Activity Review

North Carolina State Board of Certified Public Accountant Examiners

Suite 104, 1101 Oberlin Road, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 1 2000

Practice Monitoring Essential to Quality

The following fictional scenario is presented for illustrative purposes:

A California licensed accountant, accused of issuing grossly misleading financial statements, is sitting in court on the witness stand, being questioned by the plaintiff's attorney.

Attorney: *Are your familiar with the professional requirements concerning quality control for a pubic accounting firm?*

Licensee: *Yes, I am.*

Attorney: *How large is your firm?*

Licensee: *I have one full-time and one part-time bookkeeper and a receptionist-secretary.*

Attorney: *Is either of these a licensed accountant?*

Licensee: *No.*

Attorney: *Then who reviews the financial reports that you prepare and issue?*

Licensee: *No one on my staff is qualified to review financial reports.*

Attorney: *Do you use a checklist when you prepare financial statements to assure conformity with the standards for the type of engagement involved?*

Licensee: *No.*

Attorney: *Do you do a cold review before issuing a statement you have prepared, like letting it sit on your desk for a day or so and then reviewing it as objectively as you can?*

Licensee: *Usually there's not enough time. The statements are often late as it is.*

Attorney: *Then no one inside or outside of your office does a pre- or post-issuance of financial reports you prepare?*

Licensee: *That's correct.*

Attorney: *Then how do you implement the monitoring requirements for small public accounting firms provided for in paragraphs 10 and 11 of the Statements of Quality Control Standards No. 3?*

Licensee: *(Silence.)*

Small firm proprietors with no staff or with a limited number of management-level individuals should ask themselves that very question. Such proprietors are not excused from meeting at least minimum quality control standards.

While the extent of review appropriate in any engagement may be judgmental, completely unreviewed performance of audits is inconsistent with acceptable quality control.

Professional standards include *Statements on Quality Control Standards* that apply to every CPA firm that has an accounting or auditing practice.

In meeting these standards, it is reasonable to expect greater vulnerability to quality breakdown in smaller firms, especially those of sole practitioners, unless sufficient effort is expended to overcome the problem of size limitations.

Analysis of recent results developed by the [California BOA's] Report Quality Monitoring Committee in its review of financial reports under the Section 89.1 program indicates that generally, the smaller the firm, the higher the number of "fail" evaluations.

For this purpose "fail" is defined as evaluations of marginal or substandard. It is not unrealistic to attribute this result, to a large extent, to a failure to subject the final report to some sort of review process.

The absence of the review element of quality control is a serious problem for a public accounting firm. It is difficult to defend an engagement that has not met at least minimum standards in the circumstances. However, this problem faced by small firms is not insurmountable. Consider the following options:

A well-developed checklist suitable for the engagement can help document that the relevant standards were met. Such checklists are available from professional organizations and are also in-

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www.state.nc.us/cpabd

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Board and Consent Orders

KPMG LLP
Raleigh, NC 12/20/99

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent KPMG LLP (hereafter "Respondent firm"), is a licensed certified public accounting firm in North Carolina.

2. On January 7, 1999, Tracy T. Jackson signed a Moral Character Affidavit as a CPA for a licensing applicant. Although she was living and working in North Carolina, Ms. Jackson was not licensed as a CPA in North Carolina when she signed said affidavit.

3. In response to Board inquiries regarding said affidavit, Respondent firm stated, on behalf of Ms. Jackson, that she had been employed as an audit manager with Respondent firm since October of 1997 but that she had "not held herself out as a North Carolina CPA."

4. Despite Respondent firm's representations that "all incoming members of the audit and tax staff" are advised that if they hold CPA certificates from other states they are "required to obtain a North Carolina CPA license," Ms. Jackson has failed to obtain a North Carolina CPA certificate.

5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent firm's identification in North Carolina of unlicensed or unregistered professional staff as CPAs is a violation of NCGS 93-1 (a)(3), 93-3, 93-9, and 93-10, and 21 NCAC 8N .0202 and 8N .0203 (b)(3).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent firm shall adopt, upon the date of this Order, the following internal procedures to assure its future compliance with North Carolina's licensing requirements:

a. Pursuant to this procedure, the supervising CPA registered with the Board for each North Carolina location of Respondent firm shall be responsible for compliance with applicable CPA licensure requirements.

b. On at least an annual basis, the licensure status of each individual required to be licensed will be confirmed, in writing, together with a listing of each individual not in compliance with the applicable laws or regulations, any explanatory information considered relevant and a recommended plan of action. Any licensure violation after the date of this agreement will be considered in the performance appraisal of the appropriate supervising CPA and the individual. Depending on the circumstances, noncompliance will result in appropriate action by Respondent firm, including, without limitation, potentially a reprimand, dismissal, or other penalty.

c. Any partner, manager, or CPA staff member transferring to North Carolina hereafter will receive explicit instructions regarding licensing and registration requirements in North Carolina. Any partner, manager, or CPA staff member transferring to North Carolina and who has met the applicable prerequisites will be instructed to obtain immediately a temporary license upon beginning work in North Carolina, and must immediately apply for a reciprocal license before the expiration of the temporary license. A report on the application process will be sent to the appropriate supervising CPA at the end of the temporary license period and upon completion of the reciprocal licensing application.

d. Consistent with the requirements of paragraphs b and c above, the appropriate supervising CPA responsible for each of Respondent firm's North Carolina offices will annually audit the licensure status of each partner, manager, and CPA staff member in said office.

e. All licensing applications completed and submitted by any partner, manager, CPA staff member, or licensure applicant will be reviewed by the supervising CPA prior to submission to the Board.

2. Respondent firm shall pay a one thousand dollar ($1,000.00) civil penalty.

3. Any further material violations of the terms of this Order shall result in the assessment of a five thousand dollar ($5,000.00) civil penalty for Respondent firm in addition to any other discipline appropriate to said violation.

Chet Milton Williams, #16908
Zebulon, NC 12/20/99

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 16908 as a Certified Public Accountant.

2. Respondent, on his 1998-99 individual license renewal, indicated that he was employed by Carolina Builders Corp.

3. Respondent replied to a Board inquiry that he prepares for a fire department requests for refund of sales taxes and prepares financial statements for the local fire department which are then provided to the external auditor.

4. Board staff sent a letter dated

May 25, 1999, to Respondent's last known home address by first class mail requesting that Respondent register his firm with the Board and provide the Board with required information concerning his firm's compliance with State Quality Review (SQR) requirements.

5. Board staff sent a second letter dated June 22, 1999, to Respondent's last known home address by certified/return receipt mail requesting that Respondent register his firm with the Board and provide the Board with required information concerning his firm's compliance with SQR requirements.

6. After the August 23, 1999, issuance of a Notice of Hearing, Respondent filed in October of 1999 a firm registration with the Board.

7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (7b), NCGS 93-12 (8c), and NCGS 93-12 (9)e and 21 NCAC 8J .0108, 21 NCAC 8M .0102, and 21 NCAC 8N .0206.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.

2. Respondent's license shall be suspended for thirty (30) days from the date this Order is approved by the Board; however, said suspension is stayed.

3. As a condition of the stay of his suspension, Respondent shall be on probation, shall comply with the terms of this Order, and shall violate no accountancy statutes or rules for two (2) years from the date this Order is approved by the Board.

4. Respondent shall pay a one thousand dollar ($1,000.00) civil penalty to be remitted with this signed Order.

5. Respondent's firm must obtain a peer review to be completed before December 31, 2000.

6. Respondent agrees that failure to timely comply with the terms of this Order or with all accountancy statutes and rules during the two (2) year probationary period shall be deemed sufficient grounds for imposition of the thirty (30) days suspension of Respondent's license in addition to any other discipline as assessed for the future violation.

7. Respondent agrees to cooperate at all times with the Board in the supervision and investigation of compliance with this settlement agreement and agrees to make all files, records, or other documents available immediately upon the demand of the Board.

Bonnie Spicer Greenhlagh, #16866
Apex, NC 12/20/99

THIS CAUSE coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina with a quorum present. The Board and Respondent stipulate that it is expressly understood and agreed that this consent order is in full accord and satisfaction of a disputed claim and that the findings stated herein shall not be binding in any other action and shall not constitute, or be construed as, an admission of liability or culpability on the part of the Respondent:

1. Respondent is the holder of a certificate as a Certified Public Accountant in North Carolina and is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent, during her employment as a staff accountant for a North Carolina CPA firm, misappropriated funds from her employer's client.

3. Respondent's misappropriation of funds from her employer's client is a violation of 21 NCGS 93-12 (9) and 21 NCAC 8N .0203.

4. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED ON THE FOREGOING, and in lieu of further proceeding under 21 NCAC Chapter 8C, the Board and Respondent agree that:

1. The Certified Public Accountant certificate issued to Respondent, Bonnie Spicer Greenhalgh, is hereby permanently revoked.

Orders
continued on page 5

Licensing Activity December 1999

Certificates Issued
The following certificate applications were approved at the December 20, 1999, Board meeting:

Karen Elizabeth Abell
Shelby Nicole Travis Allen
Mark R. Baxter
Elizabeth Gail Beatty
William Astor Ferguson, Jr.
Kayla Burnette Holden
Scott Lamar Jensen
Kristine Moseley Kinsey
Michelle Siska McClanahan
Guisug Gina Nam
Lizette Ross
David Franklin Vaughan

Reissuances
Michael Allyn Wiechart #20086

Reinstatements
Karen Grob Holcombe #18419
William Gip Kimball #7809
Kathy McKeown Niven #15587
Linda Faye Williams Sims #10169

Monitoring *from page 1*

cluded in professional publications. This can be supplemented by taking a fresh look at the procedures performed either before or after issuing the report that led up to the statements and by reviewing the statements themselves.

A practitioner who has no in-house independent review capabilities might enter into a reciprocal arrangement with another sole practitioner with limitations whereby review, consultation, and other services may be exchanged. Of course, a suitable level of quality should be the goal. If either practitioner is concerned about exposure of client names, reports may be sanitized (client names removed), or satisfactory contractual arrangements may be made to protect against undesirable client name exposure.

A sole practitioner or a practitioner who has limited management level staff may arrange with another practitioner, firm or other professional group to review the attest engagement on a fee basis. A retired licensee who is looking for part-time work or who wants to "keep his or her hand in" would be an ideal source.

Joining professional accounting societies could also be helpful to a practitioner with a small firm. Not only does this provide a resource for someone whose own resources are limited, but it also presents the opportunity to meet other licensees with similar practice limitations and to discuss mutual problems and mutual solutions.

Regardless of size, licensees must meet certain minimum quality control standards and failure to meet them can result in exposure to needless risks.

(Adapted from the article, "Monitoring Your Practice is Essential to Quality," written by Charles Chazen, Past Chair, California Board of Accountancy Report Quality Monitoring Committee. Reprinted with permission from Issue No. 40 of "Update," the California Board of Accountancy's newsletter.)

Certificate Forfeitures

The following CPAs forfeited their certificates on August 9, 1999, for failure to file the certificate renewal form, which includes the CPE report. Such failure violates NCGS 93-12(15). The names below are those individuals who have not been reinstated or did not have reinstatement applications pending by the December 20, 1999, Board meeting.

Andrew J. Adams
Robert Amarante
Ellis Janious Broadie, III
Larry Wayne Brumfield
Peter Andrew Caprise
Warren Godfrey Carson
Christy Idol Casper
John Smith Clark
Richard Gray Craft
Charles Deeluqwadag Crowe
Clarissa Story Felts
Jerry Dwight Gambrell
Sonnie Folds Gregg
Franklin Hanna Habit
Diane Anita Hardison
Lisa Marie Henricks
Steven V. Jones
Alex W. Karr
Michael Edwin Neil Keener
Debra Dunn Kellar
Susan L. Kelly
Gina R. Lafferty
Jeffrey S. Lehrfeld
John Jyh-Ming Lin
Kathryn Lindsay Little
Jose A. Martinez
Melody Anne McDuffie
Edward Graham McGoogan, Jr.
Rory Michael Moran
Steven Robert Ostrander
Kerri Lynn Pierce
Kevin Michael Rose
Mary Kaye Sanderson
Michael Angelo Tucker
Earl Eugene Whitmire
Hubert James Williams
Lisa Kay Wilson
Lake Warren Woods

Board Meetings

February 21
March 17
April 24
May 22
June 19
July 17
August 21
September 11
October 9
November 20
December 18

All Board meetings are open to the public. However, under State law, some portions of the meetings are closed to the public. If you wish to address the Board regarding a specific issue, please contact Robert N. Brooks, the Board's Executive Director, at (919) 733-1425 at least two weeks prior to the Board meeting date.

Exam Grades

Grades from the November 1999 Uniform CPA Examination will be mailed to candidates on January 31, 2000.

Grades will be mailed to the address on file with the Board. A candidate whose address has changed since sitting for the exam should submit a "Change of Address" form (see page 8) to the Board as soon as possible.

Address changes must be in writing and may be faxed to (919) 733-4209, Attn: Examinations.

A candidate may also e-mail his or her address change to examinations@mindspring.com.

Visit our web site
www.state.nc.us/cpabd

Orders *from page 2*

Names Not Published
12/20/99

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondents stipulate the following Findings:

1. Respondents are the holders of North Carolina certificates as Certified Public Accountants.

2. On their 1997-98 and 1998-99 individual certificate renewals, Respondents failed to disclosed a pending Internal Revenue Service (IRS) investigation by failing to answer "yes" to the question: "Have you been investigated, charged or disciplined since filing your last renewal application, or are you currently under investigation by a governing or licensing board or by a state or federal agency?"

3. The investigation regarded for delinquent tax returns that were actually filed before the IRS investigation began. The investigation was ultimately closed without action against Respondents.

4. Respondents wish to resolve this matter by consent and agree that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondents' conduct as set out above constitutes violations of NCGS 93-12 (9)e and 21 NCAC 8J .0101 (b)(1), 8N .0202 (b)(3), 8N .0206, and 8N .0213.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondents agree to the following Order:

1. Respondents shall receive unpublished reprimands.

Comments?

Do you have questions or comments regarding the information published in the *Activity Review*? If so, please contact Lisa R. Hearne, Communications Manager, by telephone (919) 733-4208, by fax (919) 733-4209, or by e-mail (communications@mindspring.com).

Forms Available on Web Site

The following forms and information are available from the Board's web site (www.state.nc.us/cpabd):

Applicants and Licensees

- Affidavit of Lost Certificate
- Application for Inactive Status
- Application for Retired Status
- Certificate of Moral Character
- Experience Affidavit
- Experience Affidavit (part-time)
- Experience Affidavit (self-employed)
- Experience Affidavit (teaching)
- Law & Ethics Course Information
- Non-Resident Reciprocal Certificate Application Package
- Reciprocal Certificate Application for South Carolina Licensees
- Request for Transfer of Grades
- Request for Extension to Complete CPE Hours

CPE Sponsors

- CPE Sponsor Application
- CPE Completion Certificate (sample)
- CPE Supplementary Schedule of Courses
- NASBA Addendum for CPE Sponsor Registration
- CPE Promotional Material (sample)
- New Course Form (type 6 sponsors)

Firms

- Additional Offices Registration
- Business Corporation to PC Conversion Package
- Foreign PC Registration Package
- Foreign PLLC Registration Package
- Individual Practitioner Registration Package
- LLC to PLLC Conversion Package
- LLP Registration Package
- Notification of Partner Admission to a Partnership or LLP
- Partnership Registration Package
- PC Articles of Amendment
- PC Registration Package
- PLLC Registration Package
- SQR Statement of Completion

Miscellaneous

- 1999 Rule Book (statutes & rules)
- 1999 Accountancy Rules
- *Activity Review* (1998-present)
- Complaint Form
- Complaint Procedure

To view and print these forms, you must have the Adobe Acrobat Reader software, which can be downloaded free from the Adobe web site. A link to the Adobe site is included on the "Forms" page of the Board's web site.

IRS Expands Credit Card Program

After a successful test of accepting credit card payments in 1999, the Internal Revenue Service (IRS) is expanding that availability to individuals seeking automatic extensions of time to file returns and those making estimated tax payments for tax year 2000. There will also be new opportunities to file and pay taxes electronically.

The IRS offers these electronic payment options through partnerships with private industry, including credit card processors and tax preparation software developers.

All individuals will again be able to use the pay-by-phone system to charge tax payments to American Express, Discover or MasterCard accounts.

This system will accept three types of payments—the balance owed on a 1999 return; a projected balance of 1999 taxes due on a request for an automatic extension of time to file; or an estimated tax payment for tax year 2000.

Taxpayers charging an automatic extension or estimated tax payment will not have to file the associated paper Forms 4868 or 1040-ES. The phone system, operated by official Payments Corporation, will open January 14, 2000. The estimated tax payment option will become available March 1, 2000.

Three tax software developers (Intuit, Nelco, and Orrtax) will offer e-file and pay combinations for individuals. In these programs, the credit card payment information is part of the electronic return filed.

The IRS does not set or collect any fees for credit card payments, but the private sector partners may impose convenience fees, based on the tax amounts charged.

All individuals who file electronically—including those using TeleFile, the file-by-phone system—will be able to have the balance due debited directly from their bank accounts.

Attention May 2000 Exam Applicants

If you are planning to sit for the May 2000 Uniform CPA Examination, please note the following application deadlines:

Initial exam applicants
January 31, 2000

Re-exam applicants
February 29, 2000

Your complete application must be postmarked or received in the Board office before the appropriate deadline.

The examination fee is $175.00, regardless of the number of sections for which you are sitting. Your canceled check or credit card statement is proof only that your application was received—it does not indicate that your application has been approved.

To request a May 2000 examination application, please call the Board's application line (1-800-211-7930) or send an e-mail request to examinations@mindspring.com.

Declaratory Ruling

Pursuant to the Administrative Procedures Act and Board rules, Declaratory Rulings set no precedents and are limited to the facts of the request and may be relied upon only by the requesting party.

RE: NCGS 93-9; 21 NCAC 8N .0302(d)

BACKGROUND INFORMATION:

Petitioner has two offices, Office A and Office B, located approximately 31 miles apart. Both offices currently have a CPA in each location who actively participates in the every day business of that office. Discussions and communications between the two offices occur daily via e-mail and telephone. The offices, which are networked via a wide-area network, occasionally work together on projects or client matters and work is being "shifted" between offices.

QUESTION:

Based on these circumstances, can Office B be actively and locally supervised by a CPA in Office A or is a CPA required to physically spend 51% of his/her time in Office B?

CONCLUSION:

NCGS 93-9 allows the employment of unlicensed personnel but states that such employees must work under the control and supervision of a CPA. In addition, 21 NCAC 8N .0302(d) states that every North Carolina office of a CPA firm shall be actively and locally supervised by a designated actively licensed North Carolina CPA.

Although physical presence is an important factor in supervision, it is not the only indication of supervision. With today's technology, communication via a computer may appear to be as close as that communication which occurs when a CPA and staff are in the same location.

Based on the facts presented in the background information, a CPA in Office A may supervise Office B of the firm without physically spending 51% of his/her time in Office B. However, a CPA in the firm must be designated as the supervisor and this individual will be primarily responsible to the Board for all work performed in Office B.

Date Requested: 11/1/99
Date Approved by Board: 12/20/99

Important 2000 Dates
For CPAs and Exam Applicants

January 3	–	May 2000 Exam Applications Available
January 31	–	November 1999 Exam Grade Release Date
	–	May 2000 Exam Application Deadline for Initial Applicants
	–	Firm Renewal and SQR Compliance Information Final Deadline for 2000
February 29	–	May 2000 Exam Application Deadline for Re-exam Applicants
April 18	–	Certificate Renewals Mailed
May 3-4	–	May 2000 Uniform CPA Examination (Raleigh & Winston-Salem)
June 15	–	November 2000 Exam Applications Available
June 30	–	Certificate Renewal Deadline
July 31	–	May 2000 Exam Grade Release Date
	–	November 2000 Exam Application Deadline for Initial Applicants
August 31	–	November 2000 Exam Application Deadline for Re-exam Applicants
November 1-2	–	November 2000 Uniform CPA Examination (Raleigh & Winston-Salem)
November 20	–	Firm Renewal and SQR Compliance Information for 2001 Mailed
December 31	–	Firm Renewal and SQR Compliance Information Due for 2001

Please remove this page and save for future reference.

State Board of CPA Examiners

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Address Change? Let Us Know!

Certificate holder_____
Last name Jr./III First Middle

Certificate number_____ Send mail to ___ home ___ business

Current home address_____

City_____ State_____ Zip_____

Business name_____

Current bus. address_____

City_____ State_____ Zip_____

Telephone: Bus. ( )_____ Home ( )_____

Bus. fax ( )_____ email address_____

Signature_____ Date_____

Mail to: N.C. State Board of CPA Examiners P.O. Box 12827 Raleigh, NC 27605-2827

To fax or email address change: CPA Board fax: (919) 733-4209 Email address: licensing@mindspring.com

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

Suite 104, 1101 Oberlin Road, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 2 2000

Important Information for Successful Exam Candidates

Successful examination candidates who want to avoid meeting the Board's 150-hour education requirement for licensure must submit a properly completed application for licensure to the Board prior to December 31, 2000.

The deadline is a result of legislation passed in July 1997 (see *Activity Review* 8-1997) which states that to be eligible to receive a certificate of qualification to practice as a CPA in North Carolina, individuals who apply for licensure after December 31, 2000, must satisfactorily complete 150 semester hours of college-level coursework including a bachelors degree with a concentration in accounting.

In addition, the legislation requires that individuals applying for licensure after December 31, 2000, must meet at least one of the following work experience requirements: one year of experience in the field of accounting under the direct supervision of a properly licensed CPA; four years of experience in the field of accounting; four years of experience teaching accounting in a regionally accredited four-year college or university; four years of experience teaching college transfer accounting courses at a regionally accredited community college or technical institute; or any combination of the above experience determined by the Board to be substantially equivalent.

These changes in the experience requirements apply only to applications for licensure postmarked or received after December 31, 2000.

Successful exam candidates will not be affected by the 150-hour education requirement unless they do not:

- complete the current work experience requirement pursuant to 21 NCAC 8F .0401; and
- submit a completed application for certification, including supporting documentation, to the Board prior to December 31, 2000.

Exam candidates who have not yet passed all four parts of the exam will not be affected by this legislation unless they do not:

- pass all sections of the Uniform CPA Examination pursuant to 21 NCAC 8F .0105;
- complete the current work experience requirement pursuant to 21 NCAC 8F .0401; and
- submit a completed application for certification, including supporting documentation, to the Board prior to December 31, 2000.

Keep in mind, the legislation applies to certificate applications postmarked or received after December 31, 2000, and individuals who do not complete the work experience requirement and submit a complete application for licensure prior to the deadline will be required to comply with the 150-hour education requirement before receiving a North Carolina CPA certificate.

If you have any questions about the 150-hour education requirement for licensure and how it affects exam candidates, please visit the Board's web site (www.state.nc.us/cpabd) and review the in-depth information, including the applicable statues and rules, on the requirement.

If you have questions not answered by the information on the web site, you may contact the Board by telephone at (919) 733-4222; by fax at (919) 733-4209; by e-mail at licensing@mindspring.com; or by mail at PO Box 12827, Raleigh, NC 27605-2827.

Remember, the 150-hour education requirement applies to applications for licensure received after December 31, 2000; the requirement has no bearing on sitting for the Uniform CPA exam.

www.state.nc.us/cpabd

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Consent Orders

Roland S. Hankerson, #15793
Rocky Mount, NC 12/20/99

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent was the holder of North Carolina certificate number 15793 as a Certified Public Accountant.

2. On June 22, 1998, the Board ordered that Respondent's certificate be suspended for at least thirty (30) days for failure to obtain a State Quality Review (SQR) prior to the prescribed completion date. Said Order further stated that the suspension of Respondent's certificate would not be rescinded by the Board until such time as he provided the Board with documentation that his firm's SQR had been completed.

3. Board staff sent the Board's Order by certified/return receipt mail to Respondent at his last known business address. Respondent returned his suspended certificate to the Board office on July 7, 1998.

4. In April of 1999, Respondent filed an application with the Board for the reissuance of Respondent's CPA certificate. On said application, Respondent indicated that, during the period of his suspension, he had never changed his firm's office sign to delete reference to his firm as a CPA firm and continued to offer professional services as a CPA.

5. With his application, Respondent submitted a moral character affidavit from a CPA stating that Respondent had informed him that he had problems with his SQR but failed to inform the CPA signing the affidavit that Respondent's certificate was suspended in June of 1998.

6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-3, 93-4, 93-6 , and 93-12(9)e and 21 NCAC 8N .0202(b)(9), .0203(b)(3).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.

2. Respondent's license shall be suspended for one (1) year from the date this Order is approved by the Board; however, said suspension is stayed.

3. As a condition of the stay of his suspension, Respondent shall be on probation, shall comply with the terms of this Order, and shall violate no accountancy statutes or rules for two (2) years from the date this Order is approved by the Board.

4. Respondent shall pay a one thousand dollar ($1,000.00) civil penalty to be remitted with this signed Order.

5. Respondent shall reimburse the Board five hundred dollars ($500.00) in administrative costs incurred in the costs of this investigation. Said administrative costs shall be remitted with this signed Order.

6. Respondent shall obtain preissuance review of all audits, reviews, and compilations until Respondent's firm receives an unqualified opinion on a peer review which includes a review of at least one audit, one review, and one compilation. The reviewer for the preissuance review shall be approved by the Board prior to performing said reviews.

7. Respondent agrees that failure to timely comply with the terms of this Order or with all accountancy statutes and rules during the two (2) year probationary period shall be deemed sufficient grounds for imposition of the one (1) year suspension of Respondent's license in addition to any other discipline as assessed for the future violation.

8. Respondent agrees to cooperate at all times with the Board in the supervision and investigation of compliance with this settlement agreement and agrees to make all files, records, or other documents available immediately upon the demand of the Board.

Phillip D. Morgan, #21809
Birmingham, AL 12/20/99

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 21809 as a Certified Public Accountant.

2. Respondent admits the truth of the factual allegations made against him in the attached Summons and Complaint issued by the Alabama State Board of Public Accountancy.

3. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of

NCGS 93-12(9)d and e, and 21 NCAC 8N .0103, 8N .0201, 8N .0202(a), 8N .0202(b)(2), 8N .0203, 8N .0204, 8N.0402, and 8N .0403.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's license is suspended until June 24, 2000, to run concurrently with the suspension of Respondent's Alabama certificate. Respondent must return his North Carolina certificate with this signed Order.

2. Respondent must comply with all requirements mandated by his Consent Order with the Alabama State Board of Public Accountancy.

3. Respondent may, after the reinstatement of his Alabama certificate and permit to practice, apply to return his North Carolina certificate to active status by submission and approval of a reissuance application which includes:

a. Application form,
b. Payment of the application fee,
c. 3 moral character affidavits, and
d. 40 hours of CPE in the 12 months preceding the application including an 8 hour accountancy law course pursuant to 21 NCAC 8F .0504.

4. Respondent agrees to cooperate at all times with the Board in the supervision and investigation of compliance with this settlement agreement and agrees to make all files, records, or other documents available immediately upon the demand of the Board.

Jung Sook Lee, #19864
Charlotte, NC 1/24/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 19864 as a Certified Public Accountant and renders attest services.

2. On September 18, 1995, the Board ordered, pursuant to 21 NCAC 8J .0011 (currently 8J .0111), that the Respondent's certificate be suspended for at least thirty (30) days for failure to obtain a State Quality Review (SQR) prior to the prescribed completion date. Said Order further stated that the suspension of Respondent's certificate would be stayed based Respondent's notification that the SQR had been completed.

3. By written notice dated April 22, 1996, and a prior firm renewal notice provided to Respondent in November of 1995, Respondent was notified of a new SQR deadline of September 6, 1998; however, pursuant to NCGS 93-12(8c) and 21 NCAC 8M .0102(b), Respondent was allowed until December 31, 1998, to complete her second SQR.

4. In November of 1999, Respondent provided the Board with a copy of her firm's peer review letter which was completed July 28, 1999, in excess of one hundred twenty (120) days after the required completion date.

5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order ex parte, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12(8c) and 21 NCAC 8M .0102.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's certificate is suspended for ninety (90) days.

2. Respondent shall return her suspended certificate to the Board along with the submission of this Consent Order.

3. After at least ninety (90) days, Respondent may apply to return her certificate to active status by submission and approval of a reissuance application which includes:

a. Application form,
b. Payment of the application fee,
c. 3 moral character affidavits, and
d. 40 hours of CPE in the 12 months preceeding the application including an 8 hour accountancy law course pursuant to 21 NCAC 8F .0504.

State Tax Forms Get New Look

State taxpayers will notice something different about their 1999 North Carolina Individual Income Tax forms.

Starting this year, the North Carolina Department of Revenue (DOR) will use a new, state-of-the art electronic system to process North Carolina Individual Income tax returns and payments. Although most questions are still the same, the forms' designs are different.

Some things taxpayers will notice on the new forms include bar codes (a system of thick and thin lines used to store information electronically) along the edge of the forms; rectangles where numbers should be written; and circles to be filled in as responses to some questions.

Taxpayers with questions can call (919) 733-4684 Monday through Friday from 8 a.m. to 5 p.m. to reach someone at the DOR. "NC Tax Talk," a prerecorded information line, is available 24 hours a day. The number is (919) 733-4829.

GASB Revises Public College and University Financial Reporting Standards

In a move that broadens the recent historic changes in governmental accounting to encompass public colleges and universities, the Governmental Accounting Standards Board (GASB) published new standards for external financial reporting by these institutions.

Public colleges and universities will now follow the financial reporting standards the GASB approved in June 1999, which considerably revised the look and contents of state and local government financial statements.

"The objective of the new standards is to enhance the understandability and usefulness of public college and university financial statements," said GASB Project Manager Joseph Blythe.

"GASB believes that the information provided will better meet the needs of those who use financial reports issued by institutions of higher education."

The new standards—known as *GASB Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,"* amend GASB Statement No. 34, which dramatically changed how state and local governments report their finances.

Statement No. 35 effectively extends the guidance of the new governmental financial reporting model to include public colleges and universities.

According to the new standards, the separately issued financial statements of public colleges and universities will include:

- Management's discussion and analysis: a narrative overview and analysis, prepared by the institution's finance officers, of the information in the institution's financial statements focusing on the reasons for changes in the public institution's financial position from one year to the next;
- Basic financial statements: public colleges and universities will prepare the appropriate financial statements stipulated by Statement 34 for special-purpose governments engaged in (a) business-type activities; (b) government-type activities; or (c) both; and
- Notes to the financial statements.

One of the most significant changes for public colleges and universities is the requirement to amortize capital asset costs over the useful lives of those assets. This cost allocation should provide a better measure of the costs of providing instruction, research, and other services.

This more business-like approach is currently required for private colleges and universities and should bring more financial reporting comparability to the higher education industry.

Financial reporting under these new standards should give a clearer picture of the overall financial health of public colleges and universities.

According to Blythe, the new standards for public colleges and universities should provide more and better information for a wider range of users than was previously available.

"The information will also be more comparable to the financial statements of private colleges and universities," he explained.

Colleges and universities that are a unit of a state or local government will implement the new standards at the same time as their primary government, generally for fiscal years beginning July 1, 2001.

Copies of *GASB Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,"* are available from the GASB Order Department via telephone (1-800-748-0659), e-mail (gasbpubs@gasb.org), and mail (401 Merritt 7, PO Box 5116, Norwalk CT 06856-5116).

Licensing Activity January 2000

Reissuances

Michael Keith Eastwood #18783

Lake Warren Woods, Jr. #12926

Reinstatements

Stanley Wayne Belk #19722

Walter Greene Church, Jr. #16076

Douglas Younge Cobb #7959

Dennis Allen Hayes #20963

Saundra Gail Holloman #22217

Bruce Johnson Lamond #12879

Richard Webb Pipes #9507

Penny Brooks Russ #13604

CPE Sponsors

Interactive Business Solutions-Salisbury

Mark R. Kean-Raleigh

Moss Adams Advisory Services-Seattle, WA

UNC-W Dept. of Accounting & Business Law-Wilmington

Has Your Address Changed?

21 NCAC 8J .0107 requires written notice of any change of address or business location. Because the rule requires that the notification be made in writing, staff members cannot accept an oral change of address.

You may mail or fax the "Notice of Address Change" located on the back cover of the *Activity Review* to the Board's Licensing Section. You may also e-mail the change(s) to licensing@mindspring.com.

Exam candidates should also notify the Board of any changes in their address or phone number. Simply mail or fax the "Notice of Address Change" to the Examinations Section of the Board. You may also e-mail the change(s) to examinations@mindspring.com.

AICPA Strengthens Independence Requirements

The American Institute of CPAs (AICPA) has strengthened its independence requirements for auditors of public companies.

New rules, which the executive committee of the SEC practice section of the AICPA division for firms (SECPS) approved and which are intended to bolster investor confidence in financial reporting, took effect January 1, 2000.

The rules address business and financial relationships that could create a conflict of interest and undermine auditor independence if entered into by an auditor, his or her spouse, or a dependent.

Each of the SECPS's 1,300 member firms is required to establish a policy prohibiting auditors from engaging in such relationships.

Each firm also must designate as its "independence champion" a partner who will see that the professional audit staff has all the information needed to comply with the new rules.

In addition, all audit professionals must, when they are hired and afterward, undergo training in the new requirements, attend periodic refresher courses and certify that they have read, understood and complied with the firm's independence policy.

Susan Coffey, AICPA vice president of self-regulation and the SECPS, said, "Independence and related quality controls are 'top of mind' for the profession." She stressed the need for SECPS member firms' leadership to set the 'appropriate tone' and make certain compliance "is woven into the professional values and culture of the firm."

The SECPS said each member firm's independence policy must require that its auditors check, before entering into any financial or business transaction, to see whether it could compromise their impartiality.

This requirement also applies to activities contemplated by an auditor's spouse or a dependent. Auditors will make this determination by consulting a database of restricted entities, which the new rules say each member firm must create and maintain.

The firm's policies must explain why, when, and how SEC-registrant clients and other related entities are included or excluded from the list.

An auditor, suspecting he or she, a spouse or a dependent, has violated an independence policy, must report it in detail to his or her firm. For its part, each firm must establish a system to document such reports and the corrective actions taken in response to them.

The new independence requirements can be found on the AICPA web site at www.aicpa.org/members/div/secps/inmerefinal.htm

DON"T FORGET...
March 1, 2000
Re-Exam Application Deadline

FASB Offers Views on Fair Value

The Financial Accounting Standards Board (FASB) has published its preliminary views on measuring financial instruments at fair value. The document is the next step in a FASB project related to financial instrument issues.

The preliminary views cover three core issues—what would be reported at fair value; what is fair value; and how would changes in fair value be reported.

According to FASB's preliminary views, financial instruments, as defined in the document, would be measured and recorded at fair value.

