 1999; August 1, 1998;

September 1, 1992; March 1, 1990; May 1, 1989; June 1, 1988;

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

Amended Eff. September 1, ~~2023~~, 2023;

Readopted Eff. May 1, 2026.

21 NCAC 08H .0102 is proposed for readoption with substantive changes as follows:

21 NCAC 08H .0102 TEMPORARY PERMIT

(a) The Board may grant temporary permits only to applicants for reciprocal certificates pending their qualification under ~~21 NCAC 8H .0101 and application to the Board on forms provided by the Board.~~ 21 NCAC 08H .0101.

(b) Upon approval of a temporary permit, the Board will issue the applicant a statement confirming that the CPA is in good standing in the state issuing the CPA's certificate and is entitled temporarily to use the CPA title and engage in the public practice of accountancy in North Carolina for a stated period. The stated period shall expire 120 days after issue or upon issuance of the individual's reciprocal certificate, whichever comes first.

History Note: Authority G.S. 93-12(6); 93-12(7a);

Eff. February 1, 1976;

Readopted Eff. September 1, 1977;

Amended Eff. April 1, 1999; April 1, 1994; May 1, 1989; December 1, 1982;

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

Readopted Eff. May 1, 2026.

1 21 NCAC 08H .0104 is proposed for readoption with substantive changes as follows:

2
3 **21 NCAC 08H .0104 NOTICE TO BOARD OF DISCIPLINE ~~BY OTHER AGENCY~~**

4 Any applicant for or holder of a temporary permit or reciprocal certificate issued by this Board shall also comply with
5 the reporting requirements listed in ~~21 NCAC 8N .0208~~. 21 NCAC 08N .0208.

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

8 *Eff. December 1, 1987;*

9 *Amended Eff. April 1, 1994; March 1, 1990; May 1, 1989;*

10 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
11 *~~2014-2014;~~*

12 *Readopted Eff. May 1, 2026.*

21 NCAC 08I .0101 is proposed for readoption with substantive changes as follows:

21 NCAC 08I .0101 DISCIPLINARY ACTION

(a) Any person may file a complaint with the Board against a CPA, pursuant to 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.ncecpaboard.gov and may be requested from the Board.~~ Chapter.

(b) The complaint ~~shall~~ form, which can be found on the Board's website or may be requested from the Board, requires the complainant to set forth the facts upon which the complaint is based. The complainant shall confirm that he or she believes the facts stated in the complaint are true and that he or she is prepared to prove them at a hearing.

The complaint form shall contain the following:

(1) The full name, mailing address, phone number, email address, and preferred method of contact for the complainant;

(2) If represented by attorney, the attorney's name, address, phone number, and email address;

(3) Identification as to whether there is a pending or completed lawsuit regarding the complaint;

(4) The name of the CPA respondent, CPA business name, mailing address, phone number, email address, and CPA certificate number, if known;

(5) A summary of the complaint;

(6) Evidence to support the complaint including copies of business documents such as engagement letters, tax returns, financial statements, and correspondence;

(7) A list of witnesses who can provide testimony to support the complaint, including their names, mailing addresses, phone numbers, and email addresses;

(8) A verification by the complainant confirming the facts and supporting documents presented as part of the complaint are true to the best of their knowledge or belief.

(c) The 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 an investigation of the allegations in the complaint. Based upon the investigation 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) prepare a proposed Hearing Notice.

The Professional Standards 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, warrant a contested case proceeding pursuant to ~~G.S. 150B-38—150B-42.~~ G.S. 150B-38 through G.S. 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.

1 (d) The Board shall notify the complainant and the respondent in any complaint filed with the Board of the disposition
2 of the case and shall publish or announce the disciplinary action against a CPA.

3
4 *History Note:* Authority G.S. 55B-12; 93-12(9); 57D-2-02;
5 Eff. February 1, 1976;
6 Readopted Eff. September 26, 1977;
7 Amended Eff. April 1, 1994; May 1, 1989; June 1, 1985; October 1, 1984;
8 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,
9 2014;
10 Amended Eff. May 1, ~~2017~~; 2017;
11 Readopted Eff. May 1, 2026.

21 NCAC 08I .0102 is proposed for readoption with substantive changes as follows:

21 NCAC 08I .0102 PROCEDURE WHEN PETITION AGAINST BOARD MEMBER OR EMPLOYEE

If the person against whom a petition for disciplinary action is filed is a Board member or a Board employee, the Secretary-Treasurer or Executive Director shall immediately notify that person and every member of the Board of the petition. The person against whom the petition was filed shall not participate in considering or acting on the petition.

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

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. May 1, 1989; June 1, 1985; October 1, 1984;

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

Readopted Eff. May 1, 2026.

21 NCAC 08I .0105 is proposed for readoption with substantive changes as follows:

21 NCAC 08I .0105 REVOCATION OF CERTIFICATES

(a) When a certificate is revoked either for a specific period of time or permanently, the certificate holder shall return the certificate to the Board office within 15 days of receipt of notice of revocation.

(b) Pursuant to the provisions of ~~21 NCAC 8I .0004~~, 21 NCAC 08I .0104, the Board may issue a new certificate ~~under~~ a new number bearing the previously issued number to anyone whose certificate has been revoked.

History Note: Authority ~~G.S. 55B-12; 93-12(8);~~ G.S. 93-12(8); 93-12(9); 93-12(15);

Eff. September 1, 1982;

Amended Eff. August 1, 1998; July 1, 1987; October 1, 1984;

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

Readopted Eff. May 1, 2026.

21 NCAC 08J .0101 is proposed for readoption with substantive changes as follows:

21 NCAC 08J .0101 ANNUAL RENEWAL OF CERTIFICATE, FORFEITURE, AND REAPPLICATION

(a) All active CPAs shall renew their certificates annually by the first day of July. ~~The fee for such renewal is the maximum amount allowed by G.S. 93-12(8).~~

(b) ~~To renew a certificate a CPA shall submit to the Board:~~ CPAs may renew their certificates online or by completing a certificate renewal application form as requested from the Board and described at Rule .0113 of this Section and paying the annual renewal fee of \$60. The fee specified does not exceed the maximum fee as set forth in G.S. 93-12(8).

~~(1) a completed certificate renewal application form;~~

~~(2) a completed CPE report, as required by 21 NCAC 08G .0406(a); and~~

~~(3) the annual renewal fee set forth in G.S. 93-12(8).~~

(c) Upon failure of a CPA to comply with any applicable part of Paragraph (b) of this Rule by July 1, the Board shall send notice of such failure in the form of a demand letter to the CPA at the most recent mailing address the Board has on file. Completed renewal application packages shall be postmarked with proper postage not later than 30 days after the mailing date of the demand letter, unless that date falls on a weekend, in which case the renewal package shall be postmarked or received in the Board office on the next business day. For renewal packages sent via the U.S. Postal Service, only a U.S. Postal Service cancellation shall be considered as the postmark. If the renewal package is sent to the Board office via a private delivery service, the date the package is received by the delivery service shall be considered as the postmark. Subsequent failure of the CPA to comply with any applicable part of Paragraph (b) of this Rule within 30 days after such notice is mailed by the Board automatically results in forfeiture of the CPA's certificate, as required by G.S. 93-12(15).

(d) Upon forfeiture of a certificate, the certificate holder is no longer a CPA and the Board shall send notice of such forfeiture to the certificate holder by certified mail to the most recent mailing address the Board has on file. The certificate holder shall return the certificate to the Board office within 15 days after receipt of notice of forfeiture or, if the certificate has been destroyed or lost, shall submit an affidavit, on a form supplied by the Board, within 15 days of receipt of such notice that the certificate has been destroyed or has been lost and shall be returned to the Board if found.

(e) A person who has forfeited a certificate pursuant to G.S. 93-12(15) for failure to renew his or her certificate may apply for reissuance under Rule .0106 of this Section.

(f) If a check or credit card authorization for the annual renewal fee fails to clear the bank, the annual renewal shall be deemed incomplete and returned.

(g) Any active CPA serving in the armed forces of the United States and to whom an extension of time to file a tax return is granted pursuant to G.S. 105-249.2, shall be granted the same extension of time to comply with the requirements of Paragraphs (a) and (b) of this Rule.

1 *History Note:* Authority G.S. 93-12(7a); 93-12(8); ~~93-12(8a)~~; 93-12(8b); 93-12(15); 93B-15;
2 *Eff. February 1, 1976;*
3 *Readopted Eff. September 26, 1977;*
4 *Legislative Objection Lodged Eff. July 20, 1982;*
5 *Amended Eff. August 1, 1982;*
6 *Curative Amended Eff. August 1, 1982;*
7 *Temporary Amendment Eff. May 13, 1983 for a period of 111 days to expire on September 1, 1983;*
8 *Amended Eff. February 1, 2011; August 1, 1998; February 1, 1996; April 1, 1994; March 1, 1990;*
9 *May 1, 1989;*
10 *Readopted Eff. February 1, ~~2016~~ 2016;*
11 *Readopted Eff. May 1, 2026.*

21 NCAC 08J .0105 is proposed for readoption with substantive changes as follows:

21 NCAC 08J .0105 INACTIVE STATUS: CHANGE OF STATUS

(a) A CPA may apply to the Board for change of status to inactive status provided the CPA meets the description of inactive status as defined in 21 NCAC 08A .0301. Application for any status change shall be made on the form provided by the Board.

(b) A CPA who does not meet the definition of inactive may not remain on inactive status.

(c) A CPA on inactive status may change to active status by:

(1) paying the certificate ~~renewal~~ fee amount of \$100 for the license year in which the application for change of status is ~~received~~; received. The fee is less than the maximum as set forth in G.S. 93-12(7a);

(2) furnishing the Board with evidence of satisfactory completion of ~~40 hours~~ 2,000 minutes of CPE courses during the 12-month period immediately preceding the application for change of status. ~~Eight~~ Four hundred of the required ~~hours~~ 2,000 minutes shall be credits derived from a course or examination in North Carolina accountancy statutes and rules (including the Code of Professional Ethics and Conduct as set forth in 21 NCAC 08N contained therein) as set forth in 21 NCAC 08F .0504; and

(3) ~~submitting three certificates of good moral character and completed by CPAs~~; submitting a reinstatement application in accordance with the requirements as set forth in 21 NCAC 08F .0502(b) through (e).

(d) The reclassification to inactive form shall contain the following:

(1) The licensee's full name and CPA certificate number;

(2) The licensee's mailing address, telephone number, and email address;

(3) Whether this is new contact information for the licensee;

(4) Whether the licensee wants to continue receiving the Board's communications by email;

(5) An affirmation that the licensee desires to be reclassified to inactive status and has read and understands that the licensee can no longer use the CPA title as an inactive CPA;

(6) The licensee's signature to certify that he or she has prepared the application and has read the answers; that the information provided in the application is true; and that he or she has read the Board rules found in 21 NCAC 08A .0301(b)(20), 08A .0308, and 08J .0105.

History Note: Authority G.S. 93-12(3); 93-12(7a); ~~93-12(8)~~; ~~93-12(8b)~~;

Eff. December 1, 1982;

Curative Adopted Eff. January 25, 1983;

Legislative Objection Lodged Eff. January 31, 1983;

Amended Eff. January 1, 2014; February 1, 2012; February 1, 2011; August 1, 1998; August 1, 1995; April 1, 1994; March 1, 1990; May 1, 1989;

- 1 *Readopted Eff. February 1, ~~2016~~ 2016.*
- 2 *Readopted Eff. May 1, 2026.*

21 NCAC 08J .0106 is proposed for readoption with substantive changes as follows:

21 NCAC 08J .0106 FORFEITURE OF CERTIFICATE AND REISSUANCE

(a) A person who has forfeited a certificate is no longer a CPA and thus is not subject to the renewal fee or CPE requirements contained in these Rules.

(b) A person who requests reissuance of a forfeited certificate shall make application and provide the following to the Board:

- (1) payment of the ~~current~~ certificate ~~application fee~~; fee of \$100. This fee does not exceed the maximum as set forth in G.S. 93-12(7a);
- (2) ~~three certificates of moral character provided by the Board and completed by CPAs; and submitting a reissuance application in accordance with the requirements as set forth in 21 NCAC 08F .0502(b) through (e); and~~
- (3) evidence of satisfactory completion of the CPE requirement described in Rule .0105(c)(2) of this Section.

(c) The certificate may be reissued if determined by the Board that the person meets the requirements as listed in Paragraph (b) of this Rule.

(d) The reissuance application form shall contain the following:

- (1) The applicant's full name and CPA certificate number;
- (2) The applicant's home address, telephone number, and email address;
- (3) The applicant's business name, address, telephone number, email address, and job title;
- (4) The applicant's occupation category, business concentration, and any membership associations;
- (5) Three certificates of moral character as per 21 NCAC 08F .0505;
- (6) Affirmation to the licensee's moral character as per 21 NCAC 08F .0505 and 21 NCAC 08N .0204 and, if applicable, a statement providing the relevant explanation and documents for any yes responses;
- (7) Affirmation that the applicant has refrained from using the CPA title during the period of revocation or forfeiture;
- (8) Whether the applicant classifies as active-duty military or a military veteran;
- (9) Whether the applicant has completed the accountancy law course within the 12-month period prior to submission of the application;
- (10) A report of the CPE credit minutes obtained by the applicant during the 12-month period prior to submission of the application identifying attending at least 2,000 continuing education minutes of courses in accordance with Section .0400 – CPE Requirements of these Rules;
- (11) Whether the licensee has been subject to any investigation for employee misclassification since the previous renewal application was submitted;

1 (12) The licensee's signature to certify that he or she has prepared the application and has read the
2 answers; that the information provided in the application is true; and that he or she has read the
3 Board's applicable statutes and rules; and

4 (13) The application fee, as prescribed by G.S. 93-12(7a). If the application fee is dishonored by the
5 licensee's drawee bank for any reason, the Board shall suspend the license until the renewal fees and
6 non-sufficient fund charges are paid.

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9 *History Note: Authority G.S. 93-12(3); 93-12(5); 93-12(7a); ~~93-12(8a)~~; 93-12(8b);*
10 *Eff. October 1, 1984;*
11 *Amended Eff. January 1, 2014; July 1, 2010; August 1, 1998; February 1, 1996; April 1, 1994; May*
12 *1, 1989;*
13 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
14 *~~2014~~ 2014;*
15 *Readopted Eff. May 1, 2026.*

21 NCAC 08J .0107 is proposed for readoption with substantive changes as follows:

21 NCAC 08J .0107 MAILING ADDRESSES OF CERTIFICATE HOLDERS AND CPA FIRMS

All certificate holders ~~and CPA firms~~ shall notify the Board electronically or in writing within 30 days of any change in ~~home address and phone number;~~ home address, phone number, or email address. CPA firms shall notify the Board electronically or in writing within 30 days of any change in the CPA firm address mailing address, and phone number; ~~business location physical address, and phone number;~~ number, and or contact email address.

History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(7b)(5);

Eff. October 1, 1984;

Amended Eff. January 1, 2014; April 1, 1999; April 1, 1991; August 1, 1986;

Readopted Eff. February 1, ~~2016.~~ 2016;

Readopted Eff. May 1, 2026.

21 NCAC 08J .0108 is proposed for readoption with substantive changes as follows:

21 NCAC 08J .0108 CPA FIRM REGISTRATION AND ONGOING REQUIREMENTS

(a) All CPA firms shall register with the Board within 30 days after opening a North Carolina office or beginning a new CPA firm unless they are a professional corporation, professional limited liability company, or registered limited liability partnership, in which case they shall register prior to formation pursuant to 21 NCAC 08K .0104 and .0301.

(b) In addition to the registration required by Paragraph (a) of this Rule, all CPA firms shall renew annually by January 31 with the Board upon forms provided by the Board.

(c) The information provided by the registration shall include:

(1) Either an application for exemption from peer review, a request to be deemed in compliance with peer review or registration for peer review, pursuant to 21 NCAC 08M .0105;

(2) For all CPA firms not exempt from the peer review program, with the registration immediately following its review, the information required by 21 NCAC 08M .0106(a);

(3) For all North Carolina offices, an office registration form indicating the name of the office supervisor, the location of the office and its telephone number;

(4) For all partnerships or registered limited liability partnerships, a list of all resident and nonresident partners of the partnership;

(5) For all professional limited liability companies, the information set forth in 21 NCAC 08K .0104(d);

(6) For all incorporated CPA firms, the information set forth in 21 NCAC 08K .0104(d);

(7) For all CPA firms, the appropriate registration fees as set forth in 21 NCAC 08J .0110; and

(8) For all new CPA firms, the percentage of ownership held ~~individually by each non-CPA owner who has five percent or more of ownership:~~ by CPAs;

(A) ~~in the new CPA firm; and~~

(B) ~~at the year end in each CPA firm in which that owner was an owner during the preceding two years.~~

(9) ~~For all changes in ownership of a CPA firm, the percentage of ownership held individually by each owner who has five percent or more of ownership.~~

(d) All information provided for ~~registration renewal~~ with the Board shall pertain to events of and action taken ~~during the year preceding the year of registration. The last day of the preceding calendar year is the "year end."~~ since the CPA firm's last registration or renewal.

(e) With regard to Paragraph (c)(3) of this Rule, one representative of a CPA firm may file all documents with the Board on behalf of the CPA firm's offices in North Carolina. However, responsibility for compliance with this Rule remains with each office supervisor.

(f) With regard to Paragraph (c)(4) or (c)(5) of this Rule, one annual listing by a representative of the partnership, registered limited liability partnership, or professional limited liability company shall satisfy the requirement for all owners of the CPA firm. However, each owner remains responsible for compliance with this Rule. The absence of a

1 filing under Paragraph (c)(4) or (c)(5) of this Rule shall be construed to mean that no partnership, registered limited
2 liability partnership, or professional limited liability company exists.

3 (g) Notice that a CPA firm has dissolved or any change in the information required by Paragraph (c)(3) of this Rule
4 shall be delivered to the Board's office within 30 days after the change or dissolution occurs. A professional
5 corporation or professional limited liability company which is dissolving shall deliver the Articles of Dissolution to
6 the Board's office within 30 days of filing with the Office of the Secretary of State.

7 ~~(h) Upon written petition by a CPA firm, the Board shall grant the CPA firm a conditional registration for a period of~~
8 ~~60 days or less, if the CPA firm shows that circumstances beyond its control prohibited it from registering with the~~
9 ~~Board, completing a peer review or notifying the Board of change or dissolution pursuant to Paragraphs (a), (b), (c),~~
10 ~~and (g) of this Rule. The Board may grant a second extension under continued extenuating circumstances.~~

11 ~~(i) A complete registration, renewal, as required by Paragraphs (b) and (c) of this Rule, shall be postmarked with~~
12 ~~proper postage or received in the Board office not later than the last day of January unless that date falls on a weekend~~
13 ~~or federal holiday, in which case that day shall be the next business day. Only a U.S. Postal Service cancellation is~~
14 ~~considered as the postmark. If a registration is sent to the Board office via a private delivery service, the date the~~
15 ~~package is received by the delivery service is considered as the postmark. (h) a complete renewal, as required by~~
16 ~~Paragraphs (b) and (c) of this Rule, if delivered on a paper form, shall be postmarked with proper postage and received~~
17 ~~in the Board office not later than the last day of January unless that date falls on a weekend or federal holiday, in~~
18 ~~which case that day shall be the next business day. Only a U.S. Postal Service cancellation is considered as the~~
19 ~~postmark. If a renewal is sent to the Board office via a private delivery service, the date the package is received by~~
20 ~~the delivery service is considered as the postmark. If the renewal is delivered by electronic means, it shall be sent not~~
21 ~~later than midnight on the last day of January unless that date falls on a weekend or federal holiday, in which case that~~
22 ~~day shall be the next business day.~~

23
24 *History Note:* Authority ~~G.S. 55B-10;~~ G.S. 55B-6; 55B-10; 55B-12; 57D-1; 57D-2; 59-84.2; 93-12(8a); 93-
25 12(8c);
26 *Eff. June 1, 1985;*
27 *Amended Eff. February 1, 2011; January 1, 2004; April 1, 1999; August 1, 1998; August 1, 1995;*
28 *April 1, 1994; April 1, 1991; May 1, 1989;*
29 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
30 *2014. 2014;*
31 *Readopted Eff. May 1, 2026.*

21 NCAC 08J .0109 is proposed for readoption with substantive changes as follows:

21 NCAC 08J .0109 CPA FIRM PRACTICE PRIVILEGE NOTIFICATION

(a) Notice pursuant to G.S. 93-10(c)(3) shall be made on a form supplied by the Board. The form requires the out-of-state CPA firm to identify itself and to disclose which of the services listed in G.S. 93-10(c)(3) are being provided to North Carolina clients.

(b) The notification form shall contain the following:

(1) The CPA firm's full name;

(2) The CPA firm's mailing address, telephone number, and website address;

(3) The supervising CPA's name, and email address;

(4) The supervising CPA's certificate number and issuing jurisdiction;

(5) An alternate contact person's name and email address;

(6) The date of the last accepted peer review and the administering entity of that peer review;

(7) Identification of the services listed in G.S. 93-10(c)(3) that are being provided to North Carolina clients;

(8) The supervising CPA's signature to certify that he or she has prepared the application and has read the answers; that the information provided in the application is true; and that the CPA firm will comply with the Board's applicable statutes and rules; and

(9) The notification is provided to the Board without a fee.

History Note: Authority G.S. 93-10;

Eff. February 1, 2011;

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

Readopted Eff. May 1, 2026.

21 NCAC 08J .0110 is proposed for readoption with substantive changes as follows:

21 NCAC 08J .0110 REGISTRATION FEES

The annual registration fees shall be as follows:

- (1) For all professional corporations or professional limited liability companies, twenty-five dollars (\$25.00); and
- (2) For all non-incorporated CPA firms which have offices both within and outside the state of North Carolina, whether sole proprietorships, partnerships, or registered limited liability partnerships, an amount equal to two thousand five hundred dollars ~~(\$2,500.00)~~ (\$2,500) or the number of CPA members of the CPA firm multiplied by ten dollars (\$10.00), whichever is less.

History Note: Authority G.S. 55B-11; 55B-12; 57D-1; 57D-2; 59-84.2; 93-12(7b); 93-12(8a); 93-12(8c); Eff. April 1, 1991; Amended Eff. January 1, 2004; April 1, 1999; August 1, 1998; April 1, 1994; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014. 2014; Readopted Eff. May 1, 2026.

21 NCAC 08J .0111 is proposed for readoption with substantive changes as follows:

21 NCAC 08J .0111 COMPLIANCE WITH CPA FIRM REGISTRATION

If a CPA firm fails to comply with any part of Rule .0108 or Rule .0110 of this Section, and continues to offer or render services, the Board may take disciplinary action against the CPA firm's members. ~~As set forth in G.S. 93-12(9)(e),~~ The disciplinary action may include:

- (1) one hundred dollars (\$100.00) civil penalty for non-compliance of less than 60 days;
- (2) two hundred dollars (\$200.00) civil penalty for non-compliance in excess of 60 days but not more than 120 days;
- (3) five hundred dollars (\$500.00) civil penalty for each member for non-compliance in excess of 120 days.

*History Note: Authority G.S. 55B-12; 57D-2-02; 59-84.2; 93-12(8c); 93-12(9);
Eff. April 1, 1994;
Amended Eff. February 1, 2011; January 1, 2004; April 1, 1999;
Readopted Eff. February 1, 2016; 2016;
Readopted Eff. May 1, 2026.*

21 NCAC 08J .0112 is proposed for readoption with substantive changes as follows:

21 NCAC 08J .0112 RETIRED STATUS - CHANGE OF STATUS

(a) A CPA on active or inactive status may apply to the Board for a change to CPA-retired status if that CPA completes an application provided by the Board confirming the following:

(1) they will not perform any of the services listed in ~~21 NCAC 08A .0307(2)~~ 21 NCAC 08A .0307(a)(2) except that:

(A) they may prepare tax returns for themselves and their immediate family members without compensation. Immediate family is defined as spouse, domestic partner, parent, child, sibling, stepparent, parent-in-law, stepchild, child-in-law, grandparent, grandchild, sibling-in-law, or legal dependent; and

(B) they may prepare tax returns through public service programs without compensation, such as the Volunteer Income Tax Assistance program.

(2) they will not hold themselves out to the public as a certified public accountant while they remain on CPA-retired status except that they may use the designation "CPA-retired".

(3) they consent to the continued regulatory authority of the Board.

(b) Individuals on CPA-retired status may receive compensation for any services that are not listed in ~~21 NCAC 08A .0307(2)~~ 21 NCAC 08A .0307(a)(2).

(c) Individuals on CPA-retired status must renew their certificate annually as set forth in 21 NCAC 08J .0101. However, individuals on CPA-retired status are exempt from the Board's annual CPE requirements.

(d) Individuals on CPA-retired status may not have an ownership interest in a CPA firm.

~~(d)~~ (e) In addition to the requirements in Paragraph (a) of this Rule, the application to move from inactive status to CPA-retired status will also contain the requirements set forth in 21 NCAC 08F .0502. However, the application will not require an experience affidavit or three certificates of good moral character.

~~(e)~~ (f) An individual on CPA-retired status may change to active status by:

(1) furnishing the Board with evidence of satisfactory completion of ~~40 hours~~ 2,000 minutes of CPE courses during the 12-month period immediately preceding the application for change of status. Eight of the required hours shall be credits derived from a course or examination in North Carolina accountancy statutes and rules (including the Code of Professional Ethics and Conduct as set forth in 21 NCAC 08N contained therein) as set forth in 21 NCAC 08F .0504; and

(2) ~~submitting three certificates of good moral character completed by CPAs on active status.~~ submitting a reinstatement application in accordance with the requirements as set forth in 21 NCAC 08F .0502(b) through (e).

History Note: Authority G.S. 93-12(3); 93-12(8); 93-12(8b);

Eff. September 1, 2023- 2023;

Readopted Eff. May 1, 2026.

21 NCAC 08J .0113 is proposed for adoption as follows:

21 NCAC 08J .0113 LICENSE RENEWAL FORM

(a) To renew a CPA certificate, the licensee annually shall complete and submit to the Board a renewal application. Failure to submit a completed renewal application by July 31 shall cause the licensee's license to be forfeited.

(b) The renewal form shall contain the following:

(1) The licensee's full name and license number;

(2) Whether the licensee is renewing an active or retired status pursuant per Rule .0112 of this Section;

(3) The licensee's job concentration area, occupation area, and job title;

(4) Whether the licensee has complied with the Board's continuing professional education rules;

(5) A report of the CPE credit minutes obtained by the licensee during the current reporting period identifying attending at least 2,000 continuing education minutes of courses in accordance with Section .0400 – CPE Requirements of these Rules since the previous renewal application was submitted;

(6) Affirmation to the licensee's moral character as per 21 NCAC 08F .0505 and 21 NCAC 08N .0204 since the previous renewal application was submitted and, if so, a statement providing the relevant explanation and documents for any no responses;

(7) Whether the licensee has been subject to any investigation for employee misclassification since the previous renewal application was submitted;

(8) The licensee's signature to certify that he or she has prepared the application and has read the answers; that the information provided in the application is true; and that he or she has read the NC Industrial Commission Public Notice Statement; and

(9) The application fee, as prescribed by G.S. 93-12(8). If the application fee is dishonored by the licensee's drawee bank for any reason, the Board shall suspend the license until the renewal fees and non-sufficient fund charges are paid.

*History Note: Authority G.S. 93-12(8);
Eff. May 1, 2026.*

21 NCAC 08K .0104 is proposed for readoption with substantive changes as follows:

21 NCAC 08K .0104 REGISTRATION AND RENEWAL

(a) Domestic CPA professional corporations or professional limited liability companies must be formed and all CPA professional corporations or professional limited liability companies must be operated in accordance with the requirements set out in G.S. 55B and 57D. Before any CPA professional corporation or professional limited liability company can offer to perform or perform any professional services in this state, it must register with the Board.

(b) Initial registration.

(1) Domestic CPA Corporation or Professional Limited Liability Company. In order to register initially with this Board, the incorporators of a domestic CPA corporation or professional limited liability company, prior to incorporation of the CPA firm, must:

(A) prepare and file with the Board the articles of incorporation along with any supporting documents and appropriate checks for fees payable to the Secretary of State;

(B) complete and file with the Board the application for professional corporation or professional limited liability company registration form along with any supporting documents; and

(C) pay to the Board an initial registration fee ~~of fifty dollars (\$50.00).~~ of fifty dollars (\$50.00) as set forth in G.S. 93-12(7b).

(2) Foreign CPA Corporation or Foreign Limited Liability Company. To register initially with the Board, the officers of a foreign corporation or foreign limited liability company, prior to performing services or offering to perform services in North Carolina, must submit to the Board:

(A) on an application for registration form provided by the Board, a list of its present shareholders or members and the state or territory issuing the CPA certificate, or the equivalent, of each shareholder or member and the number of each certificate or equivalent; and

(B) the documents required by G.S. 55-15-01(a) and 57D-7.

(C) pay to the Board an initial registration fee of fifty dollars (\$50.00) as set forth in G.S. 93-12(7b).

(c) In addition to its initial registration, every CPA corporation or professional limited liability company, whether domestic or foreign, must ~~register~~ renew annually pursuant to 21 NCAC 08J .0108.

(d) The application for registration by a CPA corporation or professional limited liability company shall provide the following information:

(1) the ~~name and address~~ name, address, phone number, and email address of the professional corporation or professional limited liability company;

(2) the address of each office operated or maintained by the corporation or professional limited liability company;

(3) the names and addresses of all the officers, directors, shareholders, or members; and

(4) the names and addresses of all the employees and managers of the corporation or professional limited liability company licensed by the Board under the provisions of G.S. 93.

History Note: Authority G.S. 55B-11; 57D-1; 57D-2; 59-84.2; 93-8; 93-12(7b); 93-12(8c); Eff. February 1, 1976; Readopted Eff. September 26, 1977; Amended Eff. July 1, 2010; April 1, 1999; April 1, 1994; April 1, 1991; May 1, 1989; August 1, 1988; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014; Amended Eff. March 1, 2020. 2020; Readopted Eff. May 1, 2026.

21 NCAC 08K .0201 is proposed for readoption with substantive changes as follows:

**21 NCAC 08K .0201 CORPORATE AND PROFESSIONAL LIMITED LIABILITY COMPANY
NAMES**

(a) The corporate name of a professional corporation registered under these Rules shall contain the wording "corporation," "incorporated," "limited," "company," "professional corporation," or "professional association," or an abbreviation of one of the foregoing: "Corp.," "Inc.," "Ltd.," "Co.," "P.C.," or "P.A."

(b) The corporate name of a professional limited liability company registered under these Rules shall contain the wording "professional limited liability company," "professional ltd. liability co.," "professional limited liability co.," or "professional ltd. liability company," or an abbreviation of one of the foregoing: "P.L.L.C." or "PLLC."

(c) The use of "CPA" or "Certified Public Accountant(s)" in the corporate name is encouraged, but not required. Any name shall also meet the requirements in ~~21 NCAC 8N .0302 and .0307.~~ 21 NCAC 08N .0302 and .0307.

History Note: Authority G.S. 55B-5; 55B-12; 57C-1; 57C-2;

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. April 1, 1994; May 1, 1989; December 1, 1988; April 1, 1988;

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

Readopted Eff. May 1, 2026.

