

SECTION .0300 - DEFINITIONS

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

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

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

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

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

*History Note: Authority G.S. 93-1; 93-12; 93-12(3);
Eff. February 1, 1976;
Readopted Eff. September 26, 1977;
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