

Memorandum

CPC Agenda Item II.
July 28, 2010

CBA Agenda Item X.A.2.
July 28, 2010

To : CBA Members
CPC Members

Date : June 22, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley
Legislation & Regulation Analyst

Subject : Consideration of Regulatory Language for Section 1.5 – Delegation of Certain Functions

Last year, the California Board of Accountancy (CBA) approved regulatory language to delegate certain functions to its Executive Officer. After making some changes suggested by counsel and incorporating other changes made by the CBA to Patti Bowers' written delegation of authority, staff are returning with updated regulatory language for the CBA's consideration.

Most boards overseen by the Department of Consumer Affairs (DCA) have this delegation of authority in regulation. Currently, the CBA delegates this authority to the person appointed to the Executive Officer position as opposed to delegating authority to the position itself. By placing the delegation into regulation, the CBA delegates this authority to the Executive Officer position rather than the individual holding the position.

The reason for this regulation is to provide explicit authority for the CBA's Executive Officer to exercise discretion on behalf of the CBA in dealing with administrative and ministerial matters. As has been noted, most other boards within DCA have a similar type of regulation granting specific authority to their respective Executive Officers in handling enforcement matters. Having a regulation delegating specific authority to the Executive Officer will prevent any legal challenges regarding the authority of the CBA's Executive Officer. Further, this regulation will allow the Executive Officer to act upon, and deny when appropriate, requests for regulations on matters for which the CBA has already established policy.

Attached for your consideration is proposed regulatory language to establish a delegation of authority to the Executive Officer (**see Attachment 1**).

If the draft language is approved by the CBA, staff will prepare the necessary documents to begin the rulemaking process.

Attachment



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



Attachment 1

PROPOSED REGULATORY LANGUAGE

Section 1.5- Delegation of Certain Functions.

(a) The power and discretion conferred by law upon the Board to receive and file accusations; issue notices of hearing, statements to respondent, and statements of issues; receive and file notices of defense; determine the time and place of hearings under Section 11508 of the Government Code; issue subpoenas and subpoenas duces tecum, set and calendar cases for hearing and perform other functions necessary to the businesslike dispatch of the business of the Board in connection with proceedings under the provisions of Sections 11400 through 11529 of the Government Code, prior to the hearing of such proceedings; and the certification and delivery or mailing of copies of decisions under Section 11518 of said Code are hereby delegated to and conferred upon the executive officer, or in the absence thereof, the assistant executive officer.

(b) The executive officer is specifically delegated authority to agree to and accept any stipulated settlement on behalf of the Board that provides for an interim suspension order, suspending the license of a certified public accountant, pending the conclusion of a criminal action and administrative hearing concerning the licensee.

(c) The power, discretion and duties conferred by law upon the Board to receive and respond to a petition requesting the adoption, amendment, or repeal of a regulation as provided under Section 11340.7 of the Government Code are hereby delegated to and conferred upon the executive officer.

(d) Nothing herein prohibits the executive officer from delegating his/her authority provided in this section to subordinates as provided in Section 18572 of the Government Code.

Note: Authority cited: Sections 5010 and 5015.6, Business and Professions Code. Reference: Sections 5015.6, Business and Professions Code; and Sections 11400-11529 and 18572, Government Code.

Memorandum

CPC Agenda Item III
July 28, 2010

CBA Agenda Item X.A.3.
July 28, 2010

To : CPC Members
CBA Members

Date : July 14, 2010

Telephone : (916) 561-4310
Facsimile : (916) 263-3672
E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager
Renewal/Continuing Competency & Client Services Units

Subject : Discussion on a Retired Option for CPA/PA License

Attached for members review is an issue paper to determine whether a retired option should be made available to licensees. The paper provides a background history on the retired status previously offered by the California Board of Accountancy (CBA), retired options used by other various organizations, present CBA options available for a retiring licensee, two staff-developed proposals for a retired option, and topics for consideration.

Staff would like to pose the below two questions to members as they begin to review the attached issue paper.

1. Does instituting a retired option create any consumer protection issues?

In creating a retired option, it is paramount that any proposal selected ensures consumers are aware of the limitations placed on retired licensees, and that it is clear when a licensee is in fact retired.

2. Should licensees who have practiced public accountancy for an extended period of time receive acknowledgement for their years of service to the profession by allowing a retired option?

As noted in the attached issue paper, many licensees are dissatisfied that the CBA does not presently offer a retired option, and believe it is unfair to require them to pay a full license renewal fee in order to avoid having their license canceled considering their many years of service to the profession.

These questions will hopefully provide a context and framework for reviewing the issue paper and assist members in considering the two staff-developed proposals for a retired option.

I will be available at the meeting to any questions you may have regarding this matter.

Attachment



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CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



CPC AGENDA ITEM III
July 28, 2010

CBA AGENDA ITEM X.A.3.
July 28, 2010

DISCUSSION ON A RETIRED OPTION FOR CPA/PA LICENSE

INTRODUCTION

The purpose of this issue paper is to determine if a retired option should be made available to Certified Public Accountants (CPAs) and Public Accountants (PAs). Over the past several years, the California Board of Accountancy (CBA) has received inquiries from licensees, including through the Customer Satisfaction Survey, requesting a retired status option due to dissatisfaction with a "canceled" or "delinquent" status or, alternatively having to pay the same fee as required for an active or inactive license renewal. Staff have routinely informed licensees that the CBA does not have a retired status and if they no longer wished to maintain their license two options were available. First to allow the license to expire and eventually cancel; or two, elect to voluntarily surrender their license. Licensees have continually indicated a dissatisfaction with these options. Therefore, staff wish to gauge members interest in pursuing a retired option for CPAs and PAs.

BACKGROUND/HISTORY

Between January 1994 through December 1998, the CBA offered a retired option to licensees. This option allowed licensees to request a retired seal that would be affixed to their wall certificate. By requesting a retired seal, licensees were in fact voluntarily allowing their licensees to expire, but were afforded the ability to use the designation "Retired Certified Public Accountant" or "Retired Public Accountant."

Licensees were no longer allowed to practice public accountancy, but could continue to perform bookkeeping, tax, financial planning, or management consulting as described in Section 5051 (f) through (i) of the Accountancy Act, since these functions did not require individuals to maintain a CPA/PA license. Retired licensees intending to render tax preparation services were required to either register with the Internal Revenue Service as an enrolled agent or register with the Tax Preparer Program.¹

The issuance of a retired seal did not affect the status of the license. After the CBA issued a retired seal, licensees simultaneously held a retired seal and an expired

¹ The Tax Preparers Program was regulated by the Department of Consumer Affairs. When the Tax Preparer Program was sunsetted in 1997, tax preparers were no longer regulated by a state agency. Tax preparers were then required to maintain a bond, complete continuing education and register with the California Tax Education Council.

license. As with all expired licensees, for a five-year period, licensees could reinstate their license to an active or inactive status by paying all applicable license renewal fes, including a delinquency fee, and fulfilling all continuing education (CE) requirements should the licensee select an active status. After the five-year period had elapsed since the license expired, the license was cancelled, however, licensees could continue to display the wall certificate with a retired seal and hold out as a retired licensee.

In 1996 CBA staff expressed concern that some licensees were attempting to avoid disciplinary action by requesting a retired seal while a disciplinary matter or citation was pending because the CBA had no legal mechanism to deny or delay the issuance of a retired seal to a licensee with a pending disciplinary matter. Additionally, licensees with a revoked license were permitted to continue to display their certificate with the retired seal. This appeared inconsistent with the CBA's intent to provide the seal as a positive acknowledgement of licensees' years of service in the profession.

Based on these concerns, the CBA again sponsored legislation, this time to repeal B&P Code Section 5070.1, thus eliminating a retired option for licensees. On January 1, 1999, Section 5070.1 was repealed, and the CBA no longer issued retired seals or permitted licensees to use the designation "Retired Certified Public Accountant" or "Retired Public Accountant." Subsequently, B&P Code Section 120 was amended to allow a retiring CPA/PA to continue to display the wall certificate provided the license was not suspended or revoked. Retirees could use the CPA or PA designation in a social context, with or without the word "retired." Retirees, however, could not use the CPA or PA designation and perform, or offer to perform, any activity defined as the practice of public accountancy in Section 5051 of the Accountancy Act.

DEPARTMENT OF CONSUMER AFFAIRS BOARDS WITH RETIRED STATUS

Staff researched other boards within the Department of Consumer Affairs (DCA) to determine if any had a retired option and the approach each used. The following DCA boards presently offer a retired option to their licensees: Board of Pharmacy, California Architects Board, Board for Professional Engineers and Land Surveyors, Medical Board of California, Board of Registered Nursing, Dental Board of California, and Board of Podiatric Medicine.

Most of the boards require a one-time initial application and retired license fee, which varies from \$35 to \$200. With the exception of two boards, most of the boards do not require a license renewal. The Board of Podiatric Medicine requires retired licensees to submit a renewal application indicating retired status but waives the renewal fee. The Dental Board requires licensees to submit a biennial license renewal application and pay a reduced license renewal fee option. A majority of the boards permit licensees to use their titles provided they display the term "retired" either before or after the title.

All boards were consistent in requiring the following qualifying conditions be met to obtain a retired license: (1) the individual held a license that was current and capable of being renewed; (2) held a license that had not been suspended, revoked, or otherwise

disciplined, or subject to pending discipline. Once these conditions were met, a retired licensee was exempt from CE requirements (with the exception of Dental Board's retired active license status option) and could not engage in activity that required a license.

In addition to the above qualifying conditions required by all boards, some boards maintain qualifying conditions specific to their board. Five of the boards had either minimum age or years of service required to qualify for retired status. One board required the licensees to reach the age of retirement under the federal Social Security Act, while three boards required licensees be licensed for at least 20 years, and one board required a minimum of five years of licensure in California and a minimum of 20 years within the United States or its territories.

The Dental Board is unique in that it offers a retired active license status and a retired inactive license status. The Dental Board offers a reduced fee program with qualifying conditions to licensees wishing to retire. A retired active license status allows the licensee to continue to offer dental services provided 50 hours of CE (including applicable mandatory courses) are completed every two years and the reduced license renewal fee is paid. A licensee selecting a retired inactive license is prohibited from offering dental services but is exempt from the CE requirement. To maintain a retired inactive license, licensees must pay the reduced renewal fee and renew every two years.

Staff's research found that all boards allowed retired licensees to reactivate a retired license to active status provided certain conditions were met. Individuals were either required to complete all license renewal requirements, pass the examination required for initial licensure, complete a minimum amount of CE, and/or pay past renewal and delinquent fees. Individuals who had a cancelled license had to apply as a new applicant.

OTHER STATE BOARDS OF ACCOUNTANCY AND PROFESSIONAL ORGANIZATIONS

Staff researched other state boards of accountancy to get a better understanding on how they address retired status. Staff found approximately 20 state boards of accountancy offer a retired status to their licensees. Nearly half of these states have a minimum age requirement of 55 years or older as a required condition with nearly all prohibiting practice rights. Three states allow retired CPAs to perform volunteer accounting related services provided no compensation is received. Most states allow the use of the CPA designation as long as "retired" appears before or after the title.

Most of the states require either an initial application and fee or the submission of a renewal application and fee for a retired status. The initial and/or renewal fees varied anywhere from \$10 to \$200. For example, Tennessee requires a renewal application and fee of \$120 fee for individuals over 55 and requires a renewal application but no fee for individuals over 70 years of age. Oklahoma requires a \$50 annual registration fee

for all licensees but reduces the fee to \$25 once the individual turns 65 years of age. Finally, South Dakota only requires a \$10 annual fee if the individual is at least 55 years of age. There were only a few states that did not require renewal of a retired license.

A majority of these states allow retired licensees to restore a retired status to active status provided certain conditions are met. Individuals are either required to complete current renewal requirements, complete a minimum amount of CE within a specified time frame or subject matter, and/or submit the required application and pay required fees. Colorado, for example, requires 80 hours of CE be completed solely in their "Code A" subject matter which basically mirrors California's technical subject matter requirements.² One state that differed drastically from others as it relates to reactivating a retired status is South Carolina. South Carolina requires individuals to reapply as a new candidate and retake the CPA exam.

Staff also reviewed membership options offered by the American Institute of Certified Public Accountants (AICPA) and California Society of Certified Public Accountants (CalCPA). AICPA members qualify for a retired membership if they are 62 years of age or older and working fewer than 20 hours a week with annual membership dues set at \$100. Membership is complimentary after a member has paid 40 consecutive years of dues. CalCPA offers retired CPA members a retired membership with annual membership dues set at \$100.

PRESENT OPTIONS AVAILABLE TO LICENSEES

Presently, there are only two options available to licensees wishing to retire. Licensees may either allow their license to expire and eventually cancel or they may voluntarily surrender their license. The primary complaint from licensees regarding these options is the negative license status connotation. Neither of these options indicate that the licensee has elected to retire. Licensees who have practiced for many years are very proud of their profession and believe a delinquent, canceled or surrendered status is undignified.

Comments from the Customer Satisfaction Survey have included remarks such as:

- Surprised to find out the board does not have a category called retired rather than showing the member as a deadbeat for non payment of membership dues.
- It is not reasonable to require full fees for retirees. Failure to pay fees for a retiree should not result in a "delinquent" status.
- I don't want my file to indicate my certificate was cancelled, but that it is retired.
- I am unhappy I have to pay the same fee as active. There should be a retirement status.

² Technical subject matter includes accounting and auditing, computer and information technology (excluding word processing), consulting, fraud, financial planning, ethics, taxation, and specialized industry courses that enhance public accounting skills and knowledge.

Presently, if a licensee elects not to renew and allow the license to expire, the license status will reflect “delinquent” on the CBA Web site License Look-Up.³ It will remain delinquent until five years from the license expiration date after which it will reflect “canceled.” **Attachment A** provides a sample print screen of an expired delinquent license including the delinquent definition. **Attachment B** provides a sample print screen of a canceled license including the canceled definition.

Licensees choosing to voluntarily surrender their license must submit a written request to the CBA. Prior to processing the request, staff verifies with the Enforcement Division that the license has not been suspended or revoked, and that there are no pending disciplinary actions or complaints. If a licensee chooses to voluntarily surrender the license, the license status will reflect “surrendered” on the CBA License Look-up. **Attachment C** provides a sample print screen of a license showing surrendered and its definition.

For a licensee with an expired license status wishing to return their license to a current renewable status, there is a separate procedure for a delinquent status and one for a canceled status. For a license that is delinquent, the licensee must submit a license renewal application, pay past renewal and delinquent fees, and if renewing active, complete present CE requirements. For a license that has been canceled, the individual must reapply for licensure as a new applicant which requires that they file the appropriate application and fees, submit new fingerprints, and meet present CE requirements before a new license number is issued.

The procedure to reinstate a surrendered license to an active license status is much more involved. Retired licensees must file a petition for reinstatement, submit new fingerprints, and appear before or provide a written report to the CBA for consideration and action. In addition, a petition may only be considered by the CBA after a period of not less than one year has elapsed from the effective date of surrender, or from the date of the denial of a similar petition, unless a longer period, not to exceed three years, is specified in a decision of the CBA.

RETIRED OPTIONS

Staff have identified two proposals for consideration regarding a retired option: (1) to require that licensees biennially renew while retired and (2) immediately cancel the license upon approving a licensee's request for retired. Both proposals could require the licensee to meet certain qualifying conditions, file an application, and possibly pay a fee. Licensees would have no practice rights in public accountancy under either option.

A renewable retired option would require a licensee to initially meet qualifying conditions (see second bullet under Topics for Consideration), renew every two years, and pay a possible reduced fee or no fee, The CBA Web site License Look-up would reflect

³ The CBA Web site License Look-up is a tool consumer and licensees can access to verify the status of a license. License Look-up was established in May 2000. License Look-up did not exist when the retired status seal was originally offered.

“retired.” A retired license not renewed for five years from the license expiration date would be cancelled. Upon cancellation, License Look-up would then change the status to “canceled.” An expired license under this option could be reactivated to an active status either through the status conversion process or at the time of license renewal provided the necessary CE is met.

The process for a non-renewable/canceled retired option could require the filing of a one-time application and possible fee and meeting any qualifying conditions. The license would immediately be canceled upon submission and processing of the application, however, the license status would reflect “retired.” A retired license under this option could not be renewed, restored, or reinstated. An individual wishing to practice public accountancy would have to reapply as a new applicant and meet the current licensure requirements.

TOPICS FOR CONSIDERATION

To this point the paper has provided CBA members with information to assist them in deliberating the concept of a retired option for licensees. The following topics are designed to address issues and facilitate discussion as to whether a retired option should be implemented.

- Determine whether to offer a renewable retired option, a non-renewable retired option, or continue with present options.

A renewable retired option and a non-renewable retired option could both require the filing of an application, paying a possible fee, and meeting qualifying conditions. There are two distinct differences between the two options. A renewable retired option would require renewal every two years and allow the retired licensee the option of reactivating the license to an active license status. A non-renewable retired option would require a one-time application and possible fee, cancel the license immediately upon submission and processing of the application, and the individual would have to reapply as a new applicant to practice public accountancy.

If the CBA elected not to provide for a renewable retired or non-renewable retired option, the present options of expired/canceled and voluntary surrender would remain.

- Should specific qualifying conditions be established for a renewable retired/non-renewable retired option?

The following are a few eligibility conditions that could be required for a renewable retired/non-renewable retired option: minimum age requirements, years of licensure, physical disability, hold a license that is either current or eligible for renewal and has not been suspended, revoked, or otherwise disciplined, or subject to pending discipline or have a pending complaint.

When considering qualifying conditions and problems which existed with the previous retired program, staff would advise that qualifying conditions need not be mutually exclusive to just one condition.

- Should a retired licensee be required to use a retired CPA designation?

Presently, licensees holding an inactive license status are allowed to use the CPA designation provided “inactive” is used either before or after the title. CBA members may wish to consider requiring retired licensees to use a “retired” CPA designation much in the same manner as allowed for an inactive license status.

- Impact to Accountancy Fund

CBA members may wish to consider whether a reduced fee or any fee should be required with the submission of the application for a retired license. Any elimination or reduction of fees could impact revenue but to what extent is unclear at this point. Factors that could weigh on the impact could be any age limitations, years of licensure, requiring a renewal or a one-time application.

- If licensees are allowed to restore an expired license under the renewable retired option, what would be the requirements?

If licensees are allowed to restore an expired license under the renewable retired option to an active license status, qualifying conditions and procedures would need to be established. Qualifying conditions could mirror the requirements for status conversion and/or license renewal or there could be a minimum CE requirement. Other areas to consider would be the filing of an application and paying any renewal and delinquent fees.

If CBA members proceed with pursuing a retired option, staff will need direction on all of the above topics in order to provide proposed statutory language to the CBA at subsequent meetings. As members deliberate on the value of instituting a retired option for licensees, staff would like to note that it would take approximately 2½ years to fully implement a retired option. The first year would address getting necessary legislation in place, while the remaining time would focus on adding/amending the needed regulations and implementing the retired option.

CONCLUSION

As noted above, any implementation of a retired option will require legislation. Should the CBA wish to pursue a retired option during the upcoming legislative year, language would be brought to the September Committee on Professional Conduct (CPC) and CBA meetings. If this language, including any necessary revisions, is approved by the CPC and CBA, staff would bring the final language to the Legislative Committee in November for possible recommendation to the CBA.

ATTACHMENT A

The screenshot shows a Mozilla Firefox browser window displaying the California Board of Accountancy website. The browser's address bar shows the URL: [http://www2.dca.ca.gov/pls/wllpub/WLLQRYNA\\$LCEV2.QueryView?P_LI](http://www2.dca.ca.gov/pls/wllpub/WLLQRYNA$LCEV2.QueryView?P_LI). The website header includes the logo for CA.GOV, the text "Department of Consumer Affairs" and "California Board of Accountancy", and a navigation menu with items like "Home", "License Lookup", "Consumers", "Licensees", "Applicants", "Forms", "Publications", "Whats New", "About Us", and "Contact Us".

The main content area features the heading "CALIFORNIA BOARD OF ACCOUNTANCY" and a list of license details for Arthur James Smith:

Licensee Name:	ARTHUR JAMES SMITH
License Type:	Certified Public Accountant
License Number:	99592
License Status:	DELINQUENT Definition
Experience Completed:	A Definition
Expiration Date:	January 31, 2010
Issue Date:	January 25, 2008
Address:	1205 TWELVE PINES CIR
City:	SANDY
State:	UT
Zip:	84094
County:	OUT OF STATE
Disciplinary Actions/License Restrictions:	No

Below the license details, it states "No records returned".

