

REQUEST FOR TECHNICAL CHANGE

AGENCY: Board of Certified Public Accountant Examiners

RULE CITATION: All Rules

DEADLINE FOR RECEIPT: Thursday, April 13, 2017

NOTE WELL: This request when viewed on computer extends several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this rule prior to the Commission's next meeting. The Commission has not yet reviewed this rule and therefore there has not been a determination as to whether the rule will be approved. You may call this office to inquire concerning the staff recommendation.

In reviewing these rules, the staff determined that the following technical changes need to be made. Approval of any rule is contingent upon making technical changes as set forth in G.S. 150B-21.10.

Please ensure that all Rules are formatted in accordance with 26 NCAC 02C .0108. Specifically, please be sure that line spacing is at 1.5.

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Amber Cronk May
Commission Counsel
Date submitted to agency: March 30, 2017

1 21 NCAC 08A .0301 is amended with changes as published in 31:11 NCR 1112-1113 as follows:

2
3 **21 NCAC 08A .0301 DEFINITIONS**

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

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

- 7 (1) "Active," when used to refer to the status of a person, describes a person who possesses a North
8 Carolina certificate of qualification and who has not otherwise been granted "~~Inactive~~" inactive
9 status;
- 10 (2) "Agreed-upon procedures" means a professional service whereby a CPA is engaged to issue a
11 report of findings based on specific procedures performed on identified subject matter;
- 12 (3) "AICPA" means the American Institute of Certified Public Accountants;
- 13 (4) "Applicant" means a person who has applied to take the CPA examination or applied for a
14 certificate of qualification;
- 15 (5) "Attest service" means a professional service whereby a CPA in the practice of public accounting
16 is engaged to issue or does issue:
- 17 (A) any audit or engagement to be performed in accordance with the Statements on Auditing
18 Standards, Statements on Generally Accepted Governmental Auditing Standards, Public
19 Company Accounting Oversight Board Auditing Standards, and International Standards
20 on Auditing;
- 21 (B) any review ~~or~~ engagement to be performed in accordance with the Statements on
22 Standards for Accounting and Review Services;
- 23 (C) any compilation ~~or~~ engagement to be performed in accordance with the Statements on
24 Standards for Accounting and Review Services; or
- 25 (D) any engagement to be performed in accordance with the Statements on Standards for
26 Attestation Engagements;
- 27 (6) "Audit" means a professional service whereby a CPA is engaged to examine financial statements,
28 items, accounts, or elements of a financial statement prepared by management, in order to express
29 an opinion on whether the financial statements, items, accounts, or elements of a financial
30 statement are presented in conformity with an applicable reporting framework, that enhances the
31 degree of confidence that intended users can place on the financial statements, items, accounts, or
32 elements of a financial statement;
- 33 (7) "Calendar year" means the 12 months beginning January 1 and ending December 31;
- 34 (8) "Candidate" means a person whose application to take the CPA examination has been accepted by
35 the Board and who may sit for the CPA examination;
- 36 (9) "Client" means a person or an entity who orally or in writing agrees with a licensee to receive any
37 professional services performed or delivered;
- 38 (10) "Commission" means compensation, except a referral fee, for recommending or referring any
39 product or service to be supplied by another person;
- 40 (11) "Compilation" means a professional service whereby a CPA is engaged to present, in the form of
41 financial statements, information that is the representation of management without undertaking to
42 express any assurance on the statements;
- 43 (12) "Contingent fee" means a fee established for the performance of any service pursuant to an
44 arrangement in which no fee will be charged unless a specified finding or result is attained, or in
45 which the amount of the fee is otherwise dependent upon the finding or result of such service;
- 46 (13) "CPA" means certified public accountant;
- 47 (14) "CPA firm" means a sole proprietorship, a partnership, a professional corporation, a professional
48 limited liability company, or a registered limited liability partnership that uses "~~certified public~~
49 ~~accountant(s)~~" certified public accountant(s) or "~~CPA(s)~~" CPA(s) in or with its name or offers to
50 or renders any attest services in the public practice of accountancy;
- 51 (15) "CPE" means continuing professional education;
- 52 (16) "Disciplinary action" means ~~revocation or~~ revocation, suspension of, or refusal to grant a
53 certificate, or the imposition of a reprimand, probation, constructive comment, or any other
54 penalty or condition;
- 55 (17) "FASB" means the Financial Accounting Standards Board;

