CHAPTER 08 - BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

SUBCHAPTER 08A - DEPARTMENTAL RULES

SECTION .0100 - ORGANIZATIONAL RULES

21 NCAC 08A .0101 FORMAL NAME

The formal name for the agency is the State Board of Certified Public Accountant Examiners. The informal and acceptable title of the Board is the Board of CPA Examiners.

History Note: *Authority G.S. 93-12;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. July 1, 1987;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08A .0102 ADDRESS AND PHONE NUMBER

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

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

21 NCAC 08A .0103 OFFICE HOURS

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

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

21 NCAC 08A .0104 MAILING ADDRESS

History Note: *Authority G.S. 150B-11(1);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1982;
Repealed Eff. October 1, 1984.

21 NCAC 08A .0105 PURPOSES AND RESPONSIBILITIES

History Note: *Authority G.S. 93-12;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1991; May 1, 1989; June 1, 1988; May 1, 1987;
Repealed Eff. April 1, 1994.

SECTION .0200 - BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

21 NCAC 08A .0201 ELECTION OF OFFICERS

The Board shall annually, prior to March 31 of each year, elect a President, Vice-President and Secretary-Treasurer.

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

21 NCAC 08A .0202 MEETINGS OF THE BOARD

History Note: *Authority G.S. 93-12;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. May 1, 1989.

21 NCAC 08A .0203 QUORUM

Four members of the Board shall constitute a quorum to transact all business.

History Note: *Authority G.S. 93-12;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; August 24, 1981;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08A .0204 COMPOSITION
21 NCAC 08A .0205 QUALIFICATION
21 NCAC 08A .0206 TERM OF OFFICE

History Note: *Authority G.S. 93-12;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. August 24, 1981; June 16, 1980;
Repealed Eff. October 1, 1984.

SECTION .0300 - DEFINITIONS

21 NCAC 08A .0301 DEFINITIONS

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

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

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

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

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

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

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

(A) any audit or engagement to be performed in accordance with the Statements on Auditing Standards, Statements on Generally Accepted Governmental Auditing Standards, Public

Company Accounting Oversight Board Auditing Standards, and International Standards on Auditing;

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

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

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

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

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

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

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

(10) "Commission" means compensation, except a referral fee, for recommending or referring any product or service to be supplied by another person;

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

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

(13) "CPA" means certified public accountant;

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

(15) "CPE" means continuing professional education;

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

(17) "FASB" means the Financial Accounting Standards Board;

(18) "Firm network" means an association of entities that includes one or more firms that cooperate for the purpose of enhancing the firms' capabilities to provide professional services and share one or more of the following characteristics:

(A) the use of a common brand name, including initials, as part of the firm name;

(B) common control among the firms through ownership, management, or other means;

(C) profits or costs, excluding costs of operating the association; costs of developing audit methodologies, manuals, and training courses; and other costs that are immaterial to the firm;

(D) common business strategy that involves ongoing collaboration amongst the firms whereby the firms are responsible for implementing the association's strategy and are accountable for performance pursuant to that strategy;

(E) significant part of professional resources; or

(F) common quality control policies and procedures that firms are required to implement and that are monitored by the association;

(19) "GASB" means the Governmental Accounting Standards Board;

(20) "Inactive," when used to refer to the status of a person, describes a person who has requested inactive status and has been approved by the Board and who does not use the title certified public accountant, nor does he or she allow anyone to refer to him or her as a certified public accountant, and neither he nor she nor anyone else refers to him or her in any representation as described in Rule .0308(b) of this Section;

(21) "IRS" means the Internal Revenue Service;
(22) "Jurisdiction" means any state or territory of the United States or the District of Columbia;
(23) "License year" means the 12 months beginning July 1 and ending June 30;
(24) "Member of a CPA firm" means any CPA who has an equity ownership interest in a CPA firm;
(25) "NASBA" means the National Association of State Boards of Accountancy;
(26) "NCACPA" means the North Carolina Association of Certified Public Accountants;
(27) "North Carolina office" means any office physically located in North Carolina;
(28) "Person" means any natural person, corporation, partnership, professional limited liability company, registered limited liability partnership, unincorporated association, or other entity;
(29) "Professional" means arising out of or related to the particular knowledge or skills associated with CPAs;
(30) "Referral fee" means compensation for recommending or referring any service of a CPA to any person;
(31) "Revenue Department" means the North Carolina Department of Revenue;
(32) "Review" means a professional service whereby a CPA is engaged to perform procedures, limited to analytical procedures and inquiries, to obtain a reasonable basis for expressing limited assurance on whether any material modifications should be made to the financial statements for them to be in conformity with generally accepted accounting principles or other comprehensive basis of accounting;
(33) "Reviewer" means a member of a review team including the review team captain;
(34) "Suspension" means a revocation of a certificate for a specified period of time. A CPA may be reinstated after a specific period of time if the CPA has met all conditions imposed by the Board at the time of suspension;
(35) "Trade name" means a name used to designate a business enterprise;
(36) "Work papers" mean the CPA's records of the procedures applied, the tests performed, the information obtained, and the conclusions reached in attest services, tax services, consulting services, special report services, or other engagements. Work papers include programs used to perform professional services, analyses, memoranda, letters of confirmation and representation, checklists, copies or abstracts of company documents, and schedules of commentaries prepared or obtained by the CPA. The forms include handwritten, typed, printed, word processed, photocopied, photographed, and computerized data, or in any other form of letters, words, pictures, sounds, or symbols; and
(37) "Work product" means the end result of the engagement for the client that may include a tax return, attest or assurance report, consulting report, or financial plan. The forms include handwritten, typed, printed, word processed, photocopied, photographed, and computerized data, or in any other form of letters, words, pictures, sounds, or symbols.

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

History Note: *Authority G.S. 93-1; 93-12; 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006; January 1, 2004; April 1, 1999; August 1, 1998; February 1, 1996; April 1, 1994; September 1, 1992;
Readopted Eff. February 1, 2016;
Amended Eff. May 1, 2017.

21 NCAC 08A .0302 ACCOUNTANT
21 NCAC 08A .0303 BOARD
21 NCAC 08A .0304 CERTIFIED PUBLIC ACCOUNTANT
21 NCAC 08A .0305 PUBLIC ACCOUNTANT
21 NCAC 08A .0306 PUBLIC PRACTICE OF ACCOUNTANCY

History Note: *Authority G.S. 93-1;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 16, 1980;

Repealed Eff. June 1, 1983.

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

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

(1) holds himself or herself out to the public as a certified public accountant or an accountant; and

(2) in consideration of compensation received or to be received, offers to perform or does perform for other persons services that involve:

(A) preparing, auditing, or verifying financial transactions, books, accounts, or records;

(B) preparing, verifying or certifying financial, accounting, and related statements intended for publication, including preparing tax returns;

(C) rendering professional services or assistance in or about any and all matters of principle or detail relating to accounting procedure and systems; or

(D) recording, presenting or certifying, and interpreting such service (including tax, consulting or management advisory services) through statements and reports.

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

History Note: *Authority G.S. 93-1; 93-12;*
Eff. October 1, 1984;
Amended Eff. April 1, 1994; March 1, 1990;
Readopted Eff. February 1, 2016.

21 NCAC 08A .0308 HOLDING OUT TO THE PUBLIC

(a) The phrase "holds himself out to the public as a certified public accountant," as used in defining "public practice of accountancy" in G.S. 93-1(a)(5) and in these rules, means any representation that a person holds a certificate of qualification, if that representation is made in connection with an offer to perform or the performance of accountancy services for the public, regardless of whether that representation is made by the person, someone associated with that person, or someone serving as that person's agent. Any such representation is presumed to invite the public to rely upon the professional skills implied by the certificate in connection with the professional services offered to be performed or performed by the person.

(b) For purposes of this Rule, a "representation" shall be deemed to include any oral, electronic, or written communication indicating that the person holds a certificate, including without limitation, the use of titles or legends on letterheads, reports, business cards, brochures, resumes, office signs, telephone directories, websites, the Internet, or any other advertisements, news articles, publications, listings, tax return signatures, signatures on experience or character affidavits for exam or certificate applicants, displayed membership in CPA associations, displayed CPA licenses from this or any other jurisdiction, and displayed certificates or licenses from other organizations which have the designation "CPA" or "Certified Public Accountant" by the person's name.

History Note: *Authority G.S. 93-1(a)(5); 93-12;*
Eff. September 1, 1988;
Amended Eff. January 1, 2006; April 1, 1999; April 1, 1994; May 1, 1989;
Readopted Eff. February 1, 2016.

21 NCAC 08A .0309 CONCENTRATION IN ACCOUNTING

(a) A concentration in accounting includes:

(1) at least 30 semester hours, or the equivalent in quarter hours, of undergraduate accountancy courses that 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 that 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 is 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 towards the semester hour requirement of Paragraph (a) of this Rule.
(d) When, in the Board's determination, 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.

History Note: *Authority G.S. 93-12(5);*
Eff. May 1, 1989;
Amended Eff. February 1, 2011; January 1, 2001; April 1, 1994;
Readopted Eff. February 1, 2016.

21 NCAC 08A .0310 DIRECT SUPERVISION DEFINED

"Direct supervision" means:

(1) having jurisdiction and oversight authority over the process of planning, coordinating, guiding, inspecting, controlling, and evaluating on a continuing basis the activities and accomplishments of the employees under one's command;
(2) having the power of direction and decision in implementing activities to meet the objectives of one's stewardship;
(3) having authority delegated by higher management to hire, transfer, suspend, recall, promote, assign, or discharge an employee under one's charge or to recommend such action through the proper administrative chain of command;
(4) having authority to supervise the employee in the usual line of authority unrestricted by multiple positions of influence; and
(5) having authority to verify the employee's experience in a notarized experience affidavit.

History Note: *Authority G.S. 93-12(5);*
Eff. May 1, 1989;
Amended Eff. April 1, 1999;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08A .0311 EMPHASIS IN TAXATION OR ACCOUNTING

History Note: *Authority G.S. 93-12(5);*
Eff. March 1, 1990;
Repealed Eff. January 1, 2006.

21 NCAC 08A .0312 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08A .0313 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08A .0314 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08A .0315 NEW CPA FIRM, ONGOING CPA FIRM

History Note: *Authority G.S. 93-1; 93-12(8c);*
Eff. April 1, 1991;

Amended Eff. April 1, 1999;
Repealed Eff. January 1, 2004.

SUBCHAPTER 08B - RULE-MAKING PROCEDURES

SECTION .0100 - PETITIONS FOR RULE-MAKING

21 NCAC 08B .0101 PETITIONS

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

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

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

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

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

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

21 NCAC 08B .0103 AMENDMENT OR REPEAL

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-16;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; April 1, 1982;
Repealed Eff. July 1, 1987.

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

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

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

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-16;*
Eff. February 1, 1976;

Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08B .0105 GRANTING OR DENYING PETITIONS

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

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-16;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; July 1, 1987; June 1, 1985;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08B .0106 RECOMMENDATION

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-16;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. June 1, 1985.

21 NCAC 08B .0107 FINAL DECISION

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-16;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987.

SECTION .0200 - NOTICE

21 NCAC 08B .0201 NOTICE TO PARTIES

History Note: *Authority G.S. 93-12; 150B-12;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985;
Repealed Eff. March 1, 1987.

21 NCAC 08B .0202 MAILING LIST

(a) Persons or agencies desiring to be placed on the mailing list for the Board's rule-making notices issued pursuant to G.S. 150B-21.2 may file a request in writing, furnishing their name and mailing address to the Executive Director of the Board, at the address set forth in 21 NCAC 8A .0102.
(b) The request shall state the subject areas within the authority of the agency for which notice is requested.

History Note: *Authority G.S. 93-12; 150B-21.2;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1994; May 1, 1989; April 1, 1987; October 1, 1984;

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

21 NCAC 08B .0203 PUBLIC NOTICE
21 NCAC 08B .0204 INFORMATION REQUESTS

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-12;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987.

SECTION .0300 - HEARINGS

21 NCAC 08B .0301 LOCATION OF HEARINGS
21 NCAC 08B .0302 ARGUMENTS
21 NCAC 08B .0303 REQUEST FOR ORAL PRESENTATIONS

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-12; 150B-12(e); 150B-16;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985; October 1, 1984; April 1, 1982;
Repealed Eff. March 1, 1987.

21 NCAC 08B .0304 ORAL PRESENTATION
Upon receipt of a request to make an oral presentation at a rule-making hearing, the Executive Director will acknowledge receipt of the request and inform the person making the request of any limitations deemed necessary to achieve a full and effective public hearing on the proposed rule.

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-12(e); 150B-16;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; June 1, 1985;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08B .0305 WRITTEN STATEMENT

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-12(e); 150B-16;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; April 1, 1982;
Repealed Eff. March 1, 1987.

21 NCAC 08B .0306 ACKNOWLEDGEMENT

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-16;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. June 1, 1985.

21 NCAC 08B .0307 CONTROL OF RULE-MAKING HEARINGS
(a) The presiding officer of a rule-making hearing shall have complete control of the proceedings including the following:

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

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

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

21 NCAC 08B .0308 REQUEST FOR STATEMENT ON FINAL DECISION
21 NCAC 08B .0309 RECORDS

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-12(e); 150B-37; 150B-42;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; April 1, 1982;
Repealed Eff. March 1, 1987.

SECTION .0400 - EMERGENCY RULES

21 NCAC 08B .0401 POWER TO ISSUE
21 NCAC 08B .0402 LENGTH OF EFFECTIVENESS

History Note: *Authority G.S. 93-12; 150B-13;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. June 1, 1985.

SECTION .0500 - DECLARATORY RULINGS

21 NCAC 08B .0501 REQUEST FOR DECLARATORY RULING

Any person aggrieved, as defined in G.S. 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. All requests for declaratory rulings shall be in writing and mailed to the Board at its address, as set forth in 21 NCAC 8A .0102.

History Note: *Authority G.S. 93-12; 150B-17;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; October 1, 1984; April 1, 1982;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08B .0502 CONTENTS OF REQUEST

All requests for a declaratory ruling must include the following information:
(1) name and address of petitioner;
(2) statute or rule to which the petition relates;

(3) concise statement of the manner in which the petitioner is aggrieved, as defined in G.S. 150B-2(6), or thinks that he or she may be injured by the rule or statute and its application to him or her; and

(4) statement of whether an oral hearing is desired and if so the reasons for such an oral hearing.

