

**PROPOSED REGULATION OF THE
COMMITTEE ON LOCAL GOVERNMENT FINANCE**

LCB File No. R211-08

September 18, 2008

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 354.107, 354.594 and 354.624.

A REGULATION relating to the financial administration of local governments; clarifying the auditing standards applicable to certain required audits of local governments; and providing other matters properly relating thereto.

Section 1. Chapter 354 of NAC is hereby amended by adding thereto a new section to read as follows:

1. For the purposes of NRS 354.624, the Committee interprets the phrase “generally accepted auditing standards in the United States” to mean the Government Auditing Standards adopted by reference pursuant to subsection 2. Each annual audit required pursuant to NRS 354.624 must be conducted, and any audit report, report on internal accounting control or other report issued by the auditor relating to that audit must be prepared in accordance with the Government Auditing Standards.

2. The Committee hereby adopts by reference the Government Auditing Standards, July 2007 Revision, and any subsequent revision to the Standards issued by the Comptroller General of the United States that has been approved by the Committee for use in this State. Each revision of the Standards shall be deemed approved by Committee unless the Committee files an objection to the revision with the office of the Secretary of State within 60 days after the date of publication of the revision. The Standards may be obtained from the

*Superintendent of Documents, United States Government Printing Office, P. O. Box 979050,
St. Louis, Missouri 63197-9000, for \$12 or at no cost on the Internet at
<http://www.gao.gov/govaud/ybk01.htm>.*

Sec. 2. NAC 354.715 is hereby amended to read as follows:

354.715 1. If the auditor has been engaged to examine only the combined financial statements, the audit report must also present combining, individual fund and account group financial statements for all funds and account groups maintained by the local government. The auditor's report must, in addition to expressing an opinion on the combined financial statements, state whether the combining, individual fund and account group financial statements, and supporting schedules are stated fairly in all material respects in relation to the combined financial statements taken as a whole.

2. ~~[If the auditor issues a]~~ A report on internal accounting control ~~[required by generally accepted accounting standards, the report]~~ may be included as a part of the audit report or filed separately. If the report on internal accounting control is to be filed separately, the audit report must include a reference that such a separate report has been filed or will be filed as a public record pursuant to NRS 354.624.

3. The statement which NRS 354.624 requires concerning previously noted deficiencies and recommendations must include, for each previously noted violation of statute or regulation, a statement whether corrective action has been taken to prevent any recurrence, and if so, what progress has been achieved.