

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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SENATE BILL 647  
Commerce Committee Substitute Adopted 4/22/09

Short Title: Amend CPA Laws/Practice Privileges.

(Public)

Sponsors:

Referred to:

March 19, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT CLARIFYING VARIOUS PROVISIONS UNDER THE LAWS PERTAINING TO  
3 CERTIFIED PUBLIC ACCOUNTANTS AND ALLOWING PUBLIC ACCOUNTANTS  
4 CERTIFIED OR LICENSED OUTSIDE THIS STATE TO PRACTICE IN THIS STATE  
5 UNDER CERTAIN CIRCUMSTANCES.

6 The General Assembly of North Carolina enacts:

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

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

9 ...

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

13 ...."

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

15 **"§ 93-3. Unlawful use of title "certified public accountant" by individual.**

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

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

22 **"§ 93-4. Use of title by firm.**

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

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

34 **"§ 93-10. ~~Persons certified in other states.~~ Practice privileges.**

35 (a) An individual whose principal place of business is outside this State ~~may be~~  
36 granted the privilege to perform or offer to perform ~~services~~ services, whether in person or by  
37 mail, telephone, or electronic means, in this State as a certified public accountant without



1 notice to the Board, the submission of any other documentation, or the payment of any fee if  
2 the individual meets all of the following conditions:

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

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

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

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

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

- 1                   c.     An engagement performed in accordance with the Public Company  
2                   Accounting Oversight Board auditing standards."

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

4     "(9)   Adoption of Rules of Professional Conduct; Disciplinary Action. – The  
5     Board shall have the power to adopt rules of professional ethics and conduct  
6     to be observed by certified public accountants in this ~~State~~State and persons  
7     exercising the practice privilege authorized by this Chapter. The Board shall  
8     have the power to revoke, either permanently or for a specified period, any  
9     certificate issued under the provisions of this Chapter to a certified public  
10    accountant or any practice privilege authorized by the provisions of this  
11    Chapter or to censure the holder of any such certificate or person exercising  
12    the practice privilege authorized by this Chapter. The Board also shall have  
13    the power to assess a civil penalty not to exceed one thousand dollars  
14    (\$1,000) for any one or combination of the following causes:

- 15           a.     Conviction of a felony under the laws of the United States or of any  
16           state of the United States.  
17           b.     Conviction of any crime, an essential element of which is dishonesty,  
18           deceit or fraud.  
19           c.     Fraud or deceit in obtaining a certificate as a certified public  
20           accountant.  
21           d.     Dishonesty, fraud or gross negligence in the public practice of  
22           accountancy.  
23           e.     Violation of any rule of professional ethics and professional conduct  
24           adopted by the Board.

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

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