

TITLE 1
BOARD OF ACCOUNTANCY

Chapter 1-10 Board of Accountancy Rules and Regulations

CHAPTER 1-10
BOARD OF ACCOUNTANCY RULES AND REGULATIONS

Part 001	Reserved		
Part 100	General Provisions	Part 400	Professional Conduct and Ethics Rules
§ 1-10-101	Currency of this Chapter	§ 1-10-401	Obligation to Follow The Rules
§ 1-10-105	History	§ 1-10-405	Reference to the Rules on Board Forms
§ 1-10-110	Numbering of Resolutions and Other Acts	§ 1-10-410	Adoption of AICPA Rules of Professional Conduct
§ 1-10-115	Office		
§ 1-10-120	Organizations and Officers	Part 500	Education and Experience Qualifications and Continuing Education; Semester Hours; Accredited Colleges, Universities, Schools and Programs; Credit for Courses; Exams; Discipline
§ 1-10-125	Appointment, Vacancies and Removal	§ 1-10-501	Accreditation
§ 1-10-130	Oath	§ 1-10-505	Education Requirements for Examination and Certification
§ 1-10-135	Record Keeping	§ 1-10-510	Applications for Examination
§ 1-10-140	Seal	§ 1-10-515	Type, Time and Place of Examination
§ 1-10-145	Authority of Officers and Committees	§ 1-10-520	Examination Content
§ 1-10-150	Operations, Staff and Contractors	§ 1-10-525	Determining and Reporting Examination Grades
§ 1-10-155	Advisory Committees	§ 1-10-530	Retaking an Examination Section and Granting of Credits
§ 1-10-160	Conflict of Interest	§ 1-10-535	Candidate Testing Fee
§ 1-10-165	Purpose	§ 1-10-540	Cheating
Part 200	Administration and Conduct of Meetings	§ 1-10-545	Security and Irregularities
§ 1-10-201	Business Meetings	Part 600	Issuance of Certificates and Renewal of Certificates; Continuing Professional Education
§ 1-10-205	Executive Session		
§ 1-10-210	Notice		
§ 1-10-215	Robert's Rules of Order		
§ 1-10-220	Reserved		
§ 1-10-225	Reserved		
§ 1-10-230	Public Meetings		
Part 300	Definitions		
§ 1-10-301	Definitions		
§ 1-10-305	Additional Definitions		

TITLE 1: BOARD OF ACCOUNTANCY

§ 1-10-601 Identification as a Licensee

§ 1-10-605 Applications for Certificates

§ 1-10-610 Experience Required for Initial Certificate

§ 1-10-615 Evidence of Applicant's Experience

§ 1-10-620 Continuing Professional Education Requirements for Renewal of the Certificate

§ 1-10-625 Programs Qualifying for Continuing Professional Education Credit

§ 1-10-630 Continuing Professional Education Records

§ 1-10-635 Exceptions

Part 700 Permits to Practice, Peer Review - Firms and Individuals

§ 1-10-701 Applications

§ 1-10-705 Notification of Changes by Firms

§ 1-10-710 Peer Review as a Condition For Renewal of Permit

§ 1-10-715 Equivalent Reviews as a Condition for Renewal of a Permit

§ 1-10-720 Peer Review for Certificate Holders Who Do Not Practice in a Licensed Firm

§ 1-10-725 Submission of Peer Review Reports to the Board

Part 800 Interstate or International Reciprocity Practice

§ 1-10-801 Interstate Practice

§ 1-10-805 International Reciprocity

Part 900 Enforcement Actions Against Licensees

§ 1-10-901 Grounds for Enforcement Actions Against Licensees and Others

§ 1-10-905 Return of Certificate or Permit to Practice

Part 1000 Enforcement Procedures - Investigations

§ 1-10-1001 Review of Professional Work Product

§ 1-10-1005 Reporting Convictions, Judgments, and Administrative Proceedings

Part 1100 Enforcement Procedures - Hearings by the Board (§ 4(h)(2))

§ 1-10-1101 Complaints and Notices of Hearing

§ 1-10-1105 Examination and Copying of Documents

§ 1-10-1110 Conduct of Hearing

§ 1-10-1115 Evidentiary Rules

§ 1-10-1120 Decisions

Part 1200 Reinstatement

§ 1-10-1201 Applications for Relief from Disciplinary Penalties

§ 1-10-1205 Action by the Board

Part 1300 Unlawful Acts and Safe Harbor

§ 1-10-1301 Misleading CPA Firm Names

§ 1-10-1305 Fictitious Firm Names

§ 1-10-1310 Safe Harbor Language

Part 1400 Construction of Requirement for a Public Audit

§ 1-10-1401 Construction of Requirement for a Public Audit

Part 1500 Other Licensee Obligations

§ 1-10-1501 Notify of Changes

§ 1-10-1505 Timely Respond

§ 1-10-1510 Pay Fees

§ 1-10-1515 Internet Practice

Part 1600 Fees

§ 1-10-1601 Board Schedule for Fees

§ 1-10-1605 Fees, Initially

TITLE 1: BOARD OF ACCOUNTANCY

Part 1700	Reports	Part 2100	[Reserved]
§1-10-1701	Annual Reports	Part 2200	[Reserved]
§ 1-10-1705	Other Reports		
Part 1800	Papers; Retention;	Part 2300	Substantial Equivalency
Attest Documentation		§ 1-10- 2301	Notification
§ 1-10- 1801	Documentation and	§ 1-10- 2305	Non-reportable Activities
Retention		§ 1-10- 2310	Minimum Reportable
§ 1-10- 1805	Retention Period for	Information	
Attest Documentation		Part 2400	Reserved
Part 1900	[Reserved]	Part 2500	Reserved
Part 2000	[Reserved]		

Chapter Authority: 4 CMC § 3402(h).

Chapter History: Amdts Proposed 29 Com. Reg. 26681 (Aug. 17, 2007);* Amdts Emergency 28 Com. Reg. 26334 (Dec. 29, 2006) (effective for 120 days from Dec. 28, 2006);** Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

* Notice proposes to amend all regulations in this chapter but no proposed regulations attached to the notice.

** If permanently proposed and adopted, the December 2006 amendments will change the numbering system of this entire chapter.

Commission Comment: PL 13-52 (effective May 20, 2003), the “Accountancy Act of 2002,” codified at 4 CMC §§ 3401-3440, regulates the profession of accounting in the CNMI. 4 CMC § 3402(a) establishes a Board of Accountancy within the CNMI government. 4 CMC § 3402(h) authorizes the Board to adopt rules and regulations governing the administration and enforcement of the act and the conduct of licensees under the act, including rules specifying the educational and experience qualifications required to be a certified public accountant and rules of professional conduct for accountants.

Part 001 - Reserved

Commission Comment: The November 2007 amendments reserved this part and redesignated former part 001, General Provisions, to part 100.

Part 100 - General Provisions

§ 1-10-101 Currency of this Chapter

The regulations in this chapter are intended to be current through the cutoff date for the CNMI Register Volume 29 No. 09 (Sept. 17, 2007). They include all Board regulations, including (for the convenience of the reader) those previously adopted.

TITLE 1: BOARD OF ACCOUNTANCY

Modified, 1 CMC § 3806(d).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: The November 2007 amendments redesignated former part 001, General Provisions, to part 100. This section was amended and redesignated from § 1-10-001 to § 1-10-101.

§ 1-10-105 History

(a) History is not part of the operative language of the regulation, and is included by the Board for the convenience of the reader.

(b) The Board shall attempt to publish a brief history with each change to this chapter, identifying the date and Commonwealth Register citation for the change.

(c) The history is:

(1) Accountancy Act of 2002 signed by Governor Juan N. Babauta, May 20, 2003, 4 CMC §§ 3401-3440, PL 13-52.

(2) Meetings, procedure, definitions, other general:

(i) Proposed regulations adopted by resolution of the Board of Accountancy on October 19, 2005. Proposed regulations were published in the Commonwealth Register, Vol. 27, No.10 (11/25/2005).

(ii) Final regulations were promulgated by publication in the Commonwealth Register Vol. 28, No. 1 (1/30/2006).

(3) Regulation, licensing, discipline, fees, appeals:

(i) Emergency regulations adopted by resolution of the Board of Accountancy on December 26, 2006. No further action, and the regulations lapsed.

(ii) Proposed regulations adopted by resolution of the Board of Accountancy on April 26, 2006 and December 26, 2006. Proposed regulations were published in the Commonwealth Register, Vol. 29, No. 09 026735-784 (9/17/2007).

(iii) Final regulations were promulgated by publication in the Commonwealth Register Vol. 29, No. 11 (11/19/2007).

Modified, 1 CMC § 3806(d), (g).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 28 Com. Reg. 26735 (Sept. 29, 2006); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: The Commission inserted the accurate day in 11/19/2007 in subsection(c)(3)(iii). The November 2007 amendments changed and redesignated this section from § 1-10-005 to § 1-10-105.

§ 1-10-110 Numbering of Resolutions and Other Acts

TITLE 1: BOARD OF ACCOUNTANCY

(a) Resolutions shall be signed by the Secretary, Chair or Acting Chair and numbered to indicate year, month and successive number of resolutions in the month, and shall indicate briefly their subject matter. For example: “Res. 2004-10-04 (Budget).”

(b) Other actions of the Board shall be similarly identified. For example: “Personnel Policy Amendment 2005-03-01 (Travel).”

Modified, 1 CMC § 3806(f).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-010. The Commission corrected the placement of the periods at the end of subsections (a) and (b) pursuant to 1 CMC § 3806(g).

§ 1-10-115 Office

The Board shall designate the location of its principal office, of testing centers, and may establish branch offices in other locations.

Modified, 1 CMC § 3806(f).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-015.

§ 1-10-120 Organizations and Officers

(a) The officers of the Board are a chair, a vice-chair, and a secretary-treasurer, or a secretary and a treasurer.

(b) The Board shall elect its officers for the calendar year at the first regular meeting of the year.

(c) The officers shall assume the duties of their respective offices as soon as they have been elected.

(d) The officers of the Board shall continue in office until their successors are elected and qualify.

(e) The Chair shall preside at all meetings of the Board, and in the event of his absence or inability to act, the Vice-chair shall preside.

(f) Other duties of the officers shall be such as the Board may prescribe.

TITLE 1: BOARD OF ACCOUNTANCY

Modified, 1 CMC § 3806(b), (f), (g).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In subsection (a), the Commission inserted “a” before “Chair” and “Vice-chair” and deleted the extra “Secretary” located after “Vice-chair” to correct manifest errors. In the original, subsection (f) was not designated. The Commission designated subsection (f).

In November 2007, the content of this section was re-promulgated without amendment. This section was originally numbered § 1-10-020.

§ 1-10-125 Appointments, Vacancies and Removal from Office

- (a) Vacancies occurring shall be filled by appointment for the unexpired term of a person licensed in the same capacity as the person being replaced.
- (b) The Board shall remove from the Board any member who has become unqualified to serve.
- (c) The Board shall recommend to the Governor, after hearing, the removal of any member of the Board for neglect of duty or other just cause.

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-025.

§ 1-10-130 Oath

- (a) The Board shall adopt an oath of office.
- (b) Within 30 days after their appointment, the members of the Board shall take and subscribe to an oath of office administered by a suitable public official and shall file a signed copy of the same with the Board.
- (c) The Executive Director shall take and sign an oath of office, administered by the Chair of the Board or other suitable public official.

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-030.

