

CHAPTER 10

AN ACT concerning the practice of accounting and amending P.L.1997, c.259 and P.L.2008, c.45.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 3 of P.L.1997, c.259 (C.45:2B-44) is amended to read as follows:

C.45:2B-44 Definitions relative to the practice of accounting.

3. As used in this act:

"Attest" means providing the following services: any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS); any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS); any examination, review, or agreed upon procedures of engagement to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); any engagement to be performed in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). The statements on standards specified herein shall be adopted by regulation by the board and shall be in accordance with standards developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants and the PCAOB.

"Board" means the New Jersey State Board of Accountancy.

"Compilation" means providing a service, to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS), by presenting, in the form of financial statements, information that is the representation of management or owners without undertaking to express any assurance on the statements.

"CPA firm" or "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.

"Financial statements" means statements and related footnotes that purport to present an actual or a prospective financial position at a particular time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term includes specific elements, accounts or items of such statements, but does not include: incidental financial data included in management advisory service reports to support recommendations to a client; or tax returns and supporting schedules.

"License" means a license or registration issued to an individual or firm permitting the individual or firm to practice public accountancy.

"Licensee" means the holder of a license issued pursuant to P.L.1997, c.259 (C.45:2B-42 et seq.).

"Manager" means a manager of a limited liability company.

"Member" means a member of a limited liability company.

"Nonlicensee" means a person not licensed as a certified public accountant or a public accountant of any state or possession of the United States or the District of Columbia.

"Owner of a firm" means any person with an equity or equivalent interest in a firm, such as a shareholder with respect to a corporation or a partner with respect to a partnership, or an individual with respect to a sole proprietorship.

"Peer review" means a study, appraisal, or review of one or more aspects of the professional work of a licensee or CPA firm that issues attest or compilation reports, by a person or persons holding licenses and not affiliated with the licensee or CPA firm being reviewed.

"Practice of public accountancy" means the performance or the offering to perform attest services for a client or potential client, by a licensee, registered firm or individual qualifying for practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1). The "practice of public accountancy" also means the performance or the offering to perform by a licensee or individual qualifying for practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1) of one or more of the following: a compilation of a financial statement to be performed in accordance with SSARS, management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

"Practice unit" means any office of a firm registered with the board to engage in the practice of public accountancy in the State of New Jersey.

"Principal place of business" means the office location designated by a licensee for purposes of substantial equivalency and reciprocity.

"Professional" means arising out of or related to the specialized knowledge or skills associated with certified public accountants.

"Report" when used with reference to any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of the attested information or compiled 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. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term "report" includes any form of language which disclaims an opinion when that form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to, or special competence on the part of the person or firm issuing that language, or both; and it includes any other form of language that is conventionally understood to imply that assurance, or that special knowledge or competence, or both.

2. Section 8 of P.L.1997, c.259 (C.45:2B-49) is amended to read as follows:

C.45:2B-49 Application for licensure; requirements.

8. Every applicant for examination for licensure as a certified public accountant shall present to the board a written application on a form to be provided by the board, together with the required fee, and satisfactory proof of the following:

a. (Deleted by amendment, P.L.2019, c.10)

b. That the applicant is of good moral character; and

c. That the applicant has at least 120 semester hours of education, including a baccalaureate or higher degree or its equivalent, from an institution of higher education accredited by a regional accrediting agency recognized by the Commission on Higher Education, except that no applicant shall be issued a license unless he has successfully completed at least 150 hours of education. The educational program shall include a concentration in accounting or its equivalent and related professional courses as determined by regulation of the board.

3. Section 9 of P.L.1997, c.259 (C.45:2B-50) is amended to read as follows:

C.45:2B-50 Examination required for issuance of license.

9. Except as otherwise provided, no person shall be issued a license by the board to practice as a certified public accountant until he has passed all sections of an examination designated by the board with a passing grade of 75 in each section. If the candidate does not

pass all of the sections of the examination at one sitting, he may be reexamined with respect to the sections which he did not pass, under terms and conditions established by the board.

The board may make use of the Uniform Certified Public Accountant Examination, or the Advisor Grading Service of the American Institute of Certified Public Accountants, or any other examination offered by an organization recognized by the board, which the board deems appropriate.

