

## CHAPTER 29

### NEW JERSEY STATE BOARD OF ACCOUNTANCY

#### Authority

N.J.S.A. 45:2B-6(g) and 45:2B-17.

#### Source and Effective Date

R.1990 d.318, effective May 23, 1990.  
See: 22 N.J.R. 1042(a), 22 N.J.R. 1940(d).

#### Executive Order No. 66(1978) Expiration Date

Chapter 29, New Jersey State Board of Accountancy, expires May 23 1995.

#### Chapter Historical Note

Chapter 29, New Jersey State Board of Accountancy, was originally filed and became effective prior to September 1, 1969. Pursuant to Executive Order No. 66(1978), Chapter 29 was readopted as R.1990 d.318, effective May 23, 1990. See: Source and Effective Date.

See subchapter and section annotations for specific rulemaking activity.

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#### SUBCHAPTER 1. GENERAL RULES AND REGULATIONS

##### Authority

N.J.S.A. 45:2B-6(g) and 45:2B-17.

##### Source and Effective Date

R.1985 d.287, effective June 3, 1985.

##### Historical Note

All provisions of this subchapter were filed and became effective prior to September 1, 1969. Amendments were filed and became effective July 21, 1978 as R.1978 d.243. See: 10 N.J.R. 165(b), 10 N.J.R. 352(c). Further amendments were filed and became effective November 15, 1982 as R.1982 d.405. See: 14 N.J.R. 749(b), 14 N.J.R. 1309(a). Further amendments were filed and became effective June 20, 1983 as R.1983 d.211. See: 14 N.J.R. 1279(a), 15 N.J.R. 1035(c). Further amendments became effective June 29, 1984 as R.1984 d.311. See: 16 N.J.R. 1025(a), 16 N.J.R. 2003(b). This subchapter expired

July 21, 1983 and a new subchapter was adopted pursuant to Executive Order No. 66(1978) as R.1985 d.287. See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a). See chapter and section levels for further amendments.

### 13:29-1.1 Establishing name of Board

The Board shall be known as the New Jersey State Board of Accountancy, and shall maintain an office in the State of New Jersey for the regular transaction of its business.

New Rule, R.1985 d.287, effective June 3, 1985.  
See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).

### 13:29-1.2 Meetings

(a) The Board shall hold an annual meeting, in each year, in the month of April for the purpose of electing officers, from among its members, each for the term of one year, or until a qualified successor has been duly elected.

(b) Regular monthly meetings will be held in accordance with a published schedule of meetings. Special meetings may be held at the request of any Board member.

New Rule, R.1985 d.287, effective June 3, 1985.  
See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).

### 13:29-1.3 Applications; applicant qualifications

(a) Application forms for original examination, reexamination and for a certificate by endorsement will be furnished by the Board upon request.

(b) Applications for examination shall be received by the office of the Executive Secretary of the Board on or before March 1 for the May examinations, and on or before September 1 for the November examinations. Applications will not be accepted if received later than the above dates.

(c) Every applicant who becomes eligible to sit for the examinations, or has met the requirements for a certificate, and is eligible to receive a certificate, shall be a bona fide resident of the State of New Jersey, or shall maintain an office for the practice of public accounting in the State of New Jersey, or shall be in the employ of a Certified Public Accountant, or firm of Certified Public Accountants, having an established office and performing services within the State of New Jersey. Such eligibility shall continue until the certificate is issued. For purposes of eligibility, a mailing address or telephone number is not sufficient to show that an office is maintained for the practice of public accounting.

(d) Applicants shall appear upon request before the Board or any Committee appointed by the Board for the purpose of determining qualifications for licensure.

(e) Any applicant who is reexamined in any subject shall qualify under the rules in effect at the time the supplemental application is filed.

New Rule, R.1985 d.287, effective June 3, 1985.  
See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).

### 13:29-1.4 Notification of change of address; service of process

(a) A licensee of the Board of Accountancy shall notify the Board in writing of any change of address from that currently registered with the Board and shown on the most recently issued license. Such notice shall be sent to the Board by certified mail, return receipt requested, not later than 30 days following the change of address.

(b) Failure to notify the Board of any change of address pursuant to (a) above may result in disciplinary action in accordance with N.J.S.A. 45:1-21(h), including, but not limited to, a civil penalty of \$200.00.

(c) Service of any administrative complaint or other Board-initiated process at a licensee's address currently on file with the Board shall be deemed adequate notice for the purposes of N.J.A.C. 1:1-7.1 and commencement of any disciplinary proceedings.

Repealed by R.1985 d.287, effective June 3, 1985.  
See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).  
New Rule, R.1985 d.695, effective January 21, 1986.  
See: 17 N.J.R. 1639(a), 18 N.J.R. 204(a).  
Repeal and New Rule, R.1990 d.373, effective August 6, 1990.  
See: 22 N.J.R. 1438(a), 22 N.J.R. 2331(a).

### 13:29-1.5 Filing constitutes agreement

The act of filing an application for examination, or a certificate by endorsement, shall constitute an agreement on the part of the applicant that he will observe and conform to the requirements of this chapter.

New Rule, R.1985 d.287, effective June 3, 1985.  
See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).

### 13:29-1.6 Applications for original examination

(a) Applications for original examination shall be accompanied by the following items:

1. Photograph, two-inch by two-inch in size, bust picture, front view, without a hat, taken within 30 days prior to filing an application;

2. An Academic Qualifying Certificate from the New Jersey Department of Higher Education, Trenton, New Jersey certifying that applicant possesses a baccalaureate degree, or its equivalent, based upon a curriculum which shall include:

- i. A minimum of 60 semester hours selected from courses in English, history, foreign languages, mathematics, general psychology, philosophy, biological sciences, physical sciences, economics, sociology, religion, government, political science, geography, fine arts and music; and

ii. A minimum of 60 semester hours in professional courses including: at least 24 semester hours in accounting including municipal and government accounting; at least six semester hours in business law, at least six semester hours in finance, at least six semester hours in economics; and at least 18 semester hours in related business subjects.

(b) An applicant for examination for the Certified Public Accountant's certificate who meets the requirements of (a) above to the Board's satisfaction shall be granted admission to sit for the examination in financial accounting and reporting business enterprises (previously theory of accounts); accounting and reporting-taxation, managerial, and governmental and not for profit organizations (previously accounting practice); business law and professional responsibilities (previously commercial law); and auditing.

(c) An applicant who has passed all parts of the examination shall furnish evidence of two years' diversified experience in public accounting in the office of a Certified Public Accountant, or firm of which one member is a Certified Public Accountant. Experience shall be obtained in full-time regular employment based on a seven-hour day and a five-day work week. Such evidence shall take the form of a notarized affidavit on the employer's letterhead indicating in detail the nature of the two-year diversified experience in public accounting.

(d) In lieu of the two years' experience required in (c) above, the Board may accept four years' or more experience obtained as an Internal Revenue agent employed in the Field Division of the Internal Revenue Service, in a classification grade level acceptable to the Board. Any part of a period of two years' experience obtained in the employment of a Certified Public Accountant may be considered as part of the four years' experience with the Internal Revenue Service.

(e) In lieu of the two years' experience required in (c) above, the Board may accept four years' or more experience obtained in the office of a Public Accountant or firm, of which one member is a Public Accountant.

(f) In lieu of the two years' experience required in (c) above, the Board may accept four years' or more accounting experience obtained in the employment of some state or any political subdivision of the United States.

(g) The Board may accept service in the Armed Forces of the United States for experience credit on the basis of one month's credit for each six months' service with a maximum credit of eight months.

(h) The Board may, in its discretion, evaluate any and all accounting and auditing experience obtained by any applicant and give appropriate credit for said experience toward the two years' experience required in this section.

Amended by R.1978 d.243, effective July 21, 1978.

