

CHAPTER 29

NEW JERSEY STATE BOARD OF ACCOUNTANCY

Authority

N.J.S.A. 45:1-15.1, 45:2B-48, 45:2B-68, and 45:2B-73.

Source and Effective Date

R.2011 d.132, effective April 11, 2011.
See: 42 N.J.R. 2720(a), 43 N.J.R. 1260(b).

Chapter Expiration Date

Chapter 29, New Jersey State Board of Accountancy, expires on April 11, 2018.

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, New Jersey State Board of Accountancy, was readopted as R.1990 d.318, effective May 23, 1990. See: 22 N.J.R. 1042(a), 22 N.J.R. 1940(d).

Pursuant to Executive Order No. 66(1978), Subchapter 1, General Rules and Regulations, expired on July 21, 1983 and a new Subchapter 1 was adopted as R.1985 d.287, effective June 3, 1985. See: 17 N.J.R. 557(a), 17 N.J.R. 1424(a).

Pursuant to Executive Order No. 66(1978), Subchapter 2 expired on July 21, 1983 by R.1978 d.243, effective July 21, 1978. See: 10 N.J.R. 165(b), 10 N.J.R. 352(c).

Subchapter 2, Registered Municipal Accountants, was adopted as new rules by R.1985 d.286, effective June 3, 1985. See: 17 N.J.R. 559(a), 17 N.J.R. 1426(a).

Pursuant to Executive Order No. 66(1978), Subchapter 3 expired on January 14, 1985.

Pursuant to Executive Order No. 66(1978), Subchapter 3, Rules of Professional Conduct, was readopted as R.1985 d.104, effective March 4, 1985. See: 16 N.J.R. 3418(a), 17 N.J.R. 604(a).

Subchapter 5, Quality Enhancement Program, was adopted as R.1988 d.294, effective July 5, 1988. See: 19 N.J.R. 2240(a), 20 N.J.R. 1567(b).

Subchapter 6, Continuing Professional Education, was adopted as R.1989 d.194, effective April 3, 1989. See: 20 N.J.R. 2532(a), 21 N.J.R. 908(c).

Subchapter 4, Uniform Penalty Letter, was repealed by administrative change. See: 25 N.J.R. 1516(b).

Chapter 29, New Jersey State Board of Accountancy, was readopted as R.1995 d.268, effective May 1, 1995. See: 27 N.J.R. 1134(a), 27 N.J.R. 2238(a).

Pursuant to Executive Order No. 66(1978), Chapter 29, New Jersey State Board of Accountancy, was readopted as R.2000 d.222, effective May 1, 2000. See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Subchapter 1A, Examination and Licensure, was adopted as new rules by R.2004 d.480, effective December 20, 2004. See: 36 N.J.R. 3494(a), 36 N.J.R. 5686(a).

Chapter 29, New Jersey State Board of Accountancy, was readopted as R.2005 d.410, effective October 27, 2005. See: 37 N.J.R. 1408(a), 37 N.J.R. 4457(a).

Subchapter 5, Quality Enhancement Program, was renamed Peer Review Program by R.2010 d.181, effective September 7, 2010. See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).

Chapter 29, New Jersey State Board of Accountancy, was readopted as R.2011 d.132, effective April 11, 2011. As a part of R.2011 d.132, Subchapter 4, Practice Privilege; Individuals and Firms Without a New Jersey Office, was adopted as new rules, effective May 16, 2011. See: Source and Effective Date. See, also, section annotations.

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SUBCHAPTER 1. GENERAL RULES

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 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 his or her address of record. For purposes of this section, "address of record" means an address designated by a licensee which is part of the public record and which may be disclosed upon request. "Address of record" may be a licensee's home, business or mailing address, but shall not be a post office box unless the

licensee also provides another address which includes a street, city, state and zip code. Notice shall be sent to the Board by mail or by electronic means, no later than 30 days following the change of address of record.

(b) Failure to notify the Board of any change in a licensee's address of record pursuant to (a) above may result in disciplinary action in accordance with N.J.S.A. 45:1-21(h) and the imposition of the penalties set forth in N.J.S.A. 45:1-25.

(c) Service of any administrative complaint or other Board-initiated process at a licensee's address of record 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).

Amended by R.2000 d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

In (b), deleted including at the end and added an N.J.S.A. reference.

Recodified from N.J.A.C. 13:29-1.4 by R.2004 d.480, effective December 20, 2004.

See: 36 N.J.R. 3494(a), 36 N.J.R. 5686(a).

Former N.J.A.C. 13:29-1.3, Applications; applicant qualifications, repealed.

Amended by R.2005 d.410, effective November 21, 2005.

See: 37 N.J.R. 1408(a), 37 N.J.R. 4457(a).

Rewrote (a)-(c).

13:29-1.4 Filing constitutes agreement

The act of filing an application for examination, or an application for licensure by waiver of examination based upon licensure in another jurisdiction, shall constitute an agreement on the part of the applicant that the applicant 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).

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).

Amended by R.2000 d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

In (b), deleted including at the end and added an N.J.S.A. reference.

Recodified from N.J.A.C. 13:29-1.5 by R.2004 d.480, effective December 20, 2004.

See: 36 N.J.R. 3494(a), 36 N.J.R. 5686(a).

Former N.J.A.C. 13:29-1.4, Notification of change of address; service of process, recodified to N.J.A.C. 13:29-1.3.

Amended by R.2005 d.410, effective November 21, 2005.

See: 37 N.J.R. 1408(a), 37 N.J.R. 4457(a).

Rewrote the section.

13:29-1.5 Fees

(a) Fees for Certified Public Accountants, Public Accountants, and accounting firms, including sole proprietorships, partnerships, professional corporations, limited liability companies, or limited liability partnerships are as follows:

(i) A Registered Municipal Accountant who has elected inactive status shall not use, in any form, the title or designation of registered municipal accountant or any other title or designation that implies that the person holds a valid, active Registered Municipal Accountant license from the Board. Inactive Registered Municipal Accountant licensees may use such titles or designations provided the titles or designations contain the word inactive.

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).

Amended by R.2000 d.222, effective June 5, 2000.
See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Rewrote the section.

Amended by R.2002 d.127, effective May 6, 2002.
See: 33 N.J.R. 2594(a), 34 N.J.R. 1725(a).

Rewrote the section.

Amended by R.2004 d.480, effective December 20, 2004.
See: 36 N.J.R. 3494(a), 36 N.J.R. 5686(a).

Amended the N.J.A.C., reference throughout.

Amended by R.2005 d.410, effective November 21, 2005.
See: 37 N.J.R. 1408(a), 37 N.J.R. 4457(a).