History Note: *Authority G.S. 93-12; 150B-4;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1994; June 1, 1985;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08B .0503 REFUSAL TO ISSUE DECLARATORY RULING

Whenever the Board believes for good reason that issuing a declaratory ruling is undesirable, it may refuse to do so. The Board will notify the petitioner in writing of its reasons for refusing to issue a declaratory ruling.

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-17;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08B .0504 ISSUANCE OF DECLARATORY RULING
21 NCAC 08B .0505 PROCEDURE
21 NCAC 08B .0506 VALIDITY OF RULE

History Note: *Authority G.S. 93-12; 150B-17;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987.

21 NCAC 08B .0507 CIRCUMSTANCES

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

(1) when the subject of a requested declaratory ruling is also the subject of a lawsuit pending in a court of this state or a federal court;

(2) when the facts presented in the request were considered at a rule-making hearing; or

(3) in other special circumstances.

History Note: *Authority G.S. 93-12; 150B-17;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08B .0508 REQUESTS FOR INFORMAL OPINIONS

Requests to Board employees or legal counsel, or requests to Board members not in accordance with Rule .0501 of this Section, for opinions concerning the application of the Board's rules or any statutes are discouraged. If ever an opinion is given, it shall not be binding on the Board. Applicants, licensees, and any other persons who act in reliance on such opinions do so at their own risk.

History Note: *Authority G.S. 93-12(3); 93-12(9); 150B-17;*
Eff. December 1, 1987
Amended Eff. May 1, 1989;

Readopted Eff. February 1, 2016.

SECTION .0600 - FEES

21 NCAC 08B .0601 FEE SCHEDULE

History Note: *Authority G.S. 93-12; 150B-11(1);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. June 1, 1985.

21 NCAC 08B .0602 AMOUNT

History Note: *Authority G.S. 93-12; 150B-11(1);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. October 1, 1984.

SUBCHAPTER 8C - CONTESTED CASES

SECTION .0100 - PROCEDURE IN CONTESTED CASES

21 NCAC 08C .0101 ADMINISTRATIVE HEARINGS
21 NCAC 08C .0102 NOTIFICATION

History Note: *Authority G.S. 93-12; 150B-2; 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987.

21 NCAC 08C .0103 ADDITIONAL INFORMATION ON NOTICES OF HEARINGS

In addition to the items required by G.S. 150B-38 to be included in a notice of hearing for a contested case before the Board, such a notice shall include the following information:

(1) the name, title, address and phone number of Board personnel to contact for further information or discussion; and

(2) the date and place for any pre-hearing conference.

History Note: *Authority G.S. 93-12; 150B-38;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0104 WRITTEN PETITION FOR INTERVENTION

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

History Note: *Authority G.S. 93-12; 150B-38;*
Eff. May 1, 1989;

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

21 NCAC 08C .0105 NOTICE OF ALLOWANCE OR DENIAL OF PETITION TO INTERVENE

(a) If a petition for intervention is one of right, or if a petition for permissive intervention is allowed by the Board, the Board will promptly send written notice of the intervention to all parties, including the intervenor. In cases of permissive intervention, such notification will also include a statement of any limitations of time, subject matter, evidence or any other matters the Board thereby imposes upon the intervenor.

(b) If the Board denies a petition for permissive intervention, it will promptly send written notice of such denial to the petitioner and all parties setting forth its reasons for denying the petition.

History Note: *Authority G.S. 93-12; 150B-38;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0106 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08C .0107 DISQUALIFICATION OF BOARD MEMBER

(a) A Board member shall be disqualified from participating in the hearing of any contested case or performing any duties related to a contested case if personal bias or other factors would keep the member from being able to participate in the hearing or to perform any duty related to the contested case or hearing in an impartial manner.

(b) If a party to a hearing or any other interested person has a reasonable good faith belief that a Board member should be disqualified, that person shall submit an affidavit of disqualification to the Board.

History Note: *Authority G.S. 93-12; 150B-40;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0108 AFFIDAVIT OF DISQUALIFICATION

An affidavit of disqualification must state all the facts the affiant deems relevant to the disqualification of the Board member.

History Note: *Authority G.S. 93-12; 150B-40;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0109 FILING AFFIDAVIT OF DISQUALIFICATION

An affidavit of disqualification must be filed with the Board office before commencement of the hearing. However, it may be filed after the commencement of the hearing if it is filed within a reasonable time after the affiant knows or reasonably should know the facts giving rise to the affiant's reasonable belief that the Board member should be disqualified from participating in a contested case under this Section.

History Note: *Authority G.S. 93-12; 150B-40;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0110 DETERMINATION OF DISQUALIFICATION

(a) The members of the Board not challenged in an affidavit of disqualification shall determine whether the challenged Board member should be disqualified from participating in the hearing of a contested case. In making this determination, those Board members may:

(1) call upon the challenged Board member to furnish relevant information; and

(2) appoint a member of the Board or a member of the staff to investigate the allegations of the affidavit and report their findings and recommendations to the Board.

(b) The Board will maintain a record of the proceedings on disqualification and a written summary of its conclusions as part of the record of the contested case.

History Note: *Authority G.S. 93-12; 150B-40;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0111 NEW HEARING AFTER DISQUALIFICATION

(a) Upon request of a party to a contested case, the Board will conduct a new hearing of the contested case if a Board member was disqualified after the beginning of the initial hearing and if either:

(1) less than a majority of Board members remained at the hearing subsequent to the disqualification, or

(2) when the Board determines that substantial prejudice would result if a new hearing was not conducted.

(b) The Board member who has been disqualified shall not participate in the determination of whether substantial prejudice would result if a new hearing was not conducted.

History Note: *Authority G.S. 93-12; 150B-40;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0112 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08C .0113 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08C .0114 PRE-HEARING CONFERENCE

(a) The Board may itself conduct an informal pre-hearing conference for the purposes set forth in 21 NCAC 8C .0115 or it may designate a committee to conduct such a conference. The committee so designated may be composed entirely of staff members.

(b) Evidence of conduct or evidence of statements made during the pre-hearing conference are not admissable at the hearing in a contested case. However, evidence otherwise discoverable shall not be excluded merely because it is presented during the pre-hearing conference.

History Note: *Authority G.S. 93-12; 150B-38;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0115 PURPOSES OF A PRE-HEARING CONFERENCE

The purposes of a pre-hearing conference in a contested case are:

(1) to determine the possibility of simplifying or eliminating the issues;

(2) to facilitate the stipulation to facts or findings by the parties;

(3) to identify evidence which will be needed at the hearing;

(4) to determine the validity of proposed evidence;

(5) to determine the need for depositions or subpoenas;

(6) to determine the relevance of findings in some other case to the case at hand;

(7) to determine the need for consolidation of cases or joint hearings; and

(8) to determine any other matters which will reduce cost or save time or otherwise aid in the expeditious disposition of the contested case.

History Note: *Authority G.S. 93-12; 150B-38;*
Eff. May 1, 1989;

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

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

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

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-38;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0117 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08C .0118 CONTINUANCES

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

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-38;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0119 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08C .0120 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08C .0121 SERVICE OF SUBPOENAS

(a) Subpoenas shall be served as the officer issuing the subpoenas shall direct and as may be appropriate to the circumstances of the case. The Executive Director, Board counsel, or staff member designated by the Executive Director may serve subpoenas on behalf of the Board pursuant to G.S. 1A-1, Rule 45(e).
(b) Subpoenas shall be issued in duplicate with a "Return of Service" form attached to each copy. The person serving the subpoena shall fill out the attached "Return of Service" form for each copy and promptly return one copy of the subpoena and the completed "Return of Service" form to the Board office.

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. May 1, 1989;
Amended Eff. March 1, 1990;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0122 OBJECTIONS TO SUBPOENAS

(a) A person who is subject to a subpoena or a party to the contested case may file an objection to the subpoena with the Board within ten days of the issuance of the subpoena.
(b) An objection to a subpoena must include a concise but complete statement of reasons why the subpoena should be revoked or modified. These reasons may include, for example, lack of relevancy of the evidence requested, lack of particularity in the description of the evidence sought, or any other reason sufficient in law for holding the subpoena invalid, such as the evidence is privileged or the appearance or production would be so disruptive as to be unreasonable in light of the significance of the evidence sought or would produce some other undue hardship.
(c) The person objecting to the subpoena must serve a copy of the objection upon the party who requested the subpoena. Service must be on or before the date the objection is filed with the Board's office and may be accomplished by the United States Postal Service.

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

Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0123 RESPONSES TO OBJECTIONS TO SUBPOENAS

(a) The person requesting the subpoena may file a written response to the objection to the subpoena with the Board within ten days of service of the objection.

(b) The person responding shall also serve a copy of the response upon the person who objected to the subpoena. Service must be on or before the date the response is filed with the Board's office and may be accomplished by the United States Postal Service.

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0124 HEARINGS ON SUBPOENA CHALLENGES

(a) After receipt of an objection to a subpoena, the Board shall schedule a public hearing on the objection within a reasonable time and shall issue a notice of hearing to the person requesting the subpoena and to the person objecting to it. The Board may also give notice to all other parties to the contested case.

(b) The hearing on objections to a subpoena shall be limited to the issues properly raised by the objection and any response, and all parties to the contested case may present evidence at the hearing relevant to those issues.

(c) Promptly after the close of a hearing, the Board shall rule on the objection to the subpoena and shall issue a written decision. The copy of the decision will be issued to all parties to the hearing and will be made a part of the permanent record of the contested case.

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0125 RECORDS OF CONTESTED CASES

A copy of the record of a contested case proceeding may be obtained by requesting such in writing from the Board.

History Note: *Authority G.S. 93-12; 150B-42;*
Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08C .0126 HEARING EXHIBITS

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

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

(c) Additional exhibits may be introduced by the Board staff or Respondent and admitted into evidence at the hearing if the presiding officer determines that the document(s) were not otherwise available to the party 14 business days prior to the hearing or the documents(s) are offered in response to documents served by the other party.

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

History Note: *Authority G.S. 93-12; 150B-41;*
Eff. February 1, 2011;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

SECTION .0200 - REQUEST FOR A HEARING

21 NCAC 08C .0201 REQUEST
21 NCAC 08C .0202 PREREQUISITES
21 NCAC 08C .0203 WRITTEN REQUEST
21 NCAC 08C .0204 CONTENTS OF REQUEST
21 NCAC 08C .0205 ACKNOWLEDGEMENT

History Note: *Authority G.S. 93-12; 150B-2; 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; April 1, 1982;
Repealed Eff. March 1, 1987.

SECTION .0300 - THE GRANTING OF HEARING REQUESTS

21 NCAC 08C .0301 GRANTING A HEARING
21 NCAC 08C .0302 CRITERIA
21 NCAC 08C .0303 ISSUANCE
21 NCAC 08C .0304 APPROVAL OF REQUEST

History Note: *Authority G.S. 93-12; 150B-2; 150B-11(1); 150B-23; 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987; October 1, 1984.

SECTION .0400 - WAIVER

21 NCAC 08C .0401 FAILURE TO NOTIFY
21 NCAC 08C .0402 FAILURE TO APPEAR

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-25; 150B-40;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987; October 1, 1984.

SECTION .0500 - NOTICE

21 NCAC 08C .0501 REASONABLE NOTICE
21 NCAC 08C .0502 NOTICE AND HEARING

History Note: *Authority G.S. 93-12; 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985; October 1, 1984;
Repealed Eff. March 1, 1987.

21 NCAC 08C .0503 ADDITIONAL INFORMATION ON NOTICES AND HEARINGS

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

Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985; October 1, 1984;
Repealed Eff. May 1, 1989.

21 NCAC 08C .0504 WRITTEN ANSWERS TO NOTICE

History Note: *Authority G.S. 93-12; 150B-25;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; April 1, 1982;
Repealed Eff. March 1, 1987.

SECTION .0600 - WHO SHALL HEAR CONTESTED CASES

21 NCAC 08C .0601 HEARING OFFICERS
21 NCAC 08C .0602 APPOINTMENT

History Note: *Authority G.S. 93-12; 150B-32; 150B-40;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987; October 1, 1984.

SECTION .0700 - PLACE OF HEARING

21 NCAC 08C .0701 LOCATION
21 NCAC 08C .0702 ALTERNATIVE LOCATIONS

History Note: *Authority G.S. 93-12; 150B-24; 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985; April 1, 1982;
Repealed Eff. March 1, 1987; June 1, 1985.

SECTION .0800 - INTERVENTION

21 NCAC 08C .0801 REQUIREMENTS
21 NCAC 08C .0802 PERMISSIVE INTERVENTION
21 NCAC 08C .0803 DISCRETIONARY INTERVENTION
21 NCAC 08C .0804 ADVISABILITY

History Note: *Authority G.S. 93-12; 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987.

21 NCAC 08C .0805 WRITTEN PETITION
21 NCAC 08C .0806 PETITION FOR INTERVENTION
21 NCAC 08C .0807 ALLOWANCE
21 NCAC 08C .0808 DENIAL

History Note: *Authority G.S. 93-12; 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1987; October 1, 1984; April 1, 1982;
Repealed Eff. May 1, 1989.

SECTION .0900 - HEARING OFFICERS

21 NCAC 08C .0901 HEARING OFFICER
21 NCAC 08C .0902 CONDUCT

History Note: *Authority G.S. 93-12; 150B-25;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985; October 1, 1984;
Repealed Eff. March 1, 1987.

21 NCAC 08C .0903 BIAS OF BOARD MEMBER

History Note: *Authority G.S. 93-12; 150B-25;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985;
Repealed Eff. May 1, 1989.

21 NCAC 08C .0904 BIAS CLAIMED BY PARTY

History Note: *Authority G.S. 93-12; 150B-25;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987.

21 NCAC 08C .0905 AFFIDAVIT OF DISQUALIFICATION
21 NCAC 08C .0906 FILING AFFIDAVIT
21 NCAC 08C .0907 DISQUALIFICATION
21 NCAC 08C .0908 NEW HEARING

History Note: *Authority G.S. 93-12; 150B-25; 150B-40;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. May 1, 1989.

21 NCAC 08C .0909 DISQUALIFICATION OF ENTIRE BOARD

History Note: *Authority G.S. 93-12; 150B-25;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987.

