



NEVADA STATE BOARD OF ACCOUNTANCY

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November 26, 2024

Dan Vuckovich, CPA, Chair, NASBA UAA Committee
National Association of State Boards of Accountancy
150 Fourth Avenue North, Suite 700

Thomas Neill, CPA, Chair, AICPA UAA Committee
American Institute of CPAs
1345 6th Avenue 27th Floor
New York NY 10105

Dear Chairs Vuckovich and Neill:

*Re: AICPA/NASBA Exposure Draft to the Uniform Accountancy Act and
AICPA/NASBA Exposure Draft on CPA Competency-Based Experience Pathway*

The Nevada State Board of Accountancy reviewed the exposure drafts and discussed the various proposed concepts during its meetings on November 13 and November 26, 2024.

In the initial response to the PLTF Equivalent License Model quick poll, the Board expressed support for exploring a new licensure pathway and added the following comment:

The Board believes that continued effort to address the pipeline is necessary. Concepts along with open dialogue that help candidates reach the various requirements are also important. The Board did note that saying Yes to the exposure means the task force should continue their efforts. But more information would be needed before the Board would feel comfortable making changes to their requirements.

The Board expected that various models would be considered rather than a single pathway that has evolved and been presented to date. While recognizing extensive work has gone into the various iterations of the model, the Board believes that further work and discussions are needed, including open discussion on models currently being developed by other State Boards of Accountancy.

Below is a summary of the Board's thoughts and concerns regarding the Uniform Accountancy Act proposed language and the competency-based pathway exposure drafts:

Competency Based Experience Pathway - UAA Section 5

- The Nevada Board does not support the delegation to develop the competency framework to a “national accounting organization”. Nor would the Nevada Board abdicate its statutory authority to a membership organization or other “national accounting organization”.
- Given that NASBA does not have regulatory authority, it is not appropriate to reference NQAS as an authoritative body equivalent to that of a State Board. While NASBA provides services to its member boards, it is not appropriate to list those services in the model language. In addition, referencing NQAS for determinations of substantial equivalency leads to further subjectivity and should remain within the authority of each State Board.
- The concept of 1+1 experience seems to discredit the current one-year experience requirement while adding emphasis on the additional year of experience as proposed. The Board does not agree with the separation of the year(s) being split between competency based and other requirements. All states should consider incorporating some form of competencies or tasks throughout the entire experience period, as separating these concepts during the period is confusing to both the candidate and employer. The Board recommends that these requirements be integrated throughout the entire experience period.
- The competency-based model does not justify why competencies are only required for individuals that have not obtained the 150 hours of education.
- There is a lack of clear criteria for assessing competencies which could lead to inconsistent evaluations.
- There is a lack of direct knowledge or sufficient supervision of the candidates experience using an evaluator rather than an employee of the firm/company actively engaged in the practice of public accounting. Evaluators should only certify competencies they directly supervise. Safeguards should be in place to prevent abuse such as candidates using paid services to certify their competencies.
- There are inconsistencies between certain requirements of an evaluator for the competency-based portion of experience, but these same requirements are not in place for the regular accounting portion of the experience requirement.
- The current requirement of direct supervision and general experience verification by a CPA supervisor actively engaged in the practice of public accounting should remain the standard.

Substantial Equivalency & Mobility - UAA Section 23

- The draft preserves mobility for CPAs licensed under the 150 hour requirement or prior to its adoption but fails to extend similar protections to newer entrants unless they are from a substantially equivalent state. There are many states that are moving toward a baccalaureate degree, accounting concentration, two years of experience, and passage of the CPA exam. Under the proposed language this pathway would not be considered substantially equivalent even though many current licensees who obtained their CPA license before the 150 hour requirement used a similar pathway. The inconsistency raises equity concerns that must be addressed.
- The Board believes the best way to address mobility is to develop language similar to that in Alabama, Nevada, Nebraska and North Carolina. There has been strong opposition from NASBA regarding this approach. Yet, these States that have this model for mobility have not had any issues since implementation in 2009.
- Discounting these 4 states and drafting language with the intent that a rogue Board “might” draft legislation that differs from the model is not in the spirit of how this profession historically has addressed uniformity.
- While substantial equivalency is important for consideration in obtaining a license through reciprocity, there is a significant distinction between reciprocity and mobility in Nevada’s statutes. This licensing distinction seems to be blurred in AICPA/NASBA’s exposure drafts and presentations.
- Reciprocity is for an individual who has obtained a license in one state and is seeking to obtain an actual CPA license in another state. These licenses are generally issued because the applicant will have residency in the new state. Substantial equivalency and further review of the credentials is appropriate under this type of scenario.
- Mobility is for cross border practice where the individual or firm does not have a physical location within the other state. The responsibility for issuing and maintaining the CPA license is with the home jurisdiction. In Nevada, the practice privilege does not allow a CPA to practice with an office in Nevada or to solicit clients in Nevada. Mobility was to allow consumers the option to use their CPA from state to state for specific engagements for the client and not to permit unlimited cross border practice to avoid state licensing requirements.
- The Board supports mobility where a CPA is recognized as a CPA regardless of the manner in which the candidate obtained their license from their home state. Under principles of comity, the Board trusts the decisions for licensure made by the other state are suitable for the profession while ensuring public protection is in place. The Board prefers its current practice of identifying individuals that are licensed as a CPA versus how they obtained the CPA license.

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- As previously mentioned, NASBA and NQAS are not regulatory agencies and relying on these entities to determine whether licensing jurisdictions or individual CPAs qualify for substantial equivalency is not appropriate. In addition, it also seems to contradict NASBA's published arguments against what has been deemed automatic mobility.
- The Board opposes the use of the Accountancy Licensee Database maintained by NASBA to track the tagging of individuals into different classes based on how and when the individual obtained their license. The Boards should trust and rely on the decisions of their peer regulators.

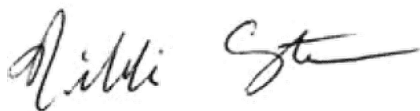
Due to the concerns we have expressed, the Nevada Board believes both of these issues should be sent back to the joint UAA Committee for additional review and modification. We firmly believe that consideration should be given to the State Boards that are currently introducing legislation that changes the requirements for licensure. It is imperative that the process for reviewing comments be transparent and the final changes to the UAA reflect stakeholder input.

Based on other comments it has reviewed, the Board is also concerned with how the exposure drafts appear to have been drafted and presented outside the normal committee process based on the AICPAs and NASBAs leadership predetermined approach to the issues. Clearly this approach has created significant concerns and unease with State Regulatory Accounting Boards and State Societies in part because the AICPA and NASBA do not license CPAs under any state regulatory authority. The process in releasing these exposure drafts appears to have deviated from the normal process for these types of proposals. The Board requests the NASBA Board of Directors look into how this scenario occurred and report back to the State Regulatory Accounting Boards.

We sincerely hope NASBA, the AICPA, and the State Boards of Accountancy can work together to develop acceptable language to the State Boards of Accountancy for pathway experience and mobility.

If you have any questions regarding the above, please do not hesitate to contact the undersigned.

Sincerely,



Kristina "Nikki" Etherington, CPA
Board President

cc: State Boards of Accountancy
NASBA Leadership & Board of Directors
AICPA Leadership & Board of Directors