

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

LCB File No. R034-23

October 3, 2023

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

AUTHORITY: §§ 1 and 7, NRS 628.120; § 2, NRS 628.120, 628.250, 628.280, 628.340, as amended by section 8 of Senate Bill No. 437, chapter 61, Statutes of Nevada 2023, at page 302, NRS 628.343 as amended by section 9 of Senate Bill No. 437, chapter 61, Statutes of Nevada 2023, at page 303, NRS 628.345, as amended by section 10 of Senate Bill No. 437, chapter 61, Statutes of Nevada 2023, at page 304, NRS 628.375 and 628.380; §§ 3 and 4, NRS 628.120 and 628.230; § 5, NRS 628.120 and 628.200, as amended by section 2 of Senate Bill No. 437, chapter 61, Statutes of Nevada 2023, at page 298; § 6, NRS 628.120, 628.335, as amended by section 7 of Senate Bill No. 437, chapter 61, Statutes of Nevada 2023, at page 301, NRS 628.375 and 628.380; §§ 8-10 and 13-15, NRS 628.120, 628.160 and 628.386; §§ 11 and 12, NRS 628.120, 628.170 and 628.386.

A REGULATION relating to accountants; revising provisions relating to practice privileges for certain certified public accounting firms; revising provisions governing certain fees collected by the Nevada State Board of Accountancy; revising requirements relating to an examination for a certificate of certified public accountant; revising certain work experience requirements for a certificate of certified public accountant; revising provisions relating to a practice-monitoring program; revising provisions relating to a peer review oversight committee; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Prior to July 1, 2023, existing law authorized the Nevada State Board of Accountancy to grant practice privileges in this State to certain natural persons who are not licensed in this State. During the 2023 Legislative Session, the Legislature enacted Senate Bill No. 437 (S.B. 437), which extended the authority of the Board to grant practice privileges to certain certified public accounting firms that are not registered with the Board. (NRS 628.315, as amended by section 6 of Senate Bill No. 437, chapter 61, Statutes of Nevada 2023, at page 300) Existing regulations define the term “practice privileges” to mean the privileges granted to a natural person pursuant to existing law. (NRS 628.315, NAC 628.010) **Section 1** of this regulation revises the definition of “practice privileges” to include privileges granted to a certified public accounting firm, in accordance with the changes made by S.B. 437. **Sections 1 and 6-8** of this regulation replace the

term “firm of certified public accountants” with the term “certified public accounting firm” for consistency with the provisions of S.B. 437.

Existing law requires certain persons who wish to engage in the practice of public accounting under a fictitious name to register the fictitious name with the Board. Existing law also requires the Board to adopt regulations prescribing the procedure and fee for registering a fictitious name with the Board. (NRS 628.375) Existing regulations provide for a \$100 fee for registering a fictitious name with the Board. (NAC 628.016) **Section 2** of this regulation provides instead that the fee for registering a fictitious name with the Board shall not exceed \$100.

Existing law provides for the issuance of a certificate of certified public accountant to any person who: (1) passes the examination prescribed by the Board for a certificate as a certified public accountant; and (2) meets certain other criteria. (NRS 628.190) Under existing law, the Board is required to adopt certain regulations relating to this examination, including regulations prescribing: (1) the fee for the examination; and (2) methods of applying for and completing the examination. (NRS 628.230, 628.280) Existing regulations prescribe the fees for initial examination or reexamination for a certificate as a certified public accountant. (NAC 628.016) **Section 2** waives these fees 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. Existing regulations provide that the examination for certification as a certified public accountant will be held at locations designated by the Board. (NAC 628.020) **Section 3** of this regulation removes this requirement.

Existing regulations provide that an applicant for a certificate of certified public accountant is entitled to receive conditional credit for passing a section of the examination, which the applicant may apply to the subsequent passage of the examination. Under existing regulations, any conditional credit granted to an applicant expires 18 months after the date on which the applicant receives the credit, unless the Board grants the applicant an extension of time to complete the examination. Existing regulations authorize the Board to grant an extension of time to complete the examination to an applicant who has demonstrated personal hardship and is unable to complete the examination within the required time frame. (NAC 628.040) **Section 4** of this regulation instead provides that any conditional credit granted to an applicant expires 30 months after the date on which the applicant receives the credit, unless the Board grants the applicant an extension of time to complete the examination. **Section 4** also: (1) removes the requirement that, in order to be eligible for an extension of time to complete the examination, an applicant must demonstrate personal hardship; and (2) authorizes the Board to instead grant an extension of time to complete the examination to any applicant who is unable to complete the examination in the required time frame for good cause shown.

Existing law prescribes the requirement for work experience for a certified public accountant and requires the Board to adopt regulations concerning these requirements. Prior to July 1, 2023, with certain exceptions, existing law required an applicant to complete 2 years of public accounting experience. S.B. 437, instead requires an applicant to complete not less than 2,000 hours of work experience over a period of not less than 1 year. (NRS 628.200, as amended by section 2 of Senate Bill No. 437, chapter 61, Statutes of Nevada 2023, at page 298) Existing regulations require that an applicant complete 4,000 hours of work experience over a period of not less than 2 years. (NAC 628.060) **Section 5** of this regulation requires an applicant to instead complete at least 2,000 hours of work experience over a period of not less than 1 year, in accordance with the changes made by S.B. 437.