21 NCAC 08C .0910 DETERMINATION TO CONTINUE

History Note: *Authority G.S. 93-12; 150B-40;*

Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1987;
Repealed Eff. May 1, 1989.

21 NCAC 08C .0911 RECORDS

History Note: *Authority G.S. 93-12; 150B-34; 150B-37;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987.

SUBCHAPTER 8D - CONDUCT OF THE CONTESTED CASE

SECTION .0100 - FAILURE TO APPEAR

21 NCAC 08D .0101 PROCEEDING WITHOUT PARTY
21 NCAC 08D .0102 ALTERNATIVES OF HEARING OFFICER

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-33; 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; April 1, 1982;
Repealed Eff. March 1, 1987.

21 NCAC 08D .0103 CONTINUANCES

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. May 1, 1989.

21 NCAC 08D .0104 PETITION TO REOPEN
21 NCAC 08D .0105 CRITERIA FOR REOPENING A CASE

History Note: *Authority G.S. 93-12; 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; April 1, 1982;
Repealed Eff. March 1, 1987.

SECTION .0200 - PRE-HEARING CONFERENCE

21 NCAC 08D .0201 DISCRETION TO HOLD CONFERENCE

History Note: *Authority G.S. 93-12; 150B-11(1);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987.

21 NCAC 08D .0202 PURPOSES
21 NCAC 08D .0203 NATURE OF CONFERENCE
21 NCAC 08D .0204 NOTICE OF PRE-HEARING CONFERENCE

History Note: *Authority G.S. 93-12; 150B-11(1); 150B-38;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. July 1, 1987;
Repealed Eff. May 1, 1989.

21 NCAC 08D .0205 SIMPLIFICATION OF ISSUES

History Note: *Authority G.S. 93-12;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987.

SECTION .0300 - SUBPOENAS

21 NCAC 08D .0301 AUTHORITY TO ISSUE
21 NCAC 08D .0302 ISSUANCE

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977.
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987.

21 NCAC 08D .0303 SERVICE OF SUBPOENAS

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. May 1, 1989.

21 NCAC 08D .0304 UNREASONABLE SUBPOENAS
21 NCAC 08D .0305 OBJECTIONS

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; April 1, 1982;
Repealed Eff. March 1, 1987.

21 NCAC 08D .0306 STATEMENT OF REASONS
21 NCAC 08D .0307 SERVICE OF OBJECTIONS
21 NCAC 08D .0308 RESPONSES TO OBJECTIONS
21 NCAC 08D .0309 HEARINGS ON SUBPOENA CHALLENGES
21 NCAC 08D .0310 RULINGS

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985;

Repealed Eff. May 1, 1989.

SECTION .0400 - DISCOVERY

21 NCAC 08D .0401 DISCOVERY OF INFORMATION
21 NCAC 08D .0402 FAILURE TO SUBMIT TO DISCOVERY

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977.
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987.

SECTION .0500 - DEPOSITIONS

21 NCAC 08D .0501 USE OF DEPOSITIONS
21 NCAC 08D .0502 PROCEDURE FOR TAKING A DEPOSITION

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987.

21 NCAC 08D .0503 RULINGS ON DEPOSITIONS

History Note: *Authority G.S. 93-12; 150B-39;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. May 1, 1989.

SUBCHAPTER 8E - DECISION IN CONTESTED CASES

SECTION .0100 - PROPOSALS FOR DECISIONS

21 NCAC 08E .0101 HEARING OFFICERS
21 NCAC 08E .0102 PROPOSAL FOR DECISION

History Note: *Authority G.S. 93-12; 150B-40;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985; October 1, 1984;
Repealed Eff. March 1, 1987.

21 NCAC 08E .0103 EXCEPTIONS

History Note: *Authority G.S. 93-12; 150B-40;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. March 1, 1987; October 1, 1984; April 1, 1982;

Repealed Eff. May 1, 1989.

SECTION .0200 - OBJECTIONS TO BOARD DECISIONS

21 NCAC 08E .0201 FORM
21 NCAC 08E .0202 RECORDS
21 NCAC 08E .0203 SUBSTANTIAL PREJUDICE
21 NCAC 08E .0204 ORAL ARGUMENTS
21 NCAC 08E .0205 NOTICE

History Note: *Authority G.S. 93-12; 150B-38; 150B-40; 150B-42;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1987; June 1, 1985; October 1, 1984; April 1, 1982;
Repealed Eff. May 1, 1989.

SUBCHAPTER 08F - REQUIREMENTS FOR CERTIFIED PUBLIC ACCOUNTANT EXAMINATION AND CERTIFICATE APPLICANTS

SECTION .0100 - GENERAL PROVISIONS

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

(a) The Board shall offer the CPA examination through the examination vendors(s), who have contracted with NASBA, at least eight months in a calendar year.
(b) The months the CPA Examination is administered are determined by the examination vendor(s).
(c) The examination vendor(s) shall provide examination applicants with computer access to the testing centers for the CPA examination.

History Note: *Authority G.S. 93-12(3); 93-12(4);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. February 1, 2011; January 1, 2004; May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08F .0102 TYPE OF CPA EXAMINATION

The Uniform CPA Examination prepared by the AICPA shall be the CPA examination used by the Board.

History Note: *Authority G.S. 93-12(3); 93-12(4);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

History Note: *Authority G.S. 93-2; 93-10; 93-12(3); 93-12(4); 93-12(5); 93-12(7);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006; January 1, 2004; August 1, 1998; February 1, 1996; April 1, 1994; March 1, 1990; May 1, 1989;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023; February 1, 2018.

21 NCAC 08F .0104 APPLICATIONS FOR RE-EXAMINATION

History Note: *Authority G.S. 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. February 1, 1983;
Repealed Eff. October 1, 1984.

21 NCAC 08F .0105 CONDITIONING REQUIREMENTS

(a) Passing Grades. A candidate shall pass all sections of the examination with a grade of 75 or higher on each section.

(b) Military Service. A candidate who is on active military service shall not have the time on active military service counted against Subparagraph (c)(1) of this Rule unless the candidate applies to take the examination during the active military service, in which case each month a candidate sits shall be counted toward Subparagraph (c)(1) of this Rule.

(c) A candidate is subject to the following conditioning requirements:

(1) a candidate shall earn a passing grade on all sections of the examination within a 30-month period;

(2) a candidate may sit for any section of the examination individually and in any order;

(3) a candidate may retake the same section of the examination as many times during a one-year period as determined by the examination vendors but shall not retake a failed test section until the candidate has been notified of the score of the most recent attempt of that failed section;

(4) credit awarded by the Board for passage of a section of the examination shall be valid for a 30-month period from the date the passing scores are released by the examination vendors;

(5) the 30-month period begins on the date the first passing score is released to the candidate and concludes with the sit date of the final passed examination section, regardless of when the score is released by the examination vendors for the final passed section. A candidate, after earning credit for the initial passed section, must complete the remaining test sections of the examination by the last day of the 30-month period. If all four sections of the examination are not passed within the 30-month period, credit for any test section passed outside of the 30-month period shall expire; and

(6) notwithstanding Subparagraphs (c)(1), (c)(4), and (c)(5) of this Rule, the period of time in which to pass all test sections of the examination may be extended by the Board upon a showing that the credit was lost by reason of circumstances beyond the testing candidate's control.

History Note: *Authority G.S. 93-12(3); 93-12(4); 93-12(5);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. February 1, 2011; January 1, 2006; January 1, 2004; August 1, 1998; April 1, 1994; April 1, 1991; March 1, 1990;
Readopted Eff. February 1, 2016;
Amended Eff. April 1, 2024; September 1, 2023; January 1, 2020.

21 NCAC 08F .0106 GRANTING EXAMINATION CREDIT FROM OTHER JURISDICTIONS

(a) The Board may grant candidates credit for passing parts of the AICPA Uniform CPA Examination in another jurisdiction or territory of the United States.

(b) To be considered for credit, the passing grades must meet the requirements of 21 NCAC 08F .0105. To transfer credit, the candidate must file an application with the Board on a form provided by the Board. Such application may be made simultaneously with the application to take the CPA examination.

History Note: *Authority G.S. 93-12(2); 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. January 1, 2006; May 1, 1989; October 1, 1984;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

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

(a) The Board shall communicate to candidates in writing the result achieved in each of their examinations. Grades awarded to candidates shall not be released to third parties except by written consent of the candidate.

(b) In no event shall any information concerning answers of candidates be given to anyone other than the candidate.
(c) Examination grades shall be mailed to the candidates upon receipt by the Board.

History Note: *Authority G.S. 93-12(2); 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. January 1, 2006; April 1, 1999; April 1, 1994; May 1, 1989; December 1, 1987; June 1, 1985;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08F .0108 APPEARANCE BEFORE THE BOARD

History Note: *Authority G.S. 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987.

21 NCAC 08F .0109 APPLICATIONS FOR CERTIFICATES

History Note: *Authority G.S. 93-12(5),(6),(7a);*
Eff. February 1, 1983;
Amended Eff. May 1, 1984; August 1, 1983;
Repealed Eff. October 1, 1984.

21 NCAC 08F .0110 PROCTORING OTHER JURISDICTIONS' CANDIDATES

History Note: *Authority G.S. 93-12;*
Eff. December 1, 1987;
Amended Eff. January 1, 2004; May 1, 1989;
Repealed Eff. January 1, 2006.

21 NCAC 08F .0111 INELIGIBILITY DUE TO VIOLATION OF ACCOUNTANCY ACT

(a) A person may not be eligible to take the CPA examination or receive a North Carolina certificate of qualification as a CPA if the Board determines that the person has engaged in conduct that would constitute a violation of G.S. 93 or the Rules of Professional Ethics and Conduct as set forth in 21 NCAC 08N.

(b) Any individual found to have engaged in conduct that subverts, or attempts to subvert the CPA Examination process may have his or her scores on the examination withheld and declared invalid, be disqualified from holding the CPA certification, and may be subject to the imposition of other appropriate sanctions.

(c) Conduct that subverts or attempts to subvert the examination process includes the following:

(1) conduct that violates the standard of the test administration such as communicating with any other examinee during the administration of the examination;
(2) having in one's possession during the administration of the examination any books, notes, written or printed material, or data of any other kind, other than the distributed examination materials;
(3) failure to cooperate with testing officials;
(4) conduct that violates the credentialing process, such as falsifying or misrepresenting educational credentials or other information required for admission to the examination, impersonating an examinee, or having an impersonator take the examination on another's behalf;
(5) conduct that violates the nondisclosure prohibitions of the examination or aiding or abetting another in doing so; or
(6) retaking or attempting to retake an examination section by an individual holding a valid CPA certificate in this State or a candidate who has unexpired credit for having already passed the same examination section, unless directed to do so by the Board.

History Note: *Authority G.S. 93-12(5); 93-12(9);*

Eff. May 1, 1989;
Amended Eff. April 1, 2003;
Readopted Eff. February 1, 2016.

21 NCAC 08F .0112 CANDIDATE'S REQUEST TO SIT IN ANOTHER JURISDICTION

History Note: *Authority G.S. 93-12;*
Eff. April 1, 1994;
Repealed Eff. January 1, 2006.

21 NCAC 08F .0113 CANDIDATE'S REQUEST TO REVIEW CPA EXAMINATION
The Board may allow a North Carolina candidate pursuant to G.S. 93B-(8) to review his or her CPA Examination within 60 days after the release of the grades in question.

History Note: *Authority G.S. 93-12(3);*
Eff. August 1, 1995;
Amended Eff. January 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

SECTION .0200 - FEES AND REFUNDS

21 NCAC 08F .0201 EXAMINATION FEES
21 NCAC 08F .0202 EXAMINATION FEE REFUNDS

History Note: *Filed as a Temporary Amendment Eff. May 13, 1983 for a Period of 111 Days to Expire on September 1, 1983;*
Statutory Authority G. S. 93-12(7);
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. August 1, 1983; November 19, 1979;
Repealed Eff. October 1, 1984.

21 NCAC 08F .0203 CERTIFICATION FEES

History Note: *Authority G.S. 93-12(7a);*
Eff. February 1, 1983;
Repealed Eff. October 1, 1984.

SECTION .0300 - EDUCATIONAL REQUIREMENTS FOR EXAMINATION

21 NCAC 08F .0301 GENERAL

History Note: *Authority G.S. 93-12(3); 93-12(5);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. August 1, 1983; February 1, 1983; June 16, 1980;
Repealed Eff. October 1, 1984.

21 NCAC 08F .0302 EDUCATION AND WORK EXPERIENCE REQUIRED PRIOR TO CPA EXAM
(a) Applicants who intend to demonstrate their possession of sufficient education to become a CPA by showing that they possess a bachelor's degree shall submit official transcripts with their application to take the CPA examination. Official

transcripts shall show the grades the applicant received on courses completed and shall also show degrees awarded. An official transcript bears the seal of the school and the signature of the registrar or assistant registrar.

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

(1) the concentration in accounting that shall be included in or supplement the bachelor's degree is already complete or is reasonably expected to be completed by the end of the school term within which the examination falls; and

(2) an applicant reasonably expects to receive the bachelor's degree within 120 days after the application is received by the Board. However, if the applicant fails to receive the degree within the specified time, the CPA examination grades shall not be released and if the applicant wishes to retake the examination, the applicant shall reapply.

History Note: *Authority G.S. 93-12(3); 93-12(5);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. February 1, 2011; August 1, 1998; April 1, 1994; May 1, 1989; September 1, 1988; April 1, 1987;
Readopted Eff. February 1, 2016.

21 NCAC 08F .0303 SEMESTER HOUR EQUIVALENT

One quarter hour of undergraduate study shall equal two-thirds of a semester hour.

History Note: *Authority G.S. 93-12(5);*
Eff. October 1, 1984;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08F .0304 WAIVER OF EDUCATION REQUIRED PRIOR TO EXAMINATION

History Note: *Authority G.S. 93-12(5); 93-12(7);*
Eff. June 16, 1980;
Amended Eff. September 1, 1983;
Recodified from 8F .0406 Eff. October 1, 1984;
Amended Eff. January 1, 2006; May 1, 1989; January 1, 1988; July 1, 1987;
Repealed Eff. February 1, 2011.

