



COMMONWEALTH OF VIRGINIA BOARD OF ACCOUNTANCY

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Executive Director

December 5, 2024

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Chair

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Board Member

Guy Davis, CPA
Board Member

Anne B. Hagen, CPA, MBA
Board Member

Dear Chairs Neilon and Neill:

Dale G. Mullen
Public Member

Angela Rudolph-Wiseman, CPA
Board Member

The Virginia Board of Accountancy (VBOA) would like to thank AICPA and NASBA for the opportunity to provide comments on the Uniform Accountancy Act (UAA) and CPA Competency-Based Experience Pathway exposure drafts. Upon review of both drafts, the board identified several interrelated concerns that it has chosen to address in a single response letter. For the reasons outlined below, VBOA does not fully support the proposed changes in the exposure drafts but remains open to continued dialogue with all stakeholders to further address the underlying concerns.

Exposure Draft Approval and Process

The VBOA has sincere concerns regarding the execution of the UAA exposure draft approval process. Specifically, a VBOA member who serves on the NASBA UAA Committee raised concerns regarding the proposed language with NASBA Leadership well in advance of the Joint UAA Committee meeting scheduled to discuss and vote on the proposed language.

As the Joint UAA Committee meeting was being scheduled, the VBOA member indicated they would not be available at 5 pm but would join the meeting as soon as possible, approximately 20 minutes after the start of the meeting. They also shared with NASBA Leadership that, in the event that they were unable to join the meeting before the vote, if changes were not made to the wording, their vote would be to not approve the proposed changes. NASBA Leadership responded that proxy votes were not allowed and asked the VBOA member to consider not attending the meeting and, consequently, not voting. Given the importance of the matter, the member stated they would not agree to abstain from attending or voting. The vote was taken in the first 10 minutes of the meeting, and the VBOA member was not able to be present or cast their vote. A “no” vote would have impacted the end result, which was known prior to the meeting as NASBA Leadership had counted the Joint UAA Committee member votes.

These concerns associated with the UAA process echo those mentioned in AICPA UAA Committee Chair Thomas Neill’s response letter in which he noted that the exposure draft was rushed and predetermined by NASBA and AICPA senior leadership. Moving forward, VBOA seeks to gain a better understanding of the bylaws and procedures to be followed within this process in order to ensure full compliance and clarity. This process does not align with the core values of our profession.

Evolving Education and Licensure Requirements

The exposure drafts, in their current form, fail to account for changes in educational systems and evolving licensure requirements, as some states are currently considering a return to a 120-hour degree requirement with two years of experience. Section 5 of the UAA exposure draft provides three pathways, with two of these requiring 150 hours of education while the third allows for a bachelor’s plus a 1-year competency-based experience to satisfy the 150-hour requirement. However, VBOA disagrees with the notion that the competency-based experience is equivalent to an additional 30 hours of education received from an accredited institution. Instead, the proposed pathway seems to shift the responsibility of formal training and assessment away from professional educators within accredited institutions and toward fellow CPAs. Additionally, the exposure drafts do not take into consideration the ongoing changes in higher education, including the 90-hour bachelor’s degrees offered by some institutions. This raises further concern that neither the proposed competency-based pathway nor the 90-hour bachelor's degrees aligns with the 150-hour requirement pathways.

Competency-Based Experience Pathway

Given the wide variety of industries and roles available to CPAs, it is difficult to determine whether the competency-based pathway is feasible and appropriate for every career path within

the profession. Additionally, the performance standards used to assess a candidate's competency appear unclear and leave room for subjective interpretation. Some example performance indicators also seem to be more advanced than what is typically expected from an entry-level staff member in their first year, which could present challenges both for candidates (in meeting these standards) and CPA Evaluators (in maintaining objectivity and fairness). The VBOA would recommend revising the pathway's evaluation criteria to include more detail and maintain consistency across all firms and jurisdictions.

Undue Burdens for State Boards, Firms, CPAs, and Candidates

If a national licensee database is implemented by NASBA, state boards would bear the responsibility to manage the tracking and reporting documentation required for this process. This database also raises concerns that it could lead to the creation of "classes" of licensees by categorizing them based on how licensure was obtained, leading to further confusion and discouragement among CPAs and CPA candidates. Additionally, as some jurisdictions continue to develop their own alternative pathways and practice privilege models, state boards will face an increasing challenge in determining and managing their own requirements. This situation not only places an added burden on state boards to address in their statutes and rules, but the current draft language simultaneously restricts boards from modifying their own licensure requirements by the potential threat of losing mobility.

Further burden is placed on firms as the competency-based pathway may lead to increased costs and pressure to obtain the necessary resources for properly training supervisors and accurately assessing competencies. This raises concerns about increased liability risks for firms, especially when detailed standards for training and assessment are not sufficiently provided. Additionally, small firms, businesses, and non-profit organizations face even greater challenges as they may lack the proper resources to effectively implement the new processes.

Finally, the unclear requirements of the pathway may lead to further confusion and discouragement among CPA candidates, potentially worsening the CPA pipeline problem. CPAs may also begin to view their role of CPA Evaluators as an additional administrative burden, potentially discouraging them from conducting thorough and effective evaluations.

Delegation of Authority

The current proposed language does not account for the fact that NASBA does not have the regulatory authority to establish competency frameworks or determine substantial equivalency. There is increased concern that delegating this regulatory authority to NASBA's NQAS could further jeopardize state authority and public protection. Additionally, the current draft language

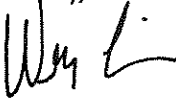
would require significant changes to statutes/rules, which would be very difficult to pass given the current environment of regulation reduction. The VBOA would recommend revisions to the draft to create a simpler, cleaner alternative pathway that would garner greater support and reduce perceived barriers to entry.

Mobility and Substantial Equivalency

The proposed language currently links substantial equivalency to the UAA pathway, which raises concerns that it could undermine practice privileges if a state chooses to adopt a pathway outside the UAA model. In this way, the UAA pathway is unfairly prioritized over any other pathway a jurisdiction may wish to use, further compromising practice privileges, reciprocal licensing, and state authority. Additionally, the proposed language introduces unnecessary complexity for state boards that cannot adopt the UAA pathway, as they may be forced to police CPAs from outside jurisdictions seeking practice privileges and reciprocal licensing in their state.

Given our concerns, the VBOA respectfully requests that NASBA and AICPA delay moving forward with the proposed language in order to allow time for consideration of the questions and concerns raised by all stakeholders. The VBOA appreciates the opportunity to comment on the exposure drafts and looks forward to continued discussions on these important issues. We remain committed to improving the pipeline, reducing barriers to efforts, and maintaining mobility.

Sincerely,



Wendy Lewis, CPA
Chair