

NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY

Alternative Practice Structure/ Guidelines

Summary

Per the following guidelines, it is permissible for individual CPAs and CPA firms to associate with non-CPA firms that provide accounting, insurance, wealth management and other services. As referenced within the AICPA Code of Professional Conduct, this type of practice is known as an Alternative Practice Structure (APS) as it is not the traditional structure of a sole CPA firm. Nebraska Rules of Professional Conduct under NAC Title 288 Chapter 5.003 requires a CPA to offer CPA services only through a licensed CPA firm. The Board thus provides the below guidelines for those seeking to provide services under an APS.

An individual CPA cannot hold out, offer, or provide CPA professional services within a non-CPA firm as this would be in violation of NAC Title 288/ Chapter 5.003. It could also confuse the public on how professional CPA services are being offered.

It is the policy of the Board to interpret its regulations whenever possible not to impact small business or impair the ability to provide accounting services to the citizens of Nebraska. It is the goal of the Board that this guidance will assist those CPAs with the intent to work within and/or provide professional services while associating and/or working within a non-CPA firm.

Relevant Regulations:

Ch. 3.001.20 “Practice of public accountancy” shall mean the performance or offering to perform by a person holding himself out to the public as a permit holder, for a client or potential client, of one or more kinds of services involving:

001.20A the use of accounting or auditing skills, including the issuance of reports on financial statements which state or imply any level of assurance as to the reliability of any financial statements associated with such assurances;

001.20B management, advisory, financial, or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

Ch. 5. 007.03 Form of Practice and Name. A licensee may practice public accountancy, whether as an owner or employee, only in the form of a proprietorship, a partnership, a professional corporation, a limited liability company or any other permissible form of practice...

APS Guidelines:

- A CPA providing tax services may register as another type of agent with the IRS, such as an Enrolled Agent, paid tax preparer, etc. to be able to provide tax services within the APS/non-CPA firm. In this case, the CPA cannot hold out, offer or provide CPA professional services within the APS/non-CPA firm, but can sign the tax returns as their designated agent with the IRS (EA, paid tax preparer).

- A CPA licensed as a sole proprietor or as a licensed CPA firm may hold out, offer, and provide professional services within an APS (a non-CPA firm) with the following guidance:
 - Any engagement letters provided to clients should clarify the professional CPA services are being provided by the CPA under their sole proprietorship or CPA firm.
 - Within any advertising, including website design by the Non-CPA firm, it must be clear the CPA provides professional CPA services within their sole proprietorship or CPA firm.
 - CPAs can use the non-CPA firm's Letterhead, business cards, etc., however would need to state somewhere that professional CPA services are being provided through the sole proprietorship or CPA firm. As one example, this could be through a disclaimer or asterisk under the CPA's name.

- CPAs working within an APS may sign off on experience hours earned by the staff they supervise. Per PAA 1-136.02(1)(a) and (b), the necessary experience requirement for initial licensure will depend on who employs the CPA supervisor and staff member.
 - If the licensed sole proprietorship or CPA firm employs both, the experience requirement will be at least 4,000 hours earned in at least 2 years.
 - If the APS (non-CPA firm) employs both, the experience requirement will be at least 6,000 hours in at least 3 years.
 - If the staff member is employed by the APS (non-CPA firm), the CPA supervisor must also be employed by the APS to be able to sign off on the experience hours earned.