

## Rules Effective February 1, 2012

On December 19, 2011, the Board conducted a public rule-making hearing to amend the North Carolina Administrative Code (NCAC) cited as 21 NCAC 08G .0409, .0410, and 08J .0105.

The Rules Review Commission of the North Carolina Office of Administrative Hearings approved the amendments to the above-cited rules at its January 19, 2012, meeting, and set the effective date for the amended rules as February 1, 2012.

The amendment to 21 NCAC 08G .0409(c) removes the requirement that active CPAs complete at least eight (8) hours of non-self-study CPE as part of the annual CPE requirement for license renewal.

This means that for the 2012 CPE year (January 1-December 31), licensees may use all self-study CPE credit to comply with the 40-hour CPE requirement for license renewal for the 2013-2014 license year.

21 NCAC 08G .0410, as amended, now states that as part of the annual CPE requirement, a CPA must complete two hours of CPE on regulatory or behavioral professional ethics and conduct.

The course may be in a group-study or self-study format and must be offered by a CPE sponsor registered with the Board or listed on the National Registry of CPE Sponsors which is operated by the National Association of State Boards of Accountancy (NASBA).

The amendment to 21 NCAC 08J .0105(c) eliminates the need for an individual to complete at least eight (8) of non-self-study CPE as part of the application to return to active status from retired or inactive status.

The text below shows the amendments made to 21 NCAC 08G .0409, .0410, and 08J .0105. Language that was removed is indicated by a strike-through (~~example~~) and new language is underlined (example).

### **21 NCAC 08G .0409 - Computation of CPE Credits**

(a) Group Courses: Non-College. CPE credit for a group course that is not part of a college curriculum shall be given based on contact hours. A contact hour shall be 50 minutes of instruction. One-half credits shall be equal to 25 minutes after the first credit hour has been earned in a formal learning activity. For example, a group course lasting 100 minutes shall be two contact hours and thus two CPE credits. A group course lasting 75 minutes shall be only one and one-half contact hours and thus one and one-half CPE credits. When individual segments of a group course shall be less than 50 minutes, the sum of the individual segments shall be added to determine the number of

contact hours. For example, five 30-minute presentations shall be 150 minutes, which shall be three contact hours and three CPE credits. No credit shall be allowed for a segment unless the participant completes the entire segment.

(b) Completing a College Course. CPE credit for completing a college course in the college curriculum shall be granted based on the number of credit hours the college gives the CPA for completing the course. One semester hour of college credit shall be 15 CPE credits; one quarter hour of college credit shall be 10 CPE credits; and one continuing education unit (CEU) shall be 10 CPE credits. However, under no circumstances shall CPE credit be given to a CPA who audits a college course.

(c) Self Study. CPE credit for a self-study course shall be given based on the average number of contact hours needed to complete the course. The average completion time shall be allowed for CPE credit. A sponsor must determine, on the basis of pre-tests, the average number of contact hours it takes to complete a course. ~~CPE credit for self-study courses shall be limited so that a CPA completes at least eight hours of non-self study each year.~~

(d) Instructing a CPE Course. CPE credit for teaching or presenting a CPE course for CPAs shall be given based on the number of contact hours spent in preparing and presenting the course. No more than 50 percent of the CPE credits required for a year shall be credits for preparing for and presenting CPE courses. CPE credit for preparing for and presenting a course shall be allowed only once a year for a course presented more than once in the same year by the same CPA.

(e) Authoring a Publication. CPE credit for published articles and books shall be given based on the number of contact hours the CPA spent writing the article or book. No more than 25 percent of a CPA's required CPE credits for a year shall be credits for published articles or books. An article written for a CPA's client or business newsletter is not applicable for this CPE credit.

(f) Instructing a College Course. CPE credit for instructing a graduate level college course shall be given based on the number of credit hours the college gives a student for successfully completing the course, using the calculation set forth in Paragraph (b) of this Rule. Credit shall not be given for instructing an undergraduate level course. In addition, no more than 50 percent of the CPE credits required for a year shall be credits for instructing a college course and, if CPE credit shall also be claimed under Paragraph (d) of this Rule, no more than 50 percent of the CPE credits required for a year shall be credits claimed under Paragraph (d) and this Paragraph. CPE credit for instructing a college course shall be allowed only once for a course presented more than once in the same year by the same CPA.

