



National Association of State Boards of Accountancy

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Ken L. Bishop
President & CEO

June 19, 2018

The Honorable Brett Guthrie, Chairman
U.S. House of Representatives
Subcommittee on Higher Education &
Workforce Development
2176 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Susan Davis, Ranking Member
U.S. House of Representatives
Subcommittee on Higher Education &
Workforce Development
2176 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Guthrie and Ranking Member Davis,

The National Association of State Boards of Accountancy (NASBA) is pleased to submit comments regarding the House Education and the Workforce Subcommittee on Higher Education & Workforce Development hearing, "Occupational Licensing: Reducing Barriers to Economic Mobility and Growth." We appreciate the Subcommittee's interest in the processes that qualify individuals for professional licensure and thereby protect and serve the public trust, as well as those factors that influence professional mobility.

Founded in 1908, NASBA:

1. Represents Boards of Accountancy from 55 states and territories of the US.
2. Works with the American Institute of Certified Public Accountants (the professional association with more than 431,000 members in 137 countries) to regularly update the Uniform Accountancy Act and the accompanying rules, both of which have served as the basis for accountancy laws and regulations across the United States since 1984.
3. In cooperation with the AICPA, manages the operation of the Uniform CPA Exam, which is the national licensing exam for all U.S. CPAs and is administered to more than 170,000 candidates each year.
4. Serves as the main contact for State Boards of Accountancy with the IRS, SEC, PCAOB, the Government Accounting Office, and the various national accounting standards boards.

Of the 55 State Boards of Accountancy, 34 of them have been in existence for more than 100 years with members nominated by state officials that license and discipline CPAs. These boards include experienced CPAs and public members for a balanced approach to

regulatory authority. Over time Boards have effectively licensed and regulated Certified Public Accountants on whom the public, and in particular the business community, rely. The impartial, professional, and technical knowledge that all Accountancy Board members and staff have contributed to the protection of the citizens of the United States for more than 100 years is not like that being afforded by any other state agency.

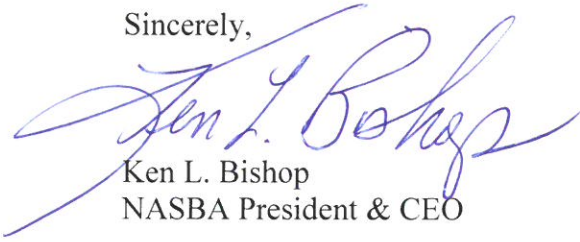
What do Accountancy Boards do to protect the public? They set the regulatory requirements for obtaining a license to practice public accountancy and ensure that those education, examination and experience requirements are met by all candidates before a license is awarded. The Board will renew a licensee's permit to practice public accountancy only if the licensee completes the required continuing professional education each year, and the Board audits such compliance. For a CPA firm to maintain its permit to practice, it must undergo a peer review to determine compliance with technical standards, and submit a report testifying to successfully passing such a review to the Board. Despite these measures, should there be a complaint about the performance of a CPA, be it technical or ethical, the Board will investigate and hold a formal hearing or negotiate a settlement that, if warranted, may result in suspension, probation, reprimand and even revocation. The Board also has authority to impose remediation as a means to correct a problem.

Importantly, only State Boards of Accountancy can revoke an individual's right to practice public accountancy. This regulatory authority is reserved to the states. On the federal level, the Sarbanes-Oxley Act of 2002 created the Public Company Accounting Oversight Board (PCAOB) to monitor auditors of companies that register with the Securities and Exchange Commission. Additionally, the many private companies that make up the larger percentage of the American economy especially depend on the State Boards to effectively regulate CPAs. And even if the SEC were to ban a CPA from practice before the Commission, it would remain up to the State Board to revoke that CPA's ability to practice public accountancy.

When it comes to breaking down barriers, Boards of Accountancy, and the CPA profession, recognized the need more than 20 years ago for licensees to be able to offer services across state lines without the need for additional regulatory burdens. Indeed, today, forty-nine states, the District of Columbia, Puerto Rico, Guam, and the United States Virgin Islands currently operate under a seamless cross-border system for CPA practice. What this means is that a CPA licensed in good standing from a state with substantially equivalent licensing requirements may practice in another substantially equivalent state without the need to notify the board or obtain another license. As of 2012, all 55 states and territories are substantially equivalent. The accounting profession and its governing bodies have worked tirelessly with states to adopt and implement the same substantially equivalent licensing requirements and mobility provisions. For decades, this work has proven to be highly successful. Any overt or inadvertent efforts to undermine such equivalency not only damage an effective model of mobility but also threaten the integrity of a profession on which our financial system and capital markets rely.

NASBA appreciates the Subcommittee's interest in occupational licensing, worker mobility, and its impact on public protection. We are pleased to assist you and your staff in any plausible manner as you continue to explore these issues.

Sincerely,

A handwritten signature in blue ink, reading "Ken L. Bishop". The signature is fluid and cursive, with the first name "Ken" and last name "Bishop" clearly legible. The signature is positioned above the printed name and title.

Ken L. Bishop
NASBA President & CEO

cc: Members of the House Education and the Workforce Committee