

**PROPOSED REGULATION OF THE
STATE BOARD OF ACCOUNTANCY**

LCB FILE NO. R008-22I

**The following document is the initial draft regulation proposed
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**PROPOSED REGULATION OF THE
NEVADA STATE BOARD OF ACCOUNTANCY**

LCB File No. _____

Effective _____

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

AUTHORITY: §1, NRS 628.120, NRS 628.200 and NRS 628.386

A REGULATION relating to accountants; revising and enacting the provisions relating to the education required for the examination and for licensure, revising the experience requirements for licensure, and providing other matters properly relating thereto.

Section 1. Chapter 628 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 -9, inclusive, of this regulation.

Sec. 2. *A person who, in secondary or postsecondary education, completes a training program for education in accounting approved by the State Board of Education and receives a certificate for the completion of that program is eligible to receive equivalent credit towards the satisfaction of requirements for the issuance of a certificate of certified public accountant pursuant to NRS 628.200.*

Sec. 3. *For a person to be eligible to receive equivalent credit pursuant to Section 2, the secondary or postsecondary education received by the person pursuant to title 34 of NRS must be consistent with the requirements for the issuance of a certificate of certified public accountant pursuant to NRS 628.200 and the regulations concerning requirements for education adopted by the Board.*

Sec. 4. *Any person aggrieved by a decision of the Board concerning eligibility for equivalent credit pursuant to this Section may appeal to the Board for a determination whether the training satisfies the education requirements for a certificate of certified public accountant pursuant to NRS 628.200 and the regulations concerning requirements for education adopted by the Board.*

Sec. 5. NAC 628.016 is hereby amended to read as follows:

1. The following fees for examinations are prescribed by the Board:

(a) For an initial examination for a certificate as a certified public accountant, the Board will establish each year a fee that will not exceed..... \$500

The fee for initial examination application shall be waived for all active military, military spouse, veteran or veteran spouse.

(b) For reexamination, the Board will establish each year a fee for each section that will not exceed..... \$100

~~[(c) For the transfer of the examination grades of an applicant to another state or jurisdiction of the United States..... \$50]~~

2. The following fees for applications are prescribed by the Board:

(a) For an application for a certificate as a certified public accountant by reciprocity or pursuant to passing the Uniform Certified Public Accountant Examination administered in this State or in another jurisdiction..... \$200

plus the actual cost of the investigation required pursuant to NAC 628.019, which will not exceed \$100.

The fee for application as a certified public accountant shall be waived for all active military, military spouse, veteran or veteran spouse.

(b) For an application for registration of a firm, the Board will establish each year a fee that will not exceed..... \$250

3. The following other fees are prescribed by the Board:

(a) For filing an annual report for a firm, the Board will establish each year a fee that will not exceed..... \$200

(b) For the late filing of an annual report of a firm, the Board will establish each year a fee that will not exceed..... \$200

(c) For reinstatement into public practice from retired or inactive status..... \$250

(d) For the late filing of the annual renewal of a permit to practice public accounting, after January 31 of each year, the Board will establish each year a fee that will not exceed \$200

(e) For an individual evaluation of experience pursuant to subsection 7 of NAC 628.060, in addition to any reasonable costs of travel actually incurred by the Board and imposed pursuant to subsection 8 of NAC 628.060. **Shall not exceed**

\$1,000

(Subsection e will only be in place during the transition period as outlined in NAC 628.060)

(f) For registering a fictitious name..... \$100

(g) For the late completion of continuing education requirements, an administrative fine in the following amounts:

- (1) If completed 1 calendar month late..... \$100
- (2) If completed 2 to 3 calendar months late..... \$350
- (3) If completed 4 to 5 calendar months late..... \$850
- (4) If completed 6 to 7 calendar months late..... \$1,600

(h) A uniform fee for an annual permit or an annual renewal of a permit to practice public accounting will be established by the Board each year. The fee will not exceed \$200 and will be prorated if an initial annual permit is obtained during the year.

(i) The Board will charge a fee of 50 cents per page, up to 100 pages, for providing a copy of a public record to a requester pursuant to NRS 239.052. For a public records request that exceeds 100 pages, the Board may use a bulk copy center for copying the public record. If the Board uses a bulk copying center to copy a public record, the Board may charge a fee that must not exceed the actual cost to the Board to provide the copy of the public record. The copy of the requested public record may be provided electronically as deemed appropriate by the Board.