## **21 NCAC 08G .0410 - Professional Ethics and Conduct CPE**

(a) As part of the annual CPE requirement, all active CPAs shall complete CPE on professional ethics ~~and conduct as set out in 21 NCAC 08N conduct.~~ They shall complete either two hours in a group study format or ~~four hours~~ in a self-study ~~format~~ format of a course on regulatory or behavioral professional ethics and conduct. ~~These courses shall be approved by the Board pursuant to 21 NCAC 08G .0400.~~ This CPE shall be offered by a CPE sponsor registered with the ~~Board,~~ Board or with NASBA pursuant to 21 NCAC 08G .0403(a) or (b).

(b) A non-resident licensee whose primary office is in North Carolina must comply with Paragraph (a) of this Rule. All other non-resident licensees may satisfy Paragraph (a) of this Rule by completing the ethics requirements in the jurisdiction in which he or she is licensed as a CPA and works or resides. If there is no ethics CPE requirement in the jurisdiction where he or she is licensed and currently works or resides, he or she must comply with Paragraph (a) of this Rule.

## **21 NCAC 08J .0105 - Retired and Inactive Status: Change of Status**

(a) A CPA may apply to the Board for change of status to retired status or inactive status provided the CPA meets the description of the appropriate status as defined in 21 NCAC 08A .0301. Application for any status change may be made on the annual certificate renewal form or another form provided by the Board.

(b) A CPA who does not meet the description of inactive or retired as defined in 21 NCAC 08A .0301 may not be or remain on inactive or retired status.

(c) A CPA on retired status may change to active status by:

(1) paying the certificate renewal fee for the license year in which the application for change of status is received;

(2) furnishing the Board with evidence of satisfactory completion of 40 hours of acceptable CPE courses during the 12-month period immediately preceding the application for change of status. Eight of the required hours must be credits derived ~~from non-self study CPE and eight of the required hours must be~~ from a course or examination in North Carolina accountancy statutes and rules (including the Code of Professional Ethics and Conduct contained therein) as set forth in 21 NCAC 08G .0401(a); and

(3) three certificates of moral character and endorsements as to the eligibility signed by CPAs holding valid certificates granted by any state or territory of the United States or the District of Columbia.

(d) A CPA on retired status may request change to inactive status by application to the Board.

(e) Any individual on inactive status may change to active status by complying with the requirements of 21 NCAC 08J .0106(c).

*If you have questions regarding the amended rules, please contact Robert N. Brooks, the Board's Executive Director, at [rbrooks@nccpaboar.gov](mailto:rbrooks@nccpaboar.gov). If you prefer, you may contact Buck Winslow at [buckw@nccpaboard.gov](mailto:buckw@nccpaboard.gov) or you may contact Cammie Emery at [cemery@nccpaboard.gov](mailto:cemery@nccpaboard.gov).*



## North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104 • PO Box 12827 • Raleigh NC 27605 • (919) 733-4222 • Fax (919) 733-4209 • [www.ncepaboard.gov](http://www.ncepaboard.gov)

On December 19, 2011, the Board held a public Rule-Making Hearing on 21 NCAC 08G .0409, .0410 and 21 NCAC 08J .0105 (see attached). No written comments were received on the rules and no one present at the Hearing wished to speak on the rules.

The proposed rules were filed with the Rules Review Commission (RRC) of the Office of Administrative Hearings on December 20, 2011, for calendaring.

If the proposed rules were calendared, the RRC will discuss the rules at its January 19, 2012, meeting.

If the RRC approves the rules as submitted, the rules will have an effective date of February 1, 2012.



## North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104 • PO Box 12827 • Raleigh NC 27605 • (919) 733-4222 • Fax (919) 733-4209 • [www.nccpaboard.gov](http://www.nccpaboard.gov)

### Rule-Making Hearing Scheduled for December 19, 2011

The North Carolina State Board of CPA Examiners (Board) has filed a Notice of Text with the Office of Administrative Hearings (OAH) to proceed to a public rule-making hearing (Hearing) to consider amending 21 NCAC 08G .0409, .0410 and .08J .0105 (see attached text).

The purpose of the rule-making is to amend current rules to reflect changes in the continuing professional education (CPE) rules regarding ethics courses and non-self study CPE.

A person may make a written comment and/or be present at the hearing to make an oral comment on the proposed amendments. The Hearing is scheduled for 10:00 a.m. on Monday, December 19, 2011, at the Board office at 1101 Oberlin Road, Raleigh, NC (map of Board office location is attached).

Anyone wishing to be present to speak at the hearing must notify Robert N. Brooks at [rbrooks@nccpaboard.gov](mailto:rbrooks@nccpaboard.gov) by 10:00 a.m. on Monday, December 12, 2011.