TITLE 1: BOARD OF ACCOUNTANCY

§ 1-10-135 Record Keeping

(a) The Board shall keep records of all proceedings and actions by and before the Board and before its committees.

(b) In any proceeding in court, civil or criminal, copies of those records certified as correct by the executive officer of the Board or the Secretary, and under seal of the Board, shall be admissible in evidence and shall be prima facie evidence of the correctness of the contents thereof.

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-045.

§ 1-10-140 Seal

The Board shall have a seal and shall provide for its use.

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-050.

§ 1-10-145 Authority of Officers and Committees

(a) All officers, as between themselves and the Board, shall have such authority, and perform such duties, as may be provided by or pursuant to resolution or order of the Board, or, in the absence thereof, as may be determined from this chapter.

(b) An executive committee, consisting of the Chair, the Vice-chair, and the Secretary or the Treasurer shall have the power to act on behalf of the Board between Board meetings as follows:

(1) In emergencies;

(2) Where Board action is required on a ministerial act and convenience requires that the action be taken; and

(3) Other actions where Board action is required but it is unreasonable to schedule and conduct a Board meeting;

(4) Provided that no such action shall violate the Open Meetings Act [Open Government Act] 1 CMC §§ 9901-9916.

(5) Exception: The executive committee shall not have any power or authority as to the following:

(i) The adoption, amendment or repeal of this chapter;

(ii) The amendment or repeal of any resolution or decision of the Board;

TITLE 1: BOARD OF ACCOUNTANCY

- (iii) Vacating or discharging Board members.
- (6) The executive committee shall meet from time to time, as the Chair requires.
- (7) The meetings of the executive committee may be conducted virtually, and shall be noticed to the Board with instructions on how to attend a meeting, if virtual.
- (8) Any Board member shall have the right to attend a meeting of the executive committee.

(c) **Standing Committees.** The Board, or the Chair with the Board's subsequent approval, may determine and create such standing committees as it believes reasonable or necessary; and it shall determine the duties and responsibilities of each standing committee.

(d) **Special Committees.** The Board or the Chair, respectively, may determine and create such special committees as they believe reasonable or necessary.

Modified, 1 CMC § 3806(f), (g).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: The Commission changed the periods to semi-colons in subsection (b)(5). The Commission added “the” before “Vice-chair” in subsection (b).

In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-055.

§ 1-10-150 Operations, Staff and Contractors

(a) The Board may enter into such contracts, leases, licenses, and other agreements as it may determine necessary for the conduct of its affairs.

(b) The Board may employ such staff, agents and contractors, except as provided otherwise specifically by statute or in this chapter, to assist in the performance of its duties, and pay salaries, costs and expenses.

(c) The Board may appoint an executive officer as its chief operating officer.

(1) Such person may be an employee or a contractor.

(2) Such person shall serve ex officio on all committees, without vote.

(3) Such person shall attend the meetings of the Board and may attend committee meetings, and shall make recommendations to the Board.

(4) Except as otherwise provided by law, the Board may furnish a bond for the executive officer and other staff, the cost of which bond shall be paid from among the Board's funds.

(d) The Board may collect, receive and disburse funds as provided by law, and may delegate such functions to its executive officer.

TITLE 1: BOARD OF ACCOUNTANCY

Modified, 1 CMC § 3806(d), (g).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: The Commission deleted the “by” found before “from” in subsection (c)(4) to correct a manifest error. In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-060.

§ 1-10-155 Advisory Committees

(a) The Board may, for the purpose of obtaining technical expertise and public input, appoint advisory committees of non-Board members to provide advice and assistance related to the Board’s functions.

(b) Such committees shall:

- (1) Act only in an advisory capacity;
- (2) Have no authority to initiate any disciplinary action against a licensee; and
- (3) Only be authorized to report findings and/or make recommendations from any investigation, deliberation or hearing.

Modified, 1 CMC § 3806(g).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In the original, the subsections were not designated. The Commission designated subsections (a) and (b) and deleted any extra “shall” found in subsection (b) when subsections (b)(1) through (b)(3) were designated. The Commission deleted the hyphen between Board and members in the first sentence to correct a manifest error.

In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-065.

§ 1-10-160 Conflict of Interest

(a) No member of the Board, or any business in which a Board member or her/his immediate family serves as staff, officer, owner or director, or by contract represents, shall transact any pecuniary business of any kind with the Board, unless the following preconditions are met:

- (1) Notification to all members in advance, in writing, or by oral notification to the members in a meeting at which the notification is transcribed and placed in the minutes of the Board, of his/her potential business or personal interest in the transaction; and
- (2) The member abstains from Board vote regarding the transaction; and
- (3) The vote of each member is recorded.

(b) Loans to Officers and Members Prohibited.

TITLE 1: BOARD OF ACCOUNTANCY

- (1) No loans shall be made by the Board to its members or to members of their immediate families.
- (2) The members who vote for, or assent to, the making of a loan to a member, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Board for the amount of such loan until the repayment thereof, and their action shall not be subject to indemnification.
- (3) Exception: The following undertaken on behalf of, or for the benefit of, the Board shall not be a loan within the meaning of this chapter:
 - (i) An advance to participate in a conference, meeting or other event;
 - (ii) An advance for a filing with a government agency or membership organization; or
 - (iii) An advance made pursuant to an indemnification.

Modified, 1 CMC § 3806(d), (g), (f).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In subsection (b)(2), the Commission changed “of” before “officers” to “or” to correct a manifest error. In subsection (b)(3)(i), the Commission deleted the period before the semi-colon.

In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-070.

§ 1-10-165 Purpose

The purpose of this chapter is to promote and protect the public interest by implementing the provisions of the CNMI Accountancy Act of 2002, which provide for the issuance and renewal of certificates for certified public accountants, the issuance and renewal of permits to firms and the regulation of licensees, all to enhance the reliability of information which is used for guidance in financial transactions or accounting for or assessing the financial status or performance of commercial, noncommercial and governmental enterprises.

Modified, 1 CMC § 3806(d), (g), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Commission Comment: The Commission inserted “the” before “CNMI Accountancy Act” to correct a manifest error.

Part 200 - Administration and Conduct of Meetings (sec. 4(h)(1)) [4 CMC § 3402(h)(1)]

§ 1-10-201 Business Meetings

- (a) The Board shall conduct its affairs at its meetings.
- (b) All meetings of the Board shall be open and public, as provided by law.

TITLE 1: BOARD OF ACCOUNTANCY

(c) A majority of the Board shall constitute a quorum for the transaction of any business at any meeting of the Board.

(d) Notice to the members of regular meetings shall be given at least seven days in advance by the Chair or, upon the Board's designation, by the Chair,* Acting Chair or executive officer.

* So in original.

(e) Notice of meetings may be waived in writing either before or after the meeting by unanimous consent of all members.

(f) The Board shall meet at the call of the Chair or the executive officer, but not less than twice each year.

(g) Any two members of the Board may call a special meeting, and the executive officer, upon receiving that notice, shall call a meeting pursuant to the procedure prescribed herein.

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-101.

§ 1-10-205 Executive Session

(a) The Board may hold executive sessions as provided by law.

(b) Specifically, and without limitation, the Board may deliberate in executive session:

(1) On the decision to be reached upon the evidence introduced in a quasi-judicial proceeding;

(2) On personnel matters;

(3) On litigation;

(4) On matters related to individual tests; and

(5) To prepare, approve, grade, or administer examinations.

Modified, 1 CMC § 3806(f).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-105.

TITLE 1: BOARD OF ACCOUNTANCY

§ 1-10-210 Notice

(a) Notice to the members shall be given in any way, including virtually, reasonably calculated to give actual notice. When actual notice may not be given, notice shall be given by US Postal Service, first class mail, and shall be deemed given when mailed.

(b) Notice to the public shall be given as provided by statute.

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-110.

§ 1-10-215 Robert's Rules of Order

Meetings of the members shall be conducted according to Robert's Rules of Order, most recent revision, unless:

- (a) Otherwise specified in this chapter; or
- (b) Otherwise by law; or
- (c) The rules are suspended pursuant to a vote of two-thirds of those present and voting.

Modified, 1 CMC § 3806 (e), (d), (f).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In the original, subsection (b) was not designated. The Commission designated subsection (b) and renumbered subsection (c) accordingly. In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-115.

§ 1-10-220 [Reserved]

§ 1-10-225 [Reserved]

§ 1-10-230 Public Meetings

- (a) In general.
 - (1) The Board shall act at its meetings, or as otherwise provided in this chapter.
 - (2) The Board shall make provision for the virtual attendance of members, if a member so requests.
 - (3) Meetings shall be noticed as required by law.
 - (4) A copy of meeting materials distributed to the members shall be available to any person for review at the meeting site, except for materials subject to confidentiality or privilege as permitted or required by law.

TITLE 1: BOARD OF ACCOUNTANCY

- (b) Time. The time for the regular meetings of the Board shall be set by the Board each year and published, except as otherwise permitted or provided by law.
- (c) Location.
- (1) Meetings shall be held at such place as the Chair may determine unless otherwise provided by the Board, and the location shall be properly noticed to the public.
 - (2) The Board may meet virtually, and any member may attend a meeting virtually.
 - (3) When the Board meets virtually, access to the virtual meeting shall be freely given through the noticed site so that any person attending shall have the same access to the meeting as each attending member at the site. Typically this will include use of a speaker phone for a conference call meeting.
 - (4) Votes of members may be received by electronic means and announced at a meeting.
- (d) Regular Meetings. Regular meetings shall be held as determined by the Board's regulations and as additionally determined by the Board.
- (e) Special Meetings. Special meetings may be held from time to time, and shall be duly noticed by the Board.
- (f) Executive Session. Ordinarily the Board's meetings shall be open to the public. The Board may meet privately, in executive session, for the following purposes:
- (1) To discuss personnel matters, including the hiring, firing and discipline of staff and/or contractors;
 - (2) To discuss pending or potential litigation or investigations;
 - (3) To discuss aspects of the Board's business affairs that are confidential and/or proprietary by law;
 - (4) To address a matter that may give rise to a conflict of interest, or an appearance of a conflict, in the absence of the member(s) related thereto; and
 - (5) To address other matters permitted by law.
- (g) Virtual discussions.
- (1) The Board may discuss a matter virtually over time, as well as in real time, provided that access to the virtual discussion shall be freely given so that a person seeking to review the discussion as it happens shall have substantially the same access to the discussion as each participating member.
 - (2) Typically such a discussion shall be by electronic bulletin board open to the view of the public.
 - (3) Such discussion shall be noticed according to this chapter and shall comply with CNMI law regarding open meetings.
 - (4) The Board shall arrange for a person, upon request, the reasonable use of a publicly available computer with internet access in order to allow review of the discussion.

TITLE 1: BOARD OF ACCOUNTANCY

(h) Accessibility. The Board shall comply with the accessibility requirements required by law and may, upon a person's request, accommodate other special needs relating to sight, sound, language or location.

(This section is adopted pursuant to 1 CMC § 9908(a) (times and places of meeting) and PL 13-52 § (4)(h)(8) [4 CMC §3402(h)(8)] of the Accountancy Act of 2002.)

Modified, 1 CMC § 3806(f), (g).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: The Commission added the comma after "request" in subsection (h). In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-130.

