

SENATE BILL NO. 257—COMMITTEE ON COMMERCE AND LABOR

MARCH 22, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes relating to regulation of certified public accountants. (BDR 54-360)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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

AN ACT relating to accounting; providing for the retention and changing of documentation related to attestations; eliminating the annual register maintained and distributed by the Nevada State Board of Accountancy; revising provisions relating to the experience needed to be eligible for a certificate of certified public accountant; eliminating the requirement that the Board conduct an examination at least once each year; revising the circumstances under which a candidate for a certificate as a certified public accountant may receive conditional credit for passing a section of the examination for the certificate; revising the fees charged by the Board; repealing provisions relating to the validity of certain certificates; providing a penalty; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 628 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in this section, a practitioner shall retain all documentation related to an attestation for not less than 7 years after the date on which the practitioner delivers the attestation to the client.

2. Documentation related to an attestation that, at the end of the retention period set forth in subsection 1, is a part of or subject



1 *to a pending investigation of, or disciplinary action against, a*
2 *practitioner must be retained and must not be destroyed until the*
3 *practitioner has been notified in writing that the investigation or*
4 *disciplinary action has been closed or concluded.*

5 3. *Any change in documentation related to an attestation*
6 *must set forth the identity of each person making the change, the*
7 *identity of each person approving the change, the date on which*
8 *the change is made and the reason for the change if the reason is*
9 *other than the assembling of preexisting documents. Any*
10 *documentation related to an attestation which is changed must*
11 *contain sufficient detail to enable a person reviewing the changed*
12 *documentation who has relevant knowledge and experience but no*
13 *previous connection with the attestation, to understand the nature,*
14 *timing, reasoning for and extent of the change.*

15 4. *During the 60 days immediately after the date on which a*
16 *practitioner delivers an attestation to a client, documents may be*
17 *added to the file for assemblage and documentation of work*
18 *previously performed. The provisions of this subsection do not*
19 *authorize the deferral of procedures related to attestations that are*
20 *otherwise required to be performed before the date of issuance of*
21 *the attestation.*

22 5. *Each practitioner shall establish a policy for the retention*
23 *and destruction of documentation related to any attestation made*
24 *by the practitioner. The policy must provide for the preservation of*
25 *documentation related to an attestation for the period required*
26 *pursuant to subsection 1 and for the authorized custody, security,*
27 *access, retention and destruction of the documentation. The policy*
28 *must be in writing and must include, without limitation,*
29 *procedures for:*

30 (a) *Maintaining back-up copies of electronic documentation*
31 *related to attestations at secure locations;*

32 (b) *Maintaining documentation related to attestations;*

33 (c) *Approving any changes to documentation related to*
34 *attestations; and*

35 (d) *Approving the destruction of documentation related to*
36 *attestations after that documentation is no longer required to be*
37 *maintained. The procedures must provide for the identification of*
38 *those persons, by name or position, who are authorized to approve*
39 *the destruction of the documentation.*

40 6. *As used in this section:*

41 (a) *“Change in documentation related to an attestation”*
42 *includes any addition, removal, deletion, substitution or editing of*
43 *documentation related to an attestation, including, without*
44 *limitation, physical or electronic additions to any file containing*
45 *documentation related to an attestation or to any preexisting*



1 *documentation related to an attestation, if the addition, removal,*
2 *deletion, substitution or editing:*

3 (1) *Occurs after the date on which the attestation is*
4 *delivered to the client; and*

5 (2) *Is supported by the documentation related to the*
6 *attestation.*

7 (b) *“Documentation related to an attestation” includes,*
8 *without limitation:*

9 (1) *All documentation relating to consultations and*
10 *resolutions of any differences of professional opinion regarding*
11 *the exercise of professional judgment relating to an attestation;*
12 *and*

13 (2) *Documentation of the findings or issues related to the*
14 *attestation that, based on the judgment of the practitioner after an*
15 *objective analysis of the facts and circumstances, are determined*
16 *to be significant, regardless of whether the documentation*
17 *includes information or data that is inconsistent with the final*
18 *conclusions of the practitioner.*

19 (c) *“Practitioner” means:*

20 (1) *A holder of a certificate issued pursuant to NRS*
21 *628.190 to 628.310, inclusive, any registration or license granted*
22 *to a registered public accountant pursuant to NRS 628.350 or a*
23 *permit issued pursuant to NRS 628.380; or*