Anyone wishing to submit a written comment should send to it Robert N. Brooks, Executive Director, NC State Board of CPA Examiners, PO Box 12827, Raleigh NC 27605-2827. All written comments must be received by the Board no later than 11:00 am on Monday, December 19, 2011.

No fiscal note is required regarding these proposed rules as there is no fiscal impact on any local, state, state budget, or federal funds.

No federal certification of these proposed rule changes is required as these rules are not mandated by any federal statutes or rules.

## North Carolina State Board of CPA Examiners Rule-Making Schedule

- September 19, 2011 - draft of proposed rules presented, discussed and approved for rule-making process at the meeting of the Board
- September 22, 2011 - Notice of Text for the proposed rules filed with the Rules Review Commission (RRC) of the Office of Administrative Hearings (OAH) for publication in the NC Register
- October 17, 2011 - Notice of Text for the proposed rules to be published in the NC Register
- December 19, 2011 - Comment period for proposed rules ends
- December 19, 2011 - Public rule-making hearing at Board office
- December 20, 2011 - Permanent rules must be filed with the RRC to have a chance to be calendared on the next RRC meeting
- January 19, 2012 - Review by the RRC at its meeting if calendared
- February 1, 2012 Effective date of rules if approved by RRC

1 21 NCAC 08G .0409 is proposed to be amended as follows:

2

3 **21 NCAC 08G .0409 COMPUTATION OF CPE CREDITS**

4 (a) Group Courses: Non-College. CPE credit for a group course that is not part of a college curriculum  
5 shall be given based on contact hours. A contact hour shall be 50 minutes of instruction. One-half credits  
6 shall be equal to 25 minutes after the first credit hour has been earned in a formal learning activity. For  
7 example, a group course lasting 100 minutes shall be two contact hours and thus two CPE credits. A group  
8 course lasting 75 minutes shall be only one and one-half contact hours and thus one and one-half CPE  
9 credits. When individual segments of a group course shall be less than 50 minutes, the sum of the  
10 individual segments shall be added to determine the number of contact hours. For example, five 30-minute  
11 presentations shall be 150 minutes, which shall be three contact hours and three CPE credits. No credit  
12 shall be allowed for a segment unless the participant completes the entire segment.

13 (b) Completing a College Course. CPE credit for completing a college course in the college curriculum  
14 shall be granted based on the number of credit hours the college gives the CPA for completing the course.  
15 One semester hour of college credit shall be 15 CPE credits; one quarter hour of college credit shall be 10  
16 CPE credits; and one continuing education unit (CEU) shall be 10 CPE credits. However, under no  
17 circumstances shall CPE credit be given to a CPA who audits a college course.

18 (c) Self Study. CPE credit for a self-study course shall be given based on the average number of contact  
19 hours needed to complete the course. The average completion time shall be allowed for CPE credit. A  
20 sponsor must determine, on the basis of pre-tests, the average number of contact hours it takes to complete  
21 a course. ~~CPE credit for self-study courses shall be limited so that a CPA completes at least eight hours of~~  
22 ~~non-self-study each year.~~

23 (d) Instructing a CPE Course. CPE credit for teaching or presenting a CPE course for CPAs shall be given  
24 based on the number of contact hours spent in preparing and presenting the course. No more than 50  
25 percent of the CPE credits required for a year shall be credits for preparing for and presenting CPE courses.  
26 CPE credit for preparing for and presenting a course shall be allowed only once a year for a course  
27 presented more than once in the same year by the same CPA.

28 (e) Authoring a Publication. CPE credit for published articles and books shall be given based on the  
29 number of contact hours the CPA spent writing the article or book. No more than 25 percent of a CPA's  
30 required CPE credits for a year shall be credits for published articles or books. An article written for a  
31 CPA's client or business newsletter is not applicable for this CPE credit.

32 (f) Instructing a College Course. CPE credit for instructing a graduate level college course shall be given  
33 based on the number of credit hours the college gives a student for successfully completing the course,  
34 using the calculation set forth in Paragraph (b) of this Rule. Credit shall not be given for instructing an  
35 undergraduate level course. In addition, no more than 50 percent of the CPE credits required for a year  
36 shall be credits for instructing a college course and, if CPE credit shall also be claimed under Paragraph (d)  
37 of this Rule, no more than 50 percent of the CPE credits required for a year shall be credits claimed under

1 Paragraph (d) and this Paragraph, CPE credit for instructing a college course shall be allowed only once for  
2 a course presented more than once in the same year by the same CPA.