21 NCAC 08F .0305 CONCENTRATION IN ACCOUNTING

History Note: *Authority G.S. 93-12(5);*
Eff. April 1, 1987;
Amended Eff. December 1, 1987;
Repealed Eff. May 1, 1989.

SECTION .0400 - EXPERIENCE

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

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

(1) the work experience shall be acquired prior to the date a candidate applies for certification; and

(2) all experience that is required to be under the direct supervision of a CPA shall be under the direct supervision of a licensed CPA on active status in one of the U.S. states or jurisdictions.

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

(1) One year of work experience is 52 weeks of full-time employment. The candidate is employed full-time when the candidate is expected by the employer to work for the employer at least 30 hours each week. Any other work is working part-time.

(2) All weeks of actual full-time employment are added to all full-time equivalent weeks in order to calculate how much work experience a candidate has acquired. Dividing that number by 52 results in the years of work experience the candidate has acquired.

(3) Full-time-equivalent weeks are determined by the number of actual part-time hours the candidate has worked. Actual part-time hours do not include hours paid for sick leave, vacation leave, attending continuing education courses, or other time not spent directly performing accounting services. For each calendar week during which the candidate worked actual part-time hours of 30 hours or more, the candidate receives one full-time-equivalent week. The actual part-time hours worked in the remaining calendar weeks are added together and divided by 30. The resulting number is the additional number of full-time-equivalent weeks to which the candidate is entitled.

(4) The candidate shall submit experience affidavits on a form provided by the Board from all of the relevant employers; provided that when such experience was not acquired while employed with a CPA firm, the candidate shall also submit details of the work experience and supervision on a form provided by the Board. Experience affidavits for part-time work shall contain a record of the actual part-time hours the candidate has worked for each week of part-time employment. Both the experience affidavit and the form for additional detail shall be certified by the employer's office supervisor or an owner of the firm who is a certificate holder.

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

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

21 NCAC 08F .0402 EXPERIENCE PRIOR TO EXAMINATION

History Note: *Authority G.S. 93-12(3); 93-12(5);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1987; October 1, 1984; November 19, 1979; March 6, 1979;
Repealed Eff. May 1, 1989.

21 NCAC 08F .0403 EXTENSION OF CREDIT
21 NCAC 08F .0404 TRANSFER OF CREDIT

History Note: *Authority G.S. 93-12(2); 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1982;
Repealed Eff. October 1, 1984.

21 NCAC 08F .0405 INTERNSHIPS FOR COLLEGE CREDIT

History Note: *Authority G.S. 93-12;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. August 24, 1981.

21 NCAC 08F .0406 EQUIVALENCY EXAMINATIONS

History Note: *Authority G.S. 93-12(5);*
Eff. June 16, 1980;
Amended Eff. September 1, 1983;
Transferred to 21 NCAC 8F .0304 Eff. October 1, 1984.

21 NCAC 08F .0407 FEE FOR CERTIFICATE BASED UPON TRANSFER OF CREDIT
21 NCAC 08F .0408 EFFECT OF NEW REQUIREMENTS

History Note: *Authority G.S. 93-12.1; 93-12(5); 93-12(7);*
Eff. June 16, 1980;
Amended Eff. September 1, 1983;
Repealed Eff. October 1, 1984.

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

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

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

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

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

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

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

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

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

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

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

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

History Note: *Authority G.S. 93-12(5);*
Eff. December 1, 1983;
Amended Eff. January 1, 2006; April 1, 1994; May 1, 1989; January 1, 1988; July 1, 1985;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08F .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 include:

(1) a concentration in accounting, as defined by 21 NCAC 08A .0309; and

(2) 24 semester hours of coursework that includes one three semester hour course from at least 8 of the following 10 fields of study:
(A) communications;
(B) computer technology;
(C) economics;
(D) ethics;
(E) finance;
(F) humanities or social science;
(G) international environment;
(H) law;
(I) management; or
(J) statistics.

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

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

SECTION .0500 - APPLICATIONS FOR CERTIFICATES

21 NCAC 08F .0501 RESIDENCY

History Note: *Authority G.S. 93-12(5); 93-12(6); 93-12(7a); 93-10;*
Eff. December 1, 1982;
Amended Eff. May 1, 1989; December 1, 1984;
Repealed Eff. April 1, 1994.

21 NCAC 08F .0502 APPLICATION FOR CPA CERTIFICATE

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

(b) The application for a CPA certificate shall include three certificates of good moral character provided by the Board and completed by CPAs and the Board shall conduct a background check of the applicant including a check of criminal records.

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

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

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

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

Readopted Eff. February 1, 2016;
Amended Eff. February 1, 2018.

21 NCAC 08F .0503 APPLICATION FEE

History Note: *Authority G.S. 93-12(5); 93-12(7a);*
Eff. December 1, 1982;
Repealed Eff. October 1, 1984.

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

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

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

History Note: *Authority G.S. 93-12(8a);*
Eff. October 1, 1987;
Amended Eff. April 1, 2003; April 1, 1999; May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

SUBCHAPTER 8G - CONTINUING PROFESSIONAL EDUCATION (CPE)

SECTION .0100 - GENERAL PROVISIONS

21 NCAC 08G .0101 COMPLIANCE WITH BOARD RULES OF PROFESSIONAL ETHICS/CONDUCT
21 NCAC 08G .0102 DISCREDITABLE CONDUCT
21 NCAC 08G .0103 DISCIPLINE BY FEDERAL AND STATE AGENCIES OR BOARDS

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. September 1, 1992; October 1, 1992; May 1, 1989; July 1, 1987;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0104 INELIGIBILITY DUE TO VIOLATION OF ACCOUNTANCY ACT
21 NCAC 08G .0105 PUBLIC PRACTICE OF ACCOUNTANCY IN CORPORATE FORM

History Note: *Authority G.S. 93-8; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. August 1, 1983;
Repealed Eff. October 1, 1984.

21 NCAC 08G .0106 VIOLATION OF TAX LAWS
21 NCAC 08G .0107 INDEPENDENCE
21 NCAC 08G .0108 INTEGRITY AND OBJECTIVITY
21 NCAC 08G .0109 COMPETENCE

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; September 1, 1988; April 1, 1987; October 1, 1984;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0110 INELIGIBILITY DUE TO VIOLATION OF ACCOUNTANCY ACT

History Note: *Authority G.S. 93-12(5),(9);*
Eff. June 1, 1985;
Amended Eff. June 1, 1988;
Repealed Eff. May 1, 1989.

21 NCAC 08G .0111 PUBLIC PRACTICE OF ACCOUNTANCY IN CORPORATE FORM

History Note: *Authority G.S. 93-8; 93-12(9);*
Eff. June 1, 1985;
Repealed Eff. March 1, 1987.

21 NCAC 08G .0112 DISCIPLINARY ACTIONS FOR VIOLATIONS

History Note: *Authority G. S. 55B-12; 93-12(9);*
Eff. September 1, 1986;
Amended Eff. March 1, 1990; May 1, 1989; July 1, 1987;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0113 REPORTING CONVICTIONS, JUDGMENTS AND DISCIPLINARY ACTIONS

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. October 1, 1987;
Amended Eff. May 1, 1989; February 1, 1988;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0114 COOPERATION WITH BOARD INQUIRY

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. May 1, 1989;
Repealed Eff. April 1, 1994.

SECTION .0200 - RESPONSIBILITIES TO CLIENTS AND COLLEAGUES

21 NCAC 08G .0201 AUDITING STANDARDS
21 NCAC 08G .0202 ACCOUNTING PRINCIPLES
21 NCAC 08G .0203 FORECASTS
21 NCAC 08G .0204 CONFIDENTIAL CLIENT INFORMATION
21 NCAC 08G .0205 CONTINGENT FEES

History Note: *Authority G.S. 55B-12; 93-12(8c); 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. September 1, 1993; April 1, 1991; May 1, 1989; June 1, 1988;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0206 ENCROACHMENT

History Note: *Authority G.S. 93-8; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. November 6, 1979.

21 NCAC 08G .0207 OFFERS OF EMPLOYMENT

History Note: *Authority G.S. 93-8; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. August 7, 1978.

21 NCAC 08G .0208 ACCOUNTING AND REVIEW SERVICES STANDARDS
21 NCAC 08G .0209 MANAGEMENT ADVISORY SERVICES STANDARDS
21 NCAC 08G .0210 RESPONSIBILITIES IN TAX PRACTICE

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. January 1, 1983;
Amended Eff. May 1, 1989; June 1, 1988; July 1, 1987; August 1, 1986;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0211 GOVERNMENTAL ACCOUNTING STANDARDS

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. August 1, 1986;
Amended Eff. May 1, 1989; June 1, 1988; July 1, 1987;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0212 ATTESTATION STANDARDS

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. February 1, 1987;
Amended Eff. May 1, 1989; June 1, 1988;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0213 RETENTION OF CLIENT RECORDS

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. May 1, 1989;
Repealed Eff. April 1, 1994.

SECTION .0300 - OTHER RESPONSIBILITIES

21 NCAC 08G .0301 ADVERTISING OR OTHER FORMS OF SOLICITATION
21 NCAC 08G .0302 COMMISSIONS
21 NCAC 08G .0303 INCOMPATIBLE OCCUPATIONS
21 NCAC 08G .0304 QUALIFICATION OF PARTNERS
21 NCAC 08G .0305 NAME OR STYLE OF A PRACTICE
21 NCAC 08G .0306 FIRM NAME OR STYLE OF A PRACTICE

History Note: *Authority G.S. 55B-5; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;

Amended Eff. March 1, 1992; October 1, 1991; April 1, 1991; May 1, 1989;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0307 COMPLAINTS

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984; April 1, 1982; June 16, 1980;
Repealed Eff. March 1, 1987.

21 NCAC 08G .0308 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08G .0309 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08G .0310 PRACTICE THROUGH A NON-COMPLYING FIRM PROHIBITED
21 NCAC 08G .0311 FALSIFICATION IN CONNECTION WITH QUALITY REVIEW PROGRAMS
21 NCAC 08G .0312 QUALITY REVIEW STANDARDS

History Note: *Authority G.S. 55B-12; 93-12(8c); 93-12(9);*
Eff. April 1, 1991;
Repealed Eff. April 1, 1994.

21 NCAC 08G .0313 FIRM NAME

History Note: *Filed as a Temporary Adoption Eff. September 25, 1991 For a Period of 180 Days to Expire on March 22, 1992;*
Statutory Authority G.S. 55B-5; 93-12(9);
Temporary Adoption Expired Eff. March 22, 1992.

SECTION .0400 - CPE REQUIREMENTS

21 NCAC 08G .0401 CPE REQUIREMENTS FOR CPAS

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

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

(2) the activity shall meet the requirements set out in Rule .0404 of this Section; and

(3) the activity shall increase the professional competency of the CPA.

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

(c) Because of differences in the education and experience of CPAs, an activity may contribute to the professional competence of one CPA but not another. Each CPA shall therefore exercise judgment in selecting activities for which CPE credit is claimed and choose only those that contribute to that CPA's professional competence.

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

(1) CPAs having certificate applications approved by the Board in April to June shall complete 1,500 CPE minutes during the same calendar year;

(2) CPAs having certificate applications approved by the Board in July to September shall complete 1,000 CPE minutes during the same calendar year; or

(3) CPAs having certificate applications approved by the Board in October to December shall complete 500 CPE minutes during the same calendar year; and

Any CPE minutes completed during the calendar year in which the certificate application is approved may be used for that year's requirement even if the minutes were completed before the certificate was granted.
(e) A CPA shall complete a minimum of 50 CPE minutes annually in activities on regulatory or behavioral professional ethics and conduct. Ethics CPE shall be offered by a CPE sponsor registered with NASBA pursuant to Rule .0403(c) of this Section.
(f) There shall be no CPE requirements for inactive CPAs.
(g) When a CPA has completed more than the required number of minutes of CPE in any one calendar year, up to 1,000 minutes shall be carried forward and treated as minutes earned in the following year. Ethics CPE minutes may not be included in any carry forward minutes to meet the requirement of Paragraph (e) of this Rule. A CPA shall not claim CPE credit for activities taken in any year prior to the year of certification.
(h) Any CPE minutes used to satisfy the requirements for change of status as set forth in 21 NCAC 08J .0105, for reissuance as set forth in 21 NCAC 08J .0106, or for application for a new certificate as set forth in Rule 08I .0104 of this Chapter may be used to satisfy the annual CPE requirement set forth in Paragraph (d) of this Rule.
(i) It shall be the CPA's responsibility to maintain records substantiating the CPE credits claimed for the current year and for each of the four calendar years prior to the current year.
(j) A non-resident licensee may satisfy the annual CPE requirements in the jurisdiction where the CPA is licensed and currently works or resides. If there is no annual CPE requirement in the jurisdiction where the CPA is licensed and currently works or resides, the CPA shall comply with Paragraph (d) of this Rule. A non-resident licensee whose office is in North Carolina shall comply with Paragraph (e) of this Rule. All other non-resident licensees may satisfy Paragraph (e) of this Rule by completing the ethics requirements in the jurisdiction in which the non-resident licensee is licensed as a CPA and works or resides. If there is no ethics CPE requirement in the jurisdiction where the non-resident licensee is licensed and currently works or resides, the non-resident licensee shall comply with Paragraph (e) of this Rule.

History Note: *Authority G.S. 93-12(3); 93-12(8b);*
Eff. May 1, 1981;
Amended Eff. January 1, 2014; January 1, 2007; January 1, 2004; August 1, 1995; April 1, 1994; May 1, 1989; September 1, 1988;
Readopted Eff. February 1, 2016;
Amended Eff. January 1, 2020.

21 NCAC 08G .0402 DEFINITIONS

History Note: *Authority G.S. 93-12(8b);*
Eff. May 1, 1981;
Amended Eff. January 1, 1989; October 1, 1984;
Repealed Eff. May 1, 1989.

21 NCAC 08G .0403 QUALIFICATION OF CPE SPONSORS
(a) The Board shall not register CPE activities nor sponsors or providers of CPE activities.
(b) CPE providers not in good standing on the NASBA National Registry of CPE Sponsors shall comply with the Standards for CPE Program Sponsors in the NASBA/AICPA Statement on Standards for Continuing Professional Education (CPE) Programs found on the NASBA website at www.nasbaregistry.org.
(c) Sponsors of continuing education activities that are listed in good standing on the NASBA National Registry of CPE Sponsors shall be considered by the Board as compliant with the Standards for CPE Program Sponsors in the NASBA/AICPA Statement on Standards for Continuing Profession Education (CPE) Programs found on the NASBA website at www.nasbaregistry.org.
(d) Failure of a National Registry of CPE Sponsor to comply with this Rule shall be grounds for the Board to disqualify the sponsor as a CPE sponsor with this Board and to notify NASBA and the public of this action.

