

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

LCB FILE NO. R034-23I

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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. NAC 628.010 is hereby amended as follows:

As used in this chapter, unless the context otherwise requires:

1. “Board” means the Nevada State Board of Accountancy.
2. “Firm” means any partnership, corporation, limited-liability company or sole proprietorship.
3. “Practice privileges” means the privileges granted a natural person, *or certified public accounting firm*, in accordance with the provisions of NRS 628.315.
4. “Practitioner” means:
 - (a) A certified public accountant or firm of certified public accountants licensed or registered by the Board to engage in the practice of public accounting;
 - (b) A certified public accountant, *or certified public accounting firm*, who does not hold a live permit and does not have a registered office or residence in this State, but has been granted practice privileges pursuant to NRS 628.315 or 628.335; or
 - (c) A firm of certified public accountants that does not have an office in this State, but is registered with the Board pursuant to NRS 628.335.

Sec. 2. 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
 - (b) For reexamination, the Board will establish each year a fee for each section that will not exceed..... \$100

The fee for an application for initial examination or reexamination will be waived for a person who is an active member of, or the spouse of an active member of, the Armed Forces of the United States, a veteran or the surviving spouse of a veteran.

(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 an application for a certificate as a certified public accountant will be waived for a person who is an active member of, or the spouse of an active member of, the Armed Forces of the United States, a veteran or the surviving spouse of a veteran.

(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 6 of NAC 628.060, in addition to any reasonable costs of travel actually incurred by the Board and imposed pursuant to subsection 7 of NAC 628.060, the Board will establish each year a fee that will not exceed..... \$1,000

~~—[(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. 3. 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 18 semester hours in courses above the level of introductory courses and which include 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. 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.

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.

5. Notice of the acceptance of the application will be provided to each applicant.

Sec. 4. NAC 628.040 is hereby amended to read as follows:

1. The passing grade for each section of the examination is 75.

2. An applicant who at one sitting receives a passing grade on any section of the examination is entitled to receive conditional credit for each section passed. *The Board shall establish* ~~[Any]~~ conditional credit granted pursuant to this section *a timeline* ~~[expires]~~ if all unpassed sections of the examination have not been completed within ~~[18]~~ *at least 30* months after the applicant passes a section of the examination.

3. At the discretion of the Board, an extension of time to complete the examination may be granted to an applicant who has demonstrated personal hardship and is unable to complete the examination in the required time frame.

Sec. 5. 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 at least ~~[4000]~~ *2000* hours of work with increasing levels of complexity and diversity, performed over a period of not less than ~~[2]~~ *1* year~~[s]~~ in industry, public practice, government or a nonprofit organization, where the applicant provides any type of professional service or advise using accounting, attestation, compilation, management advisory services, financial advisory services or tax consulting.

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

- (a) Administrative and clerical functions that do not require discretion and judgement;
- (b) Personnel recruiting;
- (c) Actuarial services;
- (d) Expert testimony or litigation support;

(e) 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) Bookkeeping;

(g) Approving 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) The development, maintenance and monitoring of electronic systems and tools, software and hardware.

4. 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.

5. 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. 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, 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.

7. 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. 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. A certified public accountant who signs an applicant's form for the verification of experience pursuant to subsection 5 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 and can vouch for the character of the applicant. A person may not be issued a certificate until the Board is satisfied that the person is of fiscal integrity and without any history of acts involving dishonesty or moral turpitude.

Sec. 6. NAC 628.130 is hereby amended to read as follows:

1. A firm must file with the Board an application for registration as provided in NRS 628.335. The application must be accompanied by the prescribed fee.

2. Before a certified public accountant, or a firm composed of certified public accountants with an office in this State, engages in the practice of public accounting in this State under a fictitious name, the certified public accountant or firm must first obtain the approval of the Board.

~~[An application for registration of a fictitious name must be filed with the Board. The application must be accompanied by the prescribed fee in accordance with NAC 628.016.]~~

3. The Board, within a reasonable time after the submission of an application for registration, will either approve the application and issue a certificate of registration or refuse approval and notify the applicant of the reasons for refusal and the procedure for requesting a hearing on the disapproval.

Sec. 7. NAC 628.150 is hereby amended to read as follows:

1. Firms holding certificates of registration to practice as certified public accountants may affiliate with other partnerships, partnerships of partnerships, limited-liability companies or corporations for the practice of public accounting if all sole proprietors, partners, members or shareholders of the affiliated firms in the practice of public accounting in the United States or its territories are:

(a) Certified public accountants in good standing in some other state or territory of the United States;

(b) Persons who are the holders of an equivalent certificate then in effect issued by a foreign country who meet the requirements set forth in subsection 2 of NRS 628.310; or

(c) Persons who meet the requirements set forth in subsection 5 of NRS 628.325.