4. Section 6 of P.L.2008, c.45 (C.45:2B-50.1) is amended to read as follows:

C.45:2B-50.1 Standards for individual with principal place of business out-of-State.

6. a. An individual whose principal place of business is not in this State shall be presumed to have qualifications substantially equivalent to this State's requirements for certified public accountants and shall have all the privileges of licensed certified public accountants of this State without the need to obtain a license under P.L.1997, c.259 (C.45:2B-42 et seq.) or to notify the board or pay any fee if that individual:

(1) Holds a valid license as a certified public accountant from any state which 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) and NASBA Uniform Accountancy Act; or

(2) Holds a valid license as a certified public accountant from any state which the 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 the 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. In accordance with the provisions of this section and notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person or by mail, telephone, or electronic means, shall be granted practice privileges in this State and no notice or other submission shall be required of that individual. Such individual shall be subject to the requirements of subsection c. of this section.

c. An individual licensee of another state exercising the privilege afforded by this section and the firm that employs that licensee hereby simultaneously consent, as a condition of exercising that privilege:

(1) To the personal and subject matter jurisdiction and disciplinary authority of the board;

(2) To comply with P.L.1997, c.259 (C.45:2B-42 et seq.) and the regulations promulgated pursuant to that act;

(3) That in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in this State individually and on behalf of a firm; and

(4) To the appointment of the state board or other authority that issued the individual's license as the individual's agent upon which process may be served in any action or proceeding by this State's board against the licensee.

d. An individual who has been granted the practice privilege under this section or who has a license issued pursuant to section 10 of P.L.1997, c.259 (C.45:2B-51), who performs any attest service may only do so through a firm which meets the requirements of subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54).

e. A licensee of this State offering or rendering services or using a title provided in section 21 of P.L.1997, c.259 (C.45:2B-62) in another state shall be subject to disciplinary action in this State for an action committed in another state for which the licensee would be subject to discipline for an act committed in that state. The board shall investigate any complaint made by the board of accountancy or other licensing authority of another state.

f. Any individual who passed the Uniform Certified Public Accountant Examination and holds a valid license issued by any other state prior to January 1, 2012 shall be exempt from the 150 hour education requirement in subsection c. of section 8 of P.L.1997, c.259 (C.45:2B-49).

5. Section 10 of P.L.1997, c.259 (C.45:2B-51) is amended to read as follows:

C.45:2B-51 Requirements for licensure.

10. a. Every applicant for licensure as a certified public accountant, having passed the examination in compliance with the provisions of section 9 of P.L.1997, c.259 (C.45:2B-50), shall provide satisfactory proof to the board that the applicant has had one year of experience providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, all of which was verified by a licensee, and meeting the requirements prescribed by the board pursuant to promulgated regulations. The experience required pursuant to this section is acceptable if it was gained through employment in government, industry, academia, or public practice.

(1) (Deleted by amendment, P.L.2019, c.10)

(2) (Deleted by amendment, P.L.2019, c.10)

b. (Deleted by amendment, P.L.2019, c.10)

6. Section 13 of P.L.1997, c.259 (C.45:2B-54) is amended to read as follows:

C.45:2B-54 Requirements for registration of firm in practice of attest services or public accountancy.

13. a. The board shall only grant or renew registration to a firm engaged in the practice of attest services or public accountancy if that firm meets the requirements provided in this section.

(1) A firm shall register with the board if it:

(a) Has an office in this State engaged in the practice of attest services;

(b) Has an office in this State that uses the title "Certified Public Accountant," "CPA," "Certified Public Accountant firm," or "CPA firm;" or

(c) Does not have an office in this State, but offers or renders attest services, as defined in section 3 of P.L.1997, c.259 (C.45:2B-44), but only if it meets each of the following:

(i) It complies with the qualifications described in subsection b. of this section;

(ii) It complies with the qualifications described in section 26 of P.L.1997, c.259 (C.45:2B-67); and

(iii) It can lawfully offer or render attest services in the state where those individuals with practice privileges have their principal place of business.

(2) A firm that is not subject to the requirements of paragraph (1) of this subsection may perform compilation services and professional services other than attest services while using the title "Certified Public Accountant," "CPA," "Certified Public Account firm," or "CPA firm," without registering with the board only if:

(a) It can lawfully do so in the state where those individuals with practice privileges have their principal place of business; and

(b) It performs those services through an individual with practice privileges under subsection d. of section 6 of P.L.2008, c.45 (C.45:2B-50.1).