- 1 (18) "Firm network" means an association of entities that includes one or more firms that cooperate for
2 the purpose of enhancing the firms' capabilities to provide professional services and share one or
3 more of the following characteristics:
4 (A) the use of a common brand name, including initials, as part of the firm name;
5 (B) common control among the firms through ownership, management, or other means;
6 (C) profits or costs, excluding costs of operating the association; costs of developing audit
7 methodologies, manuals, and training courses; and other costs that are immaterial to the
8 firm;
9 (D) common business strategy that involves ongoing collaboration amongst the firms
10 whereby the firms are responsible for implementing the association's strategy and are
11 accountable for performance pursuant to that strategy;
12 (E) significant part of professional resources; or
13 (F) common quality control policies and procedures that firms are required to implement and
14 that are monitored by the association;
- 15 (19) "GASB" means the Governmental Accounting Standards Board;
- 16 (20) "Inactive," when used to refer to the status of a person, describes a person who has requested
17 inactive status and has been approved by the Board and who does not use the title "~~certified public~~
18 ~~accountant,~~ certified public accountant, nor does he or she allow anyone to refer to him or her as
19 a "~~certified public accountant,~~ certified public accountant, and neither he nor she nor anyone else
20 refers to him or her in any representation as described in Rule .0308(b) of this Section;
- 21 (21) "IRS" means the Internal Revenue Service;
- 22 (22) "Jurisdiction" means any state or territory of the United States or the District of Columbia;
- 23 (23) "License year" means the 12 months beginning July 1 and ending June 30;
- 24 (24) "Member of a CPA firm" means any CPA who has an equity ownership interest in a CPA firm;
- 25 (25) "NASBA" means the National Association of State Boards of Accountancy;
- 26 (26) "NCACPA" means the North Carolina Association of Certified Public Accountants;
- 27 (27) "North Carolina office" means any office physically located in North Carolina;
- 28 (28) "Person" means any natural person, corporation, partnership, professional limited liability
29 company, registered limited liability partnership, unincorporated association, or other entity;
- 30 (29) "Professional" means arising out of or related to the particular knowledge or skills associated with
31 CPAs;
- 32 (30) "Referral fee" means compensation for recommending or referring any service of a CPA to any
33 person;
- 34 (31) "Revenue Department" means the North Carolina Department of Revenue;
- 35 (32) "Review" means a professional service whereby a CPA is engaged to perform procedures, limited
36 to analytical procedures and inquiries, to obtain a reasonable basis for expressing limited
37 assurance on whether any material modifications should be made to the financial statements for
38 them to be in conformity with generally accepted accounting principles or other comprehensive
39 basis of accounting;
- 40 (33) "Reviewer" means a member of a review team including the review team captain;
- 41 (34) "Suspension" means a revocation of a certificate for a specified period of time. A CPA may be
42 reinstated after a specific period of time if the CPA has met all conditions imposed by the Board at
43 the time of suspension;
- 44 (35) "Trade name" means a name used to designate a business enterprise;
- 45 (36) "Work papers" mean the CPA's records of the procedures applied, the tests performed, the
46 information obtained, and the conclusions reached in attest services, tax services, consulting
47 services, special report services, or other engagements. Work papers include programs used to
48 perform professional services, analyses, memoranda, letters of confirmation and representation,
49 checklists, copies or abstracts of company documents, and schedules of commentaries prepared or
50 obtained by the CPA. The forms include handwritten, typed, printed, word processed,
51 photocopied, photographed, and computerized data, or in any other form of letters, words,
52 pictures, ~~sounds~~ sounds, or symbols; and
- 53 (37) "Work product" means the end result of the engagement for the client that may include a tax
54 return, attest or assurance report, consulting report, ~~and~~ or financial plan. The forms include
55 handwritten, typed, printed, word processed, photocopied, photographed, and computerized data,
56 or in any other form of letters, words, pictures, sounds, or symbols.

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

4
5 *History Note:* Authority G.S. 93-1; 93-12; 93-12(3);
6 Eff. February 1, 1976;
7 Readopted Eff. September 26, 1977;
8 Amended Eff. May 1, 2017; January 1, 2014; February 1, 2011; January 1, 2006; January 1,
9 2004; April 1, 1999; August 1, 1998; February 1, 1996; April 1, 1994; September 1, 1992;
10 Readoped Eff. February 1, 2016.

REQUEST FOR TECHNICAL CHANGE

AGENCY: Board of Certified Public Accountant Examiners

RULE CITATION: 21 NCAC 08I .0101

DEADLINE FOR RECEIPT: Thursday, April 13, 2017

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The Rules Review Commission staff has completed its review of this rule prior to the Commission's next meeting. The Commission has not yet reviewed this rule and therefore there has not been a determination as to whether the rule will be approved. You may call this office to inquire concerning the staff recommendation.