Section was "Licensee requirements; renewal; suspended license; reinstatement"; added (e)1-5 and (f)-(i).

Amended by R.2011 d.132, effective May 16, 2011.
See: 42 N.J.R. 2720(a), 43 N.J.R. 1260(b).

In (e)4, deleted "and" from the end; added new (e)5; recodified former (e)5 as (e)6; in (f), substituted "5" for "4"; in (g), inserted "during the period following license expiration, not to exceed the number of days short of 60 before the renewal was issued"; in the introductory paragraph of (h), inserted the first occurrence of "New Jersey", the third through fifth sentences and "paid or unpaid"; and in (h)4, inserted "New Jersey".

SUBCHAPTER 3. RULES OF PROFESSIONAL CONDUCT

13:29-3.1 Independence

(a) A licensee or a firm of which he or she is a partner, member or a shareholder shall not express an opinion on financial statements of an entity or organization in such a manner as to imply that he or she is acting as an independent public accountant with respect thereto unless he or she or his or her firm is independent with respect to such entity or organization.

(b) A person engaged in the practice of public accountancy, including a person who is not a member of the American Institute of Certified Public Accountants (AICPA), shall conform, in fact and appearance, to the independence standards established by the AICPA and the Board, and, where applicable, the U.S. Securities and Exchange Commission (SEC), the Government Accountability Office (GAO), the Public Company Accounting Oversight Board (PCAOB) and other national or international regulatory or professional standard setting bodies.

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 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)1i amended.

Amended by R.1995 d.268, effective June 5, 1995.

See: 27 N.J.R. 1134(a), 27 N.J.R. 2238(a).

Made nonsubstantive changes.

Amended by R.2000 d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Substituted "entity or organization" for "enterprise" throughout.

Amended by R.2011 d.132, effective May 16, 2011.

See: 42 N.J.R. 2720(a), 43 N.J.R. 1260(b).

Rewrote (a); and added (b).

Case Notes

Unless accounting firm employed by corporate and individual Chapter 11 debtors had conflict between debtors' collective interests and some other interest, disqualification in bankruptcy was not appropriate. In re Brennan, Bkrcty.D.N.J.1995, 187 B.R. 135.

13:29-3.2 Integrity and objectivity

A licensee or the licensee's 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 the licensee's judgment to others. In tax practice, a licensee or the licensee's firm may resolve doubt in favor of the licensee's client as long as there is reasonable support for the licensee's 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.

Amended by R.2000 d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Substituted the licensee's for his throughout.

Case Notes

Unless accounting firm employed by corporate and individual Chapter 11 debtors had conflict between debtors' collective interests and some other interest, disqualification in bankruptcy was not appropriate. In re Brennan, Bkrcty.D.N.J.1995, 187 B.R. 135.

13:29-3.3 Competence

A licensee or the licensee's firm shall not undertake any engagement for the performance of professional services which the licensee cannot 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.

Amended by R.2000 d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Substituted the licensee's for his or he throughout.

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 the licensee's firm shall not in the performance of professional services permit the licensee's 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.

Amended by R.2000 d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Substituted the licensee's for his or he throughout.

13:29-3.5 Auditing standards

A licensee of the licensee's firm shall not permit the licensee's name to be associated with financial statements in such a manner as to imply that the licensee is acting as an independent public accountant with respect to such financial statements unless the licensee has complied with applicable generally accepted auditing standards (GAAS) and, if applicable, generally accepted governmental auditing standards (GAGAS). Statements on Auditing Standards (SAS) issued by the American Institute of Certified Public Accountants (AICPA), and the Public Company Accounting Oversight Board (PCAOB), and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards, and departures therefrom shall 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.

Amended by R.2000 d.222, eff. June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Replaced references to "he" and "his" with "the licensee" and "the licensee's", and added references to GASS and SAS.

Amended by R.2011 d.132, effective May 16, 2011.

See: 42 N.J.R. 2720(a), 43 N.J.R. 1260(b).

Inserted "and, if applicable, generally accepted governmental auditing standards (GAGAS)" and "(AICPA), and the Public Company Accounting Oversight Board (PCAOB)".

13:29-3.6 Accounting principles

(a) A licensee or the licensee's firm shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles (GAAP) 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 (GAAP) are considered to be defined by pronouncements issued by the Financial Accounting Standards Board (FASB) and its predecessor and successor 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.

Amended by R.2000 d.222, eff. June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

In (a), substituted a reference to the licensee's for his and added GAAP; in (b), added GAAP and FASB.

Amended by R.2011 d.132, effective May 16, 2011.

See: 42 N.J.R. 2720(a), 43 N.J.R. 1260(b).

In (b), inserted "and successor".

13:29-3.7 Confidential client information

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

(b) This rule shall 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.

Amended by R.2000 d.222, eff. June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

In (a), substituted a reference to the licensee's for his; in (b), substituted shall for does.

13:29-3.8 Contingent fees

(a) A contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is

removed from the client's premises or received for the client's account, but the licensee or the licensee's firm may make and retain copies of such documents when they form the basis for work done by the licensee; and

4. A copy of the licensee's or his or her 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.

(b) A licensee or the licensee's firm shall not withhold client records for the non-payment of fees for services performed.

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.

Amended by R.2000 d.222, eff. June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Substituted the licensee's for his or him throughout.

Amended by R.2011 d.132, effective May 16, 2011.

See: 42 N.J.R. 2720(a), 43 N.J.R. 1260(b).

Added (b).

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. PRACTICE PRIVILEGE; INDIVIDUALS AND FIRMS WITHOUT A NEW JERSEY OFFICE

13:29-4.1 Individuals licensed in other states; practice without a New Jersey license

(a) An individual whose principal place of business is not in New Jersey shall be entitled to practice as a certified public accountant in the State, consistent with the requirements of this subchapter and N.J.S.A. 45:2B-50.1, without having to obtain a license, notify the Board or pay a fee, provided the individual:

1. Holds a valid license as a certified public accountant from any state that the National Association of State Boards of Accountancy's (NASBA) National Qualification Appraisal Service has verified to be in substantial equivalence with the certified public accountant licensure requirements of the American Institute of Certified Public Accountants AICPA/NASBA Uniform Accountancy Act; or

2. Holds a valid license as a certified public accountant from any state that NASBA's National Qualification Appraisal Service has not verified to be in substantial equivalence with the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act, but that individual obtains from NASBA's National Qualification Appraisal Service verification that the individual's personal certified public accountant qualifications are substantially equivalent to the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act.

(b) Notwithstanding (a) above, an individual granted the practice privilege under (a) above may perform the following attest services for any entity with its home office in this State, only through a firm, which has registered with the Board under N.J.A.C. 13:29-4.2(a):

1. A financial statement audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

2. An examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); or

3. An engagement to be performed in accordance with the Public Company Accounting Oversight Board (PCAOB) Auditing Standards.