(3) (Deleted by amendment, P.L.2019, c.10)

(a) (Deleted by amendment, P.L.2019, c.10)

(b) (Deleted by amendment, P.L.2019, c.10)

(4) (Deleted by amendment, P.L.2019, c.10)

b. A firm seeking to register with the board shall meet the following requirements:

(1) (Deleted by amendment, P.L.2019, c.10);

(2) Notwithstanding any other provision of law to the contrary, a simple majority of the ownership of a firm, in terms of financial interest and voting rights of all partners, officers, shareholders, members, or managers, shall belong to certified public accountants 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. Other than a nonlicensee owner, any partner, officer, shareholder, member, or manager whose principal place of business is in this State shall be a certified public accountant in good standing, and licensed to practice public accountancy in this State; and

(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, a licensee or an individual who qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1) shall be designated as responsible and in charge of all professional matters relating to the practice of accountancy by the registered firm. Each owner of a firm in this State, other than a nonlicensee, personally engaged within this State in the practice of public accountancy shall be a certified public accountant in good standing, and licensed to practice public accountancy in this State, or shall be an individual who qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1).

c. Application for registration of a firm shall be made upon the affidavit of an owner of the firm who is a certified public accountant in good standing and licensed to practice public accountancy in this State or who qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1). The board shall in each case determine whether the applicant is eligible for registration. A firm which is so registered may use the words "certified public accountant" or the abbreviation "CPAs" in connection with its firm name. Notification shall be given to the board within 90 days after admission or withdrawal of an owner licensed and practicing in this State from any firm so registered.

7. Section 14 of P.L.1997, c.259 (C.45:2B-55) is amended to read as follows:

C.45:2B-55 Requirements for registration as firm of public accountants.

14. a. A firm engaged in this State in the practice of attest services and not otherwise registered with the board or exempt from registration under section 13 of P.L.1997, c.259 (C.45:2B-54) shall be required to register with the board as a firm of public accountants. A firm engaged in the practice of public accountancy, but not performing attest services, shall be eligible to register with the board as a firm of public accountants. In either case, the firm shall meet the following requirements:

(1) At least one owner of a firm shall be a public accountant or certified public accountant in good standing, and licensed to practice public accountancy in this State;

(2) Each owner of the firm, other than a nonlicensee, shall be a public accountant or 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 public accountant or certified public accountant in the firm who has ultimate responsibility for each attest engagement. On all firm applications and renewal forms, a licensee shall be designated as responsible and in charge of all professional matters relating to the practice of accountancy by the registered firm. Each owner of a firm in this State, other than a nonlicensee, personally engaged within this State in the practice of public accounting shall be a public accountant or a certified public accountant of this State in good standing and licensed to practice public accountancy in this State.

b. Application for registration of a firm shall be made upon the affidavit of an owner of the firm who is a public accountant or certified public accountant of this State in good standing and licensed to practice public accountancy in this State. The board shall in each case determine whether the applicant is eligible for registration. A firm which is so registered may use the words "public accountant" or the abbreviation "PAs" in connection with its firm name. Notification shall be given to the board within 90 days after admission or withdrawal of an owner licensed and practicing in this State from any firm so registered.

8. Section 16 of P.L.1997, c.259 (C.45:2B-57) is amended to read as follows:

C.45:2B-57 Triennial registration for firm; fee.

16. Each firm established or maintained in this State for the practice of public accountancy by certified public accountants or public accountants shall triennially register with and pay to the board a triennial registration fee.

9. Section 18 of P.L.1997, c.259 (C.45:2B-59) is amended to read as follows:

C.45:2B-59 Revocation of license, registration.

