

LCB File No. T051-99

**ADOPTED TEMPORARY REGULATION OF
THE NEVADA STATE BOARD OF ACCOUNTANCY**

(Effective June 11, 1999)

AUTHORITY: §1, NRS 628.160

Section 1. NAC 628.500 is hereby amended to read as follows:

628.500 Adoption by reference of Rules of Professional Conduct; exceptions.

1. The board hereby adopts by reference the Rules of Professional Conduct adopted by the American Institute of Certified Public Accountants, as those rules existed on ~~February 1, 1993,~~ *June 1, 1998*, with the following exceptions:

(a) References to “member” are amended to refer to “practitioner.”

(b) The definition of “financial statements” in ET Section 92 is amended to read as follows:

(1) “Financial statements” means:

(I) Any statements or footnotes related thereto that purport to demonstrate the financial condition of a person at a particular time or the change in a person’s financial condition during a particular period; or

(II) Any statements prepared using a cash or other comprehensive basis of accounting.

(2) The term includes balance sheets, statements of income, statements of retained earnings, statements of cash flows and statements of changes in equity.

(3) The term does not include incidental financial data that is included in reports concerning advisory services for management made to support recommendations to a client, tax returns or schedules in support of a tax return, or the statement, affidavit or signature of the person who prepares a tax return.

(c) The definition of “practice of public accounting” in ET Section 92 is amended to have the meaning ascribed to it in NRS 628.023.

~~[(d) Rule 503 is deleted.]~~

(d) Rule 503 is adopted, with the requirement that the disclosure required pursuant to Section B thereof be in writing.

(e) The statement, affidavit or signature of the preparer of a tax return does not constitute an opinion on a financial statement, and the preparer of the tax return is not required to make a disclaimer of such an opinion.

2. A copy of the Rules of Professional Conduct may be obtained from the American Institute of Certified Public Accountants, Harborside Financial Center, 201 Plaza Three, Jersey City, NJ 07311-3881, at a cost of \$5.

INFORMATIONAL STATEMENT

On May 26, 1999, the Nevada State Board of Accountancy, hereinafter referred to as "Board," adopted a temporary regulation amending NAC 628.500 with an effective date of May 29, 1999. A copy of the amendment to the regulation is attached hereto as Exhibit "A" and incorporated by reference herein. All hearings were posted as required by NRS 241.020.

1. Description of Public and Business Comments:

Workshops on the proposed regulation were held on April 21, 1998 in Reno, Nevada and May 19, 1998, in Las Vegas, Nevada, in order to discuss the proposed changes required to the Nevada Revised Statutes and the Rules of Professional Conduct concerning commissions and to obtain comments from the accounting profession and general public. The testimony was in favor of the Commission's ban and the adoption of the AICPA Rule concerning commissions with the addition of a written disclaimer requirement. These meetings were attended by representatives of the Nevada Society of Certified Public Accountants and the Nevada State Board of Accountancy.

A public hearing was conducted on May 26, 1999, by the Board in Las Vegas, Nevada, to adopt the change to NAC 628.500. No Certified Public Accountants appeared and no other individuals attended, except Board Members. No written comments were received from the professionals or general public.

The Nevada State Board of Accountancy has retained copies of the tapes of the April 21, 1998 and May 19, 1998 workshops and May 26, 1999 hearing, and copies of the Board minutes of the meeting on May 26, 1999. Any interested party may obtain a copy of the Board's written minutes by contacting the Board's office, at 200 South Virginia Street, Suite 670, Reno, Nevada 89501.

2. Proposed Regulation:

The change to NAC 628.500 removes the deletion of Rule 503 of the AICPA, and adopts same with a written disclosure requirement; and amends NAC 628.500 to adopt the AICPA Rules with an effective date of June 1, 1999.

3. Estimated Economic Effect of Amendments to Regulations and Costs of Enforcement Thereof:

No future economic effect is expected by the Board.

4. The Amendment to the Regulations Does Not Overlay or Duplicate Any Other State or Federal Agency Regulation.

5. The Amendment to the Regulations is Not More Stringent Than Any Federal Regulations That Regulate the Same Activity.

6. No Annual Increase in an Existing Fee is Anticipated to be Received by the Board.