In reviewing these rules, the staff determined that the following technical changes need to be made. Approval of any rule is contingent upon making technical changes as set forth in G.S. 150B-21.10.

In (a), by 150B, do you mean 150B, Article 3A?

On line 23, please consider adding "whether" in between "relief and" and "the allegations" for purposes of clarity.

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Amber Cronk May
Commission Counsel
Date submitted to agency: March 30, 2017

1 21 NCAC 08I .0101 is amended with changes as published in 31:11 NCR 1114 as follows:

2
3 **21 NCAC 08I .0101 DISCIPLINARY ACTION**

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

8 (b) The ~~petition~~ complaint shall set forth ~~in simple language~~ the facts upon which the ~~petition~~ complaint is based. ~~It~~
9 ~~shall bear an affidavit of the petitioner stating~~ The complainant shall confirm that he or she believes the facts stated in
10 the ~~petition~~ complaint are true and that he or she is prepared to prove them at a hearing.

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

- 17 (1) close the case without prejudice;
- 18 (2) close the case with prejudice;
- 19 (3) prepare a Consent Order;
- 20 (4) apply to the courts for injunctive relief; or
- 21 (5) may prepare a proposed Hearing Notice.

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

26 (d) The Board ~~may~~ shall notify the complainant and the respondent in any complaint filed with the Board of the
27 disposition of the case and shall publish or announce the disciplinary action against a CPA in such manner and for such
28 period as it deems appropriate. ~~CPA.~~

29
30 *History Note: Authority G.S. 55B-12; 93-12(9);*
31 *Eff. February 1, 1976;*
32 *Readopted Eff. September 26, 1977;*
33 *Amended Eff. May 1, 2017; April 1, 1994; May 1, 1989; June 1, 1985; October 1, 1984;*
34 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. October 28,*
35 *2014.*

1 21 NCAC 08N .0203 is amended with changes as published in 31:11 NCR 1114 as follows:

2

3 **21 NCAC 08N .0203 DISCREDITABLE CONDUCT PROHIBITED**

4 (a) A CPA shall not engage in conduct discreditable to the accounting profession.

5 (b) Prohibited discreditable conduct includes:

6 (1) acts that reflect adversely on the CPA's honesty, integrity, trustworthiness, good moral character, or
7 fitness as a CPA;

8 (2) stating or implying an ability to improperly influence a governmental agency or official;

9 (3) failing to comply with any order issued by the Board;

10 (4) failing to fulfill the terms of a peer review engagement contract;

11 (5) misrepresentation in reporting CPE credits; ~~or~~

12 (6) entering into any settlement or other resolution of a dispute that purports to keep its contents
13 confidential from the ~~Board~~ Board; or

14 (7) failing to participate in a peer review program pursuant to 21 NCAC 08M .0105.

15

16 *History Note:* Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(9);

17 Eff. April 1, 1994;

18 Amended Eff. May 1, 2017; January 1, 2014; January 1, 2004; August 1, 1995;

19 Readopted Eff. February 1, 2016.

REQUEST FOR TECHNICAL CHANGE

AGENCY: Board of Certified Public Accountant Examiners

RULE CITATION: 21 NCAC 08N .0208

DEADLINE FOR RECEIPT: Thursday, April 13, 2017

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Given (c), is the reference to "settlement" in (b) necessary? It seems as though (c) is a catch-all that requires all settlement information to be provided.

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Amber Cronk May
Commission Counsel
Date submitted to agency: March 30, 2017

1 21 NCAC 08N .0208 is amended with changes as published in 31:11 NCR 1114 as follows:
2

3 **21 NCAC 08N .0208 REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS**

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

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

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

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

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

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

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

23
24 *History Note:* Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(9);
25 Eff. April 1, 1994;

26 Amended Eff. May 1, 2017; January 1, 2014; January 1, 2006; April 1, 2003; April 1, 1999;
27 Readopted Eff. February 1, 2016.

REQUEST FOR TECHNICAL CHANGE

AGENCY: Board of Certified Public Accountant Examiners

RULE CITATION: 21 NCAC 08N .0305

DEADLINE FOR RECEIPT: Thursday, April 13, 2017

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In reviewing these rules, the staff determined that the following technical changes need to be made. Approval of any rule is contingent upon making technical changes as set forth in G.S. 150B-21.10.

Just to be clear, is it accurate that this Rule is dealing with three different sets of information – prepared records, work product, and work papers. I see that there is a definition in (c) for prepared records. Are there similar definitions for work product and work papers?