Part 300 - Definitions

§ 1-10-301 Definitions

For purposes of this chapter, and the administration and/or interpretation of the Accountancy Act, the following terms shall be defined as set forth in Public Law 13-52 §3 [4 CMC § 3401]:

- (a) Board;
- (b) Certificate;
- (c) Firm;
- (d) License;
- (e) Licensee;
- (f) Permit;
- (g) Practice of (or practicing) public accountancy;
- (h) Quality review;
- (i) Report;
- (j) Rule;
- (k) State.

Modified, 1 CMC § 3806(g).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: The Commission changed the semi-colon at the end of subsection (k) to a period to correct a manifest error. In November 2007, the content of this section was repromulgated without amendment. This section was originally numbered § 1-10-035.

§ 1-10-305 Additional Definitions

TITLE 1: BOARD OF ACCOUNTANCY

For the purposes of this chapter, and the administration and/or interpretation of the Accountancy Act, the following definitions shall apply:

- (a) “Act” or “Accountancy Act” means the Accountancy Act of 2002, PL 13-52, as amended, and codified [4 CMC §§ 3401-3440].
- (b) “AICPA” means the American Institute of Certified Public Accountants, a nonprofit organization.
- (c) “Certified public accountant” or “CPA” means any person who has received from the Board a certificate of certified public accountant and who holds a valid certificate or permit to practice under the provisions of this chapter.
- (d) “Client,” as used in any context in this chapter, means a person for whom public accountancy services are performed or to whom financial products, financial services, or securities are sold or provided at a public accountancy practice or through referral to any other location or business in which the certified public accountant has a material interest.
- (e) “CBT” means computer based test, and applies to a testing center for delivering the Uniform CPA Examination.
- (f) “CPE” means continuing professional education.
- (g) “Electronic means” includes telephone, video-conference, electronic-telecommunications-mediated written, aural and/or video means, including mediated through the internet, and/or email.
- (h) “Financial statements” means statements and footnotes related thereto that undertake to present an actual or anticipated financial position as of a point in time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory service reports to support recommendations to a client; nor does it include tax returns and supporting schedules.
- (i) “Firm” shall also include a limited liability company.
- (j) “Include” or “including” shall be read as though followed by “but not limited to.”
- (k) “Jurisdictional testing center” means a high security CBT center operated by the Board or its designee, for the purpose of delivering the Uniform CPA Examination in computer format.
- (l) “Manager” means the same as the term “manager” in a limited liability company.

TITLE 1: BOARD OF ACCOUNTANCY

- (m) “Member,” when used to refer to a person in an accounting firm or other business, means the same as the term "member" in a limited liability company.
- (n) “PCAOB” means the Public Company Accounting Oversight Board.
- (o) “Person” includes individual, partnership, firm, association, government entity, limited liability company, or corporation, unless otherwise provided by law.
- (p) “Public accountant” means any person who has registered with the Board as a public accountant and who holds a valid certificate or permit for the practice of public accountancy.
- (q) “Rule” means a rule, regulation, or other written directive of general application duly adopted by the Board, including "regulation" as defined in the Administrative Procedure Act, 1 CMC § 9101(k).
- (r) Rules of construction: In construing the regulations in this chapter, the singular shall also mean the plural, the masculine the feminine, and conversely.
- (s) “State” means a State of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam and the CNMI.
- (t) “Virtual” or “virtually” when used with respect to a meeting means by electronic means that provide for real-time communication to and from the participants in such a manner that each participant can hear and/or read the comments of each other participant.

Modified, 1 CMC § 3806(d), (f), (g).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: The November 2007 amendments made several changes throughout this section, including adding new subsections (b), (e), (f), (h), (k) through (n) and (q) through (s). This section was originally numbered § 1-10-040. The Commission corrected the placement of commas in subsections (d) and (m).

Part 400 - Professional Conduct and Ethics Rules **(§ 4(h)(4)) [4 CMC § 3402(h)(4)]**

§ 1-10-401 Obligation to Follow the Rules

- (a) A licensee shall follow the Board’s rules of professional conduct.
- (b) Every applicant for a certificate or permit shall subscribe to the Board's rules of professional conduct on a form supplied by the Board.

TITLE 1: BOARD OF ACCOUNTANCY

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: This section, formerly “Professional Conduct Rules,” was replaced by the 2007 amendments.

§ 1-10-405 Reference to the Rules on Board Forms

The Board’s rules of professional conduct shall be identified on the application for a certificate, permit or other registration.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-410 Adoption of AICPA Rules of Professional Conduct

(a) The Board hereby adopts as its rules of professional conduct those published by the American Institute of CPAs entitled Code of Professional Conduct. Those rules shall be known as the CNMI CPA Code of Professional Conduct. Those Rules are included herein by reference, and shall have the full force and effect of regulations of this Board.

(b) The CNMI CPA Code of Professional Conduct is promulgated for the purpose of maintaining high standards of professional conduct by those licensed and registered as certified public accountants.

(c) It is the Board’s purpose and intent that amendments which the AICPA adopts to its Code of Professional Conduct shall be automatically adopted herein.

(1) The amendments which the AICPA adopts to its Code of Professional Conduct shall be automatically adopted herein.

(2) If a court of competent jurisdiction finds, or would find, that the Board may not automatically adopt such amendments by reference, the Board shall consider each amendment which the AICPA adopts to its Code of Professional Conduct and, after publication of notice thereof, issue an order adopting, adopting with changes, or declining to adopt the amendment.

Modified, 1 CMC § 3806(f), (g).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Commission Comment: The Commission changed “CPA's” to “CPAs” to correct a manifest error in subsection (a).

Part 500 - Education and Experience Qualifications for Certificates and Continuing Education; Semester Hours; Accredited Colleges, Universities, Schools and Programs; Credit for Courses; Exams; Discipline (§§ 4(h)(3), 5(i), 6(c)(2)(C), 6(d)) [4 CMC §§ 3402(h)(3), 3421(i), 3422(c)(2)(C), 3422(d)]

§ 1-10-501 Accreditation

TITLE 1: BOARD OF ACCOUNTANCY

(a) Semester hour. A “semester hour” means the conventional college semester hour. Quarter hours may be converted to semester hours by multiplying them by two-thirds.

(b) Accreditation. “Accreditation” refers to the process of quality control of the education process. There are three different levels of accreditation referred to in this chapter and the degree to which the Board relies on accreditation differs according to the level at which the degree-granting institution is accredited. The three levels of accreditation are:

(1) Level one accreditation (the educational institution) is granted to a four-year degree-granting college or university that is accredited by one or more recognized regional accrediting agencies (or successor agencies). The following regional accrediting agencies are recognized by the Board.

(i) Middle States Association of Colleges and Schools (MSA), Middle States Commission on Higher Education, web: www.msche.org.

(ii) Northwest Commission on Colleges and Universities (NWCCU), web: www.nwccu.org.

(iii) New England Association of Schools and Colleges (NEASC-CIHE), Commission on Institutions of Higher Education, web: www.neasc.org.

(iv) Southern Association of Colleges and Schools (SACS) Commission on Colleges, web: www.sacscoc.org.

(v) North Central Association of Colleges and Schools (NCA-HLC), The Higher Learning Commission, web: www.ncahigherlearningcommission.org.

(vi) Western Association of Schools and Colleges (WASC-ACSCU) Accrediting Commission for Senior Colleges and Universities, web: www.wascweb.org. (Note: As of April 2006, the Northern Marianas College was accredited by WASC-ACSCU).

(2) Level two accreditation (the business school) is granted to a business school or college of business that has been accredited by a national accreditation agency recognized by the Board such as the “American Assembly of Collegiate Schools of Business” (AACSB) (web: www.aacsb.edu) following a specific and comprehensive review of their faculty, resources, and curricula. In evaluating a candidate's credentials, the Board may choose to rely on this accreditation as evidence that the institution's business school has met minimum overall standards of quality for such schools.

(3) Level three accreditation (the accounting program or department) is granted to an accounting program or department that has been accredited by a national accreditation agency recognized by the Board such as the AACSB. Accounting programs or departments accredited in this manner have met standards substantially higher and much more specific than those required for level one or level two accreditation. For level three accreditation the accounting program or department must meet a stringent set of standards that addresses faculty credentials, student quality, physical facilities, and curricula. Graduates who submit transcripts from accredited accounting programs may be deemed to have met the Board's specific accounting and business course requirements.

(c) An applicant is considered as having graduated from an accredited educational institution:

TITLE 1: BOARD OF ACCOUNTANCY

(1) If the educational institution was accredited at the appropriate level pursuant to this chapter at the time it granted the applicant's degree.

(2) If an educational institution was not accredited at the time it granted the applicant's degree but is so accredited at the time the application is filed with the Board, the institution will be deemed to be accredited for the purpose of this subsection, if it:

(i) Certifies that the applicant's total educational program would qualify the applicant for graduation with a baccalaureate degree during the time the institution has been accredited; and

(ii) Furnishes the Board satisfactory proof, including college catalogue course numbers and descriptions, that the pre-accrediting courses used to qualify the applicant as an accounting major are substantially equivalent to post-accrediting courses.

(d) If an applicant's degree was received at an accredited educational institution, but the educational program which was used to qualify the applicant as an accounting major included courses taken at institutions which were non-accredited either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which applicant's degree was received, provided the accredited institution either:

(1) Has accepted such courses by including them in its official transcript; or

(2) Has certified to the Board that it will accept such courses for credit toward graduation.

(e) If the applicant is a graduate of a four-year degree-granting college or university not accredited at the time applicant's degree was received or at the time the application was filed, the applicant will be deemed to be a graduate of an accredited educational institution if:

(1) A credentials evaluation service approved by the Board certifies that the applicant's degree is equivalent to a degree from an accredited educational institution defined in this section; or

(2) An accredited educational institution as defined in this section accepts applicant's non-accredited baccalaureate degree for admission to a graduate business degree program; and

(i) The applicant satisfactorily completes at least fifteen semester hours, or the equivalent, in post-baccalaureate education at the accredited educational institution, of which at least nine semester hours, or the equivalent, shall be in accounting; and

(ii) The accredited educational institution certifies that the applicant is in good standing for continuing the graduate program, or has maintained a grade point average in these courses that is necessary for graduation.

(f) The advanced subjects for the graduate program completed to qualify under the preceding subsection (e)(2) may not be used to satisfy the requirements of the following subsection (g).

(g) The accounting and business concentration or equivalent contemplated by section 5(c) of the Act [4 CMC § 3421(c)] shall consist of the semester hours specified in the following section on education requirements [§ 1-10-505]. No more than six hours shall be recognized for internships or life experience.

TITLE 1: BOARD OF ACCOUNTANCY

Modified, 1 CMC § 3806(d), (e), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-505 Education Requirements for Examination and Certification

(a) Examination Education Requirement. For purposes of section 5(c)(1) of the Act [4 CMC § 3421(c)(1)], an applicant will be deemed to have met the examination education requirement if the applicant has met any one of the following five conditions:

(1) Earned a graduate degree with a concentration in accounting from an accounting program or department that is accredited (to a level three accreditation) by an accrediting agency recognized by the Board.

(2) Earned a graduate degree from a business school or college of business that is accredited (to a level two accreditation) by an accrediting agency recognized by the Board and completed at least 24 semester hours in accounting at the undergraduate level or 15 semester hours at the graduate level, or an equivalent combination thereof, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting.

(3) Earned a baccalaureate degree from a business school or college of business that is accredited (to a level two accreditation) by an accrediting agency recognized by the Board, and

(i) Completed 24 semester hours in accounting at the undergraduate or graduate level, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting; and

(ii) Completed at least 24 semester hours in business courses (other than accounting) at the undergraduate or graduate level.

