SUBCHAPTER 08N – PROFESSIONAL ETHICS AND CONDUCT

SECTION .0100 - SCOPE AND APPLICABILITY

21 NCAC 08N .0101 SCOPE OF THESE RULES

(a) The rules in this Subchapter are the Rules of Professional Ethics and Conduct that G.S. 93-12(9) authorizes the Board to adopt. As such, they complement the other statutory causes for discipline set out in G.S. 93-12 (9)(a) through (d) and other provisions of G.S. 93, 55B, 57D, and 59-84.2. These Rules cover a broad range of behavior and shall not enumerate every possible unethical act.

(b) In the interpretation and enforcement of these Rules, the Board will consider the following without dispositive weight: relevant interpretations, rulings and opinions issued by the boards of other jurisdictions and by appropriately authorized ethics committees of professional organizations.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Readopted Eff. May 1, 2026; February 1, 2016.

21 NCAC 08N .0102 APPLICABILITY AND ORGANIZATION OF RULES

These Rules are applicable to all certificate holders. Rules in Section .0200 of this Subchapter relate to CPAs whether or not employed in the public practice of accountancy. Rules in Section .0300 of this Subchapter pertain to CPAs using the CPA title in connection with providing products or services to clients. Rules in Section .0400 of this Subchapter pertain to CPAs whenever engaged in attest services.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0103 RESPONSIBILITY FOR COMPLIANCE BY OTHERS

A CPA and CPA firm shall be responsible for assuring compliance with the rules in this Subchapter by anyone who is the CPA's partner, fellow shareholder, member, officer, director, licensed employee, unlicensed employee or agent or unlicensed principal, or by anyone whom the CPA supervises. A CPA or CPA firm shall not permit others (including affiliated entities) to carry out on the CPA's behalf, with or without compensation, acts that if carried out by the CPA would be a violation of these Rules.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2006;
Readopted Eff. June 1, 2026; February 1, 2016.

SECTION .0200 - RULES APPLICABLE TO ALL CPAS

21 NCAC 08N .0201 INTEGRITY

The reliance of the public and the business community on sound financial reporting and advice on business affairs imposes on the accounting profession an obligation to maintain high standards of technical competence, morality, and integrity. A CPA shall at all times maintain independence of thought and action, hold the affairs of clients in strict confidence, strive continuously to improve professional skills, observe generally accepted accounting principles and standards, promote sound and informative financial reporting, uphold the dignity and honor of the accounting profession, and maintain high standards of personal conduct.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0202 DECEPTIVE CONDUCT PROHIBITED

(a) A CPA shall not engage in deceptive conduct. "Deception" means any fraud, misrepresentations, representations, or omissions that a CPA either knew or should have known to have a capacity or tendency to be misleading. Deceptive conduct shall be prohibited whether or not anyone has actually been deceived.
(b) Prohibited conduct under this Section includes deception in:

(1) obtaining or maintaining employment;
(2) obtaining or keeping clients;
(3) obtaining or maintaining certification, inactive status, or exemption from peer review;
(4) reporting CPE credits;
(5) certifying the character or experience of exam or certificate applicants;
(6) implying abilities not supported by education, professional attainments, or licensing recognition;
(7) asserting that services or products sold in connection with use of the CPA title are of a particular quality or standard when they are not;
(8) creating false or unjustified expectations of favorable results;
(9) using or permitting another to use the CPA title in a form of business not permitted by the accountancy statutes or rules;
(10) permitting anyone not certified in this State (including one licensed in another jurisdiction) to unlawfully use the CPA title in this State or to unlawfully operate as a CPA firm in this State; or
(11) falsifying a review, report, or any required program or checklist of any peer review program.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2014; January 1, 2004; April 1, 1999;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0203 DISCREDITABLE CONDUCT PROHIBITED

(a) A CPA shall not engage in conduct discreditable to the accounting profession.
(b) Prohibited discreditable conduct includes:

(1) acts that reflect adversely on the CPA's honesty, integrity, trustworthiness, good moral character, or fitness as a CPA;
(2) stating or implying an ability to improperly influence a governmental agency or official;
(3) failing to comply with any order issued by the Board;
(4) failing to fulfill the terms of a peer review engagement contract;
(5) misrepresentation in reporting CPE credits;
(6) entering into any settlement or other resolution of a dispute that purports to keep its contents confidential from the Board;
(7) failing to participate in a peer review program pursuant to 21 NCAC 08M .0105; or
(8) failing to execute an experience affidavit as set forth in 21 NCAC 08F .0401(b)(4) following a determination by the Board that the license applicant meets the Board's criteria to execute that affidavit.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2014; January 1, 2004; August 1, 1995;
Readopted Eff. February 1, 2016;
Amended Eff. May 1, 2017;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0204 DISCIPLINE BY FEDERAL AND STATE AUTHORITIES

(a) Violations of Other Authorities' Laws or Rules. A CPA shall not act in a way that would cause the CPA to be disciplined by federal or state agencies or boards for violations of laws or rules on ethics. CPAs who engage in activities regulated by other federal or state authorities (may include the following agencies: Internal Revenue Service, Department of Revenue, U.S. Securities and Exchange Commission, State Bar, North Carolina Secretary of State, Public Company Accounting Oversight Board, National Association of Securities Dealers, Department of Insurance, Government Accountability Office, U.S. Department of Housing and Urban Development, State Auditor, State Treasurer, or Local Government Commission) shall comply with all such authorities' ethics laws and rules.
(b) Prima Facie Evidence. A conviction or final finding of unethical conduct by a competent authority is prima facie evidence of a violation of this Rule.

(c) Notice to the Board Required. A CPA shall notify the Board in writing within 30 days of any conviction or finding against him or her of unlawful conduct by any federal or state court or regulatory authority.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2006;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0205 CONFIDENTIALITY

(a) Nondisclosure. A CPA shall not disclose any confidential information obtained in the course of employment or a professional engagement except with the consent of the employer or client.

(b) Exceptions. This Rule shall not be construed:

(1) to relieve a CPA of any reporting obligations pertaining to Section .0400 of this Subchapter;

(2) to affect in any way the CPA's compliance with an order of a court or a validly issued subpoena by this Board;

(3) to preclude the CPA from responding to any inquiry made by the AICPA Ethics Division or Trial Board, by a duly constituted investigative or disciplinary body of a state CPA society, or under state statutes;

(4) to preclude the disclosure of confidential client information necessary for the peer review process;

(5) to preclude the CPA from assisting the Board in enforcing the accountancy statutes and rules;

(6) to affect a CPA's disclosure of confidential information to state or federal authorities when the CPA concludes in good faith based upon professional judgment that a crime is being or is likely to be committed;

(7) to affect a CPA's disclosure of confidential information when such disclosure is required by state or federal laws or regulations; or

(8) to prohibit a CPA from revealing information:

(A) in order to establish a claim or defense on behalf of the CPA in a controversy between the CPA and a client;

(B) to establish a defense to a criminal charge or civil claim against the CPA based upon conduct in which the client was involved; or

(C) to respond to allegations in any proceeding concerning the CPA's professional services to the client.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2004; April 1, 2003;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0206 COOPERATION WITH BOARD INQUIRY

A CPA shall provide full cooperation in connection with any inquiry made by the Board. Full cooperation includes responding within 21 days to all inquiries of the Board or representatives of the Board and claiming Board correspondence from the U.S. Postal Service, private delivery service, or personal delivery.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2011;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0207 VIOLATION OF TAX LAWS

A CPA shall not knowingly violate any state or federal tax laws or regulations in handling the CPA's personal business affairs, the business affairs of an employer or client, or the business affairs of any company owned by the CPA.

History Note: *Authority G.S. 93-12(9);*
Eff. April 1, 1994;

Amended Eff. February 1, 2011;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0208 REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS

(a) Criminal Actions. A CPA shall notify the Board within 30 days of any conviction or finding of guilt of, pleading of nolo contendere, or receiving a prayer for judgment continued to any criminal offense.

(b) Civil Actions. A CPA shall notify the Board within 30 days of any judgment or settlement in a civil suit, bankruptcy action, administrative proceeding, or binding arbitration that:

(1) is grounded upon an allegation of professional negligence, gross negligence, dishonesty, fraud, misrepresentation, incompetence, or violation of any federal or state tax law and

(2) was brought against either the CPA or a North Carolina office of a CPA firm of which the CPA was a managing owner.