History Note: *Authority G.S. 93-12(3); 93-12(8b);*
Eff. May 1, 1981;
Amended Eff. January 1, 2014; January 1, 2007; January 1, 2004; March 1, 1990; May 1, 1989; August 1, 1988; February 1, 1983;
Readopted Eff. February 1, 2016;
Amended Eff. January 1, 2020.

21 NCAC 08G .0404 REQUIREMENTS FOR CPE CREDIT

(a) A CPA shall not be granted CPE credit for an activity unless the activity is in one of the fields of study listed in the NASBA Fields of Study, including subsequent amendments and editions, which are hereby incorporated by reference. Copies of the NASBA Fields of Study can be found at no cost on the NASBA website at www.nasbaregistry.org/the-standards.

(b) The following shall qualify as acceptable types of CPE activities, provided the activities comply with the requirements set forth in Rule .0403(b) or (c) of this Section:

(1) professional development activities of national and state accounting organizations;
(2) technical sessions at meetings of national and state accounting organizations and their chapters;
(3) courses taken at regionally accredited colleges and universities;
(4) educational activities that are designed and intended for continuing professional education activity conducted within a business, accounting firm, or an association of accounting firms; or
(5) correspondence activities that are designed and intended for continuing professional education.

(c) CPE credit shall be granted for instructing or authoring a CPE activity as long as the CPA's professional competency was increased and was in one of the fields of study recognized by the Board, as set forth in Paragraph (a) of this Rule.

(d) CPE credit shall not be granted for a self-study activity if the material that the CPA must study to take the examination is not designed for CPE purposes. This includes periodicals, guides, magazines, subscription services, books, reference manuals, and supplements that contain an examination to test the comprehension of the material read.

(e) A CPA may claim credit for an activity offered by a provider if the activity meets the requirements of this Rule and Rule .0409 of this Section. The CPA shall maintain documentation proving the activity met these standards.

History Note: *Authority G.S. 93-12(8b);*
Eff. May 1, 1981;
Amended Eff. January 1, 2007; January 1, 2004; August 1, 1998; February 1, 1996; March 1, 1990; May 1, 1989; August 1, 1988; February 1, 1983;
Readopted Eff. February 1, 2016;
Amended Eff. January 1, 2020.

21 NCAC 08G .0405 ADMINISTRATION OF REQUIREMENT

History Note: *Authority G.S. 93-12(8b);*
Eff. May 1, 1981;
Amended Eff. October 1, 1984; January 1, 1982;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014;
Repealed Eff. January 1, 2020.

21 NCAC 08G .0406 COMPLIANCE WITH CPE REQUIREMENTS

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

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

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

History Note: *Authority G.S. 93-12(8b); 93-12(9)(e);*
Eff. May 1, 1981;
Amended Eff. January 1, 2007; January 1, 2004; April 1, 1994; March 1, 1990; May 1, 1989; October 1, 1988;
Readopted Eff. February 1, 2016;
Amended Eff. January 1, 2020.

21 NCAC 08G .0407 EXEMPTION AND SUBSEQUENT REINSTATEMENT

History Note: *Authority G.S. 93-12(8b);*
Eff. May 1, 1981;
Amended Eff. September 1, 1988; April 1, 1987; October 1, 1984; August 1, 1984;
Repealed Eff. May 1, 1989.

21 NCAC 08G .0408 REQUIRED COURSES ON ACCOUNTANCY LAWS AND RULES

History Note: *Authority G.S. 93-12(8b);*
Eff. April 1, 1987;
Repealed Eff. April 1, 1988.

21 NCAC 08G .0409 COMPUTATION OF CPE CREDITS

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

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

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

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

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

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

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

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

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

History Note: *Authority G.S. 93-12(8b);*
Eff. May 1, 1989;
Amended Eff. July 1, 2015; January 1, 2014; February 1, 2012; January 1, 2007; January 1, 2004; February 1, 1996; April 1, 1994; March 1, 1990;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014;

Amended Eff. January 1, 2020.

21 NCAC 08G .0410 PROFESSIONAL ETHICS AND CONDUCT CPE

History Note: *Authority G.S. 93-12(3); 93-12(8b); 93-12(9);*
Eff. January 1, 2005;
Amended Eff. January 1, 2014; February 1, 2012; January 1, 2007; January 1, 2006;
Readopted Eff. February 1, 2016;
Repealed Eff. January 1, 2020.

SUBCHAPTER 08H – RECIPROCITY

21 NCAC 08H .0101 RECIPROCAL CERTIFICATES

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

(b) The fee for a reciprocal certificate shall be the maximum amount allowed by G.S. 93-12(7a).

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

(1) The applicant has the legal authority to use the CPA title and to practice public accountancy in a United States jurisdiction; and

(2) The applicant has received a passing score on each section of the Uniform CPA Examination.

History Note: *Authority G.S. 93-12(6); 93-12(7a);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. February 1, 2011; January 1, 2006; April 1, 2003; April 1, 1999; August 1, 1998; September 1, 1992; March 1, 1990; May 1, 1989; June 1, 1988;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014;
Amended Eff. September 1, 2023.

21 NCAC 08H .0102 TEMPORARY PERMIT

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

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

History Note: *Authority G.S. 93-12(6); 93-12(7a);*
Eff. February 1, 1976;
Readopted Eff. September 1, 1977;
Amended Eff. April 1, 1999; April 1, 1994; May 1, 1989; December 1, 1982;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08H .0103 APPLICATION FOR TEMPORARY PERMIT

History Note: *Authority G.S. 93-10; 93-12(6); 93-12(7a); 93-12(8);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. March 1, 1990; May 1, 1989; July 1, 1987; December 1, 1982;
Repealed Eff. April 1, 1994.

21 NCAC 08H .0104 NOTICE TO BOARD OF DISCIPLINE BY OTHER AGENCY

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

History Note: *Authority G.S. 93-12(3);*
Eff. December 1, 1987;
Amended Eff. April 1, 1994; March 1, 1990; May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08H .0105 USE OF CPA TITLE

History Note: *Authority G.S. 93-1;*
Eff. August 1, 1988;
Amended Eff. January 1, 2006; April 1, 1991; May 1, 1989;
Repealed Eff. July 1, 2010.

21 NCAC 08H .0106 NON-RESIDENT NOTIFICATION

History Note: *Authority G.S. 93-10;*
Eff. April 1, 2003;
Repealed Eff. July 1, 2010.

SUBCHAPTER 08I - REVOCATION OF CERTIFICATES AND OTHER DISCIPLINARY ACTION

21 NCAC 08I .0101 DISCIPLINARY ACTION

(a) Any person may file a complaint with the Board against a CPA, pursuant to G.S. 150B, Article 3A for disciplinary action against a CPA for violations of G.S. 93 and this Chapter on forms provided by the Board that are on the Board's website at www.nccpaboard.gov and may be requested from the Board.

(b) The complaint shall set forth the facts upon which the complaint is based. The complainant shall confirm that he or she believes the facts stated in the complaint are true and that he or she is prepared to prove them at a hearing.

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

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

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

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

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1994; May 1, 1989; June 1, 1985; October 1, 1984;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014;
Amended Eff. May 1, 2017.

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

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

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; June 1, 1985; October 1, 1984;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08I .0103 PUBLICATION OF FINDINGS

History Note: *Authority G.S. 55B-12; 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985;
Repealed Eff. May 1, 1989.

21 NCAC 08I .0104 MODIFICATION OF DISCIPLINE

(a) A person whose certificate or CPA firm whose registration has been permanently revoked by the Board may apply to the Board for modification of the discipline at any time after five years from the date of the original discipline. If an application for modification of discipline is denied, the person or CPA firm may re-apply three years thereafter.

(b) The application for modification of discipline shall be in writing and show good cause for the relief sought. The application for a person shall be accompanied by three or more supporting recommendations, made under oath, from CPAs who have personal knowledge of the facts relating to the revocation and of the activities of the applicant since the discipline was imposed. The application for a CPA firm shall be accompanied by three or more supporting recommendations, made under oath, for each CPA partner, CPA member, or CPA shareholder from CPAs who have personal knowledge of the facts relating to the revocation and of the activities of the CPA partner, CPA member, or CPA shareholder since the discipline was imposed.

(c) "Good cause" as used in Paragraph (b) of this Rule means that the applicant is rehabilitated with respect to the conduct that was the basis of the discipline. Evidence demonstrating such rehabilitation shall include evidence that:

(1) the person has not engaged in any conduct during the discipline period that, if that person had been licensed or registered during such period, would have constituted the basis for discipline pursuant to G.S. 93-12(9);

(2) the person has completed the sentence imposed with respect to any criminal conviction that constituted any part of the previous discipline; and

(3) restitution has been made to any aggrieved party with respect to a court order, civil settlement, lien or other agreement.

(d) In determining good cause, the Board may consider all of the applicant's activities since the disciplinary penalty was imposed, the offense for which the applicant was disciplined, the applicant's activities during the time the applicant was in good standing with the Board, the applicant's rehabilitative efforts, restitution to damaged parties in the matter for which the penalty was imposed, and the applicant's general reputation for truth and professional probity. For the purpose of this Paragraph, "applicant" shall, in the case of a CPA firm, include CPA partners, CPA members, or CPA shareholders.

(e) Any person who applies for a modification of discipline and for a new certificate after revocation shall, in addition to the other requirements of this Section, comply with all qualifications and requirements for initial certification as identified by the Board that existed at the time of the original application.

(f) No application for a new certificate or for modification of discipline shall be considered while the applicant is serving a sentence for any criminal offense. Serving a sentence includes incarceration, probation (supervised or unsupervised),

parole, or conditionally suspended sentence, any of which are imposed as a result of having been convicted or having pled to a criminal charge.
(g) An application shall be ruled upon by the Board on the basis of the recommendations and evidence submitted in support thereof. However, the Board may make additional inquiries of any person or persons, or request additional evidence it deems appropriate.
(h) As a condition for a new certificate or modification of discipline, the Board may impose terms and conditions it considers suitable to ensure the licensee's or CPA firm's future compliance with the statutory and rule requirements of the Board including the rules of Professional Ethics and Conduct as set forth in 21 NCAC 08N.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-2; 93-12(3); 93-12(7a); 93-12(7b); 93-12(9);*
Eff. September 1, 1982;
Temporary Amendment Eff. September 15, 1983, for a period of 108 days to expire January 1, 1984;
Amended Eff. January 1, 2014; April 1, 1999; August 1, 1998; February 1, 1996; April 1, 1994; March 1, 1990; May 1, 1989;
Readopted Eff. February 1, 2016.

21 NCAC 08I .0105 REVOCATION OF CERTIFICATES
(a) When a certificate is revoked either for a specific period of time or permanently, the certificate holder shall return the certificate to the Board office within 15 days of receipt of notice of revocation.
(b) Pursuant to the provisions of 21 NCAC 8I .0004, the Board may issue a new certificate under a new number to anyone whose certificate has been revoked.

History Note: *Authority G.S. 55B-12; 93-12(8); 93-12(9); 93-12(15);*
Eff. September 1, 1982;
Amended Eff. August 1, 1998; July 1, 1987; October 1, 1984;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08I .0106 OTHER PENALTIES

History Note: *Authority G.S. 55B-12; 93-12(7); 93-12(8); 93-12(9);*
Eff. September 1, 1982;
Repealed Eff. May 1, 1989.

SECTION .0100 -RENEWALS AND REGISTRATIONS

21 NCAC 08J .0101 ANNUAL RENEWAL OF CERTIFICATE, FORFEITURE, AND REAPPLICATION
(a) All active CPAs shall renew their certificates annually by the first day of July. The fee for such renewal is the maximum amount allowed by G.S. 93-12(8).
(b) To renew a certificate a CPA shall submit to the Board:
(1) a completed certificate renewal application form;
(2) a completed CPE report, as required by 21 NCAC 08G .0406(a); and
(3) the annual renewal fee set forth in G.S. 93-12(8).
(c) Upon failure of a CPA to comply with any applicable part of Paragraph (b) of this Rule by July 1, the Board shall send notice of such failure in the form of a demand letter to the CPA at the most recent mailing address the Board has on file. Completed renewal application packages shall be postmarked with proper postage not later than 30 days after the mailing date of the demand letter, unless that date falls on a weekend, in which case the renewal package shall be postmarked or received in the Board office on the next business day. For renewal packages sent via the U.S. Postal Service, only a U.S. Postal Service cancellation shall be considered as the postmark. If the renewal package is sent to the Board office via a private delivery service, the date the package is received by the delivery service shall be considered as the postmark. Subsequent failure of the CPA to comply with any applicable part of Paragraph (b) of this Rule within 30 days after such notice is mailed by the Board automatically results in forfeiture of the CPA's certificate, as required by G.S. 93-12(15).

(d) Upon forfeiture of a certificate, the certificate holder is no longer a CPA and the Board shall send notice of such forfeiture to the certificate holder by certified mail to the most recent mailing address the Board has on file. The certificate holder shall return the certificate to the Board office within 15 days after receipt of notice of forfeiture or, if the certificate has been destroyed or lost, shall submit an affidavit, on a form supplied by the Board, within 15 days of receipt of such notice that the certificate has been destroyed or has been lost and shall be returned to the Board if found.
(e) A person who has forfeited a certificate pursuant to G.S. 93-12(15) for failure to renew his or her certificate may apply for reissuance under Rule .0106 of this Section.
(f) If a check or credit card authorization for the annual renewal fee fails to clear the bank, the annual renewal shall be deemed incomplete and returned.
(g) Any active CPA serving in the armed forces of the United States and to whom an extension of time to file a tax return is granted pursuant to G.S. 105-249.2, shall be granted the same extension of time to comply with the requirements of Paragraphs (a) and (b) of this Rule.

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

21 NCAC 08J .0102 SUPERVISION OF CPA OFFICES

History Note: *Authority G.S. 93-12(8a)(5); 93-12(9);*
Eff. February 1, 1977;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1994; May 1, 1989; August 1, 1988; June 16, 1980;
Repealed Eff. April 1, 1999.