See: 10 N.J.R. 165(b), 10 N.J.R. 352(c).

Amended by R.1982 d.405, effective November 15, 1982.

See: 14 N.J.R. 749(b), 14 N.J.R. 1309(a).

Eliminated requirement that evidence of good moral character be furnished by three persons.

Also deleted old (c)-(g).

New Rule, R.1985 d.287, effective June 3, 1985.

See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).

Prior rule expired on July 21, 1983, pursuant to Executive Order No. 66(1978).

Amended by R.1994 d.316, effective June 20, 1994.

See: 26 N.J.R. 1217(a), 26 N.J.R. 2589(a).

### **13:29-1.7 Applications for reexamination; conditional credit**

(a) Applications for reexamination shall be allowed as follows in (b) below, and all fees shall be paid by check or money order.

(b) Rules on conditional credit are as follows:

1. A candidate who takes the examination for the first time shall be required to take all four sections. On reexamination, the candidate shall be required to take all sections for which he or she has not yet received a passing grade of 75.

2. The candidate who receives a passing grade of 75 or more in at least two of the four sections shall be granted conditional credit provided that the candidate also attains an average grade of 50 on those section(s) not passed.

3. To add to conditional credit pursuant to (b)2 above, the candidate shall attain a grade of 75 or more in the section(s) passed and a grade of 50 on the section not passed.

4. A candidate who received conditional credit for accounting practice alone prior to 1994 shall be granted conditional credit for passing an additional section provided that the candidate also attains an average score of 50 on the two remaining sections not passed.

5. In the event that a candidate fails to successfully complete the examination during the 10 examinations immediately following the first examination at which conditional credit was earned, the candidate shall forfeit all conditional credit, shall revert to the status of a new applicant, and shall be required to take all four sections of the examination.

6. The Board may, in the exercise of its discretion and under extenuating circumstances, extend the period within which conditional credits shall continue to be valid.

7. Conditional credits granted by other jurisdictions may, upon proper application to the Board, be considered for transfer. Credits determined under the laws and regulations of the issuing jurisdiction may be recognized by the Board provided the issuing jurisdiction's requirements are substantially equivalent to the requirements set forth in this rule. In all cases, the duration of recognized

conditional credit shall not be continued beyond the period determined by the rules of the Board.

Amended by R.1983 d.211, effective June 20, 1983.

See: 14 N.J.R. 1279(a), 15 N.J.R. 1035(c).

In (b), deleted old 1.-9. and added 1.-9.

Readopted by R.1984 d.311, filed June 29, 1984.

See: 16 N.J.R. 1025(a), 16 N.J.R. 2003(b).

Repeal and New Rule, R.1987 d.262, effective July 6, 1987.

See: 19 N.J.R. 48(b), 19 N.J.R. 1227(a).

Amended by R.1991 d.310, effective June 17, 1991.

See: 23 N.J.R. 1060(a), 23 N.J.R. 1959(a).

Added "of 75 or more"; deleted "provided the candidate attains an average grade of 50 for the subjects failed. This minimum grade requirement is waived if three subjects are passed at a single sitting." in (b)2.

Deleted "and an average grade in all subjects not passed. While an average grade of less than 50 prevents the candidate from adding to this conditional status, it alone does not remove or cancel conditional status previously attained." in (b)3.

Changed "six examinations" to "10 examinations" in (b)4.

Changed the date in (b)7.

Amended by R.1994 d.316, effective June 20, 1994.

See: 26 N.J.R. 1217(a), 26 N.J.R. 2589(a).

### 13:29-1.8 Applications for certificate by endorsement

(a) Applications for a certificate by endorsement shall be accompanied by the following items:

1. The endorsement, initial license and application fees as set forth in N.J.A.C. 13:29-1.13;
2. The requirements listed in N.J.A.C. 13:29-1.3 (Applications; applicant qualifications) and 13:29-1.6 (Applications for Original Examination);
3. Written verification from the authority issuing the original certificate that it is valid and in good standing, setting forth the full name, number and date of certificate issuance.

New Rule, R.1985 d.287, effective June 3, 1985.

See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).

Amended by R.1991 d.319, effective July 1, 1991.

See: 23 N.J.R. 1061(a), 23 N.J.R. 2022(a).

Added "endorsement, initial license and application fees as set forth in N.J.A.C. 13:29-1.13;" deleted "fee of \$100.00" in (a)1.

### 13:29-1.9 Chartered accountant

A chartered accountant may sit for the State of New Jersey examinations, and if he passes, the Board may, in its discretion, accept chartered accounting experience. A certificate by endorsement shall not be issued to a chartered accountant.

New Rule, R.1985 d.287, effective June 3, 1985.

See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).

### 13:29-1.10 Examinations

(a) Examinations will be held on three consecutive days, in May and November of each year, at a place designated by the Board.

(b) After the application has been approved, an admission card shall be mailed to the applicant which must be used for admittance to the examination room. The card shall be kept in the possession of the applicant during the examinations and handed to a proctor at the conclusion of the applicant's examinations.

(c) Examinations shall be in writing, but this shall not bar additional examinations of such other nature as the Board may deem necessary.

(d) Examination papers are the property of the Board and shall be left with the proctors.

(e) Examination papers shall remain in the office of the Executive Secretary for a period of six months after each examination. During the six months an applicant may arrange to review his examination papers.

(f) Applicants for examination shall be given a number for identification purposes and only this number shall be used on all papers.

(g) Examinations are prepared by the Board of Examiners of the American Institute of Certified Public Accountants known as the Uniform Certified Public Accountants Examinations. The advisory grading service provided by the American Institute of Certified Public Accountants shall be utilized and, to pass the examination, a candidate shall receive 75 points in each subject.

(h) The New Jersey State Board of Accountancy shall grant credit for subjects which have been passed in another state which utilizes the American Institute of Certified Public Accountants Examination and which utilizes educational and experiential criteria comparable to that of the State of New Jersey.

New Rule, R.1985 d.287, effective June 3, 1985.

See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).

### 13:29-1.11 Successful applicant

(a) Applicants who satisfy the requirements of this subchapter shall pay the initial license fee as set forth in N.J.A.C. 13:29-1.13.

(b) Every successful applicant shall comply with the Rules of Professional Conduct, N.J.A.C. 13:29-3.

(c) A Certified Public Accountant shall renew his or her license for a period of two years from the last expiration date. A late renewal fee shall be charged for any renewal application received by the Board within 60 days after the applicable biennial registration date. After the 60th day, the Board may consider the license forfeited. Thereafter, the licensee shall be required to apply for reinstatement and to pay the reinstatement fee in addition to the fee for the current registration period.

New Rule, R.1985 d.287, effective June 3, 1985.

See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).  
Amended by R.1985 d.700, effective January 21, 1986.  
See: 17 N.J.R. 2092(a), 18 N.J.R. 204(b).

(a): Old text deleted and new text substituted.  
Amended by R.1991 d.319, effective July 1, 1991.  
See: 23 N.J.R. 1061(a), 23 N.J.R. 2022(a).

Added "the initial license fee as set forth in N.J.A.C. 13:29-1.13"; deleted "a fee of \$14.00 which reflects the cost of the issuance of a certified public accountant's certificate and of a character investigation by the State Police." in (a).

Added "A late renewal fee shall be charged for ..... for the current registration period."; added "or her"; deleted "A Certified Public Accountant who fails to timely renew his certificate shall have it declared forfeited. When the Certificate holder seeks to renew a certificate which has been declared forfeited the Board may reinstate his certificate provided he pay the fee for the current registration period in addition to a reinstatement fee set by the Board." in (c).

### 13:29-1.12 Public School Accountant's license

The holder of a certificate as a Certified Public Accountant or registered municipal accountant shall be granted a Public School Accountant's license upon application to the Board, and the payment of a \$50.00 fee for a period of two years.