21 NCAC 08K .0301 is proposed for readoption with substantive changes as follows:

21 NCAC 08K .0301 REGISTERED LIMITED LIABILITY PARTNERSHIPS

(a) Any ~~Registered Limited Liability Partnership~~ CPA registered limited liability partnership created pursuant to and in compliance with G.S. 59 shall also comply with all accountancy laws and rules pertaining to partnerships.

(b) Before any CPA registered limited liability partnership may perform or offer to perform any professional services in this state, it shall file with the Board the certificate of registration of the Secretary of State and appropriate fees payable to the Secretary of State.

*History Note: Authority G.S. 59-84.2; 59-84.3; 93-12;
Temporary Adoption Eff. October 1, 1993 for a period of 180 days or until the permanent rule becomes effective, whichever is sooner;
Eff. April 1, 1994;
Amended Eff. August 1, 1998;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014. 2014;
Readopted Eff. May 1, 2026.*

21 NCAC 08M .0105 is proposed for readoption with substantive changes as follows:

SUBCHAPTER 08M - STATE QUALITY REPORT AND PEER REVIEW PROGRAM

SECTION .0100 - GENERAL SQR REQUIREMENTS

21 NCAC 08M .0105 PEER REVIEW REQUIREMENTS

(a) A CPA or CPA firm providing any of the following services to the public shall participate in a peer review program:

- (1) audits;
- (2) reviews of financial statements;
- (3) compilations of financial statements; or
- (4) any engagement to be performed in accordance with the Statements on Standards for Attestation Engagements.

(b) A CPA or CPA firm not providing any of the services listed in Paragraph (a) of this Rule is exempt from peer review until the issuance of the first report provided to a client. A CPA or CPA firm shall register with the peer review program as listed in Paragraph (d) of this Rule within 30 days of the issuance of the first report provided to a client.

(c) A CPA, a new CPA firm, or a CPA firm exempt from peer review that starts providing any of the services in Paragraph (a) of this Rule shall furnish to the peer review program selected financial statements, corresponding work papers, and any additional information or documentation required for the peer review program within 18 months of the issuance of the first report provided to a client.

(d) ~~Participation~~ Enrollment in and completion of the AICPA Peer Review Program, or a program that substantially complies with the AICPA Standards for Performing and Reporting on Peer Reviews, shall be required. The AICPA Standards for Performing and Reporting on Peer Reviews are incorporated by reference, including subsequent amendments and editions. This document may be accessed at <https://us.aicpa.org/research/standards/peerreview> at no cost.

(e) CPA firms shall not rearrange their structure or act in any manner with the intent to avoid ~~participation~~ enrollment in peer review.

(f) A CPA firm that does not have offices in North Carolina and that has provided any services as listed in G.S. 93-10(c)(3) to North Carolina clients shall ~~participate~~ enroll in a peer review program.

(g) Subsequent peer reviews of a CPA firm are due three years and six months from the year end of the 12-month period of the first peer review, unless granted an extension by the peer review program.

(h) All CPA firms enrolled in the AICPA Peer Review Program registered with this Board shall also participate in the AICPA Facilitated State Board Access ~~process~~ process and shall not opt out of any part of the process.

(i) The firm shall allow the administrating entity to provide the Board access to the documents and peer review information via a secure website process such as the AICPA Facilitated State Board Access (FSBA).

1 *History Note:* *Authority G.S. 93-10(c); 93-12(8c);*
2 *Eff. January 1, 2004;*
3 *Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006;*
4 *Readopted Eff. February 1, 2016;*
5 *Amended Eff. September 1, ~~2023~~ 2023;*
6 *Readopted Eff. May 1, 2026.*

21 NCAC 08M .0106 is proposed for readoption with substantive changes as follows:

21 NCAC 08M .0106 COMPLIANCE

(a) A CPA firm registered for peer review shall provide to the Board the following:

- (1) peer review due date;
- (2) year end date;
- (3) ~~final Letter of Acceptance~~ the acceptance letter from the administering entity from the peer review
program within 60 days of the date of the letter; and
- (4) ~~a package to include the Peer Review Report, Letter of Response, and Final Letter of Acceptance~~
for all failed and second passed with deficiencies ~~reports~~ reports, a package to include the following
items issued by a peer review program within 60 days of the date of the ~~Final Letter of Acceptance.~~
completion letter:
 - (a) peer review report accepted by the administering entity;
 - (b) the firm's letter of response to the peer review report;
 - (c) the acceptance letter from the administering entity; and
 - (d) letter signed by the administering entity notifying the firm that the required actions have been
appropriately completed, if applicable.

(b) A peer review shall not be complete until the ~~Final Letter of Acceptance~~ completion letter is issued by the peer review program with the new due date.

(c) If a CPA firm fails to comply with Rule .0105(c), (d), or (g) of this Section, and continues to offer or render services, the Board may take disciplinary action against the CPA firm's members that may include a suspension of each members' CPA certificate for a period of not less than 30 days and a civil penalty up to one thousand dollars (\$1,000) as set forth in ~~G.S. 93-12(b)(9).~~ G.S. 93-12(9).

*History Note: Authority G.S. 93-12(7b); 93-12(8c);
Eff. January 1, 2004;
Amended Eff. February 1, 2011; January 1, 2006;
Readopted Eff. February 1, 2016; 2016;
Readopted Eff. May 1, 2026.*

21 NCAC 08N .0203 is proposed for readoption with substantive changes as follows:

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;
- (6) entering into any settlement or other resolution of a dispute that purports to keep its contents confidential from the ~~Board~~; or Board;
- (7) failing to participate in a peer review program pursuant to ~~21 NCAC 08M .0105~~; 21 NCAC 08M .0105; or
- (8) failing to execute an experience affidavit as set forth in 21 NCAC 08F .0401(b)(4) following a determination by the Board that the license applicant meets the Board's criteria to execute that affidavit.

*History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(9);
Eff. April 1, 1994;
Amended Eff. January 1, 2014; January 1, 2004; August 1, 1995;
Readopted Eff. February 1, 2016;
Amended Eff. May 1, 2017; 2017;
Readopted Eff. May 1, 2026.*

21 NCAC 08N .0216 is proposed for adoption as follows:

21 NCAC 08N .0216 PROFESSIONAL JUDGMENT

A CPA shall not subordinate the CPA's professional judgment to non-CPAs.

*History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);
 Eff. April 1, 1994;
 Readopted Eff. February 1, 2016;
 Proposed for adoption Eff. May 1, 2026.*

1 21 NCAC 08N .0301 is proposed for repeal through readoption as follows:

2

3 **21 NCAC 08N .0301 PROFESSIONAL JUDGMENT**

4

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

6 *Eff. April 1, 1994;*

7 *Readopted Eff. February 1, ~~2016~~, 2016;*

8 *Repealed Eff. May 1, 2026.*

21 NCAC 08N .0302 is proposed for readoption with substantive changes as follows:

21 NCAC 08N .0302 FORMS OF PRACTICE

(a) Authorized Forms of Practice. A CPA who uses CPA in or with the name of the business or offers or renders audits, reviews, compilations, agreed-upon procedure or engagement services performed in accordance with the standards in 21 NCAC 08A .0301(b)(5) in the public practice of accountancy to clients shall do so only through a registered sole proprietorship, partnership, Professional Corporation, Professional Limited Liability Company, or Registered Limited Liability Partnership.

(b) Authorized Ownership. A CPA firm may have an ownership of up to 49 percent by non-CPAs. A CPA firm shall have ownership of at least 51 percent and be controlled in law and fact by holders of valid CPA certificates who have the unrestricted privilege to use the CPA title and to practice public accountancy in a jurisdiction and at least one of whom shall be licensed by this Board.

(c) CPA Firm Registration Required. A CPA shall not offer or render professional services through a CPA firm that is in violation of the registration requirements of 21 NCAC 08J .0108, 08J .0110, or 08M .0105.

(d) Supervision of CPA Firms. Every North Carolina office of a CPA firm registered in North Carolina shall be actively and locally supervised by a designated actively licensed North Carolina CPA whose primary responsibility and a corresponding amount of time shall be work performed in that office.

(e) CPA Firm Requirements for CPA Ownership. A CPA firm and its designated supervising CPA shall be accountable for the following in regard to a CPA owner:

- (1) a CPA owner shall be a natural person or a general partnership or a limited liability partnership directly owned by natural persons;
- (2) a CPA owner shall actively participate in the business of the CPA firm; and
- (3) a CPA owner who, prior to January 1, 2006, is not actively participating in the CPA firm may continue as an owner until such time as his or her ownership is terminated.

(f) CPA Firm Requirements for Non-CPA Ownership. A CPA firm and its designated supervising CPA owner shall be accountable for the following in regard to a non-CPA owner:

- (1) a non-CPA owner shall be a natural person or a general partnership or limited liability partnership directly owned by natural persons;
- (2) a non-CPA owner shall actively participate in the business of the firm or an affiliated entity as his or her principal occupation;
- (3) a non-CPA owner shall comply with all applicable accountancy statutes and the rules as set forth in G.S. 93 and all rules in this Chapter.
- (4) a non-CPA owner shall be of good moral character and shall be dismissed and disqualified from ownership for any conduct that, if committed by a licensee, would result in a discipline pursuant to G.S. 93-12(9); and
- (5) a non-CPA owner shall report his or her name, home address, phone number, social security number, and Federal Tax ID number (if any) on the CPA firm's registration.

1 (g) ESOP Ownership. Notwithstanding the restrictions set forth in subparagraph (f) of this section, up to 49 percent
2 of the ownership in a CPA firm may be held in an employee stock ownership plan (“ESOP”) that meets the
3 requirements of Section 409 of the Internal Revenue Code. All trustees of the ESOP must be licensed CPAs in a
4 United States jurisdiction. Further, the beneficial ownership in an ESOP may not be held by persons who are not
5 active participants in the CPA firm.

6
7 *History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);*

8 *Eff. April 1, 1994;*

9 *Amended Eff. February 1, 2011; January 1, 2006; April 1, 2003; April 1, 1999; August 1, 1995;*

10 *Readopted Eff. February 1, ~~2016~~ 2016;*

11 *Readopted Eff. May 1, 2026.*

21 NCAC 08N .0305 is proposed for readoption with substantive changes as follows:

21 NCAC 08N .0305 RETENTION OF CLIENT RECORDS

(a) 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.

(b) 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 are in the CPA's custody or control that have not previously been provided to the client, the CPA shall respond to the client's request as follows:

(1) The CPA shall provide 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 to the CPA for that specific work product; and

(2) The 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 the 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.

(c) 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, an audit being an example. CPA's work products are deliverables set forth in the terms of the ~~engagement, such as tax returns.~~ engagement.

(d) Once a CPA has complied with the requirements described in Paragraphs (a) and (b) of this Rule, 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. 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 that are in possession of the CPA; 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.

(e) A CPA who has provided records to an individual designated or held out as the client's representative, such as the general partner, or majority shareholder, shall not be obligated to provide such records to other individuals associated with the client. However, in the case of joint individual tax returns, each named taxpayer on that return shall be entitled to a copy of the tax returns and supporting schedules from the CPA.

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

(g) 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. 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 shall 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. The CPA is not required to provide electronic data files to a client if they were created with tax preparation software owned or licensed by the CPA; and

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

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

*History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);
Eff. April 1, 1994;
Amended Eff. January 1, 2006; April 1, 2003;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023; May 1, 2017, 2017;
Readopted Eff. May 1, 2026.*

21 NCAC 08N .0306 is proposed for readoption with substantive changes as follows:

21 NCAC 08N .0306 ADVERTISING OR OTHER FORMS OF SOLICITATION

(a) Deceptive Advertising. A CPA shall not seek to obtain clients by advertising or using other forms of solicitation in a manner that is deceptive.

(b) Specialty Designations. A CPA may advertise the nature of services provided to clients, but the CPA shall not advertise or indicate a specialty designation or other title unless the CPA has met the requirements of the granting organization for the separate title or specialty designation and the individual is currently on active status and in good standing with the granting organization for the separate title or specialty designation.

(c) The CPA firm shall offer to perform or perform professional services only in the exact name of the CPA firm as registered with the Board. The exact CPA firm name as registered with the Board shall be used on the following documents:

~~(1) letterhead;~~

~~(2) (1) contracts;~~

~~(3) (2) engagement letters;~~

~~(4) (3) tax returns; and~~

~~(5) (4) all professional services reports.~~

(d) The CPA firm may advertise professional services using the exact name of the CPA firm, a portion of the CPA firm name, or initials or acronyms derived from the exact CPA firm name as registered with the Board.

(e) Any CPA or CPA firm offering to or performing professional services via the Internet shall include the following information on the Internet:

(1) CPA business or CPA firm name as registered with the Board;

~~(2) principal place of business;~~

~~(3) (2) business phone number; and~~

~~(4) (3) North Carolina certificate number and North Carolina as jurisdiction of certification.~~

(f) The use of the phrase "certified public accountant(s)" or "CPA(s)" in the name of any business entity on letterhead, professional services reports, business cards, brochures, building signage, office signs, telephone directories, contracts, engagement letters, tax returns, Internet directories, or any other advertisements or forms or solicitation shall be prohibited except for registered CPA firms.

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

Eff. April 1, 1994;

Amended Eff. February 1, 2011; April 1, 1999; February 1, 1996;

Readopted Eff. February 1, 2016; 2016;

Readopted Eff. May 1, 2026.

21 NCAC 08N .0307 is proposed for readoption with substantive changes as follows:

21 NCAC 08N .0307 CPA FIRM NAMES

(a) Registration of Firm Names. A business may not use a CPA firm name unless that name has been registered with the Board.

(b) Misleading Names Prohibited. A CPA firm shall not trade upon the CPA title through use of any name that is misleading. A misleading CPA firm name ~~is one which~~ includes, but are not limited to, the following:

- (1) Implies the existence of a partnership or registered limited liability partnership or a professional corporation or professional limited liability company if the firm is not, in fact, one of those entities;
- (2) Includes the name of an individual who is not a CPA if the words "certified public accountants" or "CPAs" are included in the firm name;
- (3) Includes information about or indicates an association with persons who are not current or former members of the firm, unless the name is that of a firm network;
- (4) Includes the terms "& Company", "& Associates", or "Group", but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff employee;
- (5) Contains any representation that would be likely to cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities, including names indicating qualitative superiority or pricing differences;
- (6) Claims or implies the ability to influence a regulatory body or official; or
- (7) Includes the name of an owner whose license has been revoked for disciplinary reasons by the Board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding themselves out as a Certified Public Accountant.

(c) Permissible Firm Names: The following is a non-exhaustive list of types of CPA firm names that are not in and of themselves misleading and are permissible so long as they do not violate other firm name provisions:

- (1) A firm name that includes the names or initials of one or more former or current owners;
- (2) A firm name that excludes the names of one or more former or current owners;
- (3) A firm name that uses the "CPA" title as part of the firm name when all named individuals are owners of the firm who hold the CPA title or are former owners who held the CPA title at the time they ceased to be owners of the firm; or
- (4) A firm name that includes the name of a non-CPA owner if the words "certified public accountant" or "CPA" title are not a part of the firm name.

(d) Any CPA firm registered in another jurisdiction that provides notification of intent to practice pursuant to G.S. 93-10(c)(3) may practice under the name as registered with that jurisdiction.

*History Note: Authority G.S. 55B-5; 55B-12; 57D-2-02; 93-12(9);
Eff. April 1, 1994;*

1 *Amended Eff. February 1, 2011; January 1, 2006; April 1, 1999; August 1, 1995;*
2 *Readopted Eff. February 1, 2016;*
3 *Amended Eff. September 1, ~~2023~~; 2023;*
4 *Readopted Eff. May 1, 2026.*

21 NCAC 08N .0310 is proposed for adoption as follows:

21 NCAC 08N .0310 FORENSIC SERVICES

(a) Statement on Standards for Forensic Services. A CPA shall not render forensic services unless the CPA has complied with the Statement on Standards for Forensic Services.

(b) Statement on Standards for Forensic Services. The Statement for Forensic Services, including the definition of such services, issued by the AICPA are incorporated by reference, including subsequent amendments and editions. This document may be accessed at <https://www.aicpa.org/resources/download/statement-on-standards-for-forensic-services> at no cost.

History Note: Authority G.S. 55B-12; 57-D-02); 93-12(9);

Eff. September 1, 2023.

Proposed for adoption Eff. May 1, 2026.

1 21 NCAC 08N .0401 is proposed for readoption with substantive changes as follows:

2
3 **21 NCAC 08N .0401 PUBLIC RELIANCE**

4 The rules in this Section apply to any CPA who engages in attest services as defined in ~~21 NCAC 08A .0301(b)~~. 21
5 NCAC 08A .0301(b)(5).

6
7 *History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
8 *Eff. April 1, 1994;*
9 *Amended Eff. January 1, 2006;*
10 *Readopted Eff. February 1, ~~2016~~ 2016;*
11 *Readopted Eff. May 1, 2026.*

21 NCAC 08N .0402 is proposed for readoption with substantive changes as follows:

21 NCAC 08N .0402 INDEPENDENCE

(a) A CPA, or the CPA's firm, who is performing an engagement in which the CPA, or the CPA's firm, will issue a report on financial statements of any client (other than a report in which lack of independence is disclosed) ~~shall be independent with respect to the client in fact and appearance.~~ shall conform in fact and in appearance to the independence standards established by the AICPA and this Board, and, where applicable, the SEC, the U.S. GAO, the PCAOB and other national or international regulatory or professional standard setting bodies.

(b) ~~Independence is impaired if, during the period of the professional engagement, a covered person:~~ The PCAOB independence rules are hereby incorporated by reference, including subsequent amendments and editions. They may be accessed at www.pcaobus.org/oversight/standards/ethics-independence-rules.

(1) ~~had or was committed to acquire any direct or material indirect financial interest in the client;~~

(2) ~~was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the client; and~~

(A) ~~the covered person (individually or with others) had the authority to make investment decisions for the trust or estate;~~

(B) ~~the trust or estate owned or was committed to acquire more than 10 percent of the client's outstanding equity securities or other ownership interests; or~~

(C) ~~the value of the trust's or estate's holdings in the client exceeded 10 percent of the total assets of the trust or estate;~~

(3) ~~had a joint closely held investment that was material to the covered person; or~~

(4) ~~except as permitted in the AICPA Professional Standards Code of Professional Conduct and Bylaws, had any loan to or from the client or any officer or director of the client, or any individual owning 10 percent or more of the client's outstanding equity securities or other ownership interests.~~

(c) ~~Independence is impaired if during the period of the professional engagement, a shareholder, a member, a partner or professional employee of the firm, his or her immediate family and close relatives, (as defined in the AICPA Code of Professional Conduct and Bylaws) or any group of such persons acting together owned more than five percent of a client's outstanding equity securities or other ownership interests.~~ The SEC independence rules are codified at 17 CFR 210.2-01 and are hereby incorporated by reference, including subsequent amendments and editions. They may be accessed at www.ecfr.gov/current/title-17/chapter-11 at no cost.

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

(1) ~~director, officer, employee, or in any capacity equivalent to that of a member of management;~~

(2) ~~promoter, underwriter, or voting trustee; or~~

(3) ~~trustee for any pension or profit-sharing trust of the client.~~

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

- 1 (1) ~~an individual on the attest engagement team;~~
2 (2) ~~an individual in a position to influence the attest engagement;~~
3 (3) ~~a partner or manager who provides non-attest services to the attest client beginning once he or she~~
4 ~~provides 10 hours of non-attest services to the client within any fiscal year and ending on the later~~
5 ~~of the date;~~
6 (A) ~~the firm signs the report on the financial statements for the fiscal year during which those~~
7 ~~services were provided; or~~
8 (B) ~~he or she no longer expects to provide 10 or more hours of non-attest services to the attest~~
9 ~~client on a recurring basis;~~
10 (4) ~~a partner in the office in which the lead attest engagement partner primarily practices in connection~~
11 ~~with the attest engagement;~~
12 (5) ~~the firm, including the firm's employee benefit plans; or~~
13 (6) ~~an entity whose operating, financial, or accounting policies can be controlled (as defined by~~
14 ~~generally accepted accounting principles (GAAP) for consolidation purposes) by any of the~~
15 ~~individuals or entities described in Subparagraphs (1) through (5) of this Paragraph or by two or~~
16 ~~more such individuals or entities if they act together;~~
17 (f) ~~The impairments of independence listed in this Rule shall not be interpreted to be an all inclusive list.~~
18

19 *History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
20 *Eff. April 1, 1994;*
21 *Amended Eff. February 1, 2011; April 1, 2003;*
22 *Readopted Eff. February 1, 2016; 2016;*
23 *Readopted Eff. May 1, 2026.*

21 NCAC 08N .0411 is proposed for readoption with substantive changes as follows:

21 NCAC 08N .0411 AUDITS SUBJECT TO THE SINGLE AUDIT ACT

A CPA rendering audit services to a state or local government entity, non-profit organization, or other entity that is subject to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156, must comply with the Single Audit Act amendments as implemented through Subpart F - Audit Requirements of Title 2 of C.F.R., Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). 2 CFR part 200 is hereby incorporated by reference, including subsequent amendments and editions. This document may be accessed at www.ecfr.gov/current/title-2 at no cost.

*History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);
 Eff. September 1, 2023- 2023;
 Readopted Eff. May 1, 2026.*

1 21 NCAC 08N .0412 is proposed for repeal through readoption as follows:

2

3 **21 NCAC 08N .0412 FORENSIC SERVICES**

4

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

6 *Eff. September 1, 2023; 2023;*

7 *Repealed Eff. May 1, 2026.*



Professional Ethics Division

Exposure draft:

Proposed revisions related to alternative
practice structures

December 29, 2025

Comments are requested by April 30, 2026

ethics-exposedraft@aicpa.org

Invitation to comment

December 29, 2025

Are you interested in the ethics of the accounting profession? If so, we want to hear your thoughts on this ethics exposure draft. Your comments are integral to the standard-setting process, and you don't need to be an AICPA member to participate.

This proposal is part of the AICPA's Professional Ethics Executive Committee's (PEEC's) effort to provide guidance for alternative practice structures arising from the increase in private equity investments in accounting firms.

This exposure draft explains proposed revisions to the AICPA Code of Professional Conduct and includes the full text of the guidance under consideration.

At the conclusion of the exposure period, PEEC will evaluate the comments and determine whether to publish the new and revised interpretations.

Again, your comments are an important part of the standard-setting process — please take this opportunity to comment. We must receive your response by April 30, 2026. All written replies to this exposure draft will become part of the public record of the AICPA. During the comment period, staff will present a Lunch-and-Learn session to review the proposed guidance and answer any questions.

Please email your comments to ethics-exposedraft@aicpa.org.

Sincerely,



Anna Dourdourekas, Chair
Professional Ethics Executive Committee



Toni Lee-Andrews, Director, CPA, PFS, CGMA
Professional Ethics Division

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Explanation of the new interpretation and revised definition and interpretations

The Professional Ethics Executive Committee (PEEC) is exposing the following for comment:

- A new version of the “Alternative Practice Structures” interpretation (ET sec. 1.220.020)¹ of the “Independence Rule” (ET sec. 1.200.001) to replace the current interpretation in its entirety
- Revisions to the definition of *network firm* (ET sec. 0.400.36)
- Revisions to the “Alternative Practice Structures” interpretation (ET sec. 1.810.050) of the “Form of Organization and Name Rule” (ET sec. 1.800.001)
- Revisions to the “Conceptual Framework for Independence” interpretation (ET sec. 1.210.010)
- Revisions to the “Conceptual Framework for Members in Public Practice” interpretation (ET sec. 1.000.010)

Background

1. In the late 1990s, PEEC recognized that due to the evolving landscape of public accounting practices, specific guidelines were necessary to maintain integrity and independence when providing attest services while practicing in an alternative practice structure (APS). In 2000, the “Alternative Practice Structures” interpretations of the “Independence Rule” and of the “Form of Organization and Name Rule” were adopted into the AICPA Code of Professional Conduct (code).
2. In November 2022, PEEC appointed a task force to evaluate whether the nature of private equity (PE) investments in the nonattest entity of an APS (APS with PE) necessitates revisions to the code — either through amended or new interpretations — or issuance of nonauthoritative guidance. The task force comprises members practicing within APSs (with private and public investors), members from traditional firm structures, an attorney, representatives from the National Association of State Boards of Accountancy (NASBA), representatives from regulatory bodies, a representative from a technical committee, and staff of the AICPA ethics division. The task force evaluated the current provisions in the code, including the “Alternative Practice Structures” interpretation of the “Independence

¹ All ET sections can be found in the [AICPA Code of Professional Conduct](#).

Rule,” to determine their appropriateness and sufficiency for these structures.

Evaluation

3. PEEC determined that revisions to the code are necessary. Evolving APSs, including APSs with PE, have fundamental differences from the APS contemplated by the existing interpretation under the “Independence Rule.” These distinctions may affect how a member assesses the significance of threats to independence. Differences include the following:

Existing interpretation	APS with PE
Presents an APS in which a public company controls ² the nonattest entity.	The investor may or may not control the nonattest entity.
Assumes the public investor not only controls the nonattest entity but also controls the “other public company entities.” ³	This may not be the case in an APS with PE or in another structure when an investor has significant influence over but does not control the nonattest entity and other investees. For example, the other portfolio companies in which the PE investor has holdings may or may not be in the same fund as the nonattest entity, and the PE investor may have less than control over them. Additionally, the other funds and portfolio companies may be managed and advised by different general partners, fund managers, and investment advisers.
Defines “other public company entities” as those that “...include the public company and all entities consolidated in the public company financial statements...”	The entities subject to consolidation may vary.

² ET section 0.400.12.

³ ET section 1.220.020.04e.

4. In addition to these structural differences, the code has been revised since the adoption of the “Alternative Practice Structures” interpretation of the “Independence Rule” as follows:
 - The “Network and Network Firms” interpretation (ET sec. 1.220.010), and related definitions of *network*⁴ and *network firm*,⁵ were adopted into the code several years after the “Alternative Practice Structures” interpretation. According to that interpretation, when the attest firm and nonattest entity are network firms, the nonattest entity should be independent of the attest firm’s financial statement audit and review clients.
 - The *covered member*⁶ definition was not fully adopted into the code when the “Alternative Practice Structures” interpretation was drafted. Specifically, individuals who meet the definition of an *individual in a position to influence the attest engagement*⁷ may also meet the definition of “direct superior” or “indirect superior” as defined in the “Alternative Practice Structures” interpretation. While “direct superiors” and entities over which they can exercise *significant influence*⁸ must comply with the “Independence Rule,” “indirect superiors” currently are subject to only certain interpretations.
5. In evaluating potential changes to the existing “Alternative Practice Structures” interpretation, PEEC reviewed other interpretations of the “Independence Rule,” such as those related to financial interests, business relationships, loans, client affiliates, and mergers and acquisitions. PEEC sought to identify where threats to independence are more significant in an APS than those addressed through existing interpretations of the “Independence Rule.”
6. Based on its evaluation, PEEC is proposing a new “Alternative Practice Structures” interpretation of the “Independence Rule” as well as revisions to other interpretations and one definition. The new interpretation of the “Independence Rule” will address APSs broadly, including APSs with PE.
7. Additionally, PEEC reviewed and considered guidance from other standard-setting organizations and regulators — such as the International Ethics Standards Board for Accountants (IESBA), the SEC, and various state boards of accountancy — that have

⁴ ET section 0.400.35.

⁵ ET section 0.400.36.

⁶ ET section 0.400.14.

⁷ ET section 0.400.25.

⁸ ET section 0.400.49.

addressed independence considerations when an attest firm operates within an APS.

8. PEEC evaluated other rules within the code and is developing nonauthoritative guidance to assist members in applying the “Independence Rule” and the following rules and their interpretations when practicing in an APS:
 - The “Integrity and Objectivity Rule” (ET sec. 1.100.001)
 - The “Advertising and Other Forms of Solicitations Rule” (ET sec. 1.600.001)
 - The “Confidential Client Information Rule” (ET sec. 1.700.001)
 - The “Form of Organization and Name Rule” (ET sec. 1.800.001)
9. PEEC continues to evaluate whether the following rules should be applicable to the nonattest entity in an APS and does not address these in this exposure draft:
 - “Contingent Fees Rule” (ET sec. 1.510.001)
 - “Commissions and Referral Fees Rule” (ET sec. 1.520.001)

Outreach and stakeholder engagement

10. The task force issued a discussion memorandum, “Potential revisions to the AICPA Code of Professional Conduct and guidance related to independence in alternative practice structures,” in March 2025 and solicited feedback through June 2025. The discussion memorandum focused on potential revisions to the “Alternative Practice Structures” interpretation of the “Independence Rule.” Thirty-six comment letters were received from various stakeholders, including state boards, state societies, firms in APSs, traditional firms, representatives from academia, and NASBA. PEEC considered these responses in developing this exposure draft.
11. The task force also met with and sought feedback from various stakeholders, attorneys specializing in PE transactions, CEOs and independence leadership from firms that operate in an APS, auditors of PE structures, insurance liability carriers, state CPA societies, state boards, IESBA, and NASBA.

Proposed new “Alternative Practice Structures” interpretation (ET sec. 1.220.020)

12. Parenthetical references throughout this explanatory material are references to the paragraphs in the proposed interpretation.
13. Paragraph .01 of the proposed interpretation clarifies that the “Alternative Practice Structures” interpretation is to be used in conjunction with the other interpretations of the

“Independence Rule;” it is not a “standalone” interpretation and does not include every independence requirement for members practicing in an APS.

Structure of an APS

14. An APS must have certain characteristics to be structured in compliance with jurisdictional laws and regulations, which are referred to in the beginning of the proposed new “Alternative Practice Structures” interpretation of the “Independence Rule.” PEEC encourages members to consult an attorney or other specialist who might be able to assist members in navigating applicable laws and regulations (.02–.03).

Terminology

15. The terminology section (.04) introduces terms defined solely for the purpose of applying the interpretation.
16. An “alternative practice structure” (.04a) is defined broadly to reflect the substance of the form of organization — one in which a firm that provides attest services (attest firm) is closely aligned with another public or private entity, partly or wholly owned by an investor or investors, that performs professional services other than attest services (nonattest entity).
17. “Closely aligned” (.04b) is defined to describe the relationship between the attest firm and the nonattest entity. The dependency of the attest firm on the nonattest entity is what provides the basis for treating the nonattest entity the same as the attest firm for independence purposes.
18. The term “investor” (.04c) is used to broaden application across various APSs and to incorporate any individual or entity that has a *financial interest*⁹ in the nonattest entity, including an individual, PE firm, partnership, corporate entity, or other type of investor. The interpretation specifies when it is necessary to identify whether an investor has less than significant influence, significant influence, or control over the nonattest entity.
19. A “significant influence investment” (.04d) exists when an investor has significant influence over the nonattest entity but not control. More than one investor may have significant influence over the nonattest entity. If more than one investor has significant influence over the nonattest entity, the member will apply the APS guidance to each investor.
20. *Significant influence*, defined in the code,¹⁰ is based on FASB Accounting Standards

⁹ **Financial interest.** An ownership interest in an equity or a debt security issued by an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest (ET sec. 0.400.17).

¹⁰ ET section 0.400.49.

Codification (ASC) 323-10-15. Ownership of 20 percent or more of the investee's voting stock generally presumes significant influence. The ability to exercise significant influence also may exist in other ways, such as through board representation, participation in policy-making decisions, material intra-entity transactions, interchange of managerial personnel, technology dependency, and concentration of other shareholdings.

