

**Notice of Rulemaking Comment Period
and
Policy-Making Hearing**

June 12, 2017

Notice is hereby given that the Nebraska Board of Public Accountancy will hold a policy-making hearing on **Friday, July 14, 2017 at 8:30am at the Board Office, 1526 K Street, Hearing Room 4D, Lincoln, Nebraska**. The purpose of this hearing is to receive public testimony on amendments to rules promulgated by the Board of Public Accountancy to address changes to the Uniform CPA Examination, review of license applications, and to education requirements to sit for the examination. The subject matter and purpose of the rule making action is:

Proposed changes to the NAC Title 288 include:

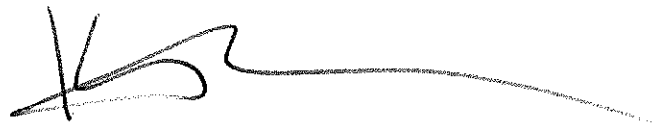
- *Chapter 9 - Upon recommendation by the Board's Education Advisory Committee (EAC), remove the review of some college coursework related to the 150-hour education requirement to sit for the Uniform CPA Examination. Remove restrictions to allow some "post-secondary" education from accredited two-year institutions to count towards education requirements upon completion of a four-year degree.*
- *Chapter 13 - A date update to apply national peer review standards.*

The rule-making hearing is being conducted by virtue of the provisions of Nebraska Revised Statutes, Section 84-907, R.R.S. which provisions require that copies of the proposed rule or rule change are available for public examination at the office of the Board of Public Accountancy, 1526 Building, 1526 K Street, Suite 410, Lincoln, Nebraska 68508, (402) 471-3595, and at the office of the Secretary of State, Capitol Building, Lincoln, Nebraska. A complete statement on the fiscal impact of the proposed rules may be examined at the office of the Board of Public Accountancy at 1526 Building, 1526 K Street, Suite 410 Lincoln, Nebraska.

All interested persons are invited to attend and testify at the hearing. Interested persons may also submit written comments prior to the hearing, which comments will be made a part of the hearing record at the time of the hearing. Anyone needing reasonable accommodations to review the drafts or participate in this process, please contact the Board office at (402) 471-3595 or within Nebraska at 1-800-564-6111 or by emailing to Dan.Sweetwood@Nebraska.gov.

Sincerely,


Dan Sweetwood
Executive Director


Kristen VanWinkle
Administrator

Statement to the Governor and Explanatory Statement:

The Nebraska State Board of Public Accountancy held a public hearing 8:30am, Friday, July 14, 2017 at the Board Offices, 1526 K Street, Hearing Room 4D, Lincoln, NE to receive public comment relative to proposed rule changes within Board Rules & Regulations Title 288/ CHAPTER 9 -EDUCATION.

Information on the proposed amendments as required by law:

CHAPTER 9 - EDUCATION

Description of the proposed rule or regulation and the entities it will impact:

A change to Title 288 Chapter 9 is proposed based on the Education Advisory Committee's (EAC) recommendation to the Nebraska Board of Public Accountancy. The Education Advisory Committee is referenced within the Public Accountancy Act in section 1-113.

The recommended change:

Revising language in Chapter 9 004.04. The EAC determined that at least 12 hours of electives earned at a two- year institution should count towards the Public Accountancy Act (PAA) 1-116 after a candidate has earned a four-year degree.

The proposed amendments would not impact current Certified Public Accountants (CPA) and/or members of the public. The revisions would reduce the burden on prospective CPA candidates and transcript review by the Board or the third party provider.

An explanation of the necessity of the proposed rule or regulation, including the identification of the authorizing statute or legislative bill:

The revision of the language in Chapter 9 004.04, is less restrictive than the previous version. The revision more closely agrees with the language in the PAA 1-116 in allowing postsecondary education to count toward 150 hours of education. Chapter 9 004.02 subject area specificity remains intact to prepare applicants for the CPA Exam.