4. Any fee paid pursuant to this section must be paid in the currency of the United States.

Sec. 6. NAC 628.020 is hereby amended to read as follows:

1. To be eligible to take the examination for certification as a certified public accountant, an applicant must have been awarded a bachelor’s degree by a college or university which is recognized or approved by the Board:

(a) With a major in accounting; or

(b) With a major other than accounting and the successful completion of at least ~~[24]~~ **18** semester hours in courses above the level of introductory courses and which include ~~[9]~~ **6** hours in financial accounting, 3 hours in auditing, 3 hours in federal income tax, 3 hours in business law and 3 hours in cost and managerial accounting. The semester hours required by this paragraph may be satisfied in whole or in part by the equivalent number of quarter hours of college credits from a college or university recognized by the Board.

2. Applications to take the examination for certification as a certified public accountant must be made on a form provided by the Board and filed with the Board. The examinations will be held at locations designated by the Board.

~~3. [Each applicant must submit the names of at least three persons, one of whom must be a resident of Nevada and none of whom may be related by blood or marriage to the applicant, who can vouch for the applicant’s character. No person may take the examination until the Board is satisfied that the person is of fiscal integrity and without any history of acts involving dishonesty or moral turpitude.]~~

~~4.]~~ An application is not considered filed until the fee for the examination and all required supporting documents, including official transcripts indicating that the education required by subsection 1 has been completed, have been received by the Board.

~~[5]~~ **4.** An applicant who fails to appear for an examination forfeits the fees charged for the examination unless the Board determines, based on information supplied by the applicant, that there existed reasonable cause beyond the applicant’s control for the failure to appear.

~~[6]~~ **5.** Notice of the acceptance of the application will be provided to each applicant.

Sec. 7. NAC 628.055 is hereby amended to read as follows:

1. The requirement of education for a certificate of certified public accountant set forth in NRS 628.200 requiring at least 150 semester hours from a college or university recognized by the Board may be satisfied in whole or in part by the equivalent number of quarter hours of college credits from a college or university recognized by the Board.

2. The 150 semester hours required for a certificate of certified public accountant pursuant to NRS 628.200 must include at least:

(a) ~~Thirty~~ Twenty Four semester hours in courses above the level of introductory courses which include ~~9~~ 6 hours in financial accounting, 3 hours in cost and managerial accounting, 3 hours in auditing, 3 hours in federal income tax and ~~12~~ 9 hours in electives related to accounting;

(b) Three semester hours in business law; and

(c) Twenty-four semester hours of courses in business, at the undergraduate or graduate level, other than courses in accounting and courses required under paragraphs (a) and (b), in the following subject areas:

(1) ~~Behavior of organizations, groups and persons~~ Organizational behavior.

(2) Business finance.

(3) Business law.

~~(4) Computers~~

~~(5) Data processing~~ (4) Data analytics, data interrogation techniques, and/or digital acumen in an accounting context.

~~(6)~~ (5) Economics.

~~(7)~~ (6) Ethics in business.

(7) Information systems.

(8) Legal and social environment of business.

(9) Management.

(10) Marketing.

(11) Oral communication.

(12) Quantitative applications in business.

(13) Statistics.

(14) Written communication, other than English courses for freshman students, including, but not limited to, business communications, advanced grammar and technical writing.

The semester hours required by this subsection may be satisfied in whole or in part by the equivalent number of quarter hours of college credits from a college or university recognized by the Board.

3. An applicant holding a bachelor's degree and a master's degree in accounting that combined include 150 semester hours of education awarded by an institution which is accredited by an organization approved by the Board on the dates the degrees are awarded shall be deemed to be in compliance with the educational requirements for a certificate of certified public accountant set forth in NRS 628.200 and this section.

4. If a school or institution does not use a system of accounting based upon semester hours, the Board will convert the hours completed in such a school or institution to semester hours based upon a standard system of conversion.

Sec. 8. NAC 628.060 is hereby amended to read as follows:

1. The requirement of experience must be satisfied by an applicant for a certificate of certified public accountant as set forth in this section and subsection 2 of NRS 628.200.

2. To satisfy the requirement of subsection 2 of NRS 628.200, the experience of an applicant must consist of the following:

- a. providing any type of service or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills;
- b. full or part time work that extends over a period of no less than two years and includes no fewer than 4000 hours of performance of services described in subsection 2(a);
- c. Acceptable experience shall include work in industry, government, not for profit or public practice. The Board shall look at such factors as the complexity and diversity of the work.