(c) Settlements. A CPA shall notify the Board within 30 days of any written settlement in which a client or former client releases the CPA from liability that is grounded upon an allegation of professional negligence; gross negligence; dishonesty; fraud; misrepresentation; incompetence; or violation of any federal, state, or local law, regardless of whether the client or former client has filed a civil suit or criminal charge.

(d) Investigations. A CPA shall notify the Board within 30 days of any inquiry or investigation by the criminal investigation divisions of the Internal Revenue Service (IRS) or any state department of revenue pertaining to any personal or business tax matters.

(e) Liens. A CPA shall notify the Board within 30 days of the filing of any liens by the Internal Revenue Service (IRS) or any state department of revenue regarding the failure to pay or apparent failure to pay for any amounts due for any tax matters.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(3); 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2014; January 1, 2006; April 1, 2003; April 1, 1999;
Readopted Eff. February 1, 2016;
Amended Eff. May 1, 2017;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0209 ACCOUNTING PRINCIPLES

(a) Generally Accepted Accounting Principles. A CPA shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such statements contain any departure from an accounting principle that has a material effect on the statements taken as a whole, unless the CPA can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading. In such cases the CPA's report shall describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

(b) Financial Accounting Standards Board Accounting Standards Codification. The Financial Accounting Standards Board Accounting Standards Codification is incorporated by reference, including subsequent amendments and editions and shall be considered generally accepted accounting principles for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://asc.fasb.org at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0210 FORECASTS

History Note: *Authority G.S. 55B-12; 57C-2-01; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2006;
Repealed Eff. July 1, 2010.

21 NCAC 08N .0211 RESPONSIBILITIES IN TAX PRACTICE

(a) Standards for Tax Services. A CPA shall not render services in the area of taxation unless the CPA has complied with both the Statements on Standards for Tax Services and the Treasury Department Circular 230 as defined in this Section. In the event that there is a conflict between the Statements on Standards for Tax Services and Treasury Department Circular 230, the CPA shall comply with Treasury Department Circular 230.

(b) Statements on Standards for Tax Services. The Statements on Standards for Tax Services issued by the AICPA are incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://www.aicpa.org/resources/toolkit/statements-on-standards-for-tax-services at no cost.

(c) Treasury Department Circular 230. The Treasury Department Circular 230 is incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://www.irs.gov/pub/irs-pdf/pcir230.pdf at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; February 1, 2006; April 1, 2003;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0212 COMPETENCE

A CPA shall perform professional services competently and shall:

(1) undertake only those engagements that the CPA or CPA's firm can expect to complete with professional competence;
(2) exercise due professional care in the performance of an engagement;
(3) adequately plan and supervise an engagement; and
(4) obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to an engagement.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Readopted Eff. June 1, 2026; February 1, 2016

21 NCAC 08N .0213 OTHER RULES

A CPA shall not willfully violate any other rule in this Chapter nor any other provision of the Accountancy Statutes, the Professional Corporation Act, the Partnership Act, or the North Carolina Limited Liability Company Act.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2006;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0214 OUTSOURCING TO THIRD-PARTY PROVIDERS

(a) A CPA shall provide a written disclosure in advance of the outsourcing to the client that he or she is using a third-party provider to assist the CPA in providing any professional services to the client.

(b) A CPA outsourcing professional services to a third-party provider shall be responsible for ensuring a third-party provider is in compliance with all rules of Professional of Conduct and Ethics in this Subchapter.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. January 1, 2006;
Amended Eff. July 1, 2010;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0215 INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS

(a) International Financial Accounting Standards. A CPA shall not express an opinion that financial statements are presented in accordance with international financial accounting standards if such statements contain any departure from an accounting standard that has a material effect on the statements, taken as a whole, unless the CPA can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading. In

such cases, the CPA's report shall describe the departure, the approximate effect thereof if practicable, and the reason why compliance with the standard would result in a misleading statement.

(b) International Financial Accounting Standards consist of the following:

(1) International Financial Reporting Standards (IFRS) issued after 2003;

(2) International Accounting Standards (IAS) issued before 2004;

(3) Interpretations originated from the International Financial Reporting Interpretations Committee (IFRIC) issued after 2003; and

(4) Standing Interpretations Committee (SIC) issued before 2003.