21. A "controlling investment" (.04e) exists when an investor has control over the nonattest entity. *Control*, defined in the code,¹¹ is as used in FASB ASC 810, *Consolidation*. It is the direct or indirect ability to determine the direction of management and policies through ownership, contract, or otherwise, including qualitative factors. The assessment includes consideration of the following:

- Ownership of a majority voting interest
- Contractual arrangements that grant decision-making authority
- Other mechanisms that allow one entity to direct the activities of another
- Veto rights of a minority shareholder

22. "Key stakeholders of the investor" (.04f) is defined as individuals who represent or act on behalf of an investor; such stakeholders could include owners, managing partners, founders, or principals. These individuals may have the authority to appoint members to the nonattest entity board. When these individuals are involved in activities related to the nonattest entity such as advising on the strategic direction of the nonattest entity or appointing nonattest entity board members, relationships they have with attest clients may create threats to independence.

23. "Upstream entities of the nonattest entity" (.04g.) are defined as those entities above the nonattest entity through the investor (.04c.) that have at least significant influence over the nonattest entity. The nonattest entity is not independent of these upstream entities due to the investment in the nonattest entity. For example, in an APS with PE when the investor has at least significant influence over the nonattest entity, this includes the fund (or funds that collectively have at least significant influence over the nonattest entity), the investment adviser, the general partner, and the PE firm. Entities with less than significant influence over the nonattest entity (for example, limited partners and shareholders) are not upstream entities for the purpose of this definition.

¹¹ ET section 0.400.12.

Characteristics of an APS

24. Common characteristics of an APS are outlined in paragraph .05 of the proposed interpretation. These characteristics have been observed across different APSs with different types of investors; however, these characteristics are not necessarily representative of every APS. A variation of one or more of these characteristics may affect the significance of threats to independence.

APS models

25. PEEC presents three APS models in the proposed interpretation after paragraphs .06 and .07: one broadly applicable to any APS, one applicable to an APS with PE, and one applicable to an APS with a public company investor. PEEC intends to describe other APS models in nonauthoritative guidance.

Network firms

26. PEEC is proposing revisions to the definition of *network firm*¹² as described in paragraphs 68–70 of this explanatory material. These revisions include (a) removing the inclusion of entities “under common control” with a network firm, and (b) adding a requirement that a controlling entity also be cooperating with the network firm for the purpose of enhancing the network firm’s capabilities to provide professional services before the controlling entity is considered a network firm. The new requirement in (b) is the first characteristic of a *network*, as set forth in the definition of *network*, and is a precondition for a network relationship to exist. PEEC also believes that the proposed revisions are appropriate and would result in consistent treatment for both an APS and a traditional accounting network. The proposed APS interpretation incorporates additional independence requirements for entities within an APS, which PEEC believes are necessary because of the close alignment of the attest firm and nonattest entity in an APS.

27. PEEC’s conclusions regarding network firms in an APS are presented in paragraphs .09–.14 of the interpretation. Under the interpretation, the first step is to determine which entities are included in the attest firm’s network based on the definition of *network* (.09–.11). Then, the attest firm should determine which entities are brought into the network through the definition of *network firm* (i.e., those entities that the network firm can control, or that control the network firm and cooperate with the network firm for the purpose of enhancing the network firm’s capabilities to provide professional services) (.12–.13).

28. PEEC has concluded and the interpretation reflects that the attest firm and nonattest entity are network firms because they cooperate for the purpose of enhancing the firms’

¹² References to the definition of *network firm* used throughout this exposure draft are to the proposed revised definition in this exposure draft unless stated otherwise.

capabilities to provide professional services and share one or more of the characteristics as described in the definition of *network* (.09). Independence requirements for this relationship are described in detail in paragraphs 36–37 of this explanatory material and in paragraph .14 of the interpretation.

29. In addition to evaluating any other relationships with entities that may create a network, the relationship between the attest firm and an investor with significant influence or control over the nonattest entity should be evaluated to determine whether the investor is part of the attest firm's network (.10). As noted, the first characteristic of a *network*¹³ is that one or more firms "...cooperate for the purpose of enhancing the firms' capabilities to provide professional services" (cooperation characteristic). This characteristic must be met before considering whether the attest firm and the investor share one or more of the additional characteristics outlined in the definition of a *network* (for example, common business strategy). Characteristics reflecting that such cooperation does not exist and factors to consider when evaluating whether cooperation may exist are included in paragraphs 32–33 of this explanatory material.
30. When evaluating whether a potential network relationship exists with an investor or any other entity, the attest firm should make the determination based on the relationship between the attest firm and the entity being evaluated (.11). The exception to this is when applying the definition of *network firm* as described in paragraph 31 of this explanatory material and paragraphs .12–.13 of the interpretation.
31. After network relationships of the attest firm are determined by applying the definition of *network*, the definition of *network firm* should be applied to determine which additional entities are part of the network because they are either a) controlled by a network firm or b) control a network firm and cooperate with that network firm to enhance the network firm's capabilities to provide professional services (.12–.13). In the case of a controlling investor that cooperates with the nonattest entity for the purpose of enhancing the network firm's capabilities to provide professional services, the controlling investor would be considered a network firm even if it did not meet any other characteristics of the definition of *network*; this is because it would meet the definition of *network firm* as described in paragraphs 26 and 70 of this explanatory material. Specifically, in the circumstance described, the investor controls the nonattest entity (i.e., a network firm) and cooperates with that nonattest entity to enhance the nonattest entity's capabilities to provide professional services.
32. An investor with significant influence or control over the nonattest entity does *not* meet the cooperation characteristic when applying the definitions of *network* or *network firm* when the

¹³ ET section 0.400.35.

investor does *not* provide *professional services*¹⁴ and the investor's activities are limited to

- investing in the nonattest entity and
- advising on budgetary or strategic direction of the attest firm.

33. Examples of factors to consider when determining whether an entity (including an investor whose activities are not limited to those in paragraph 32 of this explanatory material) meets the cooperation characteristic when applying the definitions of *network* or *network firm* are as follows:

- Whether the entity is involved in or facilitates the attest firm's or network firm's provision of professional services
- Whether the entity assists or collaborates with the attest firm or network firm in providing professional services, with or without a formal agreement
- Whether the entity performs any functions for or provides resources to the attest firm or network firm relating to the delivery of professional services

34. Controlled acquisitions of the nonattest entity are network firms based on the definition of a *network firm* because they are controlled by a network firm (i.e., the nonattest entity) (.12).

35. Diagrams A, B, and C, which follow, depict (respectively) the steps for determining whether an entity is in the attest firm's network in an APS based on the definitions of *network* and *network firm*, application of the definition of *network firm* when a controlling investor is not a network firm, and application of the definition of *network firm* when a controlling investor is a network firm:

¹⁴ ET section 0.400.43.

Diagram A

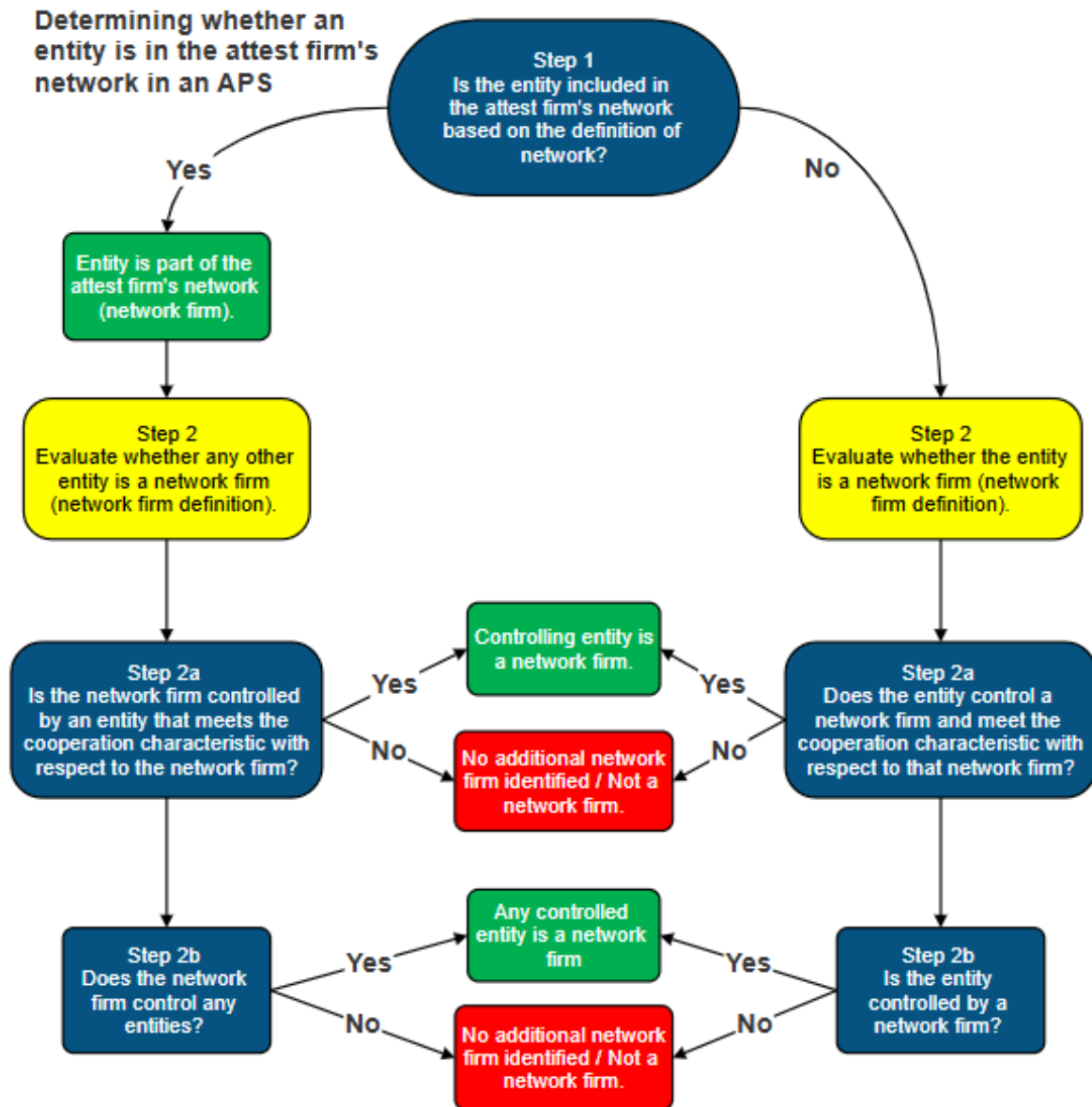


Diagram B

Controlling investment when investor does not meet cooperation characteristic with respect to nonattest entity. This example only evaluates the investor. Other entities may be network firms subject to evaluation.

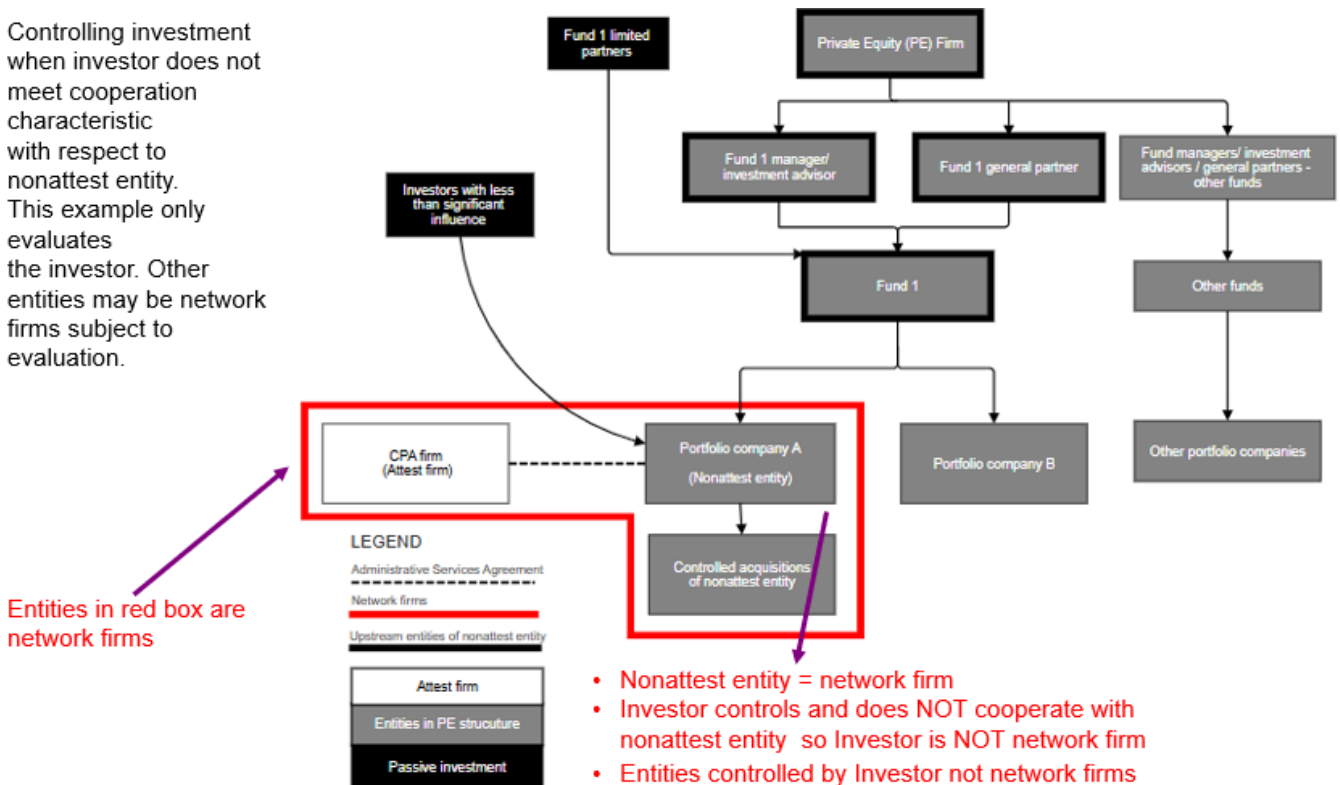
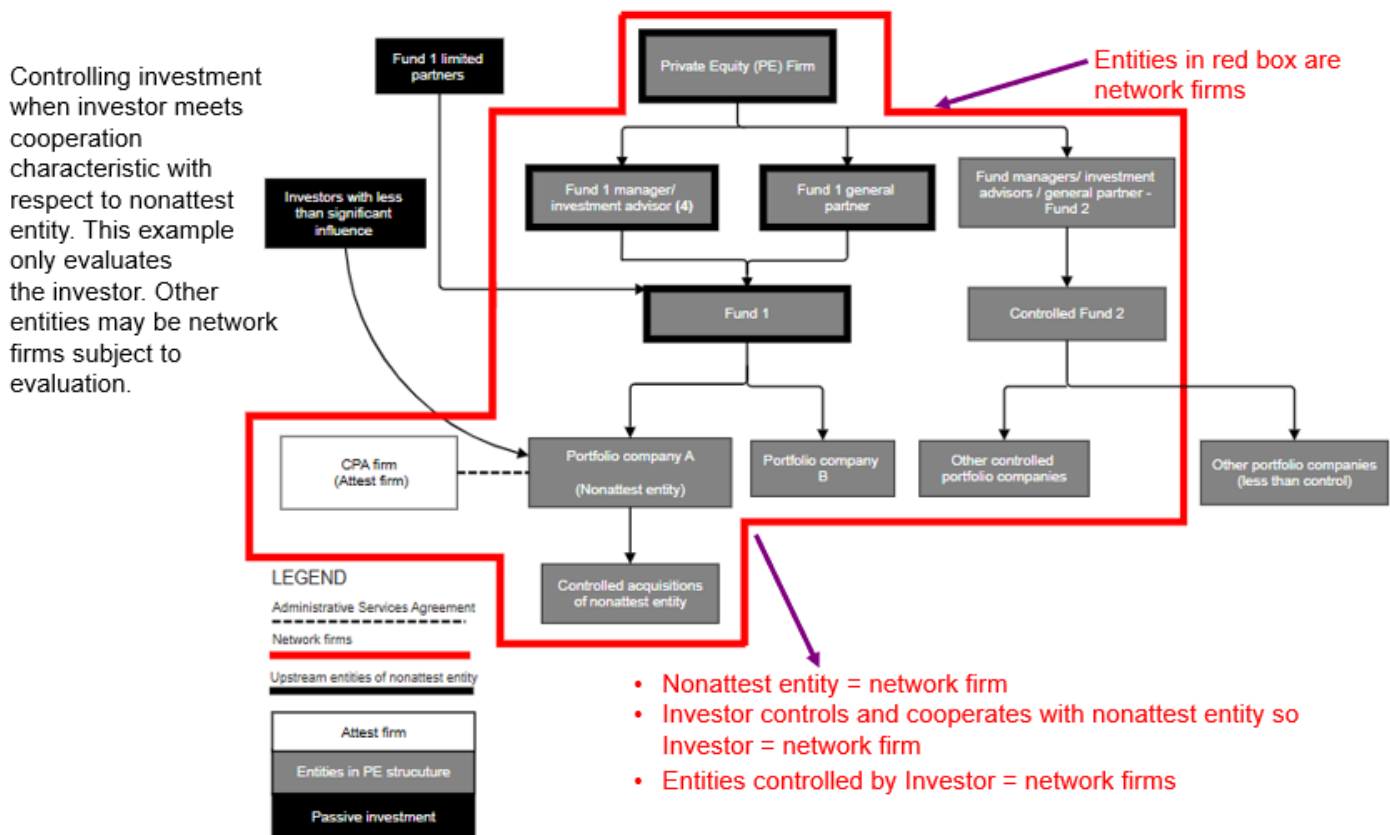


Diagram C



36. The “Network and Network Firms” interpretation requires network firms to comply with the “Independence Rule” and its interpretations with respect to financial statement audit and review clients, including any prohibitions on providing nonattest services as set forth in the “Nonattest Services” subtopic.¹⁵ Certain exceptions apply for network firms within the “Network and Network Firms” interpretation and other interpretations; these exceptions are as follows:

- Network firms are not required to comply with the “Independence Rule” and its interpretations for engagements subject to the Statements on Standards for Attestation Engagements (SSAEs) unless the covered member knows or has reason to believe threats are created by another network firm’s interests and relationships.¹⁶

¹⁵ ET section 1.295

¹⁶ ET section 1.220.010.04.

- A member is not required to take specific steps to evaluate conflicts of interests of other network firms under the “Conflicts of Interest for Members in Public Practice” interpretation.¹⁷
- A covered member is not required to include fees from attest and nonattest services of network firms when calculating total fees related to fee dependency under the “Fee Dependency” interpretation.¹⁸
- A member is not required to consider the possible threats to independence created due to the provision of nonattest services by other network firms when considering the cumulative effect of providing multiple nonattest services to an attest client under the “Cumulative Effect on Independence When Providing Multiple Nonattest Services” interpretation.¹⁹

37. The network firm relationship between the attest firm and nonattest entity in an APS is more closely aligned²⁰ than network firms in a traditional network of accounting firms due to the attest firm’s relationship with, and dependency on, the nonattest entity. For example, in an APS, attest partners and professional staff are employees of the nonattest entity, and the attest firm relies on the nonattest entity for professional resources; this level of dependency generally does not exist in a traditional network of accounting firms. Therefore, PEEC believes the nonattest entity, including entities controlled by the nonattest entity, should be subject to the same independence requirements as the attest firm. Other network firms are not affected by this extended requirement. The effect of the extended requirement means that the exceptions noted in paragraph 36 of this explanatory material do not apply to the nonattest entity and entities it controls (.14).

Covered members

38. Members are expected to apply the *covered member* definition when evaluating independence and to apply the “Independence Rule” and its interpretations to such individuals and entities.
39. The *covered member* definition includes *an individual in a position to influence the attest engagement*. In an APS, this may include individuals who
- evaluate the performance or recommend the compensation of the attest engagement

¹⁷ ET section 1.110.010.08.

¹⁸ ET section 1.230.040.02.

¹⁹ ET section 1.295.020.04.

²⁰ Closely aligned as defined in the Terminology section of the proposed interpretation (paragraph .04c).

partner; or

- directly supervise or manage the attest engagement partner, including all successively senior levels above that individual through the firm's chief executive.

40. In an APS, covered members may exist in the attest firm, nonattest entity, or in other entities in the investor's structure (.15–16.). Since covered members may exist outside the attest firm and nonattest entity, PEEC believes including specific examples of who meets the *covered member* definition, or who should be evaluated under the *covered member* definition, will remove any ambiguity and promote consistency in practice. Nonattest entity board members who have the authority to approve the compensation of the attest firm partners at the individual level meet the first bullet in paragraph 39 of this explanatory material and are, therefore, covered members²¹.

41. Members should evaluate other relevant individuals to determine if they meet the definition of *covered member*, including the following:

- Board members of the nonattest entity who do not have the authority to approve the compensation of the attest firm partners at the individual level (.16a.).
- Individuals in the nonattest entity who directly supervise or manage the attest engagement partner, including all successively senior levels above the attest engagement partner through the chief executive or equivalent of the nonattest entity. PEEC determined that these individuals should be evaluated to determine whether they meet the *covered member* definition (versus stating they meet the *covered member* definition in the proposed interpretation) because of the possibility that a chief executive of the nonattest entity is not in an attest partner's chain of command (.16b.).

Relationships with individuals and entities that may create threats to independence

42. PEEC recognizes that APSs continue to evolve; therefore, a “one-size-fits-all” set of rules is not appropriate. However, there are some relationships that, if present, PEEC has concluded will impair independence; these are specifically covered in the proposed interpretation. Because scenarios may arise in which facts and circumstances vary, members will still be required to use professional judgment when applying the APS guidance. Paragraph .18 of the interpretation describes relationships and circumstances

²¹ PEEC's “White Paper, Independence Rules Modernization Project” concluded that individuals who actively participate in compensation decisions for specific attest engagement partners are covered members.

when independence is impaired. Paragraph .20 of the interpretation provides examples of relationships and circumstances when, if the attest firm knows or has reason to believe the relationship or circumstance exists, the conceptual framework approach should be applied to evaluate whether the relationship or circumstance would lead a reasonable and informed third party who is aware of the relevant information to conclude that there is a threat to independence that is not at an acceptable level.²²

Relationships that impair independence

43. After a member determines network firms (.09–.14) and covered members (.15–.16) and applies the “Independence Rule” and its interpretations to the respective individuals and entities, members should determine which relationships and circumstances exist in an APS beyond the scope of covered member and network firms that create threats to independence. Independence requirements that extend beyond those required for covered members and network firms are based on the close alignment of the attest firm and nonattest entity. The public interest principle recognizes that members may face conflicting pressures and obliges members to act with integrity, “... guided by the precept that when members fulfill their responsibility to the public, clients’ and employers’ interests are best served.”²³ PEEC believes that there is at least a perceived greater undue influence threat²⁴ to independence in an APS where an investor has input into strategic and budgetary decisions of the attest firm which may affect a member’s objectivity and independence²⁵ even when an investor is not a network firm.

44. The relationships and circumstances that impair independence may differ based on the level of investment of the investor in the nonattest entity (that is, less than significant influence, significant influence, or control). These circumstances are described in paragraphs 45–57 of this explanatory material and outlined in paragraph .18a–d. of the interpretation.

Less than significant influence, significant influence, or controlling investment by investor

45. At this time, PEEC is unaware of a nonattest entity in an APS with PE that has become a publicly traded entity; however, PEEC believes that if such a nonattest entity becomes a publicly traded entity in the future, independence would be impaired if an attest client has a direct financial interest in the nonattest entity due to the close alignment of the attest firm and nonattest entity (.18c.). This includes an attest client that has any direct financial interest in the nonattest entity, or the attest client’s officers or directors of record or beneficial

²² ET section 1.210.010.01.

²³ ET section. 0.300.030.03.

²⁴ ET section 1.210.010.18.

²⁵ ET section 0.300.050.

owners of more than 5 percent of the equity securities of the nonattest entity. This prohibition is consistent with the SEC’s Rule 2-01(c)(1)(iv)(A).

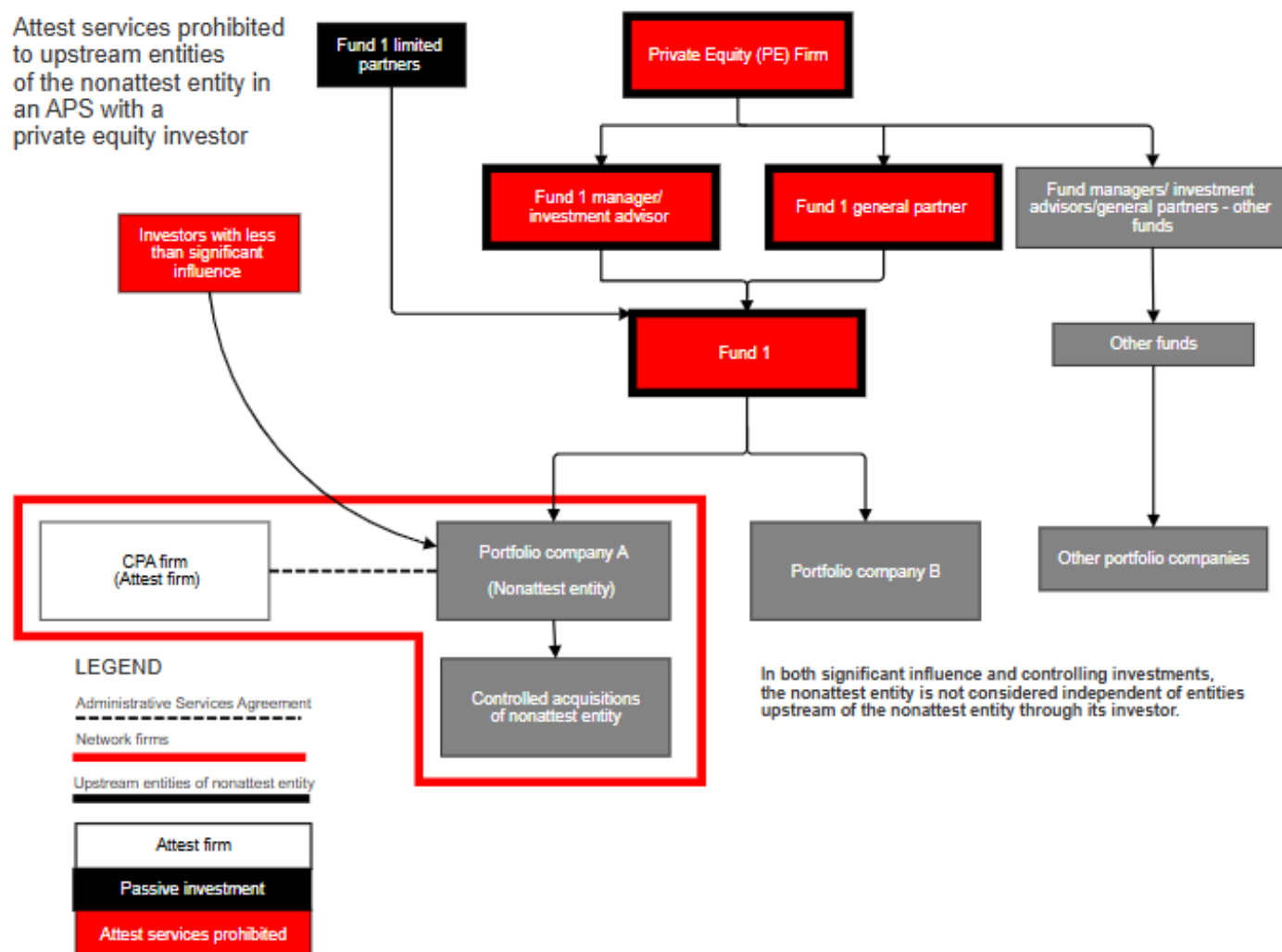
Significant influence or controlling investment by investor

46. In a significant influence investment or controlling investment, when the investor is a network firm, partners and professional employees of the investor would be required to comply with the interpretations of the “Independence Rule” applicable to network firms, including within the “Current Employment or Association with an Attest Client” subtopic.²⁶
47. When the investor is not a network firm, an undue influence threat to independence still exists that is not at an acceptable level and cannot be reduced to an acceptable level with the application of safeguards if an individual who is a member of those charged with governance²⁷ over the nonattest entity is in a key position at an attest client of the attest firm (.18a.). The definition of *those charged with governance* includes both individuals and organizations.
48. In a significant influence investment or controlling investment, the nonattest entity is not considered independent of upstream entities of the nonattest entity through its investor even when such entities are not network firms. Because the nonattest entity is a network firm of the attest firm and is not considered independent of these upstream entities, independence will be impaired if the attest firm provides an attest service to any of those entities (.18b.). In an APS with a public company investor, this prohibition applies to upstream entities of the nonattest entity through the public company investor. The following diagrams depict this when the investor is a PE firm or a public company.

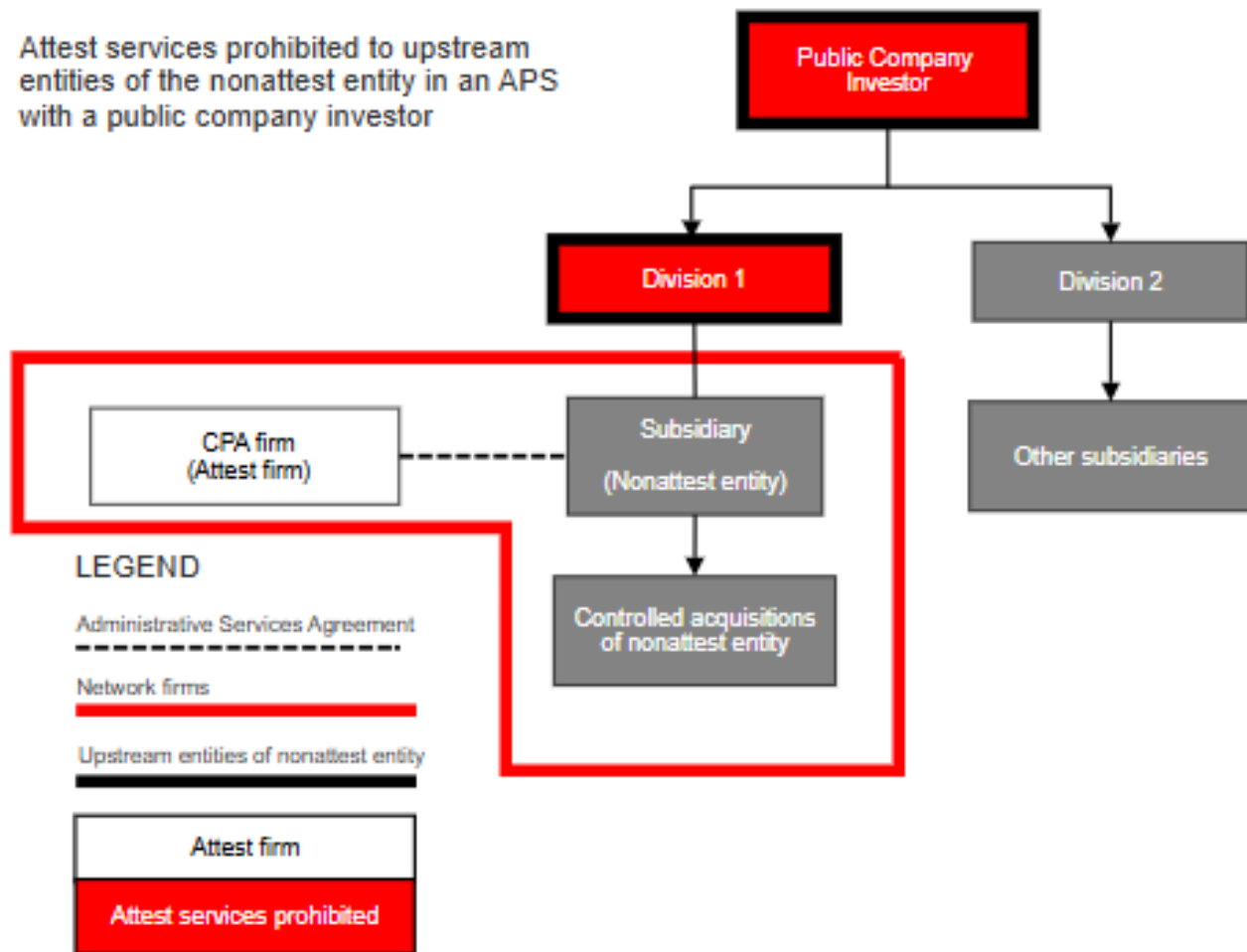
²⁶ ET section 1.275.