3

4 *History Note: Authority G.S. 93-12(8b);*

5 *Eff. May 1, 1989;*

6 *Amended Eff. February 1, 2012; January 1, 2007; January 1, 2004; February 1, 1996;*

7 *April 1, 1994; March 1, 1990.*

1 21 NCAC 08G .0410 is proposed to be amended as follows:

2

3 21 NCAC 08G .0410           **PROFESSIONAL ETHICS AND CONDUCT CPE**

4 (a) As part of the annual CPE requirement, all active CPAs shall complete CPE on professional ethics and  
5 ~~conduct as set out in 21 NCAC 08N: conduct.~~ They shall complete either two hours in a group study  
6 format or ~~four hours~~ in a self-study ~~format~~ format of a course on regulatory or behavioral professional  
7 ethics and conduct. ~~These courses shall be approved by the Board pursuant to 21 NCAC 08G .0400.~~ This  
8 CPE shall be offered by a CPE sponsor registered with the ~~Board~~ Board, or with NASBA pursuant to 21  
9 NCAC 08G .0403(a) or (b).

10 (b) A non-resident licensee whose primary office is in North Carolina must comply with Paragraph (a) of  
11 this Rule. All other non-resident licensees may satisfy Paragraph (a) of this Rule by completing the ethics  
12 requirements in the jurisdiction in which he or she is licensed as a CPA and works or resides. If there is no  
13 ethics CPE requirement in the jurisdiction where he or she is licensed and currently works or resides, he or  
14 she must comply with Paragraph (a) of this Rule.

15

16 *History Note: Authority G.S. 93-12(8b);*

17 *Eff. January 1, 2005;*

18 *Amended Eff. February 1, 2012; January 1, 2007; January 1, 2006.*

1 21 NCAC 08J .0105 is proposed to be amended as follows:

2

3 21 NCAC 08J .0105 RETIRED AND INACTIVE STATUS: CHANGE OF STATUS

4 (a) A CPA may apply to the Board for change of status to retired status or inactive status provided the CPA  
5 meets the description of the appropriate status as defined in 21 NCAC 08A .0301. Application for any  
6 status change may be made on the annual certificate renewal form or another form provided by the Board.

7 (b) A CPA who does not meet the description of inactive or retired as defined in 21 NCAC 08A .0301 may  
8 not be or remain on inactive or retired status.

9 (c) A CPA on retired status may change to active status by:

10 (1) paying the certificate renewal fee for the license year in which the application for change  
11 of status is received;

12 (2) furnishing the Board with evidence of satisfactory completion of 40 hours of acceptable  
13 CPE courses during the 12-month period immediately preceding the application for  
14 change of status. Eight of the required hours must be credits derived ~~from non-self study~~  
15 ~~CPE and eight of the required hours must be~~ from a course or examination in North  
16 Carolina accountancy statutes and rules (including the Code of Professional Ethics and  
17 Conduct contained therein) as set forth in 21 NCAC 08G .0401(a); and

18 (3) three certificates of moral character and endorsements as to the eligibility signed by CPAs  
19 holding valid certificates granted by any state or territory of the United States or the  
20 District of Columbia.

21 (d) A CPA on retired status may request change to inactive status by application to the Board.

22 (e) Any individual on inactive status may change to active status by complying with the requirements of 21  
23 NCAC 08J .0106(c).

24

25 *History Note: Authority G.S. 93-12(8); 93-12(8b);*

26 *Eff. December 1, 1982;*

27 *Curative Adopted Eff. January 25, 1983;*

28 *Legislative Objection Lodged Eff. January 31, 1983;*

29 *Amended Eff. February 1, 2012; February 1, 2011; August 1, 1998; August 1, 1995;*

30 *April 1, 1994; March 1, 1990; May 1, 1989.*

North Carolina State Board of CPA Examiners  
1101 Oberlin Road  
Raleigh, NC 27605

**From Durham/Greensboro**

I-40 East toward RDU/Raleigh  
Exit 289 to merge onto Wade Ave (Wade Avenue toward I-440/US-1 N)  
Continue to follow Wade Ave  
Take ramp to Cameron Village  
Merge onto Oberlin Rd  
Destination will be on the right

**From Charlotte:**

I-85 East toward RDU/Raleigh  
I-40 East toward RDU/Raleigh  
Exit 289 to merge onto Wade Ave (Wade Avenue toward I-440/US-1 N)  
Continue to follow Wade Ave  
Take ramp to Cameron Village  
Merge onto Oberlin Rd  
Destination will be on the right