21 NCAC 08J .0103 REPORTS/ANNUAL REGISTRATION OF OFFICES/PARTNERSHIPS

History Note: *Authority G.S. 93-12(9);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; August 1, 1988;
Repealed Eff. April 1, 1991.

21 NCAC 08J .0104 REGISTRATION OF FIRMS

History Note: *Authority G.S. 93-12(8a);*
Eff. June 16, 1980;
Repealed Eff. October 1, 1984.

21 NCAC 08J .0105 INACTIVE STATUS: CHANGE OF STATUS
(a) A CPA may apply to the Board for change of status to inactive status provided the CPA meets the description of inactive status as defined in 21 NCAC 08A .0301. Application for any status change shall be made on the form provided by the Board.
(b) A CPA who does not meet the definition of inactive may not remain on inactive status.
(c) A CPA on inactive status may change to active status by:
(1) paying the certificate renewal fee for the license year in which the application for change of status is received;

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

(3) submitting three certificates of good moral character and completed by CPAs.

History Note: *Authority G.S. 93-12(3); 93-12(8); 93-12(8b);*
Eff. December 1, 1982;
Curative Adopted Eff. January 25, 1983;
Legislative Objection Lodged Eff. January 31, 1983;
Amended Eff. January 1, 2014; February 1, 2012; February 1, 2011; August 1, 1998; August 1, 1995; April 1, 1994; March 1, 1990; May 1, 1989;
Readopted Eff. February 1, 2016.

21 NCAC 08J .0106 FORFEITURE OF CERTIFICATE AND REISSUANCE

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

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

(1) payment of the current certificate application fee;

(2) three certificates of moral character provided by the Board and completed by CPAs; and

(3) evidence of satisfactory completion of the CPE requirement described in Rule .0105(c)(2) of this Section.

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

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

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

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

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(7b)(5);*
Eff. October 1, 1984;
Amended Eff. January 1, 2014; April 1, 1999; April 1, 1991; August 1, 1986;
Readopted Eff. February 1, 2016.

21 NCAC 08J .0108 CPA FIRM REGISTRATION

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

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

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

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

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

(3) For all North Carolina offices, an office registration form indicating the name of the office supervisor, the location of the office and its telephone number;
(4) For all partnerships or registered limited liability partnerships, a list of all resident and nonresident partners of the partnership;
(5) For all professional limited liability companies, the information set forth in 21 NCAC 08K .0104(d);
(6) For all incorporated CPA firms, the information set forth in 21 NCAC 08K .0104(d);
(7) For all CPA firms, the appropriate registration fees as set forth in 21 NCAC 08J .0110; and
(8) For all new CPA firms, the percentage of ownership held individually by each non-CPA owner who has five percent or more of ownership:
    (A) in the new CPA firm; and
    (B) at the year-end in each CPA firm in which that owner was an owner during the preceding two years.
(9) For all changes in ownership of a CPA firm, the percentage of ownership held individually by each owner who has five percent or more of ownership.

(d) All information provided for registration with the Board shall pertain to events of and action taken during the year preceding the year of registration. The last day of the preceding calendar year is the "year end."

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

(f) With regard to Paragraph (c)(4) or (c)(5) of this Rule, one annual listing by a representative of the partnership, registered limited liability partnership, or professional limited liability company shall satisfy the requirement for all owners of the CPA firm. However, each owner remains responsible for compliance with this Rule. The absence of a filing under Paragraph (c)(4) or (c)(5) of this Rule shall be construed to mean that no partnership, registered limited liability partnership, or professional limited liability company exists.

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

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

(i) A complete registration, as required by Paragraphs (b) and (c) of this Rule, shall be postmarked with proper postage or received in the Board office not later than the last day of January unless that date falls on a weekend or federal holiday, in which case that day shall be the next business day. Only a U.S. Postal Service cancellation is considered as the postmark. If a registration is sent to the Board office via a private delivery service, the date the package is received by the delivery service is considered as the postmark.

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

21 NCAC 08J .0109 CPA FIRM PRACTICE PRIVILEGE NOTIFICATION

Notice pursuant to G.S. 93-10(c)(3) shall be made on a form supplied by the Board.

History Note: *Authority G.S. 93-10;*
Eff. February 1, 2011;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08J .0110 REGISTRATION FEES

The annual registration fees shall be as follows:

(1) For all professional corporations or professional limited liability companies, twenty-five dollars ($25.00); and

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

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

21 NCAC 08J .0111 COMPLIANCE WITH CPA FIRM REGISTRATION

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

(1) one hundred dollars ($100.00) civil penalty for non-compliance of less than 60 days;

(2) two hundred dollars ($200.00) civil penalty for non-compliance in excess of 60 days but not more than 120 days;

(3) five hundred dollars ($500.00) civil penalty for each member for non-compliance in excess of 120 days.

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) submitting three certificates of good moral character completed by CPAs on active status.

History Note: *Authority G.S. 93-12(3); 93-12(8); 93-12(8b);*
Eff. September 1, 2023.

SUBCHAPTER 08K - PROFESSIONAL CORPORATIONS AND PROFESSIONAL LIMITED LIABILITY COMPANIES

SECTION .0100 - GENERAL PROVISIONS

21 NCAC 08K .0101 FORMATION AND REGISTRATION

History Note: *Authority G.S. 55B-4; 55B-10; 93-8;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. June 1, 1985; October 1, 1984;
Repealed Eff. March 1, 1987.

21 NCAC 08K .0102 REGISTRATION

History Note: *Authority G.S. 93-8; 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. June 1, 1985.

21 NCAC 08K .0103 SUSPENSION AND REVOCATION

History Note: *Authority G.S. 55B-12; 93-8; 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. October 1, 1984;
Repealed Eff. March 1, 1987.

21 NCAC 08K .0104 REGISTRATION AND RENEWAL

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

(b) Initial registration.

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

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

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

(C) pay to the Board an initial registration fee of fifty dollars ($50.00).

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

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

equivalent, of each shareholder or member and the number of each certificate or equivalent; and

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

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

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

(1) the name and address of the professional corporation or professional limited liability company;

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

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

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

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

21 NCAC 08K .0105 SUPPLEMENTAL REPORTS

Professional corporations or professional limited liability companies registered with the Board pursuant to G.S. 55B and 57D shall file a certified copy of all amendments to the articles of incorporation or articles of organization prior to the effective date of each amendment.

History Note: *Authority G.S. 55B-10; 57D-2-01; 93-8; 93-12(8a);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. February 1, 2011; April 1, 1999; April 1, 1994; April 1, 1991; May 1, 1989;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014;
Amended Eff. March 1, 2020.

21 NCAC 08K .0106 FEES

History Note: *Authority G.S. 55B-11; 55B-12; 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1984;
Repealed Eff. March 1, 1987.

SECTION .0200 - PRACTICE PROCEDURES OF PROFESSIONAL CORPORATIONS AND PROFESSIONAL LIMITED LIABILITY COMPANIES

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

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

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

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

History Note: *Authority G.S. 55B-5; 55B-12; 57C-1; 57C-2;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. April 1, 1994; May 1, 1989; December 1, 1988; April 1, 1988;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

21 NCAC 08K .0202 LICENSING OF SHAREHOLDERS

History Note: *Authority G.S. 55B-6; 93-8; 93-12(2);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987.

21 NCAC 08K .0203 LICENSING OF DIRECTORS

History Note: *Authority G.S. 93-8; 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. August 24, 1981.

21 NCAC 08K .0204 LICENSING OF INCORPORATORS
21 NCAC 08K .0205 TERMINATION OF INTEREST IN CORPORATION
21 NCAC 08K .0206 DECEASED SHAREHOLDERS' INTERESTS
21 NCAC 08K .0207 RENDERING OF CORPORATE SERVICES
21 NCAC 08K .0208 PROHIBITIONS

History Note: *Authority G.S. 55B-4; 55B-6; 55B-7; 55B-8; 55B-14; 93-8; 93-12(2); 93-12(3);*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. March 1, 1987.

SECTION .0300 - REGISTERED LIMITED LIABILITY PARTNERSHIPS

21 NCAC 08K .0301 REGISTERED LIMITED LIABILITY PARTNERSHIPS

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

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

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

SUBCHAPTER 8L - FORMS

21 NCAC 08L .0101 DESIGNATION OF FORMS AND LOCATION
21 NCAC 08L .0102 FORM CPA-1
21 NCAC 08L .0103 FORM CPA-2

History Note: *Authority G.S. 150B-11;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; October 1, 1984; December 1, 1982; June 1, 1982;
Repealed Eff. April 1, 1994.

21 NCAC 08L .0104 FORM CPA-3

History Note: *Authority G.S. 150B-11;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. October 1, 1984.

21 NCAC 08L .0105 FORM CPA-4
21 NCAC 08L .0106 FORM CPA-5

History Note: *Authority G.S. 150B-11;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; October 1, 1984; June 1, 1982;
Repealed Eff. April 1, 1994.

21 NCAC 08L .0107 FORM CPA-6

History Note: *Authority G.S. 150B-11;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. October 1, 1984.

21 NCAC 08L .0108 FORM CPA-7

History Note: *Authority G.S. 93-12(4); 150B-11;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; September 1, 1983;
Repealed Eff. April 1, 1994.

21 NCAC 08L .0109 FORM CPA-8

History Note: *Authority G.S. 150B-11;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Repealed Eff. October 1, 1984.

21 NCAC 08L .0110 FORM CPA-9
21 NCAC 08L .0111 FORM CPA-10
21 NCAC 08L .0112 FORM CPA-11
21 NCAC 08L .0113 FORM CPA-12
21 NCAC 08L .0114 FORM CPA-13
21 NCAC 08L .0115 FORM CPA-14
21 NCAC 08L .0116 FORM CPA-15

21 NCAC 08L .0117 FORM CPA-16
21 NCAC 08L .0118 FORM CPA-17

History Note: *Authority G.S. 150B-11;*
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
Amended Eff. May 1, 1989; April 1, 1987; October 1, 1984; June 1, 1982;
Repealed Eff. April 1, 1994.

21 NCAC 08L .0119 FORM CPA-18

History Note: *Authority G.S. 93-12(7); 150B-11;*
Eff. December 1, 1982;
Amended Eff. May 1, 1989;
Repealed Eff. April 1, 1994.

21 NCAC 08L .0120 FORM CPE-1
21 NCAC 08L .0121 FORM CPE-2
21 NCAC 08L .0122 FORM CPE-3
21 NCAC 08L .0123 FORM CPE-4
21 NCAC 08L .0124 FORM CPE-5
21 NCAC 08L .0125 FORM CPE-11

History Note: *Authority G.S. 150B-11;*
Eff. October 1, 1984;
Amended Eff. May 1, 1989; April 1, 1987;
Repealed Eff. April 1, 1994.

SUBCHAPTER 08M - STATE QUALITY REVIEW PROGRAM

SECTION .0100 - GENERAL SQR REQUIREMENTS

21 NCAC 08M .0101 PURPOSE
21 NCAC 08M .0102 REGISTRATION REQUIREMENTS
21 NCAC 08M .0103 PROHIBITION OF ABUSE
21 NCAC 08M .0104 CPA FIRMS DEEMED IN COMPLIANCE

History Note: *Authority G.S. 93-12(7b); 93-12(8c)(e);*
Eff. April 1, 1991;
Amended Eff. April 1, 1999; August 1, 1998; February 1, 1996; August 1, 1995; April 1, 1994;
Repealed Eff. January 1, 2004.

21 NCAC 08M .0105 PEER REVIEW REQUIREMENTS

(a) A CPA or CPA firm providing any of the following services to the public shall participate in a peer review program:
- (1) audits;
- (2) reviews of financial statements;
- (3) compilations of financial statements; or
- (4) any engagement to be performed in accordance with the Statements on Standards for Attestation Engagements.

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

(c) A CPA, a new CPA firm, or a CPA firm exempt from peer review that starts providing any of the services in Paragraph (a) of this Rule shall furnish to the peer review program selected financial statements, corresponding work papers, and any additional information or documentation required for the peer review program within 18 months of the issuance of the first report provided to a client.
(d) Participation in and completion of the AICPA Peer Review Program, or a program that substantially complies with the AICPA Standards for Performing and Reporting on Peer Reviews, shall be required. The AICPA Standards for Performing and Reporting on Peer Reviews are incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://us.aicpa.org/research/standards/peerreview at no cost.
(e) CPA firms shall not rearrange their structure or act in any manner with the intent to avoid participation in peer review.
(f) A CPA firm that does not have offices in North Carolina and that has provided any services as listed in G.S. 93-10(c)(3) to North Carolina clients shall participate in a peer review program.
(g) Subsequent peer reviews of a CPA firm are due three years and six months from the year end of the 12-month period of the first peer review, unless granted an extension by the peer review program.
(h) All CPA firms enrolled in the AICPA Peer Review Program shall also participate in the AICPA Facilitated State Board Access process.

History Note: *Authority G.S. 93-10(c); 93-12(8c);*
Eff. January 1, 2004;
Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08M .0106 COMPLIANCE
(a) A CPA firm registered for peer review shall provide to the Board the following:
(1) peer review due date;
(2) year end date;
(3) final Letter of Acceptance from peer review program within 60 days of the date of the letter; and
(4) a package to include the Peer Review Report, Letter of Response, and Final Letter of Acceptance for all failed and second passed with deficiencies reports issued by a peer review program within 60 days of the date of the Final Letter of Acceptance.
(b) A peer review shall not be complete until the Final Letter of Acceptance is issued by the peer review program with the new due date.
(c) If a CPA firm fails to comply with Rule .0105(c), (d), or (g) of this Section, and continues to offer or render services, the Board may take disciplinary action against the CPA firm's members that may include a suspension of each members' CPA certificate for a period of not less than 30 days and a civil penalty up to one thousand dollars ($1,000) as set forth in G.S. 93-12(b)(9).

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

21 NCAC 08M .0107 ETHICAL DUTIES OF REVIEWER
(a) A reviewer shall be independent with respect to the reviewed CPA firm and comply with the AICPA Standards for Performing and Reporting on Peer Reviews.
(b) Information concerning the participating CPA firm or its clients or personnel that is obtained as a consequence of the review is confidential and shall not be disclosed to anyone not involved in the peer review process.