(4) Earned a baccalaureate or higher degree from an accredited educational institution (level one accreditation) including:

(i) At least 24 semester hours of accounting at the upper division or graduate level, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting (Upper division is normally defined as junior or senior level. In accounting, this would normally be all courses taken beyond the elementary level.); and

(ii) At least 24 semester hours in business courses (other than accounting) at the undergraduate or graduate level.

(5) Earned an associate of arts degree or higher degree from an accredited educational institution (to a level one accreditation) including at least 21 semester credit hours in upper division accounting as follows:

(i) 3 credits earned in auditing, and

(ii) 6 credits earned in federal taxation, and

(iii) 12 additional credits must be earned in upper division accounting courses.

(b) Certification Education Requirement. For purposes of section 5(c)(2) of the Act [4 CMC § 3421(c)(2)], an applicant will be deemed to have met the certification education requirement if the applicant has met any one of the following four conditions:

TITLE 1: BOARD OF ACCOUNTANCY

- (1) Earned a graduate degree with a concentration in accounting from an accounting program or department that is accredited (to a level three accreditation) by an accrediting agency recognized by the Board.
- (2) Earned a graduate degree from a business school or college of business that is accredited (to a level two accreditation) by an accrediting agency recognized by the Board and completed at least 24 semester hours in accounting at the undergraduate level or 15 semester hours at the graduate level, or an equivalent combination thereof, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting.
- (3) Earned a baccalaureate degree from a business school or college of business that is accredited (to a level two accreditation) by an accrediting agency recognized by the Board and completed 24 semester hours in accounting at the undergraduate or graduate level, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting; and completed at least 24 semester hours in business courses (other than accounting) at the undergraduate or graduate level.
- (4) Earned a baccalaureate or higher degree from an accredited educational institution (to a level one accreditation) including:
 - (i) At least 24 semester hours of accounting at the upper division or graduate level, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, and management accounting. Upper division is normally defined as junior or senior level. In accounting, this would normally be all courses taken beyond the elementary level; and
 - (ii) At least 24 semester hours in business courses (other than accounting) at the undergraduate or graduate level.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-510 Applications for Examination

- (a) Applications to take the CPA Examination must be made on a form provided by the Board and filed with the Board by a due date specified by the Board. An applicant who has been found eligible to take the CPA Examination may be known as a “candidate.”
- (b) An application shall not be considered filed until the application fee and examination fee required by this chapter and all required supporting documents have been received, including proof of identity as determined by the Board and specified on the application form, official transcripts and proof that the applicant has satisfied the education requirement.
- (c) A candidate who fails to appear for the examination shall forfeit all fees charged for both the application and the examination.

TITLE 1: BOARD OF ACCOUNTANCY

(d) The Board or its designee shall forward notification of eligibility for the computer-based examination to NASBA's National Candidate Database.

Modified, 1 CMC § 3806(d).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-515 Type, Time and Place of Examination

(a) The Board may provide by contract for the administration and grading of the Uniform CPA Examination, pursuant to section 5(d) of the Act [4 CMC § 3421(d)]. The AICPA owns the Uniform CPA Examination, and will only allow it to be administered in a high security environment approved by NASBA per the CBT Services Agreement.

(b) The Board may provide by contract for the development and maintenance of a high security environment test center, including a jurisdictional testing center.

(c) Upon the implementation of a computer-based examination, candidates shall be notified of the time and place of the examination or shall independently contact the Board or a test center operator identified by the Board, to schedule the time and place for the examination at an approved test site. Scheduling reexaminations must be made in accordance with the section on retaking the examination, § 1-10-530.

Modified, 1 CMC § 3806(c), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-520 Examination Content

The examination required by section 5 of the Act [4 CMC § 3421] shall test the knowledge and skills required for performance as an entry level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the Board may require.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-525 Determining and Reporting Examination Grades

(a) A candidate shall be required to pass all test sections of the examination provided for in subsection 5(d) of the Act [4 CMC § 3421(d)] in order to qualify for a certificate. Upon receipt of advisory grades from the examination provider, the Board will review and may adopt the examination grades and will report the official results to the candidate.

(b) Prior to the implementation of a computer-based examination, a passing grade for each test section shall be 75. Upon implementation of a computer-based examination, a passing grade for each test section shall be 75.

TITLE 1: BOARD OF ACCOUNTANCY

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-530 Retaking an Examination Section and Granting of Credits

(a) An applicant shall be required to pass all sections of the examination provided for in section 5(d) of the Act [4 CMC § 3421(d)] in order to qualify for a certificate. Prior to the implementation of a computer-based examination, if at a given sitting of the examination a candidate passes two or more but not all sections, then the candidate shall be given credit for those sections that the candidate has passed and need not sit for reexamination in those sections, provided that:

- (1) At that sitting the candidate wrote all sections of the examination for which the candidate does not have credit;
- (2) The candidate attained a minimum grade of 50 on each section taken at that sitting;
- (3) The candidate passes the remaining sections of the examination within six consecutive examinations given after the one at which the first sections were passed;
- (4) At each subsequent sitting at which the candidate seeks to pass an additional section, the candidate sits for all sections for which the candidate does not have credit;
- (5) In order to receive credit for passing additional sections in any such subsequent sitting, the candidate attains a minimum grade of 50 on sections taken at that sitting.

(b) Upon the implementation of a computer-based examination, a candidate may take the required test sections individually and in any order. Credit for a test section(s) passed shall be valid for eighteen months from the actual date the candidate took that test section, without having to attain a minimum score on a failed test section(s) and without regard to whether the candidate has taken other test sections.

(1) Candidates must pass all four test sections of the Uniform CPA Examination within a rolling eighteen-month period, which begins on the date that the first test section(s) passed was taken.

(2) Candidates cannot retake a failed test section(s) in the same examination window. An examination window refers to a three-month period in which candidates have an opportunity to take the CPA examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed). Thus, candidates will be able to test two out of the three months within an examination window.

(3) In the event all four test sections of the Uniform CPA Examination are not passed within the rolling eighteen-month period, credit for a test section(s) passed outside the eighteen-month period will expire and that test section(s) must be retaken.

(c) Candidates having earned conditional credits on the paper-and-pencil examination, as of the launch date of the computer-based Uniform CPA Examination, will retain conditional credits for the corresponding test sections of the computer-based CPA examination as follows:

TITLE 1: BOARD OF ACCOUNTANCY

<u>Paper-and Pencil Examination</u>	<u>Computer Based Examination</u>
Auditing*	Auditing and Attestation
Financial Accounting & Reporting (FARE)	Financial Accounting & Reporting
Accounting and Reporting (ARE)	Regulation
Business Law & Professional Responsibilities (LPR)	Business Environment & Concepts *

* Bold used in original.

(1) Candidates who have attained conditional status as of the launch date of the computer based Uniform CPA Examination will be allowed a transition period to complete any remaining test sections of the CPA examination. The transition is the maximum number of opportunities that candidates who have conditioned under the paper-and-pencil examination have remaining, at the launch of the computer-based CPA examination, to complete all remaining test sections, or the number of remaining opportunities under the paper-and-pencil examination, multiplied by six months, whichever is first exhausted.

(2) If a previously conditioned candidate does not pass all remaining test sections during the transition period, conditional credits earned under the paper-and-pencil examination will expire and the candidate will lose credit for the test sections earned under the paper-and-pencil examination. However, a test section(s) passed during the transition period is subject to the conditioning provisions of the computer-based examination as indicated in the aforementioned conditioning recommendation, except that a previously conditioned candidate will not lose conditional credit for a test section of the computer-based examination that is passed during the transition period, even though more than eighteen months may have elapsed from the date the test section is passed, until the end of the transition period.

(d) A candidate shall retain credit for any and all test sections of an examination passed in another state if such credit would have been given, under then applicable requirements, if the candidate had taken the examination in the CNMI.

(e) The Board may in particular cases extend the term of conditional credit validity notwithstanding the requirements of subsections (a), (b), (c), and (d), just supra, upon a showing that the credit was lost by reason of circumstances beyond the candidate's control.

(f) A candidate shall be deemed to have passed the Uniform CPA Examination once the candidate holds at the same time valid credit for passing each of the four test sections of the examination. For purposes of this section, credit for passing a test section of the computer-based examination is valid from the actual date of the testing event for that test section, regardless of the date the candidate actually receives notice of the passing grade.

Modified, 1 CMC § 3806(e), (f).

TITLE 1: BOARD OF ACCOUNTANCY

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-535 Candidate Testing Fee

The candidate shall, for each test section scheduled by the candidate to the Board or its designee, pay a candidate testing fee that includes the actual fees charged by the AICPA, NASBA, and the test delivery service provider, as well as reasonable application fees established by the CNMI Board.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-540 Cheating

(a) Cheating by a candidate in applying for, taking, during or subsequent to the examination shall invalidate each grade earned by a candidate on each test section of the examination, and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.

(b) For purposes of this section, the following actions or attempted activities, among others, may be considered cheating:

(1) Falsifying or misrepresenting educational credentials or other information required for admission to the examination;

(2) Communication with others inside or outside the test site while the examination is in progress;

(3) Copying another candidate's answers while the examination is in progress;

(4) Substitution of another person to sit in the test site in the stead of a candidate;

(5) Reference to crib sheets, textbooks or other material or electronic media (other than that provided to the candidate as part of the examination) inside or outside the test site while the examination is in progress;

(6) Violating the non-disclosure prohibitions of the examination, or aiding or abetting another in doing so; and/or

(7) Retaking or attempting to retake a test section by an individual holding a valid certificate or by a candidate who has unexpired credit for having already passed the same test section, unless the individual has been directed to retake a test section pursuant to Board order or unless the individual has been expressly authorized by the Board to participate in a "secret shopper" program.

(c) In a case where it appears that cheating has occurred or is occurring, the Board or its representatives may either summarily expel the candidate involved from the examination or move the candidate to a position in the test center away from other examinees where the candidate can be watched more closely.

(d) In a case where the Board believes that it has evidence that a candidate has cheated on the examination, including a case in which the candidate has been expelled

TITLE 1: BOARD OF ACCOUNTANCY

from the examination, the Board shall conduct an investigation and may conduct a hearing pursuant to the Administrative Procedure Act [1 CMC §§ 9101 et seq.] for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such a proceeding, the Board shall decide:

- (1) Whether the candidate shall be given credit for any portion of the examination completed in that session; and
- (2) Whether the candidate shall be barred from taking the examination and if so, for what period of time.

(e) In a case where the Board or its representative permits a candidate to continue taking the examination, it may, depending on the circumstances:

- (1) Admonish the candidate;
- (2) Seat the candidate in a segregated location for the rest of the examination;
- (3) Keep a record of the candidate's seat location and identifying information, and the names and identifying information of the candidates in close proximity of the candidate, and notify the National Candidate Database and the AICPA and/or the Test Center of the circumstances, so that the candidate may be more closely monitored in future examination sessions.

(f) In a case in which a candidate is refused credit for a test section of an examination taken, disqualified from taking a test section, or barred from taking the examination in the future, the Board shall provide to the Board of Accountancy of each other state to which the candidate may apply for the examination information as to the Board's findings and actions taken.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-545 Security and Irregularities

Notwithstanding any other provision of this chapter, the Board may postpone scheduled examinations, the release of grades, or the issuance of certificates due to a breach of examination security; unauthorized acquisition or disclosure of the contents of an examination; suspected or actual negligence, errors, omissions, or irregularities in conducting an examination; or for any other reasonable cause or unforeseen circumstance.