Authorizing Statutes within the Nebraska Public Accountancy Act (PAA) include:

PAA 1-112: The board may adopt and promulgate rules and regulations of professional conduct appropriate to establish and maintain a high standard of integrity and dignity in the profession of public accountancy and to govern the administration and enforcement of the Public Accountancy Act. The rules and regulations shall be adopted and promulgated pursuant to the Administrative Procedures Act.

PAA 1-113. Advisory committee; membership.

(1) The board shall appoint an advisory committee consisting of at least seven members. A majority of the members shall be appointed as representatives of the

postsecondary educational institutions of Nebraska engaged in the instruction of accounting and auditing, including the University of Nebraska, the Nebraska state colleges, and private universities and colleges. One member of the advisory committee shall be a certified public accountant who is a member of the board.

(2) The advisory committee shall meet at least annually and shall advise the board upon the rules and regulations for section 1-116 relating to educational requirements. The board may also consult the advisory committee on any other issues which it deems appropriate.

Source: Laws 1991, LB 75, § 2; Laws 1997, LB 114, § 11.

A statement that the proposed rule or regulation is consistent with legislative intent:

The Board's intent is to clarify rules for use by regulated persons and the public by lessening the burden for prospective CPA candidates.

A statement indicating whether the proposed rule or regulation is the result of a state mandate on a local governmental subdivision and if the mandate is funded:

The Board's proposed amendments within Chapter 9 Title 288 are not the result of a state mandate.

A statement indicating whether the proposed rule or regulation is the result of a federal mandate on state government or on a local government subdivision and if the mandate is funded:

The Board's proposed amendments within Chapter 9 Title 288 are not the result of a federal mandate.

A description, including an estimated qualification, of the fiscal impact on state agencies, political subdivisions, and regulated persons:

See attached Fiscal Impact Statement. There will be no fiscal impact on regulated persons.

A statement that the agency will solicit public comment on the proposed rule or regulation before the public hearing and a statement indicating whether or not the agency has utilized the negotiated rulemaking process as provided for in the Negotiated Rulemaking Act with respect to the proposed rule or regulation:

See attached published Notice of Rulemaking Comment Period and Policy Making Hearing.

The Board has worked closely with members of the Education Advisory Committee (EAC) in the research, development, and draft of the proposed rules.

Fiscal Impact Statement

Agency: Nebraska Board of Public Accountancy
Prepared By: Dan Sweetwood, Executive Director
Date Prepared: June 5, 2017
Telephone Number: (402) 471-3595

Title: 288 Chapter 9
Subject: EDUCATION

Type of Fiscal Impact:

	<u>NBPA</u>	<u>Political Sub.</u>	<u>Regulated Public</u>
Fiscal Impact	X	X	X
Increased Costs	X	X	X
Decreased Costs	X	X	X
Increased Revenue	X	X	X
Decreased Revenue	X	X	X
Indeterminable			

~ - Fiscal Impact

X- None

* estimated/ possible

Provide an Estimated Cost & Description of Impact:

NBPA/State Agency:

No impact.

Political Subdivisions:

No impact.

Regulated Public:

No impact.

004.02 Eligibility. The candidate will be required, as a condition of acceptance for sitting for the first time for the Uniform CPA Examination, to provide the Board or its designee with an official transcript or transcripts that show his or her postsecondary education program has included, as follows:

004.02A 30 semester or 45 quarter hours in accounting beyond principles of accounting. The subjects to be covered in these hours shall include, at a minimum:

- (1) Financial accounting theory and problems
- (2) Cost and managerial accounting
- (3) Tax preparation and planning
- (4) Auditing
- (5) Accounting Information systems
- (6) Governmental and not-for-profit accounting.

