

G.S. 150B-21.3A Report for 21 NCAC Chapter 8, BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

Agency - Board of Certified Public Accountant Examiners

Comment Period - March 4, 2014 - May 3, 2014

Date Submitted to APO - Filled in by RRC staff

Subchapter or Blank	Rule Section	Rule Citation	Rule Name	Date and Last Agency Action on the Rule	Agency Determination [150B-21.3A(c)(1)a]	Implements or Conforms to Federal Regulation [150B-21.3A(d1)]	Federal Regulation Citation	Public Comment Received [150B-21.3A(c)(1)]	Agency Determination Following Public Comment [150B-21.3A(c)(1)]
SUBCHAPTER 8A - DEPARTMENTAL RULES	SECTION .0100 - ORGANIZATIONAL RULES	21 NCAC 08A .0101	FORMAL NAME	Amended Eff. July 1, 1987	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08A .0102	ADDRESS AND PHONE NUMBER	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08A .0103	OFFICE HOURS	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
	SECTION .0200 - BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS	21 NCAC 08A .0201	ELECTION OF OFFICERS	Amended Eff. April 1, 2003	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08A .0203	QUORUM	Amended Eff. October 1, 1984	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08A .0301	DEFINITIONS	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08A .0307	PUBLIC PRACTICE OF ACCOUNTANCY OR ACCOUNTING	Amended Eff. April 1, 1994	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08A .0308	HOLDING OUT TO THE PUBLIC	Amended Eff. January 1, 2006	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
	SECTION .0300 - DEFINITIONS	21 NCAC 08A .0309	CONCENTRATION IN ACCOUNTING	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08A .0310	DIRECT SUPERVISION DEFINED	Amended Eff. April 1, 1999	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08B .0101	PETITIONS	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
SUBCHAPTER 8B - RULE-MAKING PROCEDURES	SECTION .0100 - PETITIONS FOR RULE-MAKING	21 NCAC 08B .0102	CONTENTS OF PETITION FOR NEW RULE	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08B .0104	CONTENTS OF PETITIONS FOR RULE AMENDMENT OR REPEAL	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08B .0105	GRANTING OR DENYING PETITIONS	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
	SECTION .0200 - NOTICE	21 NCAC 08B .0202	MAILING LIST	Amended Eff. April 1, 1994	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
	SECTION .0300 - HEARINGS	21 NCAC 08B .0304	ORAL PRESENTATION	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08B .0307	CONTROL OF RULE-MAKING HEARINGS	Amended Eff. May 1, 1989.	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
	SECTION .0500 - DECLARATORY RULINGS	21 NCAC 08B .0501	REQUEST FOR DECLARATORY RULING	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08B .0502	CONTENTS OF REQUEST	Amended Eff. April 1, 1994	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest

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		21 NCAC 08B .0503	REFUSAL TO ISSUE DECLARATORY RULING	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08B .0507	CIRCUMSTANCES	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08B .0508	REQUESTS FOR INFORMAL OPINIONS	Amended Eff. May 1, 1989	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
SUBCHAPTER 8C - CONTESTED CASES	SECTION .0100 - PROCEDURE IN CONTESTED CASES	21 NCAC 08C .0103	ADDITIONAL INFORMATION ON NOTICES OF HEARINGS	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0104	WRITTEN PETITION FOR INTERVENTION	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0105	NOTICE OF ALLOWANCE OR DENIAL OF PETITION TO INTERVENE	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0107	DISQUALIFICATION OF BOARD MEMBER	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0108	AFFIDAVIT OF DISQUALIFICATION	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0109	FILING AFFIDAVIT OF DISQUALIFICATION	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0110	DETERMINATION OF DISQUALIFICATION	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0111	NEW HEARING AFTER DISQUALIFICATION	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0114	PRE-HEARING CONFERENCE	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0115	PURPOSES OF A PRE-HEARING CONFERENCE	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0116	NOTICE OF PRE-HEARING CONFERENCE	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0118	CONTINUANCES	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0121	SERVICE OF SUBPOENAS	Amended Eff. March 1, 1990	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest

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		21 NCAC 08C .0122	OBJECTIONS TO SUBPOENAS	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0123	RESPONSES TO OBJECTIONS TO SUBPOENAS	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0124	HEARINGS ON SUBPOENA CHALLENGES	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0125	RECORDS OF CONTESTED CASES	Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08C .0126	HEARING EXHIBITS	Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
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	Amended Eff. February 1, 2011	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08F .0102	TYPE OF CPA EXAMINATION	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08F .0103	FILING OF EXAMINATION APPLICATIONS AND FEES	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08F .0105	CONDITIONING REQUIREMENTS	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08F .0106	GRANTING EXAMINATION CREDIT FROM OTHER JURISDICTIONS	Amended Eff. January 1, 2006	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08F .0107	COMMUNICATION OF RESULTS OF CPA EXAMINATIONS	Amended Eff. January 1, 2006	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08F .0111	INELIGIBILITY DUE TO VIOLATION OF ACCOUNTANCY ACT	Amended Eff. April 1, 2003	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08F .0113	CANDIDATE'S REQUEST TO REVIEW CPA EXAMINATION	Amended Eff. January 1, 2004	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
	SECTION .0300 - EDUCATIONAL REQUIREMENTS FOR EXAMINATION	21 NCAC 08F .0302	EDUCATION AND WORK EXPERIENCE REQUIRED PRIOR TO CPA EXAM	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08F .0303	SEMESTER HOUR EQUIVALENT	Eff. October 1, 1984	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest

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	SECTION .0400 - EXPERIENCE	21 NCAC 08F .0401	WORK EXPERIENCE REQUIRED OF CANDIDATES FOR CPA CERTIFICATION	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08F .0409	SATISFACTION OF EXPERIENCE REQUIREMENT BY TEACHING	Amended Eff. January 1, 2006	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08F .0410	EDUCATION REQUIRED OF CANDIDATES FOR CPA CERTIFICATION	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
	SECTION .0500 - APPLICATIONS FOR CERTIFICATES	21 NCAC 08F .0502	APPLICATION FOR CPA CERTIFICATE	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	Yes	Necessary with substantive public interest
		21 NCAC 08F .0504	CANDIDATES' ACCOUNTANCY LAW COURSE REQUIREMENT	Amended Eff. April 1, 2003	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
SUBCHAPTER 8G - CONTINUING PROFESSIONAL EDUCATION (CPE)	SECTION .0400 - CPE REQUIREMENTS	21 NCAC 08G .0401	CPE REQUIREMENTS FOR CPAS	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08G .0403	QUALIFICATION OF CPE SPONSORS	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08G .0404	REQUIREMENTS FOR CPE CREDIT	Amended Eff. January 1, 2007	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08G .0405	ADMINISTRATION OF REQUIREMENT	Amended Eff. October 1, 1984	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08G .0406	COMPLIANCE WITH CPE REQUIREMENTS	Amended Eff. January 1, 2007	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08G .0409	COMPUTATION OF CPE CREDITS	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08G .0410	PROFESSIONAL ETHICS AND CONDUCT CPE	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
SUBCHAPTER 08H – RECIPROCIITY		21 NCAC 08H .0101	RECIPROCAL CERTIFICATES	Amended Eff. February 1, 2011	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08H .0102	TEMPORARY PERMIT	Amended Eff. April 1, 1999	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08H .0104	NOTICE TO BOARD OF DISCIPLINE BY OTHER AGENCY	Amended Eff. April 1, 1994	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
SUBCHAPTER 8I - REVOCATION OF CERTIFICATES AND OTHER DISCIPLINARY ACTION		21 NCAC 08I .0101	DISCIPLINARY ACTION	Amended Eff. April 1, 1994	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest

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		21 NCAC 08I .0102	PROCEDURE WHEN PETITION AGAINST BOARD MEMBER OR EMPLOYEE	Amended Eff. May 1, 1989	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08I .0104	MODIFICATION OF DISCIPLINE	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08I .0105	REVOCATION OF CERTIFICATES	Amended Eff. August 1, 1998	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
SUBCHAPTER 08J - RENEWALS AND REGISTRATIONS		21 NCAC 08J .0101	ANNUAL RENEWAL OF CERTIFICATE, FORFEITURE, AND REAPPLICATION	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08J .0105	INACTIVE STATUS: CHANGE OF STATUS	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08J .0106	FORFEITURE OF CERTIFICATE AND REISSUANCE	Amended Eff. January 1, 2014	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08J .0107	MAILING ADDRESSES OF CERTIFICATE HOLDERS AND CPA FIRMS	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08J .0108	CPA FIRM REGISTRATION	Amended Eff. February 1, 2011	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08J .0109	CPA FIRM PRACTICE PRIVILEGE NOTIFICATION	Eff. February 1, 2011	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08J .0110	REGISTRATION FEES	Amended Eff. January 1, 2004	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08J .0111	COMPLIANCE WITH CPA FIRM REGISTRATION	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
SUBCHAPTER 08K - PROFESSIONAL CORPORATIONS AND PROFESSIONAL LIMITED LIABILITY COMPANIES	SECTION .0100 - GENERAL PROVISIONS	21 NCAC 08K .0104	REGISTRATION AND RENEWAL	Amended Eff. July 1, 2010	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
		21 NCAC 08K .0105	SUPPLEMENTAL REPORTS	Amended Eff. February 1, 2011	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
	SECTION .0200 - PRACTICE PROCEDURES OF PROFESSIONAL CORPORATIONS AND PROFESSIONAL LIMITED LIABILITY COMPANIES	21 NCAC 08K .0201	CORPORATE AND PROFESSIONAL LIMITED LIABILITY COMPANY NAMES	Amended Eff. April 1, 1994	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest

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	SECTION .0300 - REGISTERED LIMITED LIABILITY PARTNERSHIPS	21 NCAC 08K .0301	REGISTERED LIMITED LIABILITY PARTNERSHIPS	Amended Eff. August 1, 1998	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
SUBCHAPTER 08M - STATE QUALITY REVIEW PROGRAM	SECTION .0100 - GENERAL SQR REQUIREMENTS	21 NCAC 08M .0105	PEER REVIEW REQUIREMENTS	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08M .0106	COMPLIANCE	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08M .0107	ETHICAL DUTIES OF REVIEWER	Eff. January 1, 2004	Necessary without substantive public interest	No	N/A	No	Necessary without substantive public interest
SUBCHAPTER 8N - PROFESSIONAL ETHICS AND CONDUCT	SECTION .0100 - SCOPE AND APPLICABILITY	21 NCAC 08N .0101	SCOPE OF THESE RULES	Eff. April 1, 1994	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0102	APPLICABILITY AND ORGANIZATION OF RULES	Eff. April 1, 1994	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0103	RESPONSIBILITY FOR COMPLIANCE BY OTHERS	Amended Eff. January 1, 2006	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
	SECTION .0200 - RULES APPLICABLE TO ALL CPAs	21 NCAC 08N .0201	INTEGRITY	Eff. April 1, 1994	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0202	DECEPTIVE CONDUCT PROHIBITED	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0203	DISCREDITABLE CONDUCT PROHIBITED	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0204	DISCIPLINE BY FEDERAL AND STATE AUTHORITIES	Amended Eff. January 1, 2006	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0205	CONFIDENTIALITY	Amended Eff. February 1, 2004	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0206	COOPERATION WITH BOARD INQUIRY	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0207	VIOLATION OF TAX LAWS	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0208	REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS	Amended Eff. January 1, 2014	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0209	ACCOUNTING PRINCIPLES	Amended Eff. July 1, 2010	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0211	RESPONSIBILITIES IN TAX PRACTICE	Amended Eff. July 1, 2010	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0212	COMPETENCE	Eff. April 1, 1994	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest

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		21 NCAC 08N .0213	OTHER RULES	Amended Eff. January 1, 2006	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0214	OUTSOURCING TO THIRD-PARTY SERVICE PROVIDERS	Amended Eff. July 1, 2010	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0215	INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS	Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
	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	Eff. April 1, 1994	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0302	FORMS OF PRACTICE	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0303	OBJECTIVITY AND CONFLICTS OF INTEREST	Amended Eff. January 1, 2006	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0304	CONSULTING SERVICES STANDARDS	Amended Eff. July 1, 2010	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0305	RETENTION OF CLIENT RECORDS	Amended Eff. January 1, 2006	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0306	ADVERTISING OR OTHER FORMS OF SOLICITATION	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0307	CPA FIRM NAMES	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0308	VALUATION SERVICES STANDARDS	Amended Eff. July 1, 2010	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
	SECTION .0400 - RULES APPLICABLE TO CPAs PERFORMING ATTEST SERVICES	21 NCAC 08N .0401	PUBLIC RELIANCE	Amended Eff. January 1, 2006	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0402	INDEPENDENCE	Amended Eff. February 1, 2011	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0403	AUDITING STANDARDS	Amended Eff. July 1, 2010	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0404	ACCOUNTING AND REVIEW SERVICES STANDARDS	Amended Eff. July 1, 2010	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest
		21 NCAC 08N .0405	GOVERNMENTAL ACCOUNTING STANDARDS	Amended Eff. July 1, 2010	Necessary with substantive public interest	No	N/A	No	Necessary with substantive public interest

May 22, 2014

The North Carolina State Board of CPA Examiners (Board) received the following comment during the 60-day public comment period regarding the Periodic Review of the Board's rules:

April 30, 2014

I would like to request that the following rule be reviewed 21 NCAC 08F .0502 - Application for CPA Certificate

b) The application for a CPA certificate shall include three certificates of good moral character provided by the Board and completed by CPAs.

While it is easy to recognize that CPAs should be of good moral character, can that only be determined by other [sic] CPA's? Are there not other professionals who could also give the same assurance of a [sic] candidates character? Candidates are allowed to take the exams with references from individuals other than [sic] CPA's. The requirements for becoming a CPA are stringent. If a candidate can meet all other requirements, should they be denied a CPA certificate because they do not have the CPA contacts to obtain references? Not all current [sic] CPA's are open to the idea of completing these forms due to the fact they are opening the door for more competition. This rule can potentially deny very good, moral and qualified candidates on the basis of "it's who you know, not what you know".

Thank you,
Sharon Sharp

The Board offers the following response to Ms. Sharpe's comment:

The basis for Rule 21 NCAC 08F. 0502(b), "The application for a CPA certificate shall include three certificates of good moral character provided by the Board and completed by CPAs." is derived from NCGS 93-12(b). NCGS 93-12(b) states,

To be eligible to receive a certificate of qualification to practice as a certified public accountant, a person shall submit evidence satisfactory to the Board that:

b. The person has the endorsement as to the person's eligibility of three certified public accountants who

currently hold licenses in any state or territory of the territory of the United States or District of Columbia.”

The Board does not disagree that there are other professionals who could provide an assurance as to the good moral character of a certificate applicant in the same manner as an applicant's family, pastor, or non-CPA friends. However, in a profession which is known to be one of the most respected and highly ethical licensed professions in the United States, who better to vouch for a certificate applicant's moral character and ethical behavior than an individual who himself must adhere to the same principles of ethics as the candidate? An individual licensed as a CPA knows first-hand the role of ethics in the accounting profession and has a perspective and understanding of ethics as that is unique to the CPA profession.

Certificate applicants do have many opportunities to make contacts with CPAs during the journey to become a CPA. Many of the professors at the colleges and universities where the accounting degrees are obtained prior to sitting for the Uniform CPA Examination are, in fact, CPAs. Once an individual has passed the examination, he or she must complete the final requirement, work experience, before applying for a certificate. A certificate applicant is not required to work under the direct supervision of a CPA for his or her work experience for licensure. The majority of CPAs however, do apply for a certificate using one year experience under the direct supervision of a CPA rather than four years of experience working in the field of accounting. Those individuals not working under the direct supervision of a CPA often are working with CPAs who can be a moral character reference as well. An applicant may have friends with whom they graduated from the same accounting program and those individuals have become certified and could provide a moral character reference for the applicant.

The value of having a licensed CPA complete a moral character reference for a certificate applicant cannot be replaced by any other professional's reference or that of another non-CPA reference. The Board feels this rule is necessary as written with substantive public interest for the protection of the public that CPAs serve.