

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” means an opinion, report, or other form of language that states or implies assurances as to the reliability of any financial statements, and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing.

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”.

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 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.

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

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

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: acceptable, marginal, substandard, or seriously substandard.

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.

iv. Seriously substandard reports are materially inaccurate or misleading and the deficiencies noted are so egregious that there is evidence that the licensee is performing work that he or she is not qualified to perform.

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.

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 or seriously substandard report is so serious as to warrant consideration of possible disciplinary action.

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".

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

Subchapter Historical Note

Subchapter 6 was adopted as 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 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 and 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.

(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. Inactive accountants 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. 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 inactive 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.

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