24 (2) *A certified public accountant or registered public*
25 *accountant or a partnership, corporation or limited-liability*
26 *company composed of certified public accountants or registered*
27 *public accountants which does not hold a live permit and does not*
28 *have a registered office or residence in this State, but has been*
29 *issued, or has applied for, a temporary permit pursuant to*
30 *NRS 628.440.*

31 **Sec. 2.** NRS 628.029 is hereby amended to read as follows:

32 628.029 “Registered public accountant” means a person who
33 was registered or licensed as a public accountant:

34 1. On or before May 1, 1973; or

35 2. After May 1, 1973, pursuant to NRS 628.190 . ~~and~~
36 ~~628.210.]~~

37 **Sec. 3.** NRS 628.130 is hereby amended to read as follows:

38 628.130 The Board shall:

39 1. Have a seal of which judicial notice must be taken.

40 2. Keep records of its proceedings. In any proceedings in court,
41 civil or criminal, arising out of or founded upon any provision of
42 this chapter, copies of those records certified as correct under the
43 seal of the Board are admissible in evidence as tending to prove the
44 contents of the records.



~~[3. Have printed and published for public distribution in April of each year an annual register which must contain:~~

~~—(a) The names arranged alphabetically by classifications of all accountants holding permits to practice under this chapter.~~

~~—(b) The names of the members of the Board.~~

~~—(c) Such other matter as may be deemed proper by the Board.~~

~~→ Copies of the register must be mailed to each person who holds a live permit.]~~

Sec. 4. NRS 628.200 is hereby amended to read as follows:

628.200 1. Except as otherwise provided in subsection 4, the requirement of education for a certificate of certified public accountant is at least 150 semester hours or an equivalent number of quarter hours and includes a baccalaureate degree or an equivalent degree from a college or university recognized by the Board:

(a) With a major in accounting, or what the Board determines to be substantially the equivalent of a major in accounting; or

(b) With a major other than accounting supplemented by what the Board determines to be substantially the equivalent of an accounting major, including related courses in other areas of business administration.

2. The requirement for experience for a certificate of certified public accountant is:

(a) Two years of public accounting experience **[:] in a partnership, corporation, limited-liability company or sole proprietorship engaged in the practice of public accounting under the direct supervision of a person who is a certified public accountant;** or

(b) Experience in internal auditing work or governmental accounting and auditing work of a character and for a length of time sufficient in the opinion of the Board to be substantially equivalent to the requirements of paragraph (a).

3. The Board:

(a) Shall adopt regulations concerning:

(1) The number of semester hours or an equivalent number of quarter hours in accounting and other courses required by an applicant to satisfy the requirements of subsection 1.

(2) The public accounting experience, internal auditing work, and governmental accounting and auditing work required by an applicant to satisfy the requirements of subsection 2.

(b) May provide by regulation for the substitution of qualified programs of continuing education to satisfy partially the requirement of experience described in paragraph (b) of subsection 2 or may add any program to the requirement of experience.

4. Notwithstanding any provision of this section to the contrary, an applicant for a certificate of certified public accountant



1 who has received conditional credit pursuant to NRS 628.260 for
2 passing ~~{sections}~~ *a section* of the examination required for a
3 certificate, and who applies that credit to his subsequent passage of
4 the examination, is subject to the educational requirements to
5 receive a certificate that were in effect on the date on which he first
6 received the conditional credit.

7 **Sec. 5.** NRS 628.230 is hereby amended to read as follows:

8 628.230 ~~{1. The examination prescribed by the Board must~~
9 ~~be conducted by the Board not less than once each year.~~

10 ~~—2.}~~ The Board shall prescribe by regulation the methods of
11 applying for and ~~{conducting the}~~ *completing an* examination,
12 including ~~{the grading of papers}~~ *grading* and the ~~{determination of~~
13 ~~passing grades.}~~ *requirements to pass the examination.* The Board
14 may use all or any part of the Uniform Certified Public
15 ~~{Accountants'}~~ *Accountant* Examination and Advisory Grading
16 Service *of the American Institute of Certified Public Accountants*
17 as it deems appropriate to assist it in performing its duties
18 hereunder.