(c) In the event the license from the state of the individual's principal place of business is no longer valid, the individual practicing under the practice privilege shall cease offering or rendering professional services in this State individually and on behalf of a firm.

13:29-4.2 Registration of firms located in other states

(a) A firm that does not have an office in New Jersey shall register with the Board and pay the fee set forth in N.J.A.C. 13:29-1.5, if the firm performs the following attest services for a client having its home office in this State:

1. A financial statement audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

2. An examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); or

3. An engagement to be performed in accordance with the Public Company Accounting Oversight Board (PCAOB) Auditing Standards.

(b) A firm that does not have an office in New Jersey may perform compilation services or review financial statements in accordance with the Statements on Standards for Accounting and Review Services (SSARS), and may practice public accountancy, consistent with the requirements of this section, for a client having its home office in New Jersey and may use the title "Certified Public Accountant," "CPA," "Certified

Public Account firm” or “CPA firm,” without registering with the Board if:

1. The firm meets the peer review requirements of N.J.S.A. 45:2B-67 and N.J.A.C. 13:29-5 and requirements applicable to firm ownership by non-licensed individuals in N.J.S.A. 45:2B-54.1a; and

2. The firm performs those services through an individual with practice privileges granted pursuant to N.J.A.C. 13:29-4.1.

(c) A firm that does not have an office in New Jersey and that is not subject to the requirements of (a) or (b) above may perform other professional services included in the practice of public accountancy while using the title “Certified Public Accountant,” “CPA,” “Certified Public Account firm” or “CPA firm” in this State without registering with the Board if:

1. The firm performs those services through an individual with practice privileges pursuant to N.J.A.C. 13:29-4.1; and

2. The firm can lawfully do so in the state where those individuals with practice privileges have their principal place of business.

(d) A firm that does not have an office in New Jersey and that is required to register with the Board pursuant to (a) above shall meet the following requirements:

1. Services for which registration is required are performed through an individual who qualifies for the practice privilege under N.J.A.C. 13:29-4.1;

2. Each owner of the firm, other than a nonlicensee, shall be a certified public accountant of any state or possession of the United States or the District of Columbia in good standing, and licensed to practice public accountancy where licensed;

3. There shall be a certified public accountant in the firm who has ultimate responsibility for each attest engagement. On all firm applications and renewal forms, an individual who qualifies for the practice privilege under N.J.A.C. 13:29-4.1 shall be designated as responsible and in charge of all professional matters relating to the practice of accountancy by the registered firm.

13:29-4.3 Definitions

For purposes of this subchapter, the following term shall have the following meaning, unless the context clearly indicates otherwise.

“Home office” means the location specified by the client as the address to which the services described above are directed.

SUBCHAPTER 5. PEER REVIEW PROGRAM

13:29-5.1 Purpose and scope

(a) Pursuant to N.J.S.A. 45:2B-67, the Board establishes a Peer Review Program (Program) to monitor licensee compliance with applicable accounting and auditing standards adopted by generally recognized standard-setting bodies. The purpose of the Program is to improve 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 shall emphasize education and rehabilitation rather than disciplinary action. Appropriate educational programs or remedial procedures shall 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 inadequate as to warrant disciplinary action, the Board shall take appropriate action to protect the public interest.

(b) The rules in this subchapter shall not require any licensee or firm to become a member of any sponsoring organization.

Repeal and New Rule, R.2010 d.181, effective September 7, 2010.

See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).

Section was “Purpose and scope”.

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:

“Firm” means a sole proprietorship, a professional corporation, a partnership, a limited liability company, a limited liability partnership or any other lawful form of business organization.

“Professional Standards” mean the accounting and auditing engagements covered by the Statements on Auditing Standards (SASs); Statements on Standards for Accounting and Review Services (SSARS); Statements on Standards for Attestation Engagements (SSAES); Government Auditing Standards (the Yellow Book) issued by the U.S. Government Accountability Office; audits of non-SEC issuers performed pursuant to the standards of the Public Company Accounting Oversight Board (PCAOB) and any additional engagements defined in the Standards for Performing and Reporting on Peer Reviews promulgated by the AICPA. Professional standards also include those applicable to the audits of issuers performed pursuant to the standards of the PCAOB.

“Review or review program” means the review conducted under the Peer Review Program.

“Review year” means the one-year (12-month) period covered by the review. Engagements selected for review

normally would have periods ending during the year under review.

“Special reports” means reports issued under professional standards in connection with the following: specified elements, accounts, or items of a financial statement; compliance with aspects of contractual agreements or regulatory requirements related to audited financial statements; financial presentations to comply with contractual agreements or regulatory provisions; financial information presented in prescribed forms or schedules that require a prescribed form of auditor’s reports; or internal audits by a firm for a client or a governmental entity.

“Sponsoring organization” means an entity approved by the Board, pursuant to N.J.A.C. 13:29-5.3 or 5.8, to administer the review.

Amended by R.1995 d.268, effective June 5, 1995.
See: 27 N.J.R. 1134(a), 27 N.J.R. 2238(a).

Rewrote the definition of “Report”.
Amended by R.2000 d.222, effective June 5, 2000.
See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Rewrote the definition of “Practice Unit”.
Repeal and New Rule, R.2010 d.181, effective September 7, 2010.
See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).

Section was “Definitions”.

13:29-5.3 Standards for peer reviews and sponsoring organizations

(a) The Board adopts the 2009 “Standards for Performing and Reporting on Peer Reviews” promulgated by the American Institute of Certified Public Accountants (AICPA), as its minimum standards for review of firms’ non-SEC issuer practices. The Standards are incorporated in this subchapter by reference, as amended and supplemented, and may be found at the AICPA website, www.aicpa.org, specifically, http://www.aicpa.org/download/practmon/2009_stds.pdf. For public company audit firms, the Board adopts the firm inspection standards of the Public Company Accounting Oversight Board’s (PCAOB) inspection process for reviewing SEC issuer practices, which are not included in the scope of peer review programs. The inspection standards are incorporated in this subchapter by reference, as amended and supplemented, and may be found at the PCAOB website, www.pcaob.org specifically, <http://www.pcaobus.org/Standards/index.aspx>. A firm subject to the PCAOB’s inspection process is also subject to a peer review of its non-SEC issuer practice, should the firm have such a practice.