~~[the following, or equivalent experience from another state:~~

~~(a) Two years of full-time employment performing any combination of the tasks set forth in subsection 3 in a partnership, corporation, limited liability company or sole proprietorship engaged in the practice of public accounting;~~

~~—(b) Four years of full-time employment performing any combination of the tasks set forth in subsection 3 in a governmental or other industry position substantially equivalent to a position in the practice of public accounting; or~~

~~—(c) Any combination of the experience set forth in paragraphs (a) and (b) except that an applicant who completes any experience described in paragraph (b) is entitled to credit towards any experience required by paragraph (a) in an amount equal to one-half of the amount of the experience completed pursuant to paragraph (b).~~

~~3. The requirement of experience set forth in subsection 2 must include the preparation, performance, supervision and review of tasks relating to the practice of public accounting that require discretion and judgment with increasing responsibility and levels of complexity and competency. Such tasks must include any combination of the following:~~

~~—(a) Compilation or preparation of historical financial statements or prospective financial information consistent with generally accepted accounting principles or other comprehensive basis of accounting;~~

~~—(b) Review of financial statements prepared consistent with generally accepted accounting principles or another financial reporting framework;~~

~~—(c) Auditing of financial statements;~~

~~—(d) Other attestation services relating to historical and prospective financial information and the compliance with all applicable controls, laws and regulations and contractual obligations;~~

~~—(e) Operational and other tasks which are frequently referred to as internal auditing activities;~~

~~—(f) Preparation of income tax returns, information returns and other federal, state, local and foreign tax returns for individuals, corporations, partnerships and limited liability companies, charitable organizations and estates and trusts;~~

~~—(g) Design of internal controls over financial reporting;~~

~~—(h) Testing of compliance with internal controls over financial reporting;~~

~~—(i) Testing of compliance with financial accounting and auditing and income tax laws, regulations and contractual obligations;~~

~~—(j) Testing of financial information and the design and effectiveness of controls as part of internal audit outsourcing or co-sourcing arrangements;~~

~~—(k) Fraud examinations and other forensic accounting;~~

~~—(l) Research relating to the application of professional standards, laws and regulations;~~

~~—(m) Providing professional advice relating to structuring prospective transactions and events to achieve a desired result in compliance with applicable professional standards, laws and regulations; and~~

~~—(n) Completing tasks relating to the tasks provided in paragraphs (a) to (m), inclusive, including:~~

~~—(1) Engagement planning, including the identification of significant transactions, accounts and processes, assessment of risks, program design and timing of procedures;~~

~~—(2) File organization and report assembly;~~

~~—(3) Documenting findings and conclusions, including internal working papers, memoranda and reports for external use;~~

~~—(4) Account analysis and verification procedures for all categories of assets, liabilities, equities, revenues, costs and expenses and related information;~~

~~—(5) Analytical procedures;~~

~~—(6) Inspection and summary of documents;~~

~~—(7) Valuation assertion testing, including the testing of the appropriateness of inputs, related metrics and methods;~~

~~—(8) Confirmation of information with independent parties;~~

~~—(9) Design of sample plans and nonsampling selections;~~

~~—(10) Written and verbal inquiry of responsible parties and their advisors;~~

~~—(11) Direct observation of circumstances and events;~~

~~—(12) Reperformance processes and controls initially performed by others;~~

~~—(13) Comparison of expectations and results to industry and other relevant metrics;~~

~~—(14) Comparison of budgeted amounts to actual or expected results; or~~

~~—(15) Performance auditing activities].~~

3[4]. The following tasks must not be considered to satisfy the requirement of experience set forth in subsection 2:

(a) ~~[Unless significantly related to a task listed in subsection 3,] [a] A~~Administrative and clerical functions that do not require discretion and judgment;

(b) Personnel recruiting;

~~[(c) Industrial engineering;]~~

(c) ~~[(d)]~~ Actuarial services;

(d) ~~[(e)] [Unless performed in connection with a task listed in subsection 3,] [e] E~~xpert testimony or litigation support;

(e) ~~[(f)]~~ Valuation services, except those valuation services performed in connection with the valuation assertion testing of financial statements, including, without limitation, real estate and personal property appraisals and business valuations;

(f) ~~[(g)]~~ Bookkeeping ~~[, unless performed in connection with a task listed in subsection 3,]~~;

(g) ~~[(h)] [Unless performed in connection with a task listed in subsection 3,] [a] A~~pproving and processing routine accounting transactions, including, without limitation, transactions involving cash receipts and disbursements, the procurement of goods and services, payroll processing and recurring journal entries; or

(h) ~~[(i)] [Unless performed in connection with a task listed in subsection 3,] [t] T~~he development, maintenance and monitoring of electronic systems and tools, software and hardware.