19 **Sec. 6.** NRS 628.260 is hereby amended to read as follows:

20 628.260 1. The Board may by regulation prescribe the terms
21 and conditions under which a candidate:

22 (a) Must pass all sections of the examination prescribed by the
23 Board pursuant to NRS 628.190 to qualify for a certificate.

24 (b) Who, at any given examination, passes ~~{two or more~~
25 ~~sections.}~~ *at least one section*, but not all sections, may receive
26 conditional credit for ~~{the sections}~~ *each section* passed, and need
27 not sit for reexamination in those sections. The Board may by
28 regulation ~~{:~~

29 ~~——(1) Provide minimum grades for each section not passed in~~
30 ~~order to receive credit for those passed;~~

31 ~~——(2) Provide}~~ *provide* a limit on the time in which each
32 candidate must pass all sections of the examination or lose any
33 credit received. ~~{; and~~

34 ~~——(3) Require a candidate to sit for all sections of the~~
35 ~~examination which he did not pass in a previous examination.}~~

36 2. The Board may give credit to a candidate who has passed all
37 or part of the examination in another state or other jurisdiction of the
38 United States ~~{, if the certified public accountant members of}~~ *if*
39 the Board ~~{have determined}~~ *determines* by regulation that the
40 standards under which *credit is granted for* the examination ~~{was~~
41 ~~held}~~ are as high as the standards established for the examination
42 required by this chapter.



1 **Sec. 7.** NRS 628.280 is hereby amended to read as follows:

2 628.280 1. The Board shall charge each candidate for a
3 certificate of certified public accountant a fee , to be determined by
4 the Board by regulation , for ~~[-~~

5 ~~—(a) The initial]~~ *the* examination prescribed by the Board .
6 ~~[pursuant to NRS 628.190 or for each section of the examination in~~
7 ~~which the candidate is reexamined; and~~

8 ~~—(b) The review and inspection of his examination paper.]~~

9 2. The applicable ~~[fees]~~ *fee* must be paid by the candidate at
10 the time he applies for examination . ~~[or reexamination.~~

11 ~~—3.— The Board shall charge a fee to be determined by the Board~~
12 ~~by regulation for administering the examination prescribed by the~~
13 ~~Board pursuant to NRS 628.190 to a person who is a candidate for a~~
14 ~~certificate as a certified public accountant in another state or~~
15 ~~jurisdiction of the United States and requests that the Board~~
16 ~~administer the examination to him in this State.]~~

17 **Sec. 8.** NRS 628.310 is hereby amended to read as follows:

18 628.310 1. The Board may waive the examination, the
19 requirements for education or the requirements for experience, or
20 any combination thereof, required under NRS 628.190, and may
21 issue a certificate as a certified public accountant to any person who
22 is the holder of a certificate as a certified public accountant then in
23 effect issued under the laws of any state or other jurisdiction of the
24 United States approved by the Board, constituting a recognized
25 qualification for the practice of public accounting comparable to that
26 of a certified public accountant of this State, if:

27 (a) The person has passed an examination that is substantially
28 the same as the examination conducted pursuant to NRS 628.230
29 with a grade that would have been a passing grade in this State on
30 the date on which he received his original certificate;

31 (b) The person has experience in the practice of public
32 accountancy, either as a certified public accountant or as a staff
33 accountant employed by ~~for]~~ *a partnership, corporation, limited-*
34 *liability company or sole proprietorship engaged in the practice of*
35 *public accounting and working* under the direct supervision of a
36 person who is a certified public accountant, while holding a
37 certificate as a certified public accountant for more than 4 of the 10
38 years immediately preceding his making application pursuant to this
39 chapter; and

40 (c) The requirements for education of the state or other
41 jurisdiction from which the person received his original certificate
42 are determined by the Board to satisfy the requirements for
43 education of this State.