(b) Qualified sponsoring organizations shall be: the Center for Public Company Audit Firms (CPCAF) (previously known as SEC Practice Section (SECPS)); the American Institute of Certified Public Accountants (AICPA) Peer Review Board; the New Jersey Society of Certified Public Accountants (NJSCPA) or other AICPA Peer Review Board approved organizations; the National Conference of CPA Practitioners (NCCPAP); the Public Company Accounting Oversight Board (PCAOB); and such other entities that utilize

substantially similar standards and that are approved by the Board pursuant to N.J.A.C. 13:29-5.8.

Amended by R.1995 d.268, effective June 5, 1995.
See: 27 N.J.R. 1134(a), 27 N.J.R. 2238(a).
Repeal and New Rule, R.2010 d.181, effective September 7, 2010.
See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).

Section was “Quality Enhancement Committee; members: duties: compensation”.

13:29-5.4 Enrollment and participation; exemptions

(a) Participation in the Peer Review Program is required of each firm licensed with the Board that performs any attest service or any accounting and/or auditing engagements, including audits, reviews, compilations, forecasts, projections or special reports performed under professional standards. A firm that issues only compilations where no report is required under the Statements on Standards for Accounting and Review Services is not required to participate in the program.

(b) A firm that does not perform services as set out in (a) above shall annually submit a request for an exemption from the Program in writing to the Board with an explanation of the services offered by the firm. A firm with an exemption that begins providing services set out in (a) above shall notify the Board of the change in status within 30 days and provide the Board with enrollment information within 12 months of the date the services were first provided. The firm shall have a review within 18 months of the date the services were first provided.

(c) Each firm required to participate under (a) above shall enroll in the Peer Review Program of an approved sponsoring organization within one year from its initial licensing date or the performance of services that require a review, whichever is earlier. The firm shall adopt the review due date assigned by the sponsoring organization, and shall notify the Board of the date within 30 days of its assignment. The firm shall schedule and begin an additional review within three years of the previous review’s due date, or earlier as may be required by the sponsoring organization. It is the responsibility of the firm to anticipate its needs for review services in sufficient time to enable the reviewer to complete the review by the assigned review due date.

(d) In the event that a firm is merged, otherwise combined, dissolved, or separated, the sponsoring organization shall determine which firm is considered the succeeding firm. The succeeding firm shall retain its peer review status and the review due date.

(e) The Board shall accept extensions granted by the sponsoring organization to complete a review, provided the Board is notified by the firm within 20 days of the date that an extension is granted.

(f) A firm that has been terminated by a sponsoring organization for whatever reason shall enroll in a program of another sponsoring organization within 30 days of being terminated. The firm shall notify the Board of the firm’s

enrollment in the new program within 30 days of the date of enrollment.

(g) A firm choosing to change to another sponsoring organization may do so provided that the firm authorizes the previous sponsoring organization to communicate to the succeeding sponsoring organization any outstanding corrective actions related to the firm's most recent review. Any outstanding actions shall be cleared and outstanding fees paid prior to transfer between sponsoring organizations. The firm shall notify the Board of the firm's enrollment in the new program within 30 days of the date of enrollment.

(h) An out-of-State firm practicing in this State pursuant to N.J.S.A. 45:2B-54 and 50.1 shall comply with the peer review program of the state in which the firm is licensed. If the out-of-State firm is licensed in a state that does not require peer review, the out-of-State firm shall comply with the peer review program requirements set forth in this subchapter. All out-of-State firms registered to practice in this State pursuant to N.J.S.A. 45:2B-50.1 and 54 shall submit peer review documentation as provided in N.J.A.C. 13:29-5.6 upon request of the Board.

Repeal and New Rule, R.2010 d.181, effective September 7, 2010.
See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).
Section was "Reports to be furnished at request of Committee".

13:29-5.5 Effect of successive review ratings of pass with deficiencies or fail

(a) A firm, including a succeeding firm, that receives two consecutive review ratings of pass with deficiencies or fail in a system or engagement review or any combination thereof shall have an accelerated review within 18 months of the firm's last review.

(b) If an accelerated review results in a review rating of pass with deficiencies or fail, the Board shall conduct a review to determine whether the firm:

1. May complete attest engagements for which field work has already begun. The firm may complete attest engagements for which field work has already begun only if:

i. Prior to issuance of any report, the engagement is reviewed and approved before it is issued by a third-party reviewer acceptable to the Board; and

ii. The engagement is completed within 30 days of the acceptance of the peer review report and the letter of response by the firm; or

2. Shall not perform any other attest service, including any accounting and/or auditing engagements, audits, reviews, compilations (as well as compilations where no report is required), forecasts, projections or other special reports for a period of three years or until given permission by the Board, whichever is sooner.

Repeal and New Rule, R.2010 d.181, effective September 7, 2010.

See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).
Section was "Exceptions".

13:29-5.6 Reporting to the Board

(a) A firm shall submit to the Board the following peer review documents:

1. A copy of the accepted report if the firm received a peer review rating of pass;

2. A copy of the accepted report and letter of response if the firm received a peer review rating of pass with deficiencies or fail; and

3. A copy of any final report resulting from any inspection by the PCAOB firm inspection program together with documentation of any significant issues and findings and the firm's response.

(b) Any report or document required to be submitted pursuant to (a) above shall be filed with the Board within 30 days of receipt of the final report or document.

(c) The reviewed firm shall complete the Board's Peer Review Compliance Reporting Form. The firm shall file the form with the Board within 30 days of receipt of final acceptance of the review by the sponsoring organization.

New Rule, R.2010 d.181, effective September 7, 2010.
See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).

Former N.J.A.C. 13:29-5.6, Confidentiality, recodified to N.J.A.C. 13:29-5.9.

13:29-5.7 Peer Review Oversight Committee

(a) The Board shall annually appoint a standing committee to be known as the Peer Review Oversight Committee (the Committee) to assist the Board in the administration of the Peer Review Program. The Committee shall be responsible for the following:

1. Monitoring sponsoring organizations to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with peer review minimum standards;

2. Reviewing the policies and procedures of sponsoring organization applicants as to their conformity with the peer review minimum standards; and

3. Reporting to the Board on the conclusions and recommendations reached as a result of performing the functions set forth in (a)1 and 2 above.

(b) Information concerning a specific firm or reviewer obtained by the Committee during oversight activities shall be confidential, except as provided under the Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

(c) The Committee shall consist of no fewer than five members, all of whom shall be holders of active licenses issued under N.J.S.A. 45:2B-42 et seq. All Committee members shall be licensed certified public accountants, licensed

public accountants or registered municipal accountants. At least two Committee members shall also be current members of the Board.

(d) The Committee shall make an annual recommendation to the Board as to the continuing qualifications of a sponsoring organization as an approved sponsoring organization.