Modified, 1 CMC § 3806(d).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Part 600 - Issuance of Certificates and Renewal of Certificates; Continuing Professional Education

§ 1-10-601 Identification as a Licensee

TITLE 1: BOARD OF ACCOUNTANCY

No one shall practice accountancy as a claimed licensee of the Board unless they shall have a certificate or permit issued and maintained pursuant to this chapter and the Act.

Modified, 1 CMC § 3806(d).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-605 Applications for Certificates (§§ 4(h)(8), 6(b))[4 CMC § 3402(h)(8), 4 CMC § 3422(b)]

(a) An application for an initial certificate and for renewal of a certificate pursuant to the Act shall be made on a form provided by the Board and, in the case of an application for renewal, shall be filed no later than 63 days (9 weeks) prior to the expiration date set by this chapter. Applications shall not be considered filed until the applicable fee prescribed in this chapter is received. If an application for renewal is filed late, the delinquency fee prescribed in this chapter shall also accompany it.

(b) Applications for renewal of certificates shall be accompanied by evidence satisfactory to the Board that the applicant has complied with the continuing professional education requirements under section 6(d) of the Act [4 CMC § 3422(d)] and of this chapter.

Modified, 1 CMC § 3806(d).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-610 Experience Required for Initial Certificate

The experience required to be demonstrated for issuance of an initial certificate pursuant to section 5(f) of the Act [4 CMC § 3421(f)] shall meet the requirements of this regulation.

(a) Experience may consist of providing a service or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills.

(b) The applicant shall have experience verified to the Board by a licensee as defined in the Act or from another state. Acceptable experience shall include employment in industry, government, academia or public practice. The Board shall look at such factors as the complexity and diversity of the work.

(c) One year of experience shall consist of full or part-time employment that extends over a period of no less than a year and no more than three years and includes no fewer than 2,000 hours of performance of services described in subsection (a) of this section.

Modified, 1 CMC § 3806(d), (f), (g).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

TITLE 1: BOARD OF ACCOUNTANCY

Commission Comment: The Commission removed the comma located after “subsection (a)” in subsection (c).

§ 1-10-615 Evidence of Applicant’s Experience

(a) A licensee who has been requested by an applicant to submit to the Board evidence of the applicant’s experience and has refused to do so shall, upon request of the Board, explain in writing or in person the basis for such refusal.

(b) The Board may require a licensee who has furnished evidence of an applicant’s experience to substantiate the information.

(c) An applicant may be required to appear before the Board or its representative to supplement or verify evidence of experience.

(d) The Board may inspect documentation relating to an applicant’s claimed experience.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-620 Continuing Professional Education Requirements for Renewal of the Certificate

The following requirements of continuing professional education apply to the renewal of certificates pursuant to section 6(d) of the Act [4 CMC § 3422(d)].

(a) An applicant seeking renewal of a certificate shall show that the applicant has completed no less than 120 hours of continuing professional education complying with this chapter during the three-year period preceding renewal, with a minimum of 20 hours in each year. An applicant seeking renewal of a certificate shall demonstrate participation in a program of learning which meets the standards set forth in the Statement on Standards for Continuing Professional Education (CPE) Programs jointly approved by NASBA and AICPA.

(b) An applicant whose certificate has lapsed shall complete no less than 120 hours of CPE complying with this chapter during the three-year period preceding the date of re-application. An applicant whose certificate has lapsed shall be required to identify and complete a program of learning designed to demonstrate the currency of the licensee’s competencies directly related to his or her area of service.

(c) A licensee granted an exception from the competency requirement by the Board may discontinue use of the word “inactive” in association with their CPA or PA title upon showing that they have completed no less than 120 hours of continuing professional education complying with this chapter during the three-year period preceding their request to discontinue use of the word “inactive,” with a minimum of 20 hours in each year.

TITLE 1: BOARD OF ACCOUNTANCY

(d) Of the 120 hours of CPE required by § 1-10-620(a), at least four hours in every three years must be in ethics, earned from a location in the CNMI. The course or courses must be either an accounting ethics class or a business ethics class which includes accounting ethics. The course must include core values, such as ethical reasoning, integrity, objectivity, and independence, and refer to relevant Board statutory provisions and/ or regulations.

(e) Until the Board identifies a regularly offered course in the CNMI, this requirement may be met in any other place by any other 4-hour accounting ethics class or 4-hour business ethics class.

Modified, 1 CMC § 3806(c), (d), (e), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-625 Programs Qualifying for Continuing Professional Education Credit

(a) Standards. A program qualifies as acceptable continuing professional education for purposes of section 6(d) of the Act [4 CMC § 3422(d)] and this chapter if it is a program of learning, which contributes to the growth in the professional knowledge and professional competence of a licensee. The program must meet the minimum standards of quality of development, presentation, measurement, and reporting of credits set forth in the Statement on Standards for Continuing Professional Education Programs jointly approved by NASBA and AICPA, or such other standards acceptable to the Board.

(b) Subject Areas. The Board will accept credits from programs meeting the standards set forth in the Statement on Standards for Continuing Professional Education Programs jointly approved by NASBA and AICPA or standards deemed by the Board to be comparable thereto. Each individual must earn six CPE credits per reporting period in ethics.

(c) Compliance. A non-resident licensee seeking renewal of a certificate in the CNMI shall be determined to have met the CPE requirement of this section by meeting the CPE requirements for renewal of a certificate in the state in which the licensee's principal office is located.

(1) Non-resident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal office is located by signing a statement to that effect on the renewal application of the CNMI.

(2) If a non-resident licensee's principal office state has no CPE requirements for renewal of a certificate, the non-resident licensee must comply with all CPE requirements for renewal of a certificate in the CNMI.

Modified, 1 CMC § 3806(d), (e), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-630 Continuing Professional Education Records

TITLE 1: BOARD OF ACCOUNTANCY

- (a) An applicant for renewal of a certificate pursuant to the Act shall file with the application a signed statement indicating s/he has met the requirements for participation in a program of continuing learning set forth by the Board or contained in the Statement on Standards for Continuing Professional Education (CPE) Programs jointly approved by the NASBA and the AICPA.
- (b) Responsibility for documenting the acceptability of the program and the validity of the credits rests with the applicant. The applicant should retain such documentation for a period of five years following completion of each learning activity.
- (c) The Board shall verify on a test basis information submitted by an applicant for renewal of a certificate. In a case in which the Board determines that the requirement is not met, the Board may grant an additional period of time in which the deficiencies can be cured. Fraudulent reporting is a basis for disciplinary action.

Modified, 1 CMC § 3806(e).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-635 Exceptions

- (a) The Board may make an exception to the CPE requirements of this chapter for a licensee who is retired or who does not perform or offer to perform for the public services involving the use of accounting or auditing skills. Provided, however, performing or offering to perform the following requires compliance with CPE requirements:
- (1) The issuance of reports on financial statements or other compilation communication;
 - (2) Management advisory, financial advisory or consulting services;
 - (3) Preparation of tax returns; or
 - (4) Furnishing advice on tax matters.
- (b) The Board may in particular cases make exceptions to the CPE requirements for good cause, including:
- (1) Individual hardship;
 - (2) Health;
 - (3) Military service; or
 - (4) Foreign residence.
- (c) A licensee granted such an exception by the Board must place the word “inactive” adjacent to his/her CPA title on any business card, letterhead and/or other document or device on which the CPA title appears, with the exception of the CPA certificate.
- (d) A licensee granted an exception by the Board must comply with the Board’s re-entry competency requirements before s/he may discontinue use of the word “inactive” in association with the CPA title. Such requirements include the provisions of this part.

TITLE 1: BOARD OF ACCOUNTANCY

Modified, 1 CMC § 3806(d), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Part 700 - Permits to Practice, Peer Review - Firms and Individuals

§ 1-10-701 Applications

(a) Applications by firms for initial issuance and for renewal of permits pursuant to section 7 of the Act [4 CMC § 3423] shall be made on a form provided by the Board and, in the case of applications for renewal, shall be filed no earlier than four months and no later than two months prior to the expiration date. Applications shall not be considered filed until the applicable fee and all required documents prescribed in this chapter are received. If an application for permit renewal is filed late, it shall also be accompanied by the delinquency fee prescribed through this chapter.

(b) A sole proprietor may apply jointly for:

- (1) A certificate, or a renewal of a certificate; and
- (2) A firm permit.

(c) Applications shall include the firm name, addresses and telephone numbers of the main office and of each branch office of the firm in the CNMI, the name of the person in charge of each such branch office, and the names of the partners, shareholders, members, managers, directors and officers practicing in the CNMI.

Modified, 1 CMC § 3806(d), (e), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007). The Commission inserted a colon after the phrase “apply jointly for” in subsection (b) and replaced the comma after “certificate” in subsection (b)(1) with a semicolon pursuant to 1 CMC § 3806(g).

§ 1-10-705 Notification of Changes by Firms

(a) A firm registered pursuant to section 7 of the Act [4 CMC § 3423] shall file with the Board a written notification of any of the following events concerning the practice of public accountancy within the CNMI within 28 days (4 weeks) after its occurrence:

- (1) Formation of a new firm;
- (2) Addition of a partner, member, manager or shareholder;
- (3) Retirement, withdrawal or death of a partner, member, manager or shareholder;
- (4) A change in the name of the firm;
- (5) Termination of the firm;
- (6) Change in the management of a branch office in the CNMI;
- (7) Establishment of a new branch office or the closing or change of address of a branch office in the CNMI; and
- (8) The occurrence of an event or events which would cause such firm not to be in conformity with the provisions of the Act or this chapter.

TITLE 1: BOARD OF ACCOUNTANCY

(b) In the event of a change in legal form of a firm, such new firm shall within 28* days (4 weeks) of the change file an application for an initial permit in accordance with this chapter and pay the fee required by this chapter.

* See Commission Comment to this section.

Modified, 1 CMC § 3806(d), (f), (g).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Commission Comment: The Commission removed changed “within thirty 28 days (4 weeks)” to “within 28 days (4 weeks)” to correct a manifest error.

§ 1-10-710 Peer Review as a Condition for Renewal of Permit (§§ 4(h)(7), 7(g), 9(b))[4 CMC §§ 3402(h)(7), 3423(g), and 3433(b)]

(a) The Board may require a licensee to undergo a peer review as a condition of renewed licensing. A peer review report shall issue.

(b) The Board may establish procedures to perform the following functions:

(1) Review of financial statements and the reports of licensees thereon, to assess their compliance with applicable professional standards;

(2) Improvement of reporting practices of licensees through educational and rehabilitative measures;

(3) Referrals to the Board of cases requiring further investigation by the Board or its designees;

(4) Verification that individuals in the firm responsible for supervising compilation or attest services and signing the accountants' report on financial statements on behalf of the firm meet the competency requirements set out in applicable professional standards;

(5) Verification that a certificate holder who issues compilation reports for the public other than through a CPA firm, who supervises such services, and/or signs the compilation report on such financial statements, meets the competency requirements set out in applicable professional standards; and

(6) Such other functions as the Board may assign to its designees.

(c) The Board may also solicit for review reports of licensees and related financial statements from clients, public agencies, banks, and other users of financial statements.