Existing regulations authorize certain firms to affiliate with other partnerships, partnerships of partnerships, limited-liability companies or corporations for the practice of public accounting under certain circumstances. (NAC 628.150) **Section 7** of this regulation removes provisions authorizing firms holding permits to practice as public accountants to affiliate with other partnerships, partnerships of partnerships, limited-liability companies or corporations for the practice of public accounting.

Existing law authorizes the Board to adopt regulations prescribing a program to ensure that licensees are maintaining the standards of the profession. (NRS 628.386) Existing regulations provide for a practice-monitoring program to monitor the quality of financial reporting of certain practitioners of public accounting. (NAC 628.550-628.590) Under existing regulations, certain practitioners are required to: (1) enroll in a practice-monitoring program; and (2) submit to the Board practice-monitoring documents or a transmittal form indicating that no audit, full disclosure compilation or attestation reports were issued by the practitioner in the previous year. (NAC 628.575, 628.580) **Section 10** of this regulation revises the definition of the term “practice-monitoring documents” for purposes of this requirement. **Sections 13 and 14** of this regulation remove requirements relating to the submission of a transmittal form. **Sections 9 and 15** of this regulation make conforming changes relating to the removal of this requirement.

Existing regulations require a practitioner who enrolls in a practice monitoring program to opt into the Facilitated State Board Access, as administered by the American Institute of Certified Public Accountants. (NAC 628.580) **Section 14** requires a practitioner who enrolls in a practice-monitoring program to instead authorize the sponsoring organization to grant the Board access to practice-monitoring documents through the Facilitated State Board Access.

Existing law authorizes the Board to adopt regulations establishing committees to assist in the management of its affairs. (NRS 628.170) Existing regulations: (1) provide for the creation of a peer review oversight committee of the practice monitoring program; and (2) prescribe the membership, powers and duties of such a committee. (NAC 628.572) **Section 11** of this regulation: (1) removes certain requirements relating to the membership of the peer review oversight committee; and (2) revises the powers and duties of the peer review oversight committee. **Section 12** of this regulation makes conforming changes to refer to provisions that were renumbered by **section 11**.

Section 1. NAC 628.010 is hereby amended to read as follows:

628.010 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 ~~+~~, *as amended by section 6 of Senate Bill No. 437, Chapter 61, Statutes of Nevada 2023, at page 300.*

4. “Practitioner” means:

(a) A certified public accountant or ~~firm of~~ certified public ~~accountants~~ *accounting firm* 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 , *as amended by section 6 of Senate Bill No. 437, Chapter 61, Statutes of Nevada 2023, at page 300,* or 628.335 ~~+~~, *as amended by section 7 of Senate Bill No. 437, Chapter 61, Statutes of Nevada 2023, at page 301;* or

(c) A ~~firm of~~ certified public ~~accountants~~ *accounting firm* that does not have an office in this State, but is registered with the Board pursuant to NRS 628.335 ~~+~~, *as amended by section 7 of Senate Bill No. 437, Chapter 61, Statutes of Nevada 2023, at page 301.*

FIRST
PARALLEL
SECTION

Sec. 2. NAC 628.016 is hereby amended to read as follows:

628.016 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 an initial examination 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 reexamination, the Board will establish each year a fee for each section
that will not exceed\$100

The fee for 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.

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 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 , *the Board will establish each year a fee that will not exceed*.....\$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:

628.020 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:

628.040 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. ~~Any~~ *Except as otherwise provided by subsection 3, any* conditional credit granted pursuant to this section expires if all unpassed sections of the examination have not been completed within ~~18~~ *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 ~~for~~ *for good cause shown.*

FIRST
PARALLEL
SECTION

Sec. 5. NAC 628.060 is hereby amended to read as follows:

628.060 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 ~~as amended by section 2 of Senate Bill No. 437, Chapter 61, Statutes of Nevada 2023, at page 298.~~

2. To satisfy the requirement of subsection 2 of NRS 628.200 ~~as amended by section 2 of Senate Bill No. 437, Chapter 61, Statutes of Nevada 2023, at page 298,~~ the experience of an applicant must consist of at least ~~4,000~~ *2,000* hours of work with increasing levels of complexity and diversity, performed over a period of not less than ~~2 years~~ *1 year* in industry, public practice, government or a nonprofit organization, where the applicant provides any type of professional service or advice 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 judgment;

- (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 of NRS 628.200 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 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.

7. An applicant who has requested an individual evaluation pursuant to subsection 6 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:

628.130 1. A firm must file with the Board an application for registration as provided in NRS 628.335 ~~1~~, *as amended by section 7 of Senate Bill No. 437, Chapter 61, Statutes of Nevada 2023, at page 301*. The application must be accompanied by the prescribed fee.