Financial instruments are defined as cash; ownership interest in an entity; contractual obligations to deliver financial instruments to another entity and that entity's contractual rights to receive them; or contractual obligations for one entity to exchange financial instruments with another and the second entity's contractual rights to require the exchange.

Fair value of a financial instrument would be its estimated market exit price. The issue of where to report changes in fair value may become moot if FASB decides that enhanced disclosure alone is sufficient. However, if FASB decides to require reporting changes in fair value, those changes would be reported in net income.

According to Ron Lott, a FASB project manager, FASB is "committed to working toward resolving the conceptual and practical issues related to determining the fair value of financial instruments, an effort discussed in FASB Statement 133 on derivatives."

"Although FASB members see conceptual reasons to measure financial instruments at fair value, they have not decided when, if ever, it will be feasible to require them to be reported at fair value in the basic financial statements," explained Lott.

"Although it has made preliminary decisions about the definitions of financial instruments and fair value and general guidance for determining fair value," Lott said, "FASB needs more information about the potential problems and solutions for reporting financial instruments at fair value. Publishing FASB's preliminary views at this time is intended to solicit that information."

Copies of the preliminary views are available from the FASB web site (www.fasb.org) under "Exposure Drafts" or from the FASB Order Department at 1-800-748-0659. Comments on the preliminary views are requested by May 31, 2000.

Advertising or Other Forms of Solicitation During Tax Season

As tax season swings into high gear, you or your firm may plan to run advertisements about your ability to prepare federal or State income tax returns. If you choose to run an ad, be sure that both you and your firm understand the Board's advertising and forms of solicitation rule, 21 NCAC 8N .0306, which addresses deceptive advertising and specialty designations, before you develop your ad(s).

Foremost, your advertisement should be accurate and contain meaningful information that is not misleading or deceptive to consumers. For example, you should not use any qualitative or quantitative descriptions, such as expert or reasonable, which cannot be documented. After all, the fees that you deem "affordable" may not be affordable to everyone who reads your advertisement.

Your ad may contain the names of the firm owner(s) and CPAs licensed to practice in North Carolina; however, you must distinguish between the CPAs who are owners and the CPAs considered professional staff. Although NCGS 93-9 allows CPA firms to hire assistant accountants or clerks who are not CPAs, ads that contain the names of unlicensed staff members are not allowed. The statute states that "such employees work under the control and supervision of certified public accountants...and do not hold themselves out as engaged in the practice of public accounting." The public should not be led to believe that uncertified employees are CPAs.

21 NCAC 8N .0306 addresses the use of specialty designations in advertisements or other forms of solicitation by stating, "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." The Board does not approve or authorize specialty designations or separate titles and the use of the specialty designation is for public information purposes only.

Be sure that your tax season ads or solicitations are written in accordance with the Board's rule on deceptive advertising and specialty designations. Both the public and the CPA profession's interests are best served when firms or individual CPAs take reasonable steps to avoid advertisements that confuse or mislead consumers.

Spotlight Rule

When Ethics Rules Conflict

Too often, licensees are confused as to which rules of ethics apply—the Rules of Professional Ethics and Conduct promulgated by the NC State Board of CPA Examiners or the Code of Professional Conduct adopted by the American Institute of CPAs (AICPA).

In the majority of instances, North Carolina CPAs are able to comply with both sets of rules. In fact, the Board has adopted specific AICPA standards such as *Auditing Standards*, 21 NCAC 8N .0403, and *Standards for Tax Practice*, 21 NCAC 8N .0211. The Board will give consideration, but not necessarily dispositive weight, to relevant interpretations, rulings, and opinions issued by appropriately authorized ethics committees of professional organizations.

When the AICPA's rules differ from the Board's rules with which rules should the licensee comply? The answer is simple—whenever there is a conflict between the Board's rules and the AICPA's rules, North Carolina licensees are obligated to comply with 21 NCAC 8N, *Rules of Professional Ethics and Conduct*.

Board Meetings

March 17
April 24
May 22
June 19
July 17
August 21
September 11
October 9
November 20
December 18

Dial us Direct

Main Number
(Receptionist)
733-4222

Professional Standards
(complaints & professional ethics)
733-1426

Licensing
(CPA certificate applications, processing & information)
733-1422

CPE/SQR
(CPE, SQR & firm registration)
733-1423

Examinations
(Exam applications, processing & information)
733-4224

Communications
(*Activity Review*, press releases & web site)
733-4208

Administrative Services
(accounting, purchasing & mailing labels)
733-4223

Certificates Issued

The following certificate applications were approved at the January 24, 2000, Board meeting:

Shelly Denise Adams
Cynthia Combs Allen
Terrie Pope Anders
Nancy Balcom-Moskalik
Jay Bruce Behrens
Courtney Anne Billings
Mac Wayne Billings
Sharon G. Binder
Gregory Wayne Blackmon
Katina Denise Bobbitt
Michael Peter Botzis
Alan Lynn Bray
Catherine M. Brechka
Laurie Long Briggs
Annie L. Brown
Mark Joseph Bryant
Ashley William Carpenter
James Matthew Carroll
Brooke Bare Clark
Jennifer Kaye Clark
Elizabeth Tuttle Cloninger
Matthew C. Coffland
James Paul Cole
Kayce Lynn Collier
Thomas Michael Connotillo
Robert Hayden Crandall
David A. Crooke
Scott Matthew Cryer
Jennifer Acklin Dakin
Jeffrey Richard Daniel
Michael John Dannar
Deborah J. DeBourg-Brown
Jerry O. Denson
Sean Patrick Doherty
Michelle Lynn Eckmann
James Wesley Ellis
Ashley Kathryn Epps
Adaora Angela Eruchalu
Jennifer Louise Farley
Richard W. Fedorowich, Jr.
Salley Billing Fey
James E. Floyd, Jr.
Teresa Ann Foshay
Shannon D. Gamber
Rosalind Dianne Garrison
Tracy Dean Gates
Michael Charles Gerbos
Diana DeForest Gibbs
Betty R. Gillespie
Marya Lynn Goodnight
Sandra Kay Greco
Gerald Roland Green, Jr.
Jeffery Thomas Gregorio
Wayne Robert Gries
Daniel Roy Grover
Meredith Kathleen Hatch
Steven M. Hennen
Christopher Amos Hill
Vicky Denise Hill
Lyn Hittle
Rebecca L. Hoover
P. Lisa Horne
James R. Howe, Jr.
Angela Franklin Hull
William L. Hutchins
James Adrian Jensen
Jonathan David Ingram
Christel Lynn Isenhour
Janice L. Israel
Christy LaShawn Judd
Jennifer McCall Kennedy
Toni Lea Kirby
Kory Lee Kreider
Patricia Kay Kusilka
Kimberly Ewers Laird
John Emil Leinweber
Edmund Michael Lewandowski
Gary Edward Lewis
Kimberly Ann Lewis
Jesse Brian Libensperger
Reginald Brian Lipscomb
Debra L. Lockwood
Matthew Y. L. Loucks
Holly Christina Love
Margaret Rose Magee
Daniel Marcantonio
Jeffrey David McGowan
Charla J. McKinley
Kimberly Anne McMinn
Thomas Oscar Melton
Angela Christine Meredith
Andrew McGuire Messick
Christopher Bround Mills
Rhonda Kay Mills
Dawn Piner Mocnik
Joseph Edmund Molis
Gareth Jeremy Montague-Smith
Amy Ruth Moore
Angela Lane Mooring
Amy Mandrell Morris
Jacqualyn Ann Nelson-Owens
Robert Eric Newman
Patricia Wyant Noblett
Sean Michael Nolan
Jason E. Norman, Jr.
Samuel Richard Odom, Jr.
Amy Leah O'Hara
Tanya Marie O'Neal
Donald Patrick Pagach
Dorothy Teressa Page
Joanna Byrum Page
Cindi Christianson Park
Tammy Burns Payne
Jeanne Sears Perkins
Brian David Peters
Monica Thanh-Thuy Phan
John Robert Prekker
Lesley Anne Price
Rita Duncan Price
Anthony Stephen Proctor
Stacie L. Queen
Kenneth A. Rash
Jennifer Griffin Reiser
Gregory Lane Ritter
Mark Bowman Russell
Andrew Richard Ryder
Dana Ann Sandler
Vinu Satchit
Carol Elizabeth Schaeffer
Stacey L. Schlicker
Kelly A. Schmid
Andrew Marvin Shook
Rita Hunt Sigmon
Kristina Susan Smith
Christopher Allan Smosna
James R. Sorge
Jessica Lynn Spencer
Malinda Warner Spencer
Judith Elizabeth Stalker
Margaret F. Stampley
Casey W. Stansbury
Mark Hawley Stephens
Joelle Thomas Taylor
Margaret S. Thomas
Angela L. Tillman
Barbara Peterson Uricchio
Matthew Werner Wakefield
Shannan Hope Watkins
Shonda Yvette Welch
Patrick Bartholomew Wheeler
Albert Sidney White, III
W. Paul Wickham

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Permit No. 393

19,900 copies of this document were printed for this agency at a cost of $2,822.47 or 14¢ per copy in February 2000.

Address Change? Let Us Know!

Certificate holder_____
Last name Jr./III First Middle

Certificate number_____ Send mail to ___ home ___ business

Current home address_____

City_____ State_____ Zip_____

Business name_____

Current bus. address_____

City_____ State_____ Zip_____

Telephone: Bus. ( )_____ Home ( )_____

Bus. fax ( )_____ email address_____

Signature_____ Date_____

Mail to: N.C. State Board of CPA Examiners P.O. Box 12827 Raleigh, NC 27605-2827

To fax or email address change: CPA Board fax: (919) 733-4209 Email address: licensing@mindspring.com

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

Suite 104, 1101 Oberlin Road, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 3 2000

Notifying the Board of Changes in CPA Firm Information

Pursuant to 21 NCAC 8J .0108, all CPA firms must register with the Board within 30 days after opening a North Carolina office or beginning a new firm unless the CPA firm is a professional corporation, professional limited liability company, or registered limited liability partnership in which case those CPA firms must register prior to formation pursuant to 21 NCAC 8K .0104 and .0301.

In addition to the initial registration, all CPA firms must register annually by January 31 with the Board using forms provided by the Board.

However, 21 NCAC 8J .0107 requires that all certificate holders and CPA firms notify the Board in writing within 30 days of any change in address or business location.

For CPA firms, this means that any change in the CPA firm information, such as a change of address (including telephone number), addition or deletion of an office location, or any amendment to the CPA firm name must be reported to the Board.

An individual practitioner who wishes to amend his or her CPA firm's name, must submit a letter to the Board which states the changes to be made in the name and also submit a sample of the CPA firm's new letterhead. There is no fee due for these changes.

Professional corporations or professional limited liability companies seeking to change the CPA firm's name are required to submit to the Board two (2) copies of the Articles of Amendment; a sample of the CPA firm's new letterhead; a letter to the Board stating the names, CPA certificate numbers,

Information
continued on page 5

Alternative Business Structure Guidelines Released for Comment

On February 14, 2000, the North Carolina State Board of CPA Examiners released for comment its proposed *Alternative Business Structure Guidelines*.

The guidelines—which define, interpret, or explain currently applicable statutes and rules for licensees who wish to practice through a registered CPA firm and also participate in an alternative business structure (ABS)—were developed in response to the growing interest in ABS entities that was sparked by changes in North Carolina's accountancy rules, as well as changes in other states' accountancy regulations.

The guidelines do not constitute approval or disapproval of any specific ABS.

The Board is requesting that all CPAs, especially those who wish to participate—through employment by, ownership in, or other affiliation with—an ABS, submit their written comments on the proposed guidelines to the Board no later than June 1, 2000, for discussion by the Board at its June 19, 2000, meeting. The Board is also seeking comments from the business community and the general public on the guidelines.

Requests to speak at the June meeting regarding the guidelines must be received by the Board no later than June 1, 2000. Comments or requests to speak that are received after the deadline will not be accepted.

(Please see page 2 for text of the proposed ABS guidelines.)

www.state.nc.us/cpabd

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Proposed CPE Standards 7

Exposure Draft: *Alternative Business Structure Guidelines*

Pursuant to North Carolina General Statute (NCGS) 93 and 21 North Carolina Administrative Code (NCAC) 8, the North Carolina State Board of CPA Examiners (the Board) has the responsibility to enforce NC statutes and rules regarding Certified Public Accountants (CPAs).

These guidelines are intended to serve as guidance for licensed CPAs who practice through a registered CPA firm and also have employment by, ownership in, or other affiliation with, an alternative business structure (ABS) and for licensed CPAs who have employment by, ownership in, or other affiliation with, an ABS. These guidelines do not constitute approval or disapproval of any specific ABS**. These guidelines describe standards relating to an ABS that should be met by a licensed CPA who is involved with an ABS. Every licensed CPA involved in an ABS, who directly or indirectly participates in offering to perform or performing services to the public, must comply with the same requirements that apply to a licensed CPA offering to perform or performing services to the public in a CPA firm.** These guidelines do not constitute rule making and are not intended to create rights enforceable at law or in equity. As provided by NCGS 150B-2(8a)c, the Board sets forth these guidelines as a "non-binding interpretative statement" in order to "define, interpret, or explain the meaning" of current applicable statutes and rules. To the extent these guidelines might describe some restrictions upon participants in an ABS that are not expressly articulated in current statutes or rules, these restrictions are to be regarded by licensees as specific guidelines that the Board considers necessary to ensure compliance with 8N .0402's pre-eminent requirement for independence "in fact *and appearance*" in a business structure that seems otherwise potentially ambiguous.

Many regulatory and professional issues have yet to be identified regarding CPA firms and ABSs. The Board will continue to monitor the operation of CPA firms and the conduct of CPAs who have employment by, ownership in, or other affiliation with, an ABS and may adjust these guidelines, propose legislation, and adopt or amend rules as needed.

All CPAs licensed by the Board have the responsibility to comply with NCGS 93 and 21 NCAC 8.

Administrative

A CPA firm and the related ABS shall ensure that the client and the public know that the two entities are separate and distinct in nature and operation so that neither the client nor the public are confused by the relationship between the CPA firm and the ABS. The CPA firm and the related ABS must have the following:

- Separate and distinct names and logos;
- Separate mailing addresses, telephone numbers (separately answered), and web sites;
- Separate and distinct signage on and in the building;
- Separate and distinct stationery, envelopes, mailing labels, business cards, brochures, marketing materials, and advertising;
- Separate books, accounts, billings and collections;
- Separate engagement letters for clients of the CPA firm and clients of the ABS; and
- Separate proposals to prospective joint clients.

A CPA firm in a relationship with an ABS shall have the resources including net worth, realizable assets, and/or liability insurance, necessary to provide assurance of financial autonomy and financial accountability for its professional services. All personnel contracted from an ABS to assist the related CPA firm in performing its services shall be compensated at fair market value and paid directly by the related CPA firm.

The engagement letter for any engagement involving the CPA firm or the related ABS shall include the CPA in charge of the engagement as an individual party in the engagement letter. Each engagement letter with a joint client must disclose the relationship between the CPA firm and the ABS and the limitations on the services provided by each.

All client and business records of the CPA firm are confidential and shall be kept separate from the client and business records of the related ABS. Access to those records is limited to the CPA firm unless the client has consented to access to his or her records by the ABS.

A CPA firm and the related ABS shall each have written quality controls relating to ethical standards, competency, and services to ensure that the same standard of services are provided by the CPA firm and the related ABS. There should also be an internal mandatory disciplinary policy for an individual's failure to follow the written quality controls.

The ABS and other sources of contracted personnel must require and make available relevant continuing education for the personnel who are contracted to the CPA firm.

A CPA employed by the related ABS may use the CPA title on his or her stationery and business cards, and he or she may sign documents, except attest service documents, using the CPA title.

Ethical

A CPA firm shall not provide any attest services to the related ABS or to any affiliate of the related ABS. **An ABS may not offer to perform or perform any attest services including audits, reviews of financial statements, compilations of financial statements, examinations of prospective financial information, or agreed-upon procedures engagements.**

A CPA firm, including its owners, employees, and contractors, shall not allow the related ABS to have any di-

rect or indirect control or influence over the governance, structure, or operations of the CPA firm or over the performance of any services by the CPA firm.

Each agreement between an ABS or its affiliate(s) and the related CPA firm or any owner, manager, employee or contractor of the related CPA firm, must include an express provision which stipulates that there must be compliance with NCGS 93, NCGS 55B, NCGS 57C and 21 NCAC 8 (statutes and rules) as applicable, and in the event of any conflict with the statutes and rules by any provision of the agreement or the application of any provision of the agreement, the statutes and rules shall prevail.

As required by rule, a CPA firm shall participate in a peer review program and the related ABS shall cooperate with the CPA firm by providing records and personnel during the peer review of the CPA firm.

The CPA firm, and its CPA owners, in its relationship with the related ABS and the CPA employee of the related ABS, in his or her relationship with the clients of the ABS, shall comply with NCGS 93, NCGS 55B, NCGS 57C, and 21 NCAC 8, as applicable, but not limited to the following which specifically affect CPAs, the CPA firm, and the relationship with the ABS:

- 8H .0105 Use of CPA Title;
- 8J .0108 CPA Firm Registration;
- 8N .0103 Responsibility for Compliance;
- 8N .0201 Integrity;
- 8N .0202 Deceptive Conduct Prohibited;
- 8N .0203 Discreditable Conduct Prohibited;
- 8N .0205 Confidentiality;
- 8N .0206 Cooperation with Board Inquiry;
- 8N .0207 Violation of Tax Laws;
- 8N .0208 Reporting Convictions, Judgments
- 8N .0209 Accounting Principles;
- 8N .0210 Forecasts;
- 8N .0211 Responsibilities in Tax Practice;
- 8N .0212 Competence;
- 8N .0213 Other Rules;
- 8N .0301 Professional Judgment;
- 8N .0302 Forms of Practice;
- 8N .0303 Objectivity and Conflicts of Interest;
- 8N .0304 Management Consulting Services Stds.;
- 8N .0305 Retention of Client Records;
- 8N .0306 Advertising;
- 8N .0307 CPA Firm Names;
- 8N .0402 Independence;
- 8N .0403 Auditing Standards;
- 8N .0404 Accounting and Review Services Stds.;
- 8N .0405 Governmental Accounting Standards;
- 8N .0406 Attestation Standards; and
- 8N .0407 Competitive Bidding.

A CPA firm, the related ABS, and all owners, employees and contractors of each, shall comply with all State and federal laws and regulations including, but not limited to:

- 26 USC 7216, Disclosure of Information;
- 26 CFR 1.6695-1, Signing Tax Returns; and
- Treasury Circular 230, Admission to Practice before the IRS.

A CPA firm, the related ABS, and all employees and contractors of each, shall comply with the standards of the Board, as well as all professional standards promulgated by the American Institute of CPAs (AICPA), the National Association of Securities Dealers (NASD), and any other applicable professional governing bodies.

CPAs and their employees and/or contractors providing attest services shall sign separate independence confirmations with respect to their independence in relation to all attest clients of the CPA firm and the related ABS. Independence standards pertaining to clients of a CPA firm, its owners, its employees, and its CPA contractors, shall not be circumvented by the provision of services through the related ABS or an affiliate of the related ABS. **Accordingly, the CPA firm must treat the related ABS and its affiliates as affiliated parties for purposes of applying independence rules.**

Access to, or transfer of, any CPA client records from the CPA firm to the ABS and from the ABS to the CPA firm shall occur only pursuant to the voluntary, advance consent of the client.

If any owner of a CPA firm terminates his or her relationship with the CPA firm or if any CPA employee of the related ABS terminates his or her employment with the ABS, the client records of the CPA firm and the client records of the CPA leaving the related ABS shall remain with the CPA firm or CPA employee, respectively, until the client decides who shall retain the records.

The ABS and its personnel who provide services to the CPA firm must agree in writing to keep all information, with respect to clients of the CPA firm, confidential except as may be permitted by the client's consent.

Legal

The CPA firm and the related ABS shall be separate and distinct legal entities.

Office space, equipment, administrative personnel, or other services provided by the ABS to the related CPA firm shall be through a legally binding, non-exclusive contract at fair market value. A CPA firm must have the contractual right to contract, to the extent it deems appropriate, for office space, equipment, administrative personnel, or other services, from a source other than the related ABS without direct or indirect financial costs or penalties under any contract between the CPA firm and the ABS or its affiliate(s).

continued on page 5

Proctors Needed for Uniform CPA Examination

Remember sitting for the Uniform CPA Examination and thinking how lucky those proctors were? After all, they weren't sitting in those hard chairs, forced to be quiet for hours on end, and struggling to answer all those really hard questions. Well, here's your chance to be one of those lucky proctors. If you have been licensed in North Carolina for at least one year and live in the Raleigh or Winston-Salem areas, the Board needs your assistance with the administration of the semiannual exam.

Working under the supervision of Chief Proctors John Beegle and David McLemore, proctors ensure that the examination is administered fairly, efficiently, and securely by monitoring and patrolling the exam site to keep the site quiet and free of distractions and to guard against candidate misconduct.

Proctors also assist the Board staff with site set-up; identification, admittance and seating of candidates; distribution of materials; and collection of test materials for shipment to the American Institute of Certified Public Accountants (AICPA) grading service.

"Proctors are the critical link between the Board and the examinees," says Judith Macomber, Examinations Manager for the Board. "We try to 'humanize' the exam process by using CPAs as proctors because we feel that someone who has actually been through the exam process can better relate to what the candidates are going through," continues Macomber.

It is important that proctors are not involved in any activities which may give the appearance of impropriety or indicate a conflict of interest. For example, you cannot proctor someone in your household or immediate family, nor may you proctor a friend or coworker.

Proctors are remunerated for working approximately 23 to 24 hours which includes a brief orientation session Tuesday afternoon as well as all day Wednesday and Thursday. Breakfast and lunch, as well as refreshments, are furnished Wednesday and Thursday. Proctors are asked to dress professionally and wear comfortable, soft-soled shoes such as tennis shoes during the exam.

If you would like more information on becoming a proctor, please contact Judith Macomber or Phyllis Elliott in the Board's Examinations section at (919) 733-4224.

Certificates Issued

The following certificate applications were approved by the Board at its February 21, 2000, meeting:

Jonathan David Adinolfi
Terry Amose
Emily Elizabeth Arrington
Eugene Albert AuBuchon, II
Monica Reid Bailey
Mary Franklin Baldwin
Brandon Wright Beaver
Debra Benson
Rebecca Jean Box
Hope Elizabeth Brackett
Barbara Ranell Bridges
Amy Jarman Brinkley
Ryan Scott Brosius
Leslie Crane Covington
Shirley Davis Crowley
Drew Steven Deaton
Guy Richard DeCarlucci
John Michael Del Greco
Shu-Guo Diao
Carl Willard Duyck
Heather Ann Edson
Julie C. Ferguson
Janet Leigh Franco
Joel Martin French
Gary M. Greer
Amy Murphy Hannen
Michael Brant Hollar
L. Bradley Hurrell
Seby Russell Jones
David L. Keel
Susan Mikels Kress
Katy S. LaBarbera
Brandee Anne Lighthall
Alan Thompson Lindley
Melissa Ann Looney
Christopher Luke Luper
Brandon Heath Mercer
Gregory Scott Modlin
Dharmpriya Ramanlal Patel
Marcia Jean Schornak
Michelle B. Smiles
Bentley F. Smith
Darin Shad Spencer
April Clark Taylor
Tara Lookabill Trexler
Stephanie Leigh Ward
Cynthia Chesson Young

Board Meetings

April 24
May 22
June 19
July 17
August 21
September 11
October 9
November 20
December 18

All Board meetings are open to the public. However, under State law, some portions of the meetings are closed to the public. If you wish to address the Board regarding a specific issue, please contact Robert N. Brooks, the Board's Executive Director, at (919) 733-1425 at least two weeks prior to the Board meeting date.

Licensing Activity February 2000

Reinstatements

Andrew John Addison #21167
N. Ruth Rushing #22833
James Ronald Walsh, Jr. #19095

Exposure Draft *from page 3*

The CPAs and/or the CPA firm shall bear all legal and financial responsibilities imposed by the Board for violations of any statutes, rules, or professional standards and the ABS may not indemnify the CPA firm for any such responsibilities.

A CPA firm shall have the contractual right to hire, or contract for, its own personnel who are not associated in any way with the related ABS, to provide its services and to recruit and hire as its own personnel, individuals who have been, or are employed by the ABS, without any direct or indirect financial costs or penalties under any contract between the CPA firm and the ABS or its affiliate(s).

The CPA firm shall have the contractual right to hire, contract for, or terminate, any particular employee(s) from the related ABS or from any other source. The CPA firm shall have the exclusive authority to supervise any contracted or hired personnel.

A CPA firm shall have the sole discretion to decide which clients it will accept and which engagements it will perform and how accepted engagements will be handled.

Written comments on the Exposure Draft must be received by the Board no later than June 1, 2000. Requests to speak on the guidelines at the June 19, 2000, Board meeting must also be received by June 1, 2000. Comments or requests to speak received after the deadline will not be accepted. Please submit your written comments to the Board via the following:

US Postal Service:

Exposure Draft Comments
State Board of CPA Examiners
PO Box 12827
Raleigh, NC 27605

Fax:
(919) 733-4209
Exposure Draft Comments
Attn.: Robert N. Brooks

E-Mail:
communications@mindspring.com

Information *from page 1*

and percent of ownership/number of shares owned by each owner prior to and after the name change; and the appropriate fee payable to the Secretary of State. The Board will forward this information and the fee to the Secretary of State.

Partnerships or limited liability partnerships that want to amend the CPA firm's name must submit to the Board a letter which states the amendment to the name and includes the names and certificate numbers of the partners and their percent of ownership before and after the name change. In addition, these CPA firms must submit a sample of the CPA firm's new letterhead to the Board. There is no fee due and if necessary, the Board will forward the information to the Secretary of State.

If you have questions regarding changes in CPA firm information, please contact Marie Moss in the Board's Licensing Section by telephone at (919) 733-1423, or by e-mail at cpe_firm_sqr@mindspring.com.

Additional information regardin g CPA firms is available on the Board's web site (www.state.nc.us/cpabd).

Information regarding partnerships, limited liability partnerships, corporations, and profesional limited liability companies is available from the Secretary of State's web site (www.secstate.state.nc.us).

Deadline Nears to Claim Intangibles Tax Refunds

More than 327,000 individuals, companies, and trust representatives recently received Claim Confirmation Forms notifying them that they may be eligible to claim a share of the $440 million court-approved settlement in a Class Action Settlement known as *Smith/Shaver et al. v. North Carolina.*

The money will be used to refund stockholders who were improperly taxed, between 1990 and 1994, on stocks of businesses operating outside the State. Stockholders who protested the tax were sent refunds in 1997 and 1998. This year, refunds will be sent to taxpayers who failed to protest the tax for any of the tax years 1990, 1991, 1992, 1993, or 1994 and who make a timely claim.

To claim refunds, eligible taxpayers must return their signed Claim Confirmation Forms no later than April 30, 2000. If potential claimants have not yet received a claim form, they should call the administration's toll free hot-line (1-877-939-6648). Claims cannot be accepted after April 30, 2000.

More information is available from the following web site: www.smithshaver.wcsr.com.

CPA Exam Statistics

	May 99	Nov 99
Applications		
Initial Candidates	676	629
Re-exam Candidates	1092	1295
Other States' Candidates	38	44
Total	1806	1968
Successful Candidates		
Initial Candidates	108	90
Re-exam Candidates	203	256
Total Successful Candidates	311	346

AICPA Issues Exposure Drafts on Standards for Accounting and Review Services

In December, the American Institute of CPAs Accounting and Review Services Committee (AICPA ARSC) issued two exposure drafts on Statements on Standards for Accounting and Review Services (SSARS).

The first exposure draft will amend SSARS No. 1, relating to compilation engagements, and will include conforming changes to other applicable SSARS and interpretations. The exposure draft addresses the communication and performance requirements of unaudited financial statements of a nonpublic entity submitted to a client that are not expected to be used by a third party.

The exposure draft would be effective for financial statements submitted on or after September 1, 2000, and early application is encouraged.

This exposure draft defines "third party" as all parties except for members of management that are knowledgeable about the nature of the procedures applied and the basis of accounting or assumptions used in preparing the financial statements. Management or absentee owners could be considered third parties if they are not knowledgeable about the financial statements.

"Submission" is also redefined as presenting to a client or third parties financial statements that the CPA has generated either manually or through the use of computer software.

The exposure draft permits a CPA to submit financial statements without a report when such financial statements are not expected to be used by third parties.

However, the CPA must either obtain an engagement letter signed by management or issue a letter to management documenting an understanding with the entity regarding the services to be performed and the limitation on the use of the financial statements.

The documentation of the understanding should include the following:

- Nature and limitations of the services to be performed;
- Management's responsibility for the entity's financial statements;
- Acknowledgment that no opinion or any other form of assurance on the financial statements is being provided;
- Acknowledgment of management's representation and agreement that the financial statements are not to be used by third parties; and
- Acknowledgment that the financial statements cannot be relied upon to disclose errors, fraud, or illegal acts.

In addition, the documentation of the understanding should address the following, if applicable:

- The omission of substantially all disclosures and the statement of comprehensive income or the statement of cash flows, if applicable, required by GAAP;
- The possibility that material departures from GAAP, or an other comprehensive basis of accounting (OCBOA), may exist and the effects of those departures, if any, on the financial statements may not be disclosed; and
- Lack of independence.

The exposure draft includes examples of these communications.

The CPA should also include a reference on each page of the financial statement, such as "Restricted for Management Use Only," or "Solely for the information and use by the management of [name of entity] and is not intended to be and should not be used by anyone other than the specified party."

Even if the CPA is engaged to compile the financial statements but not to report on them, because they are not expected to be used by third parties, the CPA must follow the performance requirements of a compilation, such as the following:

- Possess or obtain a general understanding of the industry;
- Possess or obtain a general understanding of the client's business;
- Take certain actions if the information supplied by the client appears to be incorrect, incomplete, or otherwise unsatisfactory for the intended use; and
- Read the completed financial statements and consider whether they appear to be appropriate in form and free of obvious material errors.

If the CPA reasonably expects the financial statements to be used by third parties, he or she must report on those statements in accordance with SSARS No. 1. In addition, the CPA is not precluded from reporting on financial statements even when the financial statements are not expected to be used by third parties.

The second exposure draft exempts historical financial statements and normalized financial statements included in a written business valuation from the applicability of SSARS No. 1.

This exposure draft was issued because when the purpose of financial statements is solely to assist in developing and presenting the business valuation of an entity, the users of the statements don't need the statements to conform with GAAP or OCBOA and departures are acceptable. This exposure draft would be effective upon its issuance.

Both exposure drafts are available for downloading from the AICPA web site (www.aicpa.org). The deadline for submitting comments on the exposure drafts is June 9, 2000.

LLPs Must File Annual Reports

The passage and ratification of Senate Bill 297 significantly changed North Carolina General Statute (NCGS) 59, "Partnerships," as it relates to registered limited liability partnerships.

NCGS 59-84(4), "Annual Report for Secretary of State," which became effective January 1, 2000, and is applicable to registered limited liability partnerships and foreign limited liability partnerships whose fiscal year ended on or after that date, states, "Each registered limited liability partnership and each foreign limited liability partnership authorized to transact business in this State shall deliver to the Secretary of State for filing an annual report, in a form prescribed by the Secretary of State...."

The annual report must be filed with the Secretary of State "by the fifteenth day of the fourth month following the close of the registered or foreign limited liability partnership's fiscal year. The annual report must be accompanied by a fee of two hundred dollars ($200.00)."

Although the Secretary of State anticipates that most LLP's annual reports will not be due until 2001, there may be some LLPs that must file an annual report in 2000. In particular, LLPs whose fiscal years end during the period January 1, 2000, through August 31, 2000, will file their first annual reports during the 2000 calendar year. All remaining LLPs whose fiscal years will end September 1, 2000, through December 31, 2000, must file their first annual report in the 2001 calendar year.

The Secretary of State may revoke the registration of any LLP that does not submit its annual report on or before the date it is due.

Because the Secretary of State is not obligated to remind registered or foreign limited liability partnerships of the deadline, each registered or foreign limited liability partnership should arrange its own reminder of the annual report deadline.

For additional information regarding Senate Bill 297, please contact the Corporations Division of the Secretary of State at (919) 733-4201. Information is also available on-line at www.secstate.state.nc.us.

AICPA/NASBA Propose Changes to CPE Standards

The American Institute of CPAs (AICPA) / National Association of State Boards of Accountancy (NASBA) Joint Continuing Professional Education (CPE) Standards Committee recently released for comment its *Statement on Standards for Continuing Professional Education*. The comment period will end on August 1, 2000.

The proposed standards, which took three years to develop, are consistent with the current version of the Joint AICPA / NASBA CPE Standards as they relate to group study program development, sponsorship, presentation, and measurement.

However, some changes have been made in the area of self-study program measurement. For example, CPE hours are now termed CPE credits, and a 1/2 CPE credit has been added to allow for the development of shorter CPE activities.

New concepts in the proposed standards include:

- A focus on increasing CPAs' knowledge, skills, and abilities to develop competencies;
- Introduction of the learning plan, through which CPAs employ self-assessments to determine gaps between current and needed competencies, develop learning objectives arising from their assessments, and prepare action plans to fulfill their learning objectives;
- Recognition of a wide variety of learning activities that encompass the many ways adults learn today;
- Separate standards for sponsored learning activities—where organizations take responsibility for delivery of programs to the final users—and self-directed learning activities—where the learning activities are undertaken and accomplished without the assistance of outside sponsors;
- Introduction of a program reviewer for participants who elect to satisfy more than half of their CPE reporting requirements with self-directed learning activities; and
- Appendices with examples of self-assessments, learning plans, learning logs, and a CPE credit record for self-directed learning activities.

Following the close of the exposure period, both NASBA and the AICPA will review the comments received and will take action on the standards at their respective fall meetings. It is anticipated that the Standards will become an evergreen document similar to the Uniform Accountancy Act with future changes and interpretations made on a joint basis as needed.

The exposure draft is available on the AICPA's web site (www.aicpa.org) and NASBA's web site (www.nasba.org). NASBA has also posted the current *Joint CPE Standards* as well as a comment form comparing the proposed standards to the present standards highlighting what is new, what is different, and what remains the same.

Please send your comments and questions to Yordanos Burney, CPA, NASBA Manager of CPE Review, NASBA, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417, fax (615) 880-4292, or e-mail (yburney@nasba.org).

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Address Change? Let Us Know!

