

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 647
Commerce Committee Substitute Adopted 4/22/09
House Committee Substitute Favorable 7/8/09

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~~ qualification 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



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1 mail, telephone, or electronic means, in this State as a certified public accountant without
2 notice to the Board, the submission of any other documentation, or the payment of any fee if
3 the individual meets all of the following conditions:

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

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

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

37 (c) A firm whose principal place of business is outside this State and has no office in
38 this State is granted the privilege to perform or offer to perform services, whether in person or
39 by mail, telephone, or electronic means, in this State as a firm without notice to the Board,
40 submission of any other documentation, or payment of any fee, except as otherwise provided in
41 subdivision (3) of this subsection. A firm that exercises the privilege afforded under this section
42 simultaneously consents as a condition of the grant of the privilege to:

- 43 (1) Comply with the laws of this State, the provisions of this Chapter, and rules
44 adopted by the Board.
- 45 (2) Be subject to personal jurisdiction, subject matter jurisdiction, and
46 disciplinary authority of the Board.
- 47 (3) Provide notice without a fee to the Board if any individual with the firm who
48 has been granted privileges in North Carolina to practice as a certified public
49 accountant performs any of the following services for a client in this State:
 - 50 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 of
29 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.