

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 647
PROPOSED COMMITTEE SUBSTITUTE S647-PCS15245-RO-14

Short Title: Amend CPA Laws/Practice Privileges.

(Public)

Sponsors:

Referred to:

March 19, 2009

A BILL TO BE ENTITLED

AN ACT CLARIFYING VARIOUS PROVISIONS UNDER THE LAWS PERTAINING TO
CERTIFIED PUBLIC ACCOUNTANTS AND ALLOWING PUBLIC ACCOUNTANTS
CERTIFIED OR LICENSED OUTSIDE THIS STATE TO PRACTICE IN THIS STATE
UNDER CERTAIN CIRCUMSTANCES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 93-1(a)(3) reads as rewritten:

"(a) Definitions. – As used in this Chapter certain terms are defined as follows:

...

(3) A "certified public accountant" is a person who holds a certificate as a certified public accountant issued to ~~him~~ under the provisions of this Chapter.

...."

SECTION 2. G.S. 93-3 reads as rewritten:

"§ 93-3. Unlawful use of title "certified public accountant" by individual.

It shall be unlawful for any person who has not received a certificate of qualification or not been granted a practice privilege under G.S. 93-10 admitting ~~him~~ the person to practice as a certified public accountant to assume or use such a title, or to use any words, letters, abbreviations, symbols or other means of identification to indicate that the person using same has been admitted to practice as a certified public accountant."

SECTION 3. G.S. 93-4 reads as rewritten:

"§ 93-4. Use of title by firm.

It shall be unlawful for any firm, copartnership, or association to assume or use the title of certified public accountant, or to use any words, letters, abbreviations, symbols or other means of identification to indicate that the members of such firm, copartnership or association have been admitted to practice as certified public accountants, unless each of the members of such firm, copartnership or association first shall have received a certificate of qualification from the State Board of Certified Public Accountant Examiners or been granted a practice privilege admitting ~~him~~ each member of the firm, copartnership, or association to practice as a certified public accountant; provided, however, that the Board may exempt those persons who do not actually practice in or reside in the State of North Carolina from registering and receiving a certificate of qualifications under this section."

SECTION 4. G.S. 93-10 reads as rewritten:

"§ 93-10. ~~Persons certified in other states.~~ Practice privileges.



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1 (a) An individual whose principal place of business is outside this State may be
2 granted the privilege to perform or offer to perform services, whether in person or by
3 mail, telephone, or electronic means, in this State as a certified public accountant without
4 notice to the Board, the submission of any other documentation, or the payment of any fee if
5 the individual meets all of the following conditions:

- 6 (1) Holds a valid and unrevoked certificate as a certified public accountant, or
7 its equivalent, issued by another state, a territory of the United States, or the
8 District of Columbia.
- 9 (2) Holds a valid and unrevoked license or permit to practice as a certified
10 public accountant issued by another state, a territory of the United States, or
11 the District of Columbia and that jurisdiction's requirements for licensure are
12 substantially equivalent to the requirements of this Chapter.
- 13 (3) Notifies the State Board of Certified Public Accountant Examiners that the
14 person intends to perform or offers to perform services in this State as a
15 certified public accountant.
- 16 (4) Has passed The Uniform CPA Examination.
17 Agrees to comply with the provisions of this Chapter and the rules adopted
18 by the Board regarding notification and practice.
19 Has not been convicted of a
20 felony under the laws of the United States, any state, a territory of the United
21 States, or the District of Columbia and has never been convicted of a crime,
22 an essential element of which is dishonesty, deceit, or fraud unless the
23 jurisdiction in which the individual is licensed has determined the felony or
24 other crime has no effect on the individual's license.
- 25 (5) Have an administrative notice of hearing served on the licensing board in the
26 individual's principal state of business, notwithstanding the individual notice
27 requirements of G.S. 150B-38.
- 28 (6) Pays an annual fee not to exceed fifty dollars (\$50.00).

29 (b) An individual who satisfies the requirements of subsection (a) of this section and
30 exercises the privilege afforded under this section by performing or offering to perform
31 services as a certified public accountant in this State simultaneously consents as a condition of
32 the grant of this privilege to:

- 33 (1) Comply with the laws of this State, the provisions of this Chapter, and rules
34 adopted by the Board.
- 35 (2) Have an administrative notice of hearing served on the licensing board in the
36 individual's principal state of business, notwithstanding the individual notice
37 requirements of G.S. 150B-38.
- 38 (3) Be subject to personal jurisdiction, subject matter jurisdiction, and
39 disciplinary authority of the Board.

40 (c) A firm whose principal place of business is outside this State and has no office in
41 this State is granted the privilege to perform or offer to perform services, whether in person or
42 by mail, telephone, or electronic means, in this State as a firm. A firm that exercises the
43 privilege afforded under this section simultaneously consents as a condition of the grant of the
44 privilege to:

- 45 (1) Comply with the laws of this State, the provisions of this Chapter, and rules
46 adopted by the Board.
- 47 (2) Be subject to personal jurisdiction, subject matter jurisdiction, and
48 disciplinary authority of the Board.
- 49 (3) Provide notice without a fee to the Board if any individual with the firm who
50 has been granted privileges in North Carolina to practice as a certified public
51 accountant performs any of the following services for a client in this State:
 - a. A financial statement audit or other engagement performed in
accordance with the Statements on Auditing Standards.

- 1 b. An examination of prospective financial information performed in
2 accordance with the Statements on Standards for Attestation
3 Engagements.
4 c. An engagement performed in accordance with the Public Company
5 Accounting Oversight Board auditing standards."

6 **SECTION 5.** G.S. 93-12(9) reads as rewritten:

- 7 "(9) Adoption of Rules of Professional Conduct; Disciplinary Action. – The
8 Board shall have the power to adopt rules of professional ethics and conduct
9 to be observed by certified public accountants in this ~~State.~~State and persons
10 exercising the practice privilege authorized by this Chapter. The Board shall
11 have the power to revoke, either permanently or for a specified period, any
12 certificate issued under the provisions of this Chapter to a certified public
13 accountant or any practice privilege authorized by the provisions of this
14 Chapter or to censure the holder of any such certificate or person exercising
15 the practice privilege authorized by this Chapter. The Board also shall have
16 the power to assess a civil penalty not to exceed one thousand dollars
17 (\$1,000) for any one or combination of the following causes:
18 a. Conviction of a felony under the laws of the United States or of any
19 state of the United States.
20 b. Conviction of any crime, an essential element of which is dishonesty,
21 deceit or fraud.
22 c. Fraud or deceit in obtaining a certificate as a certified public
23 accountant.
24 d. Dishonesty, fraud or gross negligence in the public practice of
25 accountancy.
26 e. Violation of any rule of professional ethics and professional conduct
27 adopted by the Board.

28 Any disciplinary action taken shall be in accordance with the provisions
29 of Chapter 150B of the General Statutes. The clear proceeds of any civil
30 penalty assessed under this section shall be remitted to the Civil Penalty and
31 Forfeiture Fund in accordance with G.S. 115C-457.2."

32 **SECTION 6.** This act is effective when it becomes law.