New Rule, R.1976 d.87, eff. March 16, 1976.  
See: 8 N.J.R. 45(a), 8 N.J.R. 204(b).  
Repeal and New Rule, R.1985 d.287, effective June 3, 1985.  
See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).  
Amended by R.1991 d.319, effective July 1, 1991.  
See: 23 N.J.R. 1061(a), 23 N.J.R. 2022(a).  
Changed "\$5.00" to "\$50.00"; changed "one year" to "two years".

### 13:29-1.13 Fees

(a) Fees for original applications, examinations, reexaminations and renewals, for certified public accountants, public accountants, corporations, partnerships, professional corporations, and for certified public accountants' license by endorsement are as follows:

1. Application fee: \$75.00;
2. Examination fee, certified public accountant: \$125.00;
3. Reexamination fee, all subjects repeated, certified public accountant: \$125.00;
4. Reexamination fee for any one, two, or three subjects, certified public accountant: \$100.00;
5. Examination fee, registered municipal accountant: \$100.00;
6. Reexamination fee, registered municipal accountant: \$100.00;
7. Endorsement as certified public accountant: \$100.00 plus the application fee as set forth in (a)1 above;
8. Initial license fee for certified public accountant, municipal accountant, corporations, partnerships, professional corporations:

- i. During the first year of a biennial registration period: \$80.00;

- ii. During the second year of a biennial registration period: \$40.00;

9. Biennial registration for certified public accountant, public accountant, municipal accountant, corporations, partnerships, professional corporations: \$80.00;

10. Reinstatement of license: \$150.00;

11. Late renewal fee: \$50.00;

12. Biennial renewal, retired or inactive licensees: \$40.00.

(b) Entities filing an application to become Sponsors of Continuing Professional Education shall pay a fee of \$100.00 for administrative costs and evaluation of programs submitted.

1. Sponsor fees shall be charged on a biennial basis on the first business day of each even numbered year.

R.1978 d.243, effective July 21, 1978.  
See: 10 N.J.R. 165(b), 10 N.J.R. 352(c).  
Readopted by R.1984 d.312, filed June 29, 1984.  
See: 16 N.J.R. 1026(a), 16 N.J.R. 2004(a).  
Section expired July 21, 1983 pursuant to Executive Order 66(1978).  
Section readopted by R.1984 d.312.  
Amended by R.1991 d.55, effective February 4, 1991.  
See: 22 N.J.R. 3314(b), 23 N.J.R. 310(e).  
Established a fee of \$100.00 for the application of entities who wish to be approved by the Board as Sponsors of Continuing Professional Education courses to be given to licensees.  
Amended by R.1991 d.319, effective July 1, 1991.  
See: 23 N.J.R. 1061(a), 23 N.J.R. 2022(a).  
Added (a)1. Redesignated (a)1 as 2; deleted "Original application."; changed "\$100.00" to "\$125.00".  
Redesignated (a)2 as 3; changed "\$75.00" to "\$125.00".  
Redesignated (a)3 as 4; changed "\$60.00" to "\$100.00".  
Redesignated (a)4 as 5; deleted "Original application".  
Redesignated (a)5 as 6; changed "\$60.00" to "\$100.00".  
Deleted (a)6.  
Deleted "Original application."; added "plus application fee as set forth in (a)1 above" in (a)7.  
Added (a)8.  
Redesignated (a)8 as 9; deleted "or any portion thereof"; changed "\$40.00" to "\$80.00". Added (a)10, 11.  
Amended by R.1993 d.585, effective November 15, 1993.  
See: 25 N.J.R. 1665(b), 25 N.J.R. 5352(c).

### 13:29-1.14 Notification of convictions

Any licensee of the Board of Accountancy, upon conviction of any crime, is required to notify the Board of Accountancy of such conviction in writing within 30 days.

New Rule, R.1986 d.172, effective May 19, 1986.  
See: 18 N.J.R. 264(a), 18 N.J.R. 1104(b).

## SUBCHAPTER 2. REGISTERED MUNICIPAL ACCOUNTANTS

### Subchapter Historical Note

All provisions of this subchapter were filed and became effective prior to September 1, 1969. Revisions were filed and became effective

March 16, 1976 as R.1976 d.87. See: 8 N.J.R. 45(a), 8 N.J.R. 204(b). Further amendments were filed and became effective July 21, 1978 as R.1978 d.243. See: 10 N.J.R. 165(b), 10 N.J.R. 352(c). This subchapter expired July 21, 1983 pursuant to Executive Order No. 66(1978) effective July 21, 1978 as R.1978 d.243. See: 10 N.J.R. 165(b), 10 N.J.R. 352(c). Further amendments were filed and became effective February 26, 1981 as R.1981 d.67. See: 13 N.J.R. 39(a), 13 N.J.R. 238(a). New Rules became effective June 3, 1985 as R.1985 d.286. See: 17 N.J.R. 559(a), 17 N.J.R. 1426(a). See chapter and section levels for further amendments.

### 13:29-2.1 Applications; requirements

Every applicant for the registered municipal accountant's examination shall submit to the Board a written application on a form to be provided by the Board and a photograph (two inches by two inches in size, bust picture, front view, without a hat, taken within 30 days prior to application), provided that the applicant must hold in good standing a New Jersey license as a certified public accountant.

Repeal and New Rule, R.1985 d.696, effective January 21, 1986. See: 17 N.J.R. 2092(b), 18 N.J.R. 204(c).

### 13:29-2.2 Examinations

(a) Examinations shall be held in November of each year, at a place designated by the Board. Applications shall be filed by September 1 for the November examination.

(b) After the application has been approved, an admission card shall be mailed to the applicant which shall be used for admittance to the examination room. This card shall be kept in the possession of the applicant during the examinations and handed to a proctor at the conclusion of the examination.

(c) Examinations shall be in writing, but this shall not bar additional examinations of such other nature as the Board may deem necessary.

(d) Examination papers are the property of the Board and shall be left with the proctors.

(e) Examination papers shall remain in the office of the Executive Secretary for a period of six months after each examination, and during the six months, any applicant may make arrangement to review the examination papers.

(f) Applicants for examination shall be given a number for identification purposes and only this number shall be used on all papers.

(g) Examinations shall include questions on the following:

- i. Theory of municipal and public school accounting and problems in municipal and public school accounting;
- ii. Municipal and public school law and finance;
- iii. Auditing;
- iv. Any additional related subjects as determined by the Board.

(h) Applicants shall attain a grade of 75 percent in order to pass the examination.

### 13:29-2.3 Licenses

(a) The holder of a Registered Municipal Accountant's license shall renew the license for a period of two years from the last expiration date. A late renewal fee shall be charged for any renewal application received by the Board within 60 days after the applicable biennial registration date. After the 60th day, the Board may consider the license forfeited. Thereafter, the licensee shall be required to apply for reinstatement and to pay the reinstatement fee in addition to the fee for the current registration period.

(b) Applicants who have complied with all of the provisions in this subchapter and passed the examination shall comply with the Rules of Professional Conduct promulgated by the New Jersey State Board of Accountancy.

Amended by R.1991 d.319, effective July 1, 1991.

See: 23 N.J.R. 1061(a), 23 N.J.R. 2022(a).

Substituted old text with new text in (a).

## SUBCHAPTER 3. RULES OF PROFESSIONAL CONDUCT

### Authority

N.J.S.A. 45:2B-6(g), and 45:1-21(e).

### Source and Effective Date

R.1985 d.104, effective March 4, 1985.  
See: 16 N.J.R. 3418(a), 17 N.J.R. 604(a).