²⁷ ET section 0.400.53.

Attest services prohibited to upstream entities of the nonattest entity in an APS with a private equity investor



Attest services prohibited to upstream entities of the nonattest entity in an APS with a public company investor



49. In a significant influence investment or controlling investment, independence is impaired if an upstream entity of the nonattest entity is an affiliate²⁸ of a financial statement attest client of the attest firm (.18b.). This restriction is, in part, to align with the client affiliate interpretations²⁹ that require the attest firm and its network firms to be independent of a financial statement attest client and its affiliates. In cases where the nonattest entity is not independent of an affiliate of a financial statement attest client, independence will be impaired.

50. Paragraph .18b. of the interpretation also addresses the possibility of a financial statement

²⁸ ET section 0.400.02.

²⁹ The “Client Affiliates” interpretation (ET sec. 1.224.010) and the “State and Local Government Client Affiliates” interpretation (ET sec.1.224.020).

attest client investing in the same investor that has a financial interest in the nonattest entity or the investment vehicle that holds the investment in the nonattest entity. For example, if the investor is a PE firm, and the attest firm provides a financial statement attest service to a limited partner (LP) of the fund that holds the investment in the nonattest entity, independence is impaired if the LP interest allows the LP to exercise significant influence over the fund and is material to the LP. This is because the fund that holds the investment in the nonattest entity would be an affiliate of the LP,³⁰ the financial statement attest client, and the nonattest entity (a network firm) is not independent of the fund (that is, an upstream entity). The following diagram depicts this relationship in an APS with a public company investor where a potential financial statement attest client is a shareholder of the public company that invests in the nonattest entity. If the shareholder has significant influence over the public company and the investment is material to the shareholder, the public company would be an affiliate of the potential financial statement attest client. The next several paragraphs and diagrams provide additional examples of the conclusion in paragraph .18b. of the interpretation in various configurations.

³⁰ “An entity in which a *financial statement attest client* or an entity controlled by the *financial statement attest client* has a *direct financial interest* that gives the *financial statement attest client* *significant influence* over such entity and that is material to the *financial statement attest client*.” (ET sec. 0.400.02b.).

The diagram illustrates the relationship between a Public Company Investor, its divisions, subsidiaries, and a CPA firm, highlighting areas where FS Attest services are prohibited.

Entities and Relationships:

- Public Company Investor** (Yellow box) is the central entity.
- Shareholder (potential FS attest client) with significant influence over investor and material to the shareholder** (Red box) is connected to the Public Company Investor by a solid arrow.
- Division 1** (Gray box) and **Division 2** (Gray box) are connected to the Public Company Investor by solid arrows.
- Subsidiary (Nonattest entity)** (Gray box) is connected to Division 1 by a solid arrow.
- Other subsidiaries** (Gray box) is connected to Division 2 by a solid arrow.
- CPA firm (Attest firm)** (White box) is connected to the Shareholder by a solid arrow.
- Controlled acquisitions of nonattest entity** (Gray box) is connected to the Subsidiary by a solid arrow.
- A dashed arrow connects the CPA firm to the Subsidiary.

Legend:

- Administrative Services Agreement:** Dashed line
- Network firms:** Red box
- Upstream entities of nonattest entity:** Gray box
- Attest firm:** White box
- Entities in investor structure:** Gray box
- Shareholder affiliates:** Yellow box
- FS Attest services prohibited:** Red box

The diagram shows that the Shareholder, the CPA firm, and the Subsidiary are all entities where FS Attest services are prohibited, as indicated by the red box and the red border around the CPA firm and Subsidiary.

- Portfolio Company B is a potential financial statement attest client and is in the same fund (Fund 1) as the nonattest entity.
- Fund 1 is an affiliate of Portfolio Company B because Fund 1 has significant influence over Portfolio Company B and Portfolio Company B is material to Fund 1.
- The nonattest entity is not considered to be independent of Fund 1, which is an upstream entity of the nonattest entity.
- The attest firm cannot provide financial statement attest services to Portfolio Company B since the nonattest entity is not independent of an affiliate (that is, Fund 1) of the financial statement attest client (that is, Portfolio Company B).

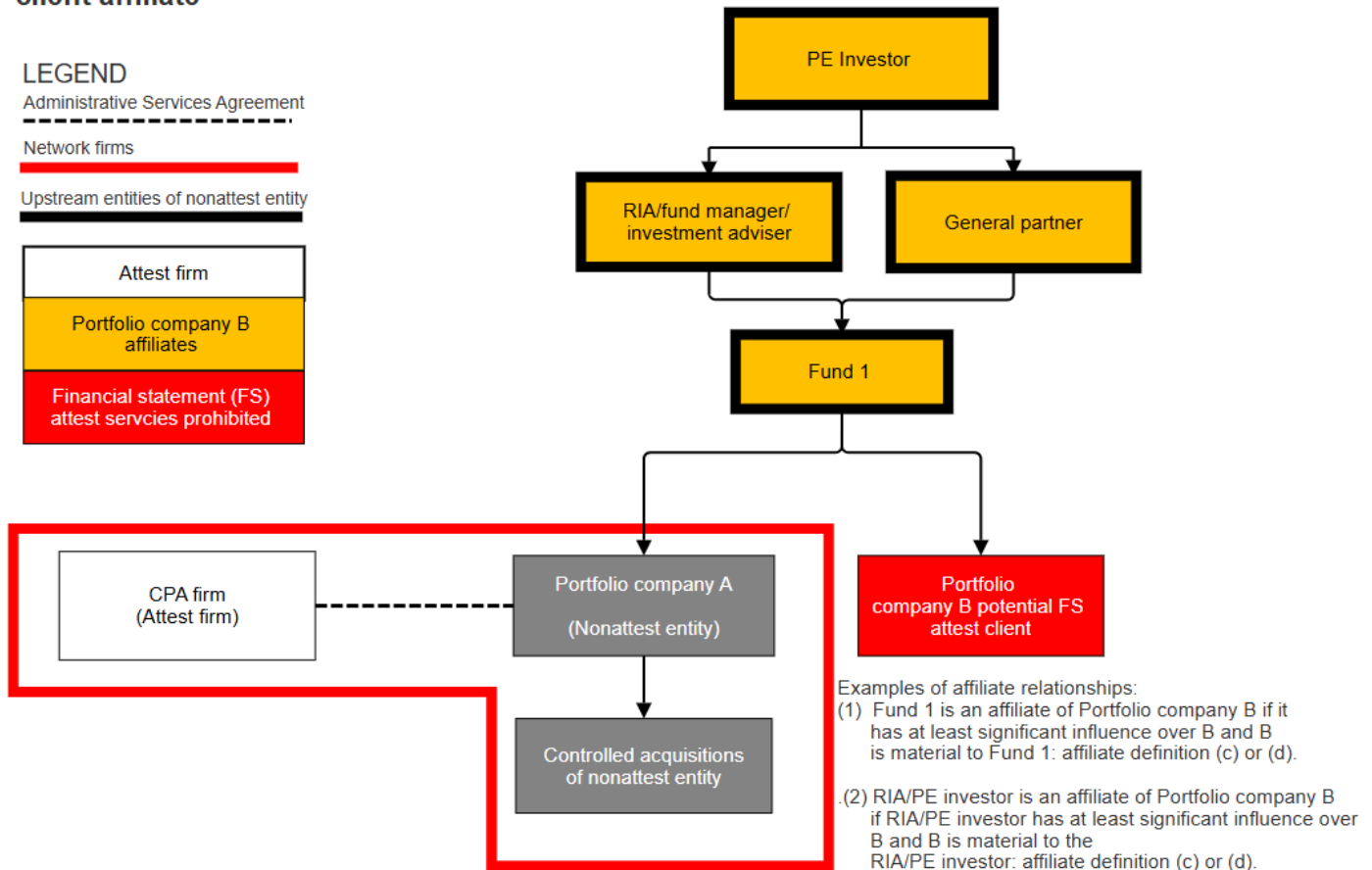
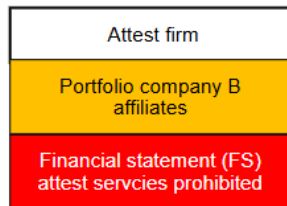
Significant influence investment: fund is client affiliate

LEGEND

Administrative Services Agreement

Network firms

Upstream entities of nonattest entity

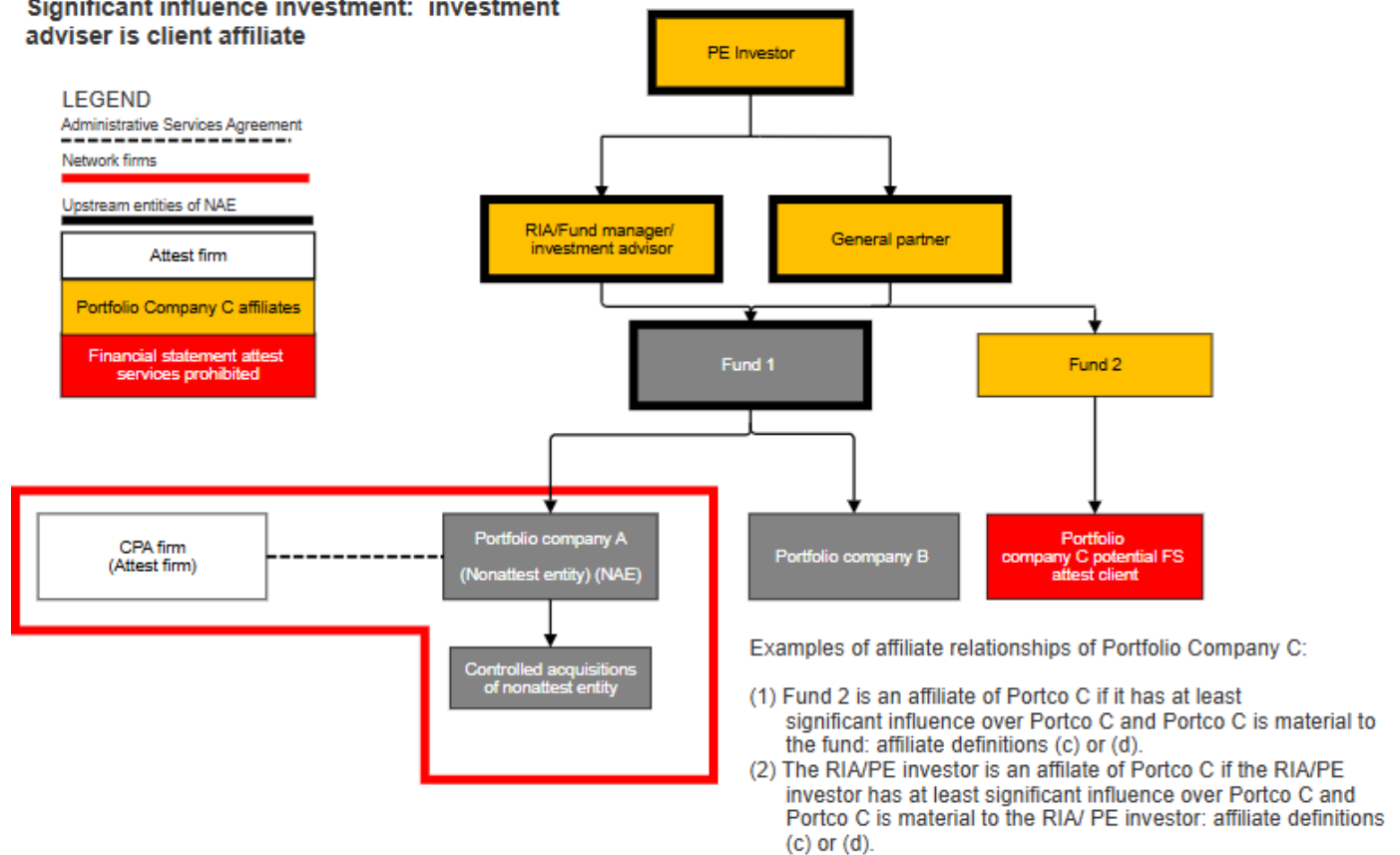


52. *Investment adviser is client affiliate.* Following is an example of the conclusion in paragraph 49 of this explanatory material of a significant influence investment where the potential financial statement attest client is a portfolio company in a different fund than the nonattest entity:

- Portfolio Company C is a potential financial statement attest client and is in a different fund (Fund 2) than that of the nonattest entity, which is in Fund 1.
- The investment adviser is an affiliate of Portfolio Company C because the investment adviser has significant influence over Portfolio Company C, and Portfolio Company C is material to the investment adviser.
- The investment adviser also advises Fund 1 that holds the investment in the nonattest entity.

- The nonattest entity is not considered to be independent of the investment adviser, which is an upstream entity of the nonattest entity.
- The attest firm cannot provide financial statement attest services to Portfolio Company C as the nonattest entity is not independent of an affiliate (that is, investment adviser) of the financial statement attest client (that is, Portfolio Company C).

Significant influence investment: investment adviser is client affiliate

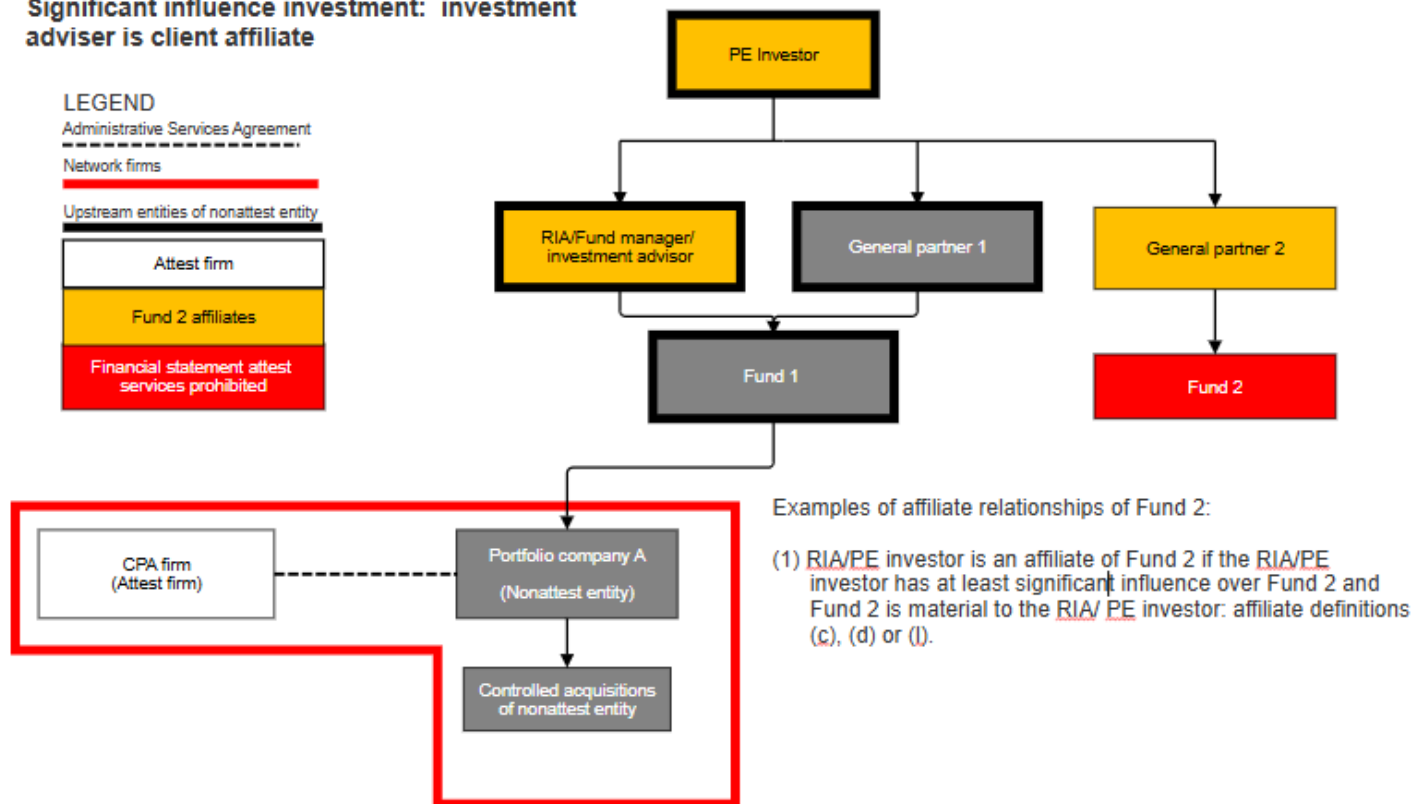


53. *Investment adviser is client affiliate.* Following is an example of the conclusion in paragraph 49 of this explanatory material in a significant-influence investment where the potential financial statement attest client is a fund other than the fund that invests in nonattest entity:

- Fund 2 is a potential financial statement attest client and is in a different fund than that of the nonattest entity, which is Fund 1.
- The investment adviser has significant influence over Fund 2 and the fund is material to the investment adviser.

- The investment adviser also advises Fund 1, which holds the investment in the nonattest entity.
- The nonattest entity is not considered to be independent of the investment adviser, which is an upstream entity of the nonattest entity.
- The attest firm cannot provide financial statement attest services to Fund 2 because the nonattest entity is not independent of an affiliate (that is, the investment adviser) of the financial statement attest client (that is, Fund 2).

Significant influence investment: investment adviser is client affiliate



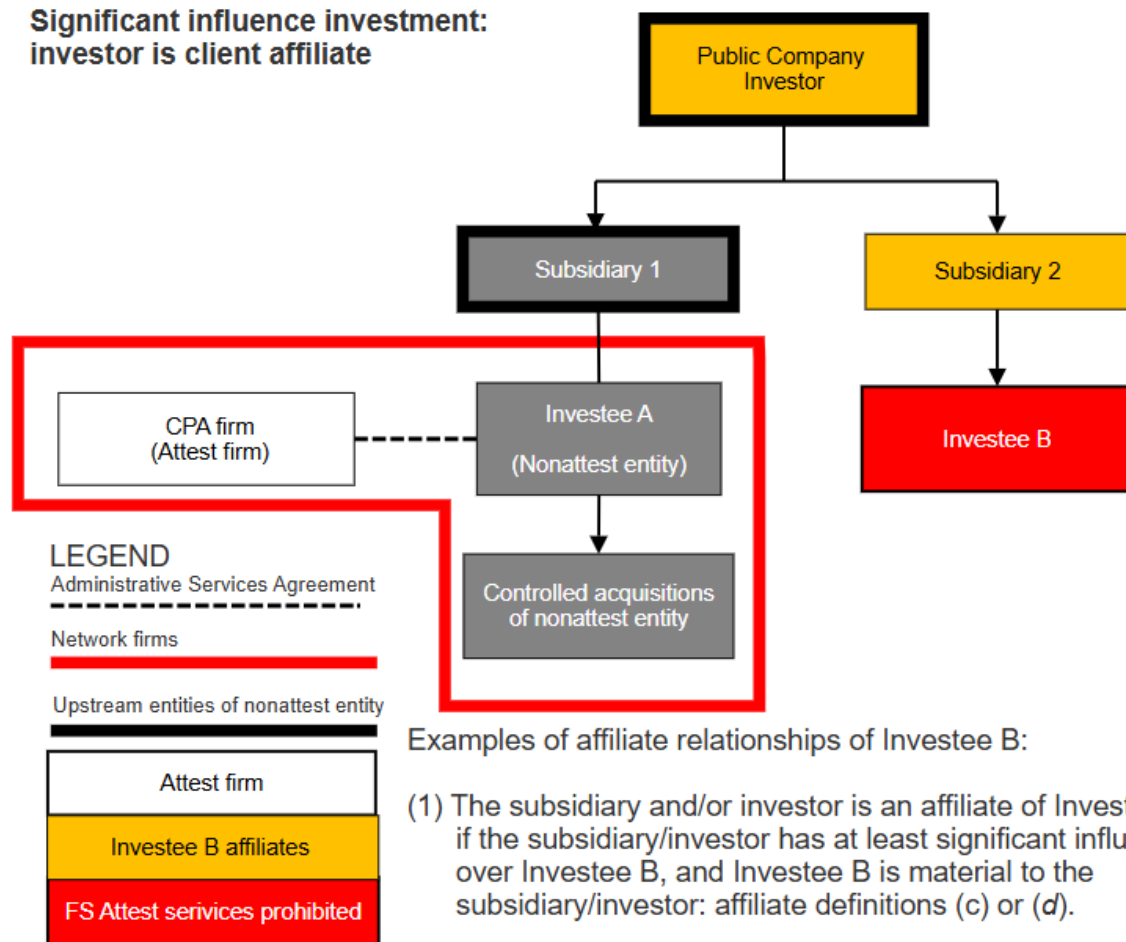
54. *Investor is client affiliate.* Following is an example of the conclusion in paragraph 49 of this explanatory material in a significant influence investment where the potential financial statement attest client is an investee of a public company investor:

- Investee B is a potential financial statement attest client and is under the same public company investor as the nonattest entity (Investee A).
- The public company investor is an affiliate of Investee B because the public company

investor has control over Investee B, and Investee B is material to the public company investor.

- The nonattest entity (Investee A) is not independent of the public company investor, which is an upstream entity of the nonattest entity.
- The attest firm cannot provide financial statement attest services to investee B because the nonattest entity is not independent of an affiliate (that is, public company investor) of the financial statement attest client (that is, Investee B).

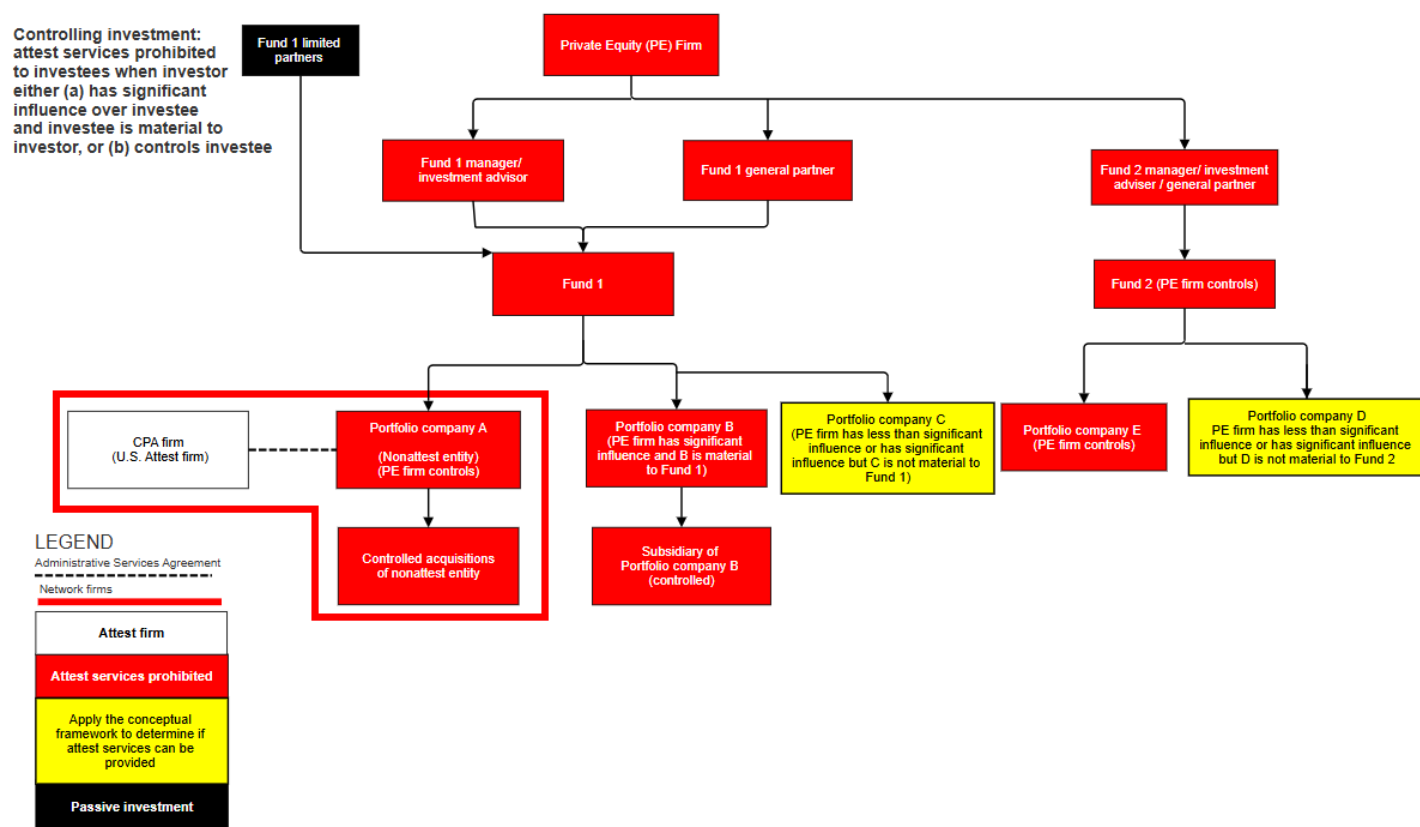
**Significant influence investment:
investor is client affiliate**



Controlling investment by investor

55. Threats to independence when providing attest services to other investees are more significant in a controlling investment. Therefore, the conclusions discussed in paragraph 56 of this explanatory material is more restrictive than what would result from the application of the affiliate rules.

56. In a controlling investment, independence is impaired when the attest firm provides any attest service to an investee of the investor when the investor either (a) has significant influence over the investee and the investee is material to the investor or (b) controls the investee (.18d.). When the investor is PE, this restriction applies to any funds and to portfolio companies in any fund.



Relationships that require application of the conceptual framework

57. Members should apply the “Conceptual Framework for Independence” interpretation for other relationships and circumstances the member knows or has reason to believe exist that may create threats to independence. This includes when determining whether attest services can be provided within the investor’s structure that are not prohibited as described in paragraphs 48–56 of this explanatory material (.18b–d).

58. In evaluating threats, members should consider the level of investment (significant influence or controlling) and other relevant factors. The examples and factors provided in paragraph .20 of the interpretation are meant to be illustrative and non-exhaustive. Members should determine which of these and other factors are relevant to the specific set of facts and circumstances being evaluated.

59. Members are not required to monitor for the existence of these relationships; however, members should apply the conceptual framework when they know or have reason to believe a relationship that may create threats to independence exists. The phrase “knows or has reason to believe” appears in various sections of the code but is not explicitly defined. In practice, it is commonly interpreted as having actual knowledge of a relationship or becoming aware of information that provides sufficient cause to believe the relationship exists. Additional conceptual framework examples will be provided in nonauthoritative guidance for APSs with a public company, private equity, or another investor.
60. Paragraph .20*b*. of the interpretation provides an example of when the attest firm knows or has reason to believe a financial, employment, or business relationship exists between an individual or entity listed (for example, a nonattest entity board member who is not a covered member) and an attest client. PEEC believes the categories listed of “financial, employment (including key positions), and business relationships” sufficiently covers the relationships outlined in the correlating sections of the code.³¹

Relationships that generally do not create threats to independence

61. Relationships with certain individuals and entities that generally do not create threats to independence in an APS are presented in paragraphs .21–.22 of the interpretation. The term “generally” is used here to indicate that typically these relationships do not create threats to independence. However, if additional information indicates a threat to independence exists, members should evaluate the threat to conclude whether threats are not at an acceptable level.
62. Limited partners are included here because their investment is passive in nature and usually does not provide for significant influence over the fund it invests in (.21). However, if an individual who is a limited partner, or who is appointed by an entity that is a limited partner, serves on the nonattest entity board, that individual is subject to the guidance applicable to nonattest entity board members. See paragraph 50 of this explanatory material for a situation in which the limited partner has significant influence over the fund and the investment is material to the limited partner.

³¹ The “Financial Interests” subtopic (ET sec. 1.240), the “Trusts and Estates” subtopic (ET sec. 1.240), the “Participation in Employee Benefit Plans” subtopic (ET sec. 1.250), the “Depository, Brokerage, and Other Accounts” subtopic (ET sec. 1.255), the “Insurance Products” subtopic (ET sec. 1.257), the “Loans, Leases, and Guarantees” subtopic (ET sec. 1.260), the “Business Relationships” subtopic (ET sec. 1.265), and the “Current Employment or Association with an Attest Client” subtopic (ET sec. 1.275).

63. Other investees of the investor (for example, other portfolio companies) that are not determined to be network firms of the attest firm may provide services to attest clients of the attest firm that would impair independence if performed by the attest firm. In addition, other investees could enter into business relationships with attest clients of the attest firm that would impair independence if entered into with the attest firm (.22).

[Proposed revision to the “Alternative Practice Structures” interpretation \(ET sec. 1.810.050\)](#)

64. PEEC is proposing the revision to paragraph .01 to broaden the application of the requirements to APS models.
65. Extant paragraph .03 is being deleted because it is redundant with the financial interest provision of the “Council Resolution Concerning the Form of Organization and Name Rule” (Appendix B). The attest firm must comply with the provisions in the resolution to provide the attest services outlined in paragraph A. of the resolution.
66. The new proposed paragraph .03 is intended to address a potential practice issue. The purpose is to promote transparency in practice, avoid the risk of misleading clients, and ensure accurate representation regarding which entity in the APS is responsible for performing each service.

[Proposed revision to the “Conceptual Framework for Independence” interpretation \(ET sec. 1.210.010\) and “Conceptual Framework for Members in Public Practice” interpretation \(ET sec. 1.000.010\)](#)

67. Among the various types of threats to independence in an APS, the undue influence threat³² tends to arise more frequently. This increased frequency is due to the additional relationships that must be considered in an APS, which can introduce more complex dynamics and potential sources of influence — though the threat itself is not inherently more significant. PEEC is proposing to include additional examples in the conceptual framework interpretations, which will assist members in identifying this threat when practicing in an APS.

[Proposed revision to the definition of *network firm* \(ET sec. 0.400.36\)](#)

68. The first revision to the definition of *network firm* removes the inclusion of entities under common control with a network firm from the definition. Furthermore, PEEC does not believe

³² *Undue influence threat*. The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual’s reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member* (ET sec. 1.000.010.16).

entities under common control with a network firm should automatically be scoped into the definition of *network firm* but rather be subject to evaluation as necessary.