~~[2. Firms holding permits to practice as public accountants may affiliate with other partnerships, partnerships of partnerships, limited-liability companies or corporations for the practice of public accounting if all sole proprietors, partners, members or shareholders of affiliated firms regularly engaged in the practice of public accounting in this State are public accountants or certified public accountants holding a live permit in this State and all other proprietors, partners, members or shareholders of the affiliated firms in the practice of public accounting in the United States or its territories are:~~

~~—(a) Certified public accountants in good standing in some other state or territory of the United States;~~

~~—(b) Persons who are the holders of an equivalent certificate then in effect issued by a foreign country who meet the requirements set forth in subsection 2 of NRS 628.310; or~~

~~—(c) Persons who meet the requirements set forth in subsection 5 of NRS 628.325.]~~

Sec. 8. NAC 628.560 is hereby amended to read as follows:

“Practice-monitoring documents” means the determinations and reports developed as the result of an evaluation of a practitioner conducted pursuant to a practice-monitoring program, including, without limitation *the following documents*:

1. An enrollment letter *that includes the due date of the peer review*;
2. A peer review report;
3. A letter of comment;
4. A letter of response;
5. A letter of acceptance;
6. A letter of completion; and
7. Any other report or determination developed as a result of the evaluation of a practitioner conducted pursuant to a practice-monitoring program *which may include additional objective information as follows*:

(1) The Date of the most current peer review program enrollment or reenrollment letter.

(2) Firm representation that it has not performed engagements subject to peer review in the last 12 months.

(3) The due date on any open corrective action(s) or corrective action extension letter(s).

(4) The date of the letter acknowledging the peer review was scheduled.

(5) Identification of the estimated dates of the peer review commencement and presentation to a report acceptance body.

Sec. 9. NAC 628.567 is hereby amended to read as follows:

“Sponsoring organization” means an *administering* entity which administers a practice-monitoring program.

Sec. 10. NAC 628.572 is hereby amended to read as follows:

1. The Board may establish a peer review oversight committee to:

(a) Monitor a *Board approved practice monitoring program, including* sponsoring organization to ensure that peer reviews are being conducted and reported in accordance with peer review minimum standards;

(b) Review the policies and procedures of an organization applying to the Board to become a sponsoring organization to ensure that such policies and procedures conform with peer review minimum standards; and

(c) Report to the Board any conclusions or recommendations based on the functions performed pursuant to paragraphs (a) and (b).

~~2. [The peer review oversight committee must consist of three members appointed by the Board, none of whom is a current member of the Board. Each member of the peer review oversight committee serves at the pleasure of the Board and for such a period of time as is set by the Board.~~

~~3. Each member of the peer review oversight committee must be a person engaged in active practice as a certified public accountant, in at least a supervisory position related to accounting or auditing functions. Each member or his or her firm must be engaged in a practice monitoring program and have received an unmodified or pass report on its most recent peer review.~~

~~4. At least two members of the peer review oversight committee must satisfy the qualifications of a team captain of a peer review team as set forth in the *Standards for Performing and Reporting on Peer Reviews* of the American Institute of Certified Public Accountants, 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. A member of the peer review oversight committee must not:~~

~~(a) Concurrently serve as a member of a peer review committee or joint trial board of the American Institute of Certified Public Accountants or similar body of another state; or~~

~~(b) Participate in any discussion or have any vote with respect to the review of a practitioner or firm when the committee member lacks independence or has a conflict of interest.~~

~~→ The Board may appoint an alternate committee member if an appointed member is unable to serve pursuant to this subsection.~~

~~6.]~~ The peer review oversight committee may:

(a) Establish and perform procedures ensuring that peer reviews are performed and reported in accordance with the *Standards for Performing and Reporting on Peer Reviews* adopted by the American Institute of Certified Public Accountants, or other standards approved by the Board and rules promulgated, herein by the Board;

(b) Review remedial and corrective actions prescribed by a sponsoring organization which address the deficiencies of the quality control policies and procedures of a reviewed practitioner or firm;

(c) Monitor the remedial and corrective actions implemented by a sponsoring organization to determine compliance by a reviewed practitioner or firm;

(d) Establish a process of accepting a report which facilitates the exchange of viewpoints among committee members, a sponsoring organization or a report acceptance body; and

(e) Communicate to the Board on a recurring basis:

(1) Problems experienced by a practitioner or firm enrolled in a practice-monitoring program in the systems of quality control of the practitioner or firm, as noted in the peer reviews conducted by the sponsoring organization;

(2) Problems experienced in the implementation of the practice-monitoring program; and

(3) A summary of the historical results of the practice-monitoring program.