In (a), please be change “client provided” to “client-provided” for purposes of consistency. It is done one way on line 49 and another on line 50.

In (b), please delete the word “and” on line 53 in between “control” and “that have not”

In (b), line 54, please change “should” to “shall.”

In (b)(1) and (b)(2), please change “should” to “shall” on lines 1 and 4 of page 2.

In (c), what do you mean by “specifically engaged to prepare”? I assume this means the work that the CPA was hired to do. For example, the CPA was hired to perform an audit for x or was hired to prepare a tax return.

In (d), what is meant by “these requirements”? Do you mean the requirements set forth in this Rule?

In (d), line 17, please change “is under no ethical...” to “shall not be under any further ethical obligation...”, or something similar.

In (d)(1), line 19, please delete “However,”

In (d)(1), line 20, please change “should” to “shall”

Amber Cronk May
Commission Counsel
Date submitted to agency: March 30, 2017

In (d)(2), is there a specific cross-reference available to the amount of time a CPA is to maintain records?

In (e), line 25, please change "is" to "shall not be"

Please consider rewriting (f) to something like the following:

Notwithstanding any state or federal statutes and regulations or any contractual agreements between the CPA and the client, the CPA shall not be required to provide any work papers. Work papers include any... (whatever work papers are).

~~[Work papers are 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.]~~

Please note that this is only a suggestion and you are in no way required to use this language.

In (f), line 27, please change "are" to "shall be"

In (g)(2), line 34, please delete "However,"

In (h), please change "should" to "shall."

In (h), please move the comma behind "but" on line 42 to before "but" and "after" "practicable."

In (h), what are "extenuating circumstances"? I realize that you may not be able to provide an all-inclusive list, but please provide some examples.

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Amber Cronk May
Commission Counsel
Date submitted to agency: March 30, 2017

1 21 NCAC 08N .0305 is amended with changes as published in 31:11 NCR 1114-1116 as follows:

2
3 **21 NCAC 08N .0305 RETENTION OF CLIENT RECORDS**

4 ~~(a) Return Upon Demand. A CPA shall return client records in his or her possession to the client after a demand is~~
5 ~~made for their return. The records shall be returned upon demand unless circumstances make some delay reasonable~~
6 ~~in order to retrieve a closed file or to extract the CPA's work papers described in Paragraph (f) of this Rule. If the~~
7 ~~records cannot be returned upon demand, the CPA shall immediately notify the client of the date the records will be~~
8 ~~returned. Nothing in this Rule shall be interpreted to require a CPA to pay delivery costs when the records are~~
9 ~~returned to the client.~~

10 ~~(b) Who May Demand Client Records. If the client is a partnership, records shall be returned upon request to any of~~
11 ~~its general partners. If the client is a limited partnership or a registered limited liability partnership, records shall be~~
12 ~~returned upon request to its general partner(s) and the managing partner, or his or her designated individual~~
13 ~~respectively. If the client is a corporation, records shall be returned upon request to its president. If the client is a~~
14 ~~limited liability company, records shall be returned upon request to the manager. Joint records shall be returned~~
15 ~~upon request to any party to the record.~~

16 ~~(c) Return of Original Records. If the engagement is terminated prior to completion or the CPA's work product has~~
17 ~~neither been received nor paid for the by the client, the CPA shall be required to return only those records originally~~
18 ~~given to the CPA by the client.~~

19 ~~(d) Retention to Force Payment. A CPA shall not retain a client's records in order to force payment of any kind.~~

20 ~~(e) Work Papers Included in Client Records. Work papers are usually the CPA's property and need not be~~
21 ~~surrendered to the client. However, in some instances work papers may contain data that should be reflected in the~~
22 ~~client's books and records but for convenience have not been duplicated therein with the result that the client's~~
23 ~~records are incomplete. In such instances, the portion of the work papers containing such data constitutes part of the~~
24 ~~client's records, and copies shall be given to the client along with the rest of the client's records. Work papers~~
25 ~~considered part of the client's records include but are not limited to:~~

- 26 (1) ~~worksheets in lieu of original entry (such as listings and distributions of cash receipts or cash~~
27 ~~disbursements on columnar work paper);~~
- 28 (2) ~~worksheets in lieu of general ledger or subsidiary ledgers, such as accounts receivable, job cost~~
29 ~~and equipment ledgers, or similar types of depreciation records;~~
- 30 (3) ~~all adjusting and closing journal entries and supporting details not fully set forth in the journal~~
31 ~~entry; and~~
- 32 (4) ~~consolidating or combining journal entries and worksheets and supporting detail used in arriving~~
33 ~~at final figures incorporated in an end product such as financial statements or tax returns.~~