69. Additionally, circumstances in which a member owns and controls a separate business will continue to be addressed in the “Ownership of a Separate Business” interpretation (ET sec. 1.810.010). According to this interpretation, a separate business under common control is required to comply with the code.
70. The second revision adds a precondition that an entity that controls a network firm also be cooperating with the network firm for the purpose of enhancing the network firm’s capabilities to provide professional services before the controlling entity is considered a network firm. The revised definition still requires a controlling entity of a network firm to be evaluated for inclusion as a network firm. The code continues to prohibit ownership in a CPA firm by an entity or by individuals who are not actively engaged as members of the firm.³³

Conclusion

71. The proposed new interpretation and revisions presented in this exposure draft are designed to address the evolving landscape of APSs in the accounting profession. The guidance addresses threats to independence in an APS by leveraging other independence interpretations, prohibiting certain relationships unique to an APS when independence would be impaired, and allowing firms to evaluate threats using the conceptual framework in other instances. Including factors to consider when applying the conceptual framework will help ensure consistent compliance with the independence requirements through application of the framework. These changes aim to uphold the integrity of the profession while offering practical guidance for firms operating in alternative practice structures.

Effective date

72. PEEC recommends the proposal be effective one year after adoption, with early implementation permitted for those who implement the new interpretation in its entirety.

Request for comments

73. PEEC welcomes comments on all aspects of the proposed revisions to the code. In addition, PEEC seeks feedback on the following specific aspects (parenthetical references are to paragraphs in the proposed interpretation):

- a. Do you agree that “investor” is defined appropriately (.04c)? If not, please explain.

³³ Appendix B: *Council Resolution Concerning the Form of Organization and Name Rule*.

- b. Do you agree that the definition of “key stakeholders of the investor” is clear in terms of which individuals are included?
- c. Do you agree the three models should be included in the interpretation (.06–.07)? If not, please explain, including whether you believe one or more should be included in nonauthoritative guidance or if there are other models that should be included in nonauthoritative guidance.
- d. Do you agree that the definition of “network firm” should be amended to add the requirement that the cooperation characteristic (as described in paragraph 29 of the explanatory material) in the definition of “network” be met before a controlling investor of a network firm is considered a network firm? If not, please explain.
 - i. Do you agree that if the controlling investor is a network firm based on the definition of “network firm,” then other entities it controls should also be network firms? If not, please explain.
- e. Do you agree that in an APS, the nonattest entity should be subject to the same independence requirements as the attest firm, including the requirements under the “Independence Standards for Engagements Performed in Accordance with Statements on Standards for Attestation Engagements” subtopic (ET sec. 1.297 (.14))?
 - i. If you do not agree, do you believe the “Conceptual Framework for Independence” interpretation should be applied to evaluate the significance of threats created by the nonattest entity’s and its controlled entities’ relationships with attest clients subject to the SSAEs?
 - 1. If so, what factors should be considered in evaluating the significance of threats and whether potential safeguards could be implemented?
- f. Do you agree that when an investor does not provide professional services and the investor’s activities are limited to investing in the nonattest entity and advising on the budgetary or strategic direction of the attest firm (described in paragraph 32 of the explanatory material), then the investor is generally not a network firm? If not, please explain.
 - i. If you agree, state whether you believe these factors should be in authoritative or nonauthoritative guidance.

- g. Do you agree with the factors for determining whether cooperation exists for the purpose of enhancing capabilities to provide professional services as described in paragraph 33 of the explanatory material?
 - i. If you agree, state whether you believe these factors should be in authoritative or nonauthoritative guidance.
 - ii. Do you believe any additional factors should be included for determining whether cooperation exists? If so, please provide the additional factors.
- h. Do you agree that the covered member section (.15–.16) should remain in the interpretation?
 - i. If not, should this section be presented as application material on how to apply the *covered member* definition in an APS in nonauthoritative guidance?
- i. Do you agree that the chief executive of the nonattest entity (and other individuals in an attest partner’s chain of command in the nonattest entity) should be evaluated under the *covered member* definition rather than be automatically considered covered members (.16)? If not, please explain.
- j. Do you agree that when the investor has significant influence or control over the nonattest entity, the attest firm should not provide a financial statement attest service to an investee of the investor if an upstream entity of the nonattest entity is an affiliate of the investee (.18b.)? If not, please explain.
- k. Do you agree that when an attest client has a financial interest in the nonattest entity, independence is impaired, regardless of whether the attest client has significant influence over the nonattest entity (.18c.)? If not, please explain.
- l. Do you agree that, in an APS with PE when the PE investor controls the nonattest entity, the attest firm should not provide attest services to another portfolio company **in any fund** when the PE investor either a) has significant influence over the portfolio company and the investment is material the fund, or b) controls the portfolio company (.18d.)? If not, please explain.
- m. Do you agree that the prohibitions described in paragraph .18b.–d. of the interpretation regarding the provision of attest services to investees and other entities of the investor (that is not a network firm), along with the use of the conceptual framework for independence for circumstances when the prohibitions

would not apply (.20), are sufficient to address threats to independence in the circumstances described in the respective paragraphs? If not, please explain.

- i. For example, when the investor has significant influence over the nonattest entity, the attest firm would apply the conceptual framework for independence when evaluating whether a controlled portfolio company in the same fund as the nonattest entity could be a financial statement attest client if the controlled portfolio company is not material to the fund (that is, the fund is not an affiliate).
- n. Do you agree with the “Relationships with individuals and entities that generally do not create threats to independence” section (.21–.22)?
 - i. If you agree, should paragraphs .21–22 remain in the interpretation? If not, do you believe the material should be presented in nonauthoritative guidance?
- o. Do you agree that the new paragraph .03 of the revised “Alternative Practice Structures” interpretation of the “Form of Organization and Name Rule” should be in the interpretation? If not, do you believe this is a practice issue as described in paragraph 66 of the explanatory material and, if so, is there another approach that should be considered (for example, in nonauthoritative guidance)?
- p. Do you agree that the proposed guidance is operational? If not, please identify specific sections you do not agree are operational.
- q. Are there any other independence threats related to practicing in an APS, as well as in traditional networks, that we haven’t addressed? If so, please explain.
- r. For what areas do you believe nonauthoritative guidance is needed (other than those already identified)?

Proposed new interpretation “Alternative Practice Structures” (ET sec. 1.220.020)

Terms defined in the AICPA Code of Professional Conduct are italicized in this document. If you would like to see the definitions, you can find them in “Definitions” ([ET sec. 0.400](#)).

Because the new interpretation is replacing the existing interpretation in its entirety, the proposal is not marked for changes.

- .01 *Members* who practice in an alternative practice structure should apply this and other applicable *interpretations* to determine their compliance with the “Independence Rule” [1.200.001].
- .02 All such structures must be organized in a form that complies with applicable state and federal laws, rules, and regulations; the “Form of Organization and Name Rule” [1.800.001]; and the related “Alternative Practice Structures” interpretation [1.810.050] of the “Form of Organization and Name Rule.”
- .03 To protect the public interest, the overriding focus of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B] is that CPAs remain responsible for a *firm’s* attest work. In addition to the provisions of the resolution, other requirements of the code and bylaws ensure responsibility for
 - a. compliance with all aspects of applicable law or regulation;
 - b. enrollment in an AICPA-approved practice monitoring program;
 - c. compliance with the “Independence Rule;” and
 - d. compliance with applicable standards promulgated by *Council*-designated bodies (the “Compliance with Standards Rule” [1.310.001]) and all other provisions of the code, including “Structure and Application of the AICPA Code” [0.200].

Terminology

.04 The following terms are defined solely for the purpose of applying this *interpretation*.

- a. An alternative practice structure (APS) is a form of organization in which a *firm* that provides attest services (attest *firm*) is closely aligned with another public or private entity, partly or wholly owned by an investor or investors, that performs *professional services* other than attest services (nonattest entity).
- b. Closely aligned means a substantial amount of the revenues of the attest *firm* are paid to the nonattest entity in return for administrative services and the lease of employees, equipment, office space, and other resources.
- c. An investor is an individual or entity that has a *financial interest* in the nonattest entity. The investor does not meet the characteristics of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B] and could be a private equity (PE) investor, partnership, corporate entity, or other type of investor. There may be one or more investors in the nonattest entity.
- d. A *significant influence* investment exists when an investor has *significant influence* over the nonattest entity but not *control*.
- e. A *controlling* investment exists when an investor has *control* over the nonattest entity.
- f. Key stakeholders of the investor are individuals who represent or act on behalf of the investor and may include owners, managing partners, founders, or principals.
- g. Upstream entities of the nonattest entity are entities that have at least *significant influence* over the nonattest entity through an investor. For example, in an APS with PE, when the investor has at least *significant influence* over the nonattest entity, this includes the fund, investment adviser, general partner, and PE firm.

Characteristics and diagrams of an APS

.05 The following characteristics are not necessarily representative of every APS. *Members* should apply the concepts of the *interpretation* even if one or more of these characteristics vary in the *member's* APS.

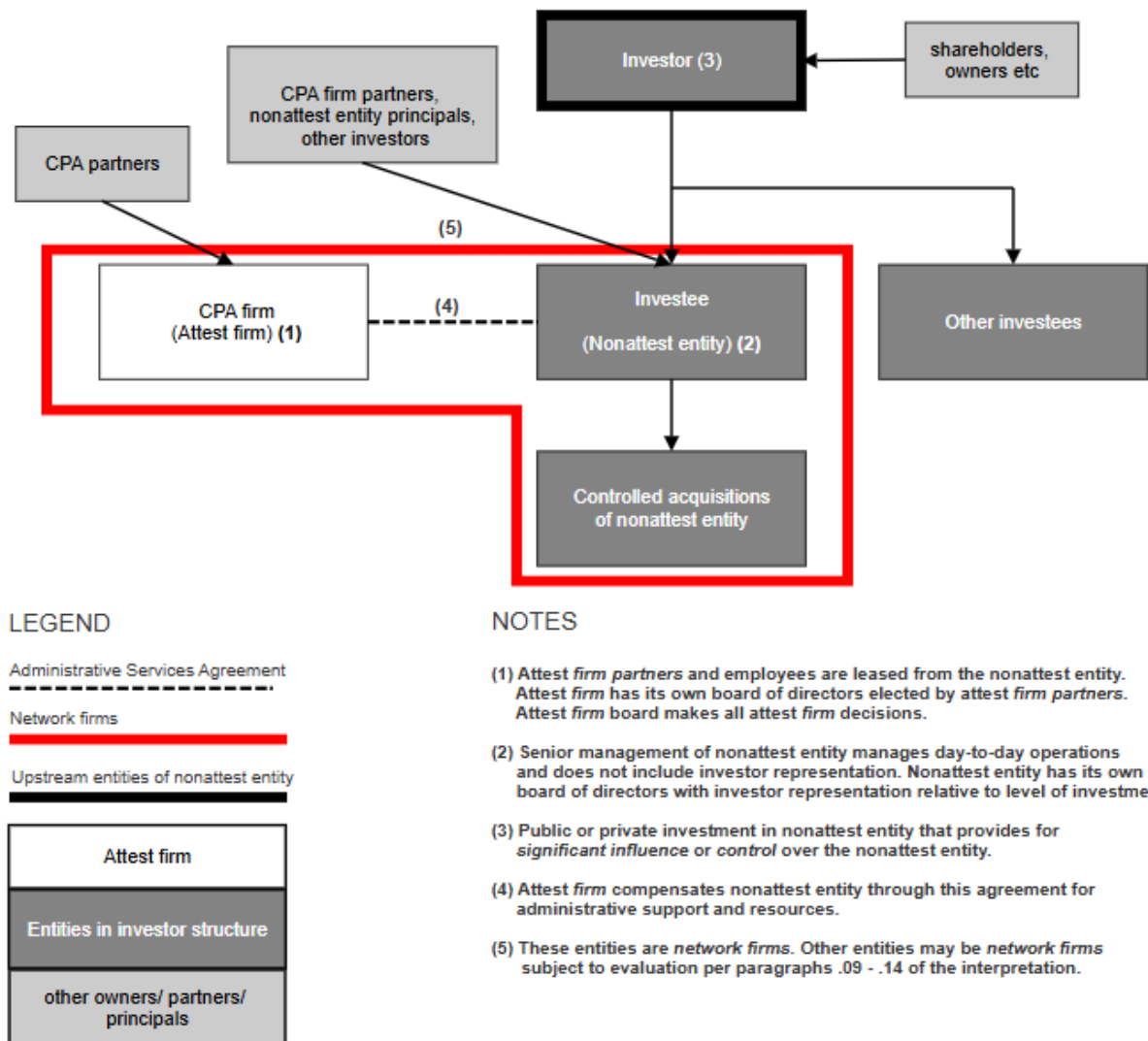
- a. A *firm* separates its attest practice (attest *firm*) and nonattest practice (nonattest entity) and sells a portion of its nonattest practice to an investor or investors. Legacy *partners* of the *firm* may retain an equity interest in the nonattest entity. Alternatively, an attest *firm* may closely align itself with a nonattest entity that has such an investor.

- b. An investor has a *financial interest* that provides the investor with either *significant influence* or *control* over the nonattest entity. There may be other investors with less than *significant influence* in the nonattest entity.
- c. The attest *firm* meets the requirements of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B], including majority ownership by CPAs (attest *firm partners*) and the prohibition against “ownership by investors or commercial enterprises not actively engaged as members of the *firm* or its *affiliates*.” The attest *firm partners* remain responsible for decisions regarding *attest clients*, *attest engagements*, quality management, *independence*, risk management, and attest *firm* personnel. The attest *firm partners* and members of the *attest engagement team* may be employees of the nonattest entity.
- d. The nonattest entity does not meet the characteristics of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B]. The owners of the nonattest entity may include attest *firm partners*, nonattest entity principals, and investors.
- e. The attest *firm* has its own governing body, such as a board of directors (attest *firm* board) that is separate from the nonattest entity’s governing body and is not elected by the nonattest entity’s governing body. The attest *firm* board is involved in budgetary decisions of the attest *firm*.
- f. The nonattest entity has a governing body, such as a board of directors or equivalent body (nonattest entity board) that includes representation from the investor, oftentimes relative to its *financial interest* in the nonattest entity. The nonattest entity board may be the governing body of a parent entity with direct oversight over the nonattest entity. Decisions regarding compensation, finance and budget, resource allocation, and strategic decisions of the nonattest entity are made at the board level; however, the nonattest entity board does not make ordinary-course managerial and operational decisions related to the nonattest entity. Such decisions are made by senior management of the nonattest entity. The nonattest entity board has the authority to approve the budget, including compensation of the attest *firm partners* either on a pooled or individual basis, and may delegate these responsibilities to subcommittees, which may include attest *partner* representation.
- g. The attest *firm* maintains an administrative services agreement (or similar agreement) with the nonattest entity. Under this agreement, the attest *firm* compensates the nonattest entity for administrative support, leased employees, equipment, office space, and other resources. The administrative services agreement is generally structured with

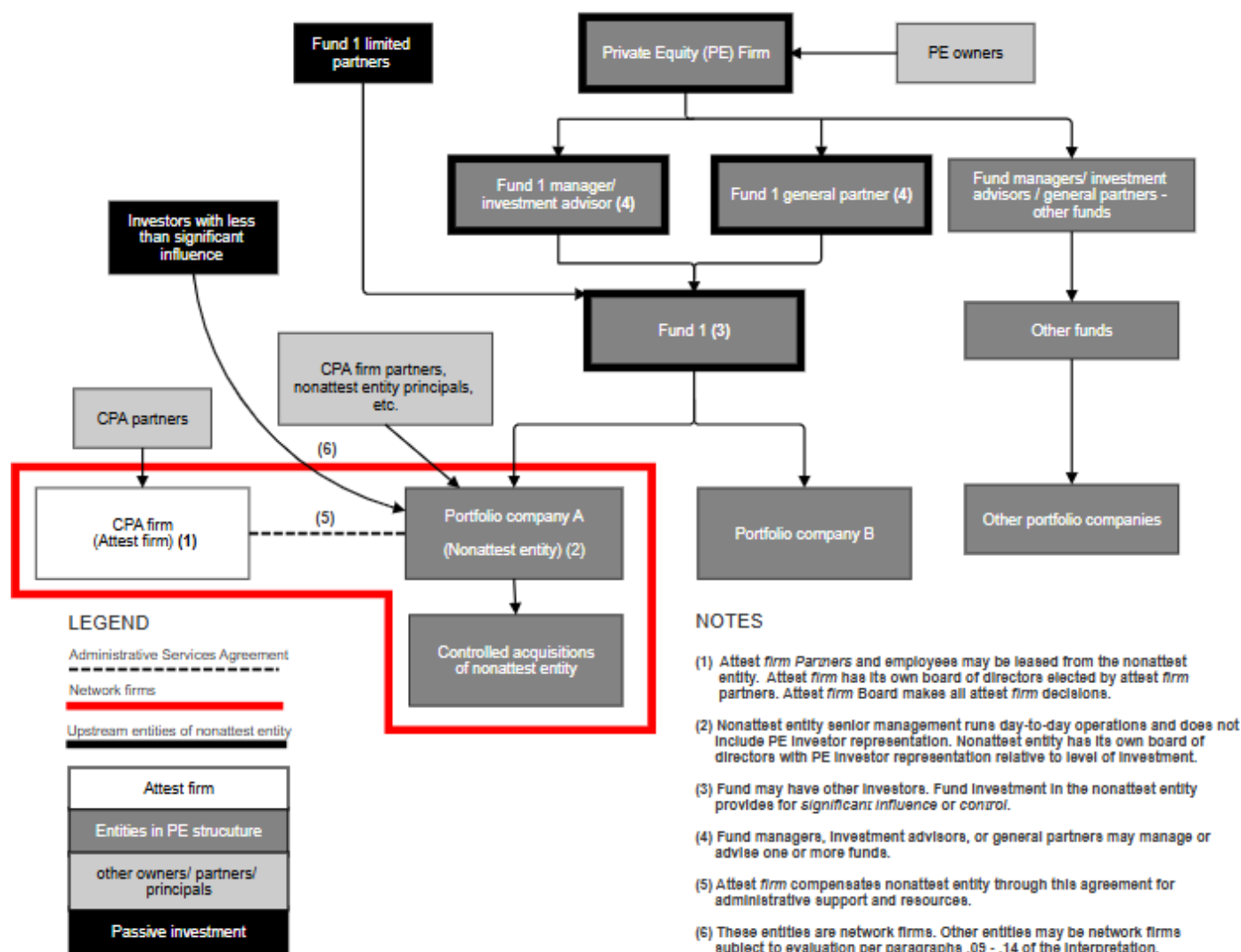
defined terms, renewal provisions, and termination rights, including the right to exit if the relationship is no longer aligned with professional standards.

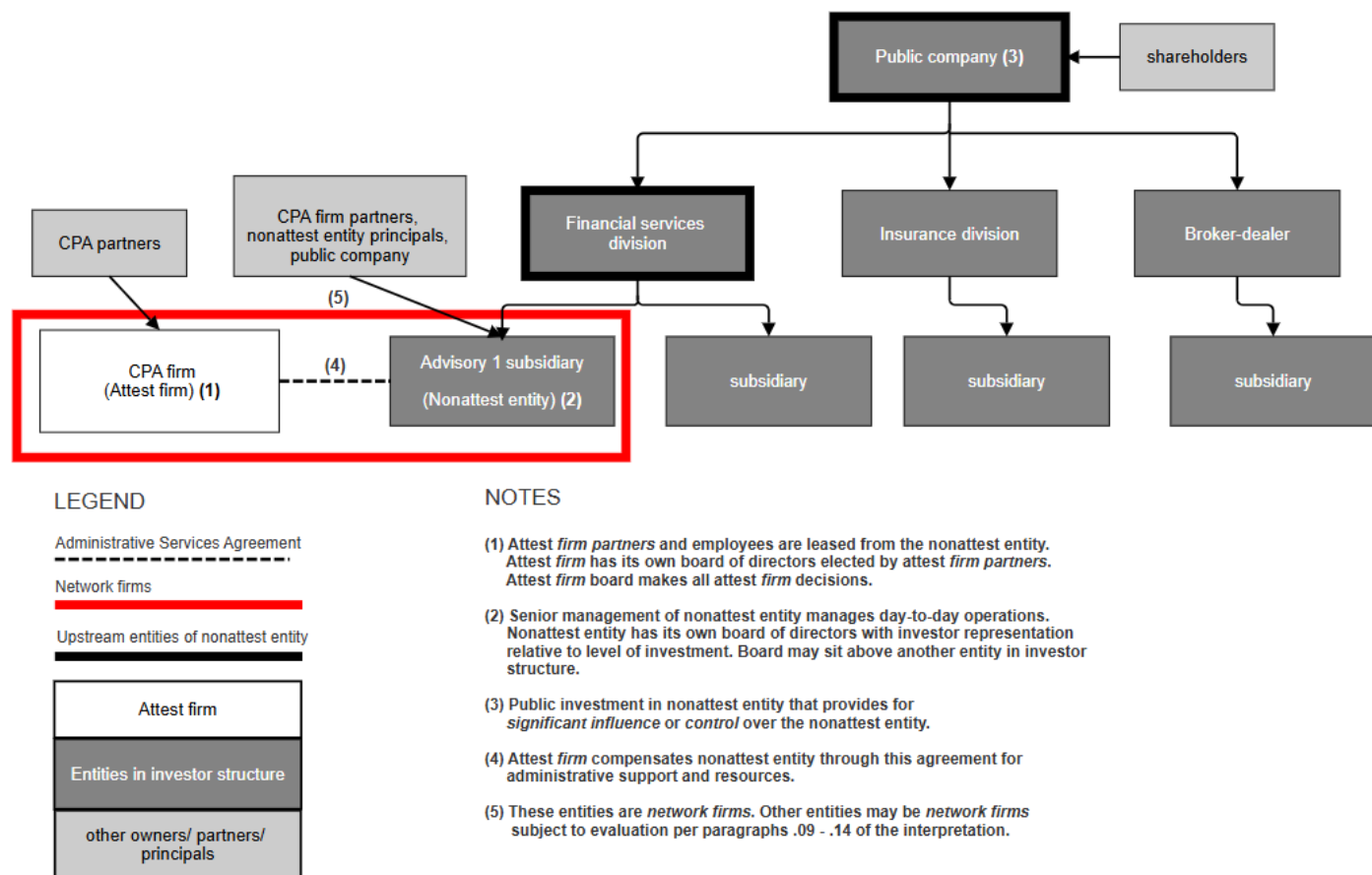
- h. The chief executives or equivalents of the attest *firm* and nonattest entity are usually not the same individual. The chief executive or equivalent of the attest *firm* reports to the attest *firm* board, while the chief executive or equivalent of the nonattest entity reports to the nonattest entity board.

.06 The following diagram depicts an example of an APS with a public or private investor that has either a *significant influence* or *controlling* investment in the nonattest entity.



.07 The following diagrams depict an APS with a PE investor, followed by an APS with a public company investor, that has either *significant influence* or a *controlling* investment in the nonattest entity.





Interpretation

.08 *Members* operating in an APS should perform the following steps when identifying and evaluating relationships to comply with the “Independence Rule” [1.200.001] and its *interpretations*.

- Determine which entities are *network firms* of the attest firm by (i) applying the *network* definition and then (ii) applying the *network firm* definition (paragraphs .09–.14).
- Determine which individuals are *covered members* (paragraphs .15–.16).
- Identify relationships and circumstances that create *threats* to *independence*.
 - Determine whether the relationships and circumstances described in paragraph .18a.–d. exist. When these relationships and circumstances exist, *threats* are not at an *acceptable level* and cannot be reduced to an *acceptable level* by the application of *safeguards*, and *independence* is *impaired*.

- ii. Apply the “Conceptual Framework for Independence” interpretation [1.210.010] to relationships and circumstances not prohibited by .18a.–d. that the *member* knows or has reason to believe exist, such as those identified in paragraph .20.

Network firms

- .09 The attest *firm* and nonattest entity are *network firms* because they cooperate to enhance the *firms’* capabilities to provide *professional services* and share one or more of the characteristics described in the definition of *network* [0.400.35].
- .10 The attest *firm* should consider whether an investor with *significant influence* or *control* over the nonattest entity is part of the attest *firm’s network*. This determination should be based on whether the investor cooperates with the attest *firm* to enhance its capabilities to provide *professional services* and meets one or more of the characteristics described in the definition of *network* [0.400.35].
- .11 When evaluating whether an entity is part of the attest *firm’s network*, the determination should be based on the relationship between the attest *firm* and the entity that is being evaluated except as outlined in paragraphs .12 and .13.
- .12 The attest *firm* should then consider if additional entities are part of the *network* through application of the definition of *network firm* [0.400.36]. For example, entities that the nonattest entity *controls* meet the definition of *network firm* and are therefore part of the attest *firm’s network*.
- .13 The attest *firm* should consider whether an investor that *controls* the nonattest entity but does not meet the characteristics of a *network* as described in paragraph .10 would meet the definition of a *network firm*. This determination should be based on whether the investor cooperates with the nonattest entity to enhance its capabilities to provide *professional services* as described in the definition of *network firm*.
- .14 Due to the close alignment of the attest *firm* and nonattest entity, the exceptions applicable to *network firms* within *interpretations* under the “Independence Rule” [1.200.001] do not apply to the nonattest entity and entities it *controls*. Therefore, the following requirements apply:
 - a. The nonattest entity, and entities it controls, should comply with the “Independence Rule” [1.200.001] and its *interpretations* with respect to all *attest clients*, which includes complying with the “Independence Standards for Engagements Performed in Accordance with Statements on Standards for Attestation Engagements” subtopic [1.297].
 - b. Nonattest entity *partners*, *partner equivalents*, principals and professional employees are subject to the *interpretations* of the “Independence Rule” [1.200.001] that apply to individuals within the attest *firm*.

- c. The attest *firm* and nonattest entity, and entities it *controls*, should take specific steps to identify conflicts of interest that may arise due to their respective relationships with or between *clients* as set forth under the “Conflicts of Interest for Members in Public Practice” interpretation [1.110.010].

Covered members

- .15 Individuals outside the attest *firm* may be *covered members*. For example, nonattest entity board members who have the authority, whether exercised or not, to recommend or approve the compensation of the attest *firm partners* at the individual level are *covered members* because they are *individuals in a position to influence the attest engagement*.
- .16 Other individuals may need to be evaluated to determine if they meet the definition of a *covered member*, including the following:
 - a. Board members of the nonattest entity who do not have the authority to recommend or approve the compensation of the attest *firm partners* at the individual level
 - b. Individuals in the nonattest entity who directly supervise or manage the *attest engagement partner*, including all successively senior levels through the chief executive or equivalent of the nonattest entity (for example, executive committee members)

Relationships and circumstances with individuals and entities that may create threats to independence

- .17 *Threats* to compliance with the “Independence Rule” [1.200.001] may exist due to additional relationships involving individuals and entities that are not *network firms* or *covered members*.
- .18 *Threats* to compliance with the “Independence Rule” [1.200.001] are not at an *acceptable level* and cannot be reduced to an *acceptable level* through the application of *safeguards* and therefore, *independence* is *impaired* in the following circumstances:
 - a. In a *significant influence* investment or *controlling* investment, when an individual who is a member of *those charged with governance* over the nonattest entity serves in a *key position* at an *attest client* during the *period of the professional engagement* or the *period covered by the financial statements*
 - b. In a *significant influence* investment or *controlling* investment, when an *attest client* or an *affiliate* of a *financial statement attest client* is an upstream entity of the nonattest entity

- c. When an *attest client* has or the *attest client's* officers or directors have a *direct financial interest* in the nonattest entity or a *beneficial ownership interest* in more than 5 percent of the equity securities of the nonattest entity *Independence* is *impaired* regardless of whether the *attest client* has *significant influence* over the nonattest entity.
- d. In a *controlling* investment, when the investor either (i) has *significant influence* over an *attest client* and the *attest client* is material to the investor or (ii) *controls* the *attest client*

.19 To determine whether an *attest engagement* in paragraph .18 can be completed when a *financial statement attest client* is being acquired by the investor or when the attest *firm* acquires another *firm* that is providing an attest service to an investee of the investor, refer to the acquisition guidance in the “Client Affiliates” interpretation [1.224.010] and the “Firm Mergers and Acquisitions” interpretation [1.220.040], respectively.

.20 In both a *significant influence* investment and *controlling* investment, *members* should evaluate whether a relationship that is not prohibited by application of the “Independence Rule” [1.200.001] and its *interpretations* to *covered members*, *network firms*, or the additional requirements of this *interpretation*, create *threats* that require the *member* to apply *safeguards* to reduce those *threats* to an *acceptable level*. When *threats* cannot be eliminated or reduced to an *acceptable level*, *independence* is *impaired*. The following are examples of circumstances in which such relationships should be evaluated:

- a. The attest *firm* is determining whether it can provide an attest service to an investee or other entity of an investor that is not prohibited by paragraph .18b.–d. Examples of factors to consider when evaluating whether *threats* exist and are at an *acceptable level* include the following:
 - i. Whether the investor *controls* the nonattest entity
 - ii. Nature of the attest service
 - iii. Whether the investor has *significant influence* over or *controls* the investee or other entity of the investor
 - iv. Whether the investee or other entity of the investor is material to the investor or another upstream entity of the nonattest entity
 - v. Whether the *financial statements* of the investee or of another entity of the investor are consolidated with the investor
 - vi. Whether the investee or other entity of the investor has separate governance and separate management from the nonattest entity

- vii. Whether the investee or other entity of the investor is an existing *attest client* that the investor is targeting as an acquisition
 - viii. Whether the *attest engagement* arose from a referral, introduction, or recommendation by a representative of the investor
 - ix. Whether a key stakeholder of the investor is on the board of the investee or other entity of the investor
 - x. Whether the investment in the investee or other entity of the investor is managed by the same individual or entity as the nonattest entity (for example, the fund, general partner, or investment adviser)
- b. The attest *firm* knows or has reason to believe that a financial, employment (including *key positions*), or business relationship not prohibited by paragraph .18a exists between an *attest client* and any of the following individuals or entities that are not *covered members* or *network firms*:
- i. Nonattest entity board members who are appointed by an investor with at least *significant influence* over the nonattest entity
 - ii. Key stakeholders of the investor with at least *significant influence* over the nonattest entity
 - iii. Upstream entities of the nonattest entity including individuals in *key positions* at those entities
 - iv. Investors with less than *significant influence* over the nonattest entity
- c. The attest *firm* knows or has reason to believe that an *attest client* has a *financial interest* in an investor with at least *significant influence* over the nonattest entity that is not prohibited by paragraph .18b. Examples of factors to consider when evaluating whether *threats* exist and are at an *acceptable level* include the following:
- i. The nature of the attest service
 - ii. Whether the *attest client* has *significant influence* over the investor
 - iii. Whether the investment is material to the *attest client*
 - iv. Whether the investment is a *direct* or *indirect financial interest* in the investor

Relationships with individuals and entities that generally do not create threats to independence

.21 Relationships with the following individuals and entities generally do not create *threats* to *independence*. Therefore, these individuals and entities are generally not subject to the “Independence Rule” [1.200.001] and its *interpretations*.

- a. Limited partners with a *financial interest* in the investor, or the investment vehicle that holds the investment in the nonattest entity, when the limited partner has less than *significant influence* over the investor or investment vehicle.
- b. Investees of an investor with less than *significant influence over the nonattest entity*, unless the investees meet the definition of *network firms*.
- c. *Immediate family* members of the individuals listed in paragraph .20b.