**From Wilmington:**

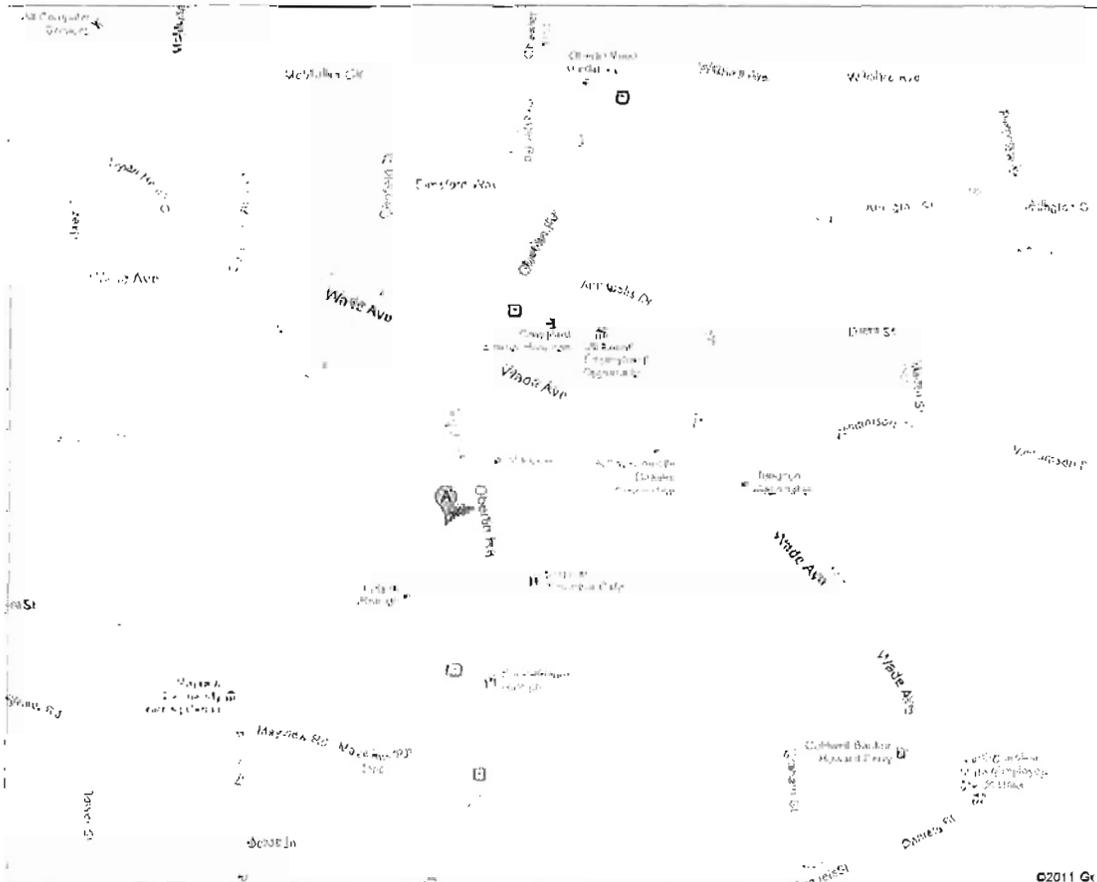
I-40 W  
Exit 298B for S Saunders St N toward Raleigh/Downtown  
Turn right onto S Saunders St W  
Slight right onto McDowell St  
Turn left onto Hillsborough St  
At traffic circle, continue straight to stay on Hillsborough St  
Turn right onto Oberlin Rd  
At traffic circle, continue straight to stay on Oberlin Rd  
Destination will be on the left (about 1 mile)