44 2. The Board may waive the examination, the requirements for
45 education or the requirements for experience, or any combination



1 thereof, under NRS 628.190, and may issue a certificate as a
2 certified public accountant to any person who is the holder of an
3 equivalent certificate then in effect issued by a foreign country if:

4 (a) Persons who are certified as public accountants in this State
5 are granted similar privileges by the foreign country in which the
6 applicant is certified;

7 (b) The applicant's certificate:

8 (1) Was issued by the appropriate authority that regulates the
9 practice of public accountancy in the foreign country in which the
10 certificate was issued;

11 (2) Has not expired or been revoked or suspended; and

12 (3) Authorizes the applicant to issue reports upon financial
13 statements;

14 (c) The requirements for education and examination of the
15 regulatory authority of the foreign country were substantially
16 equivalent to the requirements for education and examination of this
17 State on the date on which the applicant received his certificate;

18 (d) The applicant:

19 (1) Complied with requirements for experience in the foreign
20 country in which the certificate was issued that are substantially
21 equivalent to the requirements set forth in NRS 628.200; or

22 (2) Has completed in ~~this~~ any state at least 4 years of public
23 accounting experience, or equivalent experience determined to be
24 appropriate by the Board, within the 10 years immediately
25 preceding his making application for certification in this State;

26 (e) The applicant has passed a written examination on national
27 standards for public accounting and ethics that is acceptable to the
28 Board; and

29 (f) The applicant submits with his application a list of all
30 jurisdictions in which he has applied for and received a certificate to
31 practice public accounting.

32 3. A person who is granted a certificate as a certified public
33 accountant pursuant to subsection 2 shall notify the Board, in
34 writing, within 30 days after:

35 (a) He is issued an equivalent certificate to practice public
36 accounting by another jurisdiction or is denied the issuance of such
37 a certificate;

38 (b) A certificate to practice public accounting issued to him by
39 another jurisdiction is revoked or suspended; or

40 (c) Another jurisdiction in which he is certified to practice
41 public accounting commences any type of disciplinary action
42 against him.



1 **Sec. 9.** NRS 628.350 is hereby amended to read as follows:
2 628.350 A license as a public accountant may be issued only to
3 persons who have met the requirements of NRS 628.190 . ~~and~~
4 ~~628.210.~~

5 **Sec. 10.** NRS 628.570 is hereby amended to read as follows:
6 628.570 Whenever in the judgment of the Board any person
7 has engaged, or is about to engage, in any acts or practices which
8 constitute, or will constitute, a violation of NRS 628.450 to 628.550,
9 inclusive, *or section 1 of this act*, the Board may make application
10 to an appropriate court for an order enjoining ~~{such}~~ *the* acts or
11 practices, and upon a showing by the Board that ~~{such}~~ *the* person
12 has engaged, or is about to engage, in any ~~{such}~~ *of those* acts or
13 practices, an injunction, restraining order or such order as may be
14 appropriate ~~{shall}~~ *must* be granted by ~~{such}~~ *the* court without *a*
15 bond.

16 **Sec. 11.** NRS 628.580 is hereby amended to read as follows:
17 628.580 1. Any person who violates any provision of NRS
18 628.450 to 628.550, inclusive, *or section 1 of this act* is guilty of a
19 misdemeanor.

20 2. Whenever the Board has reason to believe that any person is
21 liable to punishment under this section it may certify the facts to the
22 Attorney General or other appropriate enforcement officer, who
23 may, in his discretion, cause appropriate proceedings to be brought.

24 **Sec. 12.** NRS 628.210 and 628.300 are hereby repealed.

25 **Sec. 13.** This act becomes effective on July 1, 2005.

TEXT OF REPEALED SECTIONS

628.210 Requirements concerning education and experience for certain accountants. None of the educational requirements specified in NRS 628.200 apply to a candidate for a certificate of certified public accountant who is a registered public accountant pursuant to NRS 628.350, or who, on April 1, 1960, was employed as a staff accountant in this State by anyone practicing public accounting. A candidate who does not meet those educational requirements must have 4 years of the experience described in paragraph (a) of subsection 2 of NRS 628.200 or the experience described in paragraph (b) of subsection 2 of that section which in the opinion of the Board is of such a character and for such a period as to be substantially equivalent to 4 years of the experience described in paragraph (a) of subsection 2 of that section.



628.300 Validity of certificate of certified public accountant issued before April 1, 1960. Persons who, on April 1, 1960, held certified public accountant certificates theretofore issued under the laws of this State shall not be required to obtain additional certificates under this chapter, but shall otherwise be subject to all provisions of this chapter; and such certificates theretofore issued shall, for all purposes, be considered certificates issued under this chapter and subject to the provisions hereof.