### Historical Note

All provisions of this subchapter were filed and became effective prior to September 1, 1969. This subchapter expired on January 14, 1985. A readoption became effective March 4, 1985 pursuant to Executive Order 66(1978) as R.1985 d.104. See: 16 N.J.R. 3418(a), 17 N.J.R. 604(a). See chapter and section levels for further amendments.

### 13:29-3.1 Independence

(a) A licensee or a firm of which he is a partner or a shareholder shall not express an opinion on financial statements of an enterprise in such a manner as to imply that he is acting as an independent Public Accountant with respect thereto unless he or his firm is independent with respect to such enterprise. Independence will be considered to be impaired if, for example:

1. During the period covered by the financial statements, during the period of the professional engagement, or at the time of expressing an opinion, the licensee or his firm:

i. Was associated with the enterprise as a promoter, underwriter or voting trustee, a director or officer or in any capacity equivalent to that of a member of management or of an employee; or

ii. Was a trustee for any pension or profit-sharing trust of the enterprise.

3. During the period of this professional engagement, or at the time of expressing his opinion, he or his firm:

i. Had or was committed to acquire any direct or material indirect financial interest in the enterprise; or

ii. Was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise; or

iii. Had any joint closely held business investment with the enterprise or any officer, director or principal stockholder thereof which was material in relation to his or her firm's net worth; or

iv. Hand any loan to or from the enterprise or officer, director or principal stockholder thereof other than loans of the following kinds made by a financial institution under normal lending procedures, terms and requirements:

(1) Loans obtained by the licensee or his firm which are not material in relation to the net worth of the borrower;

(2) Home mortgages; and

(3) Other secured loans, except those secured solely by a guarantee of the licensee or his firm.

As amended, R.1982 d.407, eff. November 15, 1982.

See: 14 N.J.R. 895(a), 14 N.J.R. 1390(b).

Deleted old text concerning scope of rules of professional conduct for accountants and added new text concerning independence.

Amended by R.1985 d.104, effective March 4, 1985.

See: 16 N.J.R. 3418(a), 17 N.J.R. 604(a).

(a)li amended.

### 13:29-3.2 Integrity and objectivity

A licensee or his firm shall not knowingly misrepresent facts, and when engaged in the practice of public accounting, including the rendering of tax and management advisory services, shall not subordinate his judgment to others. In tax practice, a licensee or his firm may resolve doubt in favor of his client as long as there is reasonable support for his position.

As amended, R.1982 d.407, eff. November 15, 1982.

See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning obligations and responsibilities of practice and added new text concerning integrity and objectivity.

### 13:29-3.3 Competence

A licensee or his firm shall not undertake any engagement for the performance of professional services which he can-

not reasonably expect to complete with due professional competence, including compliance, where applicable, with N.J.A.C. 13:29-3.5 and 3.6.

As amended, R.1982 d.407, eff. November 15, 1982.

See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning opinions and added new text concerning competence.

### Case Notes

Qualified New Jersey certified public accountants permitted to prepare and file State inheritance tax returns if written notification given to client before commencing work that attorney review of the return may be desirable. Application of the New Jersey Society of Certified Public Accountants, 102 N.J. 231, 507 A.2d 711 (1986).

### 13:29-3.4 Forecasts

A licensee or his firm shall not in the performance of professional services permit his name to be used in conjunction with any forecast of future transactions in a manner which may reasonably lead to the belief that the licensee vouches for the achievability of the forecast.

As amended, R.1982 d.407, eff. November 15, 1982.

See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning clients' affairs confidential and added new text concerning forecasts.

### 13:29-3.5 Auditing standards

A licensee or his firm shall not permit his name to be associated with financial statements in such a manner as to imply that he is acting as an independent public accountant with respect to such financial statements unless he has complied with applicable generally accepted auditing standards. Statements on Auditing Standards issued by the American Institute of Certified Public Accounts, and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards, and departures therefrom must be justified by those who do not follow them.

As amended, R.1982 d.407, eff. November 15, 1982.

See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning use of name with misleading statements and added new text concerning auditing standards.

### 13:29-3.6 Accounting principles

(a) A licensee or his firm shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such financial statements contain any departure from such accounting principles which has a material effect on the financial statements taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances the financial statements would otherwise have been misleading. In such a case, the licensee's report must describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement.



(b) For purposes of this rule, generally accepted accounting principles are considered to be defined by pronouncements issued by the Financial Accounting Standards Board and its predecessor entities and similar pronouncements issued by other entities having similar general recognized authority.

As amended, R.1982 d.407, eff. November 15, 1982.

See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning incompatible occupations and added new text concerning accounting principles.

### 13:29-3.7 Confidential client information

(a) A licensee or his firm shall not without the consent of his client disclose any confidential information pertaining to his client obtained in the course of performing professional services.

(b) This rule does not:

1. Relieve a licensee of any obligations under N.J.A.C. 13:29-3.5 and N.J.A.C. 13:29-3.6; or
2. Affect in any way a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of a court; or
3. Prohibit disclosures in the course of a quality review of a licensee's professional services; or
4. Preclude a licensee from responding to any inquiry made by the Board or any investigative or disciplinary body established by law or formally recognized by the Board.

(c) Members of the Board and professional practice reviewers shall not disclose any confidential client information which comes to their attention from licensees or their firms in disciplinary proceedings or otherwise in carrying out their responsibilities, except that they may furnish such information to an investigative or disciplinary body of the kind referred to above.

As amended, R.1982 d.407, eff. November 15, 1982.

See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning conflicts of interest and added new text concerning confidential client information.

### 13:29-3.8 Contingent fees

A licensee or his firm shall not offer or perform professional services for a fee which is contingent upon the findings or results of such services; provided, however, that this rule does not apply to professional services involving Federal, State or other taxes in which the findings are those of the tax authorities and not those of the licensee, nor does it apply to professional services for which the fees are to be fixed by courts or other public authorities, and which are therefore indeterminate in amount at the time the professional services are undertaken.

As amended, R.1982 d.407, eff. November 15, 1982.

See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning commissions, brokerages, fees and added new text concerning contingent fees.

### 13:29-3.9 Discreditable acts

A licensee shall not commit any act that reflects adversely on his fitness to engage in the practice of public accountancy.

As amended, R.1982 d.407, eff. November 15, 1982.

See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning name of practice and added new text concerning discreditable acts.

#### Case Notes

Professional misconduct (decided on statutory grounds). *State v. Seaman*, 114 N.J.Super. 19, 274 A.2d 810 (App.Div.1971), certiorari denied 92 S.Ct. 674, 404 U.S. 1015, 30 L.Ed.2d 662.

### 13:29-3.10 Advertising

(a) A licensee shall not use or participate in the use of any form of public communication having reference to his professional services which contains a false, fraudulent, misleading, deceptive or unfair statement or claim. A false, fraudulent, misleading, deceptive or unfair statement or claim includes but is not limited to a statement or claim which:

1. Contains a misrepresentation of fact; or
2. Is likely to mislead or deceive because it fails to make full disclosure of relevant facts; or
3. Contains any testimonial or laudatory statement, or other statement or implication that the licensee's professional services are of exceptional quality; or
4. Is intended or likely to create false or unjustified expectations of favorable results; or
5. Implies educational or professional attainments or licensing recognition not supported in fact; or
6. States or implies that the licensee has received formal recognition as a specialist in any aspect of the practice of public accountancy, if this is not the case; or
7. Represents that professional services can or will be competently performed for a stated fee when this is not the case, or makes representations with respect to fees for professional services that do not disclose all variables affecting the fees that will in fact be charged; or
8. Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

As amended, R.1980 d.31, eff. January 16, 1980.

See: 11 N.J.R. 562(a), 12 N.J.R. 92(a).



**13:29-3.11 Solicitation**

A practitioner may directly or indirectly solicit clients by circulars, advertisements or personal communications provided such circulars, advertisements or personal communications do not violate N.J.A.C. 13:29-3.10.