Certificate holder_____
Last name Jr./III First Middle

Certificate number_____ Send mail to ___ home ___ business

Current home address_____

City_____ State_____ Zip_____

Business name_____

Current bus. address_____

City_____ State_____ Zip_____

Telephone: Bus. ( )_____ Home ( )_____

Bus. fax ( )_____ email address_____

Signature_____ Date_____

Mail to: NC State Board of CPA Examiners PO Box 12827 Raleigh, NC 27605-2827

To fax or email address change: CPA Board fax: (919) 733-4209 Email address: licensing@mindspring.com

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

Suite 104, 1101 Oberlin Road, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 4 2000

Annual Certificate Renewal Checklist

By the end of April, the Board will have mailed license renewal forms to more than 15,500 North Carolina CPAs. By carefully reading the instructions enclosed with the renewal form and by following the checklist below, you can ensure that your completed renewal form is received by the Board prior to the June 30, 2000, deadline.

Does the Board have your correct name, mailing address and phone number?

21 NCAC 8J .0107 requires that all certificate holders notify the Board in writing within 30 days of any change in address (including telephone number) or business location. Each year, the Board receives renewal forms by return mail that the postal service has marked "undeliverable" because licensees have moved or changed jobs and did not notify the Board. If the Board doesn't have your current address, you won't receive a renewal form, which in turn leads to certificate forfeiture for failure to renew.

If you do not receive a renewal form by May 31, 2000, please contact Alice Steckenrider at (919) 733-1422 so a replacement form can be mailed or faxed to you.

Did you follow the renewal form instructions and properly complete each section of the form?

Most of the time, renewal forms can be processed without any problem. However, because the renewal form is considered a legal document, the Board staff cannot insert missing information, correct inaccurate information, or process a form that has not been signed by the licensee. Consequently, the form must be returned to you for correction or completion.

If you have questions about the renewal process that are not answered by the instructions included with the form, you may contact the Board for clarification or explanation.

Did you accurately compute and report your Continuing Professional Education (CPE) hours?

Active certificate holders who were licensed prior to March 31, 1999, must have completed at least 40 hours of CPE in 1999 to meet the renewal requirement. Certificate holders who were licensed between April 1 and June 30, 1999, must have completed at least 30 hours of CPE; certificate holders licensed between July 1 and September 30, 1999, must have completed at least 20 hours of CPE; and certificate holders licensed between October 1 and December 31, 1999, must have completed at least 10 hours of CPE prior to December 31, 1999. Certificate holders licensed after January 1, 2000, are not required to report any CPE on this renewal form; however, they are required to earn CPE credits in 2000 to be reported on the 2001 renewal form.

Licensees are no longer required to list the details—such as dates, course name, and course sponsor—of the courses attended to satisfy the CPE requirement. Instead, licensees will affirm their CPE compliance by marking the appropriate box in Section II, "Continuing Professional Education (CPE) Compliance Information," and then tally their CPE credit hours in Section III, "Report of CPE Credit Hours." Licensees should retain documentation of their participation in CPE courses for at least four years after the end of the license year.

Did you enclose the $50.00 annual renewal fee with your form?

You may pay the annual renewal fee by submitting a check or money order made payable to the *NC State Board of CPA Examiners*. The Board cannot cash a check made payable to any other entity, including the NC Association of CPAs (NCACPA); therefore the accom-

Renewals
continued on page 5

www.state.nc.us/cpabd

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Consent Orders

George B. Hancock, #13210
New Bern, NC 3/17/00

UPON SUBSTANTIAL EVIDENCE and pursuant to NCGS 150B-3(c), the Board entered an Emergency Order for Revocation of Respondent's license as a Certified Public Accountant, effective February 21, 2000. The Order constituted a Notice of Hearing to be held in this matter, set for March 17, 2000, at 10:00 a.m. Respondent wishes to waive his right to said hearing, and pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent deceptively induced a client and the client's mother into loaning the Respondent $50,000 by falsely representing his intention to repay the loan by selling his interest in a business, when, in fact, Respondent had already sold the business and spent the proceeds. Thereafter, Respondent was unable to repay the loan. In lieu of litigation, Respondent arranged to repay part of the loan, and issued a promissory note for the balance owed.

2. Respondent has repeatedly failed to timely return records to his clients. On at least three occasions, Respondent's lack of communication and failure to provide records has led to complaints at the Board. In several instances the Board has forwarded such complaints to Respondent along with demands for replies. Respondent consistently failed to take timely action to resolve these complaints, and has compounded situations by inadequately cooperating in the inquiries. Ultimately, as a result of Respondent's abuse of prescription medications, Respondent abandoned his accounting practice to obtain treatment. During that period of time, a friend arranged to have Respondent's office moved (Respondent's prior landlord had terminated the lease), and attempted to accommodate Respondent's clients' requests for records. Additionally, Respondent even refused to furnish his own brother with client records for a partnership for which Respondent was the CPA. Nevertheless, at least one such complaint remains unresolved.

3. Respondent, during the time period in question, while engaged to render attest services for a nonprofit entity, issued a report on an audit that contained numerous inaccuracies and variations from applicable professional standards. After the client brought these concerns to Respondent's attention, Respondent failed to timely reply and correct his mistakes.

4. Respondent, during the time period in question, failed to provide timely services to tax clients. In particular, as is more fully set out in a client's complaint (attached hereto as Exhibit 1 and incorporated by reference as if set out fully herein), Respondent's failure to answer an IRS inquiry regarding a client resulted in an IRS determination that the client had effectively waived any administrative or other remedies. Respondent also failed to prepare and file client's 1995 corporate tax returns. Further, Respondent advised the client not to pay business taxes in a timely manner, and then advised one of the principals in the corporate client not to inform the other principal of the problem. Additionally, Respondent acted as an agent between the client and an individual lender, but failed to forward to the lender certain funds provided to the Respondent by the client in payment of the loan. Regarding the same client, Respondent also disclosed confidential information to third parties without the client's consent. Finally, Respondent suggested that the client file a false claim with Respondent's insurance carrier in order to recover funds because of Respondent's errors and omissions.

5. Respondent, during the time period in question, also failed to maintain proper and accurate firm registration with this Board, and has failed to timely respond to Board staff inquiries in January and February 1999. Respondent also failed to timely disclose certain pending litigation as well as the conclusions of certain litigation.

6. Although Respondent has indicated some efforts to take corrective actions regarding both his personal and professional life, the Board staff has continued to receive inquiries and as yet unenumerated complaints concerning Respondent, all of which indicates that Respondent poses an ongoing and immediate threat to the public.

7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (7b), (8c), and (9) d and e, and 21 NCAC 8J .0108, 8M .0102, 8N .0201, .0202, .0203, .0209, .0212, .0302 .0303. .0305, and .0403.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent, George B. Hancock, is hereby permanently revoked.

2. Respondent shall cooperate in an application to a court of appropriate jurisdiction for authorization for Respondent to be present at his accounting office at a noticed time in order to return records to his clients.

3. Additionally and in the alternative, Respondent shall consent to a Court Order authorizing appointment of a receiver to take possession of his client

records and to return those records to his clients or their representatives.

4. Said receiver may serve without bond.

5. Said receiver may be reimbursed for expenses and paid reasonable compensation as ordered by the court appointing the receiver.

6. Respondent shall identify and hold harmless said receiver regarding receiver's conduct as receiver.

7. Respondent shall cooperate in obtaining and implementing any other additional or alternative remedy necessary to return records to Respondent's clients.

8. Respondent shall cease using the CPA title in letterhead, business cards, advertising, shall arrange or permit immediate removal of all signage or other indicia using or assuming the CPA title at his office, and shall cease using or assuming the CPA title in connection with his telephone listing and telephone answering.

Michael J. Savino, #23801
Fuquay-Varina, NC 3/17/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 23801 as a Certified Public Accountant.

2. Respondent informed the Board on his 1998-99 individual certificate renewal that he had only obtained thirty-six (36) hours of continuing professional education (CPE) in 1997. However, Respondent informed the Board that he had taken four (4) hours of CPE in the second quarter of 1998.

3. Respondent signed his 1998-99 individual certificate renewal declaring "under penalties of perjury … that the information in this application is true, correct and complete."

4. Based on Respondent's representation that he had completed four (4) additional hours of CPE before June 30, 1998, the Board accepted his renewal and placed his certificate on conditional status until June 30, 1999.

5. As a part of Respondent's 1999-2000 certificate renewal application, Board staff requested that Respondent submit course listings for his 1997 and 1998 CPE.

6. In providing the course listings for his 1997 and 1998 CPE, Respondent failed to provide any course listings for four (4) hours of CPE taken between January 1, 1998, and June 30, 1998.

7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (8b)a, 93-12 (9)c and 93-12 (9)e and 21 NCAC 8J .0101 (b), 8N .0202 (a), .0202 (b)(3), .0202 (b)(4), and 8N .0203 (b)(1).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's application for renewal is insufficient and untimely under NCGS 150B-3(a). Hence, his certificate is automatically forfeited pursuant to NCGS 93-12 (8b).

2. Respondent must return his forfeited certificate to the Board with this signed Consent Order.

3. Respondent may not apply for the reinstatement of his certificate for ninety (90) days from the date this Order is approved by the Board.

4. Respondent may apply to return his certificate to active status by submission and approval of a reinstatement application which includes:

a. Application form,
b. Payment of the application fee,
c. 3 moral character affidavits, and
d. 40 hours of CPE in the 12 months preceding the application including an 8 hour accountancy law course as offered by the North Carolina Association of CPAs in a group study format.

5. Respondent shall pay a one thousand dollars ($1,000.00) civil penalty to be remitted with this signed Order.

6. Before September 1, 2000, Respondent must obtain twenty (20) additional hours of CPE which cannot be used in meeting the forty (40) hour annual requirement for either 1999 or 2000.

7. Respondent agrees that failure to timely comply with any terms of this agreement and consent order shall be deemed sufficient grounds for revocation of his license.

Consent Orders
continued on page 7

2000 Board Meetings

May 22

June 19

July 17

August 21

September 11

October 9

November 20

December 18

Fast Track to Nowhere: Cheating on the Uniform CPA Examination

The North Carolina State Board of CPA Examiners and the American Institute of CPAs Board of Examiners (AICPA BOE) take cheating on the Uniform CPA Examination very seriously. The Board and the AICPA BOE use a variety of tools and procedures to prevent candidates from cheating on the examination. Proctors are trained to watch for unusual or suspicious behavior and incidents during the examination and to document the occurrence of any unusual activity.

Some actions that may be considered cheating include:

- falsifying credentials;
- copying answers from another candidate during the exam;
- helping another candidate during the exam;
- using unauthorized materials during the exam;
- unauthorized communication with an individual, in or out of the exam site, during the exam;
- taking written materials, notes, etc. into and out of the exam site; and
- divulging examination information in violation of the nondisclosed exam policies.

In addition, during the grading process, the AICPA Advisory Grading Service instructs graders to report all cases of unusually similar responses. After grading is complete, the Advisory Grading Service compiles a report, the "90% Similarity Report," which identifies candidates whose patterns of answers are unusually similar and forwards the report to the Board. The Board may use this report to support an existing investigation into possible cheating or to initiate such an investigation.

21 NCAC 8F .0111, *Ineligibility due to Violation of Accountancy Act*, states, "A person may not be eligible to take the CPA examination or receive the North Carolina certificate of qualification as a CPA if the Board determines that the person has engaged in conduct that would constitute violation of General Statutes Chapter 93 or the Rules of Professional Ethics and Conduct."

If the Board determines that a candidate has cheated, the candidate will be subject to a variety of penalties, including, but not limited to, invalidation of grades and disqualification from subsequent exam administrations. In cases where cheating is discovered after a candidate has obtained his or her CPA certificate, the Board may permanently revoke the certificate.

Top Exam Scorers Announced

Regina L. Guillet of Atlanta, Georgia, has been named North Carolina's top scorer on the November 1999 Uniform CPA Examination.

Guillet, who received a bachelor of arts degree in Economics/Accounting from the College of the Holy Cross in May 1985, is a Financial Manager with BellSouth Telecommunications, Inc., in Atlanta.

Prior to her employment with BellSouth Telecommunications, Guillet spent more than six years working overseas for Dun & Bradstreet as an International Finance Director.

Matthews, North Carolina, resident Michael W. Griffin, was named the second highest scorer for North Carolina. Griffin, who is married with two children, is employed as an IT developer with First Union National Bank in Charlotte.

Griffin graduated *cum laude* from UNC-Charlotte in 1990 with a bachelor of science degree in Accounting. In addition, he is a member of Beta Alpha Psi.

North Carolina's third-highest scoring candidate, Kimberly E. Falls, of Gastonia, North Carolina, was a Dean's List student prior to graduating *magna cum laude* from Appalachian State University in 1999 with a bachelor of science degree in Accounting. Falls, who is a member of Alpha Chi, will receive a master of science degree in Accounting from Appalachian State University in May 2000.

While a student at Gardner-Webb University, Falls received a Scholastic Achievement Award her freshman and sophmore years. In addition, she was a Presidential Associate at Gardner-Webb University. Falls will begin working with KPMG LLP, in Charlotte later this year as an Assurance Assistant.

In addition to being North Carolina's top scorers, Guillet, Griffin, and Falls have been named to the American Institute of CPAs' (AICPA) *Candidate High Distinction Report*, which lists the 120 highest-scoring candidates who rank in the top 3% nationally.

Later this year, the North Carolina Association of CPAs (NCACPA) will present Guillet, Griffin, and Falls with the Katherine Guthrie Gold, Silver, and Bronze Awards, respectively. The awards, named for Katherine Guthrie, a former executive director of the Board, are presented semi-annually by the NCACPA to North Carolina's three highest total scoring exam candidates who sat for all parts of the exam and scored a grade of at least 80 on each section.

Renewals *from front*

panying renewal form cannot be processed because it is incomplete. You may choose to pay the annual renewal fee using your Visa or MasterCard—instructions are included with the renewal form.

If a check fails to clear the bank or if a Visa or MasterCard charge is not approved by the issuing financial institution, the renewal form is considered incomplete and will be returned to the licensee.

Did you use the business reply envelope to file your renewal form?

In 1995, the Board began including business reply envelopes with all exam and licensing applications, firm registrations, and license renewals. Using the business reply envelope not only saves you 33 cents, but also reduces the chance that your renewal will get lost in the mail.

Did you mail your renewal well in advance of the June 30, 2000, deadline?

Licensees who do not submit a properly completed renewal form, a properly completed CPE report, and the annual renewal fee of $50.00 prior to July 1, 2000, will receive a demand letter from the Board.

Failure to submit the completed forms within 30 days of the mailing of the demand letter will result in an automatic forfeiture of the licensee's certificate. Upon forfeiture, the individual is no longer considered a CPA; he or she may not use the CPA title; and he or she must return the actual CPA certificate to the Board within fifteen days.

Licensing Activity March 2000

Reinstatements

Constance Meyer Byers #15394
Jeffrey Donald Cole #23611
Laura Lynn Gray #18384
Holly Wilcox Hall #25321
David Gerald Yarborough #21112

Certificates Issued

The following certificate applications were approved at the March 17, 2000, Board meeting:

James Franklin Angell
Kathleen Sue Austin
Michelle Lee Bainbridge
Marcia Lynnette Barber-Gooch
Clinton N. Beasley
Christopher F. Berger
Howard Bernstein
Billy L. Biggs
Jeff Curtis Blizzard
Charles Thomas Bowers
Julia A. Bowman
Jawnita Monique Boyd
Shannon Douglas Brown, Jr.
Brock Wilburn Bullard
Karla Walker Caldwell
Sloan Coffey Carper
William Brian Carter
Amy Miller Cave
Angel M. Chatterton
S. Diane Coley
Jamie Hill Connotillo
Thomas Allan Cook
John Leslie Cutler
Sanjay C. Dakoriya
Carol G. Dalton
Arthur Benton Dana
Julia Hazell Davis
Jennifer P. Deans
Marjorie Ann Dunn
Nicole M. Dupuis
Anthony Scott Ennis
Jerry Thomas Falls
Donya J. Fowler
Geoffrey Keith Gardner
Tami Baker George
Megan Elizabeth Guthridge
Larry Ryan Hales
Vinetta Ward Harris
Randall L. Hartman
A. Shane Henry
Richard Christian Holt
Jane Bragg Hudson
Amanda M. Hupfeld
William Allen Jarboe
Catherine Wilson Johnson
Allan J. Katsock
Jennifer Lynn Lachance
Deborah E. King
Marsha Bailey Krings
Margaret Laura Lowe
David H. Luker
Sheila Marie Marshburn
Susan Cannady Martin
Rebecca Lynn May
Louise E. C. McCracken
Tina Wimbush McKoy
Elizabeth Anne McNeill
Michelle Jones Mullinax
A. J. Negley
Jana M. Nethery
Rama Nishtala
Adesola Onikoyi
Patricia Elizabeth Perkins
Laurie Ann Pishotti
Angela Marie Poole
Lori Starnes Price
Rhonda M. Reno
Kevin Burgess Rhodes
Candy M. Roberts
Michelle McGinnis Robinson
Patricia Alice Roper
Mary Lou D. Ruderman
Jennifer Wisecarver Small
Becky L. Smith
Charles Dean Smith, Jr.
David Wayne Smith
Steve Dwayne Smith
Lisa Anne Snyder
Darin Ray Stafford
David Elliott Tepper
Laura J. Teter
Gwen E. Tilton
Geri A. Usher
Melanie A. Valunas
Carly Niele Weber
Kathleen E. Whiddon
WeiQing Zhang

Consent Order

Mongy Mahmoud Ibrahim, #15804
Raleigh, NC 3/17/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 15084 as a Certified Public Accountant.

2. Respondent was notified by the Internal Revenue Service on January 2, 1997, that he was under investigation for failure to timely file tax forms and monies due as set forth below. Respondent failed to timely file his personal Federal tax returns for five (5) years and his firm's Federal Unemployment Tax (FUTA) returns for two (2) years as follows:

a. Respondent filed two extensions with the Internal Revenue Service (IRS) for the tax year 1989, but failed to timely file the return though due a refund.
b. Respondent filed two extensions with the IRS for the tax year 1990, but failed to timely file the return though due a refund.
c. Respondent filed two extensions with the IRS for the tax year 1993, but failed to timely file the return though taxes were owed.
d. Respondent filed one extension with the IRS for the tax year 1994, but failed to timely file the return though taxes were owed.
e. Respondent failed to request extensions with the IRS and failed to timely file a return for the tax year 1995 though taxes were owed.
f. Respondent failed to timely file and pay FUTA for 1992.
g. Respondent failed to timely file and pay FUTA for 1994.

3. Subsequently, Respondent agreed to a repayment schedule for taxes owed and any interest and penalties and did in fact make all filings and payments.

4. Despite the fact that he was notified of the IRS investigation in January of 1997, Respondent on his 1997-98 individual renewal did not check "Yes" beside the question: "Have you been investigated, charged, or disciplined since filing you last renewal application; or are you currently under investigation by a governing or licensing board or by a state or federal agency?".

5. In resolution of the IRS investigation, Respondent consented to a one year suspension from practice before the IRS in December of 1997. At the end of one year, Respondent was automatically reinstated. Respondent presently is in good standing with the IRS.

6. In April of 1998, Board staff learned of Respondent's suspension through an IRS Newsletter and wrote to Respondent regarding his failure to disclose said suspension to the Board within thrity (30) days, as required by 21 NCAC 8N .0204 (c).

7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e and 21 NCAC 8J .0101 (b)(1), .0204 (a), and .0208 (b).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's license shall be suspended for one (1) year from the date this Order is approved by the Board

2. Respondent shall reimburse the Board five hundred dollars ($500.00) in administrative costs incurred in the costs of this investigation. Said administrative costs shall be remitted with this signed Order.

3. If Respondent returns his suspended certificate within fifteen days of the Board's acceptance of this Order, Respondent can, after at least one (1) year, apply to return his certificate to active status by submission and approval of a reissuance application which includes:

a. Application form,
b. Payment of the application fee,
c. 3 moral character affidavits, and
d. 40 hours of CPE in the 12 months preceding the application including an 8 hour accountancy law course pursuant to 21 NCAC 8F .0504.

4. If Respondent returns his suspended certificate in excess of fifteen days after the Board's acceptance of this Order, Respondent can, after at least one (1) year, apply to return his certificate to active status by submission and approval of a reissuance application which includes:

a. Application form (which includes statements regarding use of title during suspension),
b. Payment of the application fee,
c. 3 moral character affidavits (on forms provided by Board),
d. 40 hours of CPE in the 12 months preceding the application including an 8 hour accountancy law course pursuant to 21 NCAC 8F .0504, and
e. Consent Order requiring payment of a $100.00 administrative costs.

5. Respondent agrees that failure to timely comply with any terms of this Consent Order shall be deemed sufficient grounds for revocation of his license.

6. Respondent agrees to cooperate at all times with the Board in the supervision and investigation of compliance with this settlement agreement and agrees to make all files, records, or other documents available immediately upon the demand of the Board.

Computing and Claiming the Correct Number of CPE Credits

You are attending an eight-hour continuing professional education (CPE) seminar and during the 3:30 p.m. break, you call your office to check your messages. You learn that your son has been injured at school and you need to meet him at the doctor's office. You leave the seminar immediately, which means you will not have attended the class for the full eight hours. What, if anything, should you and the CPE sponsor do regarding your CPE credit for the seminar?

Pursuant 21 NCAC 8G .0403(d)(9), the CPE sponsor is required to accurately assign the number of CPE credits for each CPA participating in a course. This includes adjusting certificates of completion not only for CPAs who enter a session late or leave early, but also for programs that do not meet the time requirements advertised. However, it is the responsibility of the CPA to claim credit only for the actual time he or she attends a CPE course.

To ensure that you claim the proper amount of CPE credit for non-college seminars pursuant to 21 NCAC 8G .0409, use this easy formula. Determine how many minutes of instruction time you were in class. Divide that number by 50. Round the number down to the nearest whole number. The result is your CPE credit hours.

CPAs who report CPE credits on their annual certificate renewal for time not in course or seminar attendance are in violation of 21 NCAC 8N .0202 of the Rules of Professional Ethics and Conduct. Although a sponsor must monitor attendance to some degree, the final responsibility for reporting the correct CPE credits rests with you—the CPA.

2000 CPE Sponsor Register Available Online

The 2000 edition of the North Carolina State Board of Certified Public Accountant Examiners' CPE Sponsor Register is now available online.

Licensees can view a complete listing of CPE sponsors currently registered with the Board by visiting the Board's web site (www.state.nc.us/cpabd) and clicking on the "CPE Sponsor Register" link.

At the request of a number of licensees, CPE sponsors are now listed in two ways—geographically and alphabetically. Sponsors with addresses outside of North Carolina are listed separately from those sponsors with North Carolina addresses. Within each state, sponsors are grouped by city.

If a sponsor has provided the Board with an e-mail address or web site, that information is included in the geographical listing.

The online version of the register is the most current because it is updated each time a sponsor is added or deleted from the Board's files or when the Board is notified of any changes in a sponsor's address, telephone number, or contact person.

Licensees who do not have access to the Internet may request a copy of the 2000 CPE Sponsor Register by contacting Marie Moss by telephone at (919) 733-1423.

Visit the Board's web site:
www.state.nc.us/cpabd

CPA Exam Set

The May 2000 Uniform CPA Examination will be administered at the Raleigh Civic and Convention Center in Raleigh and the Benton Convention Center in Winston-Salem. The schedule will be as follows:

Business Law & Professional Responsibilities (LPR)
Wednesday, May 3, 2000
9:00 a.m. - 12:00 noon

Auditing (AUD)
Wednesday, May 3, 2000
1:30 p.m. - 6:00 p.m.

Accounting & Reporting (ARE)
Thursday, May 4, 2000
8:30 a.m. - 12:00 noon

Financial Accounting & Reporting (FARE)
Thursday, May 4, 2000
1:30 p.m. - 6:00 p.m.

CPE Sponsors Removed

The following CPE sponsors were removed from the Board's CPE Sponsor Register for failure to respond to a Board inquiry:

Mark R. Kean – Raleigh, NC
Wheat First Securities – Charlotte, NC

Comments?

The *Activity Review* is the monthly newsletter of the North Carolina State Board of Certified Public Accountant Examiners.

If you have comments or questions regarding information published in the *Activity Review*, please contact Lisa Hearne, Communications Manager, by telephone at (919) 733-4208 or by e-mail at communications@mindspring.com

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Address Change? Let Us Know!

Certificate holder_____
Last name Jr./III First Middle

Certificate number_____ Send mail to ___ home ___ business

Current home address_____

City_____ State_____ Zip_____

Business name_____

Current bus. address_____

City_____ State_____ Zip_____

Telephone: Bus. ( )_____ Home ( )_____

Bus. fax ( )_____ email address_____

Signature_____ Date_____

Mail to: NC State Board of CPA Examiners PO Box 12827 Raleigh, NC 27605-2827

To fax or email address change: CPA Board fax: (919) 733-4209 Email address: licensing@mindspring.com

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 5 2000

Baldwin, Davenport, and Wray Reappointed to Board

Effective April 10, 2000, Governor James B. Hunt, Jr., appointed Barton W. Baldwin, CPA; Walter C. Davenport, CPA; and Michael H. Wray, to the NC State Board of CPA Examiners for three-year terms expiring June 30, 2003.

According to Robert N. Brooks, Executive Director of the Board, Baldwin, Davenport, and Wray were eligible for reappointment because they had not served two consecutive three-year terms.

Baldwin, who is President of Barton W. Baldwin, P.A., in Mount Olive, was originally appointed to the Board August 17, 1994, and reappointed July 1, 1997. He was Vice President of the Board 1994-1995 and 1995-1996. Baldwin is a member of the North Carolina Association of CPAs (NCACPA) and the American Institute of CPAs (AICPA). He is active in the National Association of State Boards of Accountancy (NASBA)—serving as Middle Atlantic Regional Director 1995-1997 and as Director-at-Large 1997-2000. In addition, he serves on several NASBA committees.

Initially appointed to the Board August 24, 1994, and reappointed July 1, 1997, Davenport is a partner with Cherry, Bekaert & Holland, L.L.P., in Raleigh. He was Vice President of the Board 1997-1998 and President 1995-1996, 1996-1997, and 1998-1999. Davenport is a member of the NCACPA, AICPA, and the National Association of Black Accountants (NABA). He is a member of the AICPA Board of Examiners and serves on various NASBA committees.

A Public Member from Gaston, Wray was first appointed to the Board September 19, 1994, and reappointed July 1, 1997. He served as Secretary-Treasurer of the Board 1994-1995, 1995-1996, 1997-1998, and 1999-2000, and was Vice-President 1998-1999. Wray, who is Secretary-Treasurer of W.J. Wray Contractors, Inc., is a Democratic Precinct Delegate, Past President and Zone Chairman of the Gaston Lions Club, a former Town of Gaston Commissioner, and is currently a member of the New Republic Savings Bank Board of Directors.

Tennessee Adopts CPE Check-off System for Reciprocal Licensees

At its March 30, 2000, meeting, the Tennessee State Board of Accountancy adopted the following policy regarding the reporting of continuing professional education (CPE) by Tennessee licensees who live in and are licensed by the states of Alabama, North Carolina, and South Carolina:

In an effort to simplify reporting of CPE by licensees who are domiciled in, and also licensed by the states of Alabama, North Carolina, and South Carolina, we hereby adopt this policy. Such licensees, in lieu of completing any detailed CPE reports to Tennessee may certify their compliance with the CPE requirements of any of the three above listed states, as appropriate, and provide their home state license/certificate number on the renewal report. This policy is based on the facts that Tennessee, Alabama, North Carolina, and South Carolina have substantially equivalent CPE requirements, and that the CPE reports are subject to audit requirements as any licensee would be by the Board and this or a similar policy is adopted by all four states.

New E-Mail Addresses

Due to a change in Internet service providers, the e-mail addresses for Board staff members were changed effective April 15, 2000. Please see the "Directory of Board Services" on page 7 for a complete listing of staff telephone numbers and e-mail addresses.

www.state.nc.us/cpabd

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Consent Orders

Name Not Published 4/24/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of a North Carolina certificate as a Certified Public Accountant.

2. Respondent failed to file corporate franchise taxes for his professional corporation for the period 1992-1998 and the North Carolina Department of Revenue (Department of Revenue) requested that the Articles of Incorporation for Respondent's professional corporation be suspended.

3. During the period 1992-1998, Respondent provided services through his professional corporation to at least one client and thereafter sought to collect money owed by that client to Respondent's professional corporation.

4. In August of 1999, Respondent paid the Department of Revenue the delinquent franchise taxes including interest and penalties.

5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9) e and 21 NCAC 8N .0207.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent shall receive an unpublished reprimand.

Jerome S. Ross, Sr. #23271
Swansboro, NC 4/24/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 23271 as a Certified Public Accountant.

2. Respondent was preparing the business tax return, personal tax return, and providing advisory services in the business accounting system to the client.

3. Through a mutual agreement, Respondent was named President and General Manager of the client's business while still maintaining his professional relationship.

4. During the tax period May 1-May 31, 1997, Respondent failed to properly pay the employer's federal monthly tax deposit.

5. During the tax period May 1-May 31, 1997, Respondent failed to properly pay the employer's state sales and use taxes.

6. The Internal Revenue Service found additional tax owed and assessed penalties and interest to the client's business.

7. The Department of Revenue assessed penalties and interest to the client's business.

8. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9) and 21 NCAC 8N .0207.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.

Address Changed?

21 NCAC 8J .0107 requires all North Carolina CPAs to notify the Board within 30 days of any change of address or business location. The rule also requires that the notification be made in writing. Address changes may be submitted to the Board by mail, fax, or e-mail.

When mailing or faxing the change of address, please use the "Notice of Address Change" form located on the back cover of the *Activity Review*. Licensees should address the form to the attention of the Licensing section and exam candidates (successful and unsuccessful) should address the form to the attention of the Examinations section.

Address changes may also be submitted to the Board via e-mail. Licensees should send the change(s) to alicegst@bellsouth.net and exam candidates should send the change(s) to either jmacombe@bellsouth.net or pwelliot@bellsouth.net.

Please note that because the rule requires that the notification be made in writing, staff members cannot accept an oral change of address.

Certificate Renewal Reminder

As a reminder, annual certificate renewal forms were mailed to licensees April 24, 2000.

If you have not received your renewal form by May 31, 2000, please contact Alice Steckenrider by telephone at (919) 733-1422 or by e-mail (alicegst@bellsouth.net) to request a replacement form.

Licensees must submit the completed certificate renewal form to the Board no later than June 30, 2000. Failure to return the properly completed renewal form to the Board by the deadline may result in disciplinary action by the Board.

Comments?

Do you have questions or comments about information published in the *Activity Review*? Do you have a suggestion for an article?

If so, please contact Lisa R. Hearne, Communications Manager, by telephone (919) 733-4208, by fax (919) 733-4209, or by e-mail (lhearne@bellsouth.net).

2000 Board Meetings

June 19

July 17

August 21

September 11

October 9

November 20

December 18

All North Carolina State Board of Certified Public Accountant Examiners' meetings are open to the public. However, under State law, some portions of the meetings are closed to the public. If you wish to address the Board regarding a specific issue, please contact Robert N. Brooks, the Board's Executive Director, by telephone at (919) 733-4222 or by e-mail (rnbrooks@bellsouth.net) at least two weeks prior to the meeting date.

New Address, Telephone Numbers for Secretary of State

Listed below are the new addresses and telephone numbers for the NC Department of the Secretary of State:

Main Offices-Physical Address
2 South Salisbury Street
Old Revenue Building Complex
Raleigh, NC 27601

Main Offices-Mailing Address
PO Box 29622
Raleigh, NC 27622-0622

Telephone Numbers
Main: (919) 807-2000
Authentications: (919) 807-2140
Corporations: (919) 807-2225
Executive Suite: (919) 807-2005
International Office: (919) 807-2031
Lobbyist Registrar: (919) 807-2156
Notary: (919) 807-2131
Service of Process: (919) 807-2201
Trademarks: (919) 807-2164
UCC: (919) 807-2111

Business License Information Office-Physical Address
111 Hillsborough Street
Raleigh, NC 27601

Business License Information Office-Mailing Address
PO Box 29622
Raleigh, NC 27622-0622

Telephone Number
(919) 807-2166

Land Records Office-Physical Address
111 Hillsborough Street
Raleigh, NC 27601

Land Records Office-Mailing Address
PO Box 29622
Raleigh, NC 27622-0622

Telephone Number
(919) 807-2206

Securities Division-Physical Address
300 North Salisbury Street
1st Floor, Legislative Office Building
Raleigh, NC 27603

Securities Division-Mailing Address
PO Box 29622
Raleigh, NC 27622-0622

Telephone Number
(919) 733-3924

Comments Needed on ABS Guidelines

On February 14, 2000, the North Carolina State Board of CPA Examiners released for comment its proposed *Alternative Business Structure Guidelines*.

The proposed guidelines were published in the March issue of the *Activity Review* and are also available on the Board's web site (www.state.nc.us/cpabd).

The Board is requesting that all CPAs, especially those who wish to participate—through employment by, ownership in, or other affiliation with—an ABS, submit their written comments on the proposed guidelines to the Board no later than June 1, 2000, for discussion by the Board at its June 19, 2000, meeting. The Board is also seeking comments from the business community and the general public on the guidelines.

Written comments on the Exposure Draft must be received by the Board no later than June 1, 2000. Requests to speak on the guidelines at the June 19, 2000, Board meeting must also be received by June 1, 2000.

Comments or requests to speak received after the deadline will not be accepted. Please submit your written comments to the Board via the following:

US Postal Service:
Exposure Draft Comments
State Board of CPA Examiners
PO Box 12827
Raleigh, NC 27605

Fax:
(919) 733-4209
Exposure Draft Comments
Attn.: Robert N. Brooks

E-Mail:
rnbrooks@bellsouth.net

Exposure Draft Issued on Ethics Pronouncements

On April 15, 2000, the Professional Ethics Division of the American Institute of CPAs (AICPA) issued an exposure draft containing proposed revisions to four ethics pronouncements for review and comment by the AICPA's membership and other interested parties.

The interpretations and rulings discussed in the exposure draft are Interpretation 101-11 under Rule 101: *Independence and the Performance of Professional Services Under the Statements on Standards for Attestation Engagements and Statement on Auditing Standards No. 75, Engagements to Apply Agreed-Upon Procedures to Specified Elements, Accounts, or Items of a Financial Statement*; Ruling 100 under Rule 101: *Actions Permitted When Independence Is Impaired*; Ruling 108 under Rule 101: *Participation of Member, Spouse or Dependent in Retirement, Savings, or Similar Plan Sponsored by, or That Invest in, Client*; and Interpretation 501-5 under Rule 501: *Failure to Follow Requirements of Government Bodies, Commissions, or Other Regulatory Agencies in Performing Attest or Similar Services*.

The exposure draft is available for download from the AICPA web site (www.aicpa.org). Comments on the exposure draft should be received by the AICPA on or before June 15, 2000.