004.02B 36 semester or 54 quarter hours in general business. The subjects to be covered in these hours shall include, at a minimum:

- (1) Macroeconomics
- (2) Microeconomics
- (3) Business law
- (4) Marketing
- (5) Management
- (6) Finance
- (7) Business Communication
- (8) Business Ethics
- (9) Quantitative applications in business
- (10) Principles of accounting

004.02C 60 semester or 90 quarter hours in general education. The subjects to be covered in these hours shall include, at a minimum:

- (1) Oral and written communication skills
- (2) Mathematics
- (3) Arts, natural sciences, social sciences and humanities
- (4) Statistics

004.02D The remaining 24 semester or 36 quarter hours would be in electives.

004.03 Any person making initial application to take the Uniform CPA examination shall be deemed to have met the educational requirement contained in the law and these rules if the applicant has earned a graduate degree in accounting from an accounting program or department that is accredited in accounting by an accrediting agency recognized by the Board.

004.04 Review of Transcripts; Appropriate level of coursework; transfer hours. For purposes of meeting the educational requirements, an applicant's official transcript or transcripts shall be reviewed by the Board or its designee to determine if the applicant's educational program complies with the requirements of the law and these rules. In reviewing the transcript or transcripts, hours in courses which have contained the required subjects listed in 9-004.02A, B, and C ~~and D~~ which have been earned at a non-four year institution and are transferred to a four year institution shall ~~not~~ be considered as acceptable in meeting the educational requirements. ~~unless those hours have been~~

~~accepted for purposes of a degree by a four year college or university, as defined in Title 288 Chapter 9-001 and 9-002.~~

004.04A A maximum of 12 semester or 18 quarter hours of electives required under 9-004-02D can be earned at a two year institution after a four year degree has been granted. Any elective hours included on the four year degree transcript are not subject to the 12 semester or 18 quarter hour maximum rule.

004.05 Reciprocal Certificates. An applicant for a reciprocal certificate shall be deemed to have met the requirements of Nebraska Revised Statutes, Section 1- 106, et. seq. if he or she meets the following conditions:

004.05A Holds a current and unrevoked certificate then in full force and effect in any state; and

004.05B Has a postsecondary education which is substantially equivalent to the requirements contained in Nebraska Revised Statutes, Section 1-106, et. seq. The Board or its designee shall determine, based upon information provided by the applicant for a reciprocal certificate, if the applicant has education which is substantially equivalent to the requirements contained in Nebraska Revised Statutes.

004.06 Application procedures. Any person making initial application to take the Uniform CPA Examination shall be required to submit an official transcript or transcripts showing that the applicant has satisfied the educational requirements as prescribed in these rules. The Board or its designee shall determine whether the applicant is eligible to sit for the Uniform CPA Examination. If the Board or its designee cannot readily determine that an applicant has satisfied the educational requirements as prescribed in these rules, notification shall be made to the applicant. The burden of showing that the applicant's educational records contain compliance with the educational requirements contained in these rules shall rest solely with the applicant.

Statutory Authority: Section 1-113 R.R.S. 1943

1
2 **Statement to the Governor and Explanatory Statement:**

3
4 **The Nebraska State Board of Public Accountancy held a public hearing**
5 **8:30am, Friday, July 14, 2017 at the Board Offices, 1526 K Street, Hearing**
6 **Room 4D, Lincoln, Nebraska to receive public comment relative to proposed**
7 **rule changes within Board Rules & Regulations Title 288 Chapter 13- Peer**
8 **Review.**

9
10 **Information on the proposed amendments as required by law:**
11 **New Chapter 13 Peer Review Requirement:**

12
13 **Description of the proposed rule or regulation and the entities it will impact:**

14
15 Chapter 13 was adopted in 2015 to require Nebraska CPA firms performing attest work to
16 participate within an approved national peer review program. A date sensitive rule within section
17 004.08 needs updating to reflect current standards promulgated by the American Institute of
18 CPAs (AICPA).

19
20 **An explanation of the necessity of the proposed rule or regulation, including the identification**
21 **of the authorizing statute or legislative bill:**

22
23 So CPA's have the most up to date standards for guidance to determine if they need to
24 participate within the peer review program.