As amended, R.1980 d.31, eff. January 16, 1980.  
See: 11 N.J.R. 562(a), 12 N.J.R. 92(a).

**13:29-3.12 Commissions**

A licensee or his firm shall not pay a commission to obtain a client, nor accept a commission for a referral to a client of products or services of others. This rule does not prohibit payments for the purchase of all, or a material part, of an accounting practice, or retirement payments to persons formerly engaged in the practice of public accountancy, or payments to the heirs or estates of such persons.

As amended, R.1982 d.407, eff. November 15, 1982.  
See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning recruiting and added new text concerning commissions.

**13:29-3.13 Incompatible occupation**

A licensee or his firm shall not concurrently engage in the practice of public accountancy and in any other business or occupation which impairs his independence or objectivity in rendering professional services.

R.1982 d.407, eff. November 15, 1982.  
See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

**13:29-3.14 Form of practice**

A licensee or his firm may practice public accountancy only in a proprietorship, a partnership or a professional corporation, organized in accordance with applicable New Jersey law.

As amended, R.1982 d.407, eff. November 15, 1982.  
See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning contingent fees and added new text concerning form of practice.

**13:29-3.15 Firm names**

A licensee shall not practice public accountancy under a firm name which is misleading in any way, as to the legal form of the firm, or as to the persons who are partners, officers, or shareholders of the firm, or as to any matter with respect to which public communications are restricted by N.J.A.C. 13:29-3.10. However, names of one or more past partners or shareholders may be included in the firm name of a partnership or corporation or its successor, and a partner surviving the death or withdrawal of all other partners may continue to practice under a partnership name for up to two years after becoming a sole practitioner.

As amended, R.1982 d.407, eff. November 15, 1982.  
See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning use of name in connection with financial statements and added new text concerning firm names.

**13:29-3.16 Records**

(a) A licensee or his firm shall furnish to his client or former client, upon request made within a reasonable time after original issuance of the document in question:

1. A copy of a tax return of the client;
2. A copy of any report, or other document, issued by the licensee to or for such client;
3. Any accounting or other records belonging to, or obtained from or on behalf of, the client which the licensee removed from the client's premises or received for the client's account, but the licensee or his firm may make and retain copies of such documents when they form the basis for work done by him; and
4. A copy of the licensee's or his firm's working papers, to the extent that such working papers include records which would ordinarily constitute part of the client's books and records, and are not otherwise available to the client.

As amended, R.1982 d.407, eff. November 15, 1982.  
See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted old text concerning use of certain descriptions and added new text concerning records.

**13:29-3.17 (Reserved)**

As amended, R.1982 d.407, eff. November 15, 1982.  
See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted text concerning independent opinions.

**13:29-3.18 (Reserved)**

As amended, R.1982 d.407, eff. November 15, 1982.  
See: 14 N.J.R. 895(a), 14 N.J.R. 1309(b).

Deleted text concerning violations.

**SUBCHAPTER 4. (RESERVED)****13:29-4.1 (Reserved)**

Repealed by Administrative change.

See: 25 N.J.R. 1516(b).

Section was "Uniform penalty letter."

**SUBCHAPTER 5. QUALITY ENHANCEMENT PROGRAM****Authority**

N.J.S.A. 45:2B-1 et seq., specifically 45:2B-6(g).

**Source and Effective Date**

R.1988 d.294, effective July 5, 1988.

See: 19 N.J.R. 2240(a), 20 N.J.R. 1567(b).

**13:29-5.1 Purpose and scope**

There is hereby established a Quality Enhancement Program (Program). The purpose of the Program is to im-

prove the quality of financial reporting and to promote the fairness of presentation and the dependability of information on which the public relies for guidance in financial transactions, accounting and business performance. The Program emphasizes education and rehabilitation rather than disciplinary action. Appropriate educational programs or procedures will ordinarily be recommended or required where reporting does not comply with appropriate professional standards. However, when a licensee is unwilling or unable to comply with those standards, or a licensee's professional work is so egregious as to warrant disciplinary action, the Board may resort to such action as is appropriate to protect the public interest.

### 13:29-5.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

"Practice Unit" means each office of a sole practitioner or firm registered under N.J.S.A. 45:2B-17.

"Report" includes financial statement and accountants' reports, compilation, review or audit.

### 13:29-5.3 Quality Enhancement Committee; members; duties; compensation

(a) The Director of the Division of Consumer Affairs shall annually appoint a Standing Committee to be known as the Quality Enhancement Committee (Committee) to assist the Board in the implementation and administration of the Program:

1. The Director shall receive for consideration nominees from the Board of Accountancy, and shall make the appointments in consultation with the Board;

2. The Committee will consist of no fewer than five members, all of whom must be licensees and holders of currently valid registrations issued under N.J.S.A. 45:2B-8, 13 or 33;

3. At least one member of the Committee shall be a Certified Public Accountant, at least one shall be a Licensed Public Accountant, and at least one shall be a Registered Municipal Accountant. At least two committee members will also be members of the State Board of Accountancy.

(b) The Committee's responsibilities shall include:

1. Developing procedures for the internal operation of the Board staff and of the Committee;

2. Assisting the Board in the selection and training of volunteer reviewers;

3. Developing criteria for assignment of volunteer reviewers to specific report reviews, taking into account such criteria as the Board determines appropriate;

4. Developing and recommending to the Board a system for selection of reports to be reviewed;

5. Evaluating the findings of the volunteer reviewers, assigning certain reports for field workpaper reviews upon directive by the Board, and making final recommendations to the Board;

6. Compiling and reporting to the Board statistics on the impact and effect of the Program; and

7. Considering such other matters and performing such other duties regarding the Program as may be delegated to it by the Board from time to time.

(c) Committee members shall be compensated on a per diem basis at a rate as determined by the Attorney General, such compensation to be drawn from current license and registration fees.

### 13:29-5.4 Reports to be furnished at request of Committee

(a) In accordance with a schedule to be set by the Committee, each practice unit shall complete a questionnaire indicating:

1. The number of audit, review and compilation reports issued by the practice unit during the most recent twelve-month period prior to renewal of registration;

2. Whether it has undergone any change of ownership or composition; and

3. Whether it has undergone another type of quality review within the three years prior to the most recent renewal of registration.

(b) Based upon the information contained in the questionnaires in (a) above, the Committee shall select practice units for report review. The practice units so selected shall then submit copies of those types of reports issued by the practice unit requested by the Committee.

(c) The Committee may also review financial statements and related reports of practice units submitted to it by the Board or by government or public agencies.

### 13:29-5.5 Exceptions

A practice unit which within the three years immediately preceding selection by the Committee pursuant to N.J.A.C. 13:29-5.4 had been subjected to a quality review acceptable to the Board may be excepted from the requirements of N.J.A.C. 13:29-5.4 above; provided, however, that a copy of the report of such quality review is submitted upon request by the Committee.

### 13:29-5.6 Confidentiality

(a) Any documents submitted in accordance with N.J.A.C. 13:29-5.4 shall have deleted the name of the client, the client's address and other identifying factors, provided that the deletion does not render the type or nature of the enterprise undeterminable:

1. For example, the client name, address, or federal identification number shall be deleted, but reference to the type of organization, such as financial institution, school district, hospital, etc., shall be indicated.

(b) The identities of persons or entities who submit financial statements and reports to the Board or the Committee, other than the licensees who issued the reports, shall be preserved in confidence unless expressly ordered by the Board.