Licensing Activity April 2000

Reinstatements
Lynn Casey #19307

Reissuances
H. Jack Johnson #8622

Reclassifications

Those who are completely retired and will not receive any earned compensation for current personal services in any job whatsoever:

Thomas William Sinks #118118

Reporting Convictions, Judgments, and Disciplinary Actions

Pursuant to North Carolina General Statute (NCGS) 93-12(9), the NC State Board of Certified Public Accountant Examiners has established the *Rules of Professional Ethics and Conduct* which govern the ethical conduct of CPAs.

To ensure each CPA's compliance with those rules, all licensees are required to disclose certain information regarding their ethical conduct. This request for information is made pursuant to 21 North Carolina Administrative Code (NCAC) 8N .0208, "Reporting Convictions, Judgments, and Disciplinary Actions."

In accordance with 21 NCAC 8N .0208, licensees must notify the Board within 30 days of any conviction, or finding of guilt of, or pleading *nolo contendere* to a felony; or any crime of which dishonesty, deceit, fraud, a violation of federal or state law or a violation of the *Rules of Professional Ethics and Conduct* are an essential element.

In addition, a licensee must notify the Board within 30 days of any judgment or settlement in a civil suit, bankruptcy action, administrative proceeding, or binding arbitration, the basis of which is grounded upon an allegation of gross negligence, dishonesty, fraud, misrepresentation, incompetence, or violation of any federal or state law and which was brought against either the licensee or a North Carolina office of a CPA firm of which the CPA was a managing partner.

The Board's requirement that licensees report any conviction, judgment, or disciplinary action is an integral part of the annual renewal process.

When completing the annual renewal form, a licensee must divulge if he or she has been charged, arrested, convicted, found guilty of, or pleaded *nolo contendere* to any criminal offense (excluding non-criminal traffic infractions) since the filing of his or her last renewal form.

The licensee is also required to indicate if he or she has had an application for a certificate or license denied, or if a certificate or license has been suspended, canceled, or revoked by any federal or state agency or governing or licensing board since filing his or her last renewal.

In addition, each licensee must report if he or she had been investigated, charged, or disciplined or is currently under investigation by a governing or licensing board or by a federal or state agency.

Although the licensee or his or her attorney may feel that the criminal offense has no relevance to the licensee's CPA title or that the licensee did nothing to warrant the disciplinary investigation, all such matters must be reported to the Board.

Finally, a licensee must indicate if he or she has been party to any civil suit, bankruptcy action, administrative proceeding, or binding arbitration, the basis of which is grounded upon an allegation of negligence, dishonesty, fraud, misrepresentation or incompetence.

Again, regardless of the licensee's belief or the belief of his or her attorney that the litigation is inconsequential or frivolous, all such actions must be reported to the Board.

Failure to report a criminal offense, disciplinary action, or civil litigation to the Board within 30 days and on the annual renewal form, may result in disciplinary action by the Board. This disciplinary action may include revocation—either permanently or for a specified period of time—of the licensee's certificate issued by the Board; censure of the licensee; or assessment of a civil penalty.

If you have any questions regarding your reporting responsibility, please contact Robert N. Brooks, the Board's Executive Director, at (919) 733-4222.

Visit our web site:
www.state.nc.us/cpabd

Certificates Issued

The following certificate applications were approved at the April 24, 2000, Board meeting:

Heather Fuqua Alley
Heyward Dubose Armstrong
David Christopher Attaway
Kevin Lee Barber
Brian Michael Barrett
Cynthia S. Barton
Joyita Basu
Antoine Darnell Beck
Christopher Sean Bennett
William T. Bishop, Jr.
Sherri Grace Blankenship
Brian Robert Boal
Eric Paul Braschwitz
David M. Brennan
Elizabeth Sedlin Buie
Thomas G. Carbone
Aimee Cataldo
Debra M. Cochran
Thomas Moore Coley
Kim Stuntz Cooper
Rick W. Cornwell
Christopher Shane Costner
Joy Cuomo
Richard L. Dail
Scott B. Davis
Daniel A. DoCabo
Ray James Douglas, Jr.
Amie Taylor Edling
Ann Marie Einsmann
Michelle Sorrell Elliott
Christopher Scott Elmes
Stephanie Lea Everette
Elaine M. Ganfield
Karen M. Geiger
Lynn Alison Goldman-Dicker
Deborah Kaye Grooms
Julia Elizabeth Guilfoyle
Melissa L. Hallbick
Julia Beyer Harrison
Holly Banko Hartell
Yoriko Hasegawa
Steven C. Hile
Tonya Celeste Hinderer
Jeffrey David Hollamon
Edwin Keith Hollandsworth
Elizabeth McMurray Holliday
Nyvanh Vongkhoun Homsombath
Terry Lee Hurt
Victoria Lorraine Johnson
William Douglas Karriker, II
Kimberleigh S. Kidd
Jacqueline Tart Kirby
David S. Kreutzer
James A. LaTorre
Margaret Hannan Lauder
Gregory Shayne Lawson
Kevin Charles Londeen
Sarah Ruth Lowry
Chad Allen Maddox
Stephen Winston Madison
Bryan Thomas Manges
Robin W. Mangum
Kimberly Ferreira Mann
Pamela Sue Gibson McDowell
David Laurence McEntee
David A. Melton
Victor Allen Merkel
Daniel Leland Miller
Vivian Yandle Moore
Jennifer Wallace Morris
David Thomas Nail
Vishal C. Nayar
Kimberly A. Niess
Paul Anton Noring
Jimmy Wayne Norman
Joseph Craig Osborn
Richie Darnell Phillips
Beth Ambler Piercy
Dorinda Denise Powell
Leslie Harboe Powell
William Lee Price
Kathryn Sheppard Riffe
William Scott Rogers
Karen M. Ruminski
Anthony Russo
Michael A. Seda
Noureddine Seffar
Jennifer Elaine Shoffner
Sidney Elizabeth Small
Michael Shaw Smith
Sonja Halbritter Sonderman
C. Bradley Sparks
Dana Ann Spencer
Justin Allan Starnes
Michele Bradstock Strandberg
Scott Douglas Steele
Elyse Rachelle Sullivan
Stacy A. Tenace
Amy Bratton Thomas
Marjo Hannele Tinsley
Shannon Haynes Townley
Daniel Lawrence Troutman
Tracy M. Valentine
Francis J. Van Kirk
Erika Elizabeth Viall
David Andrew Vienneau
Brenda Richardson Wegrzyn
Mary Ellen West
Velma Elena White
Nancy Fulmer Wike
Peter James Wilkinson

Thanks to May 2000 Examination Proctors

The Board thanks the proctors and their employers who contributed to the success of the May 2000 Uniform CPA Examination. The number of exams at which each proctor has worked is listed in parenthesis.

Alexander & Chandler, P.A., Kernersville
Robert C. Alexander, CPA (19)
Mark Chandler, CPA (8)

Hattie Angel, CPA, Kernersville (31)

Architektur, PA, Raleigh
Gina Mason, CPA (1)

Armfield Flooring Center, Raleigh
Mary Pollard, CPA (20)

BDO Seidman L.L.P., Greensboro
James Frazier, CPA (1)

Claude M. Bogues, CPA, Durham (18)

Elizabeth Camp, CPA, Raleigh (7)

Carrington, Lee, Kinlaw & Hill, Raleigh
Greg Kinlaw, CPA (2)

Karen Caudill, CPA, Kernersville (3)

David Leigh Chafin, Greensboro
David Chafin, CPA (1)

College Foundation, Inc., Raleigh
Doug Vass, CPA (7)

Craven, Shelton & Gann, P.A., Greensboro
Ann Craven, CPA (32)

Crisp Hughes Evans LLP, Durham
Louise Ann Hewitt, CPA (12)

John Davis, Greensboro (27)

Robert Edminston, CPA, PA, North Wilkesboro
Robert Edminston, CPA (8)

Elon College, Elon College
Patty Cox, CPA (5)

Stephen Embler, CPA, Winston-Salem (5)

Fitzgerald and Davis, CPAs, L.L.P., Greensboro
Ronnie Davis, CPA (5)

General Parts, Inc., Raleigh
John Cuomo, CPA (1)

John Goodwin, CPA, Cary (1)

James Gosnell, CPA, Greensboro (7)

Guilford College, Greensboro
William A. Grubbs, CPA (31)

Guilford County Tax Department, Greensboro
Carlotta Lytton, CPA (2)

High Point University, High Point
David S. Davis, CPA (8)
Frankie Gurganus, CPA (6)

Jefferson-Pilot Financial, Greensboro
Charles Kerans, CPA (22)

Roger Jennings, CPA, Kernersville (23)

Ann Langdon Kaneklides, CPA, Dunn (28)

Logemann & Co., P.A., Winston-Salem
Martha Logemann, CPA (6)

Rodney Lundgren, CPA, Apex (1)

David McLemore, CPA, Clinton (40)

Jannie B. Mills, CPA, Jamestown (4)

Kay Mitchell, CPA, Spring Hope (5)

Peggy Mock, CPA, High Point (14)

Harold G. Myers, CPA, Lexington
Tedman Myers, CPA (2)

NC A&T University, Greensboro
Phillip D. McBrayer, CPA (25)

NC CommunityDevelopment Initiative, Raleigh
Lolita Wynn, CPA (1)

NC Dept. of Administration, Raleigh
Randy Lindley, CPA (24)

NC Dept. of Crime Control and Public Safety, Raleigh
Mike Barham, CPA (11)

NC Dept. of Environment & Natural Resources, Raleigh
Rex A. Whaley, CPA (28)

NC Dept. of Health & Human Services, Raleigh
Thomas Edward Berryman, CPA (28)
John Midyette, CPA (18)

NC Dept. of Insurance, Raleigh
James Riddick, CPA (3)
Gwendolyn Tann, CPA (2)

NC Dept. of Revenue, Charlotte
Douglas Rothrock, CPA (2)

NC Dept. of Revenue, Raleigh
Diane Hucke, CPA (4)
Todd McCracken, CPA (3)

NC Dept. of Transportation, Raleigh
Carol Hatchett, CPA (7)
Wanda Oakley, CPA (29)

NC General Assembly, Raleigh
Marilyn Chism, CPA (7)

NC Mutual Life Insurance Co., Durham
Rosena Grott, CPA (17)

NC Office of State Auditor, Greensboro
Lynne Forrest, CPA (22)

NC Office of State Auditor, Raleigh
Minh Duc Do, CPA (1)
Elizabeth (Kay) Radford, CPA (5)

NC Office of State Controller, Raleigh
Roger Farmer, CPA (14)

NCSU, Internal Audit, Raleigh
Craig Forsythe, CPA (8)

NCSU, Dept. of Accounting, Raleigh
Harriette Griffin, CPA (37)

NCSU, Raleigh
Karen Spencer, CPA (2)

NC Utilities Commission, Raleigh
Frankie Carrigan, CPA (1)

W.R. Noble, CPA, Winston-Salem
William R. Noble, CPA (3)

Jack H. Perkins, CPA, Raleigh (23)

Persinger & Company, L.L.C., Galax, VA
Douglas Reitzel, CPA (2)

Royster, Smith, Shelton & Co., PC, Winston-Salem
Julie Wells-Keefe, CPA (2)

Deanne Smith, CPA, Asheville (38)

Curt Snow, CPA, Winchester, VA (18)

M. Glenn Tart, PA, CPA, Benson
Glenn Tart, CPA (28)

Virginia Thompson, CPA, Charlotte (9)

Victoria I. Ukwu, CPA, Raleigh (10)

UNC-Asheville, Asheville
Claudel McKenzie, CPA (20)

UNC-Chapel Hill, Chapel Hill
Frances Snipes, CPA (17)

Gerald D. Walston, CPA, Raleigh (14)

Western Carolina University, Cullowhee
John A. Beegle, CPA (52)

Williams Overman Pierce & Company, L.L.P., Raleigh
Jesse D'Bella, CPA (3)

North Carolina State Board of CPA Examiners

Directory of Board Services

Main Telephone Number	(919) 733-4222	
Fax Number	(919) 733-4209	
Toll-Free Application Line	1-800-211-7930	(for requesting exam & licensing applications only)
Mailing Address	PO Box 12827	Raleigh, NC 27605-2827
Physical Address	1101 Oberlin Road, Suite 104	Raleigh, NC 27605-1169
Web Site	http://www.state.nc.us/cpabd	
Office Hours	Mon. - Fri., 8 a.m. - 5 p.m.	(closed on State holidays)

Please use the following directory to correctly identify the person to contact to receive prompt service from the Board. If the person you need to speak with is unavailable, you may leave a message on his or her voice mail or you may press "0" to reach the receptionist.

Administrative Services	(accounting, purchasing, mailing labels & lists)	
Felecia F. Ashe	(919) 733-4223	feleciaa@bellsouth.net
Lynn Wyatt	(919) 733-4223	lynnwyat@bellsouth.net
Communications	(newsletter, web site, press releases)	
Lisa R. Hearne, Manager	(919) 733-4208	lhearne@bellsouth.net
Examinations	(exam applications, general exam information)	
Judith Macomber, Manager	(919) 733-4224	jmacombe@bellsouth.net
Phyllis Elliott	(919) 733-4224	pwelliot@bellsouth.net
Executive Office	(Board meetings & agendas, public hearings, rule-making requests)	
Robert N. Brooks, Exec. Director	(919) 733-1425	rnbrooks@bellsouth.net
Licensing	(general licensing information)	
Buck Winslow, Manager	(919) 733-1421	buckwins@bellsouth.net
Licensing	(CPE, SQR, firm registrations & renewals)	
Marie Moss	(919) 733-1423	mariemos@bellsouth.net
Licensing	(CPA certificate applications & renewals)	
Alice G. Steckenrider	(919) 733-1422	alicegst@bellsouth.net
Professional Standards	(ethics complaints, declaratory rulings, disciplinary hearings)	
Ann J. Hinkle, Manager	(919) 733-1426	ahhinkle@bellsouth.net
Receptionist		
Karen Carlile	(919) 733-4222	kcarlile@bellsouth.net

Don't forget—license renewal deadline: June 30, 2000

North Carolina State Board of
Certified Public Accountant Examiners
Post Office Box 12827
Raleigh NC 27605-2827

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State Board of CPA Examiners

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President, Charlotte

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Receptionist
Karen Carlile

19,200 copies of this document were printed for this agency at a cost of $2,822.47 or 14¢ per copy in May 2000.

Address Change? Let Us Know!

Certificate holder _____
Last name Jr./III First Middle

Certificate number _____ Send mail to ___ home ___ business

Current home address _____

City _____ State _____ Zip _____

Business name _____

Current bus. address _____

City _____ State _____ Zip _____

Telephone: Bus. ( ) _____ Home ( ) _____

Bus. fax ( ) _____ email address _____

Signature _____ Date _____

Mail to: NC State Board of CPA Examiners PO Box 12827 Raleigh, NC 27605-2827

To fax or email address change: CPA Board fax: (919) 733-4209 Email address: alicegst@bellsouth.net

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 6 2000

Engagement Letters as a Risk-Management Tool

It is no secret that the accounting profession's clients are more litigious now than they were a few years ago. As the accounting profession takes on more roles in order to remain competitive, lawsuits now delve into a wider range of issues. Where once they were largely generated by tax and audit work, now they also derive from compilation and review, write-up, and management advisory services.

Many lawsuits involving CPAs are the result of a communication breakdown (or "expectation gap") between the CPA and the client. In many situations, the client's understanding of the scope of services to be performed and how the work product will be utilized may be quite different from the CPA's understanding of these issues.

Although engagement letters are not required legally, they are strongly encouraged. A properly drafted engagement letter can serve as a helpful risk-management tool by establishing a legal framework for a working relationship with a client. While the engagement letter itself may vary with the level of service or type of engagement to be provided, common provisions in most engagement letters include the following:

- Identification of client;
- Description of the engagement and its limitations;
- Timing of the work and staffing of the engagement;
- Client information and responsibilities;
- Designation of the party to work with the CPA;
- Identification of intended users of the CPA's work product;
- Fees and payments;
- Withdrawing from and/or terminating the engagement;
- Responding to discovery requests, subpoenas, and outside inquiries;
- Alternative dispute resolution as a means of resolving disputes;
- Where applicable, disclosures recommended or required by the AICPA; and
- Client signature.

Identification of Client

A properly drafted engagement letter should identify who will receive the CPA's services. The CPA may be working for an individual, a group, an entity, or a portion of an entity. For example, if the CPA's client is a corporation that has subsidiaries or other corporate affiliations, it may be necessary to identify the entities to be included in the engagement.

Description and Limitations of Work to Be Performed

The engagement letter should indicate what services are to be rendered. In general, the CPA should outline the procedures to be performed and any reports to be issued. In so doing, the engagement letter can help guard against the client developing unreasonable expectations about the nature and the scope of the services to be provided.

Timing of Work and Staffing of Engagement

This section of the engagement letter indicates when the engagement will begin and end. This section may vary by type of engagement. For example, an audit engagement may contain a provision indicating the date fieldwork will begin and end and the date of delivery of the audit report. A tax engagement may contain a provision indicating any known filing deadlines and the parties' understanding concerning the use of extensions should the information not be received by the CPA to timely prepare the return.

Some CPA firms may indicate who will be staffing the engagement. This provision may prove helpful, for example, where a client expects to work with certain employees of the CPA firm.

Letters
continued on page 6

www.state.nc.us/cpabd

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Don't forget—license renewal deadline: June 30, 2000

Consent Order

Kim Wadsworth Ridenhour, #13390
Kim W. Ridenhour, CPA, P.A
Greensboro, NC 5/22/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent Kim Wadsworth Ridenhour (Hereafter "Respondent") is the holder of North Carolina certificate number 13390 as a Certified Public Accountant.

2. Respondent Kim W. Ridenhour, CPA, P.A., (Hereafter "Respondent firm") is a duly registered certified public accounting firm in North Carolina

3. Respondent firm's first and to date, only, peer review was obtained in May of 1996.

4. According to Board requirements, said peer review should have been completed by December 31, 1995. Therefore, the Board ordered, in June of 1996, that Respondent's certificate be placed on conditional status and that Respondent should pay a $100.00 civil penalty.

5. However, Respondent failed to submit the 1996 peer review report, letter of comments, and letter of response to AICPA's Peer Review Program in accordance with their requirements.

6. Based on Respondent's failure to submit the appropriate documentation, a hearing panel of the AICPA Peer Review Board, in August of 1998, terminated Respondent firm from the AICPA Peer Review Program and terminated Respondent's membership in AICPA.

7. Despite failing to provide AICPA's Peer Review Board with required documentation, Respondent noted on Respondent firm's 1997 and 1998 firm renewals that Respondent firm was performing compilation and audit services and that Respondent firm was participating in an approved peer review program.

8. On Respondent firm's 1999 firm renewal, Respondent noted that Respondent firm was only performing compilation services but Respondent failed to indicate the type of peer review program that Respondent firm was participating in.

9. Despite at least three requests from Board staff, beginning in November of 1998, Respondent did not provide any information concerning Respondent firm's termination from AICPA's Peer Review Program until February of 1999.

10. In March, April, and again in May of 1999, Board staff requested copies of the 1996 peer review report, letter of comments, and letter of response for Respondent firm.

11. However, Respondent did not provide Board staff with a copy of Respondent firm's 1996 peer review report and letter of comments until June of 1999. In this response, Respondent informed Board staff that he had not yet completed the letter of response for Respondent firm's 1996 peer review but he expected to have that completed within two weeks.

12. To date, the Board has not received Respondent's letter of response for Respondent firm's 1996 peer review.

13. In February of 1999, the Board received information from the Arizona State Board of Accounting regarding deviations from generally accepted auditing standards and/or accounting principles in audited financial statements submitted to the Arizona Banking Department. Said statements were prepared by Respondent for the year ending December 5, 1997, and Respondent's report letter was dated February 21, 1998.

14. Respondent and Respondent firm failed to completely disclose the moral character data as required on the individual and firm renewals.

15. Respondents wish to resolve this matter by consent and agree that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondents' actions as set out above constitute violations of NCGS 93-12(8c) and 93-12(9)e and 21 NCAC 8J .0101(b)(1), 8J .0108(b), 8J .0108(c)(1), 8J .0111, 8M .0102, 8M .0103, 8M .0104, 8N .0201, 8N .0202(b)(3), 8N .0203(b)(1), 8N .0206, 8N .0209, 8N.0213, and 8N .0403.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondents agree to the following Order:

1. Respondent's certificate and Respondent firm's registration are suspended for one (1) year from the date this Order is approved by the Board and until the 1996 and 1999 peer reviews for Respondent firm have been accepted by the Board, whichever is later.

2. Respondent must return his suspended certificate and firm registration certificate to the Board with this signed Consent Order.

3. After one (1) year and the acceptance by the Board of Respondent firm's 1996 and 1999 peer review, Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:

a. Application form (**which includes statements regarding use of title during suspension**),
b. Payment of the application fee,
c. 3 moral character affidavits (on forms provided by Board),
d. 40 hours of CPE in the 12 months

preceding the application including an 8 hour accountancy law course pursuant to 21 NCAC 8F .0504.

e. Copies of all litigation, civil and criminal, which have not previously been provided to the Board.

4. Upon Respondent's return to active status, Respondent may reinstate Respondent firm's registration subject to the limitations contained in this Order.

5. Upon reinstatement, Respondent firm or Respondent's reinstated firm will obtain preissuance review of all audits, reviews, and compilations until Respondent firm or Respondent's reinstated firm receives an unqualified opinion for a peer review which includes an audit, review, and compilation. If said peer review does not include a review of each of the three (3) attest services listed herein, Respondent firm or Respondent's reinstated firm must continue to obtain preissuance review of each attest service not reviewed by the peer review until peer reviews have been obtained that review all three levels of attest service. The reviewer for the preissuance review shall be approved by the Board prior to performing said reviews.

6. For each of the next three (3) years, Respondent must obtain twenty (20) hours of CPE in addition to the forty (40) hour annual requirement. Said CPE must be in accounting principles and auditing standards.

7. Respondent shall pay a one thousand dollar ($1,000.00) civil penalty to be remitted with this signed Order.

8. If Respondent and Respondent firm fail to complete the requirements as specified in this Consent Order, Respondent's certificate shall be suspended until such time as all requirements have been completed.

9. Respondents agree to cooperate at all times with the Board in the supervision and investigation of compliance with this settlement agreement and agree to make all files, records, or other documents available immediately upon the demand of the Board.

Attention: November 2000 Uniform CPA Exam Applicants

If you are planning to sit for the November 2000 Uniform CPA Examination to be held in Raleigh and Winston-Salem November 1-2, 2000, please note the following application deadlines:

Initial Exam Applicants
July 31, 2000
Re-exam Applicants
August 31, 2000

Your **complete** application must be postmarked or received in the Board office by the appropriate deadline. Late applications will not be accepted.

The examination fee is $175.00, regardless of the number of sections for which you are sitting. Checks should be made payable to " Board of CPA Examiners."

Your canceled check is proof that your application has been received—not that your application has been approved. You may also pay the examination fee by credit card (MasterCard or VISA).

Applications for the exam may be obtained by calling the Board's toll-free application line (1-800-211-7930) or by calling Judith Macomber or Phyllis Elliott at (919) 733-4224.

You may also request an application for the November 2000 exam by e-mail. E-mail requests should be sent to jmacombe@bellsouth.net or pwelliot@bellsouth.net.

Applications for the November 2000 exam are now available.

IRS Provides Ease for Third Party to Resolve Client Issues

In another effort to reduce the burden on America's taxpayers, the Internal Revenue Service (IRS) recently announced that through its new "checkbox initiative," paid preparers, with their clients' permission, will be allowed to work directly with the IRS to resolve tax return processing issues.

Beginning with the 2001 filing season, taxpayers can identify through a checkbox on all series of the Form 1040 returns (except Telefile), an individual paid preparer to serve as a designee to resolve processing-related matters.

In the past, practitioners such as attorneys, CPAs, enrolled agents and other paid preparers, needed a *Power of Attorney* in order to discuss return preparation, refund, and payment issues with IRS.

Under the checkbox initiative, the taxpayer's designee would have the ability to speak directly to IRS customer service representatives over the phone and in person regarding math error notices and refund or payment information.

However, the checkbox initiative will eliminate the need for the *Power of Attorney* only for certain matters. The taxpayer's designee is limited to issues arising during the processing of that specific return. The taxpayer must still sign a *Power of Attorney* for examination matters, under-reported income, appeals, and collections notices.

Although the checkbox designation will initially be limited to paid preparers and individual tax returns, the IRS is looking into expanding the initiative to address the needs of businesses as well as individual taxpayers (specifically the elderly and non-English speaking) that depend on friends and family to prepare returns.

Consent Orders

Names Not Published
5/22/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent firm is a duly registered certified public accounting firm in North Carolina.

2. Respondent A is the holder of a North Carolina certificate as a Certified Public Accountant.

3. Respondent B is the holder of a North Carolina certificate as a Certified Public Accountant.

4. Respondents A and B prepared or caused to be prepared an audit report for a homeowners association for the year ending December 31, 1998. Respondents failed to comply with applicable Generally Accepted Auditing Standards (GAAS) by various acts and omissions, including but not limited to the following:

a. Respondents failed to issue a qualified report as required regarding the existence of a reserve fund.
b. Respondents failed to comply with GAAS in that they used incorrect terminology in the report.
c. Respondents failed to include required disclosures regarding the reserve fund.
d. Respondents failed to include a cash flow statement as required.

5. Respondents wish to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondents actions and omissions as set out above represent failures to comply with applicable generally accepted auditing standards and as such constitute violations of NCGS 93-12(9) e and 21 NCAC 8N .0212 and .0403.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondents A and B shall receive unpublished reprimands.

2. Respondents A and B shall complete at least eight (8) hours of continuing professional education (CPE) in the area of common realty associations which can be included in the annual forty (40) hour CPE requirement.

3. Respondents A and B shall obtain pre-issuance review of all audits performed by Respondent firm on homeowners associations until one of these audits is included in a peer review for which Respondent firm receives an unqualified opinion. The reviewer for the preissuance review shall be approved by the Board prior to performing said reviews.

4. Respondents shall acquire the proper audit manuals and audit check lists for auditing homeowners associations.

Kimberly S. Suber, #24381
Morehead City, NC 5/22/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 24381 as a Certified Public Accountant having been certified in October of 1996.

2. Respondent, at all time relevant herein, was employed as County Finance Director for Carteret County.

3. Respondent plead "no contest" to and was convicted of five (5) misdemeanor counts of willfully failing to discharge her duties as county finance officer.

4. With but one exception, the date of offense for each misdemeanor charge was prior to Respondent's certification.

5. Respondent has made full monetary restitution.

6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)(b) and 93-12(9)(e) and 21 NCAC 8N .0201, .0203, .0204, and .0301(a).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's certificate is permanently revoked.

When is My Quality or Peer Review Due?

The NC State Board of CPA Examiners' and the American Institute of Certified Public Accountants/North Carolina Association of Certified Public Accountants' (AICPA/NCACPA) requirements for quality or peer reviews do not always agree on when the review must be completed.

All CPA firms in the Board's State Quality Review (SQR) Program or the AICPA/NCACPA Peer Review Program must comply with the **Board's** due date deadline to comply with the Board's requirement.

If your CPA firm is an ongoing firm, (a CPA firm registered with the Board prior to June 30, 1992, or a CPA firm that has completed at least one quality or peer review), your CPA firm has until December 31 of its assigned due date year to complete its quality or peer review for Board compliance. Therefore, if your due date is any time in 2000, your CPA firm's review must be completed no later than December 31, 2000.

A new CPA firm is required to complete its initial program within exactly 24 months of the date of its initial Board registration and does not have until December 31 to complete its review.

The due date for AICPA/NCACPA reviews refers to the date all review documents must be completed and submitted to the NCACPA. Documents submitted to the NCACPA must include the report and Letter of Comment/Letter of Response, if applicable.

The Board will accept one of the following to confirm the completion of a quality or peer review program:

- A statement signed by the review team captain;
- A statement signed by a member of the CPA firm being reviewed; or
- A letter of acceptance from an approved review program stating that the CPA firm has completed a review program.

Confirmation of your CPA firm's peer review completion must be filed with the Board with your CPA firm's annual CPA firm and SQR registration renewal forms. These forms are mailed annually in November and must be returned to the Board by December 31.

Please note that NCACPA does not supply the Board with proof that your review has been completed. If your CPA firm has been granted an extension to complete its peer review by the AICPA/NCACPA, you must also apply for an extension from the Board. Obtaining an extension through the AICPA/NCACPA does not mean automatic approval of such a request by the Board.

For the specific rules regarding the Board's SQR program, please refer to 21 NCAC 8M, *State Quality Review Program*.

If you have additional questions about the Board's SQR Program, please contact Marie Moss by telephone at (919) 733-1423 or via e-mail (mariemos@bellsouth.net). If you have questions about the NCACPA's Peer Review Program, please contact Mary C. Kelly, Peer Review Coordinator, by telephone at (919) 469-1040 or via e-mail (mckelly@ncacpa.og).

Certificates Issued

The following certificate applications were approved at the May 22, 2000, Board meeting:

Cynthia Dayton Anderson
Richard Carl Anderson
Frederick Coleman Ashworth
Jolinda L. Ballenger
John Patrick Barrack
David M. Barrons
James Franklin Baucom
Sharon Yvonne Bolus
Stephen Rudolph Buschel
James Walker Carty, III
John Joseph Davis
Erika F. Erwin
Roger Dale Ficklin
Diane M. Frederick
Yan J. (Molly) Gao
Dorinda Ingram Griffin
Nancy Ann Hannafin
Emily Dawn Harrison
Stephanie D. Heath-Jones
Christina Marie Hillis
Brian Jeffery Jessup
Michael Scott Kelly
Pamela Elizabeth Keth
Stephen Wood Martin
Jennifer Anne Meeker
Bradford B. Newton
Matt Aaron Parson
Barbara Paterek
Robert Jackson Petty
Michelle Harrison Ports
Daniel T. Reagan
Beth Marie Rindfuss
Della L. Sauls
Paul Christopher Schmidt
Randy Stuart Shoaf
Darrylin B. Smith
Jennifer Reel Smith
Nancy Elizabeth Sutton
Debra Kane Swiren
Mary Jane Wensley-Price
Scott Taylor Witham
Jennifer Seal Young

Letters continued from page 1

Client Information and Responsibilities

In most engagements, the client is required to collect certain information and provide certain records to the CPA. If this information is necessary for the CPA to complete the engagement, these client responsibilities, and any applicable deadlines for the completion of work by the client, should be described.

For example, a tax engagement would normally contain a provision indicating it is the client's responsibility to sign and file tax returns prepared by the CPA, along with an explanation of the consequences of the client's failure to sign and file such returns.

Designation of the Party to Work with the CPA

Some engagement letters request the client to designate the party to work with the CPA. This provision can help the CPA avoid situations in which conflicting requests or instructions are received from more than one of the client's employees.

Identification of Intended Users of the CPA's Work Product

In some jurisdictions, a CPA can limit or avoid liability to third parties by identifying in the engagement letter the intended users of the work product. In addition to identifying these users, this provision often contains language prohibiting the client from distributing the CPA's work product to any party other than these users. In deciding whether the engagement letter should contain this provision, competent legal counsel should be consulted. This is especially true for jurisdictions, such as New York and New Jersey, which have privity standards for establishing auditor negligence.

Fees and Payments

An engagement letter can help avoid fee disputes before the work begins. This section details how and when the client will be billed. It may describe the amount of retainer (if any); how the fee will be computed; when payment will become due; the client's obligation to pay promptly; and the CPA's rights should the client fail to give prompt payment. In some cases, the CPA may charge interest for late payments. In more extreme cases, it may be necessary for the CPA to suspend work or cancel the engagement for fees not paid.

Withdrawing From or Terminating the Engagement

At times, it may be necessary for the CPA to withdraw from the engagement. The engagement letter should outline the conditions that might lead to the CPA's withdrawal and the procedures the CPA will follow in case of withdrawal. Examples of situations in which the CPA's withdrawal from the engagement may be required include issues of conflict of interest; management ethics or integrity; or the CPA's real or apparent lack of independence.

This section should also discuss policies and procedures related to the termination of the engagement including return of client files; preparation of the final bill; work paper retention; and date of termination of services.

Responding to Discovery Requests, Subpoenas, and Outside Inquiries

Occasionally, a CPA may receive a discovery request, subpoena, or outside inquiry. While several states have established a CPA/client privilege with respect to communications, most states do not have such a privilege. Moreover, there is no federal CPA/client privilege. This section of the engagement letter can help avoid future misunderstandings between the client and the CPA regarding whether, and to what extent, the CPA may be required to respond to such requests.

Alternative Dispute Resolution

Alternative dispute resolution (ADR) refers to methods of resolving disputes outside of the courtroom. One of these methods is known as arbitration. In arbitration, the opposing parties select one or more arbitrators who decide the outcome of the dispute. In most cases, the decision of the arbitrator cannot be appealed. Typically, the pre-arbitration discovery process is limited, and third parties are not bound by the arbitrator's decision.

Another method of resolving disputes outside of a court of law is mediation. During mediation, a mediator attempts to find the "common ground" that exists between the opposing parties that may lead to a mutually agreed-upon settlement. In the event the mediation is not successful, the parties, if they so desire, may litigate their dispute.

Before inserting a provision in the engagement letter regarding alternative dispute resolution, a CPA should consult with legal counsel regarding the provision's enforceability. In addition, inserting a provision concerning alternative dispute resolution in an engagement letter may have insurance coverage implications. For example, while most insurers encourage the use of mediation, under many policies the use of an arbitration clause may limit or void the CPA's professional liability insurance coverage for any claims that are arbitrated.

Disclosures Recommended or Required by the AICPA

The AICPA recommends the inclusion in an engagement letter of certain disclosures for certain types of engagements. These disclosures may be incorporated into, or have an effect upon, other provisions of the engagement letter.

Client Signature

This section should request the client sign and return an executed copy of the engagement letter to the CPA. It should provide that if the client does not agree that the engagement letter accurately reflects the agreement of the parties to the engagement, the client will promptly notify the CPA. If the client does not return a signed engagement letter, the CPA may send a certified letter indicating that, unless otherwise notified, the CPA will assume the client agrees to the terms of the engagement letter. In any event, the most effective engagement letter is one signed by the client before the CPA begins the engagement.

Q & A: 150-hour Education Requirement

Many accounting students, exam applicants, and successful candidates continue to have questions regarding how they will be affected by the 150-hour education requirement for licensure. Below are some recent questions received by the Board and the Board's responses to those questions.

• *I want to take the exam in November, but I don't meet the 150- hour requirement. Can I sit for the exam anyway?*

Yes. The 150-hour education requirement is for licensure only and pertains to applications for licensure received after December 31, 2000.