A pop-up window titled "License Holders: - Mozilla Firefox" is open, displaying the URL <http://www2.dca.ca.gov/pls/wllpub/Wllqryna> and the heading "Status Definition". The definition text reads: "A license is delinquent if not renewed by its expiration date." The pop-up window also shows a "Done" button at the bottom.

At the bottom of the browser window, the taskbar shows the Start button and several open applications, including "Cindi Fuller", "mvssy5.feal...", "Microso...", "Voluntary S...", "California B...", and "License Hold...". The system clock in the bottom right corner shows "4:14 PM".

This information is updated Monday through Friday - Last updated: JUN-27-2010

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ATTACHMENT B

California Board of Accountancy - Welcome - Mozilla Firefox

File Edit View History Bookmarks Tools Help

http://www2.dca.ca.gov/pls/wllpub/WLLQRYNA\$LCEV2.QueryView?P_LI

Most Visited Getting Started Latest Headlines Connect to Discoverer StateBoardListing.pdf (...)

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California Board of Accountancy

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CALIFORNIA BOARD OF ACCOUNTANCY

Licensee Name:	BARY GENE JONES
License Type:	Certified Public Accountant
License Number:	26310
License Status:	CANCELED Definition
Experience Completed:	A Definition
Expiration Date:	March 31, 1985
Issue Date:	June 16, 1978
Address:	P.O. BOX 275
City:	WENDOVER
State:	UT
Zip:	84083
County:	OUT OF STATE
Disciplinary Actions/License Restrictions:	No

No records returned

This information is updated Monday through Friday - Last updated: JUN-28-2010

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Done

License Holders: - Mozilla Firefox
http://www2.dca.ca.gov/pls/wllpub/Wllqryna\$

Status Definition

A license is canceled if not renewed within five years following its expiration date. A licensee with a canceled license may reapply as a new applicant and meet the current requirements for approval. Upon approval, a new CPA license number is issued.

Done

start Cindi Fuller ... Renewal Inf... mvssy5/teal... Retired Status Retired Stat... Firefox 10:10 AM

ATTACHMENT C

California Board of Accountancy - Welcome - Mozilla Firefox

File Edit View History Bookmarks Tools Help

http://www2.dca.ca.gov/pls/wllpub/WLLQRYNA\$LCEV2.QueryView?P_LI

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Skip to: Accessibility

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CALIFORNIA BOARD OF ACCOUNTANCY

Licensee Name:	EDMOND G THIEDE
License Type:	Certified Public Accountant
License Number:	8332
License Status:	SURRENDERED Definition
Experience Completed:	A Definition
Expiration Date:	May 31, 2006
Issue Date:	Licensed prior to 1989
Address:	709 LAS BARRANCAS DR
City:	DANVILLE
State:	CA
Zip:	94526
County:	CONTRA COSTA
Disciplinary Actions/License Restrictions:	No

No records returned

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Done

License Holders: - Mozilla Firefox

http://www2.dca.ca.gov/pls/wllpub/Wllqryna\$

Status Definition

The licensee has surrendered the license. The individual, partnership, or corporation is no longer licensed. The Board, however, may impose discipline against a surrendered license in certain circumstances. Surrender also may require certain conditions be met should the former licensee ever choose to reapply for licensure.

Done

start Cindi Fuller mvssy5.teal Microsoft Voluntary S California B License Hold 4:08 PM

Memorandum

CPC Agenda Item IV.
July 28, 2010

CBA Agenda Item X.A.4.
July 28, 2010

To : CBA Members
Committee on Professional Conduct Members

Date : July 7, 2010
Telephone : (916) 561-1741
Facsimile : (916) 263-3676
Email : dpearce@cba.ca.gov

From : Fausto Hinojosa, Qualifications Committee Chair
Deanne Pearce, Licensing Chief

Subject : Qualifications Committee (QC) Recommendation Regarding Defining Supervision in CBA Regulation Sections 12 and 12.5

At the direction of the CBA, the QC was requested to discuss and provide a recommendation to the CBA regarding whether to define supervision in Section 12 and 12.5 of the CBA's Regulations. At the January 27, 2010 QC meeting, staff presented an issue paper (**Attachment 1**) that provided information on current issues related to supervision, background on CBA supervision requirements, supervision requirements as defined by the Uniform Accountancy Act (UAA), and other states' supervision requirements.

Staff also presented a proposed definition of supervision for Section 12 and 12.5 of the CBA Regulations. After reviewing the proposed definition the QC requested that staff include additional language to Section 12(a) specifying this definition of supervision would only apply to supervision provided in private industry and governmental accounting due to the limited number of licensed Certified Public Accountants available to provide supervision. In addition, the QC recommended staff make other minor edits for consistency with terminology.

The amended language was brought before the QC at its April 21, 2010 meeting. After deliberating, the QC adopted the language originally proposed at the January 27, 2010 meeting, which omitted any direct reference to supervision in private industry and governmental accounting, therefore, requiring the same type of supervision be obtained in private industry, governmental accounting and public accounting.

The proposed language would require that qualifying experience be reviewed and evaluated by the supervisor on a routine and recurring basis and that the supervisor have authority and oversight over the applicant. The proposed language also incorporates the form numbers for the Certificates of Experience, both attest and general, as well as other changes to ensure consistency.

Attached for your review and consideration are Sections 12 and 12.5 (**Attachment 2**) of the CBA Regulations incorporating proposed changes adopted at the April 21, 2010 QC meeting.

QC Recommendation Regarding Defining Supervision

July 7, 2010

Page 2

Also provided for your reference are the statutory provisions Sections 5092 and 5093 of the Business and Professions Code (**Attachment 3**).

The QC recommends that the CBA consider and adopt the proposed regulatory language to define supervision.

Ms. Pearce and I will be available at the meeting to respond to any questions members may have regarding the above recommendations.

Attachments

Memorandum

QC Meeting Agenda Item III.C.
January 27, 2010

To : Qualifications Committee Members

Date : December 29, 2009

Telephone : (916) 561- 1739

Facsimile : (916) 263- 3676

E-mail : kmccutchen@cba.ca.gov

From : Kris McCutchen, Manager
Licensing Division

Subject : Consideration of Defining Supervision in Sections 12 and 12.5 of the California
Accountancy Regulations

At the September 2009 California Board of Accountancy (CBA) meeting, CBA members were presented an issue paper on defining supervision in the California Board of Accountancy Regulations. The CBA determined that the Qualifications Committee (QC) should deliberate on this issue prior to bringing it before the CBA for further consideration and discussion.

To assist QC members in their deliberations regarding this matter, staff have provided information on current issues related to supervision, background on CBA supervision requirements, supervision requirements as defined by the Uniform Accountancy Act (UAA), and other states' supervision requirements. Also provided are options for QC consideration.

Attachments



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CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
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Consideration of Defining Supervision as Referenced in Sections 12 and 12.5 of the California Accountancy Regulations

CURRENT ISSUES

The issue of whether or not to further define “supervision” in regulation has been considered many times over the years, and a summary of these discussions are captured in the “Background” portion of this paper.

The lack of a clear definition of supervision has been problematic. Below are examples of issues and unanswered questions that are faced by applicants, licensee supervisors, and California Board of Accountancy (CBA) staff.

Applicants

- Can a Certified Public Accountant (CPA) be considered a supervisor if that person reviews **only** the final work product but none of the schedules or other underlying documents used in the preparation of the final work product?
- Is it acceptable for a licensee working in a neighboring unit or satellite office, who reviews a portion of the applicant’s work to complete and submit a Certificate of Experience, even though the CPA neither reviews the work on a regular on-going basis, nor provides any direct input into the applicant’s work?
- Since there is no clear definition of the level of interaction required in order to qualify as a supervisor, can **any** licensee staff member who serves in a supervisory capacity complete and submit the Certificate of Experience on the applicant’s behalf?

Supervisors

- The licensee, though believing he or she did not “supervise” the applicant, feels pressured by the applicant to sign the Certificate of Experience.
- There is a lack of consistency in the level of supervision provided from one applicant to another.
- Does the supervisor have to be located in the same office as the applicant?

CBA

- Since no clear definition of supervision exists, CBA staff are unable to provide guidance to inquiries from applicants and licensee supervisors about the type of supervision the CBA requires supervisors to provide, or applicants to receive.

- Lack of clear guidance leads to excessive CBA staff time spent on numerous communications to and from applicants and licensees.

CALIFORNIA SUPERVISION REQUIREMENTS

Prior to 2002, Section 5083 (Pathway 0) (**Attachment 1**) of the California Accountancy Act required all applicants who obtained their work experience in private industry or government to obtain that attest experience under the “direct” supervision of a CPA. The requirements for work experience obtained in public accounting allowed the supervising CPA to be licensed in any state or country. However, work experience obtained in private industry or government had to be supervised by a CPA licensed in a state. There was an expectation that the licensee supervisor had direct personal knowledge of the applicant’s work product, reviewed the work providing input, and was, therefore, in a position to provide the CBA with a Certificate of Experience on behalf of the applicant. In some instances, the applicant’s direct supervisor was not a licensee, but the supervisor’s supervisor was a licensee who also reviewed the work, and completed the Certificate of Experience on the applicant’s behalf.

When Sections 5092 and 5093 (Pathway 1 and Pathway 2, respectively) (**Attachments 2 & 3**) of the California Accountancy Act were enacted in 2002, the supervision requirements for licensure changed and applicants applying under the new pathways were no longer required to have “direct” supervision of work experience by a CPA. Although the CBA maintains an expectation that the licensee supervisor has personal knowledge of the applicant’s work product, reviews the work and provides input, without a clear definition of the level of supervision that is required in order to certify an applicant’s work experience, staff have consistently been unable to provide clear guidance or direction regarding supervision to applicants and their employers.

Also impacting this discussion is the fact that applicants seeking licensure with the authorization to sign attest reports, and those that are not, are bound by the same statutory and regulatory supervision mandates. However, completely different experience forms and “certifications” from supervisors are required.

Applicants requesting licensure with the authorization to sign attest reports are required to obtain qualifying experience that allows the licensee supervisor to certify that the applicant has obtained attest experience in a variety of areas. The licensee supervisor will submit to the CBA a *Certificate of Attest Experience*, (**Attachments 4 & 5**) offering an opinion on whether or not the applicant demonstrated his/her ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

Applicants requesting licensure with general accounting experience are only required to have the licensee supervisor submit a *Certificate of General Experience* (**Attachments 6 & 7**), which simply certifies that the applicant performed general accounting experience during a specific period of time. No opinion is offered as to whether or not the applicant has demonstrated his/her ability to perform general accounting services.

BACKGROUND

January 2003 Committee on Professional Conduct (CPC) and CBA Meetings

The issue of defining supervision was discussed by the CPC and CBA relating specifically to supervision of general accounting experience verified by an external auditor. Based upon the CPC's recommendation, which included attest experience as well as general accounting experience, the CBA voted to not permit verification of an applicant's work experience by the employer's external CPA (outside auditor). Draft regulatory language was scheduled for consideration at the March 2003 CPC and CBA meetings.

March 2003 CPC and CBA Meetings

The CPC reviewed draft revised language to CBA Regulations Sections 12 and 12.5. The language not only incorporated the January 2003 policy decision of the CPC and the CBA to prohibit an external CPA from verifying experience for an employee of a client, it also included a definition of supervision. The language stated in part,

“To supervise an applicant’s experience, the supervisor must directly oversee and inspect the applicant’s performance of the services described in subsection (b). This must include personal communication between the supervisor and the applicant regarding the applicant’s performance of the services described in subsection (b).”

In addition to providing a definition of supervision, this language could provide useful guidance to applicants, licensees, and CBA staff.

During its deliberations on the proposed language, the CPC further revised Sections 12 and 12.5 by inserting the word **“ongoing”** after “personal” in the definition of supervision. The newly revised language stated,

“To supervise an applicant’s experience, the supervisor must directly oversee and inspect the applicant’s performance of the services described in subsection (b). This must include personal, ongoing communication between the supervisor and the applicant regarding the applicant’s performance of the services described in subsection (b).”

Following CBA consideration and deliberations, the revised amendments to Sections 12 and 12.5 were adopted. It was anticipated that a regulation hearing would occur at the July 2003 CBA meeting.

July 2003 CBA Meeting

A public hearing was held to consider the proposed amendments to Sections 12 and 12.5, among other sections of the California Code of Regulations. Following the public hearing, the CBA adopted the proposed amendments to Sections 12 and 12.5, as reflected in the March 2003 CPC and CBA meetings above.

Based on comments received regarding clarifying changes to other regulations being heard, all of the proposed revised regulations were re-noticed for a 15-day period.

October 2003 CPA Qualifications Committee (QC) Meeting

Subsequent to the regulation hearing, Mr. Paul Koreneff, QC Chair, raised concerns regarding the proposed language to amend Sections 12 and 12.5 related to the definition of supervision and who would be authorized to verify a licensure applicant's experience. Specifically, he believed the proposed language would require each CPA supervising an engagement to submit a Certificate of Experience on behalf of the applicant, which could require multiple Certificates of Experience, thus lengthening the licensing process.

November 2003 CBA Meeting

Mr. Koreneff, in his QC report to the CBA, reported the concerns discussed by the QC, specifically that the proposed regulatory language could cause serious delays for future applicants in satisfying the experience requirements, and that requiring "direct supervision" could in many instances take a substantially longer period of time in order for an applicant to comply with the CBA's experience requirements for CPA licensure. The CBA directed the QC to further explore the issue and bring back a proposal to the CPC as to potential solutions to this problem so that it could be determined if the CBA would need to readdress this issue.

January 2004 QC Meeting

At the direction of the CBA, the QC again reviewed the proposed revisions to Sections 12 and 12.5, centering its attention on the phrase "**directly oversee**" in the proposed definition and the meaning of "**ongoing communication**". It was thought that these two issues may be problematic as public accounting firms and government agencies have quality control systems in place for the licensure process, with licensed personnel who have control and decision-making responsibilities, ensuring applicants are adequately supervised and demonstrate their knowledge and understanding of professional standards. However, work experience obtained in private industry may not parallel those quality control systems.

Discussions also raised the concern that the definition of supervision, as proposed in the pending regulation, could require a substantially longer time period for an applicant who obtains work experience in public accounting or government to satisfy the experience requirements for licensure. Further, the QC concluded the exact meaning of "**directly oversee**" should be further clarified because the proposed wording might cause substantial delays to applicants qualifying for licensure.

Consequently, the QC suggested that further consideration was needed to make a recommendation regarding work experience obtained in private industry.

February 2004 CPC Meeting

The QC communicated its consensus to the CPC that public accounting firms and government agencies had quality control and decision-making roles over all engagements ensuring that applicants are adequately supervised, while work experience obtained in private industry may not parallel the quality controls of public and governmental agencies. The QC provided newly revised regulatory language to the CPC that broadened the role of the supervisor; however, due to the late revision and the complexity of the issue, there was insufficient time during the meeting to consider adopting regulatory language. The issue was deferred to the May 2004 CBA/CPC meeting.

April 2004 QC Meeting

Additional concerns were raised by QC members regarding whether or not work experience obtained in private industry and government was sufficiently regulated to ensure that applicants with this type of experience had adequate supervision.

May 2004 CPC and CBA Meetings

In response to concerns raised by the QC at the February 2004 CPC meeting, an amendment to Sections 12 and 12.5 was presented to the CPC that would broaden the role of the supervisor. The amendment was to language originally adopted by the CBA in July 2003, relating to work experience obtained in private industry and government, which defined supervision as **“directly oversee and inspect”** and **“personal ongoing communication”**. The QC’s new recommended language stated that the supervisor must have **“control and decision-making responsibility over the applicant’s performance of services”**.

The new language that the QC recommended to the CPC, which would apply to work experience obtained in public, private industry, and government, stated

“In order to meet the experience requirement of Section 5092 or 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093, who has control and decision-making responsibility over the applicant’s performance of the services described in subsection (d) of Section 5092 or 5093.”

At the CBA meeting, Ms. Nancy Corrigan, QC Chair (predecessor to former QC Chair Paul Koreneff), raised additional concerns regarding the proposed language. Ms. Corrigan noted that the recommendation to adopt the proposed language was subject to the QC looking further into the issue of whether government agencies and private businesses have adequate control systems in place to ensure that applicants obtain qualifying experience and receive adequate supervision. She suggested that perhaps the definition of supervision needs to be more stringent for government and private industry than for public accounting.

Although the CPC approved the amendments recommended by the QC, the CBA decided to not adopt a definition of supervision at that time. It was suggested that this issue be added to the list of items to be addressed by staff as time permits without being given special priority. It was also decided that it would be left to staff discretion regarding when time and resources would permit reopening this issue for further study by the QC.

January 2009 CBA Meeting

A licensing applicant appeared before the CBA to request that the CBA require an actively licensed CPA, whom the licensing applicant believed to be their supervisor, to complete and submit a *Certificate of General Experience* on their behalf. The applicant provided the CBA with documentation and information that they believed substantiated the claim that the CPA served in a supervisory capacity. The applicant had previously appeared before the QC where it was recommended there was not enough evidence to show that the CPA acted in a supervisory capacity that would qualify them to certify the applicants work experience.

UNIFORM ACCOUNTANCY ACT AND OTHER STATES' REQUIREMENTS

Under the Uniform Accountancy Act (UAA), an applicant for initial licensure must complete one year of experience. This experience shall include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which must be verified by a licensee, meeting requirements prescribed by a board. This experience is acceptable if it is gained through employment in government, industry, academia or public practice. Before an applicant may obtain a certificate, the applicant must obtain actual experience; however, that experience can be obtained in any area of employment involving the use of accounting or business skills. The experience may be supervised by a non-licensure but must be verified by a licensee.

During a review of other states' requirements for supervision, staff found that several other states have very similar supervision requirements to California and provide no definition of supervision. Some states have adopted language that requires "direct" supervision, but in most cases, the board does not further define "direct." Staff found several states that clearly define supervision and have provided examples of the language (**Attachment 8**).

ISSUES FOR CONSIDERATION

When deliberating the issue of defining supervision, members may want to consider the following issues:

- 1) What is acceptable interaction to substantiate a supervisory relationship? Would it need to be face to face or could the interaction be facilitated through electronic means (telephone, internet, etc.)?
- 2) What, if any, would be the minimum frequency of interaction between the applicant and the supervisor? For example, daily, weekly, monthly?

- 3) Should the QC consider different definitions for the different work environments? For example, a different definition of supervision depending on whether the work is performed in public accounting, private industry, or government?
- 4) Should there be different supervision requirements for those seeking licensure with the authority to sign attest reports versus those applicants applying for licensure with general accounting experience?
- 5) Could a licensee working in a neighboring unit or satellite office who reviews any portion of the applicant's work be considered a supervisor?

OPTIONS FOR CONSIDERATION

The QC may wish to consider the following options when determining what to recommend to the CBA regarding whether to adopt a definition for supervision in regulation.

- 1) The QC could recommend that the CBA adopt the proposed language (**Attachment 9**) and provide general instructions that the CPA supervisor should use their best judgment, using the regulation as a guideline, in determining if they are qualified to sign the Certificate of Experience Form.
- 2) The QC could provide guidance to staff on how supervision should be defined. Staff would then work with legal counsel to draft language for consideration at the April 2010 QC meeting.
- 3) The QC could recommend to the CBA to maintain status quo, not adopting a definition of supervision, but providing guidance to staff regarding those items identified under **Issues for Consideration**. Should the QC consider this option, the information provided to applicants and supervisors regarding what constitutes a supervisory relationship would be considered "guidance" and could not be enforced, as it would not be in either regulation or statute. This option may address those questions received by staff and resolve confusion for applicants and licensees. At the direction of the CBA, the QC could reconsider this in the future should the issue continue.

Staff will be available at the QC meeting to answer any questions members may have.

Section 12. General Experience Required Under Business and Professions Code Sections 5092 and 5093.

(a) In order to meet the experience requirement of Section 5092 or Section 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the ~~person supervising the experience is also an owner of the public accounting firm~~ owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required. ~~If the experience is obtained at a private business no second signature is required if the person supervising the experience is also an owner of the private business.~~

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3) (A) All verifications shall be submitted to the Board on Form 11A-29 (8/10) for public accounting experience or Form 11A-29A (8/10) for private industry and governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (a)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (a)(3)(A).

(b) The experience required by Section 5092 or 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. Qualifying experience may be gained through employment in public ~~practice~~ accounting, private industry, or government. Experience acquired in academia is not qualifying.