25
26 **Authorizing Statutes within the Nebraska Public Accountancy Act (PAA) include:**

27
28 PAA 1-112: The board may adopt and promulgate rules and regulations of professional conduct
29 appropriate to establish and maintain a high standard of integrity and dignity in the profession of
30 public accountancy and to govern the administration and enforcement of the Public Accountancy
31 Act. The rules and regulations shall be adopted and promulgated pursuant to the Administrative
32 Procedures Act.

33
34 **A statement that the proposed rule or regulation is consistent with legislative intent:**

35
36 The change is consistent with legislative intent.

1
2 **A statement indicating whether the proposed rule or regulation is the result of a state mandate**
3 **on a local governmental subdivision and if the mandate is funded:**

4
5 The Board’s proposed amendments within new Chapter 13 Title 288 are not the result of a state
6 mandate.

7
8 **A statement indicating whether the proposed rule or regulation is the result of a federal**
9 **mandate on state government or on a local government subdivision and if the mandate is**
10 **funded:**

11
12 The Board’s proposed amendments within Chapter 13 Title 288 are not the result of a federal
13 mandate.

14
15 **A description, including an estimated qualification, of the fiscal impact on state agencies,**
16 **political subdivisions, and regulated persons:**

17
18 See attached Fiscal Impact Statement.

19
20 **A statement that the agency will solicit public comment on the proposed rule or regulation**
21 **before the public hearing and a statement indicating whether or not the agency has utilized**
22 **the negotiated rulemaking process as provided for in the Negotiated Rulemaking Act with**
23 **respect to the proposed rule or regulation:**

24
25 See attached published Notice of Rulemaking Comment Period and Policy Making Hearing.

26
27 In 2015 the Board worked closely with representatives from the Nebraska Society of CPA’s and
28 Nebraska Independent Accountants Association in the research, development, and draft of the
29 proposed Chapter 13 regulations. The Board created a QEP Task Force consisting of the Board’s
30 QEP Committee, Society leadership, longtime CPA reviewers for the QEP program to review,
31 comment, and provide suggested changes to the Board’s proposals. The Board over the last four
32 years has solicited feedback in several avenues including email blasts and letters to CPA firms
33 and open forums held by the Nebraska Society of CPAs to discuss the proposed changes.

1 **Fiscal Impact Statement**

2
3 **Agency: Nebraska Board of Public Accountancy**
4 **Prepared By: Dan Sweetwood, Executive Director**
5 **Date Prepared: June 2, 2017**
6 **Telephone Number: (402) 471-3595**

7
8 **Title: 288/ (new) Chapter 13**
9 **Subject: Peer Review**

10
11 **Type of Fiscal Impact:**

	<u>NBPA</u>	<u>Political Sub.</u>	<u>Regulated Public</u>
14 Fiscal Impact	X	X	X
15 Increased Costs	X	X	X
16 Decreased Costs	X	X	X
17 Increased Revenue	X	X	X
18 Decreased Revenue	X	X	X
19 Indeterminable			

20
21 ~ - Fiscal Impact
22 X- None
23 * estimated/ possible
24
25

26 **Provide an Estimated Cost & Description of Impact:**

27
28
29 **NBPA/State Agency:**

30
31 No Impact
32

33 **Political Subdivisions:**

34
35 No Impact
36

37 **Regulated Public:**

38
39 No Impact
40
41
42
43
44

Practice units that obtain initial licensure after the effective date of Chapter 13 will be required to enroll in a Board-approved peer review program within 30 days of the issuance of a report which is subject to peer review.

004.05 Practice units enrolled in a Board-approved peer review program shall schedule, undergo and complete its subsequent peer reviews in compliance with the sponsoring organizations' peer review standards and related guidance. Ordinarily, subsequent peer reviews shall be performed such that the peer review has taken place and all peer review materials are submitted to the sponsoring organization within three years and six months from the peer review year end of the previous peer review.

004.06 The practice unit shall not be required to become a member of any organization administering a board-approved peer review program.