### 13:29-5.7 Review and evaluation of submitted reports

(a) The Committee shall determine, with respect to each report that it reviews:

1. Whether the report is in general conformity with applicable professional standards;
2. If not, in what respects the report is substandard or seriously deficient; and
3. Any recommendations the Committee may have concerning possible improvement of the quality of the report, and it shall report its determinations and recommendations to the Board. Reports shall be classified as:
  - i. Acceptable reports contain no deficiencies, or only minor deficiencies;
  - ii. Marginal reports contain more serious deficiencies such as departures from technical reporting or accounting standards, but of the type that will not render the reports materially inaccurate or misleading; and
  - iii. Substandard reports are materially inaccurate or misleading. These reports violate one or more significant reporting standards, seriously depart from Generally Accepted Accounting Principles or Auditing Standards, or omit material disclosures necessary for a fair presentation.

### 13:29-5.8 Committee action on reviewed reports

(a) In any case where the Committee has determined that a report is in general conformity with applicable professional standards, the Committee's determination and recommendations, if any, shall be sent to the person in charge of the office which submitted the report.

(b) In cases where the Committee determines that a report is marginal or substandard with respect to applicable professional standards, the Committee shall submit to the practice unit a letter of comment detailing the perceived deficiencies noted in connection with the review.

1. Any practice unit which receives a letter of comment pursuant to (b) above shall have 30 days in which to respond in writing. The Committee shall review all such responses, if received in a timely fashion, prior to recommending corrective measures.

2. In cases where the Committee has determined that a report is marginal or substandard, and following receipt and review of the practice unit's response, if any, to the letter of comment, the Committee may recommend that the practice unit implement planned quality control procedures, as follows:

- i. The Committee may recommend that the individual licensee who had responsibility for issuance of the report or who substantially participated in preparation of the report or the related workpapers, successfully complete specific courses or types of continuing education at his or her own expense.
- ii. The Committee may recommend that the office responsible for the report submit all or specified categories of its reports to a pre-issuance review in a manner and for a period prescribed by the Committee.
- iii. The Committee may recommend that the office or the practice unit responsible for the report submit to another Quality Enhancement Review pursuant to this rule.

3. In cases where the Committee has determined that a report is substandard, the following receipt and review of the practice unit's response, if any, to the letter of comment, the Committee may take any of the following actions in addition to those set forth in (b)2 above:

- i. Recommend to the Board that it direct that a field review which includes a review of the workpapers be conducted by a reviewer employed by the Board.
- ii. Recommend that the Board require that the individual licensee, office or practice unit responsible for the issuance of the substandard report undertake any of a variety of measures, as determined by the Board, intended to improve the quality of reporting by the practice unit.

(c) In any case where the Board requires that a licensee or practice unit responsible for the issuance of a report containing substandard deficiencies undertake a measure which would impose substantial burdens on the professional practice, the practice unit affected shall have the right to a hearing in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq.

(d) Failure to comply with the recommendations of the Committee pursuant to (b) above may cause the Committee to recommend to the Board that it initiate appropriate disciplinary action against the individual licensee or practice unit pursuant to N.J.S.A. 45:1-14 et seq. and N.J.S.A. 45:2B-1 et seq.

(e) The State Board of Accountancy reserves the right to take any action it deems necessary if it appears that the professional conduct reflected in the substandard report is so serious as to warrant consideration of possible disciplinary action.

**13:29-5.9 Reports and reviews not public records**

(a) Reports submitted by practice units for review in accordance with this subchapter shall not be deemed to be public records and are not required to be disclosed under the Public Records Disclosure Act, N.J.S.A. 47:1A-1 et seq.

(b) Comments of reviewers, the Committee and the Board on reports submitted by practice units or workpapers relating thereto, as well as review results are deemed not to be public records and shall not be released to anyone other than the practice unit being reviewed, the Attorney General or his designee, or a Board representative.

## SUBCHAPTER 6. CONTINUING PROFESSIONAL EDUCATION

### Authority

N.J.S.A. 45:2B-17.1 and 45:2B-38 et seq.

### Source and Effective Date

R.1989 d.194, effective April 3, 1989.  
See: 20 N.J.R. 2532(a), 21 N.J.R. 908(c).

**13:29-6.1 Coverage**

All licensees under N.J.S.A. 45:2B-1 et seq. shall comply with the provisions of this subchapter relating to continuing professional education (CPE). These rules apply to all licensees registered by the Board of Accountancy in order to enhance the professional competence of such licensees.

**13:29-6.2 Credit-hour requirements**

(a) Each applicant for a biennial license renewal is required to complete, during the preceding biennial period, 48 credit hours of continuing education. The types of continuing education programs and other sources of continuing education for which credit hours may be obtained are set forth in N.J.A.C. 13:29-6.5. The 48 hours of continuing education shall include at least 16 credit hours in the areas of auditing, review or compilation for persons who are engaged in the practice of public accounting or are involved with the attest function in issuing audit, review or compilation reports. This subsection is applicable to licensees seeking to renew their licenses for the next biennial renewal period.

1. For Certified Public Accountants (CPAs) the following requirements apply:

i. Eighteen credit hours (including, where applicable, at least six credit hours in the area of auditing, including, but not limited to, review, compilation and attest standards) must be taken for the biennial registration on October 1, 1989. Such credits must be taken between the period beginning October 1, 1988 and ending September 30, 1989, and reported to the Board, on official reporting forms, in a manner and at a time to be prescribed by the Board.

ii. Forty-eight credit hours (including, where applicable, at least 16 credit hours in the area of auditing, including, but not limited to, review, compilation and attest standards) must be taken for the biennial registration on October 1, 1991 (and subsequent biennial registrations). Such credit must be taken between October 1, 1989 and June 30, 1991 (and subsequent biennial periods beginning on July 1, 1991) and reported to the Board, on official reporting forms, in a manner and at a time to be prescribed by the Board.

2. For Public Accountants, the following requirements apply:

i. Forty-eight hours (including, where applicable, at least 16 credit hours in the area of auditing, including, but not limited to, review, compilation and attest standards) must be taken for the biennial registration on October 1, 1990. Such credits shall be taken between October 1, 1988 and June 30, 1990 and reported to the Board, on official reporting forms, in a manner and at a time to be prescribed by the Board.

ii. Forty-eight credit hours (including, where applicable, at least 16 credit hours in the area of auditing, including, but not limited to review, compilation and attest standards) must be taken for the biennial registration on October 1, 1992 (and subsequent biennial registrations). Such credits shall be taken between July 1, 1990 and June 30, 1992 (and subsequent biennial periods) and reported to the Board, on official reporting forms, in a manner and at a time to be prescribed by the Board.

3. For Registered Municipal Accountants (RMAs), the following requirements apply:

i. Forty-eight hours (including, where applicable, at least 16 credit hours in the area of auditing, including, but not limited to, review, compilation and attest standards) must be taken for the biennial registration on September 1, 1990. Such credits shall be taken between October 1, 1988 and June 30, 1990 and reported to the Board, on official reporting forms, in a manner and at a time to be prescribed by the Board.

ii. Forty-eight credit hours (including, where applicable, at least 16 credit hours in the area of auditing, including, but not limited to, review, compilation and attest standards) must be taken for the biennial registration on September 1, 1992 (and subsequent biennial registrations). Such credits shall be taken between July 1, 1990 and June 30, 1992 (and subsequent biennial periods) and reported to the Board, on official reporting forms, in a manner and at a time to be prescribed by the Board.

(b) Persons failing to meet the continuing education requirements for a biennial renewal period will not be issued a current license until such requirements have been satisfied. The Board may modify this policy on an individual basis under circumstances specified under N.J.S.A. 45:2B-39. Failure to meet biennial continuing education requirements may subject a licensee to disciplinary action by the Board.