Amended by R.1995 d.268, effective June 5, 1995.
See: 27 N.J.R. 1134(a), 27 N.J.R. 2238(a).

Added material on the seriously substandard classification.

Amended by R.1999 d.195, effective June 21, 1999.

See: 31 N.J.R. 24(a), 31 N.J.R. 1617(a).

Rewrote (a).

Repeal and New Rule, R.2010 d.181, effective September 7, 2010.

See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).

Section was "Review and evaluation of submitted reports".

13:29-5.8 Procedures for a sponsoring organization

(a) To qualify as a sponsoring organization, an entity shall submit a peer review administration plan to the Board for review and approval. The plan of administration shall:

1. Establish a program to communicate to firms participating in the peer review program the latest developments in peer review standards and the most common finding in the peer reviews conducted by the sponsoring organization;
2. Establish procedures for resolving any disagreement that may arise out of the performance of a peer review;
3. Establish procedures, including conducting hearings, to resolve matters that may lead to the dismissal of a firm from the peer review program;
4. Establish procedures, including the conducting of hearings, to evaluate and document the performance of each reviewer for compliance with AICPA standards that may lead to the disqualification of a reviewer who does not meet the standards;
5. Require the maintenance of records of peer reviews conducted under the program in accordance with the records retention rules of the AICPA; and
6. Provide for periodic reports to the Board on the results of the peer review program.

Amended by R.1995 d.268, effective June 5, 1995.

See: 27 N.J.R. 1134(a), 27 N.J.R. 2238(a).

Inserted "or seriously substandard".

Amended by R.1999 d.195, effective June 21, 1999.

See: 31 N.J.R. 24(a), 31 N.J.R. 1617(a).

Rewrote the section.

Repeal and New Rule, R.2010 d.181, effective September 7, 2010.

See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).

Section was "Committee action on reviewed reports".

13:29-5.9 Confidentiality

(a) Any documents submitted in accordance with the rules in this subchapter 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 entity or organization undeterminable.

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

The following annotation applies to N.J.A.C. 13:29-5.9 subsequent to its repeal by R.2005 d.410:

Repealed by R.2005 d.410, effective November 21, 2005.

See: 37 N.J.R. 1408(a), 37 N.J.R. 4457(a).

Section was "Reports and reviews not public records."

The following annotations apply to N.J.A.C. 13:29-5.9 subsequent to its recodification from N.J.A.C. 13:39-5.6 by R.2010 d.181:

Amended by R.2000, d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

In (a), substituted entity or organization for enterprise and rewrote (a)1 as part of paragraph (a).

Recodified from N.J.A.C. 13:29-5.6 and amended by R.2010 d.181, effective September 7, 2010.

See: 41 N.J.R. 3018(a), 42 N.J.R. 2130(a).

In the introductory paragraph of (a), substituted "the rules in this subchapter" for " N.J.A.C. 13:29-5.4". Former N.J.A.C. 13:29-5.9 was reserved.

SUBCHAPTER 6. CONTINUING PROFESSIONAL EDUCATION

13:29-6.1 Scope

All licensees subject to the provisions of N.J.S.A. 45:2B-42 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.

Amended by R.2000 d.104, effective March 20, 2000.

See: 31 N.J.R. 2446(a), 32 N.J.R. 1034(a).

Changed N.J.S.A. reference.

13:29-6.2 Credit-hour requirements

(a) Each applicant for a triennial license renewal is required to complete, during the preceding triennial period, 120 hours of continuing professional education, except as provided in (c) through (f) below. All applicants shall complete a minimum of 20 hours of continuing professional education in each year of the triennial period. The types of continuing professional education programs and other sources of continuing professional education for which credit hours may be obtained are set forth in N.J.A.C. 13:29-6.5. The 120 hours of continuing professional education shall include at least 24 credit hours in the areas of auditing, review and compilation for licensees who are engaged in the practice of public accountancy. All applicants shall complete at least 72 credit hours of the required 120 credit hours in the technical

subjects set forth in N.J.A.C. 13:29-6.3. All applicants shall complete four credit hours of the required 120 credit hours in the New Jersey law and ethics course set forth in N.J.A.C. 13:29-6.3A. The remaining 44 credit hours of the required 120 credit hours may include subjects specified in N.J.A.C. 13:29-6.4. No licensee shall receive credit for any course offered by a Board-approved continuing professional education sponsor in subjects other than those enumerated in N.J.A.C. 13:29-6.3, 6.3A or 6.4. For the triennial period commencing January 1, 2009 and thereafter, a licensee shall obtain a minimum of 60 credit hours of continuing professional education through didactic instruction.

1. For purposes of this subsection "didactic instruction" means in-person instruction and may include interactive telephonic or electronic instruction, but shall not include videotaped or audiotaped instruction.

(b) Failure to meet triennial continuing professional education requirements may subject a licensee to disciplinary action by the Board.

(c) A licensee shall obtain the required amount of continuing professional education set forth in (a) above by the last day of the triennial renewal period. A licensee who fails to obtain the required amount of continuing professional education by the last day of the triennial renewal period shall be deemed to have failed to comply with the requirements of this subchapter. The Board may, however, 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, upon written request by the licensee at least 60 days prior to the last day of the triennial renewal period then in effect. A waiver of continuing professional education requirements granted pursuant to this subsection shall be effective only for the triennial period in which such waiver is granted. If the condition(s) that necessitated the waiver persists into the next triennial period, a licensee shall apply to the Board for the renewal of such waiver for the new triennial period.

(d) A licensee shall not be required to satisfy the requirements of (a) above for the initial renewal of his or her license but shall be required to satisfy the requirements of (a) above as a condition for triennial license renewal for all subsequent triennial renewal periods. Notwithstanding such exemption from the continuing professional education requirements for the initial renewal of his or her license, a licensee shall complete an orientation course, which at a minimum, shall include a four-credit course in New Jersey law and ethics approved by the Board pursuant to N.J.A.C. 13:29-6.3A and 6.6(c). Within 30 days of completing the New Jersey law and ethics course, a new licensee shall send a copy of the course completion certificate to the Board.

(e) Inactive licensees shall be exempt from continuing professional education requirements. Inactive 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, or use the title or designation of certified public accountant, public accountant, accountant or auditor without the word "inactive," pursuant to N.J.A.C. 13:29-1A.10 and 2.3.

(f) A licensee who is inactive pursuant to N.J.A.C. 13:29-1A.10(i) or 2.3(h), or a licensee who has had his or her license suspended pursuant to N.J.A.C. 13:29-1A.10(c) or 2.3(c), who seeks to return to the practice of accounting shall notify the Board prior thereto and shall meet the continuing professional education requirements by completing 120 credit hours of continuing professional education requirements prescribed by this subchapter within the three-year period prior to reinstatement.

