

ASSEMBLY BILL NO. 179—ASSEMBLYMEN OSCARSON, HICKEY, ELLISON; ELLIOT ANDERSON, BOBZIEN, BUSTAMANTE ADAMS, DALY, EISEN, GRADY, HEALEY, KIRKPATRICK, KIRNER, LIVERMORE, MARTIN, NEAL, SWANK, WHEELER AND WOODBURY

FEBRUARY 27, 2013

JOINT SPONSORS: SENATORS CEGAVSKE AND GOICOECHEA

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing audits of certain regulatory boards of this State. (BDR 17-770)

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 audits; revising requirements for certain regulatory boards of this State to prepare a balance sheet or hire a public accountant or accounting firm to conduct an audit of the board for a fiscal year; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law, with certain exceptions, requires certain regulatory boards of this
2 State which: (1) receive less than \$50,000 in revenue during a fiscal year to prepare
3 a balance sheet for that fiscal year; or (2) receive \$50,000 or more in revenue
4 during any fiscal year to hire a public accountant or accounting firm to conduct an
5 audit of the board's fiscal records for that fiscal year. Upon completion of the
6 balance sheet or audit, existing law requires the board to file the balance sheet or a
7 report of the audit with the Legislative Auditor and the Chief of the Budget
8 Division of the Department of Administration on or before December 1 following
9 the end of that fiscal year. (NRS 218G.400)

10 This bill increases from \$50,000 to \$75,000 the amount of revenue received in
11 any fiscal year for the purpose of determining whether a board is required to
12 prepare a balance sheet or hire a public accountant or accounting firm to conduct
13 the audit and subsequently file a report of the audit with the Legislative Auditor and
14 the Chief of the Budget Division. This bill also provides that a board which: (1)
15 receives less than \$75,000 in revenue; (2) is required to submit certain quarterly
16 reports to the Director of the Legislative Counsel Bureau; and (3) fails to submit



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17 those reports, must hire a public accountant or accounting firm to conduct an audit
18 of the board's fiscal records rather than preparing a balance sheet.

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

1 **Section 1.** NRS 218G.400 is hereby amended to read as
2 follows:

3 218G.400 1. Except as otherwise provided in subsection 2,
4 each board created by the provisions of NRS 590.485 and chapters
5 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648, 654 and 656
6 of NRS shall:

7 (a) If the revenue of the board from all sources is less than
8 ~~150,000~~ \$75,000 for any fiscal year ~~1~~ and, if the board is a
9 regulatory body pursuant to NRS 622.060, the board has
10 submitted to the Director of the Legislative Counsel Bureau for
11 each quarter of that fiscal year the information required by NRS
12 622.100, prepare a balance sheet for that fiscal year on the form
13 provided by the Legislative Auditor and file the balance sheet with
14 the Legislative Auditor and the Chief of the Budget Division of the
15 Department of Administration on or before December 1 following
16 the end of that fiscal year. The Legislative Auditor shall prepare and
17 make available a form that must be used by a board to prepare such
18 a balance sheet.

19 (b) If the revenue of the board from all sources is ~~150,000~~
20 \$75,000 or more for any fiscal year, or if the board is a regulatory
21 body pursuant to NRS 622.060 and has failed to submit to the
22 Director of the Legislative Counsel Bureau for each quarter of
23 that fiscal year the information required by NRS 622.100, engage
24 the services of a certified public accountant or public accountant, or
25 firm of either of such accountants, to audit all its fiscal records for
26 that fiscal year and file a report of the audit with the Legislative
27 Auditor and the Chief of the Budget Division of the Department of
28 Administration on or before December 1 following the end of that
29 fiscal year.

30 2. In lieu of preparing a balance sheet or having an audit
31 conducted for a single fiscal year, a board may engage the services
32 of a certified public accountant or public accountant, or firm of
33 either of such accountants, to audit all its fiscal records for a period
34 covering two successive fiscal years. If such an audit is conducted,
35 the board shall file the report of the audit with the Legislative
36 Auditor and the Chief of the Budget Division of the Department of
37 Administration on or before December 1 following the end of the
38 second fiscal year.



1 3. The cost of each audit conducted pursuant to subsection 1
2 or 2 must be paid by the board that is audited. Each such audit must
3 be conducted in accordance with generally accepted auditing
4 standards, and all financial statements must be prepared in
5 accordance with generally accepted principles of accounting for
6 special revenue funds.

7 4. Whether or not a board is required to have its fiscal records
8 audited pursuant to subsection 1 or 2, the Legislative Auditor shall
9 audit the fiscal records of any such board whenever directed to do so
10 by the Legislative Commission. When the Legislative Commission
11 directs such an audit, the Legislative Commission shall also
12 determine who is to pay the cost of the audit.

13 5. A person who is a state officer or employee of a board is
14 guilty of nonfeasance if the person:

15 (a) Is responsible for preparing a balance sheet or having an
16 audit conducted pursuant to this section or is responsible for
17 preparing or maintaining the fiscal records that are necessary to
18 prepare a balance sheet or have an audit conducted pursuant to this
19 section; and

20 (b) Knowingly fails to prepare the balance sheet or have the
21 audit conducted pursuant to this section or knowingly fails to
22 prepare or maintain the fiscal records that are necessary to prepare a
23 balance sheet or have an audit conducted pursuant to this section.

24 6. In addition to any other remedy or penalty, a person who is
25 guilty of nonfeasance pursuant to this section forfeits the person's
26 state office or employment and may not be appointed to a state
27 office or position of state employment for a period of 2 years
28 following the forfeiture. The provisions of this subsection do not
29 apply to a state officer who may be removed from office only by
30 impeachment pursuant to Article 7 of the Nevada Constitution.

31 **Sec. 2.** This act becomes effective on July 1, 2013.

