Pete Ricketts
Governor

STATE OF NEBRASKA
BOARD OF PUBLIC ACCOUNTANCY
P.O. Box 94725, Lincoln NE 68509
(402) 471-3595 or (800) 564-6111
Fax (402) 471-4484
Home Page: www.nbpa.ne.gov

FILED
JUN 12 2017
SECRETARY OF STATE

June 12, 2017

Honorable John A. Gale, Secretary of State
Office of the Secretary of State
P.O. Box 94601
State Capitol
Lincoln, NE 68509

Re: Proposed Amendments to NAC Title 288/Revised and Substituted Rules

Dear Secretary Gale:

Please find attached information relative to proposed amendments to the State Board of Public Accountancy (Board) rules and regulations within NAC Title 288. The Board, in response to a review from their Education Advisory Committee, determined to lessen the burden on potential CPA candidates by proposing changes to Chapter 9 that would allow additional education hours from a two-year institution to count towards the 150-hour requirement to sit for the Uniform CPA examination after graduation from a four-year institution. The other recommended change is to Chapter 13 to update peer review standards.

The Board has collaborated on the proposed changes with their Education Advisory Committee, the Nebraska Society of CPAs, the Nebraska Independent Accountants, and the National Association of State Boards of Accountancy (NASBA). Notice of the proposed changes will be placed in the Lincoln Journal Star and the Board's website.

The Board has scheduled a public hearing to receive additional comment on the proposed regulations set for July 14, 2017 at their office at 1526 K Street, Hearing Room 4D, Lincoln, NE.

Please find attached information to assist in the understanding and intent of the proposed amendments. Do not hesitate to contact me with any questions and/or concerns regarding these proposed regulations at (402) 471-3595 or at Dan.Sweetwood@Nebraska.gov.

Sincerely,

Dan Sweetwood
Executive Director

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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:

	NBPA	Political Sub.	Regulated Public
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.

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, Nebraska to receive public comment relative to proposed rule changes within Board Rules & Regulations Title 288 Chapter 13- Peer Review.

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

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

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

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

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

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.

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

The change is consistent with legislative intent.

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 new Chapter 13 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 13 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.

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.

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

Fiscal Impact Statement

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

Title: 288/ (new) Chapter 13
Subject: Peer Review

Type of Fiscal Impact:

	NBPA	Political Sub.	Regulated Public
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