004.07 Practice Units Registered with the Public Company Accounting Oversight Board.

004.07A Practice units receiving inspections under the PCAOB are required to undergo a peer review under a Board-approved peer review program that covers the portion of the practice unit's professional work not subject to the Public Company Accounting Oversight Board (PCAOB) inspection process; and

004.07B However, for practice units required to be registered with and inspected by the PCAOB, the PRC may exempt the practice unit from the Board's peer review program only if all of the practice unit's professional work is subject to the PCAOB inspection process.

004.08 Practice Units Performing Preparation Engagement. A practice unit that only performs preparation engagements as defined under AICPA Statements on Standards for Accounting and Review Services (SSARS), as of July 14, 2017 ~~October 15, 2015~~, is not subject to peer review.

004.09 Submission of Documents by Practice Units.

004.09A Practice units required to participate in peer review shall submit to the Board the following documents, as applicable:

1. Peer review report which has been accepted by the sponsoring organization;
2. The practice unit's letter of response which has been accepted by the sponsoring organization;
3. The acceptance letter from the sponsoring organization.
4. Letter(s) accepting the documents signed by the practice unit with the understanding that the practice unit agrees to take any actions required by the sponsoring organization.
5. Letter signed by the sponsoring organization notifying the practice unit that required actions have been appropriately completed, if applicable.

STATE OF NEBRASKA

BOARD OF PUBLIC ACCOUNTANCY

P.O. Box 94725, Lincoln, NE 68509
1526 K Street, Suite #410, Lincoln, NE 68508
(402) 471-3595 or (800) 564-6111
FAX (402) 471-4484
Home Page: www.nbpa.ne.gov

June 9, 2017

The Lincoln Journal/Star
ATTN: Legal Advertising
926 "P" Street
Lincoln, NE 68508

Please publish the following notice one time under the classification, "**SPECIAL NOTICES, LEGALS**" no later than **June 14, 2017**. Please contact the Board office with the date of publication to Ms. Kristen VanWinkle, 471-3595.

"Legal Notice; Notice of Policy-Making Hearing; Board of Public Accountancy: Notice is hereby given that the Nebraska Board of Public Accountancy will hold a policy-making hearing on **Friday, July 14, 2017 at 8:30am at the Board Offices, 1526 K Street, Hearing Room 4D, Lincoln, Nebraska**. The purpose of this hearing is to receive public testimony on amendments to rules promulgated by the Board of Public Accountancy including changes to Nebraska Administrative Code Title 288. The recommended changes:

The Board conducted a review of regulations under the NAC Title 288. Proposed changes include:

- *Chapter 9 - Upon recommendation by the Board's Education Advisory Committee (EAC), remove restrictions to allow some "post-secondary" education from accredited two-year institutions to count towards education requirements upon completion of a four-year degree.*
- *Chapter 13 - Update national standards of the peer review program.*

The rule-making hearing is being conducted by virtue of the provisions of Nebraska Revised Statutes, Section 84-907, R.R.S. which provisions require that copies of the proposed rule or rule change are available for public examination at the office of the Board of Public Accountancy, 1526 Building, 1526 K Street, Suite 410, Lincoln, Nebraska 68508, (402) 471-3595, and at the office of the Secretary of State, Capitol Building, Lincoln, Nebraska. A complete statement on the fiscal impact of the proposed rules may be examined at the office of the Board of Public Accountancy at the 1526 Building, 1526 K Street, Suite #410, Lincoln, Nebraska.

All interested persons are invited to attend and testify at the hearing. Interested persons may also submit written comments prior to the hearing, for which comments will be made a part of the hearing record at the time of the hearing. Anyone needing reasonable accommodations to review the drafts or participate in this process, please contact the Board office.

Dan Sweetwood
Executive Director"

Please remit the billing to the Nebraska Board of Public Accountancy (63-84-00) and let me know if you have any questions.

Sincerely,

Kristen VanWinkle
Administrator