18. a. After notice and an opportunity to be heard, the board may: revoke any license or registration issued under P.L.1997, c.259 (C.45:2B-42 et seq.); suspend any license or registration or refuse to renew any license or registration; reprimand, censure, or limit the scope of practice of any licensee; impose an administrative fine; or place any licensee on probation, for any of the following reasons:

- (1) Fraud, deceit or misrepresentation in obtaining a license or registration;
- (2) Cancellation, revocation, suspension or refusal to renew the authority to engage in the practice of public accountancy in any other state for reasons consistent with this section;
- (3) Failure, on the part of a holder of a license or registration, to maintain compliance with the requirements for issuance or renewal of that license or registration or to report changes to the board in the name or composition of any firm or individual licensed or registered in this State, or a change in the status of a license of a firm licensed in any other jurisdiction;
- (4) Revocation or suspension of the right to practice before any state or federal agency;
- (5) Dishonesty, fraud, gross negligence or repeated acts of negligence in the practice of public accountancy or in the filing or failure to file the licensee's or registrant's own income tax returns;
- (6) Violation of any provision of this act or regulation promulgated by the board under P.L.1997, c.259 (C.45:2B-42 et seq.);
- (7) Violation of any rule of professional conduct promulgated by the board under P.L.1997, c.259 (C.45:2B-42 et seq.);
- (8) Conviction of a crime, an element of which is dishonesty or fraud, under the laws of the United States, of this State, or any other state, if the acts involved would have constituted a crime of the first, second, third or fourth degree under the laws of this State;

(9) Performance of any fraudulent act while holding a license or registration issued under P.L.1997, c.259 (C.45:2B-42 et seq.), or prior laws regulating accountants in this State;

(10) Any conduct reflecting adversely upon the licensee's fitness to engage in the practice of public accountancy;

(11) If the licensee is incapable for medical or any other good cause of discharging the functions of a licensee in the manner consistent with the public's health, safety and welfare; or

(12) The failure of an individual or a firm to have all the qualifications prescribed by any provision of P.L.1997, c.259 (C.45:2B-42 et seq.) under which the individual or firm qualified for registration or licensing.

b. The board may impose any other disciplinary sanction or civil penalties pursuant to the provisions of P.L.1978, c.73 (C.45:1-14 et seq.).

c. In lieu of or in addition to any remedy provided in subsection a. or b. of this section, the board may require of a licensee or registrant:

(1) A peer review conducted in a manner as specified by the board in accordance with the provisions of section 26 of P.L.1997, c.259 (C.45:2B-67).

(2) Satisfactory completion of continuing professional education programs required by the board pursuant to the provisions of section 27 or 30 of P.L.1997, c.259 (C.45:2B-68 or C.45:2B-71).

(3) Appropriate community service as the board may require.

d. In any proceeding in which a remedy provided by subsection a., b. or c. of this section is imposed, the board may also require the respondent licensee or registrant to pay the cost of the proceeding.

10. Section 19 of P.L.1997, c.259 (C.45:2B-60) is amended to read as follows:

C.45:2B-60 Modification of suspension, reissuance of license, registration.

19. a. In any case where the board has suspended or revoked a license or registration or refused to renew a license or registration, the board may, upon application in writing by the person or firm affected and for good cause shown, modify the suspension, or reissue the license or registration.

b. The board shall prescribe the manner in which such an application shall be made, the time within which it shall be made, and the circumstances in which hearings or applications will be held.

c. Before reissuing, or terminating the suspension of a license or registration under this section, and as a condition of reissuance or termination of suspension, the board may require the applicant to show successful completion of the continuing professional education requirements of P.L.1997, c.259 (C.45:2B-42 et seq.); and the board may make the reinstatement of a license or registration conditional and subject to satisfactory completion of a peer review conducted in a manner required by the board.

11. Section 21 of P.L.1997, c.259 (C.45:2B-62) is amended to read as follows:

C.45:2B-62 Use of title, designation requires licensure, registration; exceptions.

21. a. No person shall use or assume the title or designation "certified public accountant," or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant unless that person holds a current license as a certified public accountant under P.L.1997, c.259

(C.45:2B-42 et seq.) or qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1).

b. No firm shall use or assume the title or designation "certified public accountant," or the abbreviation "CPA," unless otherwise provided for by law, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants, unless the firm holds a current registration issued under P.L.1997, c.259 (C.45:2B-42 et seq.) or is exempt from registration under section 13 of P.L.1997, c.259 (C.45:2B-54).

c. No person shall use or assume the title or designation "public accountant," or the abbreviation "PA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a public accountant unless that person holds a current license as a public accountant under P.L.1997, c.259 (C.45:2B-42 et seq.).