34 ~~(f) Work Papers Belonging to the CPA. Work papers developed by the CPA incident to the performance of an~~
35 ~~engagement that do not result in changes to the client's records, or are not in themselves part of the records~~
36 ~~ordinarily maintained by such clients, are the CPA's work papers and are not the property of the client. For example,~~
37 ~~the CPA may make extensive analyses of inventory or other accounts as part of the selective audit procedures. These~~
38 ~~analyses are considered to be a part of the CPA's work papers, even if the analyses have been prepared by client~~
39 ~~personnel at the request of the CPA. Only to the extent these analyses result in changes to the client's records would~~
40 ~~the CPA be required to furnish the details from the work papers in support of the journal entries recording the~~
41 ~~changes, unless the journal entries themselves contain all necessary details.~~

42 ~~(g) Reasonable fees for Copies. Nothing in this Rule shall be construed to require the CPA to furnish a client with~~
43 ~~copies of the client's records already in the client's possession. However, if the client asserts that such records have~~
44 ~~been lost, or are otherwise not in the client's possession, the CPA shall furnish copies of the records and may charge~~
45 ~~a reasonable fee.~~

46 ~~(h) Retention of Work Product and Work Papers. A CPA shall ensure that the work product and the work papers~~
47 ~~created in the performance of an engagement for a client are retained for at least of five years after the date of~~
48 ~~issuance of the work product unless the CPA is required by law to retain such records for a longer period.~~

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

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

- 1 (1) The CPA should provide CPA prepared records relating to a completed and issued work product
2 to the client, except that such records may be withheld if fees are due to the CPA for that specific
3 work product; and
4 (2) CPA's work products should be provided to the client, except that such work products may be
5 withheld:
6 (a) if fees are due to the CPA for the specific work product;
7 (b) if the work product is incomplete;
8 (c) if for purpose of complying with professional standards (for example, withholding an audit
9 report due to outstanding audit issues); or
10 (d) if threatened or outstanding litigation exists concerning the engagement or CPA's work.
11 (c) CPA prepared records are accounting or other records that the CPA was not specifically engaged to prepare and
12 that are not in the client's books and records or are otherwise not available to the client, thus rendering the client's
13 financial information incomplete. Examples include adjusting, closing, combining, or consolidating journal entries
14 (including computations supporting such entries) and supporting schedules and documents that the CPA proposed or
15 prepared as part of an engagement, (for an example, an audit). CPA's work products are deliverables set forth in the
16 terms of the engagement, such as tax returns.
17 (d) Once a CPA has complied with these requirements, he or she is under no ethical obligation to:
18 (1) comply with any subsequent requests to again provide records or copies of records described in
19 Paragraphs (a) and (b) of this Rule. However, if subsequent to complying with a request, a client
20 experiences a loss of records due to a natural disaster, the CPA should comply with an additional
21 request to provide such records; and
22 (2) retain records for periods that exceed applicable professional standards, state and federal statutes
23 and regulations, and contractual agreements relating to the service performed.
24 (e) A CPA who has provided records to an individual designated or held out as the client's representative, such as
25 the general partner, majority shareholder, or spouse, is not obligated to provide such records to other individuals
26 associated with the client.
27 (f) Work papers are the CPA's property, and the CPA is not required to provide such information to the client.
28 However, state and federal statutes and regulations and contractual agreements may impose additional requirements
29 on the CPA.
30 (g) In fulfilling a request for client provided records, CPA prepared records, or a CPA's work products, the CPA
31 may:
32 (1) charge the client a fee for the time and expense incurred to retrieve and copy such records and
33 require that the client pay the fee before the CPA provides the records to the client;
34 (2) provide the requested records in any format usable by the client. However, the CPA is not
35 required to convert records that are not in electronic format to electronic format. If the client
36 requests records in a specific format and the records are available in such format within the CPA's
37 custody and control, the client's request should be honored. In addition, the CPA is not required
38 to provide the client with formulas, unless the formulas support the client's underlying accounting
39 or other records or the CPA was engaged to provide such formulas as part of a completed work
40 product; and
41 (3) make and retain copies of any records that the CPA returned or provided to the client.
42 (h) A CPA who is required to return or provide records to the client should comply with the client's request as soon
43 as practicable but, absent extenuating circumstances, no later than 45 days after the request is made.

44
45 *History Note: Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
46 *Eff. April 1, 1994;*
47 *Amended Eff. May 1, 2017; January 1, 2006; April 1, 2003;*
48 *Readopted Eff. February 1, 2016.*