(d) The review of financial statements and reports of the licensees thereon shall be directed toward the following:

(1) Presentation of financial statements in conformity with generally accepted accounting principles;

(2) Compliance by licensees with generally accepted auditing standards;

(3) Compliance by licensees with other professional standards; and

(4) Compliance by licensees with the regulations of the Board and other rules or regulations relating to the performance of compilation and attest services.

TITLE 1: BOARD OF ACCOUNTANCY

(e) In gathering information about the professional work of licensees, the Board may make use of investigators, either paid or unpaid, who are not members of the Board.

(f) In an instance in which the Board finds a deficiency in the professional work of a licensee, it shall advise the licensee in writing of the deficiency. The Board may request the licensee to meet with it to discuss deficiencies. If the Board determines that a report is substandard or seriously questionable, the Board may direct that an independent reviewer other than the person who performed the review of the report conduct a review of the workpapers. The findings of such review of the workpapers shall be transmitted by the reviewer to the Board.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-715 Equivalent Reviews as a Condition for Renewal of a Permit

(a) The requirements of § 1-10-710* of this part shall not apply with respect to a firm or a certificate holder which/who, within the three years immediately preceding the application, has been subjected to a satisfactory peer review conducted in accordance with a peer review program approved by the Board.

(b) Reserved.

(c) The Board shall establish procedures and take all action necessary to ensure that the abovementioned peer-reviewed materials remain privileged as to third parties.

* See Commission comment to this section.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Commission Comment: The original subsection (a) references “Section 003 of this Part,” which does not exist in part 700. Presumably, the Board of Accountancy intended to refer to section 703 of part 700 (NMIAC § 1-10-710). Therefore, the Commission changed “Section 003 of this Part” to “§ 1-10-710” to ensure that the referenced number agrees with the NMIAC numbering system and to correct a manifest error in subsection (a).

§ 1-10-720 Peer Review for Certificate Holders Who Do Not Practice in a Licensed Firm

A certificate holder who issues compilation reports as defined in the Act, other than through a CPA firm that holds a permit under section 7 of the Act [4 CMC § 3423], must undergo a peer review as required under this part governing firm practice.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-725 Submission of Peer Review Reports to the Board

TITLE 1: BOARD OF ACCOUNTANCY

- (a) The objective of this peer review regulation is to reinforce the Board's efforts to ensure that only appropriately qualified CPA firms are engaged in the offering and rendering of services subject to peer review.
- (b) Regarding peer reviews conducted pursuant to this chapter, the reviewed firm or individual must submit to the Board:
- (1) Each adverse peer review report; and
 - (2) Each second consecutive peer review report that is adverse or modified, including a review report that contains significant comments.
- (c) The reviewed firm or individual shall submit a report described in § 1-10-710 to the Board within forty-two days (6 weeks) after acceptance of such report by the administering entity;
- (d) Regarding a peer review report required to be submitted to the Board pursuant to this part:
- (1) The reviewed firm must retain, for a period of seven years from the date of the report acceptance, all of the following:
 - (i) Peer review report;
 - (ii) Letter of comments;
 - (iii) Letter of response;
 - (iv) Acceptance letter signed by the reviewed firm agreeing to take corrective actions; and
 - (v) Letter of completion indicating that the firm's peer review is complete.
 - (2) Upon request of the Board, the reviewed firm or individual shall timely submit such documentation to the Board.
- (e) Based upon its review of the reports submitted pursuant to this section, the Board may order additional corrective actions or discipline, including:
- (1) Probation, practice limits, additional continuing education, pre-issuance reviews, more frequent peer reviews, and other measures; or
 - (2) In severe cases, discipline against the reviewed firm and individual licensees employed or contracted by the reviewed firm.
- (f) Such order shall be pursuant to notice and an opportunity for hearing, either of which the reviewed firm may waive.

Modified, 1 CMC § 3806(c), (d), (e), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007). The Commission corrected the comma at the end of subsection (b)(1) to a semicolon pursuant to 1 CMC § 3806(g). The Commission changed the reference to “§ 1-10-00703” in subsection (c) to “§ 1-10-710” pursuant to 1 CMC § 3806(d). The Commission corrected the semicolon at the end of subsection (c) to a period pursuant to 1 CMC § 3806(g).

Part 800 - Interstate or International Reciprocity Practice

TITLE 1: BOARD OF ACCOUNTANCY

§ 1-10-801 Interstate Practice

(a) This chapter provides two distinct methods for an individual already licensed in another state to be authorized to practice in the CNMI. The applicable method depends upon whether the individual will establish a principal place of business in the CNMI.

(1) Individuals establishing a principal place of business in the CNMI may qualify for a reciprocal certificate or license either by:

- (i) Substantial equivalence (see the Act, section 6 [4 CMC § 3422]); or
- (ii) Experience (see the Act, section 6(c)(1) [4 CMC § 3422(c)(1)] and § 1-10-801(b)*).

(2) Individuals with a principal place of business in another state may offer or render services in the CNMI either pursuant to:

- (i) Substantial equivalence (see section 6 of the Act [4 CMC § 3422]); or
- (ii) Experience (see § 1-10-801(c)*).

(b) Reciprocal certificate or license. Regarding an individual establishing a principal place of business in the CNMI, if the substantial equivalency standard set out in the Act, section 6 [4 CMC § 3422], is not applicable, the Board shall issue a reciprocal certificate, or license, to the holder of a certificate issued by another state provided that the applicant meets each of the following requirements:

- (1) Has successfully completed the CPA examination. Successful completion of the examination means that the applicant passed the examination in accordance with the rules and regulations of the other state at the time that state granted the applicant's initial certificate;
- (2) Has, in addition to meeting the requirements of the Act, section 6(a) [4 CMC § 3422(a)], satisfied the 5-in-10 experience requirement set out in section 6(c)(2)(C) of the Act [4 CMC § 3422(c)(2)(C)];
- (3) Has experience required under the Act and this chapter for issuance of the initial certificate; and
- (4) Has met the CPE requirement pursuant to the Act, section 6(c)(4) [4 CMC § 3422(c)(4)], if applicable.

(c) Out of state services. Regarding an individual whose principal place of business is, and remains, outside the CNMI, the Board may authorize the individual to exercise practice privileges in the CNMI provided the individual meets each of the following requirements:

- (1) The individual has an active CPA license in good standing issued by another state;
- (2) The individual has met the 5-in-10 experience requirement specified in section 6(c)(2)(C) of the Act [4 CMC § 3422(c)(2)(C)];
- (3) The individual provides notice to the Board, in the same manner and on comparable forms as required for substantially equivalent practitioners under section 6 of the Act [4 CMC § 3422] and regulations promulgated thereunder; and

TITLE 1: BOARD OF ACCOUNTANCY

(4) The individual consents to each of the terms and conditions pertaining to the use of practice privileges as specified in section 6 of the Act [4 CMC § 3422] and the regulations promulgated thereunder.

* See Commission Comment to this section.

Modified, 1 CMC § 3806(c), (d), (f), (g).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Commission Comment: The original subsection (a)(1)(ii) references “Section 001(b) of this Part *infra*,” which does not exist. Presumably, the Board of Accountancy intended to refer to section 801(b) (NMIAC § 1-10-801(b)). Similarly, the original subsection (a)(2)(ii) incorrectly references “Section 001(c) of this Part, *infra*.” Presumably, the Board of Accountancy intended to reference section 801(c) (NMIAC § 1-10-801(c)). The Commission changed the incorrect references to ensure that the referenced numbers agree with the NMIAC numbering system and to correct manifest errors. The Commission corrected the periods at the ends of subsections (b)(1) through (b)(3) to semicolons and added the word “and” at the end of subsection (b)(3) pursuant to 1 CMC § 3806(g). The Commission removed the comma at the end of subsection (c)(3) pursuant to 1 CMC § 3806(g).

§ 1-10-805 International Reciprocity

(a) The Board may designate a professional accounting credential issued in a foreign country as substantially equivalent to a CPA certificate under the following conditions:

(1) The Board shall rely on the International Qualifications Appraisal Board for evaluation of foreign credential equivalency; and

(2) The Board may accept a foreign accounting credential in partial satisfaction of its domestic credentialing requirements if:

(i) The holder of the foreign accounting credential met the issuing body's education requirement and passed the issuing body's examination used to qualify its own domestic candidates; and

(ii) The foreign credential is valid and in good standing at the time of application for a domestic credential.

(b) The Board shall further satisfy itself through qualifying examination(s) that the holder of a foreign credential deemed by the Board to be substantially equivalent to a CPA certificate possesses adequate knowledge of U.S. practice standards and the Board's regulations:

(1) The Board may rely on the National Association of State Boards of Accountancy and/or the American Institute of Certified Public Accountants to develop, administer, and grade such qualifying examination(s).

(2) The Board shall specify the qualifying examination(s) and process by resolution or order.

(c) An applicant for renewal of a CPA certificate originally issued in reliance on a foreign accounting credential shall:

(1) Make application for renewal at the time and in the manner prescribed by the Board for all other certificate renewals;

(2) Pay such fees as are prescribed for the similar domestic certificate renewal;

TITLE 1: BOARD OF ACCOUNTANCY

- (3) Demonstrate good standing of the foreign credential;
- (i) If the applicant has a foreign credential in effect at the time of the application for renewal of the CPA certification, present documentation from the foreign accounting credential issuing body that the applicant's foreign credential has not been suspended or revoked and the applicant is not the subject of a current investigation; or
- (ii) If the applicant for renewal no longer has a foreign credential, the applicant must present proof from the foreign credentialing body that the applicant for renewal was not the subject of a disciplinary proceeding or investigation at the time that the foreign credential lapsed; and
- (4) Either show completion of continuing professional education substantially equivalent to that required under § 1-10-620, within the three-year period preceding renewal application, or petition the Board for complete or partial waiver of the CPE requirement based on the ratio of foreign practice to practice in the CNMI.
- (d) The holder of a CPA certificate issued in reliance on a foreign accounting credential shall report any investigation undertaken, or sanction imposed, by a foreign credentialing body against the CPA's foreign credential.
- (e) Suspension or revocation of, or refusal to renew, the CPA's foreign accounting credential by the foreign credentialing body may be evidence of conduct reflecting adversely upon the CPA's fitness to retain the certificate and may be a basis for Board action.
- (f) Conviction of a felony or a crime involving dishonesty or fraud under the laws of a foreign country is evidence of conduct reflecting adversely on the CPA's fitness to retain the certificate and may be a basis for Board action.
- (g) The Board shall notify the appropriate foreign credentialing authorities of a sanction imposed against a CPA subject to its jurisdiction.
- (h) The Board may participate in joint investigations with foreign credentialing bodies and may rely on evidence supplied by such bodies in disciplinary hearings.

Modified, 1 CMC § 3806(c), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007). The Commission changed the reference to "§ 1-10-00605" in subsection (c)(4) to "§ 1-10-620" pursuant to 1 CMC § 3806(d). The Commission corrected the colons at the ends of subsections (c)(2) and (c)(3) to semicolons pursuant to 1 CMC § 3806(g).

Part 900 - Enforcement Actions Against Licensees

§ 1-10-901 Grounds for Enforcement Actions Against Licensees and Others

- (a) The grounds for revocation and suspension of certificates and permits, and other disciplinary action against licensees, persons with privileges granted pursuant to section 6 of the Act [4 CMC § 3422], and other persons, are set out in section 9 of the Act [4 CMC

TITLE 1: BOARD OF ACCOUNTANCY

§ 3433] in both specific and general terms. The general terms of those provisions of the Act include the following particular grounds for such disciplinary action:

(1) Fraud or deceit in obtaining a certificate or permit, within the meaning of section 9(a)(2)* of the Act, include the submission to the Board of knowingly false or forged evidence in, or in support of, an application for a certificate or permit, and/or cheating on an examination.