.22 An investee of an investor, that is not a *network firm*, may provide nonattest services to, or enter into a business relationship with, an *attest client* of the attest *firm* that would *impair independence* if performed by, or entered into with, the attest *firm*.

Proposed revisions to definition and interpretations (redline)

Additions appear in ***boldface italic***. Deletions appear in ~~strikethrough~~.

Terms defined in the AICPA Code of Professional Conduct are italicized in this document. If you'd like to see the definitions, you can find them in "Definitions" ([ET sec. 0.400](#))

0.400.36 Definition of *network firm*

ET sec. 0.400.36 Network firm. A *firm* or other entity that belongs to a *network*. This includes any entity that, ~~the network~~ by itself or through one or more of its owners, ~~controls~~ or is ~~controlled~~ by, or is under common control with

- a. ***the network firm controls, or***
- b. ***controls the network firm and cooperates with the network firm for the purpose of enhancing that network firm's capabilities to provide professional services.***

1.810.050 Alternative Practice Structures

.01 The "[Form of Organization and Name Rule](#)" [1.800.001] states, "A *member* may practice public accounting only in a form of organization permitted by law or regulation whose characteristics conform to resolutions of *Council*." The *Council* resolution ([appendix B](#)) requires, among other things, that CPAs own a majority of the *financial interests* in a *firm* engaged to provide attest services (as defined therein) to the public. This interpretation explains the application of this rule to an alternative practice structure (APS) ~~in which (a) the majority of the financial interests in the attest firm is owned by CPAs and (b) all or substantially all of the revenues are paid to another entity in return for services and the lease of employees, equipment, and office space.~~ ***as described in the "Alternative Practice Structures" interpretation (ET sec. 1.220.020).***

.02 To protect the public interest, the overriding focus of the [resolution](#) is that CPAs remain responsible, financially and otherwise, for a firm's attest work. In addition to the provisions of the [resolution](#), other requirements of the code and bylaws ensure responsibility for

- a. compliance with all aspects of applicable law or regulation,
- b. enrollment in an AICPA-approved practice monitoring program,

- c. compliance with the “[Independence Rule](#)” [1.200.001], and
- d. compliance with applicable standards promulgated by Council-designated bodies (“[Compliance With Standards Rule](#)” [1.310.001]) and all other provisions of the code, including “[Structure and Application of the AICPA Code](#)” [0.200].

~~.03 Given all the previously mentioned safeguards that protect the public interest, if the CPAs who own the attest firm remain financially responsible, under applicable law or regulation, for the firm’s attest work, the member is considered to be in compliance with the financial interests provision of the resolution. [Prior reference: paragraph .04 of ET section 505]~~

.03 The member should disclose to the client which professional services are provided by the firm engaged to provide attest services and which are provided by the closely aligned entity that performs professional services other than attest services (nonattest entity). See paragraph .05d. of the “Alternative Practice Structures” interpretation (1.220.020) for description of nonattest entity.

1.210.010 Conceptual Framework for Independence

[Paragraphs .01–.17 are unchanged.]

.18 *Undue influence threat.* The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual’s reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member*. Examples of undue influence *threats* include the following:

- a. Management threatens to replace the *member* or *member’s firm* over a disagreement on the application of an accounting principle.
- b. Management pressures the *member* to reduce necessary audit procedures in order to reduce audit fees.
- c. The *member* receives a gift from the *attest client*, its management, or its significant shareholders. [1.285.010]
- d. A large proportion of fees charged by the *firm* to an *attest client* is generated by providing nonattest services.
- e. ***In an alternative practice structure, the investor pressures the attest firm and/or nonattest entity to meet internal or external targets.***

- f. In an alternative practice structure, an individual representing the investor (for example, a nonattest entity board member), participates in decisions affecting the attest firm, such as independence, quality management, or compensation decisions of attest partners.***

[Paragraphs .19–.23 are unchanged.]

1.000.010 Conceptual Framework for Members in Public Practice

[Paragraphs .01–.15 are unchanged.]

.16 *Undue influence threat.* The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual's reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member*. Examples of undue influence *threats* include the following:

- a. The *firm* is threatened with dismissal from a *client* engagement.
- b. The *client* indicates that it will not award additional engagements to the *firm* if the *firm* continues to disagree with the *client* on an accounting or tax matter.
- c. An individual associated with the *client* or any relevant third party threatens to withdraw or terminate a *professional service* unless the *member* reaches certain judgments or conclusions.
- d. ***In an alternative practice structure, the investor pressures the attest firm and/or nonattest entity to meet internal or external targets.***
- e. ***In an alternative practice structure, an individual representing the investor (for example, a nonattest entity board member), participates in decisions affecting the attest firm, such as independence, quality management, or compensation decisions of attest partners.***

[Paragraphs .17–.24 are unchanged.]

Proposed revisions to definition and interpretations (clean)

0.400.36 Definition of *network firm*

ET sec. 0.400.36 Network firm. A *firm* or other entity that belongs to a *network*. This includes an entity that, by itself or through one or more of its owners,

- a. the *network firm* controls, or
- b. controls the *network firm* and cooperates with the *network firm* for the purpose of enhancing that *network firm*'s capabilities to provide *professional services*.

1.810.050 Alternative Practice Structures

.01 The "[Form of Organization and Name Rule](#)" [1.800.001] states, "A *member* may practice public accounting only in a form of organization permitted by law or regulation whose characteristics conform to resolutions of *Council*." The *Council* resolution ([appendix B](#)) requires, among other things, that CPAs own a majority of the *financial interests* in a *firm* engaged to provide attest services (as defined therein) to the public. This interpretation explains the application of this rule to an alternative practice structure (APS) as described in the "Alternative Practice Structures" interpretation (ET sec. 1.220.020).

.02 To protect the public interest, the overriding focus of the [resolution](#) is that CPAs remain responsible, financially and otherwise, for a firm's attest work. In addition to the provisions of the [resolution](#), other requirements of the code and bylaws ensure responsibility for

- a. compliance with all aspects of applicable law or regulation,
- b. enrollment in an AICPA-approved practice monitoring program,
- c. compliance with the "[Independence Rule](#)" [1.200.001], and
- d. compliance with applicable standards promulgated by Council-designated bodies ("[Compliance With Standards Rule](#)" [1.310.001]) and all other provisions of the code, including "[Structure and Application of the AICPA Code](#)" [0.200].

.03 The *member* should disclose to the *client* which *professional services* are provided by the *firm* engaged to provide attest services and which are provided by the closely aligned entity that performs *professional services* other than attest services (nonattest entity). See paragraph .05d. of the "Alternative Practice Structures" interpretation (1.220.020) for description of nonattest entity.

1.210.010 Conceptual Framework for Independence

[Paragraphs .01–.17 are unchanged.]

.18 *Undue influence threat*. The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual's reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member*. Examples of undue influence *threats* include the following:

- a. Management threatens to replace the *member* or *member's firm* over a disagreement on the application of an accounting principle.
- b. Management pressures the *member* to reduce necessary audit procedures in order to reduce audit fees.
- c. The *member* receives a gift from the *attest client*, its management, or its significant shareholders. [1.285.010]
- d. A large proportion of fees charged by the *firm* to an *attest client* is generated by providing nonattest services.
- e. In an alternative practice structure, the investor pressures the attest *firm* and/or nonattest entity to meet internal or external targets.
- f. In an alternative practice structure, an individual representing the investor (for example, a nonattest entity board member), participates in decisions affecting the attest *firm*, such as *independence*, quality management, or compensation decisions of attest *partners*.

[Paragraphs .19–.23 are unchanged.]

1.000.010 Conceptual Framework for Members in Public Practice

[Paragraphs .01–.15 are unchanged.]

.16 *Undue influence threat*. The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual's reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member*. Examples of undue influence *threats* include the following:

- a. The *firm* is threatened with dismissal from a *client* engagement.

- b. The *client* indicates that it will not award additional engagements to the *firm* if the *firm* continues to disagree with the *client* on an accounting or tax matter.
- c. An individual associated with the *client* or any relevant third party threatens to withdraw or terminate a *professional service* unless the *member* reaches certain judgments or conclusions.
- d. In an alternative practice structure, the investor pressures the attest *firm* and/or nonattest entity to meet internal or external targets.
- e. In an alternative practice structure, an individual representing the investor (for example, a nonattest entity board member), participates in decisions affecting the attest *firm*, such as *independence*, quality management, or compensation decisions of attest *partners*.

[Paragraphs .17–.24 are unchanged.]

Acknowledgments

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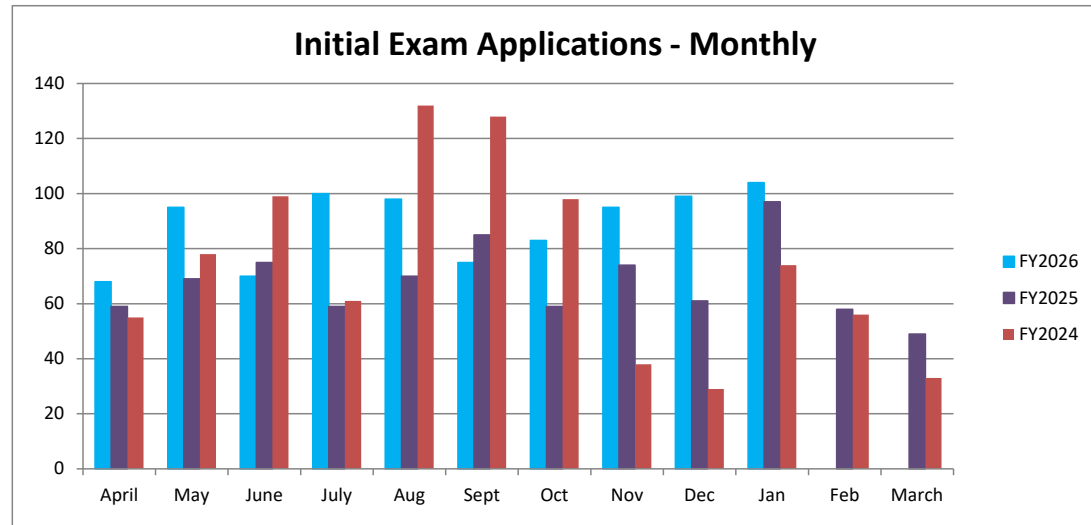
Joan Farris, Senior Manager — Professional Ethics

Summer Young, Manager – Professional Ethics

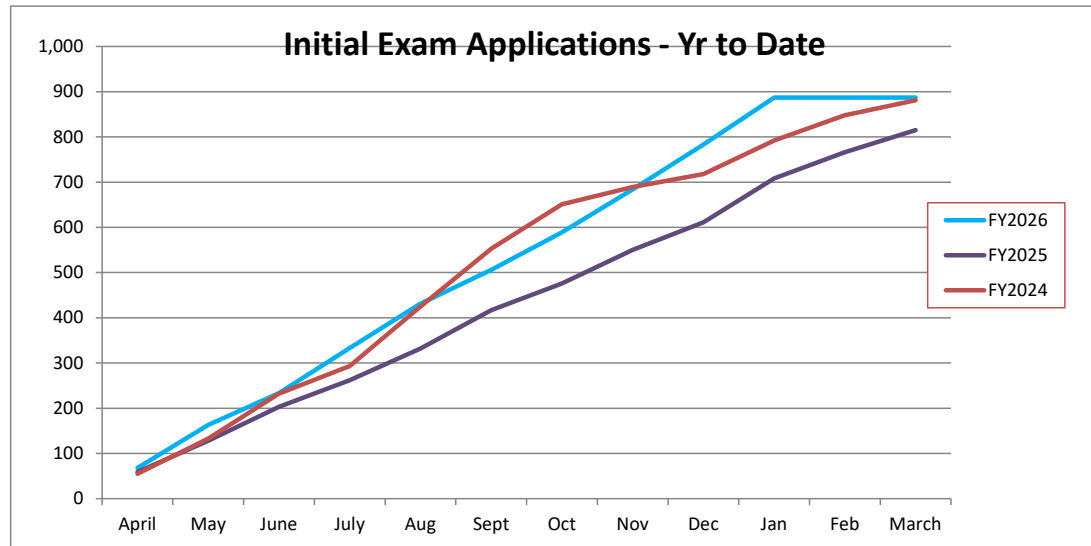
The committee wishes to acknowledge the contributions of Bob Denham, who passed away during the course of this work. His dedication and expertise were invaluable to the committee's efforts, and his presence will be greatly missed.

NC State Board of CPA Examiners
Monthly and Year-to-Date Operational Metrics

Exam Applications					
IntEx	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	68	59	55	21	52
May	95	69	78	84	55
June	70	75	99	84	56
July	100	59	61	67	58
Aug	98	70	132	56	37
Sept	75	85	128	57	37
Oct	83	59	98	80	68
Nov	95	74	38	87	90
Dec	99	61	29	63	67
Jan	104	97	74	75	81
Feb	0	58	56	46	54
March	0	49	33	49	56
Avg	89	68	73	64	59

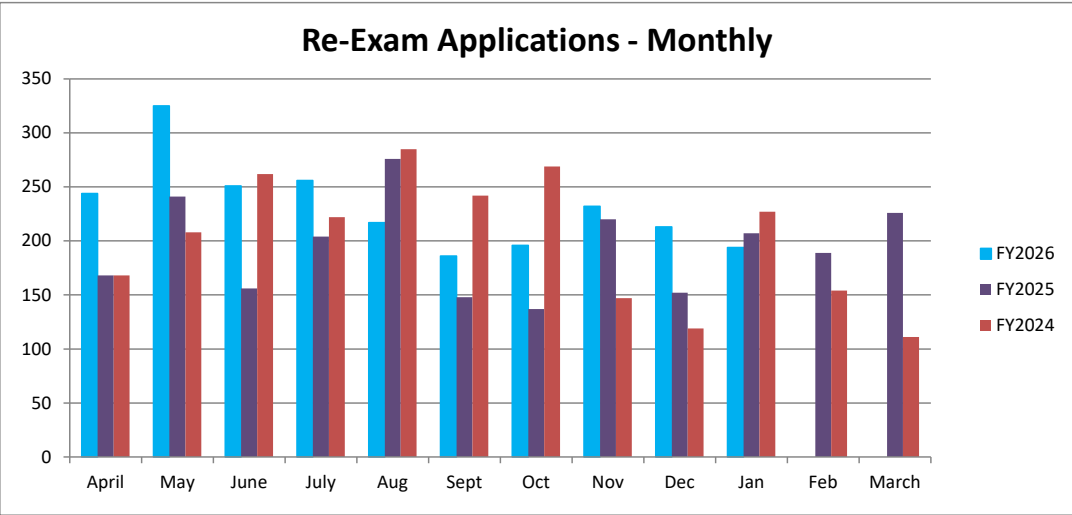


Exam Applications					
IntEx	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	68	59	55	21	52
May	163	128	133	105	107
June	233	203	232	189	163
July	333	262	293	256	221
Aug	431	332	425	312	258
Sept	506	417	553	369	295
Oct	589	476	651	449	363
Nov	684	550	689	536	453
Dec	783	611	718	599	520
Jan	887	708	792	674	601
Feb	887	766	848	720	655
March	887	815	881	769	711

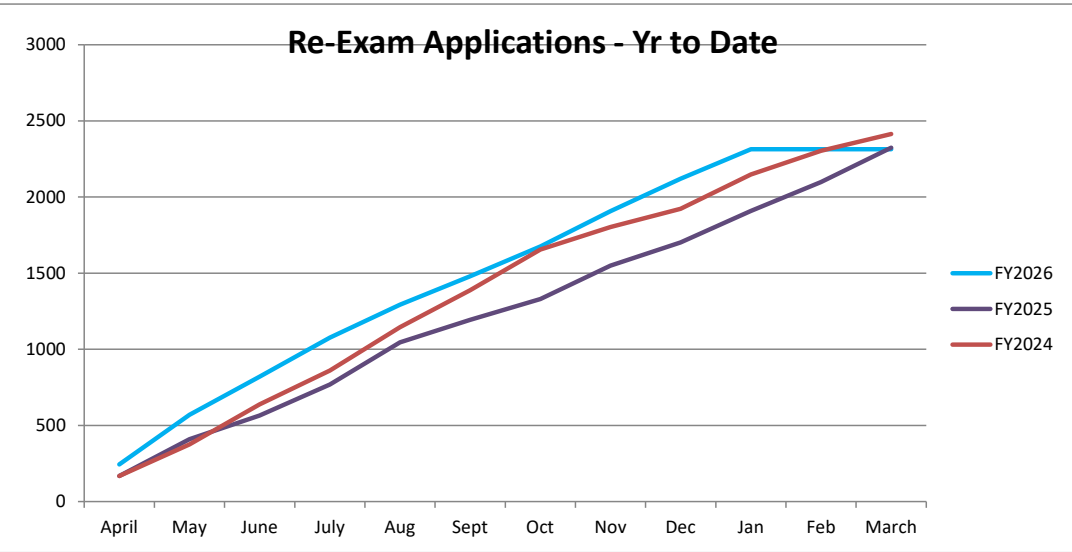


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Exam Applications					
Re-Ex	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	244	168	168	131	164
May	325	241	208	178	186
June	251	156	262	172	182
July	256	204	222	187	177
Aug	217	276	285	187	168
Sept	186	148	242	140	111
Oct	196	137	269	149	139
Nov	232	220	147	169	152
Dec	213	152	119	142	110
Jan	194	207	227	156	134
Feb	0	189	154	141	110
March	0	226	111	192	141
Avg	231	194	201	162	148

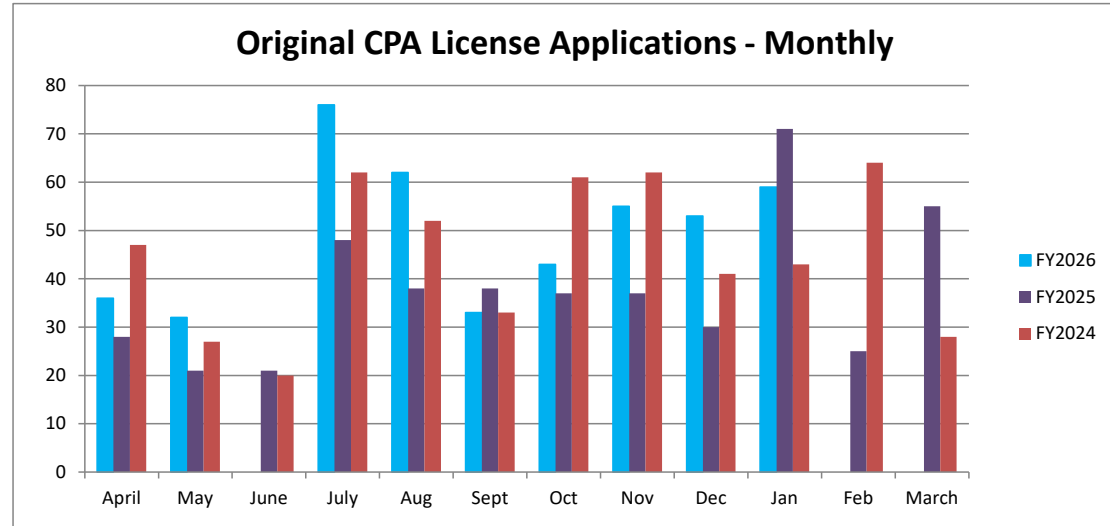


Exam Applications					
Re-Ex	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	244	168	168	131	164
May	569	409	376	309	350
June	820	565	638	481	532
July	1076	769	860	668	709
Aug	1293	1045	1145	855	877
Sept	1479	1193	1387	995	988
Oct	1675	1330	1656	1144	1127
Nov	1907	1550	1803	1313	1279
Dec	2120	1702	1922	1455	1389
Jan	2314	1909	2149	1611	1523
Feb	2314	2098	2303	1752	1633
March	2314	2324	2414	1944	1774

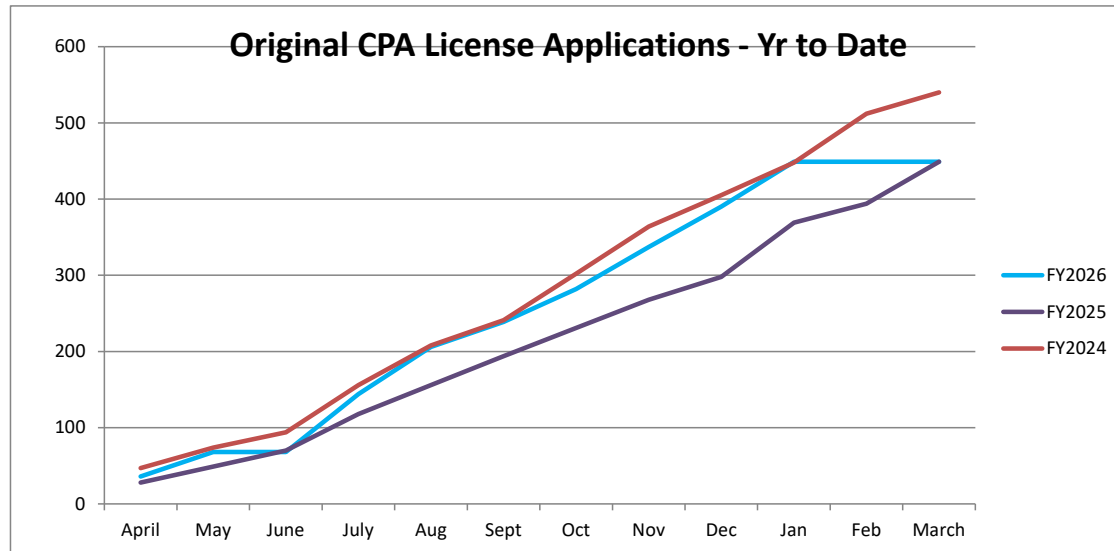


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

License Applications					
OrgL	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	36	28	47	44	41
May	32	21	27	39	50
June	0	21	20	22	0
July	76	48	62	50	75
Aug	62	38	52	57	31
Sept	33	38	33	30	42
Oct	43	37	61	34	46
Nov	55	37	62	47	48
Dec	53	30	41	38	32
Jan	59	71	43	44	60
Feb	0	25	64	32	47
March	0	55	28	40	30
Avg	45	37	45	40	42

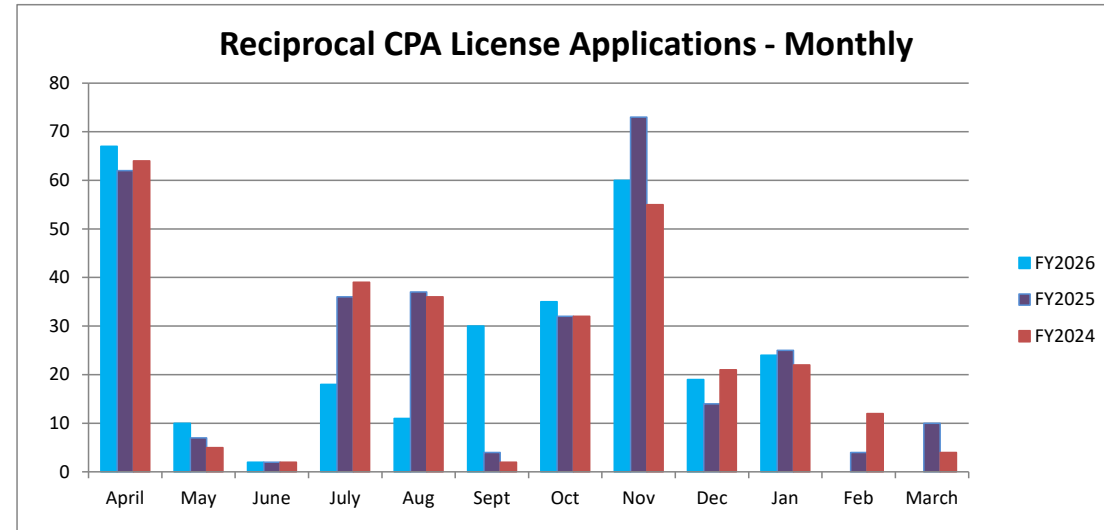


License Applications					
OrgL	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	36	28	47	44	41
May	68	49	74	83	91
June	68	70	94	105	91
July	144	118	156	155	166
Aug	206	156	208	212	197
Sept	239	194	241	242	239
Oct	282	231	302	276	285
Nov	337	268	364	323	333
Dec	390	298	405	361	365
Jan	449	369	448	405	425
Feb	449	394	512	437	472
March	449	449	540	477	502

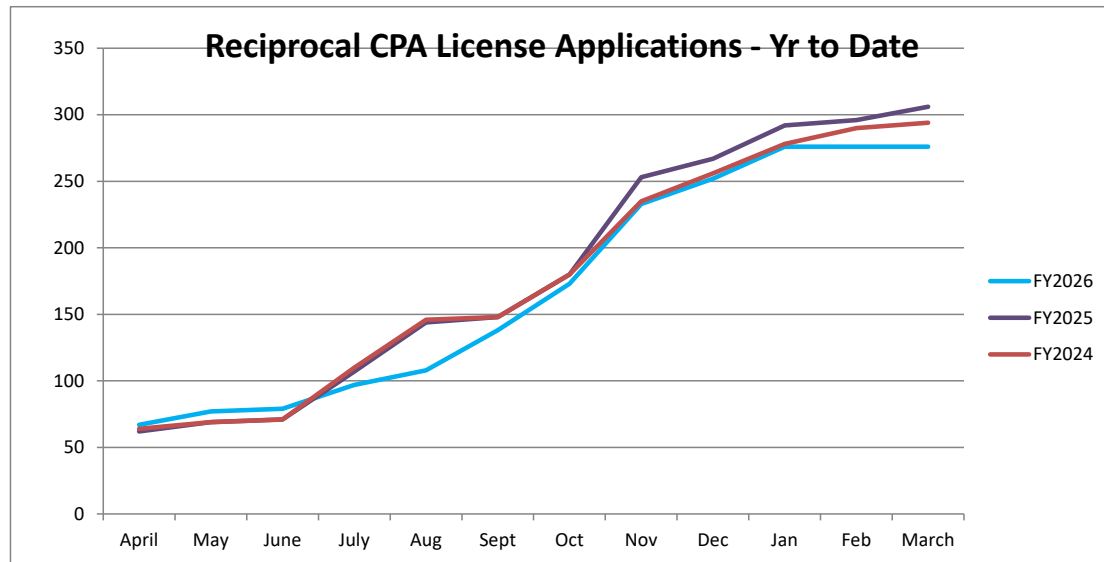


NC State Board of CPA Examiners **Monthly and Year-to-Date Operational Metrics**

License Applications					
Recp	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	67	62	64	81	55
May	10	7	5	8	7
June	2	2	2	3	1
July	18	36	39	50	39
Aug	11	37	36	24	37
Sept	30	4	2	1	2
Oct	35	32	32	57	47
Nov	60	73	55	67	74
Dec	19	14	21	15	27
Jan	24	25	22	30	33
Feb	0	4	12	9	11
March	0	10	4	11	7
Avg	28	26	25	30	28

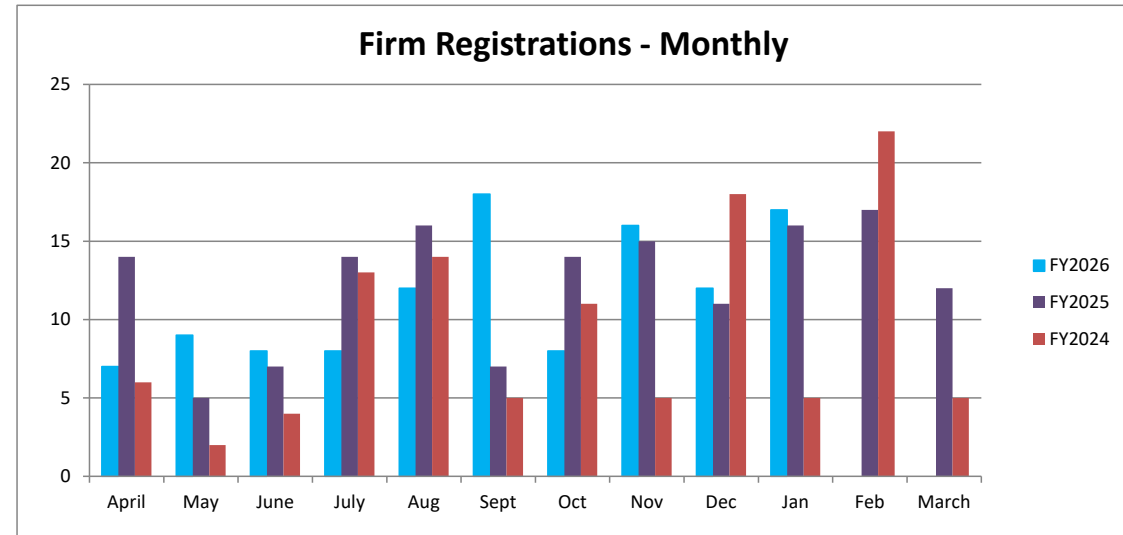


License Applications					
Recp	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	67	62	64	81	55
May	77	69	69	89	62
June	79	71	71	92	63
July	97	107	110	142	102
Aug	108	144	146	166	139
Sept	138	148	148	167	141
Oct	173	180	180	224	188
Nov	233	253	235	291	262
Dec	252	267	256	306	289
Jan	276	292	278	336	322
Feb	276	296	290	345	333
March	276	306	294	356	340

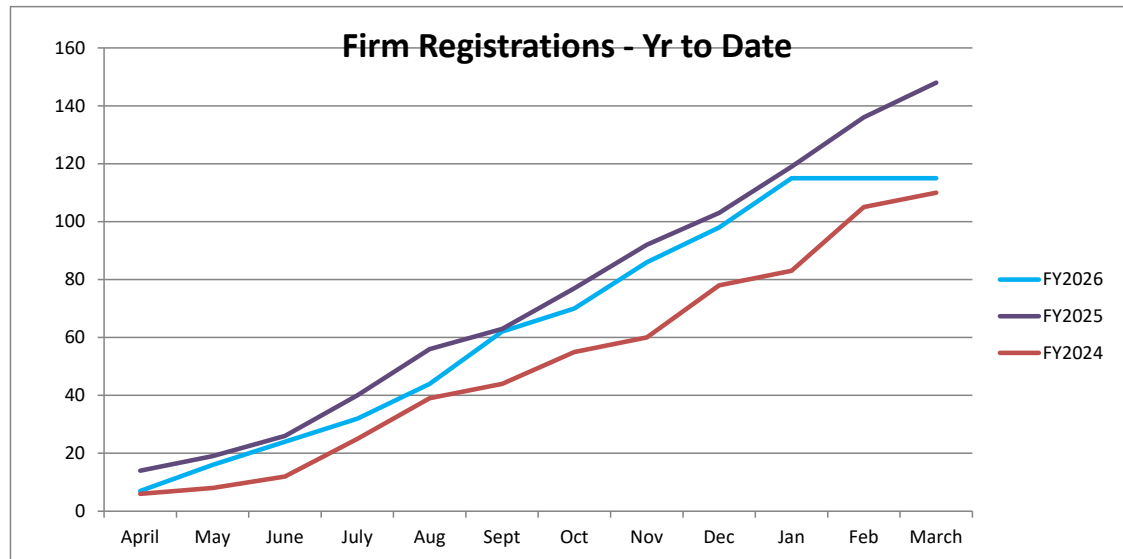


NC State Board of CPA Examiners **Monthly and Year-to-Date Operational Metrics**

Firm Registration					
Firm	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	7	14	6	7	7
May	9	5	2	4	4
June	8	7	4	11	11
July	8	14	13	15	15
Aug	12	16	14	10	10
Sept	18	7	5	6	6
Oct	8	14	11	4	4
Nov	16	15	5	12	12
Dec	12	11	18	25	25
Jan	17	16	5	15	15
Feb	0	17	22	7	7
March	0	12	5	8	8
Avg	12	12	9	10	10