(c) Copies of Standards. Copies of International Financial Accounting Standards issued by IFRS are incorporated by reference, including subsequent amendments and editions. The documents may be accessed at https://www.ifrs.org/issued-standards/list-of-standards/ at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. February 1, 2011;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0216 PROFESSIONAL JUDGMENT

A CPA shall not subordinate the CPA's professional judgment to non-CPAs.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Readopted Eff. February 1, 2016;
Eff. June 1, 2026.

SECTION .0300 - RULES APPLICABLE TO ALL CPAS WHO USE THE CPA TITLE IN OFFERING OR RENDERING PRODUCTS OR SERVICES TO CLIENTS

21 NCAC 08N .0301 PROFESSIONAL JUDGMENT

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Readopted Eff. February 1, 2016;
Repealed Eff. June 1, 2026.

21 NCAC 08N .0302 FORMS OF PRACTICE

(a) Authorized Forms of Practice. A CPA who uses CPA in or with the name of the business or offers or renders audits, reviews, compilations, agreed-upon procedure or engagement services performed in accordance with the standards in 21 NCAC 08A .0301(b)(5) in the public practice of accountancy to clients shall do so only through a registered sole proprietorship, partnership, Professional Corporation, Professional Limited Liability Company, or Registered Limited Liability Partnership.

(b) Authorized Ownership. A CPA firm may have an ownership of up to 49 percent by non-CPAs. A CPA firm shall have ownership of at least 51 percent and be controlled in law and fact by holders of valid CPA certificates who have the unrestricted privilege to use the CPA title and to practice public accountancy in a jurisdiction and at least one of whom shall be licensed by this Board.

(c) CPA Firm Registration Required. A CPA shall not offer or render professional services through a CPA firm that is in violation of the registration requirements of 21 NCAC 08J .0108, 08J .0110, or 08M .0105.

(d) Supervision of CPA Firms. Every North Carolina office of a CPA firm registered in North Carolina shall be actively and locally supervised by a designated actively licensed North Carolina CPA whose primary responsibility and a corresponding amount of time shall be work performed in that office.

(e) CPA Firm Requirements for CPA Ownership. A CPA firm and its designated supervising CPA shall be accountable for the following in regard to a CPA owner:

(1) a CPA owner shall be a natural person or a general partnership or a limited liability partnership directly owned by natural persons;

(2) a CPA owner shall actively participate in the business of the CPA firm; and

(3) a CPA owner who, prior to January 1, 2006, is not actively participating in the CPA firm may continue as an owner until such time as his or her ownership is terminated.

(f) CPA Firm Requirements for Non-CPA Ownership. A CPA firm and its designated supervising CPA owner shall be accountable for the following in regard to a non-CPA owner:

(1) a non-CPA owner shall be a natural person or a general partnership or limited liability partnership directly owned by natural persons;

(2) a non-CPA owner shall actively participate in the business of the firm or an affiliated entity as his or her principal occupation;

(3) a non-CPA owner shall comply with all applicable accountancy statutes and the rules as set forth in G.S. 93 and all rules in this Chapter;

(4) a non-CPA owner shall be of good moral character and shall be dismissed and disqualified from ownership for any conduct that, if committed by a licensee, would result in a discipline pursuant to G.S. 93-12(9); and

(5) a non-CPA owner shall report his or her name, home address, phone number, social security number, and Federal Tax ID number (if any) on the CPA firm's registration.

(g) ESOP Ownership. Notwithstanding the restrictions set forth in Subparagraph (f) of this Rule, up to 49 percent of the ownership in a CPA firm may be held in an employee stock ownership plan ("ESOP") that meets the requirements of Section 409 of the Internal Revenue Code. All trustees of the ESOP must be licensed CPAs in a United States jurisdiction. Further, the beneficial ownership in an ESOP may not be held by persons who are not active participants in the CPA firm.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2011; January 1, 2006; April 1, 2003; April 1, 1999; August 1, 1995;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0303 OBJECTIVITY AND CONFLICTS OF INTEREST

(a) Personal Financial Interest in Advice. When offering or rendering accounting or related financial, tax, or management advice, a CPA shall be objective and shall not place the CPA's own financial interests nor the financial interests of a third party ahead of the legitimate financial interests of the CPA's client or the public in any context in which a client or the public can reasonably expect objectivity from one using the CPA title.