4[5]. To satisfy the requirements for experience set forth in this section, all work must have been performed under the direct supervision of a person engaged in active practice as a certified

public accountant. ~~[who has knowledge about and a higher level of responsibility of the subject tasks and in accordance with all applicable professional standards, including, without limitation:]~~

~~— (a) The Code of Professional Conduct of the American Institute of Certified Public Accountants, as adopted by reference in NAC 628.500, or, if applicable, the standards set forth by the United States Government Accountability Office or the Public Company Accounting Oversight Board;~~

~~— (b) Generally accepted accounting principles, including, without limitation, any principles applicable to the selected financial reporting framework which are derived from authoritative standards and certain interpretive nonauthoritative guidance promulgated by the Financial Accounting Standards Board, the United States Securities and Exchange Commission, the Governmental Accounting Standards Board, the International Accounting Standards Board and the American Institute of Certified Public Accountants and its Financial Reporting Executive Committee;~~

~~— (c) Auditing standards, including, without limitation, those promulgated by the Auditing Standards Board of the American Institute of Certified Public Accountants or, if applicable, the Public Company Accounting Oversight Board, the Comptroller General of the United States, the International Auditing and Assurance Standards Board or the Institute of Internal Auditors; and~~

~~— (d) Other standards published by the American Institute of Certified Public Accountants, including, without limitation, Statements on Standards for Attestation Engagements (SSAE), Statements on Standards for Accounting and Review Services (SSARS), Statements on Standards for Tax Services (SSTS) and Statements on Standards for Consulting Services (SSCS), each of which is hereby adopted by reference and may be obtained on line from the American Institute of Certified Public Accountants at its Internet website, <https://www.aicpa.org>, free of charge.]~~

5 ~~[6]~~. An applicant must complete and submit a form for the verification of experience to the Board as proof of his or her experience. The form must be signed, under penalty of perjury, by one or more certified public accountants who supervised, or have sufficient knowledge of, the applicant's work and can certify the character, extent and nature of that work. Upon request, an applicant must obtain and submit any records and supporting documentation of the experience of the applicant for inspection and review by the Board.

6 ~~[7]~~. An applicant who has obtained the experience which the applicant believes may satisfy the requirement described in ~~[paragraph (b) of]~~ subsection 2 but is unable to provide the verification of experience signed , under penalty of perjury, by one or more certified public accountants who supervised, or have sufficient knowledge of, the applicant's work and can certify the character, extent and nature of that work, as required by subsection ~~[6]~~ 5 may request an individual evaluation by the Board of the character, extent and nature of his or her experience to determine whether the experience satisfies the requirement of ~~[paragraph (b) of]~~ subsection 2 of NRS 628.200. *The Board's individual review program will be effective for individuals for the next 3 years from the date of regulation approval. After the 3 year transition, applicants will be required to have the experience verified by a certified public accountant.*

7 ~~[8]~~. An applicant who has requested an individual evaluation pursuant to subsection 7 must pay an additional fee as provided in paragraph (e) of subsection 3 of NAC 628.016 for the evaluation by the Board of the character, extent and nature of the applicant's experience. The Board may require an applicant to reimburse the Board for reasonable costs of travel actually incurred in evaluating the character of an applicant's experience.

~~8~~ ~~[9]~~. The applicant shall maintain, for 3 years after obtaining a certificate of certified public accountant, the records and supporting documentation of the applicant's experience for inspection and review by the Board.

~~9~~ ~~[10]~~. A certified public accountant who signs an applicant's form for the verification of experience pursuant to subsection 6 shall maintain, for 3 years after signing the form, any records and supporting documentation of the experience of the applicant for inspection and review by the Board.

10. Each applicant must submit the names of at least three persons, who are not related by blood or marriage to the applicant, who can vouch for the applicant's character. No person may be licensed until the Board is satisfied that the person is of fiscal integrity and without any history of acts involving dishonesty or moral turpitude.

Sec. 9. NAC 628.070 is hereby amended to read as follows:

The Board may grant a certificate by reciprocity to practice to any person who is the holder of:

1. A certificate as a certified public accountant then in effect issued pursuant to the laws of any state or other jurisdiction of the United States; or

2. An equivalent certificate then in effect issued by a foreign country pursuant to the provisions of NRS 628.310.

3. The Board may accept the scores of an applicant from the Uniform Certified Public Accountant Examination or any other examination approved by the Board taken in another state and waive the manner in which the scores were obtained.

4. An applicant must submit proof that he or she has completed at least 20 hours of continuing education within 12 months before the date of filing the application for the issuance of a certificate by reciprocity.