[7] 3. The peer review oversight committee ~~shall~~ *may* make periodic recommendations to the Board, as determined by the Board but not less than annually, as to the continuing qualifications of each sponsoring organization as an approved sponsoring organization.

[8] 4. Information concerning a specific firm or peer reviewer obtained by the peer review oversight committee during oversight activities must be kept confidential, and the identity of the firm or reviewer must not be reported to the Board. Reports submitted to the Board must not contain information concerning specific registrants, firms or reviewers.

Sec. 11. NAC 628.573 is hereby amended to read as follows:

The Board may arrange to participate with a regional peer review oversight committee. If the Board makes such arrangements, the regional peer review oversight committee has the authority and shall perform the functions set forth in subsections ~~[6, 7 and 8]~~ *2, 3 and 4* of NAC 628.572.

Sec. 12. NAC 628.575 is hereby amended to read as follows:

1. The Board will review the reports submitted by practitioners pursuant to NAC 628.550 to 628.590, inclusive, to determine whether the practitioners have complied with applicable standards of reporting on a 3-year cycle and will assign one-third of the practitioners who hold a live permit or current certificate in this State to each year of the cycle.

2. Each calendar year, the Board will notify each practitioner who is required for that year to submit to the Board a copy of the practice-monitoring documents ~~[or a transmittal form indicating that no audit, review, full disclosure compilation or attestation reports were issued by the practitioner in the previous year].~~

3. The 3-year cycle established pursuant to this section does not affect the requirements for the annual renewal of office registrations or permits contained in NRS 628.370 and 628.380.

Sec. 13. NAC 628.580 is hereby amended to read as follows:

1. Except as otherwise provided in subsection 4, a practitioner who performs audit, review, full disclosure compilation or attestation services shall enroll in a practice-monitoring program, which is approved by the Board, to ensure that he or she is maintaining the standards of the profession.

2. If a practitioner enrolls in a practice-monitoring program, the practitioner shall submit to the Board the practice-monitoring documents of the practice-monitoring program during the year in which he or she is assigned to submit the practice-monitoring documents pursuant to NAC 628.575. The Board may extend the deadline for the submission of practice-monitoring documents to the Board by a practitioner.

3. The Board may verify the validity of the determinations in the practice-monitoring documents submitted by the practitioner. The Board may request from the practitioner any document or information necessary to further the verification of the validity of the practice-monitoring process or findings. The failure of a practitioner to provide any document or

information requested by the Board pursuant to this subsection constitutes grounds for disciplinary action.

4. A practitioner who does not perform audit, review, full disclosure compilation or attestation services shall report these facts to the Board ~~[on a transmittal form. The form must be accompanied by an affirmation by the practitioner that the statements contained in the form are true. The practitioner is exempt from the requirements of NAC 628.550 to 628.590, inclusive, only for that period during which the practitioner does not perform audit, review, full disclosure compilation or attestation services.]~~ If a practitioner ~~[who is exempt from enrolling in a practice monitoring program pursuant to this subsection]~~ enters into an engagement to perform audit, review, full disclosure compilation or attestation services, the practitioner must notify the Board not more than 60 days after the date of entering into such engagement and must enroll in a practice-monitoring program not more than 18 months after the date upon which he or she enters into the engagement.

5. A practitioner who enrolls in a practice-monitoring program must *allow the administering entity to provide the Board access to the documents and objective information through* ~~[opt into]~~ the Facilitated State Board Access, as administered by the American Institute of Certified Public Accountants, or other national uniform system approved by the Board, which reflects the results of a peer review of the practitioner.

Sec. 14. NAC 628.570 is hereby repealed.

~~["Transmittal form" means the document distributed by the Board to be used in submitting reports for evaluation or to advise the Board that no reports were issued by the practitioner in the previous year.]~~

Sec. 15. Chapter 628 NAC is hereby repealed (this section is pending codification):

~~[1. 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 the educational requirements for a certificate of certified public accountant pursuant to NRS 628.200 and NAC 628.055.~~

~~2. For a person to be eligible to receive equivalent credit pursuant to subsection 1, the secondary or postsecondary education received by the person pursuant to title 34 of NRS must be consistent with the educational requirements for a certificate of certified public accountant set forth in NRS 628.200 and NAC 628.055.~~

~~3. Any person aggrieved by a decision of the Board concerning eligibility for equivalent credit pursuant to this section may appeal to the Board.]~~