(2) Dishonesty, fraud or gross negligence, within the meaning of section 9(a)(5) of the Act [4 CMC § 3433(a)(5)], include knowingly, or through gross negligence, making misleading, deceptive or untrue representations in the performance of services.

* The reference is incorrect. The Board probably intended to refer to § 9(a)(1)[4 CMC § 3433(a)(1)].

(b) Violations of the Act or of rules promulgated under the Act, within the meaning of section 9(a)(6) of the Act [4 CMC § 3433(a)(6)], include:

(1) Using the CPA title or providing attest or compilation services in the CNMI without a certificate or permit to practice issued under sections 6 and 7 [4 CMC §§ 3422 and 3423] or without properly qualifying to practice across state lines under the substantial equivalency provision of the Act;

(2) Using or attempting to use a certificate or permit which has been suspended or revoked;

(3) Making a false or misleading statement, in support of any application for a certificate or a permit;

(4) Failure of a licensee to provide an explanation requested by the Board regarding evidence submitted by the licensee in support of an application filed by another, or regarding a failure or refusal to submit such evidence;

(5) Failure by a licensee to furnish for inspection upon request by the Board or its representative documentation relating to evidence submitted by the licensee in support of any application;

(6) Failure to satisfy the continuing professional education requirements set out in section 6(d) of the Act [4 CMC §§ 3422(d)] and/or failure to comply with the continuing education requirements of this chapter;

(7) Failure to comply with professional standards as to the attest and/or compilation competency requirement for those who supervise attest and/or compilation engagements and sign reports on financial statements or other compilation communications with respect to financial statements;

(8) Failure to comply with the peer review requirements of the Act and this chapter; and

(9) Failure to renew a license or privileges related to substantial equivalency, unless the licensee or privilege holder has notified the Board in writing or electronically in advance.

(c) Conduct reflecting adversely upon the licensee's fitness to engage in the practice of public accountancy, within the meaning of section 9(a)(10) of the Act [4 CMC § 3433(a)(10)], includes:

(1) Adjudication as mentally incompetent;

(2) Fiscal dishonesty of any kind;

TITLE 1: BOARD OF ACCOUNTANCY

- (3) Presenting as one's own a certificate or permit issued to another;
- (4) Concealment of information regarding violations by other licensees of the Act or the rules thereunder when questioned or requested by the Board; and
- (5) Willfully failing to file a report or record required by CNMI, state or federal law; willfully impeding or obstructing the filing of such a report or record, or inducing another person to impede or obstruct such filing by another; and the making or filing of such a report or record which one knows to be false.

Modified, 1 CMC § 3806(d), (f), (g).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Commission Comment: The Commission corrected the period at the end of subsection (b)(1) to a semicolon pursuant to 1 CMC § 3806(g). The Commission changed "fitness to fitness" to "fitness" to correct a manifest error in subsection (c).

§ 1-10-905 Return of Certificate or Permit to Practice

A licensee whose certificate or permit issued by the Board is subsequently suspended or revoked shall promptly return such certificate or permit to the Board.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Part 1000 - Enforcement Procedures - Investigations (§ 4(h)(2))[4 CMC § 3402(h)(2)]

§ 1-10-1001 Review of Professional Work Product

(a) The Board may solicit and receive the following without regard to whether an application for renewal of the particular licensee is then pending or whether there is a formal complaint or suspicion of impropriety regarding a particular licensee or an individual with privileges granted pursuant to the Act:

(1) Publicly available reports of licensees and individuals with privileges granted pursuant to the Act; and

(2) Related financial statements from clients, public agencies, banks, and other users of financial statements on a general and random basis.

(b) After its review, the Board may proceed pursuant to the peer review scheme of § 1-10-710.

Modified, 1 CMC § 3806(c), (f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007). The Commission changed the reference to "§ 1-10-00703" in subsection (b) to "§ 1-10-710" pursuant to 1 CMC § 3806(d).

§ 1-10-1005 Reporting Convictions, Judgments, and Administrative Proceedings

TITLE 1: BOARD OF ACCOUNTANCY

- (a) Licensees shall notify the Board, on a form and in the manner prescribed by the Board, within 42 days (6 weeks) of:
- (1) Receipt of an adverse peer review or a PCAOB firm inspection report containing criticisms of or identifying potential defects in the quality control systems;
 - (2) Receipt of a second consecutive peer review report that is adverse or modified, including a peer review report that contains significant comments;
 - (3) Imposition upon the licensee of discipline, including censure, reprimand, sanction, probation, civil penalty, fine, consent decree or order, suspension, revocation, or modification of a license, certificate, permit or practice rights, by:
 - (i) The Securities and Exchange Commission (SEC), PCAOB, Internal Revenue Service (IRS) (actions by the Director of Practice);
 - (ii) Another state board of accountancy for a cause other than failure to pay a professional license fee by the due date or failure to meet the continuing professional education requirements of another state board of accountancy;
 - (iii) A federal or state agency regarding the licensee's conduct while rendering professional services; or
 - (iv) A foreign authority or credentialing body that regulates the practice of accountancy;
 - (4) Occurrence of a matter reportable by the licensee to the PCAOB pursuant to Sarbanes-Oxley section 102(b)(2)(f) and/or PCAOB rules and forms;
 - (5) Notice of disciplinary charges filed by or before the SEC, PCAOB, IRS, or another state board of accountancy, or a CNMI or federal or state taxing, insurance or securities regulatory authority, or foreign authority or credentialing body that regulates the practice of accountancy;
 - (6) A judgment, award or settlement of a civil action or arbitration proceeding involving \$150,000 or more in which the licensee was a party, if the matter included allegations of gross negligence, violation of specific standards of practice, fraud, or misappropriation of funds in the practice of accounting; provided, however, that licensed firms shall only notify the Board regarding civil judgments, settlements or arbitration awards directly involving the firm's practice of public accounting in the CNMI; or
 - (7) Criminal charges, deferred prosecution or conviction, or plea of no contest, to which the licensee is a defendant, if the crime is:
 - (i) A felony under the laws of the United States or of a state of the United States or a foreign jurisdiction; or
 - (ii) A misdemeanor if an element of the offense is dishonesty, deceit, or fraud.
- (b) The licensee designated by each CPA firm as responsible for the proper registration of the firm shall report a matter reportable under this section to which a non-licensee owner with a principal place of business in the CNMI is a party.
- (c) Reports of pending matters or reports of private litigation resolved by settlement or arbitration shall be treated as under investigation, and, therefore, confidential records not subject to public disclosure, unless and until the pending matters are concluded or the Board commences a contested case proceeding based upon the subject matter of such reports.

TITLE 1: BOARD OF ACCOUNTANCY

(d) During the pendency of an investigation into a reported matter, the reporting licensee may submit a written explanation to be included in the licensee's record. Documents received pursuant to said report shall be expunged from the Board's records, if:

- (1) The reported charges or allegations are subsequently concluded in the licensee's favor or otherwise closed without disciplinary action by the Board, and
- (2) The reporting licensee so requests.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Part 1100 - Enforcement Procedures - Hearings by the Board (§ 4(h)(2))[4 CMC § 3402(h)(2)]

§ 1-10-1101 Complaints and Notices of Hearing

(a) A complaint issued by the Board pursuant to section 11(a) of the Act shall include:

- (1) A plain statement of matters asserted or charged; and
- (2) Reference to sections of the Act or of the regulations related to the alleged unlawful conduct.

(b) The Board shall make available a copy of the Act and the Board's regulations.

(c) The Board shall make available a brief statement calling attention to the procedural rights of the respondent to examine reports and evidence in advance of the hearing, to appear by counsel at the hearing, to present evidence and argument, and to appeal an adverse decision.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007). The Commission inserted a colon at the end of subsection (a) pursuant to 1 CMC § 3806(g). The Commission corrected the semicolon at the end of subsection (b) to a period pursuant to 1 CMC § 3806(g).

§ 1-10-1105 Examination and Copying of Documents

(a) A respondent shall have the right in advance of the hearing to examine and copy a report of investigation and documentary or testimonial evidence and summaries of evidence in the Board's possession relating to the subject matter of the complaint.

(b) The right of examination may be exercised by the respondent or the respondent's attorney or agent at the Board's office where the records in question are kept, during regular business hours, on three days' advance notice in writing. Copies shall be promptly furnished of any documents or other materials designated for copying, but the Board may charge a fee for such copying.

TITLE 1: BOARD OF ACCOUNTANCY

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-1110 Conduct of Hearing

- (a) A hearing shall be conducted by a presiding officer appointed by the Board.
- (b) The hearing shall comply with the requirements of the Administrative Procedure Act and due process. Rebuttal and surrebuttal evidence shall be allowed.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-1115 Evidentiary Rules

- (a) The Board shall not be bound by the technical rules of evidence, and in its discretion may consider evidence of a kind commonly relied upon by reasonably prudent persons in the conduct of their affairs.
- (b) Evidence need not be admitted if it is irrelevant, immaterial or unduly repetitious.
- (c) Rulings on evidence which have been reserved shall be disposed of before closing statements.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-1120 Decisions

- (a) The Board's decision shall be by written vote of a majority of the Board.
- (b) The Board's post-hearing decision shall, if it sustains a charge, be made public. A decision that does not sustain a charge may be made public at the Board's discretion.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Part 1200 - Reinstatement

§ 1-10-1201 Applications for Relief from Disciplinary Penalties

- (a) An application may be filed with the Board for modification of a suspension, limitation, revocation or probation:
 - (1) By a person,
 - (2) After completion of all requirements contained in the Board's disciplinary order.

- (b) The application shall demonstrate the good cause for the relief sought, and shall be accompanied by at least two supporting recommendations, under oath, from licensees who have personal knowledge of the activities of the applicant since the discipline was imposed.

TITLE 1: BOARD OF ACCOUNTANCY

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-1205 Action by the Board

- (a) The Board may make its decision based on the submissions, or upon a hearing record.
- (b) The Board may impose reasonable terms and conditions for reinstatement.
- (c) The Board's decision may consider:
 - (1) The offense for which the applicant was disciplined;
 - (2) The applicant's activities during the time the certificate, privileges or permit was in good standing;
 - (3) All activities of the applicant since the disciplinary penalty from which relief is sought was imposed;
 - (4) The applicant's rehabilitative efforts;
 - (5) Restitution to damaged parties in the matter for which the penalty was imposed; and
 - (6) The applicant's reputation for truth and professional probity.
- (d) No application for reinstatement shall be considered while the applicant is under sentence for a criminal offense, including a period during which the applicant is on probation or parole.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Part 1300 - Unlawful Acts and Safe Harbor

§ 1-10-1301 Misleading CPA Firm Names (§ 4(h)(6), 13(d)-(f))[4 CMC § 3402(h)(6), 4 CMC § 3434(d)-(f)]

A person shall not use the tile "CPA" in a misleading way. "CPA" is misleading within the meaning of section 13 of the Act if, among other things:

- (a) The CPA firm name implies the existence of a corporation when the firm is not a corporation;
- (b) The CPA firm name implies existence of a partnership when there is not a partnership (as in "Smith & Jones, CPAs");
- (c) The CPA firm name includes the name of a person who is neither a present nor a past partner, member or shareholder of the firm; or

TITLE 1: BOARD OF ACCOUNTANCY

(d) The CPA name includes the name of a person who is not a CPA.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-1305 Fictitious Firm Names

(a) A fictitious CPA firm name is one consisting in part of the names or initials of someone other than present or former partners, members, or shareholders.