(b) Expectation of Objectivity Presumed. If the CPA uses the CPA title in any way to obtain or maintain a client relationship, the Board shall presume the reasonable expectation of objectivity.

(c) Acceptance of a Commission or Referral Fee. A CPA shall not recommend or refer to a client any product or service for a commission; recommend or refer any product or service to be supplied by a client; or receive a commission, when the CPA also performs the following for the client:

(1) an audit or review of a financial statement;

(2) a compilation of a financial statement when the CPA expects, or reasonably might expect, that a third party will use the financial statement and the CPA's compilation report does not disclose a lack of independence; or

(3) an examination of prospective financial information.

This prohibition applies during the period in which the CPA is engaged to perform any of the services listed in Paragraph (c) of this Rule and the period covered by any historical financial statements involved in such listed services.

(d) Acceptance of a Contingent Fee.

(1) The offering or rendering of professional services for, or the receipt of, a contingent fee by a CPA shall not be prohibited except for engaging to render or rendering by a CPA:

(A) of professional services for any person for whom the CPA also performs attest services, during the period of the attest services engagement, and the period covered by any historical financial statements involved in such attest services; and

(B) for the preparation of original or amended tax returns or claims for tax refunds.

(2) Fees shall not be regarded as being contingent if fixed by courts or other public authorities or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.

(e) A CPA shall communicate in advance to a client the scope of services or products to be rendered or referred for which the CPA will receive a commission, referral, or contingent fee. A CPA shall provide disclosure in a written

statement within ten business days of the service or product to be rendered or referred with the commission, referral, or contingent fee to be charged or received by the CPA.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2006; April 1, 1999;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0304 CONSULTING SERVICES STANDARDS

(a) Standards for Consulting Services. A CPA shall not render consulting services unless the CPA has complied with the Statements on Standards for Consulting Services.

(b) Statements on Standards for Consulting Services. The Statements on Standards for Consulting Services including the definition of such services issued by the AICPA are incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://www.aicpa.org/resources/download/statement-on-standards-for-consulting-services-no-1 at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; January 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0305 RETENTION OF CLIENT RECORDS

(a) A CPA shall return client-provided records in the CPA's custody or control to the client at the client's request. Client-provided records are accounting or other records, including hardcopy and electronic reproductions of such records, belonging to the client that were provided to the CPA by, or on behalf of, the client.

(b) Unless a CPA and the client have agreed to the contrary, when a client makes a request for CPA prepared records or a CPA's work products that are in the CPA's custody or control that have not previously been provided to the client, the CPA shall respond to the client's request as follows:

(1) The CPA shall provide CPA prepared records relating to a completed and issued work product to the client, except that such records may be withheld if fees are due to the CPA for that specific work product; and

(2) The CPA's work products shall be provided to the client, except that such work products may be withheld:

(A) if fees are due to the CPA for the specific work product;

(B) if the work product is incomplete;

(C) if for the purpose of complying with professional standards. For example, withholding an audit report due to outstanding audit issues; or

(D) if threatened or outstanding litigation exists concerning the engagement or CPA's work.

(c) CPA prepared records are accounting or other records that the CPA was not specifically engaged to prepare and that are not in the client's books and records or are otherwise not available to the client, thus rendering the client's financial information incomplete. Examples include adjusting, closing, combining, or consolidating journal entries including computations supporting such entries and supporting schedules and documents that the CPA proposed or prepared as part of an engagement, an audit being an example. CPA's work products are deliverables set forth in the terms of the engagement.

(d) Once a CPA has complied with the requirements described in Paragraphs (a) and (b) of this Rule, he or she shall not be under any further ethical obligation to:

(1) comply with any subsequent requests to again provide records or copies of records described in Paragraphs (a) and (b) of this Rule. If subsequent to complying with a request, a client experiences a loss of records due to a natural disaster, the CPA shall comply with an additional request to provide such records that are in possession of the CPA; and

(2) retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service performed.