(c) The experience required by Sections 5092 or 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(d) An applicant who is applying under Section 5092 or Section 5093 of the Business and Professions Code with experience obtained five (5) or more years prior to application may be required to obtain 48 hours of continuing education which shall include general accounting, and other comprehensive basis of accounting; and to submit the certificates of completion to the Board.

Section 12.5. Attest Experience Under Business and Professions Code Section 5095.

(a) To be authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095, an applicant for a California Certified Public Accountant license pursuant to Business and Professions Code Sections 5087, 5092, or 5093 or holder of an unexpired California Certified Public Accountant license issued pursuant to Business and Professions Code Sections 5087, 5092, or 5093 shall show to the satisfaction of the Board that he or she meets the requirements of this section and Business and Professions Code Section 5095.

(1) Some or all of the experience required by Section 5095 and this section may be completed prior to issuance of the California Certified Public Accountant license. Any experience that would be qualifying for purposes of Section 5095 and this section may also serve as qualifying experience for purposes of Sections ~~5083~~, 5092, or 5093. To be qualifying for purposes of Section 5095 and this section, any experience obtained after issuance of the California Certified Public Accountant license must be obtained while the license is held in active status.

(2) A holder of an active California Certified Public Accountant license may commence signing reports on attest engagements upon receipt of notification from the Board that he or she has met the requirements of this section and Business and Professions Code Section 5095. A holder of an inactive California Certified Public Accountant license may apply under this section, but must convert the license to active status before commencing to sign reports on attest engagements.

(3) An applicant for the California Certified Public Accountant license who has met the requirements of this section and Business and Professions Code Section 5095 may commence signing reports on attest engagements upon license issuance.

(b) In order to meet the attest experience requirements of Section 5095 an applicant for or holder of a California Certified Public Accountant license shall show to the satisfaction of the Board that the applicant has completed a minimum of 500 hours of attest experience.

This experience shall include all of the following:

(1) Experience in the planning of the audit including the selection of the procedures to be performed.

(2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements.

(3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.

(4) Experience in the preparation of written explanations and comments on the work performed and its findings.

(5) Experience in the preparation of and reporting on full disclosure financial statements.

(c) Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is not qualifying.

~~(e)~~ (d) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised by a person holding a valid license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095. Supervised experience means that the applicant's supervisor shall have

reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the supervisor person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. ~~The verification shall be signed by both persons under penalty of perjury.~~ If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3) (A) All verifications shall be submitted to the Board on Form 11A-6A (8/10) for public accounting experience or on Form 11A-6 (8/10) for private industry and governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (c)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (a)(3)(A).

~~(d)~~ (e) In order to demonstrate the completion of qualifying experience, an applicant for or holder of a California Certified Public Accountant license may be required to appear before the Qualifications Committee to present work papers, or other evidence, substantiating that his or her experience meets the requirements of Section 5095 of the Business and Professions Code and of subsection (b) of this section.

~~(e)~~ (f) The applicant who is applying with attest experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of subsection (b) and generally accepted auditing standards. Alternatively, the applicant may acquire a minimum of 500 hours of United States experience which meets the requirements of Business and Professions Code Section 5095 and subsection (b).

~~(f)~~ (g) The applicant who is applying with experience obtained five (5) or more years prior to application may be required to obtain 48 hours of continuing education which shall include financial standards, auditing standards, compilation and review, and other comprehensive basis of accounting; and to submit the certificates of completion to the Board.

~~(g)~~ (h) The experience required by Sections ~~5095~~ 5092 or 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

CALIFORNIA ACCOUNTANCY ACT
SECTION 5092
(PATHWAY 1)

(a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d), or otherwise prescribed pursuant to this article. The board may adopt regulations as necessary to implement this section.

(b) An applicant for the certified public accountant license shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be provided prior to admission to the examination for the certified public accountant license, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(c) An applicant for the certified public accountant license shall pass an examination prescribed by the board pursuant to this article.

(d) The applicant shall show, to the satisfaction of the board, that the applicant has had two years of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

CALIFORNIA ACCOUNTANCY ACT
SECTION 5093
(PATHWAY 2)

(a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d), or otherwise prescribed pursuant to this article. The board may adopt regulations as necessary to implement this section.

(b) (1) An applicant for admission to the certified public accountant examination under the provisions of this section shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(2) An applicant for issuance of the certified public accountant license under the provisions of this section shall present satisfactory evidence that the applicant has completed at least 150 semester units of college education including a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be presented at the time of application for the certified public accountant license.

(c) An applicant for the certified public accountant license shall pass an examination prescribed by the board.

(d) The applicant shall show, to the satisfaction of the board, that the applicant has had one year of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills. To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

Memorandum

CPC Agenda Item V.
July 28, 2010

CBA Agenda Item X.A.5.
July 28, 2010

To : CBA Members
Committee on Professional Conduct Members

Date : July 7, 2010
Telephone : (916) 561-1741
Facsimile : (916) 263-3676
E-mail : dpearce@cba.ca.gov

From : Fausto Hinojosa, Chair, Qualifications Committee
Deanne Pearce, Chief, Licensing Division

Subject : Qualifications Committee (QC) Recommendation Regarding Further Defining
General Accounting Experience in CBA Regulation Section 12.

The CBA requested the QC to discuss and make a recommendation on whether to further define general accounting experience in Section 12 of the CBA Regulations. This request was made to address concerns raised by licensee supervisors, CBA members and QC members regarding whether or not certain experience obtained by applicants in public, government and non-public settings would qualify as general accounting experience.

For your reference, is the issue paper (**Attachment 1**) regarding general accounting experience which was presented by staff at the January 27, 2010 QC meeting. The QC members discussed various issues including the Uniform Accountancy Act and reviewed other state's general accounting experience requirements. Following discussions, the QC formed a subcommittee to further review and discuss whether general accounting experience should be further defined in Section 12 of the CBA Regulations.

At its April 21, 2010 meeting, the QC continued its discussions, which began with an overview of CBA members comments and suggestions regarding general accounting experience from the March 26, 2010 CBA meeting. The subcommittee then provided an oral presentation of its findings, which concluded with a recommendation to not further define general accounting experience.

One of the issues at the core of the QC's deliberations, and identified specifically by CBA members, was whether bookkeeping services should qualify as general accounting experience. Complicating the matter is how general accounting experience is defined in statute. Section 5092 of the Business and Professions Code uses the terms, "any type of service or advice..." and includes broad experience areas such as, "accounting, management advisory, and consulting skills". In addition, the way the statute is worded limits the CBA's ability to require experience be obtained in any one area.

Following an extensive discussion and input from all QC members, the QC adopted the following recommendations for further consideration by the CBA:

1. The QC recommends no change to Section 12 of the regulations because based on the current statutory language contained in Section 5092 and 5093, there is no effective way to further define general accounting experience.
2. The QC recommends that if the CBA wants to further define general accounting experience in regulation that it first consider a change to how general accounting experience is defined in statute. A statutory change may allow for further flexibility when defining it in regulation.
3. The QC recommends better disclosure and outreach to inform consumers of the limitations of Certified Public Accountants licensed without the authorization to sign attest reports (general experience).

Provided for your reference are Section 12 of the CBA Regulations (Attachment 1 to January 13, 2010 Issue Paper) and Business and Professions Code Sections 5092 and 5093 (Attachment 2 to January 13, 2010 Issue Paper).

Ms. Pearce and I will be available at the meeting to respond to any questions members may have regarding the above recommendations.

Attachments

Memorandum

QC Meeting Agenda Item III.B.
January 27, 2010

To : Qualifications Committee Members

Date : January 13, 2010

Telephone : (916) 561- 1739

Facsimile : (916) 263- 3676

E-mail : kmccutchen@cba.ca.gov

From : Kris McCutchen, Manager
Licensing Division

Subject : Discussion Related to Further Defining General Accounting Experience in Section 12 of the California Accountancy Regulations

Concerns have recently been raised by licensee supervisors, California Board of Accountancy (CBA) members and Qualifications Committee (QC) members as to whether or not certain experience obtained by applicants in public, government and non-public settings should be considered general accounting experience.

Based upon the current issues, the CBA members requested that the QC discuss this issue at their January 2010 meeting and make a recommendation to the CBA at a future meeting as to whether or not general accounting experience should be further defined in Section 12 of the California Code of Regulations.

To assist QC members in their deliberations regarding this matter, staff have provided background information on the CBA's general accounting experience requirements, general accounting experience requirements as defined by the Uniform Accountancy Act (UAA), and other states' general accounting experience requirements. Also provided are options for QC consideration.

Attachments



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



Discussion Related to Further Defining General Accounting Experience in Section 12 of the California Accountancy Regulations

INTRODUCTION

Concerns have recently been raised by licensee supervisors, California Board of Accountancy (CBA) members and Qualifications Committee (QC) members as to whether or not certain experience obtained by applicants in public, government and non-public settings should be considered qualifying for satisfying the general accounting experience requirement for Certified Public Accountant (CPA) licensure .

Although supervisors are referred by staff to the CBA's laws and regulations, they are unable to obtain the clarification needed to determine what qualifies towards meeting the general accounting experience requirement and therefore are hesitant to sign the general accounting experience form on behalf of the applicant. The confusion seems to stem from language contained in Section 12 (**Attachment 1**) of the California Code of Regulations (CCR) which uses the term " the use of accounting."

Based upon the current issues, the CBA members requested that the QC discuss this issue at the January 2010 QC meeting and make a recommendation to the CBA at a future meeting as to whether or not general accounting experience should be further defined in Section 12 of the CCR.

CALIFORNIA GENERAL ACCOUNTING EXPERIENCE REQUIREMENTS

On January 1, 2002, the CBA implemented statutory and regulatory changes that provided the option of obtaining licensure in California as a CPA with general accounting experience pursuant to Sections 5092 and 5093 of the Business and Professions Code (B&P Code) (**Attachment 2**) and Section 12 of the CCR.

Following successful completion of the Uniform CPA Examination, candidates have two pathway options for licensure:

- Pathway 1, Section 5092 of the B&P Code, requires that an applicant have a baccalaureate degree, 24 semester units of accounting subjects, 24 semester units of business subjects, and a minimum of 24 months of general accounting experience.
- Pathway 2, Section 5093 of the B&P Code, requires that an applicant have a baccalaureate degree, 24 semester units of accounting subjects, 24 semester units of business subjects, and 150 total semester units of education, along with a minimum of 12 months of general accounting experience.

The experience required by Sections 5092 and 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, tax or consulting services performed in accordance with applicable professional standards. Individuals licensed with general accounting experience are not authorized to sign reports on attest engagements.

BACKGROUND – EXPERIENCE REQUIREMENT

Study Related to the Education and Experience Requirements for Licensure in California

Prior to January 2002, applicants for licensure were required to meet an attest experience requirement. Once licensed, CPAs were authorized to perform the full range of accounting services, including signing reports on attest engagements.

Developing the option of obtaining licensure with general accounting experience was influenced by a study¹ completed in 1999 to comprehensively assess the education and experience requirements for licensure to determine value and benefit to consumer protection. Although many findings came out of the study, of particular interest regarding California's experience requirement is the following excerpt:

Survey findings suggest the general accounting experience requirement is appropriate. Licensees and hiring managers responding to the surveys indicated that two to three years of general accounting experience was necessary for professional competency.

Sunset Review Committee Recommendations

In 1998, the CBA instituted a Sunset Review Committee (SRC) to deal with the many issues for the Sunset Review Report due to the Legislature in fall of 2000. The main focus of the SRC was on the "3 Es" of the UAA: education, examination, and experience. The SRC strived to amend statutory and regulatory language related to California's examination and licensure requirements in order to qualify for substantial equivalency under the Uniform Accountancy Act (UAA). One such change was to the attest experience requirement. Under the UAA, attest experience is not a requirement for CPA licensure.

At its meeting on January 21, 2000, the CBA unanimously adopted the statutory and regulatory language related to the licensure requirements, specifically:

- Eliminate the attest experience requirement and require only one year of general accounting experience performed in accordance with professional standards and under the supervision of a licensee.

¹ Senate Bill (SB) 1077 directed the CBA to study the need for continuation of the attest experience requirement, among other requirements, and to provide a report to the Legislature at the next Sunset Review. Oriel J. Strickland, Ph.D. of California State University, Sacramento prepared a study for the CBA, *A Series of Studies Related to the Education and Experience Requirements for Licensure in California*, in the fall of 1997 which concluded in the spring of 1999.

Two bills were introduced subsequent to the CBA's Sunset Review Report – Senate Bill (SB) 133 and Assembly Bill (AB) 585. SB 133 was a spot bill introduced by Senator Figueroa on January 29, 2001, to implement outcomes from the Joint Legislative Sunset Review Committee (JLSRC) hearings and extend the existence of the CBA and identify a new sunset date upon successful completion of the review process.

AB 585 was introduced by Assembly Member Nation on February 21, 2001, and included the recommendations from the CBA's UAA Task Force and the SRC with regard to the examination and educational experience requirements for licensure. The language included the following amendment/inclusion:

- Elimination of the attest experience requirement for licensure and require only one year of general accounting experience.

May 2001 Committee on Professional Conduct (CPC) Meeting

At the May 18, 2001, CPC meeting, a compromise to the two bills was presented related to the proposed new licensure requirements adopted by the CBA in January 2000. The compromise was suggested by Senator Machado at the Senate Business and Professions Committee hearing to address the concerns of the various parties in the Sunset Review process.

The compromise created California's two pathways to licensure. The educational requirements in Pathway 1 are most similar to the educational requirements in place at the time of the proposed new requirements: a conferred baccalaureate degree and a two year general accounting experience requirement. Pathway 2 established consistency with the UAA requirements: 150 hours of education and one year of general accounting experience. Neither pathway required attest experience at the time of licensure unless the individual wants the authorization to sign attest reports. Applicants obtaining CPA licensure under either pathway with general accounting experience would be able to satisfy the attest experience requirement post-licensure, thereby qualifying to sign reports on attest engagements. Both bills were signed by the Governor on October 11, 2001, and became law on January 1, 2002.

The CBA adopted regulations to implement the new laws, however the regulations nearly mirror the statutory language as it relates to defining general accounting experience and does not provide additional clarification on the definition of "accounting."

UNIFORM ACCOUNTANCY ACT AND OTHER STATES' REQUIREMENTS

Under the UAA, an applicant for initial licensure must complete one year of experience. This experience shall include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which must be verified by a licensee, meeting requirements prescribed by a board. The UAA language is similar to that of the CBA's.

During a review of other state boards requirements for general accounting experience, staff found that most of the states have very similar requirements to California and the UAA and therefore, provide no further definition of general accounting experience. Staff found a few examples of other definitions that states use for general accounting experience (**Attachment 3**). In most cases, the language does not provide a clear definition of general accounting experience. The Washington Board of Accountancy does not provide a clear definition of general accounting experience in their laws and regulations, however they do provide a helpful resource to applicants that provides definitions of qualifying experience (**Attachment 4**).

ISSUE FOR CONSIDERATION

Both the B&P Code Sections 5092 and 5093 and Section 12 of the CCR contain nearly the exact same language in regards to what qualifies as general accounting experience. The core text states:

“This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills.”

The only difference between the language in the statute and the regulation is that in statute there is a reference to having completed these services “in accordance with applicable professional standards.”

The CBA would need to pursue a regulatory change to further define the terms referenced in the general accounting experience requirement.

OPTIONS FOR CONSIDERATION

The QC may wish to consider the following options regarding the general accounting experience requirement.

1. The QC could provide guidance to staff on how general accounting experience should be further defined. Staff would then work with legal counsel to draft language for consideration at the April 2010 QC meeting. Following the QC’s review and approval of proposed language, the QC would recommend the clarifying language to the CBA.
2. The QC could recommend to the CBA to maintain status quo, to not further define general accounting experience, but provide guidance to staff. Should the QC consider this option, the information regarding what constitutes general accounting experience would be considered “guidance” and could not be enforced, as it would not be in either regulation or statute. This option may address those questions received by staff and resolve confusion for applicants and licensees.

Staff will be available at the QC meeting to answer any questions members may have.

**CALIFORNIA CODE OF REGULATIONS
SECTION 12**

(a) In order to meet the experience requirement of Section 5092 or Section 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the firm or agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the firm holding a valid license or comparable authority to practice public accounting. If the person supervising the experience is also an owner of the public accounting firm, no second signature is required. If the experience is obtained at a private business, no second signature is required if the person supervising the experience is also an owner of the private business.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3) All verifications shall be signed under penalty of perjury.

(b) The experience required by Section 5092 or Section 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. Qualifying experience may be gained through employment in public practice, industry, or government. Experience acquired in academia is not qualifying.

(c) The experience required by Section 5092 or Section 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full time employment for an applicant qualifying under Section 5092 or at least one year of full time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(d) An applicant who is applying under Section 5092 or Section 5093 of the Business and Professions Code with experience obtained five (5) or more years prior to application may be required to obtain 48 hours of continuing education which shall include general accounting, and other comprehensive basis of accounting; and to submit the certificates of completion to the Board.

CALIFORNIA ACCOUNTANCY ACT
SECTION 5092
(PATHWAY 1)

(a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d), or otherwise prescribed pursuant to this article. The board may adopt regulations as necessary to implement this section.

(b) An applicant for the certified public accountant license shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be provided prior to admission to the examination for the certified public accountant license, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(c) An applicant for the certified public accountant license shall pass an examination prescribed by the board pursuant to this article.

(d) The applicant shall show, to the satisfaction of the board, that the applicant has had two years of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

CALIFORNIA ACCOUNTANCY ACT
SECTION 5093
(PATHWAY 2)

(a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d), or otherwise prescribed pursuant to this article. The board may adopt regulations as necessary to implement this section.

(b) (1) An applicant for admission to the certified public accountant examination under the provisions of this section shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(2) An applicant for issuance of the certified public accountant license under the provisions of this section shall present satisfactory evidence that the applicant has completed at least 150 semester units of college education including a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be presented at the time of application for the certified public accountant license.

(c) An applicant for the certified public accountant license shall pass an examination prescribed by the board.

(d) The applicant shall show, to the satisfaction of the board, that the applicant has had one year of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills. To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

Examples of Other State's General Accounting Experience Requirement

Alabama

For qualifying experience in industry or business, the Applicant must have been employed by a person or entity in the performance of duties primarily involving the use of financial accounting and auditing skills; the installation of internal control systems; the use of management advisory, financial advisory, or consulting skills; or compliance with accounting aspects of tax or regulatory laws. For qualifying experience in government, the Applicant must have been employed by a government agency recognized by the Alabama Board as having the responsibility and organizational structure for performing auditing and accounting functions.

Georgia

Public accounting work shall mean the performance of any combination of services involving the use of accounting, auditing or attestation skills, one or more types of consulting services, the preparation of tax returns or the furnishing of advice on tax matters. The work must involve the application of appropriate technical and behavioral standards such as standards contained in the Code of Professional Conduct, GAAS, SSAE, SSARS, the Statement on Standards for Tax Services (AICPA), the Statements on Standards for Management Consulting Services (AICPA), International Financial Reporting Standards (IASB) or other such standards as designated by policy statements of the Board.

Hawaii

Applicant must have 1,500 chargeable hours in performance of audits involving generally accepted accounting principles and auditing standards earned while in public accounting practice.

Louisiana

Experience may consist of providing any type of services or advice using accounting, attest, management advisory, financial advisory, tax or consulting skills. Such experience shall be of sufficient depth and quality and have been supervised by an active certificate holder or one from another state who has significant exposure to and review of the Applicant's work.

Maine

Applicant must have two years of acceptable experience and must include a minimum of 400 hours of experience in audit, review, or compilation procedures and a minimum of 200 hours of experience in at least one of the following: the provision of management advisory, financial advisory or consulting services, the

preparation of tax returns, or the furnishing of advice on tax matters. One year of experience consists of 2,080 hours of work experience. Experience must include the use of accounting or auditing skills including the issuance of reports on financial statements and at least one of the following: the provision of management advisory services, financial advisory services or consulting services, the preparation of tax returns, the furnishing of advice on tax matters or equivalent activities as determined by the Maine Board. Applicant must have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions recorded in accounting records in accordance with Generally Accepted Accounting Principles; preparation of audit working papers covering the examination of the accounts usually found in accounting records; in the preparation of written explanations and comments on the findings of the examination and on the content of the accounting records; personal involvement in the preparation of audited financial statements in accordance with Generally Accepted Accounting Principles together with explanations and notes thereon and such as to acquaint the individual with the preparation of the compilation and review of financial statements in accordance with generally accepted professional standards such as Statements on Standards for Accounting and Review Services; and involvement in the planning process of an audit.