• *One of my professors told me that starting with the May 2001 exam, the Board is requiring applicants to have 30 hours in accounting. Is this correct?*

Yes. If you are an initial applicant or re-exam applicant who has not passed any part of the exam, you must have 30 hours in accounting before sitting for the May 2001 exam. If you have conditioned (passed at least two parts), you may continue to sit for the exam under the requirement of 24 hours of accounting. However, if your conditioning expires, you must meet the 30 hour requirement.

• *I have passed two parts of the exam and hope to pass the other two parts in November 2000. Because I won't get my grades from the November exam until February 2001, will I need to comply with the 150-hour requirement to be licensed in North Carolina?*

Yes. The 150-hour education requirement for licensure applies to all applications for licensure that are received by the Board after December 31, 2000.

• *I've heard that if you have passed two parts of the exam but don't pass the other parts by November, you will lose credit for the parts you have passed and will have to start all over. Is this true?*

No. If you have conditioned (passed at least two parts of the exam), you may continue to sit for the exam until the time limit—six consecutive exams— has expired on your exam credits.

• *I will graduate with a Master's degree in Accounting, but will not be able to complete the work experience requirement before the December 31, 2000, deadline. Will I need to comply with the 150-hour requirement?*

Your Master's degree in Accounting will place you in compliance with the requirement.

Need More Information?

Visit the Board's web site (www.state.nc.us/cpabd) and click on the link, "Information on the 150-hour Education Requirement," for additional information.

Exam Questions?

The Board is expanding its web site coverage of the exam to include topics such as the layout of the exam sites, local restaurants, as well as questions and answers about what you can and cannot bring into the exam. If you have suggestions about additional topics or general exam questions, please send an e-mail to lhearne@bellsouth.net.

Licensing Activity May 2000

Reclassifications

Those who are completely retired and will not receive any earned compensation for current personal services in any job whatsoever:

Raymond Andrew Blevins #1427

Joseph R. Finnerty #5286

Henry L. Hicks #12762

Wallace Philip Robinson #12105

Peggy Dean Stoltz #8482

Evan Lassiter Webb #14217

Visit our web site:
www.state.nc.us/cpabd

Notice to Re-exam Applicants

Re-exam applications for the November 2000 Uniform CPA Examination will be included with all unsuccessful May 2000 exam candidates' grade reports.

If an applicant did not sit for the May 2000 exam or was a "no show," he or she must contact the Board to request an application for the November 2000 exam.

Applications for the exam may be obtained by calling the Board's toll-free application line (1-800-211-7930); calling the Examination section of the Board at (919) 733-4224; or e-mailing a request to either jmacombe@bellsouth.net or pwelliot@bellsouth.net.

Applications for the November 2000 Uniform CPA Exam are now available.

2000 Board Meetings

July 17

August 21

September 11

October 9

November 20

December 18

All North Carolina State Board of Certified Public Accountant Examiners' meetings are held at the Board's offices and are open to the public. However, under State law, some portions of the meetings are closed to the public. If you wish to address the Board regarding a specific issue, please contact Robert N. Brooks, the Board's Executive Director, at (919) 733-4222 or by e-mail (rnbrooks@bellsouth.net) at least two weeks prior to the meeting date.

Have you mailed or faxed your completed renewal form to the Board?

North Carolina State Board of
Certified Public Accountant Examiners
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State Board of CPA Examiners

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19,900 copies of this document were printed for this agency at a cost of $2,822.47 or 14¢ per copy in June 2000.

Address Change? Let Us Know!

Certificate Holder _____
Last name Jr./III First Middle

Certificate No. _____ Send Mail to ___Home ___ Business

New Home Address _____

City _____ State _____ Zip _____

CPA Firm/Business Name _____

New Bus. Address _____

City _____ State _____ Zip _____

Telephone: Bus. ( ) _____ Home ( ) _____

Bus. fax ( ) _____ E-mail address _____

Signature _____ Date _____

Mail to: NC State Board of CPA Examiners PO Box 12827 Raleigh, NC 27605-2827

Fax to: (919) 733-4209 Attn: Licensing or Examinations

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 7 2000

Not-For-Profits: GASB or FASB?

On June 6, 2000, the North Carolina Office of the State Controller issued the following memorandum to the North Carolina State Board of CPA Examiners for publication in the *Activity Review*:

To: North Carolina State Board of CPA Examiners

From: Edward Renfrow, State Controller

Re: *GASB Statement No. 34*

The State Controller is responsible for the preparation of the State of North Carolina Comprehensive Annual Financial Report (CAFR). As our staff works to implement *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* for the fiscal year 2001-2002, we are taking a closer look at the reporting requirements for the State's component units and we are discovering the potential for inconsistencies in the application of generally accepted accounting principles.

The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for activities and transactions of state and local governmental entities and governmental not-for-profit entities.

The Financial Accounting Standards Board (FASB) establishes standards for activities and transactions of all other entities, including for-profit and non-governmental not-for-profit entities.

In many cases, it appears that not-for-profits have not been evaluated properly as to whether they are governmental or non-governmental entities. Therefore, not-for-profit entities and their auditors may be incorrectly applying FASB guidance.

The following American Institute of Certified Public Accountants (AICPA) definition has been agreed upon by both the FASB and the GASB.

According to the *AICPA Audit and Accounting Guide for State and Local Governments*, Section AAG-SLG 1.12, and the *AICPA Audit and Accounting Guide for Not-For-Profit Organizations*, Section AAG-NPO 1.03,

"…organizations are governmental organizations if they have one or more of the following characteristics:

a. Popular election of officers or appointment (or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments;

b. The potential for unilateral dissolution by a government with the net assets reverting to a government; or

c. The power to enact and enforce a tax levy."

According to the AICPA definition of governmental entities, any not-for-profit entity meeting any one of the three criteria listed above, falls under the principle setting authority of the GASB.

Be aware that all governmental not-for-profit component units must implement *GASB Statement No. 34* in the same fiscal year as the primary government (for component units of the State of North Carolina, fiscal years beginning after June 15, 2001).

Please share this information with your not-for-profit's financial statement preparer and external auditor so that you can evaluate your potential status as a governmental entity.

For additional information on *GASB Statement No. 34,* please see page 3.

www.state.nc.us/cpabd

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Emergency Order for Revocation Extended, Public Hearing Continued

On June 19, 2000, the North Carolina State Board of Certified Public Accountant Examiners conducted a public hearing regarding the Amended Emergency Order for Revocation of North Carolina CPA certificate number 23690 issued to Elizabeth Marie Rushing.

The Amended Emergency Order for Revocation, which also constituted a Notice of Hearing, includes allegations that the Elizabeth Marie Rushing ("Respondent") was regarded by federal authorities as a fugitive.

On April 24, 2000, the Board revoked the Respondent's CPA certificate; however, a revocation is neither final nor permanent until the Respondent has had an opportunity for a public hearing.

Pursuant to North Carolina General Statute (NCGS) 150B, the Respondent was scheduled for a public hearing to hear the matter regarding the Amended Emergency Order for Revocation.

During the June 19, 2000, public hearing, Deputy US Marshals arrested the Respondent on charges—including wire fraud and money laundering—stemming from a federal investigation in which she and others were indicted for various federal offenses.

In light of the arrest, the Board voted to continue the public hearing until such time that the Respondent can be present.

In addition, the Board extended its Amended Emergency Order for Revocation (see below) until the hearing can be completed.

Until the hearing is completed and a final Board decision is rendered, the Amended Emergency Order for Revocation should be regarded as preliminary, contested, and temporary.

Amended Emergency Order for Revocation

Elizabeth Marie Rushing #23690
Monroe, NC 6/19/00

UPON SUBSTANTIAL EVIDENCE including sworn complaints, the Board finds that Respondent [Elizabeth Marie Rushing] has engaged in general and specific conduct demonstrating that she is no longer fit to continue to hold a certificate as a Certified Public Accountant.

Specifically, during the period of time in which she has been a licensee and has been engaged in rendering accounting services to the public, there is substantial evidence that Respondent committed each of the following acts or omissions in violation of the North Carolina accountancy laws and rules NCGS 93-12(9)(d) and (e), and 21 NCAC 8N .0201, .0202, .0203, .0207, .0210, .0212, .0301(a), .0303, and .0305:

1. Beginning at some time as early as December 1998 and no later than April 1999, and continuing through at least December 1999, Respondent began rendering accounting services as a CPA for an investment business known as Nantz Enterprises, Inc., hereinafter NEI. While acting in that capacity, Respondent became involved in promoting and selling NEI's investments on a commission fee basis.

2. At all times relevant, Respondent has been licensed as a CPA in North Carolina under the name "Elizabeth Marie Rushing." Respondent, however, also operated under the name of "Elizabeth Rushing Floyd" or "Beth Rushing Floyd."

3. NEI claimed to sell investments in foreclosed property, whereby it claimed to option the foreclosed property at approximately 40% of fair market value. NEI told investors it guaranteed a resale of 85-95% of the Fair Market Value.

4. NEI also claimed to sell investments in "Bank Debenture Trades" whereby investors purportedly invested with large international traders in a bank factoring form of investment.

5. Respondent was aware that NEI represented her to investors as a CPA.

6. Respondent had knowledge of and participated in various false or misleading representations to induce individuals to invest in NEI, including but not limited to the following:

a. That investors were guaranteed return of their investments;
b. That investors' funds, along with an equal amount of funds from NEI, would be held in "escrow" at the lending institution owning the foreclosed property;
c. That Respondent had personally invested in NEI, and had seen and verified closing real estate documents showing specific deals;
d. That Respondent had given NEI a "sound economic approval" for investors;
e. That Respondent would serve as "auditor" as well as accountant for NEI;
f. That a "due diligence" had been completed and would continue during the investment;
g. That there were "numerous clients who had successfully participated in NEI transactions;"
h. That "as a final measure" to insure NEI's performance with investor funds, that they had purchased insurance that secured investors' principal against any potential loss;
i. That investors would receive a 100% profit within 120 calendar days;
j. That the investors' funds would never leave Respondent's control;
k. That Respondent would "immediately abort the trade" and that the investors' money would be returned within one week;

Order

continued on page 4

GASB Publishes Guide to Implementing New Financial Statements

The Governmental Accounting Standards Board (GASB) has issued an implementation guide to help the preparers and auditors of state and local government financial statements understand and apply the provisions of *GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."*

The implementation guide is the centerpiece of GASB's extensive efforts to assist governments with the preparation of the new financial statements required by *Statement No. 34*, one of the most comprehensive standards in the history of governmental accounting.

All state and local governments will implement *Statement No. 34* during the next two to four years.

The implementation guide includes nearly 300 questions and answers developed by GASB staff with the assistance of a 36-member advisory group. The guide also includes more than 50 illustrative financial statement exhibits, 10 "how-to" exercises, and the complete standards section of *Statement No. 34*.

The question-and-answer section of the guide addresses all aspects of *Statement No. 34* and features dozens of questions about capital assets, depreciation, and the modified approach to reporting infrastructure. Several questions and related illustrations provide guidance with regard to alternatives that may be available to governments in meeting certain display or disclosure requirements in *Statement No. 34*.

The implementation guide includes sample financial statements for a state government, a municipal government, and an independent school district. The municipal statements include a complete illustrative management's discussion and analysis and selected note disclosures.

The exercises section offers practical, step-by-step suggestions on how to comply with some of the requirements of *Statement No. 34*, including:

- Calculating composite depreciation rates;
- Applying group depreciation to infrastructure assets at transition and in subsequent years;
- Calculating net asset balances for governmental activities;
- Reporting internal service fund balances and results;
- Determining major funds;
- Reconciling fund financial statements to government-wide financial statements;
- Indirectly determining direct-method cash flows;
- Estimating historical cost using current replacement cost;
- Calculating weighted-average age of infrastructure assets at transition; and
- Determining major general infrastructure assets.

Copies of the implementation guide (GQA34) can be obtained from the GASB Order Department by telephone (800-748-0659), e-mail (gasbpubs@gasb.org), or mail (401 Merritt 7, PO Box 5116, Norwalk, CT 06856-5116).

Exam Questions?

The Board is expanding its web site coverage of the exam to provide candidates with more extensive information about the exam sites.

Planned topics include: maps to each of the exam sites; diagrams of the layout of both sites; local restaurants and hotels, as well as a section about which items can and cannot be brought into the exam sites.

If you have suggestions about additional topics, please send an e-mail to lhearne@bellsouth.net.

Directive Issued on *Bailey v. North Carolina*

The Personal Taxes Division of the North Carolina Department of Revenue (NCDOR) recently issued *Directive PD-00-1* regarding *Bailey v. State of North Carolina; Emory v. State of North Carolina;* and *Patton v. State of North Carolina.*

The directive, which supplements *Directive PD-99-1*, issued on March 4, 1999, and *Directive PD-99-2*, issued on November 5, 1999, explains the income tax consequences of the North Carolina Supreme Court's decision in *Bailey v. State of North Carolina* and the subsequent settlement of that case and the two related cases, *Emory v. State of North Carolina*; and *Patton v. State of North Carolina*.

The *Bailey* settlement affects the taxation of retirement benefits paid to former employees of the State of North Carolina, its local governments, and the federal government, including persons receiving these benefits as survivor beneficiaries.

Directive-PD-00-1 addresses questions concerning the Bailey settlement that have been answered by a court order issued after November 5, 1999, or by an administrative decision made after that date.

The text of *Directive PD-00-1* is available from the NCDOR's web site (www.dor.state.nc.us).

If you have questions about *Directive PD-00-1*, you may contact the Personal Taxes Division of the NCDOR by telephone at (919) 733-3565 or by mail at PO Box 871, Raleigh, NC 27602-0871.

Visit our web site:
www.state.nc.us/cpabd

Order *continued from page 2*

l. That return of the funds had been further delayed because the investors group had requested "a US government audit to absolutely clear the group of any responsibility with regard to the NEI participation in the trade."

7. Respondent knew, or should have known, that these statements were incomplete, misleading, or patently false; and that the investors' funds were not guaranteed but were spent instead for personal benefit for NEI employees and agents.

8. Complainants "invested" and lost at least $262,000 as a result of the above enumerated misrepresentations which were either made by or in behalf of Respondent, or in her presence, or with her knowledge.

9. Following their complaints to this Board, certain complainants began receiving confusing and harassing correspondence from Respondent through registered mail. The documents included threats to "place this information with the Internal Revenue Service and the Local State Tax Department of Revenue."

10. Respondent has also asserted that she had no assets accessible to the demands of complainants, because she had filed with the Texas Secretary of State a Uniform Commercial Code Financing Statement purportedly assigning all of the property belonging to one "Elizabeth M. Rushing" as a debtor and "transmitting utility" with one "Elizabeth Marie Rushing Floyd" listed as the "Secured Party."

11. The Board has received at least six (6) sworn complaints against Respondent regarding this matter. Concurrently, as a result of a federal investigation, Respondent and others have been indicted for various federal offenses, including wire fraud and money laundering. Respondent has been identified by federal authorities as a fugitive.

12. In light of the number and seriousness of the allegations and substantial evidence establishing the conduct in question, as well as evidence of the danger of continued and irreparable harm to the public, the Board finds that public welfare requires emergency action.

13. The Board has attempted service of its original March 17, 2000, Emergency Order for Revocation via sheriff and certified mail/restricted delivery but Respondent has not been found nor picked up her registered mail. Therefore, service by publication is necessary and appropriate.

The Board therefore issues this Amended Emergency Order, pursuant to NCGS 150B-3(c), to revoke Respondent's certificate as a Certified Public Accountant.

This Order is effective immediately at the time of service of this Order upon the Respondent, and shall remain in effect until this proceeding pursuant to NCGS 150B, may be concluded. This Order shall constitute the Notice of Hearing to be held for this matter in the Board Office on June 19, 2000, at 10:00 a.m.

Consent Order

James Ray Pittman #2219
Goldsboro, NC 6/19/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following:

1. Respondent is the holder of North Carolina certificate number 2219 as a Certified Public Accountant.

2. Respondent supervised the preparation of a client's corporate tax returns for fiscal years ending September 30, 1990, September 30, 1991, and September 30, 1992, as well as certain individual returns for calendar years 1990, 1991, and 1992.

3. In 1994, the Internal Revenue Service (IRS) assessed Respondent penalties totaling $33,000.00, based upon the IRS's determination that Respondent had aided and abetted the false understatement of Respondent's client's tax liabilities under Section 6701 of the Internal Revenue Code of 1986.

4. In 1999, the IRS accepted payment from Respondent of a penalty of $10,000.00 plus interest to resolve the IRS's claims.

5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board ex parte, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)(e) and 21 NCAC 8N .0207 and .0212.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.

2. Respondent's license shall be suspended for ninety (90) days from the date this Order is approved by the Board; however, said suspension is stayed for so long as Respondent complies with all accountancy statutes and rules, and the terms of this Order.

3. Respondent shall pay a one thousand dollar ($1,000.00) civil penalty to be remitted with this signed Order.

AICPA SECPS to Strengthen Peer Review Process

The SEC practice section (SECPS) peer review process task force of the American Institute of CPAs (AICPA) has issued a report containing recommendations to strengthen the peer review process to help it keep pace with changes in the accounting profession.

Mike Conway, chairman of the SECPS executive committee, which approved the task force's proposals after they were made in January, explained, "The new rules will make the process more effective because it will focus on evaluating auditor performance instead of examining documents to see whether a firm is complying with quality control systems and professional standards."

He also added that "the peer review reporting process will be more transparent."

The SECPS executive committee directed the SECPS peer review committee to implement those recommendations falling within its purview.

Meanwhile, the auditing standards board and the Public Oversight Board (POB) also are addressing the task force's proposals.

Rick Miller, chairman of the task force, said, "The peer review process is nearly 25 years old and although we improve it every year, the time had come to reflect on it because of the rapid pace of changes in our profession—globalization, alternative practice structures, developing audit methodologies and quality control systems, technology and new staffing and training models. The peer review process needs to keep pace with these changes."

The task force identified a need for improvement in the following areas of the peer review program: reporting; process; governance and oversight; and qualifications and training of peer reviewers.

The task force found not everyone who uses the peer review process fully understands it.

"We need to improve that," Miller said. "We also need to better communicate things noticed during peer reviews—best practices, constructive suggestions and matters that go beyond professional standards. This will encourage candid communication."

Regarding the review process itself, Miller said, "We need to recognize differences in firms' size and complexity. Right now, there's mostly a one-size-fits-all approach that we must customize. For larger firms, we need to better integrate the peer review and inspection processes, have more frequent reviewer involvement and better focus on higher-risk areas and emerging issues. Finally, we want the review process to be more flexible and responsive to change."

On the subject of governance and oversight, Miller said, "The POB plays a key role in overseeing and adding credibility to the peer review process, so we recommended it deepen its oversight during the performance of reviews."

With respect to training peer reviewers, Miller said, "The task force recommended better training—primarily of review team captains—and establishment of an evaluation process to provide feedback and help eliminate poor performers."

The AICPA peer review board also will consider the task force's recommendations for applicability to the AICPA peer review process.

Miller expressed hope that the task force's recommendations would be implemented in time for peer reviews conducted in 2001.

Comments

If you have questions or comments regarding the information published in the *Activity Review*, please contact Lisa R. Hearne, Communications Manager, by telephone at (919) 733-4208 or via e-mail at lhearne@bellsouth.net.

Licensing Activity June 2000

Certificates Issued

The following certificate applications were approved at the June 19, 2000, Board meeting:

William Barth Ashe
Lindsey Allen Crisp
Norman Rupert Cutler
Gerard J. D'Amato
Dennis Allen Diersen
Alyson McKenzie Dunlop
Carol Riggs Johnson
Anne Margret McHugh
Marlene Hope Rabinowitz
William Johnson Wright

Reclassifications

Those who are completely retired and will not receive any earned compensation for current personal services in any job whatsoever:

George Walton Hightower #1383
William B. Hill #1358
Ann M. Honbarrier #16885
Paul Bruce Milligan #16131
Joe Richard Nantz #1339
John Stanley Policoski #14750
Calvin B. Wells #13887
Norwood P. Whitehurst #1834

2000 Board Meetings

August 21
September 11
October 9
November 20
December 18

All Board meetings are held at the Board's offices and are open to the public. However, under State law, some portions of the meetings are closed to the public.

If you wish to address the Board regarding a specific issue, please contact Robert N. Brooks, the Board's Executive Director, by telephone at (919) 733-4222 or via e-mail (rnbrooks@bellsouth.net) at least two weeks prior to the meeting date.

New Education Requirements for Licensure

Pursuant to North Carolina General Statute (NCGS) 93-12(5)(a), a person submitting an application for licensure as a North Carolina CPA after December 31, 2000, must have completed at least a bachelor's degree with a concentration in accounting.

21 NCAC 8A .0309 defines a concentration in accounting as:

- at least 30 semester hours, or the equivalent in quarter hours, of undergraduate accountancy courses which includes no more than six semester hours of accounting principles and no more than three semester hours of business law; or
- at least 20 semester hours or the equivalent in quarter hours, of graduate accounting courses that are open exclusively to graduate students; or
- a combination of undergraduate and graduate courses which would be equivalent to the above.

Accounting courses include such courses as principles courses at the elementary, intermediate and advanced levels; managerial accounting; business law; cost accounting; fund accounting; auditing; and taxation.

Although courses such as business finance, business management, computer science, economics, writing skills, accounting internships, and CPA exam review would be helpful in the practice of accountancy, they are not included in the definition of a concentration in accounting.

NCGS 93-12(5)(a) further stipulates that a candidate applying for licensure as a North Carolina CPA after December 31, 2000, must have 150 semester hours of college-level course work (including a bachelor's degree or higher) that includes at least one three-semester hour course from at least eight of ten areas of study defined by the Board.

21 NCAC 8F .0410 defines the ten areas of study as:

- Communications—this field of study will give an individual knowledge of oral and written communication skills. This field includes, but is not limited to speech, business writing, public speaking, report writing, debate, technical writing, business communications, and advanced writing skills course work above basic introductory composition.
- Computer technology—this field of study will give an individual knowledge of computer hardware and computer applications. This field includes but is not limited to information systems, electronic spreadsheet, database management, word processing, and programming.
- Economics—this field of study will give an individual a knowledge of the economic system. This field includes, but is not limited to micro/macro economics, labor economics, managerial economics, resource and environmental economics, money and financial markets, and comparative economic systems.
- Ethics—this field of study will give an individual a knowledge of discipline which society has imposed on itself through laws, customs, moral standards, and rules of professional conduct. This field includes but is not limited to ethics, ethics of religion, business ethics, ethics of philosophy, and professional ethics.
- Finance—this field of study will give an individual a knowledge of the financial practices of business. This field includes, but is not limited to finance, banking and money, corporation finance, business finance, insurance, real estate, capital budgeting, and financial planning.
- Humanities/Social Science—this field of study will give an individual a knowledge of human values and choices and the human process. This field includes, but is not limited to psychology, geography, sociology, leadership, anthropology, political science, criminal justice, and social welfare.
- International environment—this field of study will give an individual a knowledge of the international environment. This field includes, but is not limited to international accounting, international business, foreign language, international trade, international finance, international marketing, foreign economy, and international organizations.
- Law—this field of study will give an individual a knowledge of the legal environment of business. This field includes, but is not limited to business law, commercial law, regulatory law, professional regulations of the profession, and international law.
- Management—this field of study will give an individual a knowledge of the operation of business. This field includes but is not limited to personnel, marketing, human resources, production management, operations and business policy, human relations, organizational behavior, and quantitative methods for management.
- Statistics—this field of study will give an individual a knowledge of the application of statistical methodology. This field includes but is not limited to statistics, behavior research, business statistics, survey sampling, probability and statistical computing, and database management.

Anyone applying for CPA certification after December 31, 2000, who holds a master's degree or more advanced degree in accounting, tax law, economics, finance, business administration, or a law degree with an emphasis in taxation or accounting from an accredited college or university will be in compliance with NCGS 93-12(5)(a).

November 2000 Exam Deadlines

If you are planning to sit for the November 2000 Uniform CPA Examination to be held in Raleigh and Winston-Salem on November 1-2, 2000, please note the following application deadlines:

Initial Exam Applicants
July 31, 2000

Re-exam Applicants
August 31, 2000

Your **complete** application must be postmarked or received in the Board office by the appropriate deadline. Late applications will not be accepted.

Applications for the exam may be obtained by calling the Board's toll-free application line (1-800-211-7930) or by calling Judith Macomber or Phyllis Elliott at (919) 733-4224.

You may also e-mail your request for an exam application by sending your name, postal mailing address, and type of application (initial or re-exam) needed to Judith Macomber (jmacombe@bellsouth.net).

Panel on Audit Effectiveness Releases Exposure Draft

In October 1998, the Public Oversight Board (POB), an independent private sector body that oversees the self-regulatory programs of the Securities and Exchange Commission (SEC) Practice Section of the American Institute of Certified Public Accountants (AICPA), established the Panel on Audit Effectiveness in response to a request by the SEC Chairman Arthur Levitt.

The Panel on Audit Effectiveness conducted a comprehensive review and evaluation of the way independent audits of financial statements of publicly traded companies are performed and assessed the effects of recent trends in auditing on the quality of audits and on the public interest.

As part of its work, the Panel reviewed a sample of audits of public companies to gather empirical data on the quality of auditing and conducted a survey on audit effectiveness, seeking the views of many who are interested in financial reporting.

On June 6, 2000, the Panel made an Exposure Draft of its report and recommendations, available on its web site, (www.pobauditpanel.org).

The Exposure Draft summarizes the investigation process, findings and recommendations with a goal of fostering effective audits that improve the reliability of financial statements, enhance their credibility, contribute to investors' confidence in the profession, and improve the efficiency of the capital markets.

Exam Grades

Grade reports from the May 2000 Uniform CPA Examination will be mailed to candidates on July 31, 2000.

If your address has changed since sitting for the exam, please mail or fax a "Change of Address" form (see page 8) to the Examinations section of the Board. You may also e-mail your new address to jmacombe@bellsouth.net.

Small Businesses Can Still Apply for Hurricane Floyd Assistance

Small businesses affected by Hurricane Floyd still may be eligible for State and federal funds.

Although more than 600 businesses have received assistance from the $51 million business package approved as part of Governor James B. Hunt Jr.'s Hurricane Relief Package, State funds remain available.

In addition, the Small Business Administration (SBA) is still accepting applications for federal disaster assistance for businesses that have suffered economic injury due to Hurricane Floyd.

According to Gene Byrd, Director of Housing and Business Redevelopment for the North Carolina Department of Commerce, it is not too late for small businesses to apply for assistance.

"The SBA continues to take applications for economic loss, and on the State level, we still have funding earmarked by the General Assembly to assist small businesses and to save jobs in the east," explains Byrd.

"We're encouraging all affected business owners to apply."

Business owners should contact one of five Business Recovery Assistance Centers located throughout eastern North Carolina (see list) for advice and application information.

When the General Assembly approved the business relief package—the North Carolina Recovery and Development Fund (NCREADE)—they made $42.5 million available for direct loans to small and mid-sized businesses and set aside $8.5 million for rebates on interest costs for businesses that successfully borrowed funds through the SBA.

To date, more than $9 million in flood-recovery assistance has been distributed to more than 600 small businesses.

Business Recovery Assistance Centers

Elizabeth City
Telephone: (252) 335-3247

Fayetteville
Telephone: (910) 486-1727

Greenville
Telephone: (252) 328-6157

Rocky Mount
Telephone: (252) 985-5130

Wilmington
Telephone: (910) 962-3744

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Certificate Holder _____
Last name Jr./III First Middle

Certificate No. _____ Send Mail to ___Home ___ Business

New Home Address _____

City _____ State _____ Zip _____

CPA Firm/Business Name _____

New Bus. Address _____

City _____ State _____ Zip _____

Telephone: Bus. ( ) _____ Home ( ) _____

Bus. Fax ( ) _____ E-mail address _____

Signature _____ Date _____

Mail to: NC State Board of CPA Examiners PO Box 12827 Raleigh, NC 27605-2827

Fax to: (919) 733-4209 Attn: Licensing or Examinations

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 8 2000

Letter of Inquiry from the Board: What It Means

Although most North Carolina CPAs are familiar with the Board's duties of administering the Uniform CPA Examination and granting certificates of qualifications as CPAs to those individuals who meet the legal requirements, relatively few licensees have experience with the Board as an investigative and judicial body.

As an independent State agency responsible for protecting the public interest by monitoring the behavior and performance of CPAs, the Board reviews and investigates all alleged violations of the North Carolina Accountancy Statutes (NCGS) or the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct.

These alleged violations vary in nature from procedural violations such as failure to accurately report continuing professional education (CPE) credits to more serious violations such as embezzlement.

If the alleged violations are brought to the Board's attention through a third-party complaint (an individual or entity separate from the Board), the Board's Professional Standards staff will open a case against the licensee.

Investigation of all other alleged violations may begin at either the inquiry or case level depending on the severity of the initial allegations.

The Board's Professional Standards staff then gathers information about the alleged violations and refers the matter to the Professional Standards Committee for review.

The Professional Standards Committee, which is composed of three Board members, does not determine guilt or innocence; it simply reviews the information gathered by the Professional Standards staff to determine whether the allegations, supported by competent evidence, would warrant further action.

Ann Hinkle, Manager of Professional Standards, who works closely with Noel L. Allen, Esq., the Board's Legal Counsel, and the Professional Standards Committee, says that licensees should not panic if they are contacted by a member of the Professional Standards section.

Inquiry
continued on page 4

Board Elects Officers

On July 17, 2000, the members of the NC State Board of CPA Examiners elected R. Stanley Vaughan, CPA; O. Charlie Chewning, Jr., CPA; and Michael H. Wray, Public Member; as officers for 2000-2001.

Vaughan, a retired Partner with PricewaterhouseCoopers, LLP, in Charlotte, was elected Board President. Appointed to the Board July 1, 1998, Vaughan also served as Board President 1999-2000.

A resident of Raleigh, Chewning was elected Board Vice President. He also served as Vice President 1999-2000. Chewning, who was appointed to the Board September 9, 1998, is a retired Partner with Deloitte & Touche, LLP.

Wray, a Public Member from Gaston, was elected Secretary-Treasurer. He previously served as Vice President 1998-1999 and Secretary-Treasurer 1995-1996, 1996-1997, 1997-1998, and 1999-2000.

Wray, who is Secretary-Treasurer of W.J. Wray Contractors, Inc., has been a Board member since 1994.

www.state.nc.us/cpabd

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Consent Order

Name Not Published 7/17/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of a North Carolina certificate as a Certified Public Accountant.

2. Respondent's 1996 State Quality Review (SQR) was not obtained until after the Board's prescribed deadline. As a result, the Board at its June 6, 1997, meeting, ordered Respondent's individual certificate be placed on conditional status for one year and that Respondent pay a $100.00 civil penalty.

3. Respondent complied with that Order by timely remitting the civil penalty.

4. Respondent did not complete his next SQR until twenty (20) days after the Board's prescribed deadline of December 31, 1999. Respondent has provided the Board with an SQR completion statement that his SQR exit conference was completed on January 20, 2000.

5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's failure to timely obtain an SQR prior to the prescribed completion date is a violation of NCGS 93-12(8)(c) and 21 NCAC 8M .0102.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's certificate is suspended for thirty (30) days; however, said suspension is stayed based on Respondent's completion of his SQR less than sixty (60) days after the Board's deadline.

2. Respondent shall disclose the suspension of his license whenever asked if he has ever had a license suspended or revoked.

3. Within one hundred twenty (120) days of the date of this Order, Respondent shall complete and provide verification to the Board of the completion of the eight (8) hour accountancy law course provided in a group study format by the North Carolina Association of CPAs (NCACPA). The credit for this course may not be counted toward Respondent's annual forty (40) hour CPE requirement.

4. Respondent's next SQR is due on or before December 31, 2002.

2000 Board Meetings

September 11

October 9

November 20

December 18

All North Carolina State Board of Certified Public Accountant Examiners meetings are held at the Board's offices and are open to the public. However, under State law, some portions of the meetings are closed to the public.

If you wish to address the Board regarding a specific issue, please contact Robert N. Brooks, the Board's Executive Director, by telephone at (919) 733-4222 or via e-mail (rnbrooks@bellsouth.net) at least two weeks prior to the meeting date.

ABA Rejects Multidisciplinary Practices

In a vote affecting both the accounting and legal communities, the American Bar Association (ABA) reaffirmed its opposition to multidisciplinary practices (MDPs) at its national convention in mid-July

The ABA's board of delegates voted 314-106 to maintain its stance against two law industry measures that would be required for MDPs—fee-sharing with other non-lawyers and non-lawyer ownership or control of entities that practice law.

The "no" vote was handed down despite the recommendation to approve MDPs by the ABA's own commission studying the subject. About 23 state bar associations have committees studying the issue.

"I don't think this is the end of the discussion since there are 23 states thinking about investigating this subject," said Richard Miller, general counsel of the American Institute of CPAs (AICPA), an advocate of MDPs.

"The ABA meets again in the winter; I wouldn't be surprised if they get more resolutions."

Since the ABA began deliberating MDPs two years ago, bar associations for nine states, the District of Columbia, and the cities of Philadelphia and Boston have each approved MDPs in which lawyers have controlling interests.

Local and state bar associations, which set their own rules for MDPs, are not bound by ABA rulings.

GASB Issues Exposure Draft on Disclosure Requirements

The Governmental Accounting Standards Board (GASB) has issued a proposed Statement that would establish, modify, and rescind certain current requirements to disclose information in the notes to state and local government financial statements.

The Exposure Draft, *Certain Financial Statement Note Disclosures*, is the first proposal to result from GASB's far-reaching endeavor to review all existing note disclosure requirements to ensure they continue to be useful and relevant to the needs of financial statement users.

GASB's current five-year strategic plan, adopted in 1997, called for the regular review of existing accounting standards as soon as sufficient time had passed to allow a thorough determination of their effectiveness.

The first phase of GASB's disclosure review, which culminated in this proposed Statement, concentrated on requirements effective by 1994.

"A principal result of this project was the affirmation that the majority of note disclosures continue to provide information that is vital to financial statement users," said GASB Project Manager Roberta Reese.

"Our constituent research, however, did reveal several areas that needed to be improved."

The Exposure Draft would rescind the current requirement to report the method a government uses for encumbrances, and would also eliminate the recommendation to report certain budgetary information.

Prominent among new note disclosures proposed are requirements to provide more complete information about amounts due to and from a government's funds at the end of the fiscal period and about financial transfers among those funds during the year.

Another proposal would lead to more detailed information about future debt service and lease payments.

"The current disclosures of interfund activity and long-term obligation requirements are limited," explained GASB Project Manager Randal Finden.

"These proposals should provide the information users need to understand these important financial issues."

The Exposure Draft also proposes note disclosures regarding: actions taken to remedy significant violations of finance-related legal or contractual provisions; short-term debt activity; better explanations of the activities accounted for in financial statement columns; and details about significant individual accounts that are aggregated within larger balances in the financial statements.