**From Rocky Mount:**

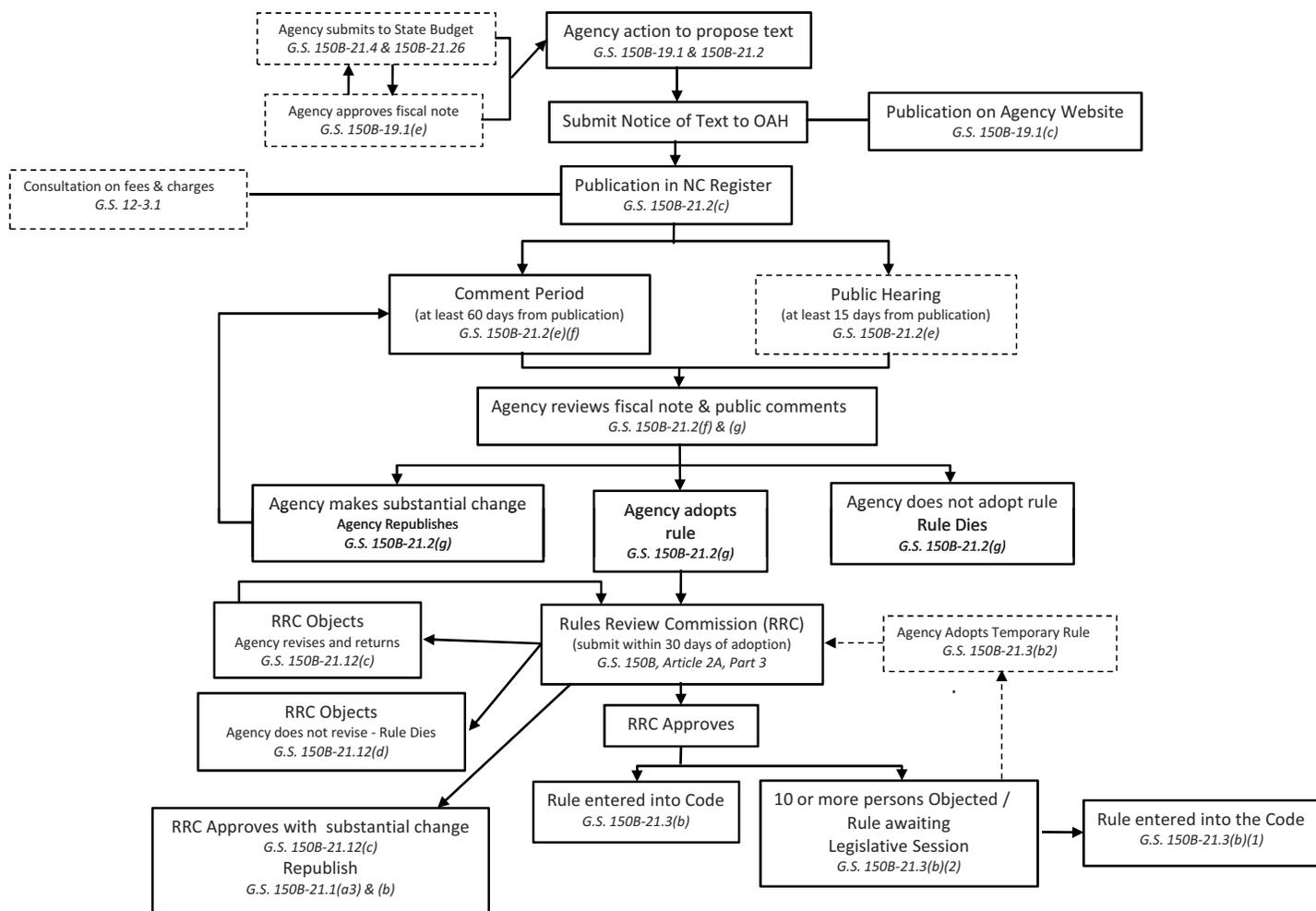
US-64 W toward Raleigh  
Exit 419 to merge onto I-440 W toward US-1/Wake Forest  
US-401 S/Capital Blvd exit  
Merge onto US-401 S/Capital Blvd/North Blvd  
Continue to follow US-401 S/Capital Blvd  
Take the Wade Avenue ramp to Res Tri Park/RDU Airport/Interstate 40 W  
Turn right onto Wade Ave  
Slight left to stay on Wade Ave  
Slight right onto the Oberlin Road ramp to Cameron Village  
Sharp right onto Oberlin Rd

**From Greenville:**

US-264 W  
Continue onto I-795 N  
Take exit 38A for I-95 S toward Benson  
Keep left at the fork and merge onto I-95 S  
Take exit 97 for US-70 toward Selma/Pine Level/Goldsboro  
Turn right onto US-70 W  
Slight right to merge onto I-40 W  
Exit 298B for S Saunders St N toward Raleigh/Downtown  
Turn right onto S Saunders St W  
Slight right onto McDowell St  
Turn left onto Hillsborough St  
At traffic circle, continue straight to stay on Hillsborough St  
Turn right onto Oberlin Rd  
At traffic circle, continue straight to stay on Oberlin Rd  
Destination will be on the left (about 1 mile)



**PERMANENT RULEMAKING PROCESS**



Required under certain conditions