Mississippi

Acceptable experience includes the use of accounting or auditing skills that include but are not limited to the issuance of reports on financial statements, or one or more kinds of management advisory, financial advisory or consulting services or the preparation of tax returns or the furnishing of advice on tax matters or equivalent experience determined by the Mississippi Board.

Montana

Applicant must have at least one year (2,000 hours) of accounting experience, including 500 hours of attest oriented experience requiring application of generally accepted standard and issuance of reports requiring applications of generally accepted accounting principles; *or* two years (4,000 hours) of private, governmental or public accounting experience that is acceptable to the Montana State Board.

New Hampshire

The experience requirement shall consist of public accounting experience in providing one or more kinds of services involving the use of accounting or auditing skills, including the issuance of reports on financial statements, or one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters, or the equivalent.

New Jersey

The experience includes evidence of intensive and diversified experience in auditing or accounting as determined by regulation of the New Jersey Board. (This has not been determined in regulation)

New York

Applicant must present evidence, satisfactory to the State Board, of experience using the skills and competencies of a professional accountant in the area(s) of accounting, tax, finance and/or management advisory services.

North Carolina

One year of experience *in the public practice of accountancy* under the direct supervision of an active licensed CPA *or* one year experience *in the field of accountancy* under the direct supervision of an active licensed CPA.

Oregon

Qualifying experience may be obtained in the following categories: attest or assurance experience; experience based on other professional standards; or industry, government and other experience.

Rhode Island

The applicant shall demonstrate to the Board that he or she has obtained a portfolio of experience consisting of providing any type of service or advice involving the use of accounting, attest, management advisory, financial advisory, tax or consulting skills all of which was verified and supervised by a licensee, meeting the requirements of these regulations. Such portfolio of experience obtained in the following categories, or in any combination thereof, shall be acceptable:

Public practice. Experience may be gained through employment as a staff accountant of a firm of certified public accountants or a firm of public accountants where such experience is of a non-routine accounting nature that continually requires independent thought and judgment on important accounting matters. The work must involve application of appropriate technical and behavioral standards such as the standards contained in the Code of Professional Conduct, Generally Accepted Auditing Standards, Statements on Standards for Attestation

Engagements, Statements on Standards for Accounting and Review Services, the Statement on Standards for Tax Services, or the Statements on Standards for Management Consulting Services (the "Professional Standards").

Government. Experience may be gained through employment with accounting agencies or groups within federal, state or municipal government where such experience is of a non-routine accounting nature that continually requires independent thought and judgment on important accounting matters. The applicant shall obtain experience in assessing the adequacy of the accounting agency or group's internal controls by developing an understanding of the accounting agency or group's transaction streams and information systems. Such experience will include obtaining an understanding of the areas and/or industries with which the applicant's agency operates, including the operations of similar service providers.

Acceptable government work experience includes: This experience shall include providing any type of service or advice involving the use of accounting, attest, management advisory, financial advisory, tax or consulting skills all of which was verified and supervised by a licensee, meeting requirements prescribed by the Rhode Island State Board by rule.

Texas

At least two years of work experience under the supervision of a certified public accountant; or At least one year of work experience acceptable to the Texas Board, including experience providing a service or advice involving accounting, attest services, management or financial advisory or consulting services, tax services, or other services the Texas Board considers appropriate for an accountant. Applicable work experience is defined as non-routine accounting involving the use of independent judgment, applying entry level professional accounting knowledge to select, correct, organize, interpret, and present real-world data as accounting entries, reports, statements, and analyses extending over a diverse range of tax, accounting, assurance and control situations. Work experience must be gained in at least one of the following areas:

1. Attest and/or compilation services.
2. Preparation of financial statements and reports.
3. Preparation of tax returns and/or consultation on tax matters.
4. Consultation, design, and/or implementation of computer software when the consultation, design, and/or implementation imply the possession of accounting or auditing skills or expert knowledge in accounting or auditing.
5. Supervision of activities (2) and (3) above.

Work experience can be gained in the following categories:

1. Client practice of public accountancy
2. Industry
3. Government
4. Law firm

- 5. Education
- 6. Internship

Utah

Accounting experience means applying accounting and auditing skills and principles that are taught as part of the professional education.

Vermont

Such employment shall include practical public accounting experience, or the equivalent of such experience, of reasonable variety and importance and requiring independent thought and judgment. Public accounting experience shall consist of the application of United States generally accepted accounting principles (GAAP) and the application of one or more of the following: generally accepted auditing standards (GAAS), standards of accounting and review services (SSARS), standards for accountants' services on prospective financial information, financial forecasts and projections, and other services subject to comprehensive sets of generally accepted professional standards issued by an appropriate standard setting body which the Board determines is equivalent.

For non-Public Accounting experience, the Board shall consider whether:

- the applicant performed work resulting in opinions on financial statements or in reports on financial analyses or accounts;
- the applicant participated with an independent auditor who relied on the applicant's work, wholly or partially, in attesting to the entity's finances;
- the applicant performed substantial financial work, compliance work, systems design, or tax accounting;
- any limitations on scope, approach or work were imposed;
- significant proportions of work consisted of field work as opposed to desk or office work;
- there was exposure to two or more types of industries;
- the work was of sufficient duration to permit meaningful involvement in the process; and
- the applicant's accounting duties required fiduciary responsibilities, or does the applicant treat accounting related duties as a fiduciary to a third party.

Washington

Qualifying experience may be obtained through the practice of public accounting and/or employment in industry, academia, or government. Your experience may be obtained through one or more employers, with or without compensation, and may consist of a combination of full-time and part-time employment.

(1) Your experience must support the attainment of the competencies defined by subsection (2) of this section and (a) Cover a minimum twelve-month period (this

time period does not need to be consecutive); (b) Consist of a minimum of two thousand hours; (c) Be obtained through the use of accounting, attest, management advisory, financial advisory, tax, tax advisory or consulting skills; **Please Note: Although the Washington Board does not define accounting the Board does provide guidance to applicants. See attachment 4.**

Wisconsin

Experience that may be considered equivalent includes:

Experience in accounting in industry and government may be considered equivalent to public accounting when it requires high levels of knowledge, competence and judgment.

Experience in teaching accounting may be considered equivalent to public accounting when it is at an advanced and specialized level of accounting.

Courses taught in areas other than accounting do not qualify as public accounting experience.

Experience in law may be considered equivalent to public accounting when it is at a level with responsibility for independent accounting decisions and requires high levels of accounting knowledge, competence and judgment.

Definitions of Qualifying Experience

A candidate's qualifying experience may be obtained through the practice of public accounting and/or paid or volunteer employment in industry, academia, or government. Experience must be obtained through the use of accounting, attest, management advisory, financial advisory, tax, tax advisory, or consulting skills. The Board provides the following definitions of these skill areas to assist you in classifying your experience.

These definitions are not intended to be all-inclusive. The Board acknowledges that there are other types of experience that have not been specifically identified in these definitions but could be considered a part of the definition. The Board also recognizes that experience may not be clearly identified with only one skill area or that experience may have elements of more than one skill area. For example, experience with a client's accounting system may have exposed the candidate to both accounting and tax skill areas or experience in consulting may have exposed the candidate to both management advisory and consulting skill areas. Nevertheless, it is the candidate's responsibility to match the experience with the required skill area(s) in order to determine if a particular type of experience fits within a specific skill area. The definitions that the Board has provided are intended to help you match and classify your experience with a skill area.

Accounting

Accounting is the process of providing quantitative information about economic entities to aid users in making decisions concerning the allocation of economic resources. An economic entity means all types of business and includes churches, hospitals, charitable organizations, municipalities, governments and other organizations. Users of accounting information include individuals external and internal to the entity. External users are outside the business or other entities that need to decide whether to engage or continue to engage in some activity (for example, investing, granting credit, business partnerships, or procuring goods or services) with the entity. Internal users are inside the business or other entities that need to make decisions (planning, controlling, and problem solving) concerning the operations and activities of the entity. Providing information includes the series of activities leading up to and including communicating the information through a report or some other communication process. These activities include

- Bookkeeping activities including
 - Identifying the information that has an economic impact on the entity;
 - Measuring the information in quantitative terms, usually monetary;
 - Recording the information in the accounting system;
 - Retaining the information for future use, and
 - Communicating the information by means of an accounting system.
- Managing accounts payable or accounts receivable;
- Managing fixed asset accounts;
- Managing inventory accounts.

Issuing Reports on Financial Statements

Issuing reports on financial statements includes the examination of financial statements that are intended to present financial position (balance sheet and statement of retained earnings), results of operations (income statement), and statement of cash flows in conformity with generally accepted accounting principles accompanied by the expression of a competent opinion concerning the fairness of the presentation of those financial statements in accordance with generally accepted auditing standards. Issuing reports on financial statements also covers participating in performing an examination, an audit, a review, a compilation or an agreed-upon procedures report on subject matter, or an assertion about the subject matter that is the responsibility of another party. Attestation engagements concern examining, auditing reviewing, compiling or performing agreed upon procedures on a subject matter or an assertion about a subject matter and reporting on the results. The subject matter may take many forms, including historical or prospective performance or condition, physical characteristics, historical events, analyses, systems and processes, or behavior. Engagements can cover a broad range of financial or non-financial objectives and can be part of a financial statement audit or other type of audit. A CPA candidate's experience in issuing reports on financial statements also includes participation in preparing and/or advising on:

- Specified elements, accounts, or items of a financial statement;
- Interim financial information or segments of financial statements;
- Letters for underwriters and certain other requesting parties;
- Year-end audit. This may include assisting the client in calculating the amount of the income taxes owed, valuing stock options and other stock compensation arrangements under FAS 123, and drafting and typing up the financial statements.
- Review of interim (monthly, quarterly) financial statements.
- Compilation of financial statements.
- Valuations of derivatives at fair market value for accounting purposes.
- Assistance in preparation of and review of filings with the SEC, including initial public offerings.
- Underwriter comfort letters for SEC and non-SEC filings.
- Audit of Management's Discussion and Analysis in SEC filings.
- Agreed upon procedures engagement (the client and auditor agree to procedures the auditor is to perform with respect to tasks such as testing a royalty arrangement or compliance with a loan agreement, and the auditor then issues a report on his or her findings).
- Audit or review of financial forecasts or projections. This includes such documents included in offering memoranda.
- Providing advice on how to interpret new accounting pronouncements, including providing sample journal entries.
- Audits of financial statements of pension plan financial statements.
- Director examinations of financial institutions.
- CPA WebTrust - an engagement to review the security of a company's website that is conducting electronic commerce over the internet.

- Assisting international companies in conforming their financial reporting to U.S. financial reporting practices (GAAP conversions).
- Technical opinions on accounting matters to clients of other accounting firms.

Tax Preparation and Tax Advisory Service

Tax preparation includes federal, state, or local tax returns. Tax advisory service includes analyzing financial and tax problems, formulating solutions and making recommendations designed to provide advice on taxation for clients ranging from individuals to business. A tax advisor helps an entity translate personal and/or business goals into targeted action steps designed to maximize the entity's tax position. Tax planning helps clients understand the tax effects of each financial decision. Candidates' experience in tax preparation and tax advisory services may include participation in preparing and/or advising on:

- Federal and state individual income tax returns;
- Federal and state corporation tax returns;
- Tax consequences of acquiring existing businesses and business assets;
- Reorganization of corporations and partnerships;
- Estate tax planning;
- Individual and corporate tax planning (including federal, state, and local taxes);
- Tax ramifications of corporate and real estate transactions;
- Personal financial planning for individuals including client employees and executives;
- Income tax planning for executives including employee compensation and benefit plans;
- Investment planning;
- Tax efficiency of proposed gift and charitable contribution programs;
- Tax impact of income and deductions, contributions, major purchases and investments;
- Programs for planning for college;
- Retirement planning programs;
- Estate planning including preparation of wills, trusts, etc.;
- Representation of clients in tax negotiations and disputes with the IRS;
- Representation of clients in IRS, State, or local audit;
- Property tax assessments;
- Succession planning;
- Tax advice to executors and trustees;
- Tax credit reviews to determine maximum allowable credits (e.g., research and development credits);
- Trade and customs services - ensures compliance with trade laws and regulations while trying to avoid, reduce, or defer overall customs duties;
- Transfer pricing studies and evaluation, documentation, and modification of existing policies;
- Valuation services; and
- Value Added Tax (VAT) Services.

Management Advisory

Management advisory includes the assessment of the performance and the management of a program against objective criteria. It also includes an assessment of best practices and other information that is intended to improve program operations. Management may seek help in selecting new computer hardware and software or suggestions on how clients can improve their operations. For example, improvements in the design and installation of an accounting system, the electronic processing of accounting data, inventory control, or budgeting. A CPA candidate's experience in management advisory services may include participation in preparing and/or advising on:

- Ethics and Responsible Business Practices - a service that helps clients address the sources of internal wrongdoing and eliminate barriers to responsible business practices;
- Evaluation, design and implementation of:
 - Internal accounting and financial reporting controls;
 - Financial reporting policies and procedures; and
 - Effectiveness of an entity's internal control over compliance with specified requirements;
- Evaluation, design and implementation of management and business controls over various business functions such as management reporting systems, research and development, etc.;
- Business Fraud and Investigation Services - helps companies identify, manage and minimize integrity risks, such as suspected management or alleged employee fraud;
- Benchmarking of best practices including business and financial reporting practices.
- Reengineering of business processes including:
 - Manufacturing processes;
 - Research and development processes;
 - Review of spending levels (e.g., for general and administrative expenses).
 - Plant layout design;
- Review of manual processes that feed into computerized information systems; and
- Staff reduction programs.

Financial Advisory

Financial advising is concerned with the efficient use of assets including funds within the enterprise and raising of funds. This is a service which considers all the client's financial affairs and which develops a plan to achieve a client's financial objectives. It can include internal audit but also include investments such as life insurance, pensions, mutual funds/unit trusts. A CPA candidate's experience in financial advisory services may include participation in preparing and/or advising on:

- Internal audits including government internal auditors and internal audits in a company that is not related to financial statement preparation.
- An entity's compliance with requirements of specified laws, regulations, rules;
- Contracts, or grants; including final contract cost and reasonableness of proposed contract costs.
- Compliance with regulations relating to governmental financial assistance;
- Processing of transactions by service organizations;
- Prospective financial statements or pro forma financial information;
- Reliability of performance measures;
- Treasury management services including design, development and implementation of policies and procedures;
- Credit management services including design, development and implementation of credit policies and procedures;
- Design and structuring of financial instruments;
- Assisting investment banking firms with the design of financial instruments and financing transactions;
- Assistance with finding/identifying equity parties or financing parties;
- Identification and selection of banks;
- Assistance with or preparation of financing and loan applications;
- Loan review services;
- Financial markets and banking regulatory advisory service;
- Due diligence reviews;
- Lead advisor for private placements;
- Preparation of offering memorandums;
- Merger/acquisition candidate targeting;
- Merger transaction advice on:
 - Structuring of transactions;
 - Tax implementations;
 - Sourcing capital;
 - Preparation of pro forma financial statements and projections;
 - Reengineering acquired businesses;
 - Cost reduction and synergistic studies;
- Appraisal and valuation of targets assets, including receivables, inventories, property, plant and equipment, intangible assets and in-process research and development;
- In some foreign jurisdictions, the firms act as stock transfer agents; and
- "Turnaround" business advisors.

Consulting Services

Consulting services includes professional or expert advice to clients covering major consulting practice areas including but not limited to:

Marketing & Sales	Engineering
Human Resources	Manufacturing
Government	Safety
Finance	Environment
Health Care	Energy
Scientific	Telecommunications
Legal	

A CPA candidate's experience in consulting services for these, and other practice areas, may include participation in preparing and/or advising on:

- Selection of new hardware and software systems. This may include activities such as performing a "needs analysis," preparation of a request for proposals, and overseeing, assistance with, or performance of demonstrations;
- Implementation of new hardware and software systems. This may include:
 - Full on-site team to perform all implementation services;
 - Project administration of another consulting team;
 - Development of necessary manual and computer control systems;
 - Providing necessary computer programmers;
 - Software design and programming;
 - Ongoing support functions;
- Development of IT management and/or strategic plans;
- Development of IT disaster recovery and security plan;
- System security audits;
- Application controls consulting;
- Business continuity planning and information security services;
- Electronic commerce services;
- Evaluation and selection of telephone systems;
- Consulting on information technology issues;
- Designing and developing employee compensation programs including:
 - Stock option programs;
 - Retirement plans;
 - Executive compensation arrangements;
 - Deferred compensation and bonus arrangement;
- Evaluation of marketing and distribution channels;
- Development of marketing and distribution channel plans and consulting on the implementation of such plans;
- Corporate and commercial legal services to national and international companies worldwide;
- Assistance to law departments and general counsel to enhance and measure performance;

- Litigation support which would include:
 - Case management;
 - Expert accounting and financial reporting witnesses;
 - Damages experts and witnesses;
 - Environmental litigation experts;
 - Securities litigation experts;
 - Antitrust services;
 - Construction disputes;
 - Service of detailed data to provide cost-effective, proactive strategies and solutions to complex business disputes;
- Outsourcing of such client functions as information systems. This may include outsourcing management or the entire data processing and information systems group:
 - Internal audit function;
 - Tax department;
 - Office of the Chief Financial Officer;
 - Accounting department;
 - Human resource department;
 - Risk management function;
- Government Contract Consulting - helps companies understand and address business risks associated with negotiating, contracting with, and performing under contracts for the sale of goods or services with U.S. federal, state, local and foreign governments;
- Advise government entities that are privatizing on commercialization, restructuring, competition, changing organization attitudes, customer satisfaction and policy adjustment; provides other grant-aided work in emerging markets;
- Real Estate - provides advice about increasing the profitability of real estate assets through the acquisition, development, management and disposition of single assets or portfolios of properties. Services also include strategic planning, consolidation studies, surplus property planning, valuations, and outsourcing consulting;
- Services for middle-sized companies - includes cash management, payroll needs, business relocation services, and shareholder meetings;
- Insolvency/executor services - acting as receivers, liquidators, bankruptcy trustees, or advisors to debtor or creditor groups; and
- Specific services for health insurers and other health care organizations.

Memorandum

LC Agenda Item II.
July 28, 2010

CBA Agenda Item X.C.2.
July 28, 2010

To : CBA Members
LC Members

Date : July 6, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Update on Bills on Which the CBA has Taken a Position

The California Board of Accountancy (CBA) has taken positions on the following legislation. The comments provided below will outline any changes to the bills. Should the CBA wish to change its position on a bill based on amendments that have been made, it is entirely appropriate to do so. In this case, a letter would be sent informing the Legislature of the CBA's new position. As requested by the Legislative Committee, attached is a table outlining all of the bills currently being followed by the CBA (**Attachment 1**).

The following bills have not been amended or had a change in status since the CBA last reviewed them. Staff recommend that the CBA maintain its current positions on these bills.

AB 797- Accountants: discipline: Internet posting (Support)
AB 1215- Public Employees: furlough exemptions (Support)
AB 2537- Adjudications: presiding officers (Neutral)
SB 691- Substantial Equivalency (Neutral)
SB 1171- Sunset Review (Watch)
SB 1490- Omnibus: urgency (Support)
SB 1491- Omnibus (Support)

The following bills have failed to meet legislative deadlines and are dead for the year. Staff recommend that the CBA discontinue following these bills.

AB 1787- Regulations: narrative description (Support)
AB 2466- Regulations: legislative validation (Oppose)
AB 2603- Regulations: reductions (Oppose)
AB 2652- Regulations: legislative review (Watch)
SB 389- Fingerprinting (Support)
SB 942- Regulations: review process (Oppose)
SB 1111- Health boards: enforcement (Neutral)

Update on Bills on Which the CBA has Taken a Position

Page 2 of 5

The following bills have been amended, and the amendments are before the CBA for consideration. Staff are not recommending any changes in position with these amendments.

Bill Number: **AB 1659** CBA Position: **WATCH**
Author: Huber
Topic: Joint Sunset Review Committee.
Current Version: 6/2/2010 (**Attachment 2**)
Current Status: Senate Rules

What it did:

This bill would create a Joint Sunset Review Committee in the Legislature that would conduct a comprehensive analysis of every state agency to determine if it is necessary and cost effective.

Comments:

AB 1659 has been amended to add coauthors.