History Note: *Authority G.S. 93-12(7b); 93-12(8c);*
Eff. January 1, 2004;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28, 2014.

SECTION .0200 - DUTIES OF THE REVIEWED FIRM

21 NCAC 08M .0201 SELECTION OF ENGAGEMENTS TO BE REVIEWED
21 NCAC 08M .0202 NOTICE TO CLIENTS

History Note: *Authority G.S. 93-12(8c);*
Eff. April 1, 1991;
Amended Eff. April 1, 1999; August 1, 1998; April 1, 1994;
Repealed Eff. January 1, 2004.

21 NCAC 08M .0203 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08M .0204 CERTAIN OFFICES EXCUSED

History Note: *Authority G.S. 93-12(8c);*
Eff. April 1, 1991;
Amended Eff. April 1, 1999; August 1, 1998;
Repealed Eff. January 1, 2004.

21 NCAC 08M .0205 RESERVED FOR FUTURE CODIFICATION

21 NCAC 08M .0206 SELECTION OF A REVIEW TEAM
21 NCAC 08M .0207 DUTY TO RESPOND TO QUESTIONS

History Note: *Authority G.S. 93-12(8c);*
Eff. April 1, 1991;
Amended Eff. April 1, 1999; February 1, 1996;
Repealed Eff. January 1, 2004.

SECTION .0300 - REVIEW TEAM: QUALIFICATIONS AND DUTIES

21 NCAC 08M .0301 QUALIFICATIONS OF REVIEWERS AND TEAM CAPTAINS
21 NCAC 08M .0302 INDEPENDENCE FROM A REVIEWED CPA FIRM
21 NCAC 08M .0303 CONFLICT OF INTEREST
21 NCAC 08M .0304 PERFORMING THE REVIEW - REVIEWER'S DUTIES
21 NCAC 08M .0305 CONFIDENTIALITY
21 NCAC 08M .0306 REPORTING REQUIREMENTS

History Note: *Authority G.S. 93-12(8c);*
Eff. April 1, 1991;
Amended Eff. April 1, 1999; February 1, 1996; August 1, 1995; June 1, 1994; April 1, 1994;
Repealed Eff. January 1, 2004.

SECTION .0400 - SQR ADVISORY COMMITTEE

21 NCAC 08M .0401 SQR ADVISORY COMMITTEE - MEMBERS AND DUTIES
21 NCAC 08M .0402 OBJECTIONS TO SQR ADVISORY COMMITTEE
21 NCAC 08M .0403 REVIEW OF PROTEST
History Note: *Authority G.S. 93-12(2); 93-12(8c);*
Eff. April 1, 1991;
Amended Eff. April 1, 1999; February 1, 1996; August 1, 1995;
Repealed Eff. January 1, 2004.

SUBCHAPTER 08N – PROFESSIONAL ETHICS AND CONDUCT

SECTION .0100 - SCOPE AND APPLICABILITY

21 NCAC 08N .0101 SCOPE OF THESE RULES

(a) The rules in this Subchapter are the Rules of Professional Ethics and Conduct that G.S. 93-12(9) authorizes the Board to adopt. As such, they complement the other statutory causes for discipline set out in G.S. 93-12 (9)(a) through (d) and other provisions of G.S. 93, 55B, 57D, and 59-84.2. These Rules cover a broad range of behavior and shall not enumerate every possible unethical act.

(b) In the interpretation and enforcement of these Rules, the Board will consider the following without dispositive weight: relevant interpretations, rulings and opinions issued by the boards of other jurisdictions and by appropriately authorized ethics committees of professional organizations.

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

21 NCAC 08N .0102 APPLICABILITY AND ORGANIZATION OF RULES

These Rules are applicable to all certificate holders. Rules in Section .0200 of this Subchapter relate to CPAs whether or not employed in the public practice of accountancy. Rules in Section .0300 of this Subchapter pertain to CPAs using the CPA title in connection with providing products or services to clients. Rules in Section .0400 of this Subchapter pertain to CPAs whenever engaged in attest services.

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

21 NCAC 08N .0103 RESPONSIBILITY FOR COMPLIANCE BY OTHERS

A CPA and CPA firm shall be responsible for assuring compliance with the rules in this Subchapter by anyone who is the CPA's partner, fellow shareholder, member, officer, director, licensed employee, unlicensed employee or agent or unlicensed principal, or by anyone whom the CPA supervises. A CPA or CPA firm shall not permit others (including affiliated entities) to carry out on the CPA's behalf, with or without compensation, acts that if carried out by the CPA would be a violation of these Rules.

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

SECTION .0200 - RULES APPLICABLE TO ALL CPAS

21 NCAC 08N .0201 INTEGRITY

The reliance of the public and the business community on sound financial reporting and advice on business affairs imposes on the accounting profession an obligation to maintain high standards of technical competence, morality, and integrity. A CPA shall at all times maintain independence of thought and action, hold the affairs of clients in strict confidence, strive continuously to improve professional skills, observe generally accepted accounting principles and standards, promote sound and informative financial reporting, uphold the dignity and honor of the accounting profession, and maintain high standards of personal conduct.

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

21 NCAC 08N .0202 DECEPTIVE CONDUCT PROHIBITED

(a) A CPA shall not engage in deceptive conduct. "Deception" means any fraud, misrepresentations, representations, or omissions that a CPA either knew or should have known to have a capacity or tendency to be misleading. Deceptive conduct shall be prohibited whether or not anyone has actually been deceived.
(b) Prohibited conduct under this Section includes deception in:

(1) obtaining or maintaining employment;
(2) obtaining or keeping clients;
(3) obtaining or maintaining certification, inactive status, or exemption from peer review;
(4) reporting CPE credits;
(5) certifying the character or experience of exam or certificate applicants;
(6) implying abilities not supported by education, professional attainments, or licensing recognition;
(7) asserting that services or products sold in connection with use of the CPA title are of a particular quality or standard when they are not;
(8) creating false or unjustified expectations of favorable results;
(9) using or permitting another to use the CPA title in a form of business not permitted by the accountancy statutes or rules;
(10) permitting anyone not certified in this State (including one licensed in another jurisdiction) to unlawfully use the CPA title in this State or to unlawfully operate as a CPA firm in this State; or
(11) falsifying a review, report, or any required program or checklist of any peer review program.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2014; January 1, 2004; April 1, 1999;
Readopted Eff. February 1, 2016.

21 NCAC 08N .0203 DISCREDITABLE CONDUCT PROHIBITED

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

(1) acts that reflect adversely on the CPA's honesty, integrity, trustworthiness, good moral character, or fitness as a CPA;
(2) stating or implying an ability to improperly influence a governmental agency or official;
(3) failing to comply with any order issued by the Board;
(4) failing to fulfill the terms of a peer review engagement contract;
(5) misrepresentation in reporting CPE credits;
(6) entering into any settlement or other resolution of a dispute that purports to keep its contents confidential from the Board; or
(7) failing to participate in a peer review program pursuant to 21 NCAC 08M .0105.

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

21 NCAC 08N .0204 DISCIPLINE BY FEDERAL AND STATE AUTHORITIES

(a) Violations of Other Authorities' Laws or Rules. A CPA shall not act in a way that would cause the CPA to be disciplined by federal or state agencies or boards for violations of laws or rules on ethics. CPAs who engage in activities regulated by other federal or state authorities (may include the following agencies: Internal Revenue Service, Department of Revenue, U.S. Securities and Exchange Commission, State Bar, North Carolina Secretary of State, Public Company Accounting Oversight Board, National Association of Securities Dealers, Department of Insurance, Government Accountability Office, U.S. Department of Housing and Urban Development, State Auditor, State Treasurer, or Local Government Commission) shall comply with all such authorities' ethics laws and rules.
(b) Prima Facie Evidence. A conviction or final finding of unethical conduct by a competent authority is prima facie evidence of a violation of this Rule.
(c) Notice to the Board Required. A CPA shall notify the Board in writing within 30 days of any conviction or finding against him or her of unlawful conduct by any federal or state court or regulatory authority.

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

21 NCAC 08N .0205 CONFIDENTIALITY

(a) Nondisclosure. A CPA shall not disclose any confidential information obtained in the course of employment or a professional engagement except with the consent of the employer or client.

(b) Exceptions. This Rule shall not be construed:

(1) to relieve a CPA of any reporting obligations pertaining to Section .0400 of this Subchapter;

(2) to affect in any way the CPA's compliance with an order of a court or a validly issued subpoena by this Board;

(3) to preclude the CPA from responding to any inquiry made by the AICPA Ethics Division or Trial Board, by a duly constituted investigative or disciplinary body of a state CPA society, or under state statutes;

(4) to preclude the disclosure of confidential client information necessary for the peer review process;

(5) to preclude the CPA from assisting the Board in enforcing the accountancy statutes and rules;

(6) to affect a CPA's disclosure of confidential information to state or federal authorities when the CPA concludes in good faith based upon professional judgment that a crime is being or is likely to be committed;

(7) to affect a CPA's disclosure of confidential information when such disclosure is required by state or federal laws or regulations; or

(8) to prohibit a CPA from revealing information:

(A) in order to establish a claim or defense on behalf of the CPA in a controversy between the CPA and a client;

(B) to establish a defense to a criminal charge or civil claim against the CPA based upon conduct in which the client was involved; or

(C) to respond to allegations in any proceeding concerning the CPA's professional services to the client.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2004; April 1, 2003;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0206 COOPERATION WITH BOARD INQUIRY

A CPA shall provide full cooperation in connection with any inquiry made by the Board. Full cooperation includes responding within 21 days to all inquiries of the Board or representatives of the Board and claiming Board correspondence from the U.S. Postal Service, private delivery service, or personal delivery.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2011;
Readopted Eff. February 1, 2016.

21 NCAC 08N .0207 VIOLATION OF TAX LAWS

A CPA shall not knowingly violate any state or federal tax laws or regulations in handling the CPA's personal business affairs, the business affairs of an employer or client, or the business affairs of any company owned by the CPA.

History Note: *Authority G.S. 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2011;
Readopted Eff. February 1, 2016.

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

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

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

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

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

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

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

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

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2014; January 1, 2006; April 1, 2003; April 1, 1999;
Readopted Eff. February 1, 2016;
Amended Eff. May 1, 2017.

21 NCAC 08N .0209 ACCOUNTING PRINCIPLES

(a) Generally Accepted Accounting Principles. A CPA shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such statements contain any departure from an accounting principle that has a material effect on the statements taken as a whole, unless the CPA can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading. In such cases the CPA's report shall describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

(b) Financial Accounting Standards Board Accounting Standards Codification. The Financial Accounting Standards Board Accounting Standards Codification is incorporated by reference, including subsequent amendments and editions and shall be considered generally accepted accounting principles for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://asc.fasb.org at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0210 FORECASTS

History Note: *Authority G.S. 55B-12; 57C-2-01; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2006;
Repealed Eff. July 1, 2010.

21 NCAC 08N .0211 RESPONSIBILITIES IN TAX PRACTICE

(a) Standards for Tax Services. A CPA shall not render services in the area of taxation unless the CPA has complied with both the Statements on Standards for Tax Services and the Treasury Department Circular 230 as defined in this Section.

In the event that there is a conflict between the Statements on Standards for Tax Services and Treasury Department Circular 230, the CPA shall comply with Treasury Department Circular 230.
(b) Statements on Standards for Tax Services. The Statements on Standards for Tax Services issued by the AICPA are incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://www.aicpa.org/resources/toolkit/statements-on-standards-for-tax-services at no cost.
(c) Treasury Department Circular 230. The Treasury Department Circular 230 is incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://www.irs.gov/pub/irs-pdf/pcir230.pdf at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; February 1, 2006; April 1, 2003;
Readopted Eff. February 1 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0212 COMPETENCE
A CPA shall perform professional services competently and shall:
(1) undertake only those engagements that the CPA or CPA's firm can expect to complete with professional competence;
(2) exercise due professional care in the performance of an engagement;
(3) adequately plan and supervise an engagement; and
(4) obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to an engagement.

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

21 NCAC 08N .0213 OTHER RULES
A CPA shall not willfully violate any other rule in this Chapter nor any other provision of the Accountancy Statutes, the Professional Corporation Act, the Partnership Act, or the North Carolina Limited Liability Company Act.

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

21 NCAC 08N .0214 OUTSOURCING TO THIRD-PARTY PROVIDERS
(a) A CPA shall provide a written disclosure in advance of the outsourcing to the client that he or she is using a third-party provider to assist the CPA in providing any professional services to the client.
(b) A CPA outsourcing professional services to a third-party provider shall be responsible for ensuring a third-party provider is in compliance with all rules of Professional of Conduct and Ethics in this Subchapter.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. January 1, 2006;
Amended Eff. July 1, 2010;
Readopted Eff. February 1, 2016.

21 NCAC 08N .0215 INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS
(a) International Financial Accounting Standards. A CPA shall not express an opinion that financial statements are presented in accordance with international financial accounting standards if such statements contain any departure from an accounting standard that has a material effect on the statements, taken as a whole, unless the CPA can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading. In such cases, the CPA's report shall describe the departure, the approximate effect thereof if practicable, and the reason why compliance with the standard would result in a misleading statement.

(b) International Financial Accounting Standards consist of the following:

(1) International Financial Reporting Standards (IFRS) issued after 2003;
(2) International Accounting Standards (IAS) issued before 2004;
(3) Interpretations originated from the International Financial Reporting Interpretations Committee (IFRIC) issued after 2003; and
(4) Standing Interpretations Committee (SIC) issued before 2003.

(c) Copies of Standards. Copies of International Financial Accounting Standards issued by IFRS are incorporated by reference, including subsequent amendments and editions. The documents may be accessed at https://www.ifrs.org/issued-standards/list-of-standards/ at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. February 1, 2011;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

SECTION .0300 - RULES APPLICABLE TO ALL CPAS WHO USE THE CPA TITLE IN OFFERING OR RENDERING PRODUCTS OR SERVICES TO CLIENTS

21 NCAC 08N .0301 PROFESSIONAL JUDGMENT

(a) Professional Judgment. A CPA shall not subordinate the CPA's professional judgment to non-CPAs.
(b) Tax Practice. In tax practice, the CPA may resolve doubt in favor of the CPA's client as long as there is reasonable support for the CPA's position.