d. No firm shall use or assume the title or designation "public accountant," or the abbreviation "PA," unless otherwise provided for by law, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of public accountants, unless the firm holds a current registration issued under P.L.1997, c.259 (C.45:2B-42 et seq.).

e. No person or firm shall use or assume the title or designation "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," or any other title or designation likely to be confused with the titles "certified public accountant" or "public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," or similar abbreviations likely to be confused with the abbreviations "CPA" or "PA," unless that person or firm holds a current license or registration issued under P.L.1997, c.259 (C.45:2B-42 et seq.), qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1), or is exempt from registration under section 13 of P.L.1997, c.259 (C.45:2B-54).

f. No person or firm shall use or assume the title "enrolled agent" or "EA," unless so designated by the Internal Revenue Service.

g. No person or firm shall use or assume any title or designation that includes the words "accountant," "auditor," or "accounting" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant or auditor, unless that person or firm holds a current license or registration issued under P.L.1997, c.259 (C.45:2B-42 et seq.), qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1), or is exempt from registration under section 13 of P.L.1997, c.259 (C.45:2B-54), except that this subsection shall not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of that firm or organization with any wording designating the positions, title, or office that the person holds in the firm or organization, nor shall this subsection prohibit any act of a public official or employee in the performance of the person's duties.

h. No person holding a license or firm holding a registration under P.L.1997, c.259 (C.45:2B-42 et seq.) shall use a professional or firm name or designation that is misleading with regard to the form in which the firm is organized, or about the persons who are partners, officers, members, managers or shareholders of the firm, or about any other matter, except that names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

i. The provisions of this section shall not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country, entitling the holder thereof to engage in the practice of public accountancy or its equivalent in that country,

whose activities in this State are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds that entitlement, so long as that person or firm issues no reports with respect to the financial statements of any other persons, firms, or governmental units in this State, and does not use in this State any titles or designation other than the one under which the person practices in the foreign country, followed by a translation of that title or designation into the English language, if it is in a different language, and by the name of that country.

j. A financial services corporation, the voting stock of which is traded on a recognized exchange or over-the-counter, may use the truthful fact in advertising that the firm employs certified public accountants.

k. Notwithstanding any other provision of this section, it shall not be a violation of P.L.1997, c.259 (C.45:2B-42 et seq.) for a firm that has not registered with the board and that does not have an office in this State to use the title “CPA” or “Certified Public Accountants” as part of the firm’s name and to provide professional services in this State, and licensees and individuals with practice privileges may provide services on behalf of that firm so long as it complies with paragraph (1) or paragraph (2) of subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54), whichever is applicable. An individual or firm authorized under the provisions of P.L.1997, c.259 (C.45:2B-42 et seq.) to use practice privileges in this State shall comply with the requirements otherwise applicable to licensees under P.L.1997, c.259 (C.45:2B-42 et seq.).

12. Section 24 of P.L.1997, c.259 (C.45:2B-65) is amended to read as follows:

C.45:2B-65 Disclosure of client information.

24. Except by permission of the client engaging a licensee or firm under P.L.1997, c.259 (C.45:2B-42 et seq.), or the heirs, successors, or personal representatives of that client, no licensee or partner, officer, member, manager, shareholder, or employee of a licensee or firm shall disclose information communicated to the licensee or firm by the client relating to and in connection with services rendered to the client by the licensee or firm in the practice of public accountancy. Such information shall be deemed confidential; except that nothing herein shall be construed as prohibiting the disclosure of information required to be disclosed by the standards of the public accounting profession in reporting on the examination of financial statements or as prohibiting compliance with applicable laws, regulations or Public Company Accounting Oversight Board requirements, or as prohibiting disclosures in court proceedings, investigations or proceedings under P.L.1997, c.259 (C.45:2B-42 et seq.), in ethical investigations conducted by private professional organizations, or in the course of peer reviews.

13. Section 25 of P.L.1997, c.259 (C.45:2B-66) is amended to read as follows:

C.45:2B-66 Disposition of records.