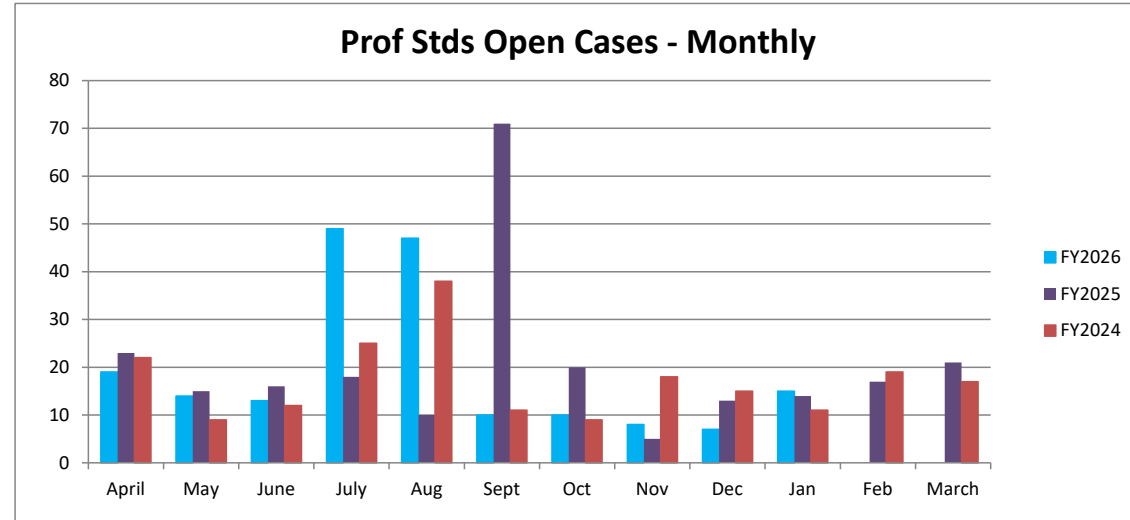


Firm Registration					
Firm	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	7	14	6	7	7
May	16	19	8	11	11
June	24	26	12	22	22
July	32	40	25	37	37
Aug	44	56	39	47	47
Sept	62	63	44	53	53
Oct	70	77	55	57	57
Nov	86	92	60	69	69
Dec	98	103	78	94	94
Jan	115	119	83	109	109
Feb	115	136	105	116	116
March	115	148	110	124	124

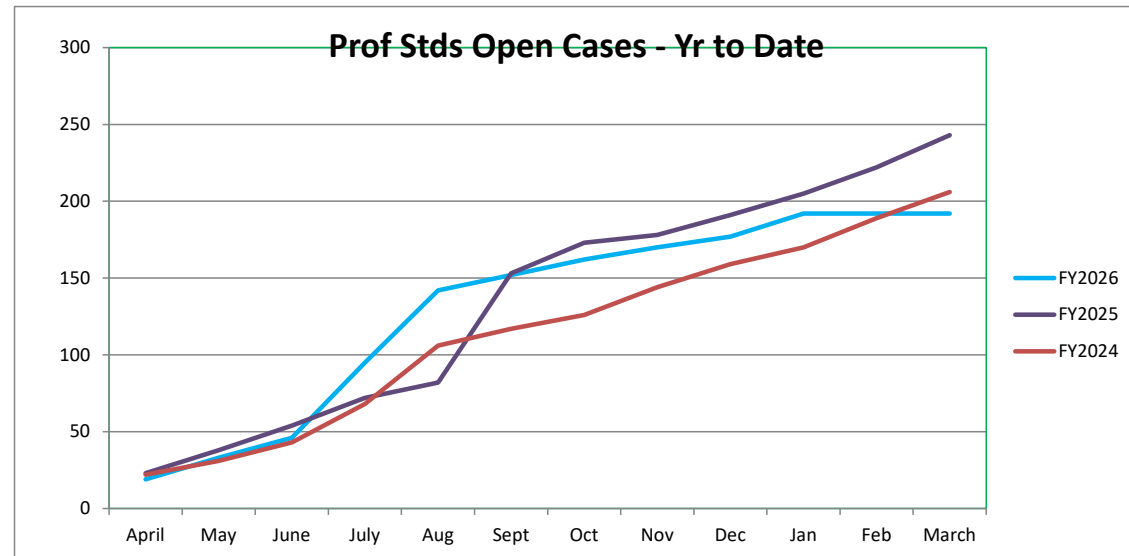


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Prf Stds Cases					
Open	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	19	23	22	21	9
May	14	15	9	21	8
June	13	16	12	35	37
July	49	18	25	25	18
Aug	47	10	38	35	18
Sept	10	71	11	24	13
Oct	10	20	9	24	19
Nov	8	5	18	7	21
Dec	7	13	15	23	11
Jan	15	14	11	14	31
Feb	0	17	19	12	33
March	0	21	17	41	38
Avg	19	20	17	24	21

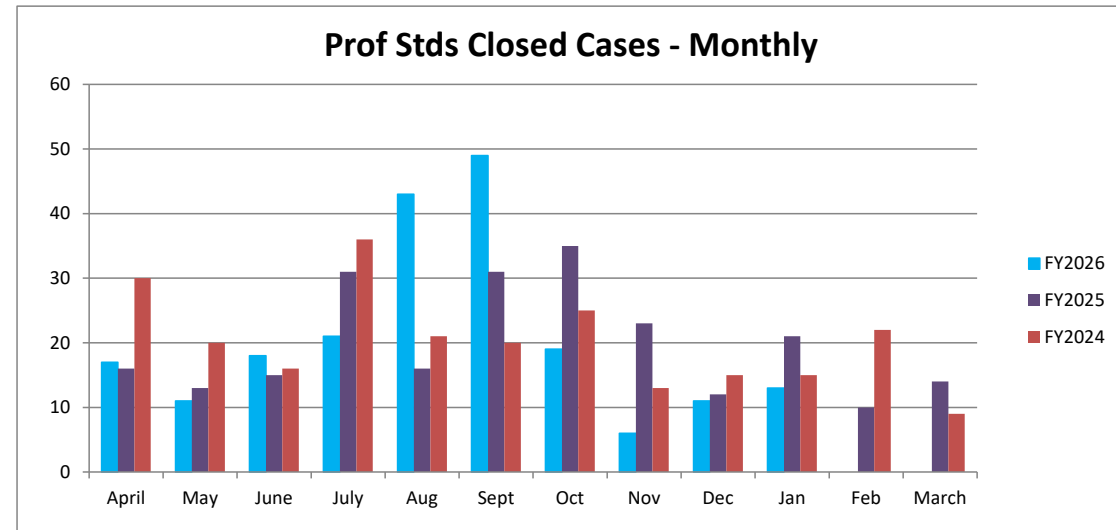


Prf Stds Cases					
Open	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	19	23	22	21	9
May	33	38	31	42	17
June	46	54	43	77	54
July	95	72	68	102	72
Aug	142	82	106	137	90
Sept	152	153	117	161	103
Oct	162	173	126	185	122
Nov	170	178	144	192	143
Dec	177	191	159	215	154
Jan	192	205	170	229	185
Feb	192	222	189	241	218
March	192	243	206	282	256

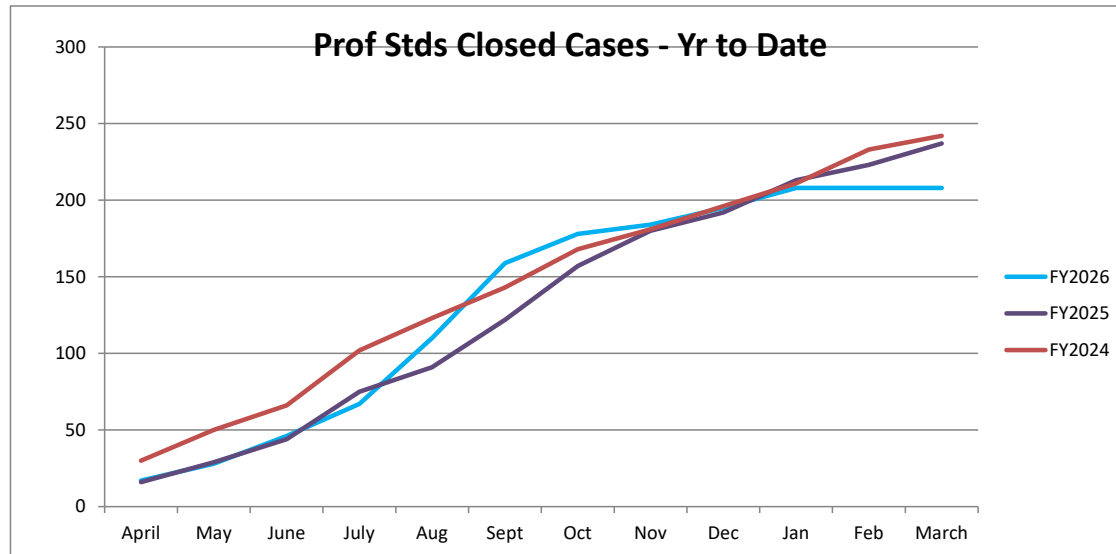


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Prf Stds Cases					
Closed	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	17	16	30	38	23
May	11	13	20	19	4
June	18	15	16	15	17
July	21	31	36	19	21
Aug	43	16	21	21	18
Sept	49	31	20	21	35
Oct	19	35	25	12	17
Nov	6	23	13	19	14
Dec	11	12	15	33	9
Jan	13	21	15	22	18
Feb	0	10	22	21	29
March	0	14	9	25	23
Avg	21	20	20	22	19

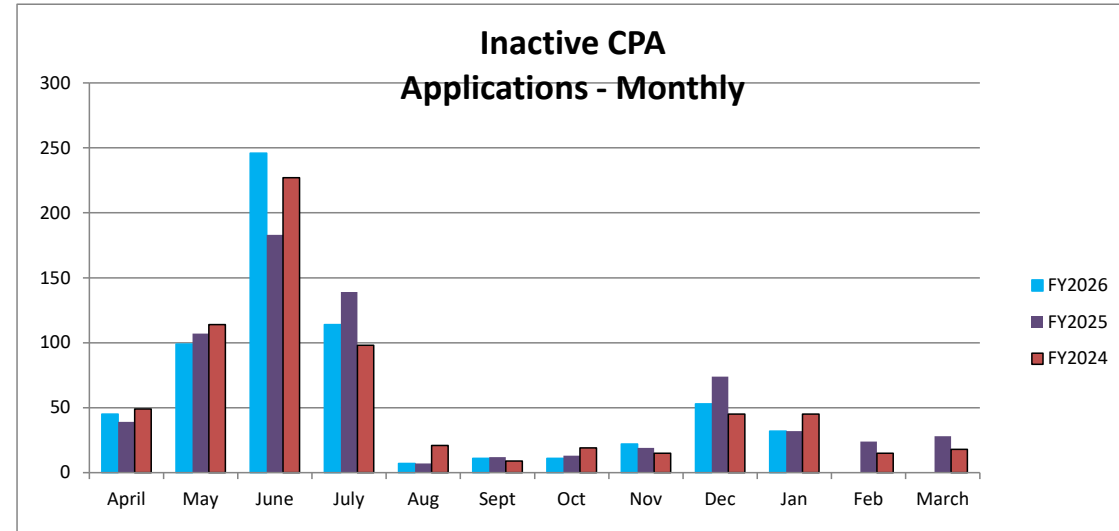


Prf Stds Cases					
Closed	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	17	16	30	38	23
May	28	29	50	57	27
June	46	44	66	72	44
July	67	75	102	91	65
Aug	110	91	123	112	83
Sept	159	122	143	133	118
Oct	178	157	168	145	135
Nov	184	180	181	164	149
Dec	195	192	196	197	158
Jan	208	213	211	219	176
Feb	208	223	233	240	205
March	208	237	242	265	228

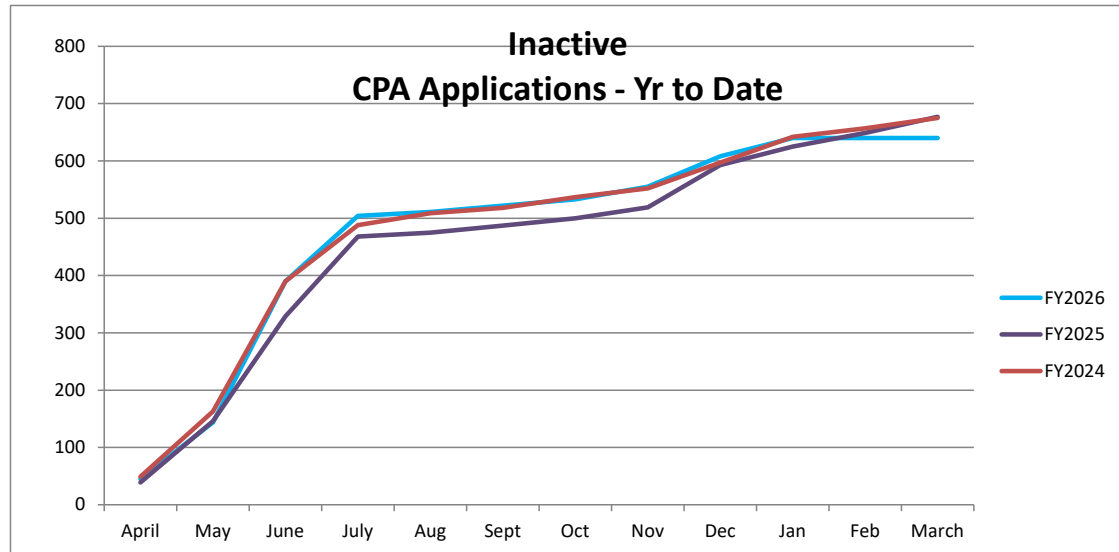


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Inactive Applications					
InAct	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	45	39	49	30	23
May	99	107	114	67	54
June	246	183	227	309	281
July	114	139	98	98	105
Aug	7	7	21	14	18
Sept	11	12	9	7	10
Oct	11	13	19	9	21
Nov	22	19	15	25	29
Dec	53	74	45	52	59
Jan	32	32	45	78	69
Feb	0	24	15	18	19
March	0	28	18	19	32
Avg	64	56	56	61	60

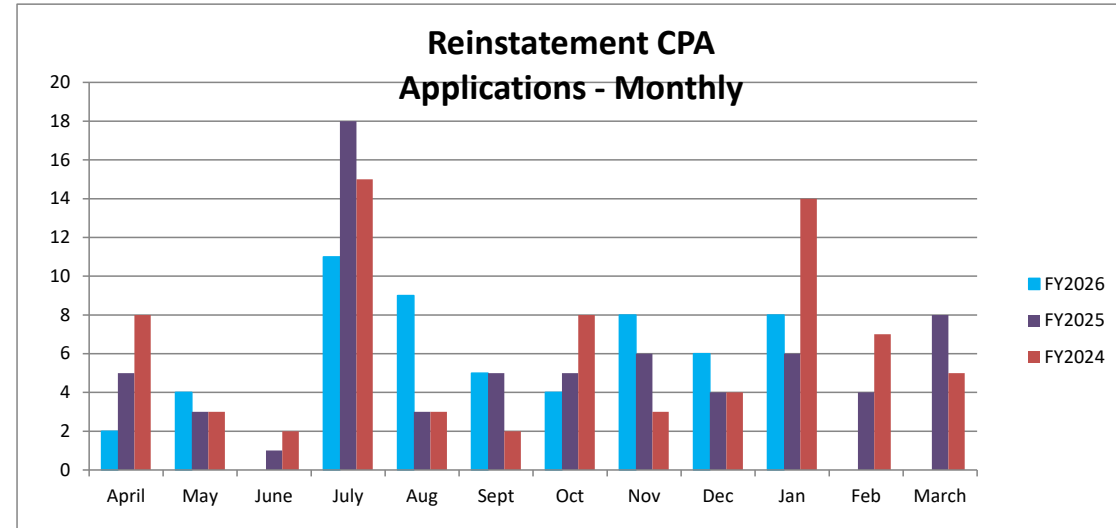


Inactive Applications					
InAct	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	45	39	49	30	23
May	144	146	163	97	77
June	390	329	390	406	358
July	504	468	488	504	463
Aug	511	475	509	518	481
Sept	522	487	518	525	491
Oct	533	500	537	534	512
Nov	555	519	552	559	541
Dec	608	593	597	611	600
Jan	640	625	642	689	669
Feb	640	649	657	707	688
March	640	677	675	726	720

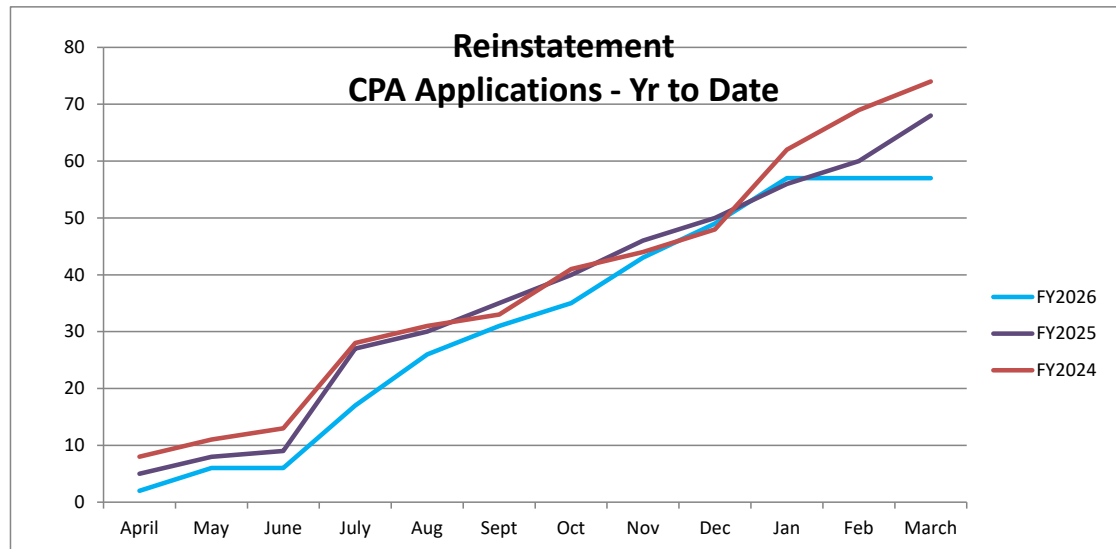


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Reinstatement Applications					
Re-Inst	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	2	5	8	8	6
May	4	3	3	6	1
June	0	1	2	3	0
July	11	18	15	12	13
Aug	9	3	3	8	2
Sept	5	5	2	6	4
Oct	4	5	8	5	7
Nov	8	6	3	5	6
Dec	6	4	4	5	7
Jan	8	6	14	7	6
Feb	0	4	7	3	6
March	0	8	5	4	5
Avg	6	6	6	6	5



Reinstatement Applications					
Re-Inst	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	2	5	8	8	6
May	6	8	11	14	7
June	6	9	13	17	7
July	17	27	28	29	20
Aug	26	30	31	37	22
Sept	31	35	33	43	26
Oct	35	40	41	48	33
Nov	43	46	44	53	39
Dec	49	50	48	58	46
Jan	57	56	62	65	52
Feb	57	60	69	68	58
March	57	68	74	72	63

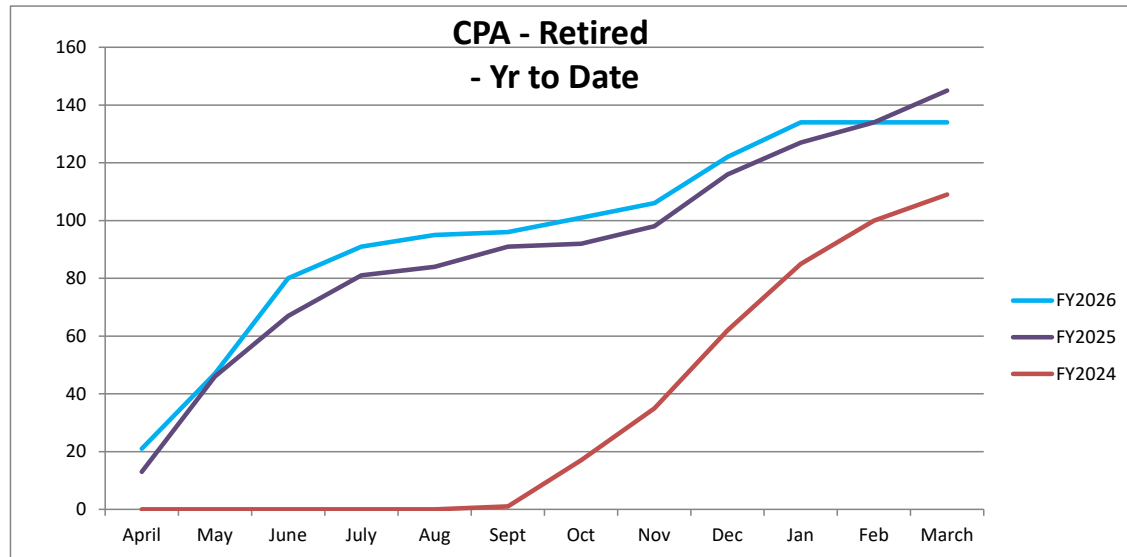
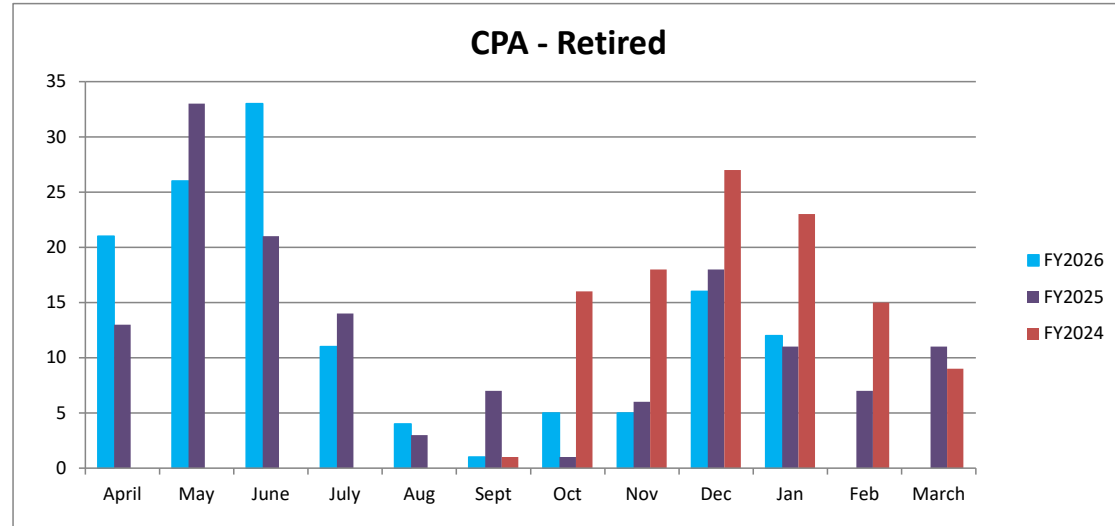


NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

CPA-Retired					
Count	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	21	13	0	0	0
May	26	33	0	0	0
June	33	21	0	0	0
July	11	14	0	0	0
Aug	4	3	0	0	0
Sept	1	7	1	0	0
Oct	5	1	16	0	0
Nov	5	6	18	0	0
Dec	16	18	27	0	0
Jan	12	11	23	0	0
Feb	0	7	15	0	0
March	0	11	9	0	0
Avg	13	21	9	0	0

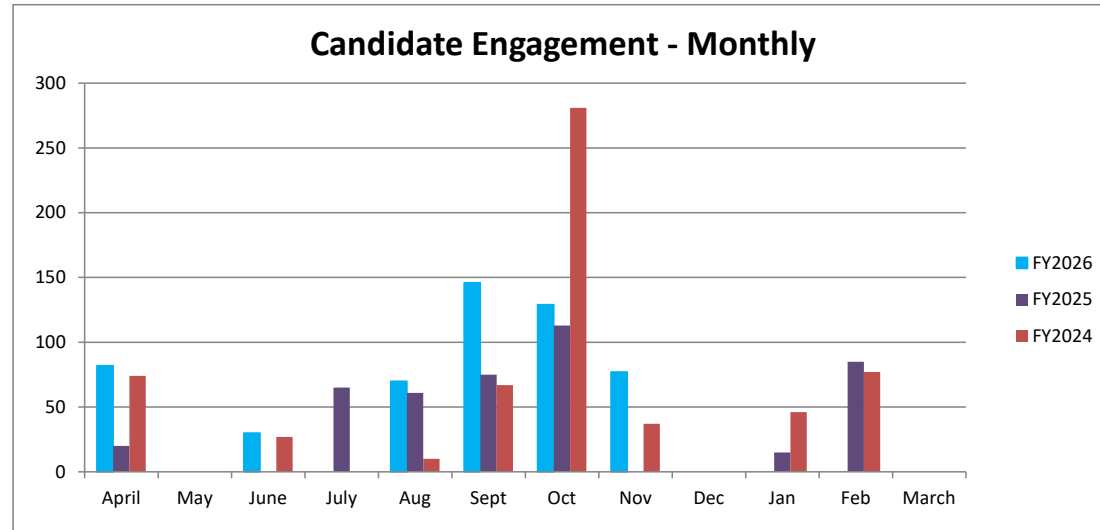
Began Sept 2023

CPA Retired					
Count	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	21	13	0	0	0
May	47	46	0	0	0
June	80	67	0	0	0
July	91	81	0	0	0
Aug	95	84	0	0	0
Sept	96	91	1	0	0
Oct	101	92	17	0	0
Nov	106	98	35	0	0
Dec	122	116	62	0	0
Jan	134	127	85	0	0
Feb	134	134	100	0	0
March	134	145	109	0	0



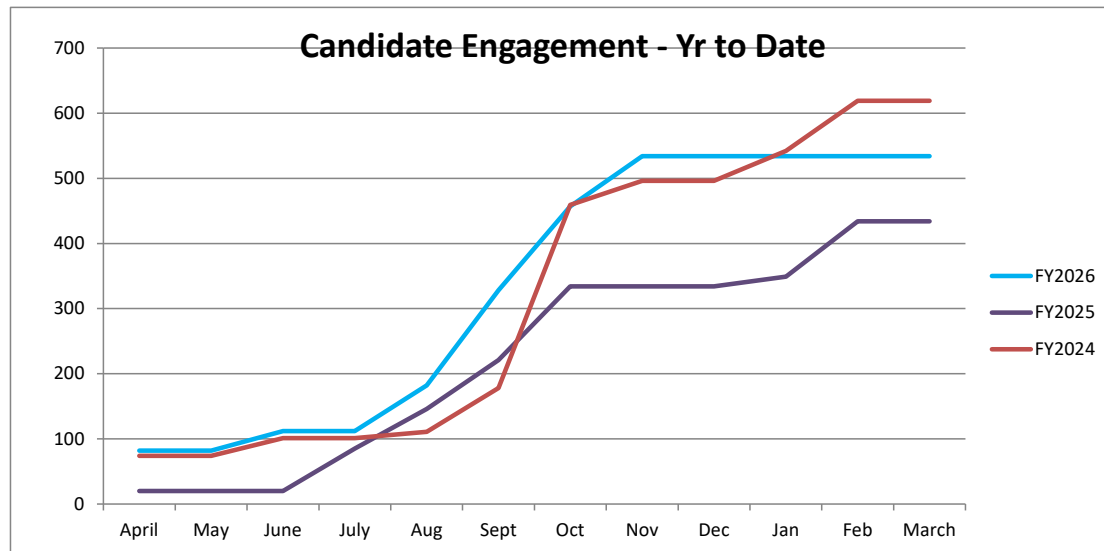
NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Candidate Engagement*					
Count	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	82	20	74	0	0
May	0	0	0	0	0
June	30	0	27	0	0
July	0	65	0	0	0
Aug	70	61	10	15	0
Sept	146	75	67	130	0
Oct	129	113	281	139	0
Nov	77	0	37	53	0
Dec	0	0	0	0	0
Jan	0	15	46	0	0
Feb	0	85	77	70	0
March	0	0	0	61	0
Avg	67	36	77	39	0



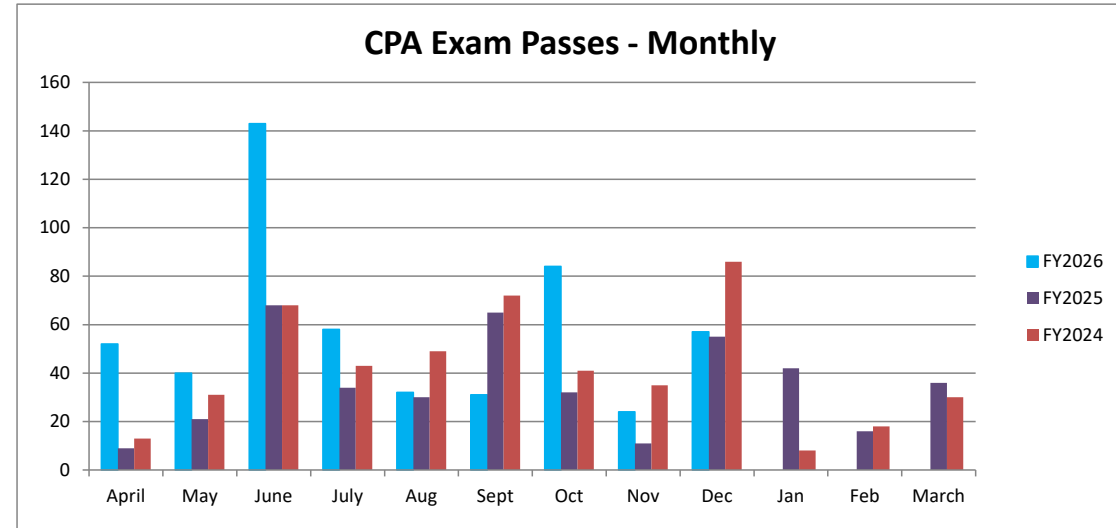
* Candidate Presentations as scheduled in concert with needs of various campuses, not including instructors and staff
Started tracking 8/22

Candidate Engagement					
Count	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	82	20	74	0	0
May	82	20	74	0	0
June	112	20	101	0	0
July	112	85	101	0	0
Aug	182	146	111	15	0
Sept	328	221	178	145	0
Oct	457	334	459	284	0
Nov	534	334	496	337	0
Dec	534	334	496	337	0
Jan	534	349	542	337	0
Feb	534	434	619	407	0
March	534	434	619	468	0