2. Before a certified public accountant, or a ~~firm composed of~~ certified public ~~accountants~~ *accounting firm* 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~~ *that is* filed with the Board ~~The application~~ *and includes a request for the registration of a fictitious name* 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:

628.150 ~~1.—Firms holding certificates of registration to practice as certified~~ *Certified* public ~~accountants~~ *accounting firms* 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)~~ *1.* Certified public accountants in good standing in some other state or territory of the United States;

~~(b)~~ *2.* 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

~~{(e)}~~ 3. 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 628.520 is hereby amended to read as follows:

628.520 A practitioner or firm shall report to the Board not more than 30 days after:

1. The practitioner or firm receives a peer review or inspection report with identified deficiencies.

2. The decision against the practitioner or firm for the imposition of a disciplinary action, including, without limitation, a censure, a reprimand, a sanction, probation, a civil penalty, a fine, a consent decree, an order for the suspension, revocation, modification, restriction or denial of a license, certificate, permit or right to practice or the voluntary surrender, lapse, cancellation or resignation of a license, certificate, permit or right to practice while under investigation by:

(a) Any agency of another state authorized to regulate the practice of accountancy in that state for any cause except:

(1) The failure to pay by the date due a fee for a license, certificate, permit or right to practice; or

(2) The failure to comply with a requirement for continuing education;

(b) Any federal or state agency for conduct of the practitioner or firm relating to the provision of professional services;

(c) Any agency of this State, another state or territory, any agency of the Federal Government or a foreign country; or

(d) The American Institute of Certified Public Accountants, the Public Company Accounting Oversight Board or any other similar membership organization or association related to, having oversight of or primarily composed of practitioners.

3. Except as otherwise provided in this subsection, any settlement, award or judgment of \$150,000 or more against the practitioner or firm for a claim of or action for gross negligence, violation of a specific standard of practice, fraud or misappropriation of money in the practice of accounting. If the practitioner is a ~~firm of~~ certified public ~~accountants,~~ *accounting firm*, the practitioner shall notify the Board, pursuant to this subsection, of any settlement, award or judgment involving the practice of public accounting in this State.

4. The practitioner or firm is charged with, is convicted of or pleads nolo contendere to, or has an order of deferred prosecution entered in a case involving the practitioner or firm for:

(a) Any criminal offense, other than a minor traffic offense, under the laws of any state or of the United States; or

(b) A crime, an element of which is dishonesty or fraud, or any crime involving moral turpitude, under the laws of any state or of the United States or any foreign country.

5. The practitioner or firm is named as a defendant or respondent in any type of administrative action relating to the practice of public accounting or action based on an allegation of an accounting violation, dishonesty, fraud, misrepresentation or breach of fiduciary duty.

6. The practitioner or firm is named as a defendant or respondent in any type of civil action relating to the practice of public accounting or action based on an allegation of an accounting violation, dishonesty, fraud, misrepresentation or breach of fiduciary duty.

Sec. 9. NAC 628.550 is hereby amended to read as follows:

628.550 As used in NAC 628.550 to 628.590, inclusive, unless the context otherwise requires, the words and terms defined in NAC 628.555 to ~~628.570,~~ **628.567**, inclusive, have the meanings ascribed to them in those sections.

Sec. 10. NAC 628.560 is hereby amended to read as follows:

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

1. An enrollment letter ~~;~~ *which contains the date on which the peer review report of the practitioner must be submitted to the sponsoring organization;*
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 **document**, report or determination developed as a result of the evaluation of a practitioner conducted pursuant to a practice-monitoring program **+**, **including, without limitation, a document which contains:**

(a) The date on which the most recent practice-monitoring program enrollment or reenrollment letter was issued.

(b) An affirmation that no audit, review, full disclosure compilation or attestation report was issued by the practitioner in the immediately preceding 12 months.

(c) A date by which any outstanding corrective action prescribed by a report acceptance body must be completed by the practitioner.

(d) A date relating to the completion of an evaluation, including, without limitation:

(1) The date on which a peer review was scheduled.

(2) The estimated dates on which a peer review will be conducted.

(3) The estimated date by which the sponsoring organization will present the peer review report to a report acceptance body.

Sec. 11. NAC 628.572 is hereby amended to read as follows:

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

(a) Monitor a sponsoring organization **and any practice-monitoring program administered by the 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.~~

~~6.1~~ 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.

~~7.1~~ 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.

~~8.1~~ 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. 12. NAC 628.573 is hereby amended to read as follows:

628.573 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}~~ 2, 3 and ~~{8}~~ 4 of NAC 628.572.

Sec. 13. NAC 628.575 is hereby amended to read as follows:

628.575 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. 14. NAC 628.580 is hereby amended to read as follows:

628.580 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 . ~~for 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 ~~{opt into}~~ *authorize the sponsoring organization to grant the Board access to practice-monitoring documents through the Facilitated State Board Access ~~{, as administered}~~ used* 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. 15. NAC 628.570 is hereby repealed.

TEXT OF REPEALED SECTION

628.570 “Transmittal form” defined. (NRS 628.120, 628.160, 628.386) “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.