

ASSEMBLY
GOVERNMENT AFFAIRS
April 1, 1977
7:00am

MEMBERS PRESENT: Chairman Murphy
Mr. May
Mr. Craddock
Mr. Jeffrey
Mr. Moody
Mr. Robinson
Mr. Jacobsen

MEMBERS EXCUSED: Mrs. Westall
Mr. Mann

GUESTS PRESENT: Mr. John A. Gidney, CPA
Mr. Lowell Bernard, State Board of Accountancy
Mr. Melvin Brunetti, " " " "

Vice Chairman May called the meeting to order at 7:05am.

SENATE BILL 126

Mr. John Gidney, Nevada Society of CPAs, Melvin Brunetti and Lowell Bernard, Nevada State Board of Accountancy, spoke in favor of the bill and discussed the material labeled as Exhibit 1,

There was no opposition to the bill.

COMMITTEE ACTION

SENATE BILL 126- Mr. Jacobsen moved for a DO PASS, seconded by Mr. Moody, motion passed. Mr. Murphy, Mr. Mann and Mrs. Westall were not present at the time of the vote.

ASSEMBLY BILL 535

Assemblyman Danny Demers spoke in favor of the bill saying that it is not as complex as it looks and that there are already computers that perform this function of life cost cycling.

Mr. Bill Hancock, State Public Works Board, said that the philosophical view of the bill is fine but realistically it isn't practical. It goes too far into designing for concrete legislation. It would cost at least \$5,000 on every million dollars spent on state jobs.

He suggested that the committee amend out everything in the bill except sections 1 through 8 and section 11. He commented that S. B. 326 would handle this subject much better than this bill does.

COMMITTEE ACTION

ASSEMBLY BILL 278- Chairman Murphy appointed a subcommittee to

ASSEMBLY
GOVERNMENT AFFAIRS
April 1, 1977
Page Two

look into A. B. 278 again. The subcommittee consisted of himself, Mr. Robinson and Mr. Jeffrey.

SENATE BILL 216 - Mr. Jeffrey moved for a DO PASS, seconded by Mr. Jacobsen, motion passed unanimously. Mr. Mann and Mrs. Westall were not present for the vote.

SENATE BILL 244 - Mr. May moved for a DO PASS, seconded by Mr. Moody motion passed unanimously, Mr. Robinson, Mrs. Westall and Mr. Mann were not present for the vote.

ASSEMBLY BILL 535 - Mr. Moody moved that the Committee recommend AMEND AND DO PASS, seconded by Mr. Craddock, motion passed unanimously, Mr. Mann and Mrs. Westall were not present for the vote. The amendments were those recommended by Mr. Hancock in his testimony.

There being no further business to come before the committee, the meeting was adjourned at 8:09 am.

Respectfully submitted,



Kim Morgan, Committee Secretary



NEVADA STATE BOARD OF ACCOUNTANCY

ARLINGTON-RIDGE BLDG. • 290 E.O. ARLINGTON AVE. • PHONE 736-0231
RENO, NEVADA 89501

MEMBERS

- LOWELL C. BERNARD, CPA, PRESIDENT
- MARIO J. ISOLA, PA, SEC. - TREAS.
- C. WILLIAM GEYER, CPA
- DANIEL GOLDFARB, CPA
- ALBERT G. DAITGE, PA

ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS - SENATE BILL 126 CHANGES THE COMPOSITION OF NEVADA STATE BOARD OF ACCOUNTANCY

The Nevada State Board of Accountancy licenses and regulates, as of January 1, 1977, 573 Certified Public Accountants, and 63 Public Accountants. The membership of the Nevada Society of Certified Public Accountants consists of 447 of those CPA's and the membership of the Nevada Society of Public Accountants consists of 60 of those PA's.

Each year for the past two years the Board has examined an average of 300 applicants in two exams in each year and has passed an average of 15% of those applicants. Each year the Board receives 20 applications for reciprocity licensing of out-of-state CPA's, 100 applications for temporary permits to practice by out-of-state CPA's and processes an average of 15 grievances.

Board members consisting of three (3) CPA's and two (2) PA's under current statute cannot properly or adequately handle Board workload. The Board needs seven (7) members, educated in accounting and qualified to administer the technical aspects and functions of the Board, including:

- a. qualifications for candidates to sit for the CPA examination.
- b. standards and evaluation of the CPA examination and minimum requirements.
- c. evaluation of technical experience in auditing, attest functions and accounting and auditing standards and principles to qualify applicant for licensing.
- d. after licensing, annual continuing education is required for license to practice, and Board must set standards and review compliance with 40 hours of continuing education each year for each licensed accountant.

- e. evaluation and licensing of applicants for reciprocity by CPA's from other states, which requires review of the standards under which applicant obtained foreign CPA certificate to determine if the out-of-state requirements were substantially equivalent to Nevada.
- f. developing and adopting Rules and Regulations for the interpretation and administration of NRS Chapter 628 and regulation of the professional and technical standards under which licensed accountants practice.
- g. appointing and supervising the Grievance Committee, which is charged, pursuant to NRS Chapter 628, with duty to investigate and recommend to the Board action regarding violations by licensed CPA's and PA's of Chapter 628 and the Board's Rules and Regulations, the Rules of Professional Conduct for the profession, and all accounting and auditing standards.
- h. investigation and prosecution of unlicensed persons engaging in unlawful accounting and audit activities which adversely affect the public.
- i. investigation, regulation and administration of out-of-state CPA's temporarily engaged in the practice of accounting in the State of Nevada.

The vast majority of the Board's work is conducted by the Board members with clerical help by the executive secretary. The executive secretary is not able to assist the Board in technical determinations, policy decisions, minor investigations, and all of the functions listed in l.a. through i. above. The vast majority of all of the accountants and accounting matters administered by the Board exist in Clark County and Washoe County and the Board has always had at least one C.P.A. Board member from either Reno or Las Vegas to handle daily immediate needs in each of those areas. Governor O'Callahan has just recently appointed two new Board members to replace a Las Vegas C.P.A. Board member and a Reno P.A. Board member. Neither of the new appointees reside in Las Vegas, leaving the Board without a Las Vegas C.P.A. representative.

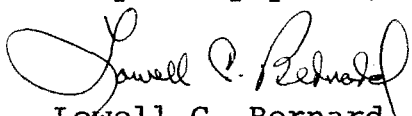
The licensed P.A.'s in the State of Nevada were "grandfathered" in as registered accountants in 1960 by the Nevada Legislature; however, public accountants are slowly diminishing, as no new public accountants can be registered.

SB 126 provides for an increase in the Board members from five to seven (five CPA's and two PA's), and after April 1, 1978, reducing the public accountant representative to one. The bill further provides that whenever the total number of practicing public accountants registered is 10 or less, or whenever there are no public accountants who are eligible or willing to serve as members of the Board, the Board then shall consist of seven members who are certified public accountants. The Board is self-sustaining obtaining its operating funds from fees collected from applicants and licensed CPA's and PA's, and the changes sought in SB 126 can be adequately funded within the existing fee structure.

SB 126 represents legislative changes that the Board has contemplated for well over a year to meet the increasing demands of the Board for the regulation of the accountancy profession in the State of Nevada, and to properly reflect the increase of certified public accountants in the State of Nevada and the gradual decrease of registered public accountants.

Accordingly, it is respectfully submitted that this committee recommends passage of SB 126.

Very truly yours,



Lowell C. Bernard
President, Nevada State
Board of Accountancy