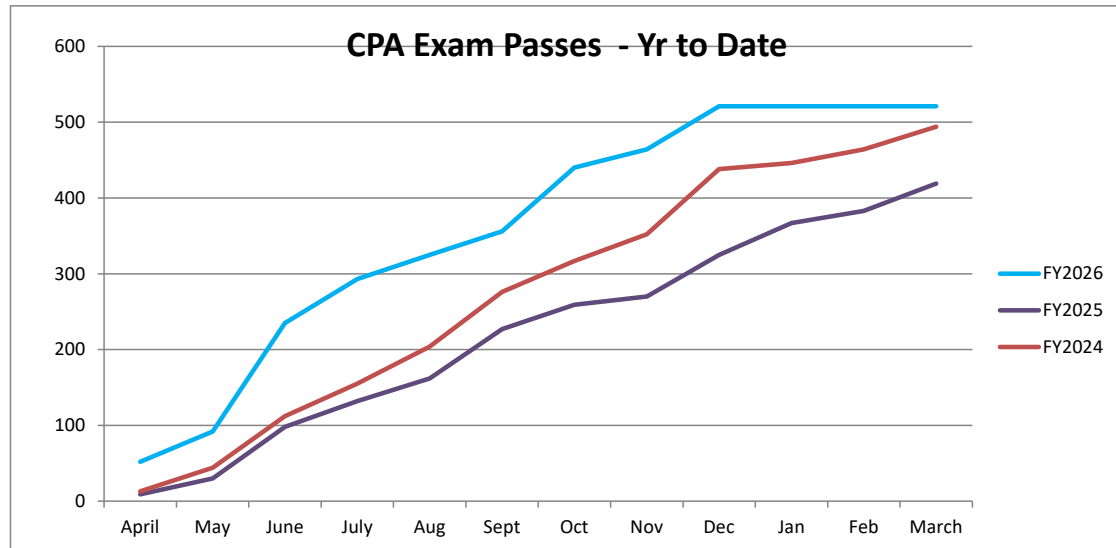
NC State Board of CPA Examiners Monthly and Year-to-Date Operational Metrics

Count	Exam Passes				
	2026	2025	2024	2023	2022
Mth	#	#	#	#	#
April	52	9	13	12	15
May	40	21	31	26	32
June	143	68	68	46	48
July	58	34	43	29	49
Aug	32	30	49	51	35
Sept	31	65	72	51	55
Oct	84	32	41	30	32
Nov	24	11	35	36	39
Dec	57	55	86	48	52
Jan	0	42	8	35	19
Feb	0	16	18	21	19
March	0	36	30	32	25
Avg	52	35	62	35	35



These results run approximately 2 months in arrears due to timing of score releases

Count	Exam Passes				
	2026	2025	2024	2023	2022
Mth	Sum	Sum	Sum	Sum	Sum
April	52	9	13	12	15
May	92	30	44	38	47
June	235	98	112	84	95
July	293	132	155	113	144
Aug	325	162	204	164	179
Sept	356	227	276	215	234
Oct	440	259	317	245	266
Nov	464	270	352	281	305
Dec	521	325	438	329	357
Jan	521	367	446	364	376
Feb	521	383	464	385	395
March	521	419	494	417	420



Exam Applications			Certificate Applications			CPA Firm Registrations		Professional Stds Cases					Inactive		Reinstatement		CPA - Retired		Candidate Eng		Exam Passes	
Month	Initial	Re-Exam	Month	Original	Reciprocal	Month	Total	Month	Begin Bal	Open	Closed	End Bal	Month	Total	Month	Total	Month	Total	Month	Total	Month	Total
Jan-15	107	130	Jan-15	96	51	Jan-15	18	Jan-15	202	66	54	214	Jan-15	47	Jan-15	13	Jan-15	0	Jan-15	0	Jan-15	0
Feb-15	62	110	Feb-15	64	16	Feb-15	20	Feb-15	214	22	40	196	Feb-15	13	Feb-15	0	Feb-15	0	Feb-15	0	Feb-15	0
Mar-15	82	227	Mar-15	48	4	Mar-15	12	Mar-15	196	40	38	198	Mar-15	18	Mar-15	0	Mar-15	0	Mar-15	0	Mar-15	0
Apr-15	97	180	Apr-15	48	61	Apr-15	18	Apr-15	198	7	38	167	Apr-15	29	Apr-15	0	Apr-15	0	Apr-15	0	Apr-15	0
May-15	78	151	May-15	40	11	May-15	11	May-15	167	26	18	175	May-15	73	May-15	0	May-15	0	May-15	0	May-15	0
Jun-15	77	312	Jun-15	0	4	Jun-15	17	Jun-15	175	6	21	160	Jun-15	126	Jun-15	0	Jun-15	0	Jun-15	0	Jun-15	0
Jul-15	66	178	Jul-15	60	54	Jul-15	13	Jul-15	160	10	32	138	Jul-15	90	Jul-15	0	Jul-15	0	Jul-15	0	Jul-15	0
Aug-15	52	155	Aug-15	100	21	Aug-15	11	Aug-15	138	31	27	142	Aug-15	6	Aug-15	0	Aug-15	0	Aug-15	0	Aug-15	0
Sep-15	51	296	Sep-15	44	5	Sep-15	25	Sep-15	142	27	33	136	Sep-15	7	Sep-15	0	Sep-15	0	Sep-15	0	Sep-15	0
Oct-15	64	154	Oct-15	74	70	Oct-15	13	Oct-15	136	53	32	157	Oct-15	21	Oct-15	0	Oct-15	0	Oct-15	0	Oct-15	0
Nov-15	62	151	Nov-15	45	27	Nov-15	14	Nov-15	157	26	25	158	Nov-15	25	Nov-15	0	Nov-15	0	Nov-15	0	Nov-15	0
Dec-15	139	276	Dec-15	0	2	Dec-15	22	Dec-15	158	9	24	143	Dec-15	35	Dec-15	0	Dec-15	0	Dec-15	0	Dec-15	0
Jan-16	121	139	Jan-16	133	36	Jan-16	28	Jan-16	143	12	17	138	Jan-16	42	Jan-16	0	Jan-16	0	Jan-16	0	Jan-16	0
Feb-16	101	141	Feb-16	68	12	Feb-16	16	Feb-16	138	17	21	134	Feb-16	17	Feb-16	0	Feb-16	0	Feb-16	0	Feb-16	0
Mar-16	92	305	Mar-16	43	3	Mar-16	17	Mar-16	134	34	19	149	Mar-16	19	Mar-16	0	Mar-16	0	Mar-16	0	Mar-16	0
Apr-16	97	191	Apr-16	60	69	Apr-16	3	Apr-16	149	27	31	145	Apr-16	38	Apr-16	0	Apr-16	0	Apr-16	0	Apr-16	0
May-16	85	203	May-16	42	18	May-16	14	May-16	145	16	23	138	May-16	63	May-16	0	May-16	0	May-16	0	May-16	0
Jun-16	110	266	Jun-16	0	2	Jun-16	8	Jun-16	138	33	20	151	Jun-16	150	Jun-16	0	Jun-16	0	Jun-16	0	Jun-16	0
Jul-16	74	204	Jul-16	96	53	Jul-16	6	Jul-16	151	17	42	126	Jul-16	60	Jul-16	0	Jul-16	0	Jul-16	0	Jul-16	0
Aug-16	85	237	Aug-16	36	8	Aug-16	14	Aug-16	126	68	27	167	Aug-16	14	Aug-16	0	Aug-16	0	Aug-16	0	Aug-16	0
Sep-16	83	297	Sep-16	42	4	Sep-16	8	Sep-16	167	65	27	205	Sep-16	6	Sep-16	0	Sep-16	0	Sep-16	0	Sep-16	0
Oct-16	60	177	Oct-16	56	82	Oct-16	9	Oct-16	205	53	53	205	Oct-16	12	Oct-16	0	Oct-16	0	Oct-16	0	Oct-16	0
Nov-16	104	183	Nov-16	72	32	Nov-16	14	Nov-16	205	22	72	155	Nov-16	27	Nov-16	0	Nov-16	0	Nov-16	0	Nov-16	0
Dec-16	115	276	Dec-16	0	4	Dec-16	30	Dec-16	155	7	26	136	Dec-16	59	Dec-16	0	Dec-16	0	Dec-16	0	Dec-16	0
Jan-17	129	189	Jan-17	108	34	Jan-17	24	Jan-17	136	35	49	122	Jan-17	34	Jan-17	0	Jan-17	0	Jan-17	0	Jan-17	0
Feb-17	58	130	Feb-17	66	17	Feb-17	18	Feb-17	122	17	30	109	Feb-17	16	Feb-17	0	Feb-17	0	Feb-17	0	Feb-17	0
Mar-17	67	276	Mar-17	70	12	Mar-17	19	Mar-17	109	16	22	103	Mar-17	24	Mar-17	0	Mar-17	0	Mar-17	0	Mar-17	0
Apr-17	55	178	Apr-17	32	68	Apr-17	7	Apr-17	103	30	25	108	Apr-17	50	Apr-17	0	Apr-17	0	Apr-17	0	Apr-17	0
May-17	58	182	May-17	51	9	May-17	12	May-17	108	24	16	116	May-17	89	May-17	0	May-17	0	May-17	0	May-17	0
Jun-17	57	159	Jun-17	0	1	Jun-17	16	Jun-17	116	5	18	103	Jun-17	169	Jun-17	0	Jun-17	0	Jun-17	0	Jun-17	0
Jul-17	38	146	Jul-17	68	58	Jul-17	19	Jul-17	103	36	16	123	Jul-17	90	Jul-17	0	Jul-17	0	Jul-17	0	Jul-17	0
Aug-17	50	187	Aug-17	39	4	Aug-17	22	Aug-17	123	65	29	159	Aug-17	6	Aug-17	0	Aug-17	0	Aug-17	0	Aug-17	0
Sep-17	59	267	Sep-17	42	2	Sep-17	14	Sep-17	159	29	42	146	Sep-17	10	Sep-17	0	Sep-17	0	Sep-17	0	Sep-17	0
Oct-17	47	196	Oct-17	62	93	Oct-17	23	Oct-17	146	24	17	153	Oct-17	24	Oct-17	0	Oct-17	0	Oct-17	0	Oct-17	0
Nov-17	79	126	Nov-17	46	25	Nov-17	15	Nov-17	153	7	18	142	Nov-17	26	Nov-17	0	Nov-17	0	Nov-17	0	Nov-17	0
Dec-17	79	154	Dec-17	0	24	Dec-17	15	Dec-17	142	6	23	125	Dec-17	40	Dec-17	0	Dec-17	0	Dec-17	0	Dec-17	0
Jan-18	131	178	Jan-18	117	12	Jan-18	30	Jan-18	125	18	15	128	Jan-18	47	Jan-18	0	Jan-18	0	Jan-18	0	Jan-18	0
Feb-18	39	107	Feb-18	73	20	Feb-18	18	Feb-18	128	16	11	133	Feb-18	14	Feb-18	0	Feb-18	0	Feb-18	0	Feb-18	0
Mar-18	66	236	Mar-18	36	5	Mar-18	10	Mar-18	133	14	14	133	Mar-18	8	Mar-18	0	Mar-18	0	Mar-18	0	Mar-18	0
Apr-18	70	211	Apr-18	32	52	Apr-18	12	Apr-18	133	27	16	144	Apr-18	50	Apr-18	0	Apr-18	0	Apr-18	0	Apr-18	0
May-18	77	136	May-18	61	13	May-18	13	May-18	144	95	44	195	May-18	73	May-18	0	May-18	0	May-18	0	May-18	0
Jun-18	61	149	Jun-18	0	0	Jun-18	7	Jun-18	195	61	68	188	Jun-18	194	Jun-18	0	Jun-18	0	Jun-18	0	Jun-18	0
Jul-18	66	235	Jul-18	57	59	Jul-18	3	Jul-18	188	62	54	196	Jul-18	67	Jul-18	0	Jul-18	0	Jul-18	0	Jul-18	0
Aug-18	62	136	Aug-18	41	4	Aug-18	23	Aug-18	196	58	63	191	Aug-18	17	Aug-18	0	Aug-18	0	Aug-18	0	Aug-18	0
Sep-18	48	218	Sep-18	44	3	Sep-18	7	Sep-18	191	34	49	176	Sep-18	3	Sep-18	0	Sep-18	0	Sep-18	0	Sep-18	0
Oct-18	84	175	Oct-18	77	113	Oct-18	10	Oct-18	176	12	45	143	Oct-18	13	Oct-18	0	Oct-18	0	Oct-18	0	Oct-18	0
Nov-18	82	116	Nov-18	70	42	Nov-18	9	Nov-18	143	5	42	106	Nov-18	15	Nov-18	0	Nov-18	0	Nov-18	0	Nov-18	0
Dec-18	81	133	Dec-18	2	35	Dec-18	11	Dec-18	106	6	15	97	Dec-18	38	Dec-18	0	Dec-18	0	Dec-18	0	Dec-18	0
Jan-19	91	145	Jan-19	108	33	Jan-19	21	Jan-19	97	33	20	110	Jan-19	52	Jan-19	0	Jan-19	0	Jan-19	0	Jan-19	0
Feb-19	74	124	Feb-19	57	10	Feb-19	22	Feb-19	110	43	22	131	Feb-19	15	Feb-19	0	Feb-19	0	Feb-19	0	Feb-19	0
Mar-19	45	190	Mar-19	35	7	Mar-19	12	Mar-19	131	18	21	128	Mar-19	16	Mar-19	0	Mar-19	0	Mar-19	0	Mar-19	0
Apr-19	61	195	Apr-19	42	70	Apr-19	7	Apr-19	128	28	30	126	Apr-19	30	Apr-19	0	Apr-19	0	Apr-19	0	Apr-19	0
May-19	70	196	May-19	37	9	May-19	14	May-19	126	18	25	119	May-19	58	May-19	0	May-19	0	May-19	0	May-19	0
Jun-19	62	222	Jun-19	0	2	Jun-19	25	Jun-19	119	25	26	118	Jun-19	221	Jun-19	0	Jun-19	0	Jun-19	0	Jun-19	0
Jul-19	92	172	Jul-19	62	37	Jul-19	11	Jul-19	118	37	21	134	Jul-19	123	Jul-19	0	Jul-19	0	Jul-19	0	Jul-19	0
Aug-19	51	164	Aug-19	49	44	Aug-19	6	Aug-19	134	67	49	152	Aug-19	9	Aug-19	0	Aug-19	0	Aug-19	0	Aug-19	0
Sep-19	54	185	Sep-19	84	2	Sep-19	5	Sep-19	152	14	26	140	Sep-19	11	Sep-19	0	Sep-19	0	Sep-19	0	Sep-19	0
Oct-19	62	194	Oct-19	36	56	Oct-19	11	Oct-19	140	14	39	115	Oct-19	20	Oct-19	0	Oct-19	0	Oct-19	0	Oct-19	0
Nov-19	58	144	Nov-19	62	69	Nov-19	12	Nov-19	115	11	23	103	Nov-19	26	Nov-19	0	Nov-19	0	Nov-19	0	Nov-19	0
Dec-19	83	177	Dec-19	1	26	Dec-19	16	Dec-19	103	31	25	109	Dec-19	73	Dec-19	0	Dec-19	0	Dec-19	0	Dec-19	0
Jan-20	111	145	Jan-20	112	17	Jan-20	26	Jan-20	109	33	25	117	Jan-20	32	Jan-20	0	Jan-20	0	Jan-20	0	Jan-20	0
Feb-20	70	112	Feb-20	50	10	Feb-20	11	Feb-20	117	16	23	110	Feb-20	15	Feb-20	0	Feb-20	0	Feb-20	0	Feb-20	0
Mar-20	41	139	Mar-20	44	8	Mar-20	5	Mar-20	110	18	19	109	Mar-20	6	Mar-20	0	Mar-20	0	Mar-20	0	Mar-20	0
Apr-20	14	84	Apr-20	14	57	Apr-20	3	Apr-20	109	7	17	99	Apr-20	17	Apr-20	0	Apr-20	0	Apr-20	0	Apr-20	0
May-20	59	174	May-20	0	7	May-20	12	May-20	99	9	23	85	May-20	88	May-20	0	May-20	0	May-20	0	May-20	40
Jun-20	87	176	Jun-20	0	0	Jun-20	10	Jun-20	85	12												

Exam Applications			Certificate Applications			CPA Firm Registrations		Professional Stds Cases					Inactive		Reinstatement		CPA - Retired		Candidate Eng		Exam Passes	
Month	Initial	Re-Exam	Month	Original	Reciprocal	Month	Total	Month	Begin Bal	Open	Closed	End Bal	Month	Total	Month	Total	Month	Total	Month	Total	Month	Total
Oct-20	85	155	Oct-20	47	44	Oct-20	7	Oct-20	88	17	12	93	Oct-20	13	Oct-20	4	Oct-20	0	Oct-20	0	Oct-20	40
Nov-20	78	145	Nov-20	56	61	Nov-20	6	Nov-20	93	10	24	79	Nov-20	21	Nov-20	6	Nov-20	0	Nov-20	0	Nov-20	53
Dec-20	61	146	Dec-20	46	10	Dec-20	9	Dec-20	79	13	12	80	Dec-20	55	Dec-20	5	Dec-20	0	Dec-20	0	Dec-20	89
Jan-21	66	150	Jan-21	72	22	Jan-21	20	Jan-21	80	21	19	82	Jan-21	53	Jan-21	7	Jan-21	0	Jan-21	0	Jan-21	29
Feb-21	66	142	Feb-21	78	4	Feb-21	8	Feb-21	82	12	27	67	Feb-21	9	Feb-21	14	Feb-21	0	Feb-21	0	Feb-21	18
Mar-21	46	147	Mar-21	31	0	Mar-21	16	Mar-21	67	29	17	79	Mar-21	21	Mar-21	6	Mar-21	0	Mar-21	0	Mar-21	32
Apr-21	52	164	Apr-21	41	55	Apr-21	7	Apr-21	79	9	23	65	Apr-21	23	Apr-21	6	Apr-21	0	Apr-21	0	Apr-21	15
May-21	55	186	May-21	50	7	May-21	4	May-21	65	8	4	69	May-21	54	May-21	1	May-21	0	May-21	0	May-21	32
Jun-21	56	182	Jun-21	0	1	Jun-21	11	Jun-21	69	37	17	89	Jun-21	281	Jun-21	0	Jun-21	0	Jun-21	0	Jun-21	48
Jul-21	58	177	Jul-21	75	39	Jul-21	15	Jul-21	89	18	21	86	Jul-21	105	Jul-21	13	Jul-21	0	Jul-21	0	Jul-21	49
Aug-21	37	168	Aug-21	31	37	Aug-21	10	Aug-21	86	18	18	86	Aug-21	18	Aug-21	2	Aug-21	0	Aug-21	0	Aug-21	35
Sep-21	37	111	Sep-21	42	2	Sep-21	6	Sep-21	86	13	35	64	Sep-21	10	Sep-21	4	Sep-21	0	Sep-21	0	Sep-21	55
Oct-21	68	139	Oct-21	46	47	Oct-21	4	Oct-21	64	19	17	66	Oct-21	21	Oct-21	7	Oct-21	0	Oct-21	0	Oct-21	32
Nov-21	90	152	Nov-21	48	74	Nov-21	12	Nov-21	66	21	14	73	Nov-21	29	Nov-21	6	Nov-21	0	Nov-21	0	Nov-21	39
Dec-21	67	110	Dec-21	32	27	Dec-21	25	Dec-21	73	11	9	75	Dec-21	59	Dec-21	7	Dec-21	0	Dec-21	0	Dec-21	52
Jan-22	81	134	Jan-22	60	33	Jan-22	15	Jan-22	75	31	18	88	Jan-22	69	Jan-22	6	Jan-22	0	Jan-22	0	Jan-22	19
Feb-22	54	110	Feb-22	47	11	Feb-22	7	Feb-22	88	33	29	92	Feb-22	19	Feb-22	6	Feb-22	0	Feb-22	0	Feb-22	19
Mar-22	56	141	Mar-22	30	7	Mar-22	8	Mar-22	92	38	23	107	Mar-22	32	Mar-22	5	Mar-22	0	Mar-22	0	Mar-22	25
Apr-22	21	131	Apr-22	44	81	Apr-22	2	Apr-22	107	21	38	90	Apr-22	30	Apr-22	8	Apr-22	0	Apr-22	0	Apr-22	12
May-22	84	178	May-22	39	8	May-22	6	May-22	90	21	19	92	May-22	67	May-22	6	May-22	0	May-22	0	May-22	26
Jun-22	84	172	Jun-22	22	3	Jun-22	8	Jun-22	92	35	15	112	Jun-22	309	Jun-22	3	Jun-22	0	Jun-22	0	Jun-22	46
Jul-22	67	187	Jul-22	50	50	Jul-22	12	Jul-22	112	25	19	118	Jul-22	98	Jul-22	12	Jul-22	0	Jul-22	0	Jul-22	29
Aug-22	56	187	Aug-22	57	24	Aug-22	5	Aug-22	118	35	21	132	Aug-22	14	Aug-22	8	Aug-22	0	Aug-22	15	Aug-22	51
Sep-22	57	140	Sep-22	30	1	Sep-22	6	Sep-22	132	24	21	135	Sep-22	7	Sep-22	6	Sep-22	0	Sep-22	130	Sep-22	51
Oct-22	80	149	Oct-22	34	57	Oct-22	8	Oct-22	135	24	12	147	Oct-22	9	Oct-22	5	Oct-22	0	Oct-22	139	Oct-22	30
Nov-22	87	169	Nov-22	47	67	Nov-22	14	Nov-22	147	7	19	135	Nov-22	25	Nov-22	5	Nov-22	0	Nov-22	53	Nov-22	36
Dec-22	63	142	Dec-22	38	15	Dec-22	10	Dec-22	135	23	33	125	Dec-22	52	Dec-22	5	Dec-22	0	Dec-22	0	Dec-22	48
Jan-23	75	156	Jan-23	44	30	Jan-23	23	Jan-23	125	14	22	117	Jan-23	78	Jan-23	7	Jan-23	0	Jan-23	0	Jan-23	35
Feb-23	46	141	Feb-23	32	9	Feb-23	9	Feb-23	117	12	21	108	Feb-23	18	Feb-23	3	Feb-23	0	Feb-23	70	Feb-23	21
Mar-23	49	192	Mar-23	40	11	Mar-23	3	Mar-23	108	41	25	124	Mar-23	19	Mar-23	4	Mar-23	0	Mar-23	61	Mar-23	32
Apr-23	55	168	Apr-23	47	64	Apr-23	6	Apr-23	124	22	30	116	Apr-23	49	Apr-23	8	Apr-23	0	Apr-23	74	Apr-23	13
May-23	78	208	May-23	27	5	May-23	2	May-23	116	9	20	105	May-23	114	May-23	3	May-23	0	May-23	0	May-23	31
Jun-23	99	262	Jun-23	20	2	Jun-23	4	Jun-23	105	12	16	101	Jun-23	227	Jun-23	2	Jun-23	0	Jun-23	27	Jun-23	68
Jul-23	61	222	Jul-23	62	39	Jul-23	13	Jul-23	101	25	36	90	Jul-23	98	Jul-23	15	Jul-23	0	Jul-23	0	Jul-23	43
Aug-23	132	285	Aug-23	52	36	Aug-23	14	Aug-23	90	38	21	107	Aug-23	21	Aug-23	3	Aug-23	0	Aug-23	10	Aug-23	49
Sep-23	128	242	Sep-23	33	2	Sep-23	5	Sep-23	107	11	20	98	Sep-23	9	Sep-23	2	Sep-23	1	Sep-23	67	Sep-23	72
Oct-23	98	269	Oct-23	61	32	Oct-23	11	Oct-23	98	9	25	82	Oct-23	19	Oct-23	8	Oct-23	16	Oct-23	281	Oct-23	41
Nov-23	38	147	Nov-23	62	55	Nov-23	5	Nov-23	82	18	13	87	Nov-23	15	Nov-23	3	Nov-23	18	Nov-23	37	Nov-23	35
Dec-23	29	119	Dec-23	41	21	Dec-23	18	Dec-23	87	15	15	87	Dec-23	45	Dec-23	4	Dec-23	27	Dec-23	0	Dec-23	86
Jan-24	74	227	Jan-24	43	22	Jan-24	5	Jan-24	87	11	15	83	Jan-24	45	Jan-24	14	Jan-24	23	Jan-24	46	Jan-24	8
Feb-24	56	154	Feb-24	64	12	Feb-24	22	Feb-24	83	19	22	80	Feb-24	15	Feb-24	7	Feb-24	15	Feb-24	77	Feb-24	18
Mar-24	33	111	Mar-24	28	4	Mar-24	5	Mar-24	80	17	9	88	Mar-24	18	Mar-24	5	Mar-24	9	Mar-24	0	Mar-24	30
Apr-24	59	168	Apr-24	28	62	Apr-24	14	Apr-24	88	23	16	95	Apr-24	39	Apr-24	5	Apr-24	13	Apr-24	20	Apr-24	9
May-24	69	241	May-24	21	7	May-24	5	May-24	95	15	13	97	May-24	107	May-24	3	May-24	33	May-24	0	May-24	21
Jun-24	75	156	Jun-24	21	2	Jun-24	7	Jun-24	97	16	15	98	Jun-24	183	Jun-24	1	Jun-24	21	Jun-24	0	Jun-24	68
Jul-24	59	204	Jul-24	48	36	Jul-24	14	Jul-24	98	18	31	85	Jul-24	139	Jul-24	18	Jul-24	14	Jul-24	65	Jul-24	34
Aug-24	70	276	Aug-24	38	37	Aug-24	16	Aug-24	85	10	16	79	Aug-24	7	Aug-24	3	Aug-24	3	Aug-24	61	Aug-24	30
Sep-24	85	148	Sep-24	38	4	Sep-24	7	Sep-24	79	71	31	119	Sep-24	12	Sep-24	5	Sep-24	7	Sep-24	75	Sep-24	65
Oct-24	59	137	Oct-24	37	32	Oct-24	14	Oct-24	119	20	35	104	Oct-24	13	Oct-24	5	Oct-24	1	Oct-24	113	Oct-24	32
Nov-24	74	220	Nov-24	37	73	Nov-24	15	Nov-24	104	5	23	86	Nov-24	19	Nov-24	6	Nov-24	6	Nov-24	0	Nov-24	11
Dec-24	61	152	Dec-24	30	14	Dec-24	11	Dec-24	86	13	12	87	Dec-24	74	Dec-24	4	Dec-24	18	Dec-24	0	Dec-24	55
Jan-25	97	207	Jan-25	71	25	Jan-25	16	Jan-25	87	14	21	80	Jan-25	32	Jan-25	6	Jan-25	11	Jan-25	15	Jan-25	42
Feb-25	58	189	Feb-25	25	4	Feb-25	17	Feb-25	80	17	10	87	Feb-25	24	Feb-25	4	Feb-25	7	Feb-25	85	Feb-25	16
Mar-25	49	226	Mar-25	55	10	Mar-25	12	Mar-25	87	21	14	94	Mar-25	28	Mar-25	8	Mar-25	11	Mar-25	0	Mar-25	36
Apr-25	68	244	Apr-25	36	67	Apr-25	7	Apr-25	94	19	17	96	Apr-25	45	Apr-25	2	Apr-25	21	Apr-25	82	Apr-25	52
May-25	95	325	May-25	32	10	May-25	9	May-25	96	14	11	99	May-25	99	May-25	4	May-25	26	May-25	0	May-25	40
Jun-25	70	251	Jun-25	0	2	Jun-25	8	Jun-25	99	13	18	94	Jun-25	246	Jun-25	0	Jun-25	33	Jun-25	30	Jun-25	143
Jul-25	100	256	Jul-25	76	18	Jul-25	8	Jul-25	94	49	21	122	Jul-25	114	Jul-25	11	Jul-25	11	Jul-25	0	Jul-25	58
Aug-25	98	217	Aug-25	62	11	Aug-25	12	Aug-25	122	47	43	126	Aug-25	7	Aug-25	9	Aug-25	4	Aug-25	70	Aug-25	32
Sep-25	75	186	Sep-25	33	30	Sep-25	18	Sep-25	126	10	49	87	Sep-25	11	Sep-25	5	Sep-25	1	Sep-25	146	Sep-25	31
Oct-25	83	196	Oct-25	43	35	Oct-25	8	Oct-25	87	10	19	78	Oct-25	11	Oct-25	4	Oct-25	5	Oct-25	129	Oct-25	84
Nov-25	95	232	Nov-25	55	60	Nov-25	16	Nov-25	78	8	6	80	Nov-25	22	Nov-25	8	Nov-25	5	Nov-25	77	Nov-25	24
Dec-25	99	213	Dec-25	53	19	Dec-25	12	Dec-25	80	7	11	76	Dec-25	53	Dec-25	6	Dec-25	16	Dec-25	0	Dec-25	57
Jan-26	104	194	Jan-26	59	24	Jan-26	17	Jan-26	76	15	13	78	Jan-26	32	Jan-26	8	Jan-26	12	Jan-26	0	Jan-26	0
Feb-26	0	0	Feb-26	0	0	Feb-26	0	Feb-26	78	0	0	78	Feb-26	0	Feb-26	0	Feb-26	0	Feb-26	0	Feb-26	0
Mar-26	0	0	Mar-26	0	0	Mar-26	0	Mar-26	78													



North Carolina State Board of Certified Public Accountant Examiners

Executive Staff Report

Upcoming Student Presentations on College and University Campuses

February 24, 2026 – NC State University

March 5, 2026 – Wake Technical Community College

April 1, 2026 – NC Central University

NASBA Events

Conference for Executive Directors, Board Staff, & Legal Counsel – March 24-26, 2026, Austin, TX

2026 Eastern Regional Meeting – June 9-11, 2026, Rio Grande, PR

2026 NASBA Annual Meeting – October 25-28, 2026, Litchfield Park, AZ

Technology Updates

Staff continue to collaborate closely with the Agency Transformation team at GL Solutions to advance improvements to the Board's technology platform. While the process is time-intensive, it represents a critical investment in strengthening the Board's overall performance, operational effectiveness, and efficiency. By streamlining and automating examination and licensing processes, the Board will standardize procedures and deliver improved experiences for both staff and stakeholders.

Over the next six weeks, Board staff will partner with the GL Solutions team to complete comprehensive testing and targeted training activities. To support data migration and a smooth system transition, the Board will observe a blackout period from Saturday, April 4, through Sunday, April 12, during which the current system will be unavailable. Paper applications will continue to be accepted during this time and will be processed once the new system is live.

The anticipated go-live date for the new system is April 13, 2026. GL Solutions' lead project manager, Lucas Brandt, will be on-site at the Board office to support a successful launch. On the go-live date, online licensing and examination applications will be available, and the annual CPA renewal cycle will open immediately.



North Carolina State Board of Certified Public Accountant Examiners

Recognition of NC CPA Licensure Milestones

Years of Licensure	Name	License Issued
50	Dennis J. Swanick, #9212	2/13/1976
53	William Temple Allen, #7092	2/13/1973
53	Lloyd Ray Moody, #7116	2/19/1973
53	Thomas Rudolph Smith, #7118	2/19/1973
54	Hilton Wayne Comstock, #5131	2/10/1972
54	William Hall Formy-Duval, #5132	2/10/1972
55	Arthur Coburn Farley III, #4157	2/25/1971
55	Thomas Eugene Hastings, #4160	2/25/1971
58	Joseph Edward Hahn, #3088	2/1/1968
58	Wayne Clifford Curry, #3099	2/7/1968
58	Rea Franklin Miller Jr., #3104	2/7/1968
58	Donnie Lee Heath, #3121	2/26/1968
58	Joseph Waters Pegram, #3127	2/26/1968