(c) The Board may, in its discretion, waive requirements for continuing professional education on an individual basis for reasons of hardship such as health, military service, or other due cause. Retired accountants shall be exempt from continuing professional education requirements. Retired licensees are those who do not practice accounting (public or private) or hold themselves out to the public as practicing accountants in any professional capacity. Any licensee who returns to the practice of accounting must notify the Board prior to reentry and shall meet the continuing education requirements by completing 48 credit hours of continuing professional education requirements prescribed by this subchapter within the two year period prior to reentry. Licensees retired for one year or less will satisfy the requirements by completing at least 24 credit hours of continuing professional education in the year prior to reentry.

(d) An applicant, upon successful completion of the Uniform CPA Examination, shall be exempt from the requirements of (a) above for only the biennial period during which the applicant successfully completed such examination.

#### **13:29-6.3 Qualifying subject matter**

(a) The following subjects are acceptable for continuing education:

1. Accounting;
2. Auditing, including, but not limited to, review, compilation and attest standards;
3. Business law;
4. Computer Science;
5. Economics;
6. Finance;
7. Management advisory services;
8. Mathematics, statistics, etc.;
9. SEC practice;
10. Taxation; and
11. Professional ethics.

(b) Any of the subjects in (a) above may be in specialized areas, such as governmental, not-for-profit organizations, film industry, real estate, and farming.

(c) Auditing, review and compilation includes the body of knowledge that deals with the basic service of the public accounting profession, that is, examination and reporting on financial statements. Also included in this area is the examination or review of internal and administrative controls, operations and government programs. Relevant program offerings could include audit theory and philosophy; generally accepted auditing standards; study and evaluation of internal control; substantive audit procedures; audit sampling; reporting on financial statements; review ser-

vices; and computer and government auditing. Qualifying subject matter will include courses covering pronouncements or regulations issued by recognized authorities such as the FASB, AICPA, SEC or other government agencies (state and Federal) dealing with auditing, financial reporting, or application of generally accepted accounting principles.

(d) Subjects other than those listed in (a) above may be acceptable for continuing education credit if the licensee can demonstrate to the satisfaction of the Board that such subject or specific program contributes to the maintenance of the licensee's professional competence.

#### **13:29-6.4 Non-qualifying subject matter**

In general, studies related to personal, as opposed to professional, development of the licensee, or studies directly associated with the development and administration of the licensee's practice, will not be accepted towards meeting continuing education requirements. Included in this category are subjects that concentrate on the practice management areas, such as organizational structure, marketing of services, human resource management and other administrative matters. Study which relates to a licensee's personal skills such as speaking, leadership and managing people or organizations would also be excluded.

#### **13:29-6.5 Continuing education programs and other sources of continuing education credit**

(a) The following qualify as continuing education programs provided they contain the subject areas enumerated in N.J.A.C. 13:29-6.3 and meet the continuing education program criteria requirements as set forth in N.J.A.C. 13:29-6.6.

1. Continuing education programs of Federal or State accounting organizations: Continuing education credit will be granted at the rate of one credit hour for every 50 minutes of in-class participation.

2. University or college courses: Continuing education credit will be granted for university or college courses in accordance with the following:

i. Applicants will receive five credit hours continuing education credit for each semester credit hour earned; and

ii. Applicants attending noncredit courses will be granted continuing education credit at the rate of one credit hour for every 50 minutes of in-class participation.

3. In-firm educational programs of public accounting firms: Continuing education credit will be granted at the rate of one credit hour for every 50 minutes of in-firm participation.

4. Correspondence programs and other individual study programs: Continuing education credit will be

granted for correspondence programs and other individual study programs in accordance with the following:

i. The amount of credit to be allowed for approved correspondence and individual study programs, including taped study programs, shall be recommended by the program sponsor based upon one-half the average completion time calculated by the sponsor after it has conducted appropriate "field tests." Although the program sponsor must make recommendations concerning the number of credit hours to be granted, the number of credit hours granted shall be as determined by the Board; and

ii. Credit for correspondence and other individual study programs will only be given in the renewal period in which the course is completed with a successful final examination.

(b) In addition to the continuing education programs enumerated in (a) above, continuing education credit will also be awarded for the following if they fall within the subject matter areas enumerated in N.J.A.C. 13:29-6.3 and meet the continuing education program criteria as set forth in N.J.A.C. 13:29-6.6.

1. Technical meetings: Licensees who participate in committee meetings of professional accounting organizations will be awarded continuing education credit for that portion of the meeting which is structured as a continuing education program. Continuing education credit will be granted at the rate of one credit hour for every 50 minutes of the licensee's participation.

2. Professional accounting meetings, conferences, seminars: Licensees who participate in meetings of professional accounting organizations will be awarded continuing education credit if the meeting is structured as an approved continuing education program. Continuing education credit will be granted at the rate of one credit hour for every 50 minutes of the licensee's participation in the meeting.

3. Firm meetings: Licensees who participate in firm meetings for staff or for management groups of professional accounting organizations will be awarded continuing education credit if the meeting is structured as an approved continuing education program. Continuing education credit will be granted at the rate of one credit hour for every 50 minutes of the licensee's participation in the meeting.

(c) In addition to the continuing education programs enumerated in (a) and (b) above, continuing education credit will also be granted for the following if they involve subject matter enumerated in N.J.A.C. 13:29-6.3:

1. Service as a lecturer, instructor, discussion leader, or speaker: Continuing education credit will be awarded for service as a lecturer, instructor, discussion leader, or speaker in accordance with the following:

i. One credit hour will be given for each 50 minute period of service provided the discussion is one which meets the continuing education subject matter requirements of N.J.A.C. 13:29-6.3. For the lecturer's, instructor's, discussion leader's, or speaker's preparation time, there will be awarded two additional hours of continuing education credit for each credit hour of instruction. Requests for credit shall be accompanied by an outline of the instruction, discussion, or presentation.

ii. The instructor or discussion leader will be given no credit for subsequent sessions in the same year involving substantially identical subject matter, except that after one year has elapsed the Board may give one additional credit hour for each 50 minute period of service as an instructor, lecturer, discussion leader, or speaker for the initial presentation provided the original material has been updated; and

iii. The maximum credit given for service as an instructor, lecturer, discussion leader, or speaker may not exceed 50 percent of the continuing education for any biennium.

2. Publications: Continuing education credit for publications will be awarded in accordance with the following:

i. Credit may be claimed for published articles and books by the authors of those works. These publications must contribute to the professional competence of accountants;

ii. Credit will be given for each 50 minute period of preparation time on a self-declaration basis normally not to exceed 25 percent of the biennial requirement. A copy of the publication article shall be submitted to the Board with a request for continuing education credit;

iii. In exceptional circumstances, a licensee may request additional credit by submitting the article or book to the Board with an explanation of the circumstances which he or she believes justify an award of greater credit. When licensees request more than 25 percent of the biennial requirement, credit hours awarded will be determined by the Board on a case-by-case basis. Factors such as complexity of subject matter, length of publication, and the amount of preparation time will be considered;

iv. The maximum credit for publication in exceptional circumstances shall not exceed 50 percent of the continuing education requirement for any biennium; and

v. Quality enhancement, technical review or peer review program committee participation will qualify for not more than 50 percent of the biennial requirement for each 50 minutes of participation.

### 13:29-6.6 Criteria for continuing education sponsors

(a) In order to qualify as a continuing education sponsor, the sponsor must submit an application form prescribed by the Board and obtain a sponsor number. Qualified sponsors must offer courses which meet the following requirements:

1. Be a formal course of learning which contributes directly to the maintenance of professional competence of a licensee;
2. Be at least one credit hour, 50-minute period, in length;
3. Be conducted by a qualified instructor or discussion leader; and
4. Offer subject matter enumerated in N.J.A.C. 13:29-6.3.