Bill Number: **AB 1899** CBA Position: **NEUTRAL**
Author: Eng
Topic: State agencies: information on Web site.
Current Version: 5/28/2010 (**Attachment 3**)
Current Status: Senate Appropriations

What it did:

AB 1899 would require a state agency to post any audits regarding its operations which are finalized after January 1, 2011 and contracts over \$5,000 awarded on or after January 1, 2008 to the state's Reporting Transparency in Government Internet Web site within 15 days of finalization.

Comments:

The amendments would create the Reporting Transparency in Government Internet Web site. They also allow for a summary of contracts awarded between March 31, 2009 and January 1, 2011 to be posted instead of the entire document.

Update on Bills on Which the CBA has Taken a Position
Page 3 of 5

Bill Number: **AB 1993** CBA Position: **OPPOSE**
Author: Strickland
Topic: State Government reports: declarations.
Current Version: 5/20/2010 (**Attachment 4**)
Current Status: Senate Rules

What it did:

This bill requires any report submitted to the Legislature include a signed statement that the contents of the report are true, accurate and complete.

Comments:

The amendments were minor and would not change the impact of this bill on the CBA.

Bill Number: **AB 2091** CBA Position: **SUPPORT**
Author: Conway
Topic: Public Records: information security.
Current Version: 6/29/2010 (**Attachment 5**)
Current Status: Senate Floor

What it did:

AB 2091 would exempt records relating to information security and the investigatory or security files compiled by a public agency for information security purposes from release under the Public Records Act. This includes, but is not limited to, information security plans, risk assessments, evaluation reports, incident reports, and disaster recovery plans.

Comments:

The amendments would make this exemption only if, on the facts of the particular case, disclosure of those records would reveal vulnerabilities to, or otherwise increase the potential for an attack on, an information technology system of a public agency.

Bill Number: **AB 2130** CBA Position: **WATCH**
Author: Huber
Topic: Professions and vocations: sunset review.
Current Version: 6/22/2010 (**Attachment 6**)
Current Status: Senate Appropriations

Update on Bills on Which the CBA has Taken a Position

Page 4 of 5

What it did:

AB 2130 is a companion bill to AB 1659 which establishes the Joint Sunset Review Committee. AB 2130 replaces the Joint Committee on Boards, Commissions, and Consumer Protection (Joint Committee), which oversees the sunset process for the Department of Consumer Affairs related boards and commissions, with the Joint Sunset Review Committee that would be established by AB 1659. AB 2130 maintains the provision that a board which sunsets becomes a bureau and provides that AB 2130 does not go into effect unless AB 1659 also becomes law.

Comments:

The amendments would instead make "eligible agencies," as defined, subject to review by the Joint Sunset Review Committee. Initially specifies five agencies which would be subject to review and have a sunset date of December 2012. The CBA is not among them. Requires the Joint Sunset Review Committee to report on whether an agency should be terminated, or continued, or whether its functions should be revised or consolidated with those of another agency. The bill is unclear as to what would happen to a board if it were to sunset as the provisions for reversion to bureau status are removed by the amendments. Additionally, the author and the Senate are currently discussing how the DCA boards would be reviewed under this process. Currently, the intent is that the review of boards scheduled for sunset will now be the responsibility of the Senate and Assembly Business and Professions committees.

Bill Number:	AB 2494	CBA Position: NEUTRAL
Author:	Blumenfield	
Topic:	Personal services contracts.	
Current Version:	5/28/2010 (Attachment 7)	
Current Status:	Senate Appropriations	

What it did:

AB 2494 would require a state agency to immediately discontinue a personal services contract disapproved by the State Personnel Board (SPB) unless ordered otherwise by SPB. It would also prohibit the agency from circumventing or disregarding SPB's action by entering another contract for the same or similar services or to continue the services that were the subject of the contract that was disapproved.

Comments:

The amendments simply added legislative findings and declarations which are similar to legislative intent language in that it is not codified. The original language that would be codified has not been amended.

Update on Bills on Which the CBA has Taken a Position
Page 5 of 5

Bill Number: **AB 2738** CBA Position: **SUPPORT**
Author: Niello
Topic: Regulations: agency statement of reasons.
Current Version: 5/28/2010 (**Attachment 8**)
Current Status: Senate Rules

What it did:

Current law requires that when agencies develop regulations which mandate the use of specific technologies or equipment or prescribe specific actions or procedures, they consider using performance standards as an alternative. AB 2738 would have deleted that requirement and instead require that the agency acknowledge in the Initial Statement of Reasons (ISR) that performance standards are the preferred alternative to mandating specific methods of compliance. It would additionally require the agency to justify, in the ISR, departing from that preference. Under AB 2738, the elements of a regulation that require the use of specific technologies, equipment, actions, or procedures, or other potentially proprietary compliance scheme, methodology, or process must be identified and described in the ISR.

Comments:

The amendments no longer delete the aforementioned requirement. The amendments also would require an agency to provide a detailed specification as to why certain technologies or equipment, or actions or procedures requiring the use of specific technologies or equipment, are necessary in order to meet the goals of the regulation.

Attachments



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



Attachment 1

<u>Bill #</u>	<u>Author</u>	<u>Topic</u>	<u>CBA Position</u>
AB 797	Ma	Accountants: discipline: Internet posting	Support
AB 1215	De La Torre	Public employees: furlough exemptions	Support
AB 1659	Huber	Joint Sunset Review Committee	Watch
AB 1787	Swanson	Regulations: narrative description State Agencies: information on Web site	Support
AB 1899	Eng		Neutral
AB 1993	Strickland	State Government reports: declarations	Oppose
AB 2091	Conway	Public records: information security	Support
AB 2130	Huber	Sunset Review	Watch
AB 2466	Smyth	Regulations: legislative validation	Oppose
AB 2494	Blumenfield	Personal services contracts	Neutral
AB 2537	Silva	Adjudications: presiding officers	Neutral
AB 2603	Gaines	Regulations: reductions	Oppose
AB 2652	Niello	Regulations: legislative review	Watch
AB 2738	Niello	Regulations: statement of reasons	Support
SB 389	Negrete-McLeod	Fingerprinting	Support
SB 691	Yee	Substantial Equivalency	Neutral
SB 942	Dutton	State Auditor: Analysis of Regulations	Oppose
SB 1111	Negrete-McLeod	Health boards: enforcement	Neutral
SB 1171	Negrete-McLeod	Sunset Review	Watch
SB 1490	Sen. B&P	Omnibus: urgency	Support
SB 1491	Sen. B&P	Omnibus	Support

AMENDED IN ASSEMBLY JUNE 2, 2010

AMENDED IN ASSEMBLY APRIL 28, 2010

AMENDED IN ASSEMBLY APRIL 7, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1659

Introduced by Assembly Member Huber
(Coauthor: Assembly Member Niello)
(Coauthor: Senator DeSaulnier)

January 19, 2010

An act to add Article 7.5 (commencing with Section 9147.7) to Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1659, as amended, Huber. State government: agency repeals.

Existing law establishes the Joint Committee on Boards, Commissions, and Consumer Protection and, until January 1, 2012, requires the committee to hold public hearings at specified times and to evaluate whether a board or regulatory program has demonstrated a need for its continued existence. Existing law states the intent of the Legislature that all existing and proposed state boards be subject to review every 4 years to evaluate and determine whether each has demonstrated a public need for its continued existence, as specified.

This bill would create the Joint Sunset Review Committee to identify and eliminate waste, duplication, and inefficiency in government agencies and to conduct a comprehensive analysis of every "eligible agency," as defined, to determine if the agency is still necessary and cost effective. The bill would define an "eligible agency" as an entity

of state government, however denominated, for which a date for repeal has been established by statute on or after January 1, 2011. The bill would require each eligible agency scheduled for repeal to submit a report to the committee containing specified information. The bill would require the committee to take public testimony and evaluate the eligible agency prior to the date the agency is scheduled to be repealed, and would require that an eligible agency be eliminated unless the Legislature enacts a law to extend, consolidate, or reorganize the agency. The bill would specify the composition of the committee, which would be appointed by the President pro Tempore of the Senate and the Speaker of the Assembly, and certain aspects of its operating procedure.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 7.5 (commencing with Section 9147.7)
2 is added to Chapter 1.5 of Part 1 of Division 2 of Title 2 of the
3 Government Code, to read:

4
5 Article 7.5. Sunset Review
6

7 9147.7. (a) For the purpose of this section, "eligible agency"
8 means any agency, authority, board, bureau, commission,
9 conservancy, council, department, division, or office of state
10 government, however denominated, excluding an agency that is
11 constitutionally created or an agency related to postsecondary
12 education, for which a date for repeal has been established by
13 statute on or after January 1, 2011.

14 (b) The Joint Sunset Review Committee is hereby created to
15 identify and eliminate waste, duplication, and inefficiency in
16 government agencies. The purpose of the committee is to conduct
17 a comprehensive analysis over 15 years, and on a periodic basis
18 thereafter, of every eligible agency to determine if the agency is
19 still necessary and cost effective.

20 (c) Each eligible agency scheduled for repeal shall submit to
21 the committee, on or before December 1 prior to the year it is set
22 to be repealed, a complete agency report covering the entire period
23 since last reviewed, including, but not limited to, the following:

24 (1) The purpose and necessity of the agency.

1 (2) A description of the agency budget, priorities, and job
2 descriptions of employees of the agency.

3 (3) ~~All~~ Any programs and projects under the direction of the
4 agency.

5 (4) Measures of the success or failures of the agency and
6 justifications for the metrics used to evaluate successes and failures.

7 (5) Any recommendations of the agency for changes or
8 reorganization in order to better fulfill its purpose.

9 (d) The committee shall take public testimony and evaluate the
10 eligible agency prior to the date the agency is scheduled to be
11 repealed. An eligible agency shall be eliminated unless the
12 Legislature enacts a law to extend, consolidate, or reorganize the
13 eligible agency. No eligible agency shall be extended in perpetuity
14 unless specifically exempted from the provisions of this section.
15 The committee may recommend that the Legislature extend the
16 statutory sunset date for no more than one year to allow the
17 committee more time to evaluate the eligible agency.

18 (e) The committee shall be comprised of 10 members of the
19 Legislature. The President pro Tempore of the Senate shall appoint
20 five members of the Senate to the committee, not more than three
21 of whom shall be members of the same political party. The Speaker
22 of the Assembly shall appoint five members of the Assembly to
23 the committee, not more than three of whom shall be members of
24 the same political party. Members shall be appointed within 15
25 days after the commencement of the regular session. Each member
26 of the committee who is appointed by the President pro Tempore
27 of the Senate or the Speaker of the Assembly shall serve during
28 that committee member's term of office or until that committee
29 member no longer is a Member of the Senate or the Assembly,
30 whichever is applicable. A vacancy on the committee shall be
31 filled in the same manner as the original appointment. Three
32 Assembly Members and three Senators who are members of the
33 committee shall constitute a quorum for the conduct of committee
34 business. Members of the committee shall receive no compensation
35 for their work with the committee.

36 (f) The committee shall meet not later than 30 days after the
37 first day of the regular session to choose a chairperson and to
38 establish the schedule for eligible agency review provided for in
39 the statutes governing the eligible agencies. The chairperson of
40 the committee shall alternate every two years between a Member

- 1 of the Senate and a Member of the Assembly, and the vice
- 2 chairperson of the committee shall be a member of the opposite
- 3 house as the chairperson.
- 4 (g) This section shall not be construed to change the existing
- 5 jurisdiction of the budget or policy committees of the Legislature.

O

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 1659
 AUTHOR : Huber
 TOPIC : State government: agency repeals.

TYPE OF BILL :

Active
 Non-Urgency
 Non-Appropriations
 Majority Vote Required
 Non-State-Mandated Local Program
 Fiscal
 Non-Tax Levy

BILL HISTORY

2010

June 22 From committee: Do pass, and re-refer to Com. on RLS. Re-referred.
 (Ayes 6. Noes 0.) (June 21).
 June 10 Referred to Coms. on B., P. & E.D. and RLS.
 June 7 In Senate. Read first time. To Com. on RLS. for assignment.
 June 3 Assembly Rule 69(d) suspended. (Page 5549.) Read third time,
 passed, and to Senate. (Ayes 73. Noes 3. Page 5551.)
 June 2 Read third time, amended, and returned to third reading. (Page
 5447.).
 May 28 From committee: Do pass. (Ayes 17. Noes 0.) (May 28). Read
 second time. To third reading.
 May 5 In committee: Set, second hearing. Referred to APPR. suspense
 file.
 Apr. 29 Re-referred to Com. on APPR.
 Apr. 28 From committee chair, with author's amendments: Amend, and re-refer
 to Com. on APPR. Read second time and amended.
 Apr. 21 In committee: Set, first hearing. Hearing canceled at the request
 of author.
 Apr. 8 Re-referred to Com. on APPR.
 Apr. 7 Read second time and amended.
 Apr. 6 From committee: Amend, do pass as amended, and re-refer to Com. on
 APPR. (Ayes 11. Noes 0.) (April 6).
 Feb. 4 Referred to Com. on B. & P.
 Jan. 20 From printer. May be heard in committee February 19.
 Jan. 19 Read first time. To print.

AMENDED IN ASSEMBLY MAY 28, 2010
AMENDED IN ASSEMBLY MARCH 15, 2010
CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1899

**Introduced by Assembly Member Eng
(Coauthor: Assembly Member Lieu)**

February 16, 2010

An act to add Sections 11004.4, 11004.5, 11004.6, and 11004.7 to the Government Code, relating to state agencies.

LEGISLATIVE COUNSEL'S DIGEST

AB 1899, as amended, Eng. State agencies: information: Internet Web site.

Existing law requires, subject to specific exemptions, public records to be open to public inspection.

This bill would require the office of the State Chief Information Officer to create and maintain a Reporting Transparency in Government Internet Web site, as prescribed. This bill would require, subject to specific exemptions, state agencies, the Department of General Services, and the office of the State Chief Information Officer to post specified audits and contracts to the state's Reporting Transparency in Government to that Internet Web site. This bill would require the Department of General Services and the office of the State Chief Information Officer to post specified summary data regarding contracts awarded by the state to that Internet Web site. This bill would also require the office of the Governor to post specified financial statements and report reports to that Internet Web site.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Transparency is fundamental to promoting efficiency and
4 effectiveness in state government and strengthening the democratic
5 process by giving citizens enough information to reach their own
6 conclusions about how their tax dollars are being spent.

7 (b) Audits of state agencies and their operations can provide
8 objective and measurable performance reviews and identify and
9 correct inefficient or wasteful practices.

10 (c) Californians seeking information on state governmental
11 operations are often frustrated because a myriad of oversight
12 entities perform audits of state agencies, and the information can
13 be difficult to access due to the lack of a Web-based, central
14 inventory of audits.

15 (d) Many internal audits that state agencies perform on their
16 own operations are finalized but never made public.

17 (e) Billions of dollars in state contracts are entered into each
18 year to purchase goods and services for the people of California,
19 and posting contracts on the Internet is an effective way to help
20 ensure that taxpayers are getting the best value and services are
21 being provided in an efficient manner.

22 (f) The Legislature's continuing commitment to promoting
23 transparency in state government is especially critical while
24 California's economy continues to struggle.

25 SEC. 2. Section 11004.4 is added to the Government Code, to
26 read:

27 11004.4. (a) *The office of the Chief Information Officer, or its*
28 *successor, shall create and maintain a Reporting Transparency*
29 *in Government Internet Web site for the purposes described in*
30 *Sections 11004.5, 11004.6, and 11004.7.*

31 (b) *In addition to the information required pursuant to Sections*
32 *11004.5, 11004.6, and 11004.7, the Reporting Transparency in*
33 *Government Internet Web site shall also include instructions for*
34 *the public that describe how a person may obtain more detailed*
35 *information for a contract.*

1 ~~SEC. 2.~~

2 *SEC. 3.* Section 11004.5 is added to the Government Code, to
3 read:

4 11004.5. (a) On or before February 15, 2011, a state agency
5 shall post to the state's Reporting Transparency in Government
6 Internet Web site every audit of its operations finalized from
7 January 1, 2008, to December 31, 2010, inclusive.

8 (b) Within 15 calendar days of finalization, a state agency shall
9 post to the state's Reporting Transparency in Government Internet
10 Web site every audit of its operations finalized from January 1,
11 2011, and forward.

12 (c) For purposes of this section, "audit" shall mean any review
13 or evaluation performed by a state agency on itself or by another
14 entity, including, but not limited to, the Bureau of State Audits,
15 the Controller, the Department of Finance, a federal agency with
16 oversight responsibility of the operations of the state agency, or
17 any other nongovernmental organization that monitors or oversees
18 the state agency and that has received public funds.

19 (d) The Department of General Services and the office of the
20 State Chief Information Officer shall assist a state agency to
21 comply with the requirements of this section.

22 (e) This section shall not require the posting of information in
23 an audit, including the identity of any undisclosed expert
24 consultant, that is confidential pursuant to a court order, the
25 attorney client privilege, or the attorney work product exception;
26 or information, that, if posted, would jeopardize peace officer
27 safety, criminal intelligence information, ongoing investigatory
28 activities, or any security procedure; or any information the
29 disclosure of which is prohibited by law. Nothing in this section
30 shall be construed to limit the rights of the public to access
31 information pursuant to the California Public Records Act (Chapter
32 3.5 (commencing with Section 6250) of Division 7 of Title 1), or
33 Section 3 of Article I of the California Constitution. Any
34 information withheld from posting shall be replaced with the
35 phrase, "CPRA exemption claimed."

36 ~~SEC. 3.~~

37 *SEC. 4.* Section 11004.6 is added to the Government Code, to
38 read:

39 11004.6. (a) On or before February 15, 2011, the Department
40 of General Services and the office of the State Chief Information

1 Officer shall post *summary data regarding* any contract awarded
2 by the state ~~from January 1, 2008, to December 31, 2010, inclusive,~~
3 *on or after March 31, 2009*, valued at five thousand dollars
4 (\$5,000) or more to the state's Reporting Transparency in
5 Government Internet Web site. *For purposes of this section,*
6 *summary data regarding a contract shall include, but not be limited*
7 *to, the following:*

- 8 (1) *The department name.*
- 9 (2) *The contract or order number.*
- 10 (3) *The total price.*
- 11 (4) *The contract start and termination dates.*
- 12 (5) *The supplier name.*
- 13 (6) *Any special instructions.*
- 14 (7) *The supplier classification codes.*
- 15 (8) *The acquisition type.*
- 16 (9) *The acquisition method.*
- 17 (10) *The item total.*
- 18 (11) *The quantity.*
- 19 (12) *The description.*
- 20 (13) *The classification codes.*

21 (b) Within 15 calendar days of signing by all parties to the
22 contract, a state agency shall post to the state's Reporting
23 Transparency in Government Internet Web site any contract it
24 awarded from January 1, 2011, and forward that is valued at five
25 thousand dollars (\$5,000) or more.

26 (c) The Department of General Services and the office of the
27 State Chief Information Officer shall assist a state agency to
28 comply with the requirements of this section.

29 (d) This section shall not require the posting of information in
30 a contract, including the identity of any undisclosed expert
31 consultant, that is confidential pursuant to a court order, the
32 attorney client privilege, or the attorney work product exception;
33 or information, that, if posted, would jeopardize peace officer
34 safety, criminal intelligence information, ongoing investigatory
35 activities, or any security procedure; or any information the
36 disclosure of which is prohibited by law. Nothing in this section
37 shall be construed to limit the rights of the public to access
38 information pursuant to the California Public Records Act (Chapter
39 3.5 (commencing with Section 6250) of Division 7 of Title 1), or
40 Section 3 of Article I of the California Constitution. Any

1 information withheld from posting shall be replaced with the
2 phrase, "CPRA exemption claimed."

3 ~~SEC. 4.~~

4 *SEC. 5.* Section 11004.7 is added to the Government Code, to
5 read:

6 11004.7. The office of the Governor shall post every statement
7 of economic interest and travel and expense report of its staff,
8 agency secretaries, department heads, and any official under the
9 direct supervision of the Governor to the Reporting Transparency
10 in Government Internet Web site.

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 1899
AUTHOR : Eng
TOPIC : State agencies: information: Internet Web site.