(e) A CPA who has provided records to an individual designated or held out as the client's representative, such as the general partner, or majority shareholder, shall not be obligated to provide such records to other individuals

associated with the client. However, in the case of joint individual tax returns, each named taxpayer on that return shall be entitled to a copy of the tax returns and supporting schedules from the CPA.
(f) Work papers shall be the CPA's property, and the CPA is not required to provide such information to the client. However, state and federal statutes and regulations and contractual agreements may impose additional requirements on the CPA.
(g) In fulfilling a request for client provided records, CPA prepared records, or a CPA's work products, the CPA may:

(1) charge the client a fee for the time and expense incurred to retrieve and copy such records and require that the client pay the fee before the CPA provides the records to the client;
(2) provide the requested records in any format usable by the client. The CPA is not required to convert records that are not in electronic format to electronic format. If the client requests records in a specific format and the records are available in such format within the CPA's custody and control, the client's request shall be honored. In addition, the CPA is not required to provide the client with formulas, unless the formulas support the client's underlying accounting or other records or the CPA was engaged to provide such formulas as part of a completed work product. The CPA is not required to provide electronic data files to a client if they were created with tax preparation software owned or licensed by the CPA; and
(3) make and retain copies of any records that the CPA returned or provided to the client.

(h) A CPA who is required to return or provide records to the client shall comply with the client's request as soon as practicable, but no later than 45 days after the request is made.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2006; April 1, 2003;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023; May 1, 2017;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0306 ADVERTISING OR OTHER FORMS OF SOLICITATION

(a) Deceptive Advertising. A CPA shall not seek to obtain clients by advertising or using other forms of solicitation in a manner that is deceptive.
(b) Specialty Designations. A CPA may advertise the nature of services provided to clients, but the CPA shall not advertise or indicate a specialty designation or other title unless the CPA has met the requirements of the granting organization for the separate title or specialty designation and the individual is currently on active status and in good standing with the granting organization for the separate title or specialty designation.
(c) The CPA firm shall offer to perform or perform professional services only in the exact name of the CPA firm as registered with the Board. The exact CPA firm name as registered with the Board shall be used on the following documents:

(1) contracts;
(2) engagement letters;
(3) tax returns; and
(4) all professional services reports.

(d) The CPA firm may advertise professional services using the exact name of the CPA firm, a portion of the CPA firm name, or initials or acronyms derived from the exact CPA firm name as registered with the Board.
(e) Any CPA or CPA firm offering to or performing professional services via the Internet shall include the following information on the Internet:

(1) CPA business or CPA firm name as registered with the Board;
(2) business phone number; and
(3) North Carolina certificate number and North Carolina as jurisdiction of certification.

(f) The use of the phrase "certified public accountant(s)" or "CPA(s)" in the name of any business entity on letterhead, professional services reports, business cards, brochures, building signage, office signs, telephone directories, contracts, engagement letters, tax returns, Internet directories, or any other advertisements or forms or solicitation shall be prohibited except for registered CPA firms.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;

Amended Eff. February 1, 2011; April 1, 1999; February 1, 1996;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0307 CPA FIRM NAMES

(a) Registration of Firm Names. A business may not use a CPA firm name unless that name has been registered with the Board.

(b) Misleading Names Prohibited. A CPA firm shall not trade upon the CPA title through use of any name that is misleading. A misleading CPA firm name includes, but are not limited to, the following:

(1) Implies the existence of a partnership or registered limited liability partnership or a professional corporation or professional limited liability company if the firm is not, in fact, one of those entities;

(2) Includes the name of an individual who is not a CPA if the words "certified public accountants" or "CPAs" are included in the firm name;

(3) Includes information about or indicates an association with persons who are not current or former members of the firm, unless the name is that of a firm network;

(4) Includes the terms "& Company", "& Associates", or "Group", but the firm does not include, in addition to the named partner, shareholder, owner, or member, at least one other unnamed partner, shareholder, owner, member, or staff employee;

(5) Contains any representation that would be likely to cause a reasonable person to have a false or unjustified expectation of favorable results or capabilities, including names indicating qualitative superiority or pricing differences;

(6) Claims or implies the ability to influence a regulatory body or official; or

(7) Includes the name of an owner whose license has been revoked for disciplinary reasons by the Board, whereby the licensee has been prohibited from practicing public accountancy or prohibited from using the title CPA or holding themselves out as a Certified Public Accountant.