In addition to the Exposure Draft, a plain-language supplement is available to enable a greater share of the public to participate knowledgeably in the standards-setting activities of this project.

The supplement—the first produced by the GASB—presents the proposed Statement using less technical language and focuses on the impact the Statement would have on the information users will find in financial statements.

"The GASB is hopeful that the plain-language supplement will enable more users of governmental financial information to comment on the note disclosure proposals," said GASB Project Manager Dean Mead.

"Users are in the best position to help the GASB understand whether or not these proposals will fulfill their information needs."

The ninety-day comment period on the Exposure Draft ends September 29, 2000.

During the comment period, single copies of the Exposure Draft and plain-language supplement are available free of charge from the GASB Order Department (800-748-0659).

E-Mail Addresses

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Alice Steckenrider
alicegst@bellsouth.net

Professional Standards
Ann Hinkle, Manager
ahhinkle@bellsouth.net

Marie Moss
mariemos@bellsouth.net

Receptionist
Karen Carlile
kcarlile@bellsouth.net

Licensing Activity July 2000

Reinstatements

Teresa Cothran Ellis #20546
James Davidson Rizzo #21637
Donald Richard Weaver #8567
David Basil Welker, II #18910

Comments?

If you have questions or comments regarding the information published in the *Activity Review*, please contact Lisa R. Hearne, Communications Manager, by telephone at (919) 733-4208 or via e-mail at lhearne@bellsouth.net

Inquiry continued from page 1

"For the most part, when we contact a licensee, we are generally just seeking information or perhaps clarification of information that the Board has received," explains Hinkle.

"It does not mean that the Board presumes that the licensee has violated a statute or rule. We are simply trying to determine if the situation is or is not as it appears," Hinkle continues.

The initial contact between the Board and the licensee or CPA firm is crucial because it sets the tone for the relationship between the Board and the licensee or CPA firm for the duration of the investigation.

Says Hinkle, "One of the most common mistakes licensees make when they are contacted by the Board is failing to respond to our request for information. If you are contacted by the Board, respond promptly."

"Don't take the attitude 'if I ignore it, it will go away.' Failing to cooperate with the Board only creates more problems," she cautions.

Pursuant to 21 NCAC 8N .0206, "a CPA shall fully cooperate with the Board in connection with any inquiry it shall make. Full cooperation includes fully responding in a timely manner to all inquiries of the Board or representatives of the Board and claiming Board correspondence from the US Postal Service."

If the information gathered by the Professional Standards staff indicates that the licensee made an unintentional mistake or perhaps applied a statute or rule incorrectly, the Professional Standards Committee may recommend to the Board that when determining the disciplinary action against the licensee, the Board take into consideration that the licensee's action was unintentional.

*[**NOTE:** Some rules have built-in disciplinary action, while other violations of statute or rule leave the disciplinary action to the Board's discretion.]*

The Professional Standards Committee may ask the Professional Standards staff and Legal Counsel to continue investigating the situation or the Professional Standards Committee may instruct the Professional Standards staff and Legal Counsel to approach the licensee or CPA firm to negotiate a Consent Order for settlement.

A Consent Order allows the licensee or CPE firm to have more input into the discipline and gives the Board more latitude in achieving a balanced resolution.

Although the Consent Order is negotiated by the Professional Standards staff and legal Counsel, the Professional Standards Committee sets the guidelines for Consent Orders.

The majority of cases, except those otherwise closed by the Board, are generally settled in this manner.

If a complaint cannot be resolved by a Consent Order, the matter will be set for a Public Hearing.

Any parties involved in the matter will be asked to appear and testify under oath to the Board. After the Public Hearing, the Board will issue an Order that may be published in the *Activity Review*.

If the Respondent disagrees with that Order, the matter may then be appealed to Superior Court.

NCDOR Issues Directive PD-00-2

On July 20, 2000, the Personal Taxes Division of the North Carolina Department of Revenue (NCDOR) issued *Directive PD-00-2*, "Withholding of North Carolina Income Tax from Pensions, Annuities, and Deferred Compensation."

The directive, which is available from the NCDOR's web site (www.dor.state.nc.us), addresses the new withholding law requiring North Carolina income tax to be withheld from pensions payments to residents of North Carolina.

The law was enacted in 1999 by House Bill 1466, Chapter 414 of the 1999 Session Laws; amended in 2000 by House Bill 1559, Chapter 126 of the 2000 Session Laws; and is effective for tax years beginning on or after January 1, 2001.

Directive PD-00-2 addresses the following topics:

- definitions;
- withholding required;
- amount to withhold;
- election not to have income withheld;
- exceptions to withholding;
- notification procedures for pension payers;
- reporting and paying the withheld tax; and
- annual statements.

If you have questions about *Directive PD-00-2*, you may call the Personal Taxes Divisions of the NCDOR at (919) 733-3565. You may also write the Personal Taxes Division at PO Box 871, Raleigh, NC 27602-0871.

Exam Questions?

The Board is expanding its web site coverage of the exam to provide candidates with more extensive information about the exam sites.

Planned topics include: maps to each of the exam sites; diagrams of the layout of both sites; local restaurants and hotels, as well as a section about which items can and cannot be brought into the exam sites.

If you have suggestions about additional topics, please send an e-mail to Lisa R. Hearne at lhearne@bellsouth.net.

Visit the Board's web site

www.state.nc.us/cpabd

FASB Issues Amendment to Derivatives Standard

The Financial Accounting Standards Board (FASB) has issued an amendment of Statement No. 133, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*.

The new statement (Statement No. 138) addresses a limited number of issues causing implementation difficulties for a large number of entities preparing to apply Statement No. 133.

Statement No. 138 amends Statement No. 133 such that:

- The normal purchases and normal sales exception is expanded;
- The specific risks that can be identified as the hedged risk are redefined so that in a hedge of interest rate risk the risk of changes in a benchmark interest rate would be the hedged risk;
- Recognized foreign-currency-denominated assets and liabilities may be the hedged item in fair value hedges or cash flow hedges; and
- Intercompany derivatives may be designated as the hedging instruments in cash flow hedges of foreign currency risk in the consolidated financial statements even if those intercompany derivatives are offset by unrelated third-party contracts on a net basis.

Certain FASB decisions based on recommendations of FASB's Derivatives Implementation Group to clarify Statement No. 133 also have been incorporated in the Statement.

The Statement is the result of the Board's decision to address a limited number of issues using the following criteria:

- Implementation difficulties would be eased for a large number of entities;
- There would be no conflict with or modifications to the basic model of Statement No. 133;
- There would be no delay in the effective date of Statement No. 133.

Statement 138 is available for purchase from the FASB Order Department, telephone (800) 748-0659.

Continuing Professional Education (CPE) Reminder

As summer draws to a close, many CPAs may now focus on completing their continuing professional education (CPE) requirements for the year.

Licensees taking self-study courses to meet the requirement should note that a self-study course is not deemed complete until the CPE sponsor issues a certificate of completion.

The Board accepts the date on the certificate of completion, not the date the licensee completed the course or the date the completed course was mailed to or received by the sponsor.

Licensees who plan to use self-study courses to fulfill the 40-hour CPE requirement should complete the courses as soon as possible and mail them to the sponsor immediately.

Computer-based interactive self-study courses that offer hour-for hour credit will be accepted to fulfill the CPE requirements.

However, all other self-study courses are counted as one hour of credit for every two hours of study.

In addition, licensees cannot claim CPE credit for reading accounting journal, periodicals, reference guides or related materials and taking a test designed to assess reading comprehension.

Licensees who have Internet access may view the Board's CPE Sponsor Register (a list of Board-approved sponsors) on the Board's web site (www.state.nc.us/cpabd).

The on-line version of the register is updated when a sponsor is added or deleted from the Board's files or when the Board is notified of any changes in a sponsor's address, telephone number, or contact person.

Licensees who do not have Internet access may request a copy of the CPE Sponsor Register by contacting the Board at (919) 733-1423.

ISB Issues Standard; Defers Action on Exposure Drafts

The Independence Standards Board (ISB), has reaffirmed its approval of the standard, *Employment with Audit Clients*.

The new standard comprehensively addresses the independence concerns and modernizes the rules when a professional employee or partner of an audit firm is employed by an audit client.

The ISB has also decided to defer issuing its exposure drafts of standards on *Financial Interests of the Auditor in, and Family Relationships between, the Auditor and the Audit Clients*, and on *Appraisal and Valuation Services*.

The ISB noted that the auditor independence rule-making proposals released recently by the Securities and Exchange Commission (SEC) included these subjects and their proposals are substantially similar to the standards being considered by the ISB.

Consequently, the ISB concluded that issuing its own documents at this time would not be productive and will reconsider these decisions based on the outcome of the SEC's proposals.

The ISB also approved issuance of an interpretation of ISB Standard No. 1, *Independence Discussions with Audit Committees*, and of an amendment of ISB Standard No. 2, *Certain Independence Implications of Audits of Mutual Funds and Related Entities*, to defer its effective date.

Copies of the approved documents are available from the ISB, 6th Floor, 1211 Avenue of the Americas, New York, NY 10036-8775; telephone (212) 596-6133 or on the ISB web site, (www.cpaindependence.org).

Address Changed?

21 NCAC 8J .0107 requires all North Carolina CPAs to notify the Board within 30 days of any change of address or business location. Address changes may be submitted to the Board by mail, fax, or e-mail.

When mailing or faxing the change of address, please use the "Notice of Address Change" form located on the back cover of the *Activity Review.*

Licensees should address the form to the attention of the Licensing section and exam candidates (successful and unsuccessful) should address the form to the attention of the Examinations section.

Address changes may also be submitted to the Board via e-mail. Licensees should send the change of address to alicegst@bellsouth.net and exam candidates should send the change of address to either jmacombe@bellsouth.net or pwelliot@bellsouth.net.

Declaratory Ruling Procedure

Any person aggrieved, as defined in NCGS 150B-2(6), by a statute administered or rule promulgated by the Board may request a declaratory ruling as to how the statute or rule applies to a given factual situation or whether a particular Board rule is valid.

A request for a declaratory ruling, which must be made in writing and mailed to the Board, must include the following information:

- name and address of petitioner;
- statute or rule to which the petition relates;
- concise statement of the manner in which the petitioner is aggrieved, as defined by NCGS 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
- statement of whether an oral hearing is desired and if so, the reasons for such an oral hearing.

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.

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

- when the subject of a requested ruling is also the subject of a lawsuit pending in a court of this State or a federal court;
- when the facts presented in the case were considered at a rule-making hearing; or
- in other special circumstances.

Pursuant to the Administrative Procedures Act and Board rules, declaratory rulings set no precedents and are limited to the facts of the request and may be relied upon only by the requesting party.

Requests to Board employees or legal counsel, or requests to Board members not in accordance with 21 NCAC 8B .0501, for opinions concerning the application of the Board's rules or any statutes are discouraged.

If ever an opinion is given, it is non-binding on the Board. Applicants, licensees, and any other persons who act in reliance on such opinions do so at their own risk.

NC Licensees by Residency

AK	2	LA	11	OK	8
AL	45	MA	42	OR	5
AR	10	MD	92	PA	80
AZ	16	ME	3	PR	1
CA	106	MI	32	RI	6
CO	22	MN	14	SC	508
CT	31	MO	14	TN	141
DC	13	MS	12	TX	135
DE	11	MT	2	UT	8
FL	257	NC	12,284	VA	398
GA	440	ND	1	VT	1
HI	2	NE	4	WA	19
IA	7	NH	6	WI	16
ID	4	NJ	80	WV	6
IL	43	NM	2	Other	45
IN	36	NV	8		
KS	17	NY	95	**TOTAL**	15,230
KY	19	OH	70		

Date of Report 8/4/00

Certificates Issued

The following certificate applications were approved at the July 17, 2000, Board meeting:

William E. Abernethy, Jr.
Jennifer J. Allabaugh
Janet R. Ostrander Bacon
Ahmed Kai Banya
John Jay Bean, Jr.
J. Michael Beddingfield
Heather Elise Bell
Meredith Gibson Bergen
Gayle Melissa Bess
Pamela Marie Blackburn
George William Bohle, Jr.
Kenneth E. Buchanan
Peter Chase Burrill
David Paul Campbell
Ralph Amado Castillo
James Harris Christensen
Jason Christopher Cipriani
Jennifer A. Colburn
Karen Leah Compton
Kimberly Nelson Cox
Diana Kriegsman Davis
Robin Weyl Davis
William Richard Dawson, Jr.
Virginia Ann DeVine
Denis J. Duncan
Michael Wade Durant
Patricia Sullivan Ezzard
Carlon Odell Fields
Elizabeth Hunt Fogel
Jamie Jean Forsee
Kathryn Ellen Forster
Dorothy L. Gamble
Michele Mercedes Gardi
Andrew David Gibson
Delain E. Gray
Christopher A. Grimes
Melinda Ann Hager
Marcie Rae Haines
Andrew K. Harris
Jerry Wayne Harris, II
Wilbur O. Hopper
Tina Lynette Hudson
Robert Larry Hukkanen
Laura Izquierdo
Phillip J. Jehle
Lori Paige Jones
Theresa V. Jones
Monther K. Jubran
Daniel Lee Kabat
Christine A. Kendall
Laurel Anne Kenney
James Alexander Koulovatos
Steven D. Krichmar
Michael J. Lazar
James M. Lewis
Aimee Beauchaine Lomax
Franklin R. Lopane
William Arthur Lundstrom
James Eugene Malzi, Jr.
Brian L. Mattison
Timothy S. Maynard
William Thomas McCuiston
Kerry Ann McGraw
Ronald Ray Moats
Merri-Lou Morehead
J. David Morris
Robin Kearney Morton
Penny Carriker Owens
Noelle Nicole Palmer
Evelyn Marie Pardee
Karen Mounce Pardue
David Rodney Perry
Donna Alcon Price
David P. Pufahl
Siu Ying Pun
Jeanne Marie Rabe
John G. Rhodes
Tamar Lynnette Richmond
David Thomas Rieling
Leslie A. Robinson
Tracey L. Rogers
Rebecca Stowe Ruff
Curtis Scott Ruppal
Lisa M. Saunders
Tracy Jonathan Saunders
Mark Louis Schmitt
Larry R. Schwartz
Ron L. Serafini
Jay Edwin Sharpe
Scott Christopher Shell
Jing Shi
Scott Stephen Simmons
Rodney Eugene Smallwood
Ronald L. Smith, Jr.
Anne Marie Stangenwald
Susan Marie-Adams Stephenson
Gary Lynn Stickley
George Lewis Strobel
Angela H. Surretsky
Christina Crossman Swift
Randall Blair Terry
Nhien Luong Thai
Kevin Eugene Tucker
Jan A. Umbaugh
David Keith Venable
Valerie Jean Vetters
Charles J. Waldecker
David Allen Weinberg
Christopher Leigh Wey
Margaret Ellen W. Wicklund
Howell Benjamin Williams, IV
Andrew Richard Winfield
Jennifer Rebecca Wynne
Robert Michael Yurglich
Robert Carl Zerbe
Michael Thomas Ziebell

Re-Exam Application Deadline: August 31, 2000

North Carolina State Board of
Certified Public Accountant Examiners
Post Office Box 12827
Raleigh NC 27605-2827

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State Board of CPA Examiners

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Lynn Wyatt

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Professional Standards
Ann J. Hinkle, Manager
Marie Moss

Receptionist
Karen Carlile

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Address Change? Let Us Know!

Certificate Holder _____
Last name Jr./III First Middle

Certificate No. _____ Send Mail to ___Home ___ Business

New Home Address _____

City _____ State _____ Zip _____

CPA Firm/Business Name _____

New Bus. Address _____

City _____ State _____ Zip _____

Telephone: Bus. ( ) _____ Home ( ) _____

Bus. fax ( ) _____ E-mail address _____

Signature _____ Date _____

Mail to: NC State Board of CPA Examiners PO Box 12827 Raleigh, NC 27605-2827

Fax to: (919) 733-4209 Attn: Licensing or Examinations

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 9 2000

Does This Count for CPE Credit?

The Board has recently received a number of inquiries from licensees regarding the use of professional designation, license, or certificate (such as registered investment advisor, insurance agent, real estate broker, etc.) preparation courses for CPE credit.

In order for a CPA to receive CPE credit for a professional designation, license, or certificate preparation course, the course must meet the CPE requirements set forth in the North Carolina Administrative Code, Title 21, Subchapter 8G (21 NCAC 8G), "Continuing Professional Education (CPE)."

Pursuant to 21 NCAC 8G .0404(a), a CPA will not be granted CPE credit for a course unless the course is in one of the six fields of study recognized by the Board; the course is developed by an individual who has education and work experience in the subject matter of the course; and the course uses instructional techniques and materials that are current and accurate.

Investment advice, financial planning, asset management, business evaluation, real estate, retirement plans, insurance, and information technology are areas that are included in the fields of study recognized by the Board.

Furthermore, for a CPA to receive CPE credit for a course, the CPA must attend or complete the course and the course must increase the professional competency of the CPA.

To meet the stipulation that a course increases the professional competence of a CPA, the course must be taught at a level that challenges the CPA, and the course must be in the area of accounting in which the CPA practices or is planning to practice.

A course may also pertain to professional ethics or other areas related to the profession.

Qualifying courses should include information that states the course objectives, the material to be covered, and the level of knowledge that should be attained by the end of the course.

For CPE audit purposes, the CPA must obtain a sponsor-issued certificate of completion which includes the CPA's name, course name, course date (or date of completion for self-study courses), sponsor's name and address, and the CPE hours for attendance or amount of recommended credit for a self-study course.

In regard to professional designation, license, or certificate preparation courses, the receipt of the professional designation, license or certificate, does not qualify as a certificate of course completion. To receive CPE credit for such a course, the CPA must obtain a certificate of completion from the course sponsor.

The examination provided by the sponsor of the course material, not the license or certificate examination, must be completed by the CPA to qualify for CPE credit.

If the course is presented in a group study format, the CPA may claim one (1) hour credit for each fifty (50) minutes in attendance for instruction and any examination.

Credit for a self-study course is granted as one (1) hour credit for each one hundred (100) minutes of study and examination based on the average completion time as pre-tested by the sponsor.

In regard to all courses, reading a book or other materials to study for an exam does not meet the requirements for a course for CPE credit. It is the Board's position that such an activity is not a structured learning activity.

www.state.nc.us/cpabd

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Consent Orders

Jeffrey Garth Lewis #13509
Fairmont, NC 8/21/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 13509 as a Certified Public Accountant.

2. Respondent failed to file individual United States income tax returns for calendar years 1992, 1993, and 1994, within the time required by law and Respondent's failure was willful.

3. Respondent failed to pay the taxes due from his unfiled United States income tax returns for calendar years 1992, 1993, and 1994, within the time required by law and Respondent's failure was willful.

4. In February of 1997, Respondent provided to an investigative agent of the United States Internal Revenue Service (IRS) individual checks for taxes and interest owed for 1992, 1993, and 1994.

5. In September of 1998, Respondent pleaded guilty to failure to file an individual United States income tax return for 1993.

6. In December of 1998, Respondent was sentenced to home confinement for a period not to exceed six (6) months, twenty-four (24) months probation, to perform four hundred and forty (440) hours of community services at a rate of at least twenty (20) hours per month, was prohibited from incurring new credit charges or opening additional lines of credit without approval of the probation officer, and was required to make all requested financial information available to the probation officer.

7. Respondent failed to file individual North Carolina income tax returns for calendar years 1992, 1993, and 1994, within the time required by law.

8. Respondent failed to pay the taxes due from his unfiled North Carolina income tax returns for calendar years 1992, 1993, and 1994, within the time required by law.

9. In October of 1996, Respondent filed delinquent 1992, 1993, and 1994, North Carolina income tax returns with the North Carolina Department of Revenue.

10. In February of 1997, Respondent paid delinquent taxes on the 1992, 1993, and 1994, North Carolina income tax returns.

11. As of this date, the North Carolina Department of Revenue has not initiated any criminal action against Respondent for failure to file tax returns and pay taxes.

12. Subsequently, Respondent paid penalties and interest on the 1992, 1993, and 1994, North Carolina income tax returns to the North Carolina Department of Revenue.

13. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)(e) and 21 NCAC 8N .0203 (b)(1) and .0207.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent, Jeffrey Garth Lewis, is hereby permanently revoked.

2. Respondent shall comply with all of the terms of his sentence and probation.

PricewaterhouseCoopers LLP
Charlotte, NC 8/21/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent Pricewaterhouse-Coopers LLP (hereafter "Respondent firm"), is a licensed certified public accounting firm in North Carolina. Respondent firm was established by the 1998 merger of Price Waterhouse LLP and Coopers & Lybrand LLP.

2. Both Coopers & Lybrand LLP and Price Waterhouse LLP, prior to their merger, had entered Consent Orders in the past addressing licensing issues raised by the Board relating to transfer CPAs into North Carolina. Coopers & Lybrand LLP entered into Consent Orders in 1992, 1994, and 1996. Price Waterhouse LLP entered into a separate Consent Order in 1996.

3. In February of 1999, Kimberleigh S. Kidd, a CPA licensed in Florida, moved to the Charlotte office of PricewaterhouseCoopers LLP, the Respondent firm. In September of 1999, even though she had not yet applied for a North Carolina license, Ms. Kidd signed an experience affidavit for a Respondent firm staff member. Such affidavits must be signed by a North Carolina licensee if the affidavit pertains to North Carolina experience. Ms. Kidd has now become licensed as a CPA in North Carolina.

4. During the same time frame, Scott B. Davis, a Respondent firm partner licensed in New York, moved to North Carolina in 1999. In the Re-

spondent firm's renewal for the year 2000, Mr. Davis was listed as a "resident partner" whose application had been submitted. In fact, Mr. Davis' application had not been submitted. Mr. Davis' application has now been approved by the Board.

5. Respondent firm has cooperated in the investigation of these matters and in other respects to assist the Board and its staff in assuring compliance with the North Carolina licensure requirements.

6. Respondent firm wishes to resolves this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent firm's identification in North Carolina of unlicensed or unregistered professional staff as CPAs is a violation of NCGS 93-10 and 21 NCAC 8N .0202

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent firm agree to the following Order:

1. Respondent firm shall adopt, upon the date of this Order, the following internal procedures to assure its future compliance with North Carolina's licensing requirements:

a. Pursuant to this procedure, the appropriate supervising CPA registered with the Board for each North Carolina location of Respondent firm shall be responsible for compliance with applicable CPA licensure requirements.

b. On at least an annual basis, the licensure status of each individual required to be licensed will be confirmed, in writing, together with a listing of each individual not in compliance with the applicable laws or regulations, any explanatory information considered relevant and a recommended plan of action. Any licensure violation after the date of this agreement will be considered in the performance appraisal of the appropriate supervising CPA and the individual. Depending on the circumstances, noncompliance will result in appropriate action by Respondent firm, including, without limitation, potentially a reprimand, dismissal, or other penalty.

c. Any partner, manager, or CPA staff member transferring to North Carolina hereafter will receive explicit instructions regarding licensing and registration requirements in North Carolina. Any partner, manager, or CPA staff member transferring to North Carolina and who has met the applicable prerequisites will be instructed to obtain a temporary license prior to transferring to or beginning work in North Carolina, and must immediately apply for a reciprocal license before the expiration of the temporary license.

d. Consistent with the requirements of paragraphs b and c above, the appropriate supervising CPA responsible for each of Respondent firm's North Carolina offices will annually audit the licensure status of each partner, manager, and CPA staff member in said office.

e. All licensing applications completed and submitted by any partner, manager, CPA staff member, or licensure applicant will be reviewed by the appropriate supervising CPA prior to submission to the Board.

2. Kimberleigh S. Kidd shall individually pay a civil penalty of one thousand dollars ($1,000.00).

3. Scott B. Davis shall individually pay a civil penalty of one thousand dollars ($1,000.00).

4. Respondent firm shall pay a civil penalty of five thousand dollars ($5,000.00).

5. Respondent firm shall reimburse the Board one thousand dollars ($1,000.00) for administrative costs.

6. Any further violation(s) of the terms of this Order shall result in the assessment of a ten thousand dollar ($10,000.00) civil penalty for Respondent firm in addition to any other discipline appropriate to said violation.

7. This Consent Order shall be binding upon Respondent firm's heirs, successors, and assigns.

Brian C. Henderson #17719
Chapel Hill, NC 8/21/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 17719 as a Certified Public Accountant.

2. According to Respondent, sometime in late 1998 or early 1999, Respondent sold his individual practitioner firm to Jay W. Glasser, also known as Alvin "J.W." Glasser (hereinafter "Glasser").

3. Although Glasser has used or assumed the CPA title, he is not now nor has he ever been licensed as a North Carolina CPA.

4. At the time of the sale, Respondent did not contact the Board nor otherwise make reasonable inquiry to determine that Glasser was duly licensed as a CPA in North Carolina.

5. Respondent has not taken adequate steps to inform his clients in writing that he had sold his firm (and client information) to a non-licensee.

6. After the sale, the firm has operated using, at times, two firm names, Brian C. Henderson, CPA, and Henderson/Glasser Associates CPA's.

Consent Order
continued on page 6

Licensing Activity August 2000

Reinstatements

Ellen Bush Gardner #13873
Earl Henry Goodwin #5858
Bernard James Hellmann, Jr. #13428
Michael Jacobson #12017
Clyde Glenn Jones #15752
Anthony Craig Stephenson #16804

Reissuance

Katherine Wiborg Davis #16578

Reclassifications

Those who are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

James Wilson Hunter #7148
Robert Alexander McClary #858

CPE Sponsors

Rushmore Bank & Trust – Rapid City, SD
Sessions and Carver - Asheville, NC

NC Licensees by Concentration

Administration	1,002
Advisory Services	430
Auditing	1,756
Financial Planning	432
General Accountancy	7,713
Law	153
Non-accounting	366
Other	663
Taxation	2,793
TOTAL	**15,308**

Date of Report: 9/1/2000

Comments?

Please send any questions or comments regarding the *Activity Review* to Lisa R. Hearne, the Board's Communications Manager, by fax at (919) 733-4209 or by e-mail at lhearne@bellsouth.net.

Certificates Issued

The following certificate applications were approved by the Board at its August 21, 2000, public meeting:

George Redwood Anderson
Sheila R. Anderson
George S. Barberi
John R. Beattie
Miriam Halen Beckman
Holly Lynn Benedict
W. Douglas Bridges, Jr.
Jeffrey Stuart Calhoun
Robert Spencer Cashion
Renee Nemeth Caudle
Courtney Riddick Cloyd
Ronald Kevin Combs
Britt H. Crewse
Garmon G. Dale, Jr.
Abdullah Abdul Hamid Darwish
Melanie S. Douglas
Julie Anderson Dudkiewicz
Michael R. Easter
Trenton David Fast
Gloria M. Faucette
Kale John David Hartman
Jason Corbett Hicks
Milburn H. Holbrook, Jr.
Brian C. Holt
Kimberly Atwood Jackson
Tracy Tinkham Jackson
Angela Dee Jaco
Victoria Ward Jones
Margaret Sawyer Kearney
Brandon Scott Laws
Wendy Delores Lewis
Jeffrey M. Luck
Susan Seabolt Mashburn
William James Mayew
Ronald L. McCarter
Britt Lea Michaelson
Mynon H. Millwood
Jason Thomas Moore
James Christopher Musselwhite
Thomas Matthew Myers
Traig Blain Neal
Mark A. Necaise
James Lee Norris
Sherry Lynne Overton
Ryan Donald Perry
Susan Elaine Pittman
Michael Lawrence Racaniello
Gregory James Renaghan
David B. Roberts, Jr.
Jill Marie Romig
Harriett Ball Rosebrough
Andrew David Shackelford
Judy Kay Shreve
Brent Hamilton Smith
Martin Douglas Uczen
Leslie Michelle Vass
Tonia Lester Vaughn
Tamara Shannon Walker
Jeffrey Scott Wilkinson
Cheryl Anne Willis
Marilyn E. Wimbley

NC Income Refund Checks Mailed

North Carolina taxpayers who filed their 1999 State individual income tax returns before July 15, 2000, and who have not received their refund checks will soon get relief—the North Carolina Department of Revenue (NCDOR) has recently written and mailed the final batch of refund checks.

According to a press release issued by the NCDOR on August 18, 2000, some taxpayers who requested refunds are still being contacted by the NCDOR to gather additional information needed to determine the correct refund. Those taxpayers' checks will be mailed as soon as possible.

Taxpayers who filed their returns before July 15, 2000, and who have not yet received their refunds or who have not been contacted by the NCDOR, should contact the Individual Income Tax Divison of the NCDOR at (919) 733-4682.

North Carolina's Top Scorers for May 2000 Uniform CPA Examination

Lane Scott Witten of Miami, Florida has been named North Carolina's top scorer on the May 2000 Uniform CPA Examination.

Witten graduated *cum laude* from the University of Miami in May 1999 with a Bachelor of Business Administration, and received his Master of Professional Accounting from the University of Miami in July 2000.

While an undergraduate student, Witten was named to the Dean's list, the Provost's Honor Roll, and the President's List.

A member of Beta Alpha Psi, the national honors fraternity for financial information professionals, Witten served as Recording Secretary for his local chapter.

Witten is currently employed as a Staff Accountant with the Miami, Florida, office of Deloitte & Touche.

Susan Lee Chesson and Katrin Johanna Hull, both of Raleigh, share the honor of being North Carolina's second highest scorer.

Chesson graduated *magna cum laude* from Carleton College in Minnesota, with a Bachelor of Arts in Mathematics and was elected to the Phi Beta Kappa undergraduate honors society.

Chesson, who is married with two children, received her Master of Accounting from North Carolina State University.

"I thoroughly enjoyed being part of the MAC program at NC State," she says.

Chesson, who has worked as a budget analyst and staff accountant, joined the staff of the Raleigh-based CPA firm, Koonce, Wooten & Haywood, LLP, earlier this month.

The recipient of a North Carolina CPA Foundation scholarship, Hull graduated *magna cum laude* from the University of North Carolina at Wilmington (UNC-W) in May 1999 with a Bachelor of Science in Accountancy.

As an undergraduate student, Hull was a Dean's list student and received the Chancellor's Achievement Award.

She was inducted into Beta Alpha Psi (serving as Chapter Treasurer 1998-1999); Beta Gamma Sigma, the national business honor society; as well as the Phi Kappa Phi National Honor Society.

A participant in the Volunteer Income Tax Preparation Assistance project, Hull continued her studies at UNC-W and received her Master of Accountancy degree earlier this year.

She is currently employed with KPMG in Raleigh as an auditor.

North Carolina's third-highest scoring candidate on the May 2000 exam, Patricia Hartley Kincaid, of Blowing Rock, is a full-time instructor in the Department of Accounting at Appalachian State University (ASU) .

Kincaid, who has a Bachelor of Science in Social Studies Education, a Master of Arts in Reading Education, and an Education Specialist's degree, (all from) ASU, spent 25 years serving the public schools of Avery and Watauga Counties before tackling the field of accounting.

Explains Kincaid, "I began taking accounting courses for several reasons. First, it was different from any courses I had ever taken or any job experience I had ever had."

"Second, my daughter, Brooke Bare Clark [who was on the AICPA's *Candidate High Distinction Report* for the May 1998 exam], was working on her master's at ASU and was favorably impressed with the Department of Accounting."

"Third, the CPA exam offered the kind of mental challenge for me that Mount Everest might pose to a mountain climber," Kincaid says.

The North Carolina Association of CPAs (NCACPA) will present Witten, Chesson, Hull, and Kincaid with the Katherine Guthrie Awards at an up-coming ceremony.

The Guthrie Awards, which are named for Katherine Guthrie, a former executive director of the North Carolina State Board of CPA Examiners, are presented to the highest-scoring candidates who sat for all parts of the exam and scored a grade of at least 80 on each section of the exam.

Uniform CPA Examination Statistics

	May 2000	Nov. 1999
Applications		
Initial Candidates	610	629
Re-exam Candidates	1155	1295
Other States' Candidates	35	44
Total	1800	1968
Successful Candidates		
Initial Candidates	123	90
Re-exam Candidates	237	256
Total	360	346

Consent Order *from page 3*

7. Brian C. Henderson, CPA is a duly registered individual practitioner firm.

8. At no time has the firm Henderson/Glasser Associates CPA's been registered with the Board.

9. After the sale of his firm, Respondent did not inform the Board of the sale of his firm nor provide the Board with any change in his employment information.

10. Because of Respondent's failure to advise the Board of his correct address, Respondent did not receive the 2000 registration form for his individual practice until March 8, 2000, and, thereby, the form was not filed with the Board until 60 days after the firm renewal deadline.

11. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)(e) and 21 NCAC 8J .0107, 8J .0108(c)(9), 8J .0108(g), 8N .0103, 8N .0202 (b)(9), 8N .0205, 8N .0302(b), and 8N .0306.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.

2. Respondent shall take all steps necessary to ensure that all signs have been removed or covered which refer to the firm name, Brian C. Henderson, CPA.

3. Respondent shall take all steps necessary to ensure that Respondent's firm name is not listed in the telephone business White Pages or Yellow Pages for the Chapel Hill area.

4. Respondent shall send a letter to all clients of the firm at the time of the firm's sale informing the clients that Respondent sold the firm to a non-CPA.

5. If the Respondent fails to complete the requirements as specified in paragraphs 2, 3, and 4 within thirty (30) days from the date this Order is approved by the Board, Respondent's license shall be suspended until such time as all requirements have been completed.

6. Respondent agrees that failure to timely comply with any terms of this consent order shall be deemed sufficient grounds for revocation of his license.

NC Licensees by Occupation

CPA Firm Partner	1,129
CPA Firm-PLLC Member	92
CPA Firm Staff	2,627
Educator	268
Government	
Accounting	799
Non-accounting	36
Individual Practitioner	1,315
Industry	
Accounting	6,354
Non-accounting	811
Legal Field	203
Other	319
PC Shareholder	857
Retired	38
Student	36
Unemployed	424
TOTAL	**15,308**

Date of Report: 9/1/2000

AICPA Releases *Candidate High Distinction Report*

The following four North Carolina candidates have been named to the AICPA's Candidate High Distinction Report for the May 2000 Uniform CPA Examination:

Susan Chesson - Raleigh, NC
Katrin Hull - Raleigh, NC
Scott Witten - Miami, FL
Patricia Hartley Kincaid - Blowing Rock, NC

These candidates were among the 120 highest-scoring candidates nationally who sat for and passed all four sections of the exam with a minimum grade of 80 on each section.

The candidates included in the Candidate High Distinction Report will be considered for the AICPA's Elijah Watt Sells Awards. These awards, which were established by the Council of the AICPA in 1923 to honor Elijah Watt Sells—a founding partner of Haskins & Sells which later became the international firm Deloitte & Touche—are presented to the three candidates who pass all sections of the exam at one time and have the highest combined grades on all four sections.