TYPE OF BILL :
Active
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Fiscal
Non-Tax Levy

BILL HISTORY

2010

June 30 From committee: Do pass, and re-refer to Com. on APPR.
Re-referred. (Ayes 7. Noes 1.) (June 29).
June 10 Referred to Com. on G.O.
June 7 In Senate. Read first time. To Com. on RLS. for assignment.
June 3 Read third time, passed, and to Senate. (Ayes 49. Noes 27. Page
5556.)
June 1 Read second time. To third reading.
May 28 From committee: Amend, and do pass as amended. (Ayes 12. Noes 0.)
(May 28). Read second time and amended. Ordered returned to
second reading.
Apr. 14 In committee: Set, first hearing. Referred to APPR. suspense
file.
Mar. 23 From committee: Do pass, and re-refer to Com. on APPR.
Re-referred. (Ayes 7. Noes 3.) (March 23).
Mar. 16 Re-referred to Com. on B. & P.
Mar. 15 From committee chair, with author's amendments: Amend, and re-refer
to Com. on B. & P. Read second time and amended.
Feb. 25 Referred to Com. on B. & P.
Feb. 17 From printer. May be heard in committee March 19.
Feb. 16 Read first time. To print.

AMENDED IN ASSEMBLY MAY 20, 2010

AMENDED IN ASSEMBLY MAY 11, 2010

AMENDED IN ASSEMBLY MAY 5, 2010

AMENDED IN ASSEMBLY APRIL 26, 2010

AMENDED IN ASSEMBLY APRIL 6, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1993

Introduced by Assembly Member Audra Strickland

February 17, 2010

An act to add Section 7550.7 to the Government Code, relating to reports.

LEGISLATIVE COUNSEL'S DIGEST

AB 1993, as amended, Audra Strickland. Reports: declarations.

Existing law sets out the requirements for the submission of written reports to the Legislature.

This bill would require any entity submitting a written report to the Legislature, a Member of the Legislature, or a committee of the Legislature to include a signed statement by the head of the entity submitting the written report declaring that the factual contents of the written report are true, accurate, and complete to the best of his or her knowledge.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7550.7 is added to the Government Code,
2 to read:

3 7550.7. (a) (1) Notwithstanding any other law, any entity
4 submitting a written report to the Legislature, a Member of the
5 Legislature, or a committee of the Legislature shall include a signed
6 statement by the head of the entity submitting the written report
7 declaring that the factual contents of the written report are true,
8 accurate, and complete to the best of his or her knowledge.

9 (2) With respect to the Franchise Tax Board, the signed
10 statement described in paragraph (1) shall be made by the executive
11 officer of that board, ~~and~~ with respect to the State Board of
12 Equalization, the statement shall be made by the executive director
13 of that board, *and with respect to the Judicial Council, the*
14 *statement shall be signed by the Administrative Director of the*
15 *Courts.*

16 (b) Paragraph (1) of subdivision (a) shall apply to the head of
17 every entity submitting a written report, including, but not limited
18 to, elected officials of state government, and any state official
19 whose duties are prescribed by the California Constitution.

20 (c) For purposes of this section, a “written report” is either of
21 the following:

22 (1) A document required by statute to be prepared and submitted
23 to the Legislature, a Member of the Legislature, or a committee
24 of the Legislature.

25 (2) A document, summary, or statement requested by a Member
26 of the Legislature.

27 (d) The declaration in the signed statement as to the truth,
28 accuracy, and completeness of the factual contents of the written
29 report shall not apply to any forecasts, predictions,
30 recommendations, or opinions contained in the written report.

O

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 1993
 AUTHOR : Audra Strickland
 TOPIC : Reports: declarations.

TYPE OF BILL :

Active
 Non-Urgency
 Non-Appropriations
 Majority Vote Required
 Non-State-Mandated Local Program
 Fiscal
 Non-Tax Levy

BILL HISTORY

2010

June 10 Referred to Com. on RLS.
 June 3 In Senate. Read first time. To Com. on RLS. for assignment.
 June 2 Read third time, passed, and to Senate. (Ayes 75. Noes 0. Page 5476.)
 May 24 Read second time. To third reading.
 May 20 Read second time and amended. Ordered returned to second reading.
 May 19 From committee: Amend, and do pass as amended. (Ayes 16. Noes 0.) (May 19).
 May 12 Re-referred to Com. on APPR.
 May 11 From committee chair, with author's amendments: Amend, and re-refer to Com. on APPR. Read second time and amended.
 May 6 Re-referred to Com. on APPR.
 May 5 From committee chair, with author's amendments: Amend, and re-refer to Com. on APPR. Read second time and amended.
 Apr. 27 Re-referred to Com. on APPR.
 Apr. 26 Read second time and amended.
 Apr. 22 From committee: Amend, do pass as amended, and re-refer to Com. on APPR. (Ayes 9. Noes 0.) (April 20).
 Apr. 13 From committee: Do pass, and re-refer to Com. on JUD. Re-referred. (Ayes 11. Noes 0.) (April 13).
 Apr. 7 Re-referred to Com. on B., P. & C.P.
 Apr. 6 From committee chair, with author's amendments: Amend, and re-refer to Com. on B., P. & C.P. Read second time and amended.
 Mar. 4 Referred to Coms. on B. & P. and JUD.
 Feb. 18 From printer. May be heard in committee March 20.
 Feb. 17 Read first time. To print.

AMENDED IN SENATE JUNE 29, 2010

AMENDED IN SENATE JUNE 14, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2091

Introduced by Assembly Member Conway

February 18, 2010

An act to add Section 6254.19 to the Government Code, relating to public records.

LEGISLATIVE COUNSEL'S DIGEST

AB 2091, as amended, Conway. Public records: information security. The California Public Records Act requires state and local agencies to make their records available for public inspection and to make copies available upon request and payment of a fee unless those records are exempt from disclosure.

This bill would exempt from disclosure under the act the information security records of a public agency if, *on the facts of the particular case*, disclosure of those records would reveal vulnerabilities to, or otherwise increase the potential for an attack on, an information technology system of a public agency.

The California Constitution requires a statute limiting the public's right of access to information concerning the public's business to be adopted with findings demonstrating the interest protected and the need for protecting that interest.

This bill would make a legislative finding to that effect.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6254.19 is added to the Government
2 Code, to read:

3 6254.19. Nothing in this chapter shall be construed to require
4 the disclosure of an information security record of a public agency,
5 if, *on the facts of the particular case*, disclosure of that record
6 would reveal vulnerabilities to, or otherwise increase the potential
7 for an attack on, an information technology system of a public
8 agency. Nothing in this section shall be construed to limit public
9 disclosure of records stored within an information technology
10 system of a public agency that are not otherwise exempt from
11 disclosure pursuant to this chapter or any other provision of law.

12 SEC. 2. The Legislature finds and declares that this act imposes
13 a limitation on the public's right of access to writings of public
14 officials and agencies within the meaning of Section 3 of Article
15 I of the California Constitution. Pursuant to that constitutional
16 provision, the Legislature makes the following finding to
17 demonstrate the interest protected by this limitation and the need
18 for protecting that interest: The Legislature finds and declares that
19 in order to protect the integrity of public agency information
20 systems, it is necessary to limit the public's access to the
21 information security records of a public agency.

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 2091
AUTHOR : Conway
TOPIC : Public records: information security.

TYPE OF BILL :
Active
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Non-Fiscal
Non-Tax Levy

BILL HISTORY

2010

June 29 Read second time and amended. Ordered to third reading.
June 28 From committee: Amend, and do pass as amended. (Ayes 4. Noes 0.)
(June 22).
June 14 From committee chair, with author's amendments: Amend, and re-refer
to committee. Read second time, amended, and re-referred to Com. on
JUD.
May 27 Referred to Com. on JUD.
May 13 In Senate. Read first time. To Com. on RLS. for assignment.
May 13 Read third time, passed, and to Senate. (Ayes 76. Noes 0. Page
5162.)
May 10 Read second time. To Consent Calendar.
May 6 From committee: Do pass. To Consent Calendar. (May 5).
Mar. 4 Referred to Com. on G.O.
Feb. 19 From printer. May be heard in committee March 21.
Feb. 18 Read first time. To print.

AMENDED IN SENATE JUNE 22, 2010
AMENDED IN ASSEMBLY JUNE 2, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2130

**Introduced by Assembly Member Huber
(Coauthor: Assembly Member Niello)
(Coauthor: Senator DeSaulnier)**

February 18, 2010

~~An act to amend Sections 22, 101.1, 1917.2, 2001, 2450.3, 2460, 2531, 2569, 2570.19, 2602, 2607.5, 2701, 2841, 3010.5, 3502.1, 3504, 3685, 3710, 4001, 4615, 4800, 4809.8, 4989, 4990.24, 5000, 5510, 5810, 6510, 6710, 7304, 7501, 8710, 9882, 11506, and 22259 of, to amend and repeal Section 1601.1 of, to add Sections 7200.2, 7611, and 9815 to, and to repeal Division 1.2 (commencing with Section 473) of, the Business and Professions Code, and to amend Sections 9148.51 and 9148.52 of the Government Code, relating to professions and vocations.~~
An act to amend Section 22 of, to repeal Section 101.1 of, and to repeal Division 1.2 (commencing with Section 473) of, the Business and Professions Code, to amend Section 4351 of, and to repeal Chapter 9 (commencing with Section 4351) of Part 3 of Division 3 of, the Food and Agricultural Code, to amend Sections 9148.51 and 9148.52 of, and to amend and repeal Sections 8164.1, 8164.2, and 8164.3 of, the Government Code, to amend and repeal Sections 1777, 1777.2, and 1777.4 of the Health and Safety Code, to amend and repeal Sections 5073.5, 5073.7, and 5074 of the Public Resources Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2130, as amended, Huber. Professions and vocations: sunset review.

Existing law establishes the Joint Committee on Boards, Commissions, and Consumer Protection and, until January 1, 2012, requires the committee to hold public hearings at specified times and to evaluate whether a board or regulatory program has demonstrated a need for its continued existence. Existing law states the intent of the Legislature that all existing and proposed state boards be subject to review every 4 years to evaluate and determine whether each has demonstrated a public need for its continued existence, as specified.

This bill would abolish the Joint Committee on Boards, Commissions, and Consumer Protection *and make other conforming changes*. ~~The bill would instead make specified boards and regulatory programs subject to review by the Joint Sunset Review Committee. The~~

Existing law provides that the Joint Committee on Boards, Commissions, and Consumer Protection review all state boards, except as specified, every four years.

This bill would instead require the Joint Sunset Review Committee to review all eligible agencies, as specified. The bill would require the committee to make a report pursuant to an evaluation which shall be available to the public and the Legislature, as specified. The bill would impose a sunset date of January 1, 2013, on the State Race Track Leasing Commission, the Capitol Area Committee, the Continuing Care Advisory Committee, and the California Recreational Trails Committee.

The bill would provide that its provisions would not become operative unless AB 1659 of the 2009–10 Regular Session is enacted and establishes the Joint Sunset Review Committee.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 22 of the Business and Professions Code
- 2 is amended to read:
- 3 22. (a) "Board," as used in any provision of this code, refers
- 4 to the board in which the administration of the provision is vested,
- 5 and unless otherwise expressly provided, shall include "bureau,"

1 “commission,” “committee,” “department,” “division,” “examining
2 committee,” “program,” and “agency.”

3 ~~(b) Whenever the regulatory program of a board that is subject
4 to review by the Joint Sunset Review Committee, as provided for
5 in Article 7.5 (commencing with Section 9147.7) of Chapter 1.5
6 of Part 1 of Division 2 of Title 2 of the Government Code, is taken
7 over by the department, that program shall be designated as a
8 “bureau.”~~

9 ~~SEC. 2. Section 101.1 of the Business and Professions Code
10 is amended to read:~~

11 ~~101.1. (a) It is the intent of the Legislature that all existing
12 and proposed consumer-related boards or categories of licensed
13 professionals be subject to a review every four years to evaluate
14 and determine whether each board has demonstrated a public need
15 for the continued existence of that board in accordance with
16 enumerated factors and standards as set forth in Article 7.5
17 (commencing with Section 9147.7) of Chapter 1.5 of Part 1 of
18 Division 2 of Title 2 of the Government Code.~~

19 ~~(b) (1) If any board, as defined in Section 22, becomes
20 inoperative or is repealed in accordance with the act that added
21 this section, or by subsequent acts, the Department of Consumer
22 Affairs shall succeed to and is vested with all the duties, powers,
23 purposes, responsibilities and jurisdiction not otherwise repealed
24 or made inoperative of that board and its executive officer.~~

25 ~~(2) Any provision of existing law that provides for the
26 appointment of board members and specifies the qualifications
27 and tenure of board members shall not be implemented and shall
28 have no force or effect while that board is inoperative or repealed.
29 Every reference to the inoperative or repealed board, as defined
30 in Section 22, shall be deemed to be a reference to the department.~~

31 ~~(3) Notwithstanding Section 107, any provision of law
32 authorizing the appointment of an executive officer by a board
33 subject to the review described in Article 7.5 (commencing with
34 Section 9147.7) of Chapter 1.5 of Part 1 of Division 2 of Title 2
35 of the Government Code, or prescribing his or her duties, shall not
36 be implemented and shall have no force or effect while the
37 applicable board is inoperative or repealed. Any reference to the
38 executive officer of an inoperative or repealed board shall be
39 deemed to be a reference to the director or his or her designee.~~

1 (e) It is the intent of the Legislature that subsequent legislation
2 to extend or repeal the inoperative date for any board shall be a
3 separate bill for that purpose.

4 *SEC. 2. Section 101.1 of the Business and Professions Code*
5 *is repealed.*

6 101.1. (a) It is the intent of the Legislature that all existing
7 and proposed consumer-related boards or categories of licensed
8 professionals be subject to a review every four years to evaluate
9 and determine whether each board has demonstrated a public need
10 for the continued existence of that board in accordance with
11 enumerated factors and standards as set forth in Division 1.2
12 (commencing with Section 473).

13 (b) (1) In the event that any board, as defined in Section 477,
14 becomes inoperative or is repealed in accordance with the act that
15 added this section, or by subsequent acts, the Department of
16 Consumer Affairs shall succeed to and is vested with all the duties,
17 powers, purposes, responsibilities and jurisdiction not otherwise
18 repealed or made inoperative of that board and its executive officer.

19 (2) Any provision of existing law that provides for the
20 appointment of board members and specifies the qualifications
21 and tenure of board members shall not be implemented and shall
22 have no force or effect while that board is inoperative or repealed.
23 Every reference to the inoperative or repealed board, as defined
24 in Section 477, shall be deemed to be a reference to the department.

25 (3) Notwithstanding Section 107, any provision of law
26 authorizing the appointment of an executive officer by a board
27 subject to the review described in Division 1.2 (commencing with
28 Section 473), or prescribing his or her duties, shall not be
29 implemented and shall have no force or effect while the applicable
30 board is inoperative or repealed. Any reference to the executive
31 officer of an inoperative or repealed board shall be deemed to be
32 a reference to the director or his or her designee.

33 (e) It is the intent of the Legislature that subsequent legislation
34 to extend or repeal the inoperative date for any board shall be a
35 separate bill for that purpose.

36 *SEC. 3. Division 1.2 (commencing with Section 473) of the*
37 *Business and Professions Code is repealed.*

38 *SEC. 4. Section 1601.1 of the Business and Professions Code,*
39 *as added by Section 1 of Chapter 35 of the Statutes of 2008, is*
40 *amended to read:*

1 ~~1601.1. (a) There shall be in the Department of Consumer~~
2 ~~Affairs the Dental Board of California in which the administration~~
3 ~~of this chapter is vested. The board shall consist of eight practicing~~
4 ~~dentists, one registered dental hygienist, one registered dental~~
5 ~~assistant, and four public members. Of the eight practicing dentists,~~
6 ~~one shall be a member of a faculty of any California dental college,~~
7 ~~and one shall be a dentist practicing in a nonprofit community~~
8 ~~clinic. The appointing powers, described in Section 1603, may~~
9 ~~appoint to the board a person who was a member of the prior board.~~
10 ~~The board shall be organized into standing committees dealing~~
11 ~~with examinations, enforcement, and other subjects as the board~~
12 ~~deems appropriate.~~

13 ~~(b) For purposes of this chapter, any reference in this chapter~~
14 ~~to the Board of Dental Examiners shall be deemed to refer to the~~
15 ~~Dental Board of California.~~

16 ~~(c) The board shall have all authority previously vested in the~~
17 ~~existing board under this chapter. The board may enforce all~~
18 ~~disciplinary actions undertaken by the previous board.~~

19 ~~(d) This section shall remain in effect only until January 1, 2012,~~
20 ~~and as of that date is repealed, unless a later enacted statute, that~~
21 ~~is enacted before January 1, 2012, deletes or extends that date. The~~
22 ~~repeal of this section renders the board subject to the review~~
23 ~~required by Article 7.5 (commencing with Section 9147.7) of~~
24 ~~Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government~~
25 ~~Code.~~

26 ~~SEC. 5. Section 1601.1 of the Business and Professions Code,~~
27 ~~as added by Section 3 of Chapter 31 of the Statutes of 2008, is~~
28 ~~repealed.~~

29 ~~SEC. 6. Section 1917.2 of the Business and Professions Code~~
30 ~~is amended to read:~~

31 ~~1917.2. (a) The committee shall license as a registered dental~~
32 ~~hygienist a third- or fourth-year dental student who is in good~~
33 ~~standing at an accredited California dental school and who satisfies~~
34 ~~the following requirements:~~

35 ~~(1) Satisfactorily performs on a clinical examination and an~~
36 ~~examination in California law and ethics as prescribed by the~~
37 ~~committee.~~

38 ~~(2) Satisfactorily completes a national written dental hygiene~~
39 ~~examination approved by the committee.~~

1 (b) A dental student who is granted a registered dental hygienist
2 license pursuant to this section may only practice in a dental
3 practice that serves patients who are insured under Denti-Cal, the
4 Healthy Families Program, or other government programs, or a
5 dental practice that has a sliding scale fee system based on income.

6 (c) Upon receipt of a license to practice dentistry pursuant to
7 Section 1634, a registered dental hygienist license issued pursuant
8 to this section is automatically revoked.

9 (d) The dental hygienist license is granted for two years upon
10 passage of the dental hygiene examination, without the ability for
11 renewal.

12 (e) Notwithstanding subdivision (d), if a dental student fails to
13 remain in good standing at an accredited California dental school,
14 or fails to graduate from the dental program, a registered dental
15 hygienist license issued pursuant to this section shall be revoked.
16 The student shall be responsible for submitting appropriate
17 verifying documentation to the committee.

18 (f) The provisions of this section shall be reviewed pursuant to
19 Article 7.5 (commencing with Section 9147.7) of Chapter 1.5 of
20 Part 1 of Division 2 of Title 2 of the Government Code. However,
21 the review shall be limited to the fiscal feasibility and impact on
22 the committee.

23 (g) This section shall become inoperative on January 1, 2012.

24 SEC. 7. Section 2001 of the Business and Professions Code is
25 amended to read:

26 2001. (a) There is in the Department of Consumer Affairs a
27 Medical Board of California that consists of 15 members, seven
28 of whom shall be public members.

29 (b) The Governor shall appoint 13 members to the board, subject
30 to confirmation by the Senate, five of whom shall be public
31 members. The Senate Committee on Rules and the Speaker of the
32 Assembly shall each appoint a public member.

33 (c) Notwithstanding any other provision of law, to reduce the
34 membership of the board to 15, the following shall occur:

35 (1) Two positions on the board that are public members having
36 a term that expires on June 1, 2010, shall terminate instead on
37 January 1, 2008.

38 (2) Two positions on the board that are not public members
39 having a term that expires on June 1, 2008, shall terminate instead
40 on August 1, 2008.