25. a. All statements, records, schedules, working papers, memoranda or other records made by a licensee or a partner, shareholder, officer, director, member, manager or employee of a licensee or firm, incident to, or in the course of, rendering services to a client in the practice of public accountancy, except the reports submitted by the licensee or firm to the client and except for records that are part of the client's records, shall be and remain the property of the licensee or firm, unless there is an express agreement between the licensee or firm and the client to the contrary. No such statement, record, schedule, working paper, or memorandum shall be sold, transferred, or bequeathed, without the consent of the client or

the client's designated representative or assignee, to anyone other than one or more surviving partners, shareholders, members or new partners, new shareholders, or new members of the licensee or firm, or any combined or merged firm or successor in interest to the licensee or firm. Nothing in this section shall prohibit any temporary transfer of working papers or other material necessary in the course of carrying out peer reviews or as otherwise interfering with the disclosure of information pursuant to P.L.1997, c.259 (C.45:2B-42 et seq.).

b. A licensee shall furnish to a client or former client, upon request and reasonable notice:

(1) A copy of the licensee's working papers or other records, to the extent that these would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(2) Any accounting or other records belonging to the client, or obtained from or on behalf of the client, that the licensee or firm removed from the client's premises or received for the client's account. The licensee or firm may make and retain copies of such documents of the client when they form the basis for work done by the licensee or firm.

c. Nothing contained in this section shall require a licensee or firm to keep any working papers beyond the period prescribed in any other applicable statute.

14. Section 26 of P.L.1997, c.259 (C.45:2B-67) is amended to read as follows:

C.45:2B-67 Quality Enhancement Program.

26. a. The board may adopt regulations establishing a Peer Review Program for the review of audits, reviews, compilations or other reports issued by licensees or firms engaged in the practice of public accountancy in this State to determine whether the reports comply with accepted accounting and auditing standards.

b. Each licensee or firm may be required to submit copies of audits, reviews, compilations or other reports as required by the board.

c. The Peer Review Program established under this section may include procedures for review of the reports submitted and for follow-up reviews and remedial and other actions to be taken in cases of reports which are deficient or in some other manner are not in compliance with applicable accounting and auditing standards. The board may exempt firms which have reports reviewed under a program conducted by other states or other public or private entities which the board finds to be equal to or to exceed the Peer Review Program established under P.L.1997, c.259 (C.45:2B-42 et seq.).

15. Section 27 of P.L.1997, c.259 (C.45:2B-68) is amended to read as follows:

C.45:2B-68 Continuing professional education required for license renewal; orientation, certain.

27. a. The board shall, as a condition for triennial license renewal, require any person licensed as a "certified public accountant," or "public accountant," to complete 120 credits of continuing professional education during the immediately preceding triennial period of licensure.

b. The board may, in its discretion, waive requirements for continuing professional education on an individual basis for hardship reasons such as health, military service, or other due cause and may establish a policy for the continuing education requirements for inactive or retired accountants who remain certified or registered.

c. The board shall not require completion of continuing education credits as a condition for triennial licensure for the initial renewal of licensure, however, any person licensed as a

"certified public accountant" shall, within six months prior to initial licensure, or within the first six months following initial licensure, complete an orientation course in topics identified by the board, and conducted by any organization recognized by the board as provided in subsection d. of this section.

d. The board shall:

(1) establish standards for continuing professional education, including the subject matter, contents of courses of study, and the number of credits required;

(2) accredit educational programs and sponsors of educational programs offering credit towards the continuing professional education requirements; and

(3) accredit other equivalent educational programs, such as teaching, conferences, professional seminars, technical reviews, courses with non-hourly attendance, including home study courses, and shall establish procedures for the issuance of credit upon satisfactory proof of the completion of these programs.

e. A non-resident licensee seeking renewal of a license shall be determined to have met the continuing professional education renewal requirement under subsection a. of this section by meeting the continuing professional education requirement for renewal of a certificate in the state in which the licensee's principal place of business is located. Non-resident licensees shall demonstrate compliance with the continuing professional education renewal requirements of the state in which the licensee's principal place of business is located by signing a statement verifying the compliance on the renewal application of this State. If a non-resident licensee's principal place of business is located in a state that has no continuing professional education requirements for renewal of a license, then the non-resident licensee must comply with all continuing professional education requirements for renewal of a license under P.L.1997, c.259 (C.45:2B-42 et seq.).

16. This act shall take effect immediately.

Approved January 31, 2019.