Board Meetings

October 9
November 20
December 18

All Board meetings are held at the Board's offices and are open to the public. However, under State law, some portions of the meetings are closed to the public.

If you wish to address the Board regarding a specific issue, please contact Robert N. Brooks, the Board's Executive Director, by telephone at (919) 733-4222 or via e-mail (rnbrooks@bellsouth.net) at least two weeks prior to the meeting date.

Return of Client Records

Pursuant to 21 NCAC 8N .0305, "Retention of Client Records," a CPA must return client records in his or her possession to the client after a demand for the return of the records is made.

If the client is a partnership, records must be returned upon request to any of the general partners. If the client is a corporation, the records must be returned upon demand to the president. Joint records must be made available upon demand by any party.

Upon demand, client records must be returned immediately unless there are reasonable circumstances that would delay the return of the records. For example, a delay may be required to retrieve a closed file from storage or to extract the CPA's working papers.

If the records cannot be returned immediately upon demand, the CPA must notify the client of the exact date that the records will be returned. Under no circumstances should a CPA refuse to return client records in order to force payment for services provided.

Work papers are generally the property of the CPA and need not be surrendered to the client. However, some work papers may contain data which should be reflected in the client's books and records, but have not been duplicated nor provided to the client. Therefore, the client's records are incomplete without these records.

In such cases, the work papers that contain this information are considered part of the client's records and copies should be given to the client along with any other client records.

Please consult 21 NCAC 8N .0305 for more complete information about CPA work papers and the return of client records.

Proctors Needed for Uniform CPA Examination

Remember sitting for the Uniform CPA Examination and thinking how lucky those proctors were? After all, they weren't sitting in those hard chairs, forced to be quiet for hours on end, and struggling to answer all those really hard questions.

Well, here's your chance to be one of those lucky proctors. If you have been licensed in North Carolina for at least one year and live in the Raleigh or Winston-Salem areas, the Board needs your assistance with the administration of the semiannual exam.

Working under the supervision of Chief Proctors John Beegle and David McLemore, proctors ensure that the examination is administered fairly, efficiently, and securely by monitoring and patrolling the exam site to keep the site quiet and free of distractions and to guard against candidate misconduct.

Proctors also assist the Board staff with site set-up; identification, admittance and seating of candidates; distribution of materials; and collection of test materials for shipment to the American Institute of Certified Public Accountants (AICPA) grading service.

"Proctors are the critical link between the Board and the examinees," says Judith Macomber, Examinations Manager for the Board.

"We try to 'humanize' the exam process by using CPAs as proctors because we feel that someone who has actually been through the exam process can better relate to what the candidates are going through," continues Macomber.

It is important that proctors are not involved in any activities which may give the appearance of impropriety or indicate a conflict of interest.

For example, you cannot proctor someone in your household or immediate family, nor may you proctor a friend or coworker.

Proctors are remunerated for working approximately 23 to 24 hours, which includes a brief orientation session Tuesday afternoon, as well as all day Wednesday and Thursday.

Breakfast, lunch, and refreshments, are furnished Wednesday and Thursday during the exam.

Proctors are asked to dress professionally and wear comfortable, soft-soled shoes such as tennis shoes during the exam.

If you would like more information on becoming a proctor, please contact the Board's Examinations section by telephone at (919) 733-4224.

Dial Us Direct

Administrative Services
(accounts payable & receivable)
(919) 733-4223

Application Line
1-800-211-7930

Communications
(*Activity Review* & web site)
(919) 733-4208

CPE/Firms/SQR
(CPE, firm registration, & SQR)
(919) 733-1421

Examinations
(exam applications)
(919) 733-4224

Executive Office
(Board meetings & rule-making)
(919) 733-4222

Fax Line
(919) 733-4209

Licensing
(certificate applications)
(919) 733-1422

Professional Standards
(complaints & ethics)
(919) 733-1426

Receptionist
(919) 733-4222

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Address Change? Let Us Know!

Certificate Holder _____
Last name Jr./III First Middle

Certificate No. _____ Send Mail to ___Home ___ Business

New Home Address _____

City _____ State _____ Zip _____

CPA Firm/Business Name _____

New Bus. Address _____

City _____ State _____ Zip _____

Telephone: Bus. ( ) _____ Home ( ) _____

Bus. fax ( ) _____ E-mail address _____

Signature _____ Date _____

Mail to: NC State Board of CPA Examiners PO Box 12827 Raleigh, NC 27605-2827

Fax to: (919) 733-4209 Attn: Licensing or Examinations

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 10 2000

Is Your Work Experience Valid?

Is the person who is your direct supervisor and who is signing the experience affidavit for your CPA certificate licensed as a CPA?

This is an important question for prospective North Carolina licensees who are attempting to meet the Board's licensure experience requirement of "two years experience in the field of accounting under the direct supervision of a certified public accountant who currently holds a valid license in any state or territory of the United States of the District of Columbia" [NCGS 93-12(5)].

Sometimes, individuals move to North Carolina without understanding that they must obtain a North Carolina CPA license before they can use or reference, in any manner, the CPA title.

Individuals from "two-tier" states who pass the Uniform CPA Examination receive a CPA certificate. This allows these individuals to work in industry and use the CPA title. However, they cannot practice public accounting without first obtaining a license or permit from their state board.

Therefore, the experience gained under an individual with a certificate only (not a license to practice) from a two-tier state cannot be used to meet North Carolina's requirement of two years experience under the direct supervision of a CPA.

However, this experience may be used to meet the Board's alternate licensure experience requirement of five years experience in the field of accounting [NCGS 93-12(5)].

In North Carolina, the use of the CPA title is restricted to only those individuals who are licensed by the North Carolina State Board of CPA Examiners [NCGS 93-3] regardless of whether the individual is employed in industry or in public practice.

Further, individuals in North Carolina who are on inactive or retired status with the Board are also prohibited from signing experience affidavits for work experience under the direct supervision of a CPA.

Therefore, a supervisor signing an experience affidavit as a North Carolina CPA must be on "active" status with the Board.

In the past, the Board has chosen not to penalize an applicant for relying on a supervisor's representation that the supervisor is, in fact, a licensed CPA.

However, the Board has instructed Board staff to write to an unlicensed supervisor regarding use of the CPA title in violation of North Carolina's statutes.

If, despite this notification, an unlicensed supervisor continues to use the CPA title in North Carolina, the Board could seek injunctive relief as provided by NCGS 93-12 (16).

If you have questions regarding experience affidavits, please visit the Board's web site (www.state.nc.us/cpabd) or contact Alice G. Steckenrider by telephone at (919) 733-1422 or via e-mail (alicegst@bellsouth.net).

Board Receives Award for Web Site

The National Association of State Boards of Accountancy (NASBA) recently presented the North Carolina State Board of CPA Examiners with an award honoring the Board's web site as one of the best accountancy board web sites in the nation.

The award, which was presented to the Board during the NASBA Annual Meeting in September, recognized the Board's web site (www.state.nc.us/cpabd) as "going beyond the basic to offer comprehensive information to licensees and the public."

California, Idaho, and Washington also received awards for their web sites.

Award
continued on page 6

www.state.nc.us/cpabd

Inside this issue...

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Notice of Address Change 8
Policy on Cheating 5

Consent Orders

Theodore Ezzell Peterson, Jr., #3979
Charlotte, NC 8/21/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent was the holder of North Carolina certificate number 3979 as a Certified Public Accountant.

2. In August of 1996, Respondent's certificate was forfeited for failure to renew.

3. Despite requests by Board staff, Respondent did not return his forfeited certificate until January of 1997.

4. After the forfeiture of his certificate, Respondent continued to use the CPA title and to offer services, including attest services, to clients as a CPA.

5. In September of 1997, Respondent's firm was terminated from the American Institute of Certified Public Accountant's (AICPA) peer review program and the Private Companies Practice Section for failure to cooperate with the AICPA Peer Review Board. Respondent failed to complete the corrective or monitoring actions required as a condition of acceptance of the firm's 1994 peer review.

6. Respondent, while continuing to offer attest services to clients, has not obtained or completed any peer review program since 1994.

7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-3, 93-4, 93-6, 93-12(8)(c), and 93-12(9)(d) and (e), and 21 NCAC 8M .0102, 8N .0201, .0202(a), .0203(a), .0206, .0209, .0302, .0306, and .0403.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's certificate status is changed from forfeited to suspended. Said suspension is for at least one (1) year and until Respondent completes his peer reviews which should have been completed in 1994 and 1997.

2. Respondent shall obtain pre-issuance review of any compilation(s), review(s), or audit(s) that he works on or performs until he or his employer receives an unqualified peer review report which includes audits that Respondent worked on or performed.

3. Respondent shall pay a one thousand dollar ($1,000.00) civil penalty to be remitted with this signed Order.

4. Respondent shall reimburse the Board one thousand dollars ($1,000.00) in administrative costs incurred in the costs of this investigation. Said administrative costs shall be remitted with this signed Order.

5. Respondent shall send a letter to all clients who have received services from Respondent after the forfeiture of his certificate informing the clients that he has not been licensed as a CPA since August of 1996. A copy of said letter shall be provided to the Board for approval prior to the mailing of the letters.

6. After the letter specified in Number 4 above is mailed, Respondent shall provide to the Board a list of all clients receiving this letter including each client's name, address, and telephone number.

7. After one (1) year and the completion of all terms specified in this Order, Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:

a. Application form (which includes statements regarding use of title during suspension),
b. Payment of the application fee,
c. Three (3) moral character affidavits (on forms provided by Board),
d. Forty (40) hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course pursuant to 21 NCAC 8F .0504.

Name Not Published 8/21/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of a North Carolina certificate as a Certified Public Accountant.

2. Respondent failed to file the corporate franchise and income tax return for his professional corporation for 1993 and, in October of 1995, the North Carolina Secretary of State's (Secretary of State) office suspended the Articles of Incorporation for Respondent's professional corporation at the request of the North Carolina Department of Revenue (Department of Revenue).

3. During the periods 1995-1996 and 1997-1999, Respondent provided services to clients through his professional corporation.

4. In June of 1999, after Respondent filed the delinquent franchise tax returns, the Department of Revenue requested that the Secretary of State's office reinstate the Articles of Incor-

poration for Respondent's professional corporation.

5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)(e) and 21 NCAC 8N .0207.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent shall receive an unpublished reprimand.

Name Not Published 8/21/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of a North Carolina certificate as a Certified Public Accountant.

2. Respondent failed to file or ensure the filing of the corporate franchise and income tax return for Respondent's firm (hereafter "firm") for 1993 and, in September of 1995, the North Carolina Secretary of State's (Secretary of State) office suspended the Articles of Incorporation for the firm at the request of the North Carolina Department of Revenue (Department of Revenue).

3. During the period 1995-1999, Respondent continued to provide services to clients through the firm.

4. As of June of 1999, Respondent has filed the delinquent franchise tax returns and reinstatement fee, and the Department of Revenue requested that the Secretary of State's office reinstate the Articles of Incorporation for the firm.

5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)(e) and 21 NCAC 8N .0207.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent shall receive an unpublished reprimand.

Comments?

Please send any questions or comments regarding the *Activity Review* to Lisa R. Hearne, the Board's Communications Manager, by fax at (919) 733-4209 or by e-mail at lhearne@bellsouth.net.

Board Meetings

November 20
December 18

All Board meetings are held at the Board's offices and are open to the public. However, under State law, some portions of the meetings are closed to the public.

If you wish to address the Board regarding a specific issue, please contact Robert N. Brooks, the Board's Executive Director, by telephone at (919) 733-4222 or via e-mail (rnbrooks@bellsouth.net) at least two weeks prior to the meeting date.

November 2000 Uniform CPA Exam Schedule

The November 2000 Uniform CPA Examination will be administered at the Raleigh Convention and Conference Center in Raleigh and the Benton Convention Center in Winston-Salem. The schedule will be as follows:

Business Law & Professional Responsibilities (LPR)
Wednesday, November 1, 2000
9:00 a.m. - 12:00 noon

Auditing (AUD)
Wednesday, November 1, 2000
1:30 p.m. - 6:00 p.m.

Accounting & Reporting (ARE)
Thursday, November 2, 2000
8:30 a.m. - 12:00 noon

Financial Accounting & Reporting (FARE)
Thursday, November 2, 2000
1:30 p.m. - 6:00 p.m.

www.state.nc.us/cpabd

Consent Orders

Name Not Published 8/21/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of a North Carolina certificate as a Certified Public Accountant.

2. Respondent failed to file or ensure the filing of the corporate franchise and income tax return for the Respondent's firm (hereafter "firm") for 1993 and in September of 1995, the North Carolina Secretary of State's (Secretary of State) office suspended the Articles of Incorporation for the firm at the request of the North Carolina Department of Revenue (Department of Revenue).

3. During the period 1995-1999, Respondent continued to allow services to be provided to clients through the firm.

4. As of June of 1999, another shareholder in the firm has filed the delinquent franchise tax returns and reinstatement fee, and the Department of Revenue requested that the Secretary of State's office reinstate the Articles of Incorporation for the firm.

5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)(e) and 21 NCAC 8N .0207.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent shall receive an unpublished reprimand.

Name Not Published 8/21/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of a North Carolina certificate as a Certified Public Accountant and renders attest services.

2. Respondent's 1996 State Quality Review (SQR) was not completed until after the Board's prescribed deadline. As a result, Respondent's individual certificate was placed on conditional status for one year.

3. Respondent did not complete her next SQR until three (3) days after the Board's prescribed deadline of December 31, 1999. Respondent has provided the Board with a SQR completion statement that her SQR exit conference was completed on January 3, 2000.

4. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12 (8c) and 21 NCAC 8M .0102.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's certificate is suspended for thirty (30) days; however, said suspension is stayed based on Respondent's completion of her SQR less than sixty (60) days after the Board's deadline.

2. Respondent shall disclose the suspension of her license whenever asked if she has ever had a license suspended or revoked.

3. Within one hundred twenty (120) days of the date of this Order, Respondent shall complete and provide verification to the Board of the completion of the eight (8) hour accountancy law course provided in a group study format by the North Carolina Association of CPAs (NCACPA). The credit for this course may not be counted toward Respondent's annual forty (40) hour CPE requirement.

4. Respondent's next SQR is due on or before December 31, 2002.

Licensing Activity September 2000

Reinstatements

Teresa Ann Camery Barden #22147
Steven Lynn Foster #13970
Donna Lynn Stammer #21707
Daniel Keith Wilson #12669

Reissuance

John Louis Yilling #15957

CPE Sponsors

Elinvar - Raleigh, NC
Gary H. Pendleton, CLU, ChFC - Raleigh, NC

Cheating on the Uniform CPA Examination

The NC State Board of CPA Examiners and the American Institute of CPAs Board of Examiners (AICPA BOE) regard cheating on the Uniform CPA Examination as a serious offense.

The Board and the AICPA BOE use a variety of tools and procedures to prevent candidates from cheating on the examination. Proctors are trained to watch for unusual or suspicious behavior and incidents during the examination and to document the occurrence of any unusual activity.

Some actions that may be considered cheating include:

- falsifying credentials;
- copying answers from another candidate during the exam;
- helping another candidate during the exam;
- using unauthorized materials during the exam;
- unauthorized communication with an individual, in or out of the exam site, during the exam;
- taking written materials, notes, etc., into and out of the exam site; and
- divulging exam information in violation of the nondisclosed exam policies.

In addition, during the grading process, the AICPA Advisory Grading Service instructs graders to report all cases of unusually similar responses. After grading is complete, the Advisory Grading Service compiles a report, the "90% Similarity Report," which identifies candidates whose patterns of answers are unusually similar and forwards the report to the Board. The Board may use this report to support an existing investigation into possible cheating or to initiate such an investigation.

21 NCAC 8F .0111, *Ineligibility due to Violation of Accountancy Act*, states, "a person may not be eligible to take the CPA examination or receive the North Carolina certificate of qualification as a CPA if the Board determines that the person has engaged in conduct that would constitute violation of General Statutes Chapter 93 or the Rules of Professional Ethics and Conduct."

If the Board determines that a candidate has cheated, the candidate will be subject to a variety of penalties, including, but not limited to, invalidation of grades and disqualification from subsequent exam administrations. In cases where cheating is discovered after a candidate has obtained his or her CPA certificate, the Board may permanently revoke the certificate.

CPE Sponsor Register Available Online

As a reminder, the 2000 edition of the Board's CPE Sponsor Register is available on the Board's web site (www.state.nc.us/cpabd).

Licensees can view a complete listing of CPE sponsors currently registered with the Board by visiting the Board's web site and clicking on the "CPE Sponsor Register" link.

At the request of a number of licensees, CPE sponsors are now listed in two ways—alphabetically and geographically (by city/state).

The on-line version of the register is updated each time a sponsor is added or deleted from the Board's files or when the Board is notified of any changes in a sponsor's address, telephone number, or contact person.

Licensees who do not have access to the Internet may request a copy of the 2000 CPE Sponsor Register by contacting the Board at (919) 733-1423.

December 31, 2000, is the deadline for completing the CPE requirement for the 2001-2002 license renewal period. Failure to complete the CPE requirement may result in disciplinary action.

Policy on Cheating

All Uniform CPA Examination candidates sitting for the exam in North Carolina are required to sign the following statement on cheating:

"Any individual found to have engaged in conduct which subverts or attempts to subvert the accountancy licensing examination process may, at the discretion of the Board, have his or her scores on the licensing examination withheld and/or declared invalid, be disqualified from holding the CPA certification, and/or be subject to the imposition of other appropriate sanctions.

Conduct which subverts or attempts to subvert the accountancy licensing examination process includes, but is not limited to:

(1) Conduct which violates the standards of test administration, such as communicating with any other candidate during the administration of the licensing examination; copying answers from another candidate or permitting one's answers to be copied by another candidate during the administration of the licensing examination; having in one's possession during the administration of the licensing examination any books, notes, written or printed materials or data of any kind, other than the examination materials distributed.

(2) Conduct which violates the credentialing process, such as falsifying or misrepresenting educational credentials or other information required for admission to the licensing examination; impersonating an candidate or having an impersonator take the licensing examination on another's behalf.

I have read and do understand this policy of the Board. I agree to comply with all written rules and instructions given during the administration of this examination."

Visit our web site - www.state.nc.us/cpabd

150-Hour Education Requirement for Licensure

Successful exam candidates who have completed the Board's work experience requirement and who want to avoid meeting the new 150-hour education requirement (a bachelor's degree including 150 semester hours) for licensure must submit a properly completed licensure application, including all supporting documentation, to the Board before **December 31, 2000**.

Individuals who do not complete the work experience requirement and submit a complete application for licensure prior to the December 31, 2000, deadline will be required to comply with the new education requirement before receiving a North Carolina CPA certificate.

For additional information regarding the new education requirement for licensure and how it affects exam candidates, please visit the Board's web site (www.state.nc.us/cpabd) and review the special section regarding the 150-hour education requirement.

Award *from front page*

A project of the NASBA Strategic Initiative Committee, the web award program was designed to encourage accountancy boards to use the Internet to make information available to licensees and the public in an informative, easy-to-use manner.

Lisa Axisa, NASBA's Director of Communications and staff liaison to the Committee, stated, "The Committee members divided into teams and each team looked at four or five accountancy board web sites and compared the sites based on content, appearance, uniqueness of features, etc."

"The full Committee then compared each team's top choices and selected four sites to recognize with an award," explained Axisa.

According to Axisa, the Committee selected North Carolina for an award because the Board's web site contains information, such as the licensee and firm search, that is critical to licensees and the public and that the site is updated frequently.

"One of the aspects of the North Carolina site that the Committee liked was the availability of current and past issues of the newsletter through the site. That is a somewhat unique feature in comparison to other web sites," said Axisa.

Robert N. Brooks, the Board's Executive Director, commented, "The Board and I are extremely proud of this award. Lisa Hearne, the Board's Manager of Communications, who designed the site and maintains it, has put a lot of hard work into this site to make it a useful tool for licensees, exam candidates, and the public."

In June 1999, AccountingNet (now Pro2Net) named the Board's web site as a "Site of the Week" for "demonstrating how organizations, regardless of size, can communicate more effectively by utilizing the Web."

Address Changed?

21 NCAC 8J .0107 requires all North Carolina CPAs to notify the Board, in writing, within 30 days of any change of address or business location.

When mailing or faxing the change of address, please use the "Notice of Address Change" form located on the back cover of the *Activity Review*.

Licensees should send the form to the attention of the Licensing section and exam candidates should send the form to the attention of the Examinations section.

Address changes may also be submitted to the Board via e-mail.

Licensees should send address changes to alicegst@bellsouth.net and exam candidates should send address changes to the Exam staff using jmacombe@bellsouth.net or pwelliot@bellsouth.net.

North Carolina Launches New State Web Site

North Carolina citizens, businesses, and government employees have new access to State services through North Carolina's new web site, "NC@Your Service."

The site is the first government "web portal" created by Yahoo!, which has recently started developing Internet and Intranet sites for corporations and other organizations.

According to Richard C. Webb, North Carolina's Chief Information Officer, the site allows citizens, business owners, and State employees to find information based on the service they need, not the sometimes obscure name of the state agency that runs a program.

"People want to get on and get in quick," Webb said. "They want a simple and straightforward site."

The site is distinctive in that it contains four portals—one each for citizens, businesses, State employees, and local and State governments. Each section opens up to a page that has links to the agencies relevant to each portal.

For example, an individual interested in becoming a CPA can go to NC@Your Service (www.nc.gov.com), select the citizen portal, click on the "occupational licenses" link, then click on the link, "Become a Certified Public Accountant" to be directed to the North Carolina State Board of CPA Examiners' web site (www.state.nc.us/cpabd).

In the future, citizens will be able to renew vehicle registrations, pay taxes, permits, licenses, and other fees on line using credit or debit cards.

Certificates Issued

The following certificate applications were approved by the Board at its September 11, 2000, meeting:

Stephen Frank Alexander
Anita Rene Allis
Joyce Coggin Almond
Julie Armour Baker
Paige Powell Baker
Natalie Yvonne Bartlett
Ranjana Batra
Cathy Sanderson Baxter
Michelle Sue Bender
Lisa M. Berger
Gregory C. Berka
David Evan Berliner
Brian Christopher Bolt
Neil Steven Boss
Heba Kamel Botros
Ruth Bodenheimer Bracey
Robert A. Buchholz
W. Bryon Burbage
Paul J. Cappella
Arthur D. Cassill
Alisa Frazier Chavez
Karen West Chippendale
Sherry Lynn Clark
Jennifer Walton Clay
Sharon Lynn Conner
Patricia Maria Connors
Leigh McRae Cox
Penelope Lee Cumings
Vicki McGuire Dame
Vincent E. D'Amore
Richard Andrew Davis
Robert Craig Davis
Albert J. DeLuca
Susanne Payne Dixon
Kelly Tennille Draughn
Christina Leigh Dunn
Mark Steven Dwier
Karen Robinson Edwards
Bruce L. Elgin
Eileen M. Farrell
Kelly A. Foley
Julius C. Forhecz
Wesley Scott Garber
Amy Alexander Gilliland
William V. Giovanniello
Ellen R. Granger
Robert S. Greisman
Michael Wayne Griffin
Christopher Joseph Hammond
Miki Leah Hauss
William L. Hayward
Ramona Eudy Henegar
John Benjamin Herron, Jr.
Barry Johnson Hodges
Susan Murdock Horn
Jo Anne C. Horton
Terry Warren Huneycutt, Jr.
Tamika Woods Jackson
Nancy Hall Johnson
Ryan Andrew Johnson
Sarah Kish Jones
Timothy A. Keadle
Linwood Waitus Kearney
Patricia Barnes Kerr
Staci Noel King
Kimberly Allison Koontz
Jonathan L. Lahn
Geri Honeycutt Lail
Jennifer Walker Lambeth
Kena York Langley
Tamara Gayle Lasher
William Kenneth Lenhart
Cindy Jan Skinner Lennon
Samuel Aaron LePrell
Asres Mebratu
Michele Michaelis
James R. Minor
Douglas Holt Moore
Jennifer Kopec Moses
James Buckner Murrill, IV
Reginald Dean Oakley
Warren Ronald O'Brien
Michelle Obuchowski
Mark Thomas Ott, Jr.
Paula Dare Parks
John Frederick Peterson
Carly Dean Perry
Donna Walters Pierce
David Joseph Piscorik
Brian Christopher Porter
Margaret Yvonne Quallis
Suzanne Holcombe Rampey
José Javier Rivera
Tara Harvey Roberson
Frances Ferrell Robinette
Brenda L. Ruppright
Karen A. Sarafin
Barbara J. Sarvis
Lucinda Page Setzer
Amy Elizabeth Shanes
Wei (Nicole) C. Shih
Sylvia Tolbert Simmons
Zachary Paul Sloane
Jennifer Weldy Smith
Matthew Avery Smith
William David Smith
Lori Braswell Sproule
Sarah Ivene Staudenraus
Susan Anne Stockman
Jeffrey D. Stoddard
Beverly Thornton Stroud
David Charles Taylor
Robin Earl Taylor
Susan Maxey Townsend
Thad Joseph Trantham
Nicole M. Uvino
Tracy Manning Van Hamme
Orestes R. Verdura
Jennifer Wynnell Vruwink
Sheila Barber Wadsley
Rebecca Smith Whitley
Crystal Denise Wilcox
Carla Jean Wilmoth
James Lee Williams
Charles Ashley Woodall
Margaret Stark Worthington
Timothy Wayne York

State Board of CPA Examiners

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President, Charlotte

O. Charlie Chewning, Jr., CPA
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Michael H. Wray
Secretary-Treasurer, Gaston

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Norwood G. Clark, Jr., CPA
Member, Raleigh

Scott L. Cox, CPCU, CIC
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Address Change? Let Us Know!

Certificate Holder _____
Last name Jr./III First Middle

Certificate No. _____ Send Mail to ___Home ___ Business

New Home Address _____

City _____ State _____ Zip _____

CPA Firm/Business Name _____

New Bus. Address _____

City _____ State _____ Zip _____

Telephone: Bus. ( ) _____ Home ( ) _____

Bus. fax ( ) _____ E-mail address _____

Signature _____ Date _____

Mail to: NC State Board of CPA Examiners PO Box 12827 Raleigh, NC 27605-2827

Fax to: (919) 733-4209 Attn: Licensing or Examinations

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 11 2000

Sitting for the Exam in May 2001

Effective January 1, 2001, individuals who are planning to sit for the May 2001 or later Uniform CPA Examination in North Carolina must possess a bachelor's degree in any subject, from a regionally accredited college or university, that either includes, or is supplemented by, a concentration in accounting as defined by Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC) [21 NCAC 8A .0309].

Effective January 1, 2001, a concentration in accounting is defined as at least 30 semester hours, or the equivalent in quarter hours, of undergraduate accounting courses, including no more than six semester hours of accounting principles and no more than three semester hours of business law; or at least 20 semester hours, or the equivalent in quarter hours, of graduate accounting courses that are open exclusively to graduate students; or an equivalent combination of undergraduate and graduate accounting courses.

If you are planning to sit for the Uniform CPA Exam in May 2001 or later, please review the following scenarios to determine if you meet the new education requirement.

- Beginning with the May 2001 Uniform CPA Exam, an initial applicant sitting for the first time in North Carolina must have at least 30 semester hours of accounting coursework as defined by 21 NCAC 8A .0309.
- A re-exam applicant who previously sat as a North Carolina candidate but who does not have conditional credit [21 NCAC 8F .0105] must have at least 30 semester hours of accounting coursework as defined by 21 NCAC 8A .0309.
- A re-exam applicant who has conditional credit may continue to sit for the exam with 24 semester hours of accounting until the conditional credit expires (six consecutive administrations of the exam).
- Initial or re-exam applicants who qualify for the exam through special testing (GRE or GMAT and the AICPA Level II Achievement Test pursuant to 21 NCAC 8F .0304) are not affected by the concentration in accounting as it relates to sitting for the exam.

Exam Requirements
continued on page 5

Board Approves Publication of CPE Conditionals

At its October 9, 2000, meeting, the North Carolina State Board of CPA Examiners approved a policy allowing publication in the *Activity Review* of the name and city of any licensee whose license is placed on conditional status for failure to complete the Board's annual CPE requirement [21 NCAC 8G .0401(e)] prior to the end of the calendar year.

The policy is effective beginning with licensees who are placed on conditional status for first failure within a five calendar year period to complete the annual CPE requirement before December 31, 2000, and those licensees who are placed on conditional status and fined a $100.00 civil penalty for second failure within a five year period to complete the annual CPE requirement before December 31, 2000 [21 NCAC 8G .0406(b)(1)(2)].

If you have questions about the policy, please contact Robert N. Brooks, Executive Director of the Board, by telephone at (919) 733-4222 or by e-mail at (rnbrooks@bellsouth.net).

www.state.nc.us/cpabd

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Disciplinary Actions

Calvin Lewis Blanton, #16066 Raleigh, NC 8/21/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 16066 as a Certified Public Accountant.

2. In January of 1999, Respondent was engaged by the client to prepare audited financial statements for the year ending December 31, 1998. Pursuant to the terms of the engagement contract, the work was to be completed no later than February 15, 1999.

3. At the time of the engagement, the client paid Respondent a $1,000.00 retainer.

4. Despite numerous requests by the client, Respondent failed to prepare the audit, failed to return client records, and failed to return the retainer fee.

5. After being notified in February of 2000 that a complaint had been filed with the North Carolina State Board of CPA Examiners (hereafter "Board"), Respondent returned to the client all client records and the retainer fee.

6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e and 21 NCAC 8N .0212 and 8N .0305.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.

Name Not Published 8/21/00

THIS CAUSE coming before the Board on August 21, 2000, at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present, the Board finds, based on the clear and convincing evidence presented, that:

FINDINGS OF FACT

1. Respondent is the holder of a certificate as a Certified Public Accountant in North Carolina and is therefore subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent failed to timely obtain a State Quality Review (SQR) in accordance with provisions as required by NCGS 93-12(8c) and 21 NCAC 8M.0102.

3. Respondent subsequently completed her SQR and has provided documentation to the Board that her SQR was completed in excess of 120 days from the required completion date.

CONCLUSIONS OF LAW

1. Respondent's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12(8c) and 21 NCAC 8M .0102.

BASED ON THE FOREGOING, the Board orders that:

1. Respondent's certificate is suspended for 30 days; however, said suspension is stayed based on Respondent's completion of her SQR.

2. Respondent shall disclose the suspension of her license whenever asked if she has ever had a license suspended or revoked.

3. Respondent's certificate shall be placed on conditional status for one year from the date this Order is approved.

4. Respondent shall pay a one hundred dollar ($100.00) civil penalty.

Name Not Published 9/11/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of a North Carolina certificate as a Certified Public Accountant.

2. Respondent made representations to the Board regarding his continuing professional education that were later proved to be incorrect.

3. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e and 21 NCAC 8N .0202 (b)(4).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent shall receive an unpublished reprimand.

Disciplinary Actions *continued on page 3*

Name Not Published 10/9/00

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of a North Carolina certificate as a Certified Public Accountant and renders attest services.

2. Respondent's 1996 State Quality Review (SQR) was not completed until after the Board's prescribed deadline. As a result, Respondent's individual certificate was placed on conditional status for one year.

3. Respondent did not complete his next SQR until seventeen (17) days after the Board's prescribed deadline of December 31, 1999. Respondent has provided the Board with a copy of the peer review report dated January 17, 2000.

4. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12 (8c) and 21 NCAC 8M .0102.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's certificate is suspended for thirty (30) days; however, said suspension is stayed based on Respondent's completion of his SQR less than sixty (60) days after the Board's deadline.

2. Respondent shall disclose the suspension of his license whenever asked if he has ever had a license suspended or revoked.

3. Within one hundred twenty (120) days of the date of this Order, Respondent shall complete and provide verification to the Board of the completion of the eight (8) hour accountancy law course provided in a group study format by the North Carolina Association of CPAs (NCACPA). The credit for this course may not be counted toward Respondent's annual forty (40) hour CPE requirement.

4. Respondent's next SQR is due on or before December 31, 2002.

CPA Firm Renewal/SQR Compliance

In mid-November, CPA firm renewal/SQR compliance forms were mailed to all CPA firms, individual practitioners, partnerships, professional corporations, professional limited liability companies, and registered limited liability partnerships.

By reading the instructions included with the form; reviewing 21 NCAC 8J, *Renewals and Registration*, and 21 NCAC 8M, *State Quality Review Program*; and following the checklist below, you can ensure that your CPA firm's renewal is received by the Board prior to the December 31, 2000, deadline.

Checklist

- If the information on the form is incorrect or incomplete, make the necessary corrections or additions.
- The form must be signed to be complete. Do not detach and return only the signature portion of the form—return the entire form, even if no changes were made.
- If the CPA firm is no longer in operation, check the appropriate box, sign the form, and return it (or if appropriate, filed articles of dissolution) to the Board. Choosing not to return the form does not constitute notifying the Board that the CPA firm is no longer in operation.
- If fees are due, the check or money order must be made payable to the NC State Board of CPA Examiners. Checks or money orders payable to other organizations cannot be accepted. Fees may also be paid using Mastercard or Visa.
- If there have there been any changes in employees, partners, shareholders, members, etc., make the necessary corrections to the supplemental form. If there have not been any changes, please initial the supplemental form and attach it to the main page of the renewal form.
- If the CPA firm's peer review has been completed but is not indicated on the form, write in the date of completion and provide the appropriate documentation. If the peer review has been completed and the deadline is during 2000, the completion must be reported no later than December 31, 2000.
- If the CPA firm is not a member of the NCACPA or AICPA, is not exempt from quality review, and the review is due in 2000, please submit an additional $75.00 with the form. The Board will then provide the CPA firm with a list of reviewers so that the CPA firm can schedule the review.

If a CPA firm fails to comply with any part of 21 NCAC 8J .0108, 8J .0110, or 8M .0102, the Board may take disciplinary action against the CPA firm's members. Such action may include a conditional license, civil penalties, and suspension of each CPA firm member's CPA certificate.

If you have questions about CPA firm renewal or SQR compliance, please contact Buck Winslow by telephone at (919) 733-1421 or send your questions via e-mail (buckwins@bellsouth.net).