(c) Permissible Firm Names: The following is a non-exhaustive list of types of CPA firm names that are not in and of themselves misleading and are permissible so long as they do not violate other firm name provisions:

(1) A firm name that includes the names or initials of one or more former or current owners;

(2) A firm name that excludes the names of one or more former or current owners;

(3) A firm name that uses the "CPA" title as part of the firm name when all named individuals are owners of the firm who hold the CPA title or are former owners who held the CPA title at the time they ceased to be owners of the firm; or

(4) A firm name that includes the name of a non-CPA owner if the words "certified public accountant" or "CPA" title are not a part of the firm name.

(d) Any CPA firm registered in another jurisdiction that provides notification of intent to practice pursuant to G.S. 93-10(c)(3) may practice under the name as registered with that jurisdiction.

History Note: *Authority G.S. 55B-5; 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2011; January 1, 2006; April 1, 1999; August 1, 1995;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0308 VALUATION SERVICES STANDARDS

(a) Standards for Valuation Services. A CPA shall not render valuation services of a business, a business ownership interest, security, or intangible asset unless the CPA has complied with the Statements on Standards for Valuation Services.

(b) Statements on Standards for Valuation Services. The Statements on Standards for Valuation Services, including the definition of such services, issued by the AICPA are incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://www.aicpa.org/resources/download/statement-on-standards-for-valuation-services-vs-section-100 at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. January 1, 2006;
Amended Eff. July 1, 2010;

Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0309 PERSONAL FINANCIAL PLANNING SERVICES

(a) Statement on Standards on Personal Financial Planning Services. A CPA shall not render personal financial planning services unless the CPA has complied with the Statement on Standards on Personal Financial Planning Services.

(b) Statement on Standards on Personal Financial Planning Services. The Statement on Standards on Personal Financial Planning Services, including the definition of such services, issued by the AICPA are incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://aicpa.org/resources/download/statement-on-standards-in-personal-financial-planning-services at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0310 FORENSIC SERVICES

(a) Statement on Standards for Forensic Services. A CPA shall not render forensic services unless the CPA has complied with the Statement on Standards for Forensic Services.

(b) Statement on Standards for Forensic Services. The Statement for Forensic Services, including the definition of such services, issued by the AICPA are incorporated by reference, including subsequent amendments and editions. This document may be accessed at https://www.aicpa.org/resources/download/statement-on-standards-for-forensic-services at no cost.

History Note: *Authority G.S. 55B-12; 57-D-02); 93-12(9);*
Eff. September 1, 2023.
Eff. June 1, 2026.

SECTION.0400 - RULES APPLICABLE TO CPAS PERFORMING ATTEST SERVICES

21 NCAC 08N .0401 PUBLIC RELIANCE

The rules in this Section apply to any CPA who engages in attest services as defined in 21 NCAC 08A .0301(b)(5).

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2006;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0402 INDEPENDENCE

(a) A CPA, or the CPA's firm, who is performing an engagement in which the CPA, or the CPA's firm, will issue a report on financial statements of any client (other than a report in which lack of independence is disclosed) shall conform in fact and in appearance to the independence standards established by the AICPA and this Board, and, where applicable, the SEC, the U.S. GAO, the PCAOB and other national or international regulatory or professional standard setting bodies.

(b) The PCAOB independence rules are hereby incorporated by reference, including subsequent amendments and editions. They may be accessed at www.pcaobus.org/oversight/standards/ethics-independence-rules.

(c) The SEC independence rules are codified at 17 CFR 210.2-01 and are hereby incorporated by reference, including subsequent amendments and editions. They may be accessed at www.ecfr.gov/current/title-17/chapter-11 at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. February 1, 2011; April 1, 2003;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0403 AUDITING STANDARDS

(a) Standards for Auditing Services. A CPA shall not render auditing services unless the CPA has complied with the applicable generally accepted auditing standards.

(b) Statements on Auditing Standards. The Statements on Auditing Standards issued by the AICPA are incorporated by reference, including subsequent amendments and editions, and shall be considered generally accepted auditing standards for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://us.aicpa.org/research/standards/auditattest/clarifiedsas.html at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; February 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0404 ACCOUNTING AND REVIEW SERVICES STANDARDS

(a) Standards for Accounting and Review Services. A CPA shall not render accounting and review services unless the CPA has complied with the standards for accounting and review services.