Amended by R.1995 d.268, effective June 5, 1995.

See: 27 N.J.R. 1134(a), 27 N.J.R. 2238(a).

In (c), substituted "inactive" for "retired".

Amended by R.2000 d.104, effective March 20, 2000.

See: 31 N.J.R. 2446(a), 32 N.J.R. 1034(a).

Rewrote the section.

Amended by R.2002 d.293, effective September 3, 2002 (operative January 1, 2003).

See: 34 N.J.R. 433(a), 34 N.J.R. 3097(a).

Rewrote (a).

Amended by R.2005 d.410, effective November 21, 2005.

See: 37 N.J.R. 1408(a), 37 N.J.R. 4457(a).

In (a), added " , except as provided in (c) through (f) below"; rewrote (b)-(d); added (e) and (f).

Amended by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

In the introductory paragraph of (a), substituted "licensees" for "persons" and "accountancy" for "accounting or are involved with the attest function in issuing audit, review or compilation reports" and rewrote the last sentence; added (a)1; in (c), inserted the first two sentences, inserted "however," and " , upon written request by the licensee at least 60 days prior to the last day of the triennial renewal period then in effect", and substituted "that" for "which"; rewrote (d); and in (e), inserted quotation marks preceding and following "inactive,".

Amended by R.2011 d.132, effective May 16, 2011.

See: 42 N.J.R. 2720(a), 43 N.J.R. 1260(b).

In the introductory paragraph of (a), inserted the second sentence.

13:29-6.3 Qualifying technical subjects

(a) The following subjects are acceptable for satisfaction of the required 72 credit hours of continuing professional education in technical subjects over the triennial period:

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 services; and computer and government auditing. Qualifying subject matter will include courses covering pronouncements or, regulations issued by recognized authorities, such as the PCAOB, 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 professional 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.

Amended by R.2000 d.104, effective March 20, 2000.

See: 31 N.J.R. 2446(a), 32 N.J.R. 1034(a).

In (a), rewrote the introductory paragraph; and in (d), inserted "professional" following "continuing".

Amended by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

In (c), inserted a comma following "authorities" and inserted "PCAOB,".

13:29-6.3A New Jersey law and ethics course

Each applicant for triennial license renewal shall complete, during the preceding triennial period, a four credit course on New Jersey law and ethics approved by the Board pursuant to N.J.A.C. 13:29-6.6(c).

New Rule, R.2002 d.293, effective September 3, 2002 (operative January 1, 2003).

See: 34 N.J.R. 433(a), 34 N.J.R. 3097(a).

13:29-6.4 Other qualifying subjects

Courses related to personal or professional development of the licensee, or courses directly associated with the administration of the licensee's practice, shall be accepted towards satisfaction of continuing professional education requirements. Included in this category are courses that concentrate on the practice management areas, such as organizational structure, human resource management and other administrative matters. Courses which relate to a licensee's personal skills such as speaking, leadership and managing people or organizations shall also be included in this category. Courses which relate to the development of a licensee's practice or the

marketing of services shall not be accepted towards satisfaction of continuing professional education requirements.

Amended by R.2000 d.104, effective March 20, 2000.

See: 31 N.J.R. 2446(a), 32 N.J.R. 1034(a).

Rewrote the section.

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

(a) The following qualify as continuing professional education programs provided they contain the subjects enumerated in N.J.A.C. 13:29-6.3 and 6.4 and meet the continuing professional education program criteria requirements as set forth in N.J.A.C. 13:29-6.6 or 6.6A.

1. Continuing professional education programs of national or state professional organizations: Continuing professional education credit shall be granted at the rate of one credit hour for every 50 minutes of in-class participation.

2. Accredited university or college courses in qualifying technical subjects set forth in N.J.A.C. 13:29-6.3 only: Continuing professional education credit shall be granted for university or college courses in accordance with the following:

i. Applicants shall receive: 15 credit hours of continuing professional education credit for each semester or trimester credit hour earned; 10 credit hours of continuing professional education credit for each credit hour earned in a quarter; and

ii. Applicants attending noncredit courses shall be granted continuing professional 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 professional education credit shall 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 professional education credit shall 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 shall make recommendations concerning the number of credit hours to be granted, the number of credit hours granted shall be as determined by the Board;

ii. For the triennial period commencing January 1, 2009 and thereafter, applicants shall only be granted continuing professional education credit for correspon-

dence or individual study programs offered by sponsors who have been registered with the National Association of State Boards of Accountancy (NASBA). Credit shall be granted at the rate of one credit for every 50 minutes of correspondence and individual self study program participation; and

iii. Credit for correspondence and other individual study programs shall only be given in the renewal period in which the course is completed with a successful final examination. For the triennial renewal period commencing January 1, 2009 and thereafter, a maximum of 60 credit hours of continuing professional education may be obtained in correspondence and other individual study programs in each triennial renewal period.

(b) In addition to the continuing professional education programs enumerated in (a) above, continuing professional education credit also shall be awarded for the following if they fall within the subjects enumerated in N.J.A.C. 13:29-6.3 and 6.4 and meet the continuing professional education program criteria as set forth in N.J.A.C. 13:29-6.6 or 6.6A.

1. Technical meetings: Licensees who participate in meetings of professional accounting organizations shall be awarded continuing professional education credit for that portion of the meeting which is structured as a continuing professional education program. Continuing professional education credit shall 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 shall be awarded continuing professional education credit if the meeting is structured as an approved continuing professional education program. Continuing professional education credit shall 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 shall be awarded continuing professional education credit if the meeting is structured as an approved continuing professional education program. Continuing professional education credit shall 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 professional education programs enumerated in (a) and (b) above, continuing professional education credit also shall be granted for the following if they involve subjects enumerated in N.J.A.C. 13:29-6.3 and 6.4.

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

i. One credit hour shall be given for each 50-minute period of service provided the discussion is one which meets the continuing professional education subject requirements of N.J.A.C. 13:29-6.3 or 6.4. For the lecturer's, instructor's, discussion leader's, or speaker's preparation time, there shall be awarded two additional hours of continuing professional 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 shall not be given 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;

iii. The maximum credit given for service as an instructor, lecturer, discussion leader, or speaker shall not exceed 60 credit hours for the triennial period; and

iv. An instructor or discussion leader who is employed as an instructor or discussion leader on a full-time basis shall not be eligible to obtain continuing professional education credit for such activities.