Certificates Issued

The following certificate applications were approved by the Board at its October 9, 2000, meeting:

Jennie L. Alberty
Pankaj Amar
Melissa A. Anderson
Carl Steven Armato
Emma Kaye Atkinson
Althea Jane Parks Aycock
Sandra Gale Ayers
Steven Jeffrey Bagwell
Jeremy Stewart Bass
Donna S. Beasley
Charles Thomas Becker
Maria Lynn Belcastro
Kristi Dale Bonner
Jonathan Delbert Bordeau
Chadwick Neil Bordeaux
Christopher Joseph Bouffard
Anna Lee Bowers
John Edward Broyles, II
Deetra Lashun Bryant
Rebecca Jane Butt
Sheila Lynn Butterman
Anthony David Camara
Jeffery Eugene Campbell
Michael Jon Carter
Traci McGee Clark
Kerri Gibson Clay
Angela Denise Cope
Matthew Garland Copley
Janice J. Craig
Jeffrey Alan Curtis
Marjorie L. Dhunjishah
Patricia DiMaria
James Melton Dobson
Robin Gene Earley
Gretchen Anne Ehrhardt
Sheila Marsh Edmonds
Gretchen Anne Ehrhardt
Anna Petree Erwin
Alleethea Sunshine Featherly
Michael Lawrence Fekete
Daniel Ray Fowler
Nicholas R. Franz
David D. Fraser
Robert Samuel Fraundorf
Kimberly Harris Fullwood
Kristi K. Furr
Cassandra Thomas Gayle
Todd Webb Gaylord
Jack Gaymon
Patricia E. Govert
Norman Maurice Graves
Chad Dayton Greene
Annette J. Hall
Ann Marie Halleck
Carl L. Head
John W. Hearn, III
Julie Kay Hennecy
Brandon Joseph Hoffman
Haywood Dail Holderness, III
Susan Lena Holland
Christopher Reed Hurley
Christopher Eaton Jannes
Jason Ryan Jarrett
Kathrine Renee Johnson
Cheryl Hinnant Jones
Kristie Wood Jones
Linda Hillard Justice
James Anthony Kelly
Bob N. Kerich
Tonya Burnette Kilgore
Jacqueline K. Kiser
David A. Knapp
Christy McCollum Knight
Michael Alan Koss
Carrie Ann Lackey
Oren Mitchell Lang-Furr
Debra Kaye Latimore
Christine Mehall Laur
Larry Darnell Lee
Kathryn Elaine Leggett
Peizhu Liu
Karen Tate Lloyd
Nancy Michelle Lydon
Paulette Lynn Manis
Leigh Ann Marks
Christopher Brent Martin
Claudia Jean Martin
Jaime Arthur McCarthy
Mary Anne McLaren
Holli Jessee McMillan
Lee Forrest McNeer
Aimee Smith McWhorter
Susan Branch Meier
Amanda Miles-Graeter
Andrea Richbourg Millar
Ann Tormey Miller
Gilmer Clinton Miller, III
Roberta Ann Morgart
Theodore Davidson Morrison, III
Howard Melton Nichols
Jean Notis-McConarty
Jamal Afif Odeh
Patricia Upchurch O'Neill
Linda Lyons Orr
John James Pearce
Delaine H. Pelt
Joshua John Podczervinski
Tara A. Pressley
Candace Kimberly Raiford
Leo H. Rapier
Regina Williams Rector
James Alan Ridoutt
Jason Paul Robinson
Kathryn S. Rominger
Yukiko Sato Root
Jason Bradley Roth
John Robert Rowe, Jr.
Rosemary Claire Rutledge
Jane Overcast Salter
Gregory William Schwartz
Jeffrey Russell Setser
Sarah Veach Shadburne
Jeffrey Wayne Shaw
Connie L. Simpson
Monica Anne Sink
Erica V. Smith
Lisa Pruitt Smith
Elizabeth Hall Sparks
Heather Ann Stewart
William J. Stewart
Matthew J. Stille
Emily Anne Stout
William Craig Stout
Steven W. Surbaugh
Stephen Todd Swaringen
Kristen Leigh Tabor
Cynthia Chen Tang
Sheila Denise Thomas
Kimberly Bisson Thompson
Mary Jean Tkach
James Bernard Trevethan
Julie Ann Tyson
Bradley Eaton Vineyard
Randolph Alan Waller
Michael Heath Walters
Teresa Gay Walters
Beth Stilley Whitfield
Denise Gambale Wyatt

Exam Requirements
continued from front

- An applicant who, after January 1, 2001, does not possess 30 semester hours or the equivalent, may sit for the exam in May 2001 or later provided that he or she is enrolled in sufficient courses (or states on his or her application for the exam that he or she intends to successfully complete such courses) to successfully meet the education requirement within 120 days of the exam for which he or she is approved to sit.

All successful exam candidates who apply for licensure as a North Carolina CPA after December 31, 2000, must meet the education requirements for certification as stated in NCGS 93-12(5) before being eligible for licensure.

If you have questions regarding sitting for the exam, please contact the Exam section of the Board by telephone at (919) 733-4224. You may also e-mail your questions to Phyllis Elliott (pwelliott@bellsouth.net) or Judith Macomber (jmacombe@bellsouth.net).

If you need additional information about licensure, contact the Licensing section of the Board by telephone at (919) 733-1422 or (919) 733-1421. You may also e-mail Alice Steckenrider (alicegst@bellsouth.net) or Buck Winslow (buckwins@bellsouth.net).

Additional information about the education requirements for the exam or for licensure is available on the Board's web site (www.state.nc.us/cpabd).

Comments?

If you have questions or comments regarding the *Activity Review,* please contact Lisa R. Hearne, Communications Manager, by telephone at (919) 733-420 or by e-mail at lhearne@bellsouth.net.

www.state.nc.us/cpabd

Interstate Practice Matrix Available

The National Association of State Boards of Accountancy (NASBA) recently released the first published version on its "*Interstate Practice Matrix*: A Guide for CPAs Engaged in Interstate Practice," which is a chart that details interstate accounting practice procedures for the 54 NASBA jurisdictions.

According to Elizabeth Trabue, NASBA Business Development Manager, the *Interstate Practice Matrix* is intended to assist CPAs, accountancy boards, and CPA firms in determining courses of action when practicing across jurisdictional lines.

Licensees planning to practice in another jurisdiction may request a copy of the *Interstate Practice Matrix* from NASBA by calling (615) 880-4200. NASBA also plans to include an electronic version of the *Matrix* on its web site (www.nasba.org).

Notifying the Board of Changes in CPA Firm Information

Pursuant to 21 NCAC 8J .0108, all CPA firms must register with the Board within 30 days after opening a North Carolina office or beginning a new firm unless the CPA firm is a professional corporation, professional limited liability company, or registered limited liability partnership in which case those CPA firms must register prior to formation (21 NCAC 8K .0104 and .0301).

In addition to the initial registration, all CPA firms must register annually by December 31 with the Board using forms provided by the Board.

However, 21 NCAC 8J .0107 requires that all certificate holders and CPA firms notify the Board in writing within 30 days of any change in address or business location.

For CPA firms, this means that any change in the CPA firm information, such as a change of address (including telephone number), addition or deletion of an office location, or any amendment to the CPA firm name must be reported to the Board.

An individual practitioner who wishes to amend his or her CPA firm's name, must submit a letter to the Board which states the changes to be made in the name and also submit a sample of the CPA firm's new letterhead. There is no fee due for these changes.

Professional corporations or professional limited liability companies seeking to change the CPA firm's name are required to submit to the Board two copies of the Articles of Amendment; a sample of the CPA firm's new letterhead; a letter to the Board stating the names, CPA certificate numbers, and percent of ownership/number of shares owned by each owner prior to and after the name change; and the appropriate fee payable to the Secretary of State. The Board will forward this information and the fee to the Secretary of State.

Partnerships or limited liability partnerships that want to amend the CPA firm's name must submit to the Board a letter which states the amendment to the name and includes the names and certificate numbers of the partners and their percent of ownership before and after the name change.

In addition, these CPA firms must submit a sample of the CPA firm's new letterhead to the Board. There is no fee due and if necessary, the Board will forward the information to the Secretary of State.

If you have questions regarding changes in CPA firm information, please contact the Board's Licensing Section at (919) 733-1423.

Information regarding partnerships, limited liability partnerships, corporations, and professional limited liability companies is available from the Secretary of State's web site (www.secstate.state.nc.us).

Board Meetings

2000

December 18

2001

January 22
February 19
March 16
April 23
May 21
June 25
July 23
August 20
September 18
October 22
November 19
December 18

Licensing Activity October 2000

Reinstatements

David Paul Clary #23818
Terrill Irwin Elniff #14183
Gina Rose Lafferty #24489
Tracy Hope Lubsen #25053
LeRoy Oakley #12991
Clifford Newton Pellam #26273

Reissuances

Denyse O'Grady #13519

Reclassifications

Retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

James Lewis Daniels #6805

CPE Sponsors

Sandhills Community College - Pinehurst

Sunrise Software, Inc. - Charlotte

The following CPE sponsor has been removed from the Board's CPE Sponsor Register for failure to comply with 21 NCAC 8G .0403(d)(3):

ECU Schoolof Business - Greenville

Reclassifications

Pursuant to 21 NCAC 8A .0301(b)(23), the following individuals have requested and been approved for inactive status from the Board. These individuals are no longer CPAs and therefore cannot use the title, "certified public accountant" or allow anyone to refer to he or she as a "certified public accountant" in any representation:

8/01/00	Charles William Jeffries	Sanford, NC
8/01/00	Wayne Irwin Steeves	Conover, NC
8/01/00	Helen Robinson Moore	Durham, NC
8/01/00	Laurel Wallace Johnstin	Fairway, KS
8/02/00	Howard James Cauthen	Watkinsville, GA
8/02/00	James Elmer Ashcraft	Charlotte, NC
8/02/00	John Bernard Thigpen	Charlotte, NC
8/02/00	Terry Craig Spence	Sanford, NC
8/02/00	Ollie Glenn Bishop	Rowland, NC
8/02/00	Jack Robert Gates	Ann Arbor, MI
8/02/00	Carleen Richardson Berndt	Blowing Rock, NC
8/02/00	William Douglas Powell, Jr.	Wilmington, NC
8/02/00	Terri Price Hendrickson	Durham, NC
8/02/00	Kathleen McGovern	New York, NY
8/02/00	Patricia Ann Lane	Lusby, MD
8/02/00	Lori Ann Liberty	Midlothian, VA
8/02/00	Gail Marie Syfert	Charlotte, NC
8/02/00	Robyn Annette Garcia	Plano, TX
8/02/00	John Wade Campbell	King, NC
8/02/00	Vincent Donald Grizanti	Orchard Park, NY
8/02/00	Kara Lisette Spencer	Greensboro, NC
8/02/00	Shannon Leigh Bowling	Knoxville, TN
8/02/00	Barry JacksonDavis	Gastonia, NC
8/02/00	Terry Lee Snyder	Raleigh, NC
8/02/00	Mary Dell Jepperson	Freeport, MN
8/02/00	Christopher Allen Both	King of Prussia, PA
8/02/00	Janice L. Israel	New York, NY
8/03/00	Steven Keith Henderson	Rock Hill, SC
8/07/00	Ralph M. Hungerpiller	Hickory, NC
8/07/00	Anthony Christian Babich	Lafayette Hill, PA
8/17/00	Jennifer Hefner Ward	Matthews, NC
8/21/00	Kent Andrew Bailey	Ormond Beach, FL
8/23/00	Jennifer Covington Mobley	Apex, NC
9/05/00	Alan Thompson Lindley	Indianapolis, IN
9/22/00	Wendy Worrell Kinross	Taylors, SC
9/28/00	Cecilia Hamilton Browne	Huntersville, NC
10/07/00	Paula Shyree McMillan	Charlotte, NC
10/16/00	Patricia Keith Hawley	Switzerland
10/26/00	Christopher Mark Denegri	Charlotte, NC

Thanks to November 2000 Examination Proctors

The Board thanks the proctors and their employers who contributed to the success of the November 2000 Uniform CPA Examination. The number of exams at which each proctor has worked is listed in parenthesis.

Alexander & Chandler, P.A., Kernersville
Robert C. Alexander, CPA (20)
Mark Chandler, CPA (9)

Hattie Angel, CPA, Kernersville (32)

Aon Consulting, Winston-Salem
William A. Grubbs, Jr., CPA (1)

Architektur, PA, Raleigh
Gina Mason, CPA (2)

Arthur Andersen, LLP, Charlotte
Timothy A. Williams, CPA (4)

BDO Seidman L.L.P., Greensboro
James Frazier, CPA (2)

Claude M. Bogues, CPA, Durham (19)

Carrington, Lee, Kinlaw & Hill, Raleigh
Greg Kinlaw, CPA (3)

Karen Caudill, CPA, Kernersville (4)

David Leigh Chafin, Greensboro
David Chafin, CPA (2)

City of Greensboro, Greensboro
Jacquline B. Dowd, CPA (1)

College Foundation, Inc., Raleigh
Doug Vass, CPA (8)

Craven, Shelton & Gann, P.A., Greensboro
Ann Craven, CPA (33)

Crisp Hughes Evans LLP, Durham
Louise Ann Hewitt, CPA (13)

The Daniel Professional Group, Winston-Salem
Cathy Ralston, CPA (15)

John Davis, Greensboro (28)

Robert Edminston, CPA, PA, North Wilkesboro
Robert Edminston, CPA (9)

Stephen Embler, CPA, Winston-Salem (7)

Gamble & Livingston, Rock Hill, SC
Virginia Thompson, CPA (10)

General Parts, Inc., Raleigh
Anthony Bridges, CPA (4)

John Goodwin, CPA, Cary (1)

Guilford College, Greensboro
William A. Grubbs, CPA (32)

Guilford County Tax Department, Greensboro
Carlotta Lytton, CPA (3)

Guilford Technical Community College, Jamestown
Nancy Sollosi, CPA (10)

Roger Jennings, CPA, Kernersville (24)

Ann Langdon Kaneklides, CPA, Dunn (29)

The Loflin Group, Inc., Greensboro
Marquita Loflin, CPA (13)

David McLemore, CPA, Clinton (41)

Jannie B. Mills, CPA, Jamestown (5)

Peggy Mock, CPA, High Point (15)

Harold G. Myers, CPA, Lexington
Tedman Myers, CPA (3)

NC A&T University, Greensboro
Phillip D. McBrayer, CPA (26)

NC Dept. of Administration, Raleigh
Randy Lindley, CPA (25)

NC Dept. of Crime Control and Public Safety, Raleigh
Mike Barham, CPA (12)

NC Dept. of Environment & Natural Resources, Raleigh
Rex A. Whaley, CPA (29)

NC Dept. of Health and Human Services, Raleigh
Thomas Edward Berryman, CPA (29)
Bertha Davis, CPA (3)
Allen Guffey, CPA (20)
Jim Panton, CPA (25)

NC Dept. of Insurance, Raleigh
James Riddick, CPA (4)
Gwendolyn Tann, CPA (3)

NC Dept. of Revenue, Charlotte
Douglas Rothrock, CPA (3)

NC Dept. of Public Instruction, Raleigh
Frankie Carrigan, CPA (2)

NC Dept. of Revenue, Raleigh
Diane Hucke, CPA (5)
Todd McCracken, CPA (4)

NC Dept. of Transportation, Raleigh
Carol Hatchett, CPA (7)
Wanda Oakley, CPA (30)

NC Office of State Auditor, Greensboro
Lynne Forrest, CPA (24)

NC Office of State Auditor, Raleigh
Minh Duc Do, CPA (2)
Elizabeth (Kay) Radford, CPA (6)

NC Office of State Budget and Management, Raleigh
Julie Mitchel, CPA (18)

NCSU, Internal Audit, Raleigh
Craig Forsythe, CPA (9)
Karen Spencer, CPA (3)

NCSU, Dept. of Accounting, Raleigh
Harriette Griffin, CPA (38)

W.R. Noble, CPA, Winston-Salem
William R. Noble, CPA (4)

Pallet Resources of NC, Inc., Lexington
Russell T. Hunt, CPA (1)

Jack H. Perkins, CPA, Raleigh (24)

Persinger & Company, L.L.C., Galax, VA
Douglas Reitzel, CPA (3)

Deanne Smith, CPA, Asheville (39)

Curt Snow, CPA, Winchester, VA (19)

State Employees' Credit Union, Raleigh
Sallie Clement, CPA (5)

Steward, Ingram Assoc., PLLC, Raleigh
Elizabeth Camp, CPA, Raleigh (8)

M. Glenn Tart, PA, CPA, Benson
Glenn Tart, CPA (29)

Victoria I. Ukwu, CPA, Raleigh (11)

UNC-Asheville, Asheville
Claudel McKenzie, CPA (21)

UNC-Chapel Hill, Chapel Hill
Frances Snipes, CPA (18)

Wake County, Raleigh
Ivey Greg Wood, CPA (8)

Gerald D. Walston, CPA, Raleigh (15)

Western Carolina University, Cullowhee
John A. Beegle, CPA (53)

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Address Change? Let Us Know!

Certificate Holder _____
Last name Jr./III First Middle

Certificate No. _____ Send Mail to ___Home ___ Business

New Home Address _____

City _____ State _____ Zip _____

CPA Firm/Business Name _____

New Bus. Address _____

City _____ State _____ Zip _____

Telephone: Bus. ( ) _____ Home ( ) _____

Bus. fax ( ) _____ E-mail address _____

Signature _____ Date _____

Mail to: NC State Board of CPA Examiners PO Box 12827 Raleigh, NC 27605-2827

Fax to: (919) 733-4209 Attn: Licensing or Examinations

Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.

Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 12 2000

Certificate Renewals Will Be Mailed Early

North Carolina CPAs will find more than holiday bills in their mailboxes in late January and early February.

The Board will mail 2001-2002 certificate renewal forms to all North Carolina licensees in mid- to late January. Although the certificate renewal forms will be mailed about three months earlier than usual, the annual certificate renewal deadline will remain June 30.

According to Robert N. Brooks, the Board's Executive Director, the decision to mail the renewal forms in January, rather than April, was made by the Board to accommodate licensees and also to allow Board staff more time to process the renewal forms.

Says Brooks, "Over the years, a significant number of licensees have asked the Board to consider mailing the certificate renewal forms prior to April 15."

"A majority of our licensees are in industry, not public practice, and these licensees have long expressed a desire to complete and submit the certificate renewal form soon after the deadline for completing the annual continuing professional education (CPE) requirement."

"Pursuant to the Board's rule on certificate renewal (21 NCAC 8J .0101), all active CPAs must renew their certificates annually by July 1," explains Brooks. "However, there is not a rule that addresses when the Board must send out the renewal forms. It just makes sense to send out the renewal forms early and let the licensees submit the forms as early as they can."

Another benefit of extending the certificate renewal period is the projected "leveling out" of work flow for the Board staff.

Buck Winslow, Manager of Licensing, believes that a large portion of licensees will complete the renewal form and submit it to the Board well before the June 30 deadline.

"Because so many of the renewals generally come in during late May and June, every year the Board must hire seasonal personnel to help process renewals," explains Winslow.

"By spreading the renewal period over five months instead of less than three months, I think staff will be better able to keep up with the demand."

"I think a number of licensees will complete the form and submit it to the Board early, "says Winslow. "I certainly hope that the licensees will take advantage of the opportunity to submit their renewal forms early."

Although the certificate renewal deadline will remain June 30, licensees are encouraged to complete and submit their renewal forms as early as possible.

If you have questions about the renewal form, please contact the Board by telephone at (919) 733-4222.

CPA Firm Renewal and SQR Compliance Due

All CPA firms, individual practitioners, partnerships, professional limited liability companies and registered limited liability partnerships must complete their CPA firm renewal and SQR compliance form and have it postmarked by December 31, 2000.

Pursuant to 21 NCAC 8J .0111, failure to submit the properly completed form by the deadline may result in disciplinary action by the Board.

If your CPA firm has not received its form or if you have questions about the form, please contact the Board's Licensing Section by telephone at (919) 733-1421 or (919) 733-4223.

www.state.nc.us/cpabd

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Licensing Activity

Reinstatements

Kimberly Neil Evans #13689

Marshall Kim Harkins #15076

Roger Michael Jones #20480

Patrick Matthew Shaughness #23130

Elizabeth Batchelor West #16059

Reissuance

William H. Witbrodt #16567

Board Approves Publication of CPE Conditionals

At its October 9, 2000, meeting, the Board approved a policy allowing publication of the name and city of any licensee whose license is placed on conditional status for failure to complete the Board's annual CPE requirement [21 NCAC 8G .0401(e)] prior to the end of the calendar year.

The policy is effective beginning with licensees who are placed on conditional status for first failure within a five calendar year period to complete the annual CPE requirement before the deadline of December 31, 2000, and those licensees who are placed on conditional status and fined a $100.00 civil penalty for second failure within a five year period to complete the annual CPE requirement before the December 31, 2000, deadline [21 NCAC 8G .0406(b)(1)(2)].

Board Office Closed

The offices of the North Carolina State Board of CPA Examiners will be closed Monday, December 25, 2000, and Tuesday, December 26, 2000, in observance of Christmas.

In addition, the Board will be closed Monday, January 1, 2001, in observance of New Year's Day.

The Board's web site (www.state.nc.us/cpabd) will be available during these times.

AICPA Releases SSARS No. 8

The Accounting and Review Services Committee (ARSC) of the American Institute of CPAs (AICPA) recently issued Statement on Standards for Accounting and Review Services (SSARS) No. 8, *Amendment to Statement on Standards for Accounting and Review Services No. 1, Compilation and Review of Financial Statements*.

SSARS No. 8 will make fundamental changes to the way in which accountants view the compilation engagement. SSARS No. 8 creates new options for accountants when performing compilation engagements in which the financial statements are not expected to be used by a third party, and also allows the accountant to use his or her professional judgment in dealing with the client. Some of the major changes are:

- Revising the definition of submission. By modifying the definition of submission, the majority of the applicability problems that the profession is facing would be solved.

Under SSARS No. 8, submission of financial statements is defined as "presenting to a client or third partied financial statements that the accountant has prepared either manually or through the use of computer software." Although practitioners will still have to use their professional judgment to determine if they have prepared and presented a financial statement, this modification was the best way to address today's technological environment, while still maintaining a minimum level of service.

- Under SSARS No. 8, if an accountant submits financial statements to a client that are not expected to be used by a third party, the following communication options are available:

  - Issuing a compilation report in accordance with the reporting requirements of SSARS No. 1.

  - Documenting an understanding with entity through the use of an engagement letter, preferably signed by management, regarding the services to be performed and the limitations on the use of those financial statements.

The ARSC believes by offering these communication options when performing a compilation, the accountant will use his or her professional judgment about the type of communication options appropriate for the client, provide a quality service, and appropriately respond to the needs of clients.

SSARS No. 8 is effective for financial statements submitted after December 31, 2000.

Reclassifications

Pursuant to 21 NCAC 8A .0301(b)(23), the following individuals have requested and been approved for inactive status from the Board. These individuals are no longer CPAs and therefore cannot use the title, "certified public accountant" and cannot be referred to as a "certified public accountant" in any representation whatsoever:

11/14/00	Kathryn Anne Rostollan	Charlotte, NC
11/15/00	Renee Harris Tooke	Greer, SC
11/17/00	Charles W. Hafner	Charlotte, NC
11/20/00	Kristi Linn Nykamp	Pineville, NC
11/27/00	Sharon Sowers Hope	Raleigh, NC
11/28/00	Benjamin Lewis Bradley, III	Fort Collins, CO

IRS Tax Help Available



Telephone
Call
1-800-829-3676
to obtain forms, instructions, and publications



On-Line
Access
www.irs.gov
to search publications, complete forms, and get help



TaxFax Service
Dial
703-368-9694
from your fax machine to get up to 3 items per call



Mail
Write
Eastern Area Distribution Center
PO Box 85074
Richmond, VA
3261-5074



CD-Rom
Order
IRS Publication 1796
and get tax forms, instructions, and IRS bulletins on CD-Rom

Jurisdictions Make Licensee Information Available On-Line

As more boards of accountancy establish web sites, many boards are making their licensee and firm databases available on-line. The list below shows the 33 jurisdictions, including North Carolina, which have licensee and firm information available on-line.

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Florida
Georgia
Idaho
Illinois
Iowa
Kansas
Kentucky
Maryland
Massachusetts
Michigan
Montana
New Jersey
New York
North Carolina
North Dakota
Ohio
Oregon
South Carolina
South Dakota
Tennessee
Utah
Vermont
Washington
West Virginia
Wisconsin
Wyoming

UII Now Required on HUD Audited Financial Submissions

The Real Estate Assessment Center (REAC) of the US Department of Housing and Urban Development (HUD) recently announced that a unique independent public accountant identifier (UII) will be required on all audited financial submissions of HUD-assisted Multifamily projects (MFs) and Public Housing Authorities (PHAs).

A UII is a randomly generated, permanently assigned, five-digit number that HUD will use to identify the independent public accountant (IPA) offices that perform audit and attestation services for PHAs and MFs.

The UII will allow HUD to identify the IPA offices performing the audits and attestations for HUD-assisted properties. This information will permit REAC to select firms for a quality assurance review based on relative risk to HUD.

Each IPA office that performs audit and/or attestation services for a PHA or MF will need to obtain a UII. Only one UII will be assigned per IPA office; individuals within an office do not need to obtain a UII. However, if you are an individual practitioner, you will need to obtain a UII for your practice.

Before obtaining a UII, you must be registered with HUD's secure systems. If you do not have a user ID to access HUD's secure systems, you must apply for one.

Instructions to apply for and receive a user ID can be found at (www.hud.gov/reac/tools/regis_instrc.html).

Instructions for obtaining a UII can be found by visiting the Quality Assurance Subsystem (QASS) web site (www.hud.gov/reac/products/prodqass.html).

Certificates Issued

The following applications for certification were approved by the Board at its November 20, 2000, meeting:

Daniel Roberto Almazan
Susan Jane Almerez
Brandy Lynn Avera
Richard Joseph Battle
Patrick C. Beach
Kenneth L. Beir
Stacy Lee Bennick
Karl J. Beyer
Sequoya Santana Borgman
James Whittner Boyles, Jr.
Regina Johnson Brantley
Paul Gerard Briggs
Kellie C. Brown
Heather Ellen Buchanan
Eva D. Buckley
Tracie Lynn Burch
Kelley P. Burke
Ramona Pridgen Burns
Teresa Marie Cabe
Ruth Paltridge Campbell
Kevin G. Canty
Mary B. Carlin
Jeffrey R. Carper
Elizabeth Cannon Chanter
Marilyn L. Charles
Michael Clark, Jr.
Brian David Conner
Tyrone Yamani Cox
E. Reid Craig
Lydia Claire Custer
Kenneth Ray Diggins
Pamela Denise Dotson
Richard Stephen Edmonds
Michael Andrew Ek
Amy Lynn Embry
Cynthia A. Esfeld
Cheyenne F. Folland
Jackie Lynn Free
Hayxa Garrido
Christopher Adam Goebel
Richard Cloyd Greene
Dewey Hobson Greer, III
Paul C. Gunson
Scott Michael Gurvis
Kenza Ruth Harleson
Dale Russell Hartzel
Michael William Head
Jeffrey Thomas Hendrickson
Wendell Lewis Hendrix
Carole Holly Hill
Keith Earl Horton
Christi L. Ivens
Neldon L. Jarvis
Kelly J. Johnson
Liana Baldessari Johnson
Margaret Denise Johnson
Christopher Thomas Jones
Jane Crawford Jones
Stephen H. Jones
St. John Myles Kelliher
Ashley Jennifer Khan
Valerie Davis Kiger
David Thomas Kralovich
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Brenda Lambert Lally
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Amended Statute Effective January 1, 2001

In July 1997, the North Carolina General Assembly amended North Carolina General Statute (NCGS) 93-12(5) to state that after December 31, 2000, an individual must have satisfactorily completed at least 150 hours of college-level coursework including a bachelors degree with a concentration in accounting before being eligible for certification as a North Carolina CPA.

The amended statute, which is applicable to applications for certificates of qualification received after December 31, 2000, reads as follows:

NCGS 93-12 Board of Certified Public Accountants

(5) To issue certificates of qualification admitting to practice as certified public accountants, each applicant who, having the qualifications herein specified, has passed an examination to the satisfaction of the Board, in "accounting," "auditing," "business law," and other related subjects.

A person is eligible to take the examination given by the Board, or to receive a certificate of qualification to practice as a certified public accountant, if the person is a citizen of the United States, has declared the intention of becoming a citizen, is a resident alien, or is a citizen of a foreign jurisdiction which extends to citizens of this State like or similar privileges to be examined or certified, is 18 years of age or over, and is of good moral character.

To be eligible to take the examination given by the Board, a person shall submit evidence satisfactory to the Board that the person holds a bachelors degree from a college or university that is accredited by one of the regional accrediting associations or from a college or university determined by the Board to have standards that are substantially equivalent to a regionally accredited institution. The degree studies shall include a concentration in accounting as prescribed by the Board or shall be supplemented with courses that are determined by the Board to be substantially equivalent to a concentration in accounting.

The Board may, in its discretion, waive the education requirement of any candidate if the Board is satisfied from the result of a special written examination given the candidate by the Board to test the candidate's educational qualifications that the candidate is as well qualified as if the candidate met the education requirements specified above. The Board may provide by regulation for the general scope of such examinations and may obtain such advice and assistance as it deems appropriate to assist it in preparing, administering and grading such special examinations.

To be eligible to receive a certificate of qualification to practice as a certified public accountant, a person shall submit evidence satisfactory to the Board that:

a. The person has completed 150 semester hours and received a bachelors degree with a concentration in accounting and other courses that the Board may require from a college or university that is accredited by a regional accrediting association or from a college or university determined by the Board to have standards that are substantially equivalent to those of a regionally accredited institution.

b. The person has the endorsement as to the person's eligibility of three certified public accountants who currently hold licenses in any state or territory of the United States or the District of Columbia.

c. The person has one of the following:

1. One year's experience in the field of accounting under the direct supervision of a certified public accountant who currently holds a valid license in any state or territory of the United States or the District of Columbia.

2. Four years of experience teaching accounting in a four-year college or university accredited by one of the regional accrediting associations or in a college or university determined by the Board to have standards substantially equivalent to a regionally accredited institution.

3. Four years of experience in the field of accounting.

4. Four years of experience teaching college transfer accounting courses at a community college or technical institute accredited by one of the regional accrediting associations.

5. Any combination of such experience determined by the Board to be substantially equivalent to the foregoing.

The Board may permit persons otherwise eligible to take its examinations and withhold certificates until the person has had the required experience.

For additional information regarding NCGS 93-12(5), visit the Board's web site (www.state.nc.us/cpabd) and click on the "Information on the 150-hour Requirement," link.

2001 Board Meetings

January 22
February 19
March 16
April 23
May 21
June 25
July 23
August 20
September 18
October 22
November 19
December 18

All Board meetings are held at the Board's offices and are open to the public. However, under State law, some portions of the meetings are closed to the public.

Amended Rules Effective January 1, 2001

In November 1998, the Board conducted a public rule-making hearing to amend the North Carolina Accountancy Rules. Although most of the changes were effective April 1, 1999, two of the amended rules have an effective date of January 1, 2001.

The amended rules read as follows:

8A .0309 CONCENTRATION IN ACCOUNTING

(a) A concentration in accounting shall include:

(1) at least 30 semester hours, or the equivalent in quarter hours, of undergraduate accountancy courses which shall include no more than six semester hours of accounting principles and no more than three semester hours of business law; or

(2) at least 20 semester hours or the equivalent in quarter hours, of graduate accounting courses that are open exclusively to graduate students; or

(3) a combination of undergraduate and graduate courses which would be equivalent to Subparagraph (1) or (2).

(b) In recognition of differences in the level of graduate and undergraduate courses, one semester (or quarter) hour of graduate study in accounting shall be considered the equivalent of one and one-half semester (or quarter) hours of undergraduate study in accounting.

(c) Up to four semester hours, or the equivalent in quarter hours, of graduate income tax courses completed in law schools may count toward the semester hour requirement of Paragraph (a) of this Rule.

(d) Where, in the Board's discretion, an accounting course duplicates another course previously taken, only the semester (or quarter) hours of one of the courses shall be counted in determining if the applicant has a concentration in accounting.

(e) Accounting courses include such courses as principles courses at the elementary, intermediate and advanced levels; managerial accounting; business law; cost accounting; fund accounting; auditing; and taxation. There are many college courses offered that would be helpful in the practice of accountancy, but are not included in the definition of a concentration in accounting. Such courses include business finance, business management, computer science, economics, writing skills, accounting internships, and CPA exam review.

(f) A candidate who has conditional credit prior to January 1, 2001, may continue to apply to sit for the examination as long as the conditional credit is valid. A candidate who no longer has valid conditional credit after January 1, 2001, shall be required to meet all education requirements in effect at the time of the candidate's subsequent application.

21 NCAC 8F .0410 EDUCATION REQUIRED OF CANDIDATES FOR CPA CERTIFICATION

(a) G.S. 93-12(5)(a) sets forth the education required of candidates applying for CPA certification. The 150 semester hours required shall include a concentration in accounting, as defined by 21 NCAC 8A .0309, and other courses as required by the Board as follows: 24 semester hours of coursework which shall include one three semester hour course from at least eight of the following ten fields of study:

(1) communications;
(2) computer technology;
(3) economics;
(4) ethics;
(5) finance;
(6) humanities/social science;
(7) international environment;
(8) law;
(9) management; or
(10) 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 with an emphasis in taxation or accounting from an accredited college or university or the equivalent thereof shall be in compliance with G.S. 93-12(5)(a).

Taxpayer Alert

The North Carolina Department of Revenue (NCDOR) recently announced that the following software developers are not authorized to produce North Carolina tax forms in Year 2001:

Aatrix Software
Coopers & Lybrand
DA Bailey & Sons Publishing Co.
Federal Liaison Services
Form IQ
Parsons Technology
Paycor
The Payroll People
Pencil Pushers
SCS Compute
TREC Software

According to the NCDOR, tax forms that are generated using unapproved software cannot be processed through the NCDOR's automated processing equipment and will be rejected.

Taxpayers who submit forms from unauthorized software companies will be asked to resubmit original NCDOR forms or forms generated by an authorized software developer. In addition, any refund due may be delayed until the form is processed.

Applications for the May 2001 Uniform CPA Examination are now available. Please call the toll-free application line (1-800-211-7930) to request an application.

North Carolina State Board of CPA Examiners

Directory of Board Services

Main Telephone Number	(919) 733-4222	
Fax Number	(919) 733-4209	
Toll-Free Application Line	1-800-211-7930	(for requesting exam & licensing applications)
Mailing Address	PO Box 12827	Raleigh, NC 27605-2827
Physical Address	1101 Oberlin Road, Suite 104	Raleigh, NC 27605-1169
Web Site	http://www.state.nc.us/cpabd	
Office Hours	Mon. - Fri., 8 a.m. - 5 p.m.	(closed on State holidays)

Please use the following directory to correctly identify the person to contact to receive prompt service from the Board. If the person you need to speak with is unavailable, you may leave a message on his or her voice mail or you may press "0" to reach the receptionist.

Administrative Services	**(accounting, purchasing, mailing labels & lists)**	
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Certificate holders not notifying the Board in writing within 30 days of any change in address or business location may be subject to disciplinary action under 21 NCAC 8J .0107.