5. An applicant from a foreign country shall pass an equivalent examination approved by the Board.

Sec. 10. NAC 628.140 is hereby amended to read as follows:

1. The name under which a firm engages in the practice of public accounting may not be misleading or deceptive.

2. The name of a firm is misleading or deceptive if the name of the firm:

(a) Implies the existence of a corporation, when the firm is not a corporation, by the use of the abbreviations "P.C.," "Ltd." or similar abbreviations.

(b) Implies the existence of a partnership, when the firm is not a partnership, by the use of a designation similar to "Smith & Jones" or "C.P.A.'s."

(c) Implies the existence of a limited-liability company, when the firm is not a limited-liability company, by the use of the abbreviations "Ltd.," "L.L.C.," "LLC" or "LC."

(d) Includes the name of a proprietor, partner, member or shareholder, without the written consent of the person first being obtained by the firm and filed with the Board, who has:

(1) Withdrawn from the firm; or

(2) Terminated his or her employment other than by retirement from public practice, Board-approved inactive status or by death. The name of the proprietor, partner, member or shareholder must be removed from the name of the firm within 120 days after the withdrawal or termination.

(e) Implies more than one principal, when there is only one shareholder, one member or one proprietor, by the use of a designation similar to “Smith & Co.,” “Smith & Assoc.” or “Smith Group.”

(f) Contains a misrepresentation of fact.

(g) Creates or is likely to create false or unjustified expectation of favorable results.

(h) Includes the name of a person who is not registered as a certified public accountant in any state or other jurisdiction of the United States or a foreign country.

(i) Contains any connotation that is offensive, defamatory, vulgar, derogatory, profane, obscene or the Board determines is harmful to the profession.

3. A fictitious name must not be formulated in such a manner that the initials or parts of the name form a term or phrase that is misleading or deceptive, ***or contains any connotation that is offensive, defamatory, vulgar, derogatory, profane, obscene or the Board determines is harmful to the profession.***

4. A firm engaged in the practice of public accounting may not render professional services using:

(a) A name other than that which is stated in its certificate of registration; or

(b) A fictitious name unless:

(1) The fictitious name has been registered with and approved by the Board; or

(2) The firm is performing services under practice privileges granted pursuant to NRS 628.315 or 628.335 and the fictitious name is approved by the state in which the firm’s principal place of business is located.

Sec. 11. NAC 628.210 is hereby amended to read as follows. *There will be a transition period for individuals to comply with the amendments of this section by 12/31/2024.*

1. Except as otherwise provided in subsection 3 and NAC 628.110, an applicant for the renewal of a permit to engage in the practice of public accounting must complete ~~[at least 80]~~ **40** hours of continuing education *obtained during each calendar year* ~~[during the 2 years immediately preceding the date for renewal of the permit,]~~ of which:

- ~~(a) [At least 20 hours must be completed in each year;~~
- ~~—(b)]~~ Four hours must be in professional ethics *every other year*; and
- (c) Eight hours must be in courses that focus on accounting and auditing in each year in which the applicant performed work on any audit, review, full disclosure compilation or attestation services.

2. In addition to the requirements set forth in subsection 1, an applicant for the renewal of a permit to engage in the practice of public accounting must be in compliance with the requirements for continuing education established by applicable professional standards.

3. An applicant seeking the first annual renewal of an initial permit is exempt from the requirements of NAC 628.210 to 628.250, inclusive.

4. If an applicant for the renewal of a permit to engage in the practice of public accounting is permitted, certified or licensed to engage in the practice of public accounting in another state and resides in that state, the applicant must demonstrate compliance with the continuing education requirements of that state by signing a statement to that effect on his or her application to the Board for the renewal of a permit to engage in the practice of public accounting. If the state in which the applicant resides does not have continuing education requirements, the applicant must comply with the requirements set forth in this section.

5. The requirements of NAC 628.210 to 628.250, inclusive, may be waived by the Board for reasons of personal hardship, including, without limitation, health problems, military service, foreign residence, retirement or other good cause.

The following sections shall be repealed

NAC 628.080 Waiver of examination; submission of proof of continuing education⁶²⁸

~~[1.—The examination for a certificate as a certified public accountant will not be waived for an applicant whose certificate as a certified public accountant was based in whole or in part on the entitlement of the applicant to practice public accounting in a foreign country unless the applicant has passed an equivalent examination approved by the Board.~~

~~— 2.— The Board may accept the scores of an applicant from the Uniform Certified Public Accountant Examination or any other examination approved by the Board taken in another state and waive the manner in which the scores were obtained.~~

~~— 3.— An applicant must submit proof that he or she has completed at least 20 hours of continuing education within 12 months before the date of filing the application for the issuance of a certificate.]~~