2. Publications: Continuing professional education credit for publications shall 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 shall be given for each 50 minute period of preparation time on a self-declaration basis, not to exceed 30 credit hours for the triennial period. A copy of the publication article shall be submitted to the Board with a request for continuing professional 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 30 credit hours during the triennial period, credit hours awarded shall 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 shall be considered;

iv. The maximum credit for publication in exceptional circumstances shall not exceed 60 credit hours for the triennial period; and

v. Credit shall be given for each 50 minute period of technical review or peer review program committee

participation, not to exceed 60 credit hours for the triennial period.

Amended by R.2000 d.104, effective March 20, 2000.

See: 31 N.J.R. 2446(a), 32 N.J.R. 1034(a).

Rewrote the section.

Amended by R.2002 d.293, effective September 3, 2002 (operative January 1, 2003).

See: 34 N.J.R. 433(a), 34 N.J.R. 3097(a).

In (a) and (b), amended the N.J.A.C. references in the introductory paragraphs; in (c), amended the N.J.A.C. references in the introductory paragraph, 1 and 1i.

Amended by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

In the introductory paragraphs of (a) and (b), deleted “, 6.3A” following “13:29-6.3” and inserted “or 6.6A”; rewrote the introductory paragraph of (a)2 and (a)2i; in (a)4i, substituted “including” for “including” and deleted “and” from the end; added new (a)4ii; recodified former (a)4ii as (a)4iii; in (a)4iii, inserted the last sentence; in the introductory paragraph of (c) and in (c)1i, deleted “, 6.3A” following “13:29-6.3”; in (c)1ii, deleted “and” from the end; in (c)1iii, substituted “; and” for a period at the end; and added (c)1iv.

Amended by R.2011 d.132, effective May 16, 2011.

See: 42 N.J.R. 2720(a), 43 N.J.R. 1260(b).

In the introductory paragraph of (c)2, deleted “peer-reviewed” preceding “publications”; and in (c)2v, deleted “quality enhancement,” preceding “technical”.

13:29-6.6 Criteria for continuing professional education sponsors

(a) In order to qualify as a continuing professional education sponsor in the subject matters set forth in N.J.A.C. 13:29-6.3 and 6.4, the sponsor shall submit an application form prescribed by the Board and obtain a sponsor number, except as provided in N.J.A.C. 13:29-6.6A. Qualified sponsors shall 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 subjects enumerated in N.J.A.C. 13:29-6.3 or 6.4.

(b) A continuing professional education sponsor may receive prior approval for a course of acceptable subject matter set forth in N.J.A.C. 13:29-6.3 and 6.4 and be assigned a designated number of continuing professional 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 shall:

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. 13:29-6.11 relative to the responsibilities of program sponsors.

(c) A continuing professional education sponsor who wishes to offer a course on New Jersey law and ethics, as set forth in N.J.A.C. 13:29-6.3A, shall apply to the Board in writing for prior approval of the course in each triennial renewal period in which the course will be offered. As part of the application, the program sponsor shall submit the continuing professional education sponsor fee set forth at N.J.A.C. 13:29-1.5, and the following:

1. A complete course outline and course materials which shall document, at a minimum, instruction in the following areas:

- i. The Accountancy Act of 1997, N.J.S.A. 45:2B-42 et seq.;
- ii. The rules of the New Jersey State Board of Accountancy, N.J.A.C. 13:29, specifically including, but not limited to, the rules of professional conduct set forth in N.J.A.C. 13:29-3;
- iii. The Uniform Enforcement Act, N.J.S.A. 45:1-7.1, 7.2, 7.3 and 18 et seq.; and
- iv. The uniform regulations of the Division of Consumer Affairs, N.J.A.C. 13:45C;

2. Information documenting that the course shall be:

- i. A formal course of learning that includes both a pre-test and a post-test, which contributes directly to the maintenance of professional competence of a licensee;
- ii. A total of four credit hours in length; and
- iii. Conducted by a qualified instructor or discussion leader who will provide in-person instruction, which may include telephonic or electronic instruction that is interactive, but shall not include videotaped or audiotaped instruction; and

3. A certification verifying that the sponsor shall:

- i. Provide copies of the materials set forth in (c)1 above to each course attendee;
- ii. Maintain and retain accurate records of attendance at the course for a five-year period;
- iii. Retain a written outline of course materials for a five-year period; and
- iv. Comply with the requirements of N.J.A.C. 13:29-6.11 relative to the responsibilities of program sponsors.

(d) A continuing professional education sponsor who has qualified as a sponsor pursuant to (a) above, or has obtained prior Board approval for a course pursuant to (b) above, shall not offer courses for continuing professional education credit to any Board licensee in subject matters other than those enumerated in N.J.A.C. 13:29-6.3 or 6.4. A continuing pro-

professional education sponsor who has obtained Board approval pursuant to (c) above shall not offer any New Jersey law and ethics course for continuing professional education credit to any Board licensee other than the law and ethics course approved by the Board to fulfill the four credit hour requirement set forth in N.J.A.C. 13:29-6.2.

Amended by R.2000 d.104, effective March 20, 2000.

See: 31 N.J.R. 2446(a), 32 N.J.R. 1034(a).

In (b), inserted "professional" following "continuing" throughout; and added (c).

Amended by R.2002 d.293, effective September 3, 2002 (operative January 1, 2003).

See: 34 N.J.R. 433(a), 34 N.J.R. 3097(a).

In (a) and (b), inserted references to N.J.A.C. 13:29-6.3 and 6.4 in the introductory paragraphs; added a new (c); recodified former (c) as (d) and rewrote the paragraph.

Amended by R.2007 d.53, effective February 5, 2007.

See: 38 N.J.R. 2987(a), 39 N.J.R. 493(b).

In the introductory paragraph of (c), inserted "in each triennial renewal period in which the course will be offered" and "the continuing professional education sponsor fee set forth at N.J.A.C. 13:29-1.5, and"; and in (c)2i, inserted "that includes both a pre-test and a post-test."

Amended by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

In the introductory paragraph of (a), inserted "except as provided in N.J.A.C. 13:29-6.6A"; in (b)3 and (c)3iv, updated the N.J.A.C. reference; and rewrote (c)2iii.

13:29-6.6A Sponsor number exemptions

(a) Accredited universities and colleges, national and state professional organizations, and Federal and state government agencies that sponsor continuing professional education courses or programs, and continuing professional education sponsors registered with the National Association of State Boards of Accountancy (NASBA) shall be exempt from the requirement of submitting an application to the Board and obtaining a continuing professional education sponsor number.

(b) In order for a licensee to obtain continuing professional education credit for a course or program offered by a sponsor exempt pursuant to (a) above, the program or course shall satisfy the requirements of N.J.A.C. 13:29-6.6(a).