(b) A continuing education sponsor may receive prior approval for a course of acceptable subject matter and be assigned a designated number of continuing education credits by the Board if the program sponsor provides, in writing and on a form provided by the Board, information required by the Board to document the elements of (a) above, and, in addition thereto, certifies that the sponsor will:

1. Maintain and retain accurate records of attendance for a five-year period;
2. Retain a written outline of course materials for a five-year period; and
3. Comply with the requirements of N.J.A.C. 13:29-6.12 relative to the responsibilities of program sponsors.

### 13:29-6.7 Credit-hour calculations

(a) The minimum measurement for continuing education credit will be a whole credit hour. Except for those sources of continuing education for which another system of credit hour calculation is set forth in this subchapter, a continuing education credit hour is equivalent to 50 minutes of acceptable continuing education.

(b) Unless otherwise provided, only in-class participation, not student time devoted to preparation, will be counted.

### 13:29-6.8 Reporting of continuing education credit hours

(a) Licensees must provide, at a time prescribed and on forms approved by the Board, a signed statement certifying that continuing education requirements have been met and must document their certification, which shall include where applicable the following:

1. Dates attended;
2. Credit hours claimed;
3. Title of course and description of content;
4. School, firm, or organization sponsoring course;
5. Instructor;
6. Location of course;
7. Public speaking;
8. Lecturing; and
9. Discussion leader activity.

(b) Falsification of any information required may result in the suspension or revocation of the licenses held by the falsifier.

Administrative correction to (b).  
See: 21 N.J.R. 1366(a).

### 13:29-6.9 Retention of continuing education records

(a) Primary responsibility for documenting the continuing education requirements rests with the licensee. Evidence to support fulfillment of those requirements shall be maintained for a period of five years after the completion of educational courses. This data shall be subject to periodic audit by the Board. Satisfactory documentation of the necessary information, including the retention of attendance records and written outlines, shall be accomplished as follows:

1. For courses taken for scholastic credit in accredited universities or colleges, a certified transcript or notarized statement of appropriate school authority shall constitute evidence of satisfactory completion of the course. For noncredit courses taken, a statement of the hours of attendance signed by the instructor, shall be obtained by the licensee.

2. For correspondence and independent study courses, written evidence of completion shall be submitted by the licensee.

- i. Acceptable evidence of the completion of a correspondence course shall be a certificate of satisfactory completion acquired by the licensee from the program sponsor.

- ii. Acceptable evidence of the completion of an independent study course shall be a summary of the program material drafted by the licensee.



3. If the program sponsor retains a copy of the course materials and a record of attendance, the licensees shall merely maintain a record of the information listed in N.J.A.C. 13:29-6.8(a). The licensee is responsible for determining whether or not the program sponsor retains these records. If there is a dispute concerning whether claimed activity should be granted credit and if the dispute could be resolved by the production of documented information to support the claim of the licensee, the dispute will be resolved against the licensee if he or she fails to produce evidence sufficient to document his or her claim.

4. If the licensee determines that the program sponsor does not retain the information discussed in (a)3 above, the licensee shall maintain a record of that information and a copy of the course outline prepared by the program sponsor.

#### **13:29-6.10 Continuing education requirements; reciprocity or reentry**

(a) An individual who holds a valid and unrevoked license issued by any state or other political subdivision of the United States and who receives a license to practice in New Jersey under the appropriate provisions of N.J.S.A. 45:2B-1 et seq. will be required to comply with the continuing education requirements applicable to all other licensees.

(b) All qualified persons who wish to apply for a license to reenter public practice in New Jersey must meet the same continuing education requirements applicable to all other licensees for the biennial period in which they wish to reenter.

#### **13:29-6.11 Responsibilities of program developers**

(a) Regarding program level difficulty, program developers shall specify the level of knowledge to be imparted under the program. Such levels of knowledge may be expressed in a variety of ways, all of which should be informative to potential participants and sponsors. As an illustration, a program may be described as having the objective of imparting technical knowledge at such levels as basic, intermediate, advanced, or overview, which might be defined as follows:

1. A basic level program teaches fundamental principles or skills to participate having no prior exposure to the subject area;
2. An intermediate level program builds on a basic level program in order to relate fundamental principles or skills to practical situations and extend them to a broader range of applications;
3. An advanced level program teaches participants to deal with complex situations; and
4. An overview program enables participants to develop perspective as to how a subject area relates to the broader aspects of accounting or brings participants up-to-date on new developments in the subject area.

(b) Program developers shall clearly identify what prerequisites are suggested for enrollment. If no prerequisite is necessary, a statement to this effect should be made. Prerequisites should be specified in precise language so potential participants can readily ascertain whether the program would be beneficial to them or whether the program is above or below their level of knowledge or skill.

(c) Programs shall be developed by individuals qualified in the subject matter and in instructional design. This subsection is not intended to require that an individual program developer be both technically competent and competent in instructional design. Its purpose is to ensure that both types of competency are represented in the program's development, whether one or more persons are involved in that development. Mastery of the technical knowledge or skill in instructional design may be demonstrated by appropriate experience or educational credentials.

(d) The program developer shall review the course materials periodically to ensure that they are accurate and consistent with currently accepted standards relating to the program's subject matter. Between these reviews, errata sheets should be issued where appropriate, and obsolete material should be deleted; however, between the time a new pronouncement is issued and the issuance of errata sheets or removal of obsolete materials, the instructor is responsible for informing participants of changes. If, for example, a new accounting standard is issued, a program will not be considered current unless the ramifications of the new standard have been incorporated into the materials or the instructor appropriately informs the participants of the new standard.

#### **13:29-6.12 Responsibilities of program sponsors**

(a) In addition to other responsibilities imposed on program sponsors, they must comply with the following:

1. Disclosure to prospective participants: Program sponsors must disclose in advance to prospective participants the objective, prerequisites, experience level, content, required advanced preparation, teaching method, and number of continuing education credits involved in the program. Sponsors shall also advise participants, in advance, of courses which qualify as "auditing" pursuant to N.J.A.C. 13:29-6.3(a).
2. Selection and review of instructors: The program sponsor has the obligation for selecting and assigning qualified instructors for the continuing education program. Although it is expected that instructors will be selected with great care, sponsors should evaluate the performance of the instructors at the conclusion of each program to determine their suitability for continuing to serve as instructors in the future.

3. Number of participants and adequacy of physical facilities: The program sponsor is responsible for assuring that the number of participants and the physical facilities are consistent with the teaching methods to be utilized. Because the learning environment is affected by the number of participants and by the quality of the physical facilities, sponsors have an obligation to pay serious attention to both of these factors. The maximum number of participants for a case-oriented discussion program, for example, should be considerably less than for a lecture program. The seating arrangement is also very important. For discussion presentation, learning is enhanced as seating is arranged so that participants can easily see and converse with each other. If small group sessions are an integral part of the program format, appropriate facilities should be made available to encourage communication within a small group.

4. Program evaluation: Program evaluation shall be in accordance with the following:

i. The sponsor shall provide some means of program evaluation. Evaluations shall be solicited from both the participants and instructors. The objective of evaluations is to encourage sponsors to strive for increased program effectiveness. Programs should be evaluated to determine whether:

- (1) Objectives have been met;
- (2) Prerequisites were necessary or desirable;
- (3) Facilities were satisfactory;
- (4) The instructor was effective;
- (5) Advanced preparation materials were satisfactory; and
- (6) The program content was timely and effective.

ii. Evaluations might take the form of pretests for advanced preparation, post-tests for effectiveness of the program, questionnaires completed at the end of the program or later, oral feedback to the instructor or sponsor, and so forth. Instructors should be informed of their performance, and sponsors should systematically review the evaluation process to insure its effectiveness.

**13:29-6.13 Sponsor's failure to comply with continuing education responsibilities**

Failure of the sponsor to comply with the requirements relating to criteria for continuing education programs and responsibilities of program sponsors may result in the suspension of the preapproved status for programs offered by the sponsor.