(b) A fictitious CPA firm name may not be used by a CPA firm. Exception: It may be used if such name has been registered with and approved by the Board as not being false or misleading.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Commission Comment: The Commission replaced the phrase “former: partners; members; or shareholders” with “former partners, members, or shareholders” pursuant to 1 CMC § 3806(g).

§ 1-10-1310 Safe Harbor Language

(a) Safe harbor language is language that, if used clearly and prominently, may eliminate the claim that a reported review of financial statements violates the regulations or the Act.

(b) Pursuant to the Act, only licensees may issue reports on financial information that imply they were performed in accordance with professional standards. Unlicensed individuals may issue financial statements as long as they do not use report language that purports to be in accordance with professional standards applicable to licensees. Safe harbor language provides clear guidance to unlicensed individuals as to report language that is acceptable.

(c) The use of safe harbor language by a non-licensee is voluntary. A licensee may not use or rely on safe harbor language.

(d) The objective of the safe harbor language is to provide unlicensed individuals with some report language that is clearly acceptable and not in violation of the law.

(e) The following safe harbor language may serve as a disclaimer in connection with financial statements:

“I (we) have prepared the accompanying (financial statements) of (name of entity) as of (time period) for the (period) then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management (owners).”

TITLE 1: BOARD OF ACCOUNTANCY

“I (we) have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.”

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007). The Commission inserted a quotation mark after the phrase “of management (owners)” in subsection (e) pursuant to 1 CMC § 3806(g).

Part 1400 - Construction of Requirement for a Public Audit

§ 1-10-1401 Construction of Requirement for a Public Audit

Whenever a statute, regulation, order or contract requires that a report, financial statement, and/or other document for the CNMI government, including a department, division, board, commission, agency, or other instrumentality, be prepared by a certified public accountant, the requirement shall be construed to mean a licensee with a valid certificate or permit from the Board to practice public accountancy.

Modified, 1 CMC § 3806(f).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Part 1500 - Other Licensee Obligations

§ 1-10-1501 Notify of changes

Each licensee shall notify the Board in writing within 28 days (4 weeks) of a change of address and/or, in the case of individual licensees, change of employment.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-1505 Timely Respond

A licensee shall respond in writing to any communication from the Board requesting a response within 28 days (4 weeks) of the mailing of such communication.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-1510 Pay Fees

A licensee shall timely pay all fees which the Board requires.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10-1515 Internet Practice

A CPA firm offering or rendering professional services via an internet web site shall provide in the web site's homepage, a name, an address, an email address, a telephone

TITLE 1: BOARD OF ACCOUNTANCY

number, and principal state of licensure as a means for regulators and the public to contact a responsible licensee in charge at the firm regarding complaints, questions, and/or regulatory compliance.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Part 1600 - Fees (§ 4(h)(8)) [4 CMC § 3402(h)(8)]

§ 1-10-1601 Board Schedule for Fees

The Board shall, by resolution, adopt a schedule or schedules of fees for the following services. Fees charged by the Board shall be as established from time to time.

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, "Fees," former part 800, was redesignated to part 1600 and replaced by §§ 1-10-1601 and 1-10-1605.

§ 1-10-1605 Fees, Initially

The fees shall be in effect initially as follows:

- (a) Exam applications (initial and re-exam)(§ 5(h)[4 CMC § 3421(h)(2)](exam)).
 - (1) Application processing fee, forty dollars (\$40.00)/exam part.
 - (2) NASBA/Prometric/AICPA fees, actual amounts specified in the CBT Services Agreement between AICPA, NASBA, and Prometric.
 - (3) Jurisdictional testing fee, fifty dollars (\$50)/part to be given to the CNMI Board of Accountancy plus fifty dollars (\$50)/part to be given to the jurisdictional testing center operator designated by the CNMI Board of Accountancy.

- (b) Certification/licensure. (§ 6(e)[4 CMC § 3422(e)] (certificate), § 7(e)[4 CMC § 3422(e)] (permit))
 - (1) Initial.
 - (i) Active, one hundred fifty dollars (\$150.00).
 - (ii) Inactive, one hundred fifty dollars (\$150.00).
 - (iii) Foreign, one hundred fifty dollars (\$150.00).
 - (iv) Substantial equivalency, one hundred fifty dollars(\$150.00).
 - (2) Renewal/annual.
 - (i) Active, one hundred dollars (\$100.00).
 - (ii) Inactive, one hundred dollars (\$100.00).
 - (iii) Foreign, one hundred dollars (\$100.00).
 - (iv) Substantial equivalency, one hundred dollars (\$100.00).
 - (3) Reinstatement.
 - (i) Active, two hundred dollars (\$200.00).
 - (ii) Inactive, two hundred dollars (\$200.00).

TITLE 1: BOARD OF ACCOUNTANCY

- (iii) Foreign, two hundred dollars (\$200.00).
- (iv) Substantial equivalency, one hundred fifty dollars (\$150.00).
- (4) Provisional (every ninety days).
 - (i) Active, one hundred dollars (\$100.00).
 - (ii) Inactive, one hundred dollars (\$100.00).
 - (iii) Foreign, one hundred dollars (\$100.00).
 - (iv) Substantial equivalency, one hundred dollars (\$100.00).
- (5) Firm permits to practice/annual:
 - (i) Initial two hundred fifty dollars (\$250.00).
 - (ii) Renewal two hundred fifty dollars (\$200.00) (annually).
 - (iii) Reinstatement two hundred fifty dollars (\$250.00).
 - (iv) Provisional two hundred dollars (\$200.00) (every ninety days).
- (c) Delinquency fee for certification, licensee, or firm permit to practice renewal applications received after due date: two dollars (\$2.00)/day, but minimum fifty dollars (\$50.00).
- (d) Copies of records: twenty cents (\$0.20)/ page plus additional research at fully burdened lowest clerical staff cost.
- (e) Annual reports of the Board, ten dollars (\$10.00)/copy.
- (f) Such other charges and fees as shall be required for licensee-related services, as performed in-house or through a contract.
- (g) Other fees and charges to be published by the Board:
 - (1) Disciplinary system assessment;
 - (2) In forma pauperis waiver;
 - (3) Special services;
 - (4) Continuing education application fee;
 - (5) Continuing education application renewal;
 - (6) Verification of license fee;
 - (7) Certified copies;
 - (8) Research of licensure status;
 - (9) Hearing transcripts;
 - (10) Preparation of record on appeal;
 - (11) Administrative fines (§ 9(a))[4 CMC § 3433(a)];
 - (12) Costs of enforcement proceedings (§ 9(c))[4 CMC § 3433(c)].

Modified, 1 CMC § 3806(e), (f).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: In November 2007, "Fees," former part 800, was redesignated to part 1600 and replaced by §§ 1-10-1601 and 1-10-1605. The Commission inserted semicolons after subsections (g)(1) through (g)(11) pursuant to 1 CMC § 3806(g).

TITLE 1: BOARD OF ACCOUNTANCY

Part 1700 - Reports (§ 4(h)(8)) [4 CMC § 3402(h)(8)]

§ 1-10-1701 Annual Reports

The Board shall, from time to time, but not less than twice each year, prepare and distribute to all licensees, a report of the activities of the Board, including amendments to this chapter and regulations adopted by the Board, and may likewise distribute reports of other matters of interest to the public and to practitioners.

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: The November 2007 amendments redesignated former part 1100, "Reports," to part 1700. This section was redesignated from § 1-10-1101 to § 1-10-1701 without changing the content of the regulation.

§ 1-10-1705 Other Reports

The Board shall compile and maintain, or may have compiled and maintained on its behalf, a register of licensees that contains information that the Board determines is necessary for the purposes for which the Board was established. The Board shall make the register available to any licensee and to the public.

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Commission Comment: The November 2007 amendments redesignated former part 1100, "Reports," to part 1700. This section was redesignated from § 1-10-1105 to § 1-10-1705 without changing the content of the regulation.

Part 1800 - Papers; Retention; Attest Documentation

§ 1-10- 1801 Documentation and Retention

With respect to documents and retention, licensees shall comply with all professional standards applicable to particular engagements, including standards adopted by recognized standards setting bodies such as the Public Company Accounting Oversight Board (PCAOB), the Comptroller General of the United States, and the Auditing Standards Board.

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

§ 1-10- 1805 Retention Period for Attest Documentation

TITLE 1: BOARD OF ACCOUNTANCY

(a) The retention period for attest documentation shall be seven years and shall be measured from the report date.

(b) If attest documentation is required to be kept for longer than seven years because of a pending Board investigation or disciplinary action, attest documentation shall not be destroyed until the licensee has been notified in writing by the Board of the closure of a Board investigation or disciplinary proceeding.

Modified, 1 CMC § 3806(e).

History: Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Proposed 29 Com. Reg. 26735 (Sept. 29, 2007).

Part 1900 - [Reserved]

Part 2000 - [Reserved]

Part 2100 - [Reserved]

Part 2200 - [Reserved]

Part 2300 - Substantial Equivalency

§ 1-10-2301 Notification

A person from another jurisdiction practicing accountancy in the CNMI shall notify the Board in writing, preferably by electronic means:

(a) A qualified person from another jurisdiction seeking practice privileges in the CNMI pursuant to the Act shall give notice to the Board, as follows:

- (1) On a form established by the Board, in writing, preferably by electronic means; or
- (2) By electronic means to a master notice list designated by the Board, including the NASBA National Qualification Appraisal Service.

(b) Notice shall be due immediately, and shall be received by the Board within 28 days (4 weeks), upon the person's:

- (1) Accepting an engagement or an assignment to render professional services in the CNMI; or
- (2) Offering to render professional services through the person's, or the person's firm's, direct solicitation or marketing targeted to persons in the CNMI.

(c) Notice shall be renewed on the same cycle as the Board requires for license renewals.

(d) Notice shall be amended within 28 days (4 weeks) after the individual changes the principal place of business or within 28 days (4 weeks) after the license has been denied, revoked, or suspended in any jurisdiction.

TITLE 1: BOARD OF ACCOUNTANCY

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

§ 1-10-2305 Non-reportable Activities

A non-resident person shall not be deemed to have entered the CNMI for purposes of this part or of the Act if the person's contact with the CNMI is limited to:

- (a) Teaching a college or continuing professional education course;
- (b) Delivering a lecture;
- (c) Moderating a panel discussion; and/or
- (d) Rendering professional services to the individual's employer or to persons employed by the individual's employer, including affiliated, parent, or subsidiary entities, provided such services are not rendered for the employer's clients.

Modified, 1 CMC § 3806(f).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

§ 1-10-2310 Minimum Reportable Information

A person notifying the Board pursuant to this part shall present a current address, telephone, fax and email address for the public to contact the person regarding complaints, questions, service of legal papers, and regulatory compliance. An individual shall further present the principal state of licensure and license number.

Modified, 1 CMC § 3806(f).

History: Amdts Adopted 29 Com. Reg. 27416 (Nov. 17, 2007); Amdts Proposed 29 Com. Reg. 26735 (Sept. 29, 2007); Adopted 28 Com. Reg. 25511 (Jan. 30, 2006); Proposed 27 Com. Reg. 25191 (Nov. 25, 2005).

Part 2400 - [Reserved]

Part 2500 - [Reserved]