New Rule, R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

13:29-6.7 Credit-hour calculations

(a) The minimum measurement for continuing professional education credit shall be a whole credit hour. Except for those sources of continuing professional education for which another system of credit hour calculation is set forth in this subchapter, a continuing professional education credit hour shall be equivalent to 50 minutes. One-half credit hour of continuing professional education may be earned for 25 minutes of instruction or participation after the first credit hour has been earned. For example, a course or program lasting 75 minutes shall be equal to one and one-half continuing professional education credits.

(b) Unless otherwise provided, only in-class participation, not student time devoted to preparation, shall be counted toward satisfaction of the continuing professional education requirements of this subchapter.

Amended by R.2000, d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Rewrote the section.

Amended by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

In (a), inserted the last two sentences.

13:29-6.8 Retention of continuing professional education records

(a) A licensee shall be primarily responsible for documenting satisfaction of continuing professional education requirements. Evidence to support fulfillment of continuing professional education requirements shall be maintained for a period of five years after the completion of educational courses. Such evidence 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 non-credit courses taken, a statement of the hours of attendance signed by the instructor, shall be obtained by the licensee.

2. For courses offered by national or state professional organizations, Federal and state government agencies, and sponsors registered with the National Association of State Boards of Accountancy (NASBA), and for correspondence and individual self study courses, written evidence of completion shall be submitted by the licensee. Acceptable evidence of the completion of such courses shall be a certificate of completion or other comparable documentation acquired by the licensee from the program sponsor. The certificate or other documentation shall include the following information:

- i. Dates attended;
- ii. Credit hours earned;
- iii. Course title and description of content, including method of course delivery and subject area;
- iv. Course sponsor name;
- v. Instructor name; and
- vi. Course location.

Amended by R.2000, d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

In (a), amended first and third sentence; in (a)3, substituted shall be for is, such for these and shall for will.

Recodified from N.J.A.C. 13:29-6.9 and amended by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

Rewrote the introductory paragraph of (a)2; rewrote (a)2i and (a)2ii; added (a)2iii through (a)2vi; and deleted (a)3 and (a)4. Former N.J.A.C. 13:29-6.8, Reporting of continuing education credit hours, repealed.

13:29-6.9 Continuing professional education requirements; reciprocity

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-42 et seq. and pursuant to N.J.A.C. 13:29-1A.8 shall be required to comply with the continuing professional education requirements applicable to all other licensees.

Amended by R.2000 d.104, effective March 20, 2000.

See: 31 N.J.R. 2446(a), 32 N.J.R. 1034(a).

In (a), changed N.J.S.A. reference, and inserted "professional" following "continuing"; and rewrote (b).

Amended by R.2005 d.410, effective November 21, 2005.

See: 37 N.J.R. 1408(a), 37 N.J.R. 4457(a).

Section was "Continuing professional education requirements; reciprocity or reinstatement"; deleted designation (a); deleted (b).

Recodified from N.J.A.C. 13:29-6.10 by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

Former N.J.A.C. 13:29-6.9, Retention of continuing professional education records, recodified to N.J.A.C. 13:29-6.8.

13:29-6.10 Responsibilities of program developers

(a) Program developers shall specify the level of knowledge to be imparted under the continuing professional education program in order to provide sufficient information 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 may be defined as follows:

1. A basic level program teaches fundamental principles or skills to participants 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 shall be made. Prerequisites shall be specified in precise language so potential participants may 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. An individual program developer need not be both technically competent and competent in instructional design, provided that both types of competency are represented in the program's 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 shall be issued where appropriate, and obsolete material shall be deleted; however, between the time a new pronouncement is issued and the issuance of errata sheets or removal of obsolete materials, the instructor shall be responsible for informing participants of changes. If, for example, a new accounting standard is issued, a program shall 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.

Amended by R.2000, d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

In (a), rewrote the first sentence and deleted the second sentence; and rewrote (b), (c) and (d).

Recodified from N.J.A.C. 13:29-6.11 by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

Former N.J.A.C. 13:29-6.10, Continuing professional education requirements; reciprocity, recodified to N.J.A.C. 13:29-6.9.

13:29-6.11 Responsibilities of program sponsors

(a) In addition to the requirements of N.J.A.C. 13:29-6.6, continuing professional education program sponsors shall comply with the following requirements:

1. Disclosure to prospective participants: The program sponsor shall disclose in advance to prospective participants the objective, prerequisites, experience level, content, required advanced preparation, teaching method, and number of continuing professional 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 shall select and assign qualified instructors for the continuing professional education program. Sponsors shall evaluate the performance of the program instructors at the conclusion of each program to determine the instructors' suitability to continue to serve as instructors in the future.
3. Number of participants and adequacy of physical facilities: The program sponsor shall be responsible for assuring that the number of participants and the physical facilities are consistent with the teaching methods to be utilized.

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. Programs shall 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 shall take the form of one or a combination of pretests for advanced preparation, post-tests for effectiveness of the program, questionnaires completed at the end of the program or later, or oral feedback to the instructor or sponsor. Instructors shall be informed of their performance, and sponsors shall systematically review the evaluation process to insure its effectiveness.

5. Issuance of certificates: The program sponsor shall be responsible for issuing certificates of satisfactory completion or other comparable documentation to program participants. Such certificates or documentation shall be printed with the following information:

- i. Dates attended;
- ii. Credit hours earned;
- iii. Course title and description of content, including method of course delivery and subject area;

- iv. Course sponsor name;
- v. Instructor name; and
- vi. Course location.

Amended by R.2000, d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Rewrote the section.

Recodified from N.J.A.C. 13:29-6.12 and amended by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

Added (a)5. Former N.J.A.C. 13:29-6.11, Responsibilities of program developers, recodified to N.J.A.C. 13:29-6.10.

13:29-6.12 Sponsor's failure to comply with continuing education responsibilities

Failure of a sponsor to comply with the requirements for continuing professional education programs, as set forth in N.J.A.C. 13:29-6.6, and responsibilities of program sponsors, as set forth in N.J.A.C. 13:29-6.11, may result in the suspension of the preapproved status for programs offered by the sponsor.

Amended by R.2000, d.222, effective June 5, 2000.

See: 32 N.J.R. 987(a), 32 N.J.R. 2089(a).

Added N.J.A.C. references.

Recodified from N.J.A.C. 13:29-6.13 and amended by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

Updated the second N.J.A.C. reference. Former N.J.A.C. 13:29-6.12, Responsibilities of program sponsors, recodified to N.J.A.C. 13:29-6.11.

13:29-6.13 (Reserved)

Recodified to N.J.A.C. 13:29-6.12 by R.2008 d.367, effective December 15, 2008.

See: 40 N.J.R. 593(a), 40 N.J.R. 6982(a).

Section was "Sponsor's failure to comply with continuing education responsibilities".