1 ~~(3) Two positions on the board that are not public members~~
2 ~~having a term that expires on June 1, 2011, shall terminate instead~~
3 ~~on January 1, 2008.~~

4 ~~(d) This section shall remain in effect only until January 1, 2013,~~
5 ~~and as of that date is repealed, unless a later enacted statute, that~~
6 ~~is enacted before January 1, 2013, deletes or extends that date. The~~
7 ~~repeal of this section renders the board subject to the review~~
8 ~~required by Article 7.5 (commencing with Section 9147.7) of~~
9 ~~Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government~~
10 ~~Code.~~

11 ~~SEC. 8. Section 2450.3 of the Business and Professions Code~~
12 ~~is amended to read:~~

13 ~~2450.3. There is within the jurisdiction of the Osteopathic~~
14 ~~Medical Board of California a Naturopathic Medicine Committee~~
15 ~~authorized under the Naturopathic Doctors Act (Chapter 8.2~~
16 ~~(commencing with Section 3610)). This section shall become~~
17 ~~inoperative on January 1, 2013, and, as of that date is repealed,~~
18 ~~unless a later enacted statute that is enacted before January 1, 2013,~~
19 ~~deletes or extends that date. The repeal of this section renders the~~
20 ~~Naturopathic Medicine Committee subject to the review required~~
21 ~~by Article 7.5 (commencing with Section 9147.7) of Chapter 1.5~~
22 ~~of Part 1 of Division 2 of Title 2 of the Government Code.~~

23 ~~SEC. 9. Section 2460 of the Business and Professions Code is~~
24 ~~amended to read:~~

25 ~~2460. (a) There is created within the jurisdiction of the Medical~~
26 ~~Board of California the California Board of Podiatric Medicine.~~

27 ~~(b) This section shall remain in effect only until January 1, 2013,~~
28 ~~and as of that date is repealed, unless a later enacted statute, that~~
29 ~~is enacted before January 1, 2013, deletes or extends that date. The~~
30 ~~repeal of this section renders the California Board of Podiatric~~
31 ~~Medicine subject to the review required by Article 7.5~~
32 ~~(commencing with Section 9147.7) of Chapter 1.5 of Part 1 of~~
33 ~~Division 2 of Title 2 of the Government Code.~~

34 ~~SEC. 10. Section 2531 of the Business and Professions Code~~
35 ~~is amended to read:~~

36 ~~2531. (a) There is in the Department of Consumer Affairs a~~
37 ~~Speech-Language Pathology and Audiology and Hearing Aid~~
38 ~~Dispensers Board in which the enforcement and administration of~~
39 ~~this chapter are vested. The Speech-Language Pathology and~~

1 Audiology and Hearing Aid Dispensers Board shall consist of nine
2 members, three of whom shall be public members.

3 ~~(b) This section shall remain in effect only until January 1, 2012,~~
4 ~~and as of that date is repealed, unless a later enacted statute, that~~
5 ~~is enacted before January 1, 2012, deletes or extends that date. The~~
6 ~~repeal of this section renders the board subject to the review~~
7 ~~required by Article 7.5 (commencing with Section 9147.7) of~~
8 ~~Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government~~
9 ~~Code.~~

10 SEC. 11. ~~Section 2569 of the Business and Professions Code~~
11 ~~is amended to read:~~

12 ~~2569. The powers and duties of the board, as set forth in this~~
13 ~~chapter, shall be subject to the review required by Article 7.5~~
14 ~~(commencing with Section 9147.7) of Chapter 1.5 of Part 1 of~~
15 ~~Division 2 of Title 2 of the Government Code.~~

16 SEC. 12. ~~Section 2570.19 of the Business and Professions~~
17 ~~Code is amended to read:~~

18 ~~2570.19. (a) There is hereby created a California Board of~~
19 ~~Occupational Therapy, hereafter referred to as the board. The board~~
20 ~~shall enforce and administer this chapter.~~

21 ~~(b) The members of the board shall consist of the following:~~

22 ~~(1) Three occupational therapists who shall have practiced~~
23 ~~occupational therapy for five years.~~

24 ~~(2) One occupational therapy assistant who shall have assisted~~
25 ~~in the practice of occupational therapy for five years.~~

26 ~~(3) Three public members who shall not be licentiates of the~~
27 ~~board or of any board referred to in Section 1000 or 3600.~~

28 ~~(c) The Governor shall appoint the three occupational therapists~~
29 ~~and one occupational therapy assistant to be members of the board.~~
30 ~~The Governor, the Senate Rules Committee, and the Speaker of~~
31 ~~the Assembly shall each appoint a public member. Not more than~~
32 ~~one member of the board shall be appointed from the full-time~~
33 ~~faculty of any university, college, or other educational institution.~~

34 ~~(d) All members shall be residents of California at the time of~~
35 ~~their appointment. The occupational therapist and occupational~~
36 ~~therapy assistant members shall have been engaged in rendering~~
37 ~~occupational therapy services to the public, teaching, or research~~
38 ~~in occupational therapy for at least five years preceding their~~
39 ~~appointments.~~

1 ~~(e) The public members may not be or have ever been~~
2 ~~occupational therapists or occupational therapy assistants or in~~
3 ~~training to become occupational therapists or occupational therapy~~
4 ~~assistants. The public members may not be related to, or have a~~
5 ~~household member who is, an occupational therapist or an~~
6 ~~occupational therapy assistant, and may not have had, within two~~
7 ~~years of the appointment, a substantial financial interest in a person~~
8 ~~regulated by the board.~~

9 ~~(f) The Governor shall appoint two board members for a term~~
10 ~~of one year, two board members for a term of two years, and one~~
11 ~~board member for a term of three years. Appointments made~~
12 ~~thereafter shall be for four-year terms, but no person shall be~~
13 ~~appointed to serve more than two consecutive terms. Terms shall~~
14 ~~begin on the first day of the calendar year and end on the last day~~
15 ~~of the calendar year or until successors are appointed, except for~~
16 ~~the first appointed members who shall serve through the last~~
17 ~~calendar day of the year in which they are appointed, before~~
18 ~~commencing the terms prescribed by this section. Vacancies shall~~
19 ~~be filled by appointment for the unexpired term. The board shall~~
20 ~~annually elect one of its members as president.~~

21 ~~(g) The board shall meet and hold at least one regular meeting~~
22 ~~annually in the Cities of Sacramento, Los Angeles, and San~~
23 ~~Francisco. The board may convene from time to time until its~~
24 ~~business is concluded. Special meetings of the board may be held~~
25 ~~at any time and place designated by the board.~~

26 ~~(h) Notice of each meeting of the board shall be given in~~
27 ~~accordance with the Bagley-Keene Open Meeting Act (Article 9~~
28 ~~(commencing with Section 11120) of Chapter 1 of Part 1 of~~
29 ~~Division 3 of Title 2 of the Government Code).~~

30 ~~(i) Members of the board shall receive no compensation for~~
31 ~~their services, but shall be entitled to reasonable travel and other~~
32 ~~expenses incurred in the execution of their powers and duties in~~
33 ~~accordance with Section 103.~~

34 ~~(j) The appointing power shall have the power to remove any~~
35 ~~member of the board from office for neglect of any duty imposed~~
36 ~~by state law, for incompetency, or for unprofessional or~~
37 ~~dishonorable conduct.~~

38 ~~(k) A loan is hereby authorized from the General Fund to the~~
39 ~~Occupational Therapy Fund on or after July 1, 2000, in an amount~~
40 ~~of up to one million dollars (\$1,000,000) to fund operating,~~

1 personnel, and other startup costs of the board. Six hundred ten
2 thousand dollars (\$610,000) of this loan amount is hereby
3 appropriated to the board to use in the 2000-01 fiscal year for the
4 purposes described in this subdivision. In subsequent years, funds
5 from the Occupational Therapy Fund shall be available to the board
6 upon appropriation by the Legislature in the annual Budget Act.
7 The loan shall be repaid to the General Fund over a period of up
8 to five years, and the amount paid shall also include interest at the
9 rate accruing to moneys in the Pooled Money Investment Account.
10 The loan amount and repayment period shall be minimized to the
11 extent possible based upon actual board financing requirements
12 as determined by the Department of Finance.

13 ~~(f) This section shall become inoperative on July 1, 2013, and,
14 as of January 1, 2014, is repealed, unless a later enacted statute
15 that is enacted before January 1, 2014, deletes or extends the dates
16 on which it becomes inoperative and is repealed. The repeal of
17 this section renders the board subject to the review required by
18 Article 7.5 (commencing with Section 9147.7) of Chapter 1.5 of
19 Part 1 of Division 2 of Title 2 of the Government Code.~~

20 SEC. 13. Section 2602 of the Business and Professions Code
21 is amended to read:

22 ~~2602. The Physical Therapy Board of California, hereafter
23 referred to as the board, shall enforce and administer this chapter.
24 This section shall become inoperative on July 1, 2013, and, as of
25 January 1, 2014, is repealed, unless a later enacted statute, which
26 becomes effective on or before January 1, 2014, deletes or extends
27 the dates on which it becomes inoperative and is repealed.~~

28 ~~The repeal of this section renders the board subject to the review
29 required by Article 7.5 (commencing with Section 9147.7) of
30 Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government
31 Code.~~

32 SEC. 14. Section 2607.5 of the Business and Professions Code
33 is amended to read:

34 ~~2607.5. The board may appoint a person exempt from civil
35 service who shall be designated as an executive officer and who
36 shall exercise the powers and perform the duties delegated by the
37 board and vested in him or her by this chapter.~~

38 ~~This section shall become inoperative on July 1, 2013, and, as
39 of January 1, 2014, is repealed, unless a later enacted statute, which~~

1 becomes effective on or before January 1, 2014, deletes or extends
2 the dates on which it becomes inoperative and is repealed.

3 SEC. 15. Section 2701 of the Business and Professions Code
4 is amended to read:

5 2701. (a) There is in the Department of Consumer Affairs the
6 Board of Registered Nursing consisting of nine members:

7 (b) ~~Within the meaning of this chapter, board, or the board,~~
8 ~~refers to the Board of Registered Nursing. Any reference in state~~
9 ~~law to the Board of Nurse Examiners of the State of California or~~
10 ~~California Board of Nursing Education and Nurse Registration~~
11 ~~shall be construed to refer to the Board of Registered Nursing.~~

12 (c) This section shall remain in effect only until January 1, 2013,
13 and as of that date is repealed, unless a later enacted statute, that
14 is enacted before January 1, 2013, deletes or extends that date. The
15 repeal of this section renders the board subject to the review
16 required by Article 7.5 (commencing with Section 9147.7) of
17 Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government
18 Code.

19 SEC. 16. Section 2841 of the Business and Professions Code
20 is amended to read:

21 2841. (a) There is in the Department of Consumer Affairs a
22 Board of Vocational Nursing and Psychiatric Technicians of the
23 State of California, consisting of 11 members.

24 (b) ~~Within the meaning of this chapter, "board," or "the board,"~~
25 ~~refers to the Board of Vocational Nursing and Psychiatric~~
26 ~~Technicians of the State of California.~~

27 (c) This section shall remain in effect only until January 1, 2012,
28 and as of that date is repealed, unless a later enacted statute, that
29 is enacted before January 1, 2012, deletes or extends that date. The
30 repeal of this section renders the board subject to the review
31 required by Article 7.5 (commencing with Section 9147.7) of
32 Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government
33 Code.

34 SEC. 17. Section 3010.5 of the Business and Professions Code
35 is amended to read:

36 3010.5. (a) There is in the Department of Consumer Affairs
37 a State Board of Optometry in which the enforcement of this
38 chapter is vested. The board consists of 11 members, five of whom
39 shall be public members:

40 Six members of the board shall constitute a quorum.

1 (b) ~~The board shall, with respect to conducting investigations,~~
2 ~~inquiries, and disciplinary actions and proceedings, have the~~
3 ~~authority previously vested in the board as created pursuant to~~
4 ~~Section 3010. The board may enforce any disciplinary actions~~
5 ~~undertaken by that board.~~

6 (c) ~~This section shall remain in effect only until January 1, 2013,~~
7 ~~and as of that date is repealed, unless a later enacted statute, that~~
8 ~~is enacted before January 1, 2013, deletes or extends that date. The~~
9 ~~repeal of this section renders the board subject to the review~~
10 ~~required by Article 7.5 (commencing with Section 9147.7) of~~
11 ~~Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government~~
12 ~~Code.~~

13 ~~SEC. 18. Section 3502.1 of the Business and Professions Code~~
14 ~~is amended to read:~~

15 ~~3502.1. (a) In addition to the services authorized in the~~
16 ~~regulations adopted by the board, and except as prohibited by~~
17 ~~Section 3502, while under the supervision of a licensed physician~~
18 ~~and surgeon or physicians and surgeons authorized by law to~~
19 ~~supervise a physician assistant, a physician assistant may~~
20 ~~administer or provide medication to a patient, or transmit orally,~~
21 ~~or in writing on a patient's record or in a drug order, an order to a~~
22 ~~person who may lawfully furnish the medication or medical device~~
23 ~~pursuant to subdivisions (c) and (d).~~

24 (1) ~~A supervising physician and surgeon who delegates authority~~
25 ~~to issue a drug order to a physician assistant may limit this authority~~
26 ~~by specifying the manner in which the physician assistant may~~
27 ~~issue delegated prescriptions.~~

28 (2) ~~Each supervising physician and surgeon who delegates the~~
29 ~~authority to issue a drug order to a physician assistant shall first~~
30 ~~prepare and adopt, or adopt, a written, practice specific, formulary~~
31 ~~and protocols that specify all criteria for the use of a particular~~
32 ~~drug or device, and any contraindications for the selection.~~
33 ~~Protocols for Schedule II controlled substances shall address the~~
34 ~~diagnosis of illness, injury, or condition for which the Schedule II~~
35 ~~controlled substance is being administered, provided, or issued.~~
36 ~~The drugs listed in the protocols shall constitute the formulary and~~
37 ~~shall include only drugs that are appropriate for use in the type of~~
38 ~~practice engaged in by the supervising physician and surgeon.~~
39 ~~When issuing a drug order, the physician assistant is acting on~~
40 ~~behalf of and as an agent for a supervising physician and surgeon.~~

1 (b) ~~“Drug order” for purposes of this section means an order~~
2 ~~for medication that is dispensed to or for a patient, issued and~~
3 ~~signed by a physician assistant acting as an individual practitioner~~
4 ~~within the meaning of Section 1306.02 of Title 21 of the Code of~~
5 ~~Federal Regulations. Notwithstanding any other provision of law,~~
6 ~~(1) a drug order issued pursuant to this section shall be treated in~~
7 ~~the same manner as a prescription or order of the supervising~~
8 ~~physician, (2) all references to “prescription” in this code and the~~
9 ~~Health and Safety Code shall include drug orders issued by~~
10 ~~physician assistants pursuant to authority granted by their~~
11 ~~supervising physicians and surgeons, and (3) the signature of a~~
12 ~~physician assistant on a drug order shall be deemed to be the~~
13 ~~signature of a prescriber for purposes of this code and the Health~~
14 ~~and Safety Code.~~

15 (c) ~~A drug order for any patient cared for by the physician~~
16 ~~assistant that is issued by the physician assistant shall either be~~
17 ~~based on the protocols described in subdivision (a) or shall be~~
18 ~~approved by the supervising physician and surgeon before it is~~
19 ~~filled or carried out.~~

20 (1) ~~A physician assistant shall not administer or provide a drug~~
21 ~~or issue a drug order for a drug other than for a drug listed in the~~
22 ~~formulary without advance approval from a supervising physician~~
23 ~~and surgeon for the particular patient. At the direction and under~~
24 ~~the supervision of a physician and surgeon, a physician assistant~~
25 ~~may hand to a patient of the supervising physician and surgeon a~~
26 ~~properly labeled prescription drug prepackaged by a physician and~~
27 ~~surgeon, manufacturer as defined in the Pharmacy Law, or a~~
28 ~~pharmacist.~~

29 (2) ~~A physician assistant may not administer, provide, or issue~~
30 ~~a drug order to a patient for Schedule II through Schedule V~~
31 ~~controlled substances without advance approval by a supervising~~
32 ~~physician and surgeon for that particular patient unless the~~
33 ~~physician assistant has completed an education course that covers~~
34 ~~controlled substances and that meets standards, including~~
35 ~~pharmacological content, approved by the committee. The~~
36 ~~education course shall be provided either by an accredited~~
37 ~~continuing education provider or by an approved physician assistant~~
38 ~~training program. If the physician assistant will administer, provide,~~
39 ~~or issue a drug order for Schedule II controlled substances, the~~
40 ~~course shall contain a minimum of three hours exclusively on~~

1 Schedule II controlled substances. Completion of the requirements
2 set forth in this paragraph shall be verified and documented in the
3 manner established by the committee prior to the physician
4 assistant's use of a registration number issued by the United States
5 Drug Enforcement Administration to the physician assistant to
6 administer, provide, or issue a drug order to a patient for a
7 controlled substance without advance approval by a supervising
8 physician and surgeon for that particular patient.

9 (3) Any drug order issued by a physician assistant shall be
10 subject to a reasonable quantitative limitation consistent with
11 customary medical practice in the supervising physician and
12 surgeon's practice.

13 (d) A written drug order issued pursuant to subdivision (a),
14 except a written drug order in a patient's medical record in a health
15 facility or medical practice, shall contain the printed name, address,
16 and phone number of the supervising physician and surgeon, the
17 printed or stamped name and license number of the physician
18 assistant, and the signature of the physician assistant. Further, a
19 written drug order for a controlled substance, except a written drug
20 order in a patient's medical record in a health facility or a medical
21 practice, shall include the federal controlled substances registration
22 number of the physician assistant and shall otherwise comply with
23 the provisions of Section 11162.1 of the Health and Safety Code.
24 Except as otherwise required for written drug orders for controlled
25 substances under Section 11162.1 of the Health and Safety Code,
26 the requirements of this subdivision may be met through stamping
27 or otherwise imprinting on the supervising physician and surgeon's
28 prescription blank to show the name, license number, and if
29 applicable, the federal controlled substances number of the
30 physician assistant, and shall be signed by the physician assistant.
31 When using a drug order, the physician assistant is acting on behalf
32 of and as the agent of a supervising physician and surgeon.

33 (e) The medical record of any patient cared for by a physician
34 assistant for whom the physician assistant's Schedule II drug order
35 has been issued or carried out shall be reviewed and countersigned
36 and dated by a supervising physician and surgeon within seven
37 days.

38 (f) All physician assistants who are authorized by their
39 supervising physicians to issue drug orders for controlled

1 substances shall register with the United States Drug Enforcement
2 Administration (DEA).

3 ~~(g) The committee shall consult with the Medical Board of
4 California and report during its sunset review required by Article
5 7.5 (commencing with Section 9147.7) of Chapter 1.5 of Part 1 of
6 Division 2 of Title 2 of the Government Code the impacts of
7 exempting Schedule III and Schedule IV drug orders from the
8 requirement for a physician and surgeon to review and countersign
9 the affected medical record of a patient.~~

10 SEC. 19. ~~Section 3504 of the Business and Professions Code
11 is amended to read:~~

12 ~~3504. There is established a Physician Assistant Committee
13 of the Medical Board of California. The committee consists of
14 nine members. This section shall become inoperative on July 1,
15 2011, and, as of January 1, 2012, is repealed, unless a later enacted
16 statute, which becomes effective on or before January 1, 2012,
17 deletes or extends the dates on which it becomes inoperative and
18 is repealed. The repeal of this section renders the committee subject
19 to the review required by Article 7.5 (commencing with Section
20 9147.7) of Chapter 1.5 of Part 1 of Division 2 of Title 2 of the
21 Government Code.~~

22 SEC. 20. ~~Section 3685 of the Business and Professions Code
23 is amended to read:~~

24 ~~3685. The repeal of this chapter renders the committee subject
25 to the review required by Article 7.5 (commencing with Section
26 9147.7) of Chapter 1.5 of Part 1 of Division 2 of Title 2 of the
27 Government Code.~~

28 SEC. 21. ~~Section 3710 of the Business and Professions Code
29 is amended to read:~~

30 ~~3710. (a) The Respiratory Care Board of California, hereafter
31 referred to as the board, shall enforce and administer this chapter.~~

32 ~~(b) This section shall remain in effect only until January 1, 2013,
33 and as of that date is repealed, unless a later enacted statute, that
34 is enacted before January 1, 2013, deletes or extends that date. The
35 repeal of this section renders the board subject to the review
36 required by Article 7.5 (commencing with Section 9147.7) of
37 Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government
38 Code.~~

39 SEC. 22. ~~Section 4001 of the Business and Professions Code
40 is amended to read:~~

1 4001. ~~(a) There is in the Department of Consumer Affairs a~~
2 ~~California State Board of Pharmacy in which the administration~~
3 ~~and enforcement of this chapter is vested. The board consists of~~
4 ~~13 members.~~

5 ~~(b) The Governor shall appoint seven competent pharmacists~~
6 ~~who reside in different parts of the state to serve as members of~~
7 ~~the board. The Governor shall appoint four public members, and~~
8 ~~the Senate Committee on Rules and the Speaker of the Assembly~~
9 ~~shall each appoint a public member who shall not be a licensee of~~
10 ~~the board, any other board under this division, or any board referred~~
11 ~~to in Section 1000 or 3600.~~

12 ~~(c) At least five of the seven pharmacist appointees to the board~~
13 ~~shall be pharmacists who are actively engaged in the practice of~~
14 ~~pharmacy. Additionally, the membership of the board shall include~~
15 ~~at least one pharmacist representative from each of the following~~
16 ~~practice settings: an acute care hospital, an independent community~~
17 ~~pharmacy, a chain community pharmacy, and a long-term health~~
18 ~~care or skilled nursing facility. The pharmacist appointees shall~~
19 ~~also include a pharmacist who is a member of a labor union that~~
20 ~~represents pharmacists. For the purposes of this subdivision, a~~
21 ~~“chain community pharmacy” means a chain of 75 or more stores~~
22 ~~in California under the same ownership, and an “independent~~
23 ~~community pharmacy” means a pharmacy owned by a person or~~
24 ~~entity who owns no more than four pharmacies in California.~~

25 ~~(d) Members of the board shall be appointed for a term of four~~
26 ~~years. No person shall serve as a member of the board for more~~
27 ~~than two consecutive terms. Each member shall hold office until~~
28 ~~the appointment and qualification of his or her successor or until~~
29 ~~one year shall have elapsed since the expiration of the term for~~
30 ~~which the member was appointed, whichever first occurs.~~
31 ~~Vacancies occurring shall be filled by appointment for the~~
32 ~~unexpired term.~~

33 ~~(e) Each member of the board shall receive a per diem and~~
34 ~~expenses as provided in Section 103.~~

35 ~~(f) This section shall remain in effect only until January 1, 2013,~~
36 ~~and as of that date is repealed, unless a later enacted statute, that~~
37 ~~is enacted before January 1, 2013, deletes or extends that date. The~~
38 ~~repeal of this section renders the board subject to the review~~
39 ~~required by Article 7.5 (commencing with Section 9147.7) of~~

1 Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government
2 Code.