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

21 NCAC 08N .0302 FORMS OF PRACTICE

(a) Authorized Forms of Practice. A CPA who uses CPA in or with the name of the business or offers or renders audits, reviews, compilations, agreed-upon procedure or engagement services performed in accordance with the standards in 21 NCAC 08A .0301(b)(5) in the public practice of accountancy to clients shall do so only through a registered sole proprietorship, partnership, Professional Corporation, Professional Limited Liability Company, or Registered Limited Liability Partnership.
(b) Authorized Ownership. A CPA firm may have an ownership of up to 49 percent by non-CPAs. A CPA firm shall have ownership of at least 51 percent and be controlled in law and fact by holders of valid CPA certificates who have the unrestricted privilege to use the CPA title and to practice public accountancy in a jurisdiction and at least one of whom shall be licensed by this Board.
(c) CPA Firm Registration Required. A CPA shall not offer or render professional services through a CPA firm that is in violation of the registration requirements of 21 NCAC 08J .0108, 08J .0110, or 08M .0105.
(d) Supervision of CPA Firms. Every North Carolina office of a CPA firm registered in North Carolina shall be actively and locally supervised by a designated actively licensed North Carolina CPA whose primary responsibility and a corresponding amount of time shall be work performed in that office.
(e) CPA Firm Requirements for CPA Ownership. A CPA firm and its designated supervising CPA shall be accountable for the following in regard to a CPA owner:

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

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

(1) a non-CPA owner shall be a natural person or a general partnership or limited liability partnership directly owned by natural persons;
(2) a non-CPA owner shall actively participate in the business of the firm or an affiliated entity as his or her principal occupation;

(3) a non-CPA owner shall comply with all applicable accountancy statutes and the rules as set forth in G.S. 93 and all rules in this Chapter.

(4) a non-CPA owner shall be of good moral character and shall be dismissed and disqualified from ownership for any conduct that, if committed by a licensee, would result in a discipline pursuant to G.S. 93-12(9); and

(5) a non-CPA owner shall report his or her name, home address, phone number, social security number, and Federal Tax ID number (if any) on the CPA firm's registration.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2011; January 1, 2006; April 1, 2003; April 1, 1999; August 1, 1995;
Readopted Eff. February 1, 2016.

21 NCAC 08N .0303 OBJECTIVITY AND CONFLICTS OF INTEREST

(a) Personal Financial Interest in Advice. When offering or rendering accounting or related financial, tax, or management advice, a CPA shall be objective and shall not place the CPA's own financial interests nor the financial interests of a third party ahead of the legitimate financial interests of the CPA's client or the public in any context in which a client or the public can reasonably expect objectivity from one using the CPA title.

(b) Expectation of Objectivity Presumed. If the CPA uses the CPA title in any way to obtain or maintain a client relationship, the Board shall presume the reasonable expectation of objectivity.

(c) Acceptance of a Commission or Referral Fee. A CPA shall not recommend or refer to a client any product or service for a commission; recommend or refer any product or service to be supplied by a client; or receive a commission, when the CPA also performs the following for the client:

(1) an audit or review of a financial statement;

(2) a compilation of a financial statement when the CPA expects, or reasonably might expect, that a third party will use the financial statement and the CPA's compilation report does not disclose a lack of independence; or

(3) an examination of prospective financial information.

This prohibition applies during the period in which the CPA is engaged to perform any of the services listed in Paragraph (c) of this Rule and the period covered by any historical financial statements involved in such listed services.

(d) Acceptance of a Contingent Fee.

(1) The offering or rendering of professional services for, or the receipt of, a contingent fee by a CPA shall not be prohibited except for engaging to render or rendering by a CPA:

(A) of professional services for any person for whom the CPA also performs attest services, during the period of the attest services engagement, and the period covered by any historical financial statements involved in such attest services; and

(B) for the preparation of original or amended tax returns or claims for tax refunds.

(2) Fees shall not be regarded as being contingent if fixed by courts or other public authorities or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.

(e) A CPA shall communicate in advance to a client the scope of services or products to be rendered or referred for which the CPA will receive a commission, referral, or contingent fee. A CPA shall provide disclosure in a written statement within ten business days of the service or product to be rendered or referred with the commission, referral, or contingent fee to be charged or received by the CPA.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2006; April 1, 1999;
Readopted Eff. February 1, 2016.

21 NCAC 08N .0304 CONSULTING SERVICES STANDARDS

(a) Standards for Consulting Services. A CPA shall not render consulting services unless the CPA has complied with the Statements on Standards for Consulting Services.

(b) Statements on Standards for Consulting Services. The Statements on Standards for Consulting Services including the definition of such services issued by the AICPA are incorporated by reference, including subsequent amendments and

editions. This document may be accessed at https://www.aicpa.org/resources/download/statement-on-standards-for-consulting-services-no-1 at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; January 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0305 RETENTION OF CLIENT RECORDS

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

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

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

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

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

(B) if the work product is incomplete;

(C) if for purpose of complying with professional standards. For example, withholding an audit report due to outstanding audit issues; or

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

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

(d) Once a CPA has complied with the requirements described in Paragraphs (a) and (b) of this Rule, he or she shall not be under any further ethical obligation to:

(1) comply with any subsequent requests to again provide records or copies of records described in Paragraphs (a) and (b) of this Rule. If subsequent to complying with a request, a client experiences a loss of records due to a natural disaster, the CPA shall comply with an additional request to provide such records that are in possession of the CPA; and

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

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

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

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

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

(2) provide the requested records in any format usable by the client. The CPA is not required to convert records that are not in electronic format to electronic format. If the client requests records in a specific format and the records are available in such format within the CPA's custody and control, the client's request shall be honored. In addition, the CPA is not required to provide the client with formulas, unless the formulas support the client's underlying accounting or other records or the CPA was

engaged to provide such formulas as part of a completed work product. The CPA is not required to provide electronic data files to a client if they were created with tax preparation software owned or licensed by the CPA; and

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

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

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

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

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

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

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

(1) letterhead;
(2) contracts;
(3) engagement letters;
(4) tax returns; and
(5) all professional services reports.

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

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

(1) CPA business or CPA firm name as registered with the Board;
(2) principal place of business;
(3) business phone number; and
(4) North Carolina certificate number and North Carolina as jurisdiction of certification.

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

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2011; April 1, 1999; February 1, 1996;
Readopted Eff. February 1, 2016.

21 NCAC 08N .0307 CPA FIRM NAMES

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

(b) Misleading Names Prohibited. A CPA firm shall not trade upon the CPA title through use of any name that is misleading. A misleading CPA firm name is one which:

(1) Implies the existence of a partnership or registered limited liability partnership or a professional corporation or professional limited liability company if the firm is not, in fact, one of those entities;
(2) Includes the name of an individual who is not a CPA if the words "certified public accountants" or "CPAs" are included in the firm name;

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

(c) Permissible Firm Names: The following is a non-exhaustive list of types of CPA firm names that are not in and of themselves misleading and are permissible so long as they do not violate other firm name provisions:
(1) A firm name that includes the names or initials of one or more former or current owners;
(2) A firm name that excludes the names of one or more former or current owners;
(3) A firm name that uses the "CPA" title as part of the firm name when all named individuals are owners of the firm who hold the CPA title or are former owners who held the CPA title at the time they ceased to be owners of the firm; or
(4) A firm name that includes the name of a non-CPA owner if the words "certified public accountant" or "CPA" title are not a part of the firm name.

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

History Note: *Authority G.S. 55B-5; 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2011; January 1, 2006; April 1, 1999; August 1, 1995;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0308 VALUATION SERVICES STANDARDS

(a) Standards for Valuation Services. A CPA shall not render valuation services of a business, a business ownership interest, security, or intangible asset unless the CPA has complied with the Statements on Standards for Valuation Services.

(b) Statements on Standards for Valuation Services. The Statements on Standards for Valuation Services, including the definition of such services, issued by the AICPA are incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://www.aicpa.org/resources/download/statement-on-standards-for-valuation-services-vs-section-100 at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. January 1, 2006;
Amended Eff. July 1, 2010;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0309 PERSONAL FINANCIAL PLANNING SERVICES

(a) Statement on Standards on Personal Financial Planning Services. A CPA shall not render personal financial planning services unless the CPA has complied with the Statement on Standards on Personal Financial Planning Services.

(b) Statement on Standards on Personal Financial Planning Services. The Statement on Standards on Personal Financial Planning Services, including the definition of such services, issued by the AICPA are incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://aicpa.org/resources/download/statement-on-standards-in-personal-financial-planning-services at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. February 1, 2016;

Amended Eff. September 1, 2023.

SECTION.0400 - RULES APPLICABLE TO CPAS PERFORMING ATTEST SERVICES

21 NCAC 08N .0401 PUBLIC RELIANCE

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

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

21 NCAC 08N .0402 INDEPENDENCE

(a) A CPA, or the CPA's firm, who is performing an engagement in which the CPA, or the CPA's firm, will issue a report on financial statements of any client (other than a report in which lack of independence is disclosed) shall be independent with respect to the client in fact and appearance.

(b) Independence is impaired if, during the period of the professional engagement, a covered person:

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

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

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

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

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

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

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

(c) Independence is impaired if during the period of the professional engagement, a shareholder, a member, a partner or professional employee of the firm, his or her immediate family and close relatives, (as defined in the AICPA Code of Professional Conduct and Bylaws) or any group of such persons acting together owned more than five percent of a client's outstanding equity securities or other ownership interests.

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

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

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

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

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

(1) an individual on the attest engagement team;

(2) an individual in a position to influence the attest engagement;

(3) a partner or manager who provides non-attest services to the attest client beginning once he or she provides 10 hours of non-attest services to the client within any fiscal year and ending on the later of the date:

(A) the firm signs the report on the financial statements for the fiscal year during which those services were provided; or

(B) he or she no longer expects to provide 10 or more hours of non-attest services to the attest client on a recurring basis;

(4) a partner in the office in which the lead attest engagement partner primarily practices in connection with the attest engagement;

(5) the firm, including the firm's employee benefit plans; or

(6) an entity whose operating, financial, or accounting policies can be controlled (as defined by generally accepted accounting principles (GAAP) for consolidation purposes) by any of the individuals or

entities described in Subparagraphs (1) through (5) of this Paragraph or by two or more such individuals or entities if they act together;

(f) The impairments of independence listed in this Rule shall not be interpreted to be an all inclusive list.

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

21 NCAC 08N .0403 AUDITING STANDARDS

(a) Standards for Auditing Services. A CPA shall not render auditing services unless the CPA has complied with the applicable generally accepted auditing standards.

(b) Statements on Auditing Standards. The Statements on Auditing Standards issued by the AICPA are incorporated by reference, including subsequent amendments and editions, and shall be considered generally accepted auditing standards for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://us.aicpa.org/research/standards/auditattest/clarifiedsas.html at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; February 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0404 ACCOUNTING AND REVIEW SERVICES STANDARDS

(a) Standards for Accounting and Review Services. A CPA shall not render accounting and review services unless the CPA has complied with the standards for accounting and review services.

(b) Statements on Standards for Accounting and Review Services. The Statements on Standards for Accounting and Review Services issued by the AICPA are incorporated by reference, including subsequent amendments and editions, and shall be considered as the standards for accounting and review services for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://us.aicpa.org/research/standards/compilationreview.html at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; February 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0405 GOVERNMENTAL ACCOUNTING STANDARDS

(a) Standards for Governmental Accounting. A CPA shall not permit the CPA's name to be associated with governmental financial statements for a client unless the CPA has complied with the standards for governmental accounting.

(b) Statements on Governmental Accounting and Financial Reporting Services. The Statements on Governmental Accounting and Financial Reporting Services issued by the GASB are incorporated by reference, including subsequent amendments and editions, and shall be considered as the standards for governmental accounting for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://www.gasb.org/standards at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1999;
Amended Eff. July 1, 2010; February 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0406 ATTESTATION STANDARDS

(a) Standards for Attestation Services. A CPA shall not render attestation services unless the CPA has complied with the applicable attestation standards.

(b) Statements on Standards for Attestation Engagements. The Statements on Standards for Attestation Engagements issued by the AICPA are incorporated by reference, including subsequent amendments and editions, and shall be considered attestation standards for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://us.aicpa.org/research/standards/auditattest/ssae at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; February 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0407 COMPETITIVE BIDDING

History Note: *Authority G.S. 55B-12; 57C-2-01; 93-12(9);*
Eff. April 1, 1994;
Pursuant to G.S. 150B-21.3A, rule expired on November 1, 2014.

21 NCAC 08N .0408 PEER REVIEW STANDARDS

A CPA who is engaged to perform a peer review shall not violate the rules or standards as set in 21 NCAC 08M of the peer review program under which the review is made or the engagement contract connected with that peer review.

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

21 NCAC 08N .0409 GOVERNMENT AUDITING STANDARDS

(a) Standards for Government Audits. A CPA shall not render audit services to a government entity or entity that receives government awards and is required to receive an audit in accordance with Government Auditing Standards unless the CPA has complied with the applicable Generally Accepted Government Auditing Standards.
(b) Government Auditing Standards. The Government Auditing Standards issued by the United States Government Accountability Office are incorporated by reference, including subsequent amendments and editions, and shall be considered Generally Accepted Government Auditing Standards for the purpose of Paragraph (a) of this Rule. This document may be accessed at https://www.gao.gov/yellowbook at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. February 1, 2011;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023.

21 NCAC 08N .0410 INTERNATIONAL STANDARDS ON AUDITING

(a) International Standards on Auditing. A CPA shall not render auditing services that report to comply with international standards unless the CPA has complied with the applicable international standards on auditing.
(b) Statement on International Standards on Auditing. The Statement on International Standards on Auditing issued by the International Auditing and Assurance Standards Board are incorporated by reference, including subsequent amendments and editions, and shall be considered International Standards on Auditing for the purpose of Paragraph (a) of this Rule. This document may be accessed at https://www.iaasb.org/standards-pronouncements at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. February 1, 2016;
Amended Eff. September 1, 2023.

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

A CPA rendering audit services to a state or local government entity, non-profit organization, or other entity that is subject to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156, must

comply with the Single Audit Act amendments as implemented through Subpart F - Audit Requirements of Title 2 of C.F.R., Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200).

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

21 NCAC 08N .0412 FORENSIC SERVICES

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

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

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