(b) Statements on Standards for Accounting and Review Services. The Statements on Standards for Accounting and Review Services issued by the AICPA are incorporated by reference, including subsequent amendments and editions, and shall be considered as the standards for accounting and review services for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://us.aicpa.org/research/standards/compilationreview.html at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; February 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0405 GOVERNMENTAL ACCOUNTING STANDARDS

(a) Standards for Governmental Accounting. A CPA shall not permit the CPA's name to be associated with governmental financial statements for a client unless the CPA has complied with the standards for governmental accounting.

(b) Statements on Governmental Accounting and Financial Reporting Services. The Statements on Governmental Accounting and Financial Reporting Services issued by the GASB are incorporated by reference, including subsequent amendments and editions, and shall be considered as the standards for governmental accounting for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://www.gasb.org/standards at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1999;
Amended Eff. July 1, 2010; February 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0406 ATTESTATION STANDARDS

(a) Standards for Attestation Services. A CPA shall not render attestation services unless the CPA has complied with the applicable attestation standards.

(b) Statements on Standards for Attestation Engagements. The Statements on Standards for Attestation Engagements issued by the AICPA are incorporated by reference, including subsequent amendments and editions, and shall be considered attestation standards for the purposes of Paragraph (a) of this Rule. This document may be accessed at https://us.aicpa.org/research/standards/auditattest/ssae at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. July 1, 2010; February 1, 2006;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0407 COMPETITIVE BIDDING

History Note: *Authority G.S. 55B-12; 57C-2-01; 93-12(9);*
Eff. April 1, 1994;
Pursuant to G.S. 150B-21.3A, rule expired on November 1, 2014.

21 NCAC 08N .0408 PEER REVIEW STANDARDS
A CPA who is engaged to perform a peer review shall not violate the rules or standards as set in 21 NCAC 08M of the peer review program under which the review is made or the engagement contract connected with that peer review.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. April 1, 1994;
Amended Eff. January 1, 2006;
Readopted Eff. June 1, 2026; February 1, 2016.

21 NCAC 08N .0409 GOVERNMENT AUDITING STANDARDS
(a) Standards for Government Audits. A CPA shall not render audit services to a government entity or entity that receives government awards and is required to receive an audit in accordance with Government Auditing Standards unless the CPA has complied with the applicable Generally Accepted Government Auditing Standards.
(b) Government Auditing Standards. The Government Auditing Standards issued by the United States Government Accountability Office are incorporated by reference, including subsequent amendments and editions, and shall be considered Generally Accepted Government Auditing Standards for the purpose of Paragraph (a) of this Rule. This document may be accessed at https://www.gao.gov/yellowbook at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. February 1, 2011;
Readopted Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0410 INTERNATIONAL STANDARDS ON AUDITING
(a) International Standards on Auditing. A CPA shall not render auditing services that report to comply with international standards unless the CPA has complied with the applicable international standards on auditing.
(b) Statement on International Standards on Auditing. The Statement on International Standards on Auditing issued by the International Auditing and Assurance Standards Board are incorporated by reference, including subsequent amendments and editions, and shall be considered International Standards on Auditing for the purpose of Paragraph (a) of this Rule. This document may be accessed at https://www.iaasb.org/standards-pronouncements at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. February 1, 2016;
Amended Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0411 AUDITS SUBJECT TO THE SINGLE AUDIT ACT
A CPA rendering audit services to a state or local government entity, non-profit organization, or other entity that is subject to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156, must comply with the Single Audit Act amendments as implemented through Subpart F - Audit Requirements of

Title 2 of C.F.R., Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). 2 CFR part 200 is hereby incorporated by reference, including subsequent amendments and editions. This document may be accessed at www.ecfr.gov/current/title-2 at no cost.

History Note: *Authority G.S. 55B-12; 57D-2-02; 93-12(9);*
Eff. September 1, 2023;
Readopted Eff. June 1, 2026.

21 NCAC 08N .0412 FORENSIC SERVICES

History Note: *Authority G.S. 55B-12; 57-D-02); 93-12(9);*
Eff. September 1, 2023;
Repealed Eff. June 1, 2026.