3 SEC. 23. Section 4615 of the Business and Professions Code
4 is amended to read:

5 4615. This chapter shall be subject to the review required by
6 Article 7.5 (commencing with Section 9147.7) of Chapter 1.5 of
7 Part 1 of Division 2 of Title 2 of the Government Code.

8 SEC. 24. Section 4800 of the Business and Professions Code
9 is amended to read:

10 4800. There is in the Department of Consumer Affairs a
11 Veterinary Medical Board in which the administration of this
12 chapter is vested. The board consists of seven members, three of
13 whom shall be public members.

14 This section shall become inoperative on July 1, 2011, and, as
15 of January 1, 2012, is repealed, unless a later enacted statute, which
16 becomes effective on or before January 1, 2012, deletes or extends
17 the dates on which it becomes inoperative and is repealed.

18 The repeal of this section renders the board subject to the review
19 provided for by Article 7.5 (commencing with Section 9147.7) of
20 Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government
21 Code.

22 SEC. 25. Section 4809.8 of the Business and Professions Code
23 is amended to read:

24 4809.8. (a) The board shall appoint a voluntary, advisory
25 multidisciplinary committee to assist, advise, and make
26 recommendations for the implementation of rules and regulations
27 necessary to ensure proper administration and enforcement of this
28 chapter. Members of the committee shall be appointed from lists
29 of nominees solicited by the board. The committee shall consist
30 of no more than nine members.

31 (b) The committee shall be subject to the requirements of Article
32 9 (commencing with Section 11120) of Chapter 1 of Part 1 of
33 Division 3 of Title 2 of the Government Code.

34 (c) Committee members shall receive a per diem as provided
35 in Section 103 and shall be compensated for their actual travel
36 expenses in accordance with the rules and regulations adopted by
37 the Department of Personnel Administration.

38 (d) This section shall become inoperative on July 1, 2011, and
39 as of January 1, 2012, is repealed, unless a later enacted statute,
40 that becomes operative on or before January 1, 2012, deletes or

1 extends the dates on which it becomes inoperative and is repealed.
2 The repeal of this section renders the committee subject to the
3 review required by Article 7.5 (commencing with Section 9147.7)
4 of Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government
5 Code.

6 SEC. 26. Section 4989 of the Business and Professions Code
7 is amended to read:

8 4989. The powers and duties of the board, as set forth in this
9 chapter, shall be subject to the review required by Article 7.5
10 (commencing with Section 9147.7) of Chapter 1.5 of Part 1 of
11 Division 2 of Title 2 of the Government Code.

12 SEC. 27. Section 4990.24 of the Business and Professions
13 Code is amended to read:

14 4990.24. The powers and duties of the board, as set forth in
15 this chapter, shall be subject to the review required by Article 7.5
16 (commencing with Section 9147.7) of Chapter 1.5 of Part 1 of
17 Division 2 of Title 2 of the Government Code.

18 SEC. 28. Section 5000 of the Business and Professions Code
19 is amended to read:

20 5000. There is in the Department of Consumer Affairs the
21 California Board of Accountancy, which consists of 15 members,
22 seven of whom shall be licensees, and eight of whom shall be
23 public members who shall not be licentiates of the board or
24 registered by the board. The board has the powers and duties
25 conferred by this chapter.

26 The Governor shall appoint four of the public members, and the
27 seven licensee members as provided in this section. The Senate
28 Rules Committee and the Speaker of the Assembly shall each
29 appoint two public members. In appointing the seven licensee
30 members, the Governor shall appoint members representing a cross
31 section of the accounting profession with at least two members
32 representing a small public accounting firm. For the purposes of
33 this chapter, a small public accounting firm shall be defined as a
34 professional firm that employs a total of no more than four
35 licensees as partners, owners, or full-time employees in the practice
36 of public accountancy within the State of California.

37 This section shall become inoperative on July 1, 2011, and as
38 of January 1, 2012, is repealed, unless a later enacted statute, that
39 becomes effective on or before January 1, 2012, deletes or extends
40 the dates on which this section becomes inoperative and is repealed.

1 The repeal of this section renders the board subject to the review
2 required by Article 7.5 (commencing with Section 9147.7) of
3 Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government
4 Code. However, the review of the board shall be limited to reports
5 or studies specified in this chapter and those issues identified by
6 the Joint Sunset Review Committee and the board regarding the
7 implementation of new licensing requirements.

8 SEC. 29. Section 5510 of the Business and Professions Code
9 is amended to read:

10 5510. There is in the Department of Consumer Affairs a
11 California Architects Board which consists of 10 members.

12 Any reference in law to the California Board of Architectural
13 Examiners shall mean the California Architects Board.

14 This section shall become inoperative on July 1, 2011, and, as
15 of January 1, 2012, is repealed, unless a later enacted statute, which
16 becomes effective on or before January 1, 2012, deletes or extends
17 the dates on which it becomes inoperative and is repealed. The
18 repeal of this section renders the board subject to the review
19 required by Article 7.5 (commencing with Section 9147.7) of
20 Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government
21 Code.

22 SEC. 30. Section 5810 of the Business and Professions Code
23 is amended to read:

24 5810. (a) This chapter shall be subject to the review required
25 by Article 7.5 (commencing with Section 9147.7) of Chapter 1.5
26 of Part 1 of Division 2 of Title 2 of the Government Code.

27 (b) This chapter shall remain in effect only until January 1,
28 2013, and as of that date is repealed, unless a later enacted statute,
29 that is enacted before January 1, 2013, deletes or extends that date.

30 SEC. 31. Section 6510 of the Business and Professions Code
31 is amended to read:

32 6510. (a) There is within the jurisdiction of the department
33 the Professional Fiduciaries Bureau. The bureau is under the
34 supervision and control of the director. The duty of enforcing and
35 administering this chapter is vested in the chief of the bureau, who
36 is responsible to the director. Every power granted or duty imposed
37 upon the director under this chapter may be exercised or performed
38 in the name of the director by a deputy director or by the chief,
39 subject to conditions and limitations as the director may prescribe.

1 ~~(b) The Governor shall appoint, subject to confirmation by the~~
2 ~~Senate, the chief of the bureau, at a salary to be fixed and~~
3 ~~determined by the director with the approval of the Director of~~
4 ~~Finance. The chief shall serve under the direction and supervision~~
5 ~~of the director and at the pleasure of the Governor.~~

6 ~~(c) This section shall become inoperative on July 1, 2011, and,~~
7 ~~as of January 1, 2012, is repealed, unless a later enacted statute,~~
8 ~~that becomes operative on or before January 1, 2012, deletes or~~
9 ~~extends the dates on which it becomes inoperative and is repealed.~~
10 ~~The repeal of this section renders the bureau subject to the review~~
11 ~~required by Article 7.5 (commencing with Section 9147.7) of~~
12 ~~Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government~~
13 ~~Code.~~

14 ~~Notwithstanding any other provision of law, upon the repeal of~~
15 ~~this section, the responsibilities and jurisdiction of the bureau shall~~
16 ~~be transferred to the Professional Fiduciaries Advisory Committee,~~
17 ~~as provided by Section 6511.~~

18 ~~SEC. 32. Section 6710 of the Business and Professions Code~~
19 ~~is amended to read:~~

20 ~~6710. (a) There is in the Department of Consumer Affairs a~~
21 ~~Board for Professional Engineers and Land Surveyors, which~~
22 ~~consists of 13 members.~~

23 ~~(b) Any reference in any law or regulation to the Board of~~
24 ~~Registration for Professional Engineers and Land Surveyors is~~
25 ~~deemed to refer to the Board for Professional Engineers and Land~~
26 ~~Surveyors.~~

27 ~~(c) This section shall become inoperative on July 1, 2011, and,~~
28 ~~as of January 1, 2012, is repealed, unless a later enacted statute,~~
29 ~~that becomes effective on or before January 1, 2012, deletes or~~
30 ~~extends the dates on which it becomes inoperative and is repealed.~~
31 ~~The repeal of this section renders the board subject to the review~~
32 ~~required by Article 7.5 (commencing with Section 9147.7) of~~
33 ~~Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government~~
34 ~~Code.~~

35 ~~SEC. 33. Section 7200.2 is added to the Business and~~
36 ~~Professions Code, to read:~~

37 ~~7200.2. The board shall be subject to the review required by~~
38 ~~Article 7.5 (commencing with Section 9147.7) of Chapter 1.5 of~~
39 ~~Part 1 of Division 2 of Title 2 of the Government Code.~~

1 ~~SEC. 34.— Section 7304 of the Business and Professions Code~~
2 ~~is amended to read:~~

3 ~~7304.— The board shall be subject to review pursuant to Article~~
4 ~~7.5 (commencing with Section 9147.7) of Chapter 1.5 of Part 1 of~~
5 ~~Division 2 of Title 2 of the Government Code.~~

6 ~~SEC. 35.— Section 7501 of the Business and Professions Code~~
7 ~~is amended to read:~~

8 ~~7501.— (a) There is in the Department of Consumer Affairs a~~
9 ~~Bureau of Security and Investigative Services. The bureau is under~~
10 ~~the supervision and control of the director. The director shall~~
11 ~~administer and enforce the provisions of this chapter.~~

12 ~~(b) The bureau shall be subject to the review required by Article~~
13 ~~7.5 (commencing with Section 9147.7) of Chapter 1.5 of Part 1 of~~
14 ~~Division 2 of Title 2 of the Government Code.~~

15 ~~SEC. 36.— Section 7611 is added to the Business and Professions~~
16 ~~Code, to read:~~

17 ~~7611.— The bureau shall be subject to the review required by~~
18 ~~Article 7.5 (commencing with Section 9147.7) of Chapter 1.5 of~~
19 ~~Part 1 of Division 2 of Title 2 of the Government Code.~~

20 ~~SEC. 37.— Section 8710 of the Business and Professions Code~~
21 ~~is amended to read:~~

22 ~~8710.— (a) The Board for Professional Engineers and Land~~
23 ~~Surveyors is vested with power to administer the provisions and~~
24 ~~requirements of this chapter, and may make and enforce rules and~~
25 ~~regulations that are reasonably necessary to carry out its provisions.~~

26 ~~(b) The board may adopt rules and regulations of professional~~
27 ~~conduct that are not inconsistent with state and federal law. The~~
28 ~~rules and regulations may include definitions of incompetence and~~
29 ~~negligence. Every person who holds a license or certificate issued~~
30 ~~by the board pursuant to this chapter, or a license or certificate~~
31 ~~issued to a civil engineer pursuant to Chapter 7 (commencing with~~
32 ~~Section 6700), shall be governed by these rules and regulations.~~

33 ~~(c) This section shall become inoperative on July 1, 2011, and,~~
34 ~~as of January 1, 2012, is repealed, unless a later enacted statute,~~
35 ~~which becomes effective on or before January 1, 2012, deletes or~~
36 ~~extends the dates on which it becomes inoperative and is repealed.~~
37 ~~The repeal of this section shall render the board subject to the~~
38 ~~review required by Article 7.5 (commencing with Section 9147.7)~~
39 ~~of Chapter 1.5 of Part 1 of Division 2 of Title 2 of the Government~~
40 ~~Code.~~

1 ~~SEC. 38. Section 9815 is added to the Business and Professions~~
2 ~~Code, to read:~~

3 ~~9815. The bureau shall be subject to the review required by~~
4 ~~Article 7.5 (commencing with Section 9147.7) of Chapter 1.5 of~~
5 ~~Part 1 of Division 2 of Title 2 of the Government Code.~~

6 ~~SEC. 39. Section 9882 of the Business and Professions Code~~
7 ~~is amended to read:~~

8 ~~9882. (a) There is in the Department of Consumer Affairs a~~
9 ~~Bureau of Automotive Repair under the supervision and control~~
10 ~~of the director. The duty of enforcing and administering this chapter~~
11 ~~is vested in the chief who is responsible to the director. The director~~
12 ~~may adopt and enforce those rules and regulations that he or she~~
13 ~~determines are reasonably necessary to carry out the purposes of~~
14 ~~this chapter and declaring the policy of the bureau, including a~~
15 ~~system for the issuance of citations for violations of this chapter~~
16 ~~as specified in Section 125.9. These rules and regulations shall be~~
17 ~~adopted pursuant to Chapter 3.5 (commencing with Section 11340)~~
18 ~~of Part 1 of Division 3 of Title 2 of the Government Code.~~

19 ~~(b) In 2003 and every four years thereafter, the Joint Sunset~~
20 ~~Review Committee shall hold a public hearing to receive testimony~~
21 ~~from the Director of Consumer Affairs and the bureau. In those~~
22 ~~hearings, the bureau shall have the burden of demonstrating a~~
23 ~~compelling public need for the continued existence of the bureau~~
24 ~~and its regulatory program, and that its function is the least~~
25 ~~restrictive regulation consistent with the public health, safety, and~~
26 ~~welfare. The committee shall evaluate and review the effectiveness~~
27 ~~and efficiency of the bureau and shall report its findings and~~
28 ~~recommendations to the Legislature as specified in Article 7.5~~
29 ~~(commencing with Section 9147.7) of Chapter 1.5 of Part 1 of~~
30 ~~Division 2 of Title 2 of the Government Code. The bureau shall~~
31 ~~prepare an analysis and submit a report to the committee as~~
32 ~~specified in subdivision (e) of Section 9147.7 of the Government~~
33 ~~Code.~~

34 ~~SEC. 40. Section 11506 of the Business and Professions Code~~
35 ~~is amended to read:~~

36 ~~11506. This part shall be subject to the review required by~~
37 ~~Article 7.5 (commencing with Section 9147.7) of Chapter 1.5 of~~
38 ~~Part 1 of Division 2 of Title 2 of the Government Code. This part~~
39 ~~shall remain in effect only until January 1, 2012, and as of that~~

1 ~~date is repealed, unless a later enacted statute, that is enacted before~~
2 ~~January 1, 2012, deletes or extends that date.~~

3 ~~SEC. 41. Section 22259 of the Business and Professions Code~~
4 ~~is amended to read:~~

5 ~~22259. This chapter shall be subject to the review required by~~
6 ~~Article 7.5 (commencing with Section 9147.7) of Chapter 1.5 of~~
7 ~~Part 1 of Division 2 of Title 2 of the Government Code.~~

8 ~~This chapter shall remain in effect only until January 1, 2012,~~
9 ~~and as of that date is repealed, unless a later enacted statute, that~~
10 ~~is enacted before January 1, 2012, deletes or extends that date.~~

11 *SEC. 4. Section 4351 of the Food and Agricultural Code is*
12 *amended to read:*

13 4351. (a) There is hereby created the State Race Track Leasing
14 Commission which shall be composed of the Director of Food and
15 Agriculture, the Director of Finance, and the Director of General
16 Services and three individuals, appointed by the Governor, who
17 are members of the Board of Directors of the 22nd District
18 Agricultural Association. The Director of Finance shall serve as
19 chairperson of the commission. All meetings of the commission
20 shall be open and public.

21 (b) *This chapter shall remain in effect only until January 1,*
22 *2013, and as of that date is repealed, unless a later enacted statute,*
23 *that is enacted before January 1, 2013, deletes or extends that*
24 *date.*

25 *SEC. 5. Section 8164.1 of the Government Code is amended*
26 *to read:*

27 8164.1. There is in state government a Capitol Area Committee
28 consisting of nine members who shall be appointed in the following
29 manner:

30 (a) Four members of the committee shall be appointed by the
31 Governor of which at least one member shall be appointed from
32 a list of three candidates submitted by the City of Sacramento and
33 at least one member shall be appointed from a list of three
34 candidates submitted by the County of Sacramento. Two members
35 shall be appointed for a term expiring December 31, 1979, and
36 two for a term expiring December 31, 1981.

37 (b) Two members shall be appointed by the Speaker of the
38 Assembly, one of whom may be a Member of the Assembly, and
39 two members shall be appointed by the Senate Rules Committee,
40 one of whom may be a Member of the Senate. Legislative members

1 of the committee shall meet and, except as otherwise provided by
2 the Constitution, advise the department to the extent that the
3 advisory participation is not incompatible with their respective
4 positions as Members of the Legislature. Of the four appointments
5 by the Legislature, two shall be appointed for a term expiring
6 December 31, 1979, and two for a term expiring December 31,
7 1981.

8 (c) One shall be appointed by and serve at the pleasure of the
9 director.

10 Subsequent appointments pursuant to subdivisions (a) and (b)
11 shall be for terms of four years, ending on December 31st of the
12 fourth year after the end of the prior term, except that appointments
13 to fill vacancies occurring for any reason other than the expiration
14 of the term shall be for the unexpired portion of the term in which
15 they occur. The members of the board shall hold office until their
16 successors are appointed and qualify.

17 The members of the committee shall not receive compensation
18 from the state for their services under this article but, when called
19 to attend a meeting of the committee, shall be reimbursed for their
20 actual and necessary expenses incurred in connection with the
21 meeting in accordance with the rules of the Department of
22 Personnel Administration.

23 *(d) This section shall remain in effect only until January 1, 2013,*
24 *and as of that date is repealed, unless a later enacted statute, that*
25 *is enacted before January 1, 2013, deletes or extends that date.*

26 SEC. 6. Section 8164.2 of the Government Code is amended
27 to read:

28 8164.2. (a) The committee shall elect a chairperson. The
29 committee shall meet at least quarterly or upon the call of the
30 chairperson or the written request of any three members.

31 *(b) This section shall remain in effect only until January 1, 2013,*
32 *and as of that date is repealed, unless a later enacted statute, that*
33 *is enacted before January 1, 2013, deletes or extends that date.*

34 SEC. 7. Section 8164.3 of the Government Code is amended
35 to read:

36 8164.3. (a) It is the purpose of the committee to independently
37 review the reports of the department to the Legislature and counsel
38 and advise the department in the carrying out of its responsibilities
39 related to the Capitol Area Plan. The committee may submit
40 separate comments on the departmental reports on the Capitol Area

1 Plan to the Legislature. The committee shall involve a broad cross
2 section of interested citizens in the form of an advisory body. The
3 advisory body shall serve without compensation.

4 *(b) This section shall remain in effect only until January 1, 2013,*
5 *and as of that date is repealed, unless a later enacted statute, that*
6 *is enacted before January 1, 2013, deletes or extends that date.*

7 ~~SEC. 42.~~

8 SEC. 8. Section 9148.51 of the Government Code is amended
9 to read:

10 9148.51. (a) It is the intent of the Legislature that all existing
11 and proposed ~~state boards~~ *eligible agencies, as defined in*
12 *subdivision (a) of Section 9147.7,* be subject to review ~~every four~~
13 ~~years~~ to evaluate and determine whether each has demonstrated a
14 public need for its continued existence in accordance with
15 enumerated factors and standards as set forth in Article 7.5
16 (commencing with Section 9147.7).

17 (b) If any state board becomes inoperative or is repealed in
18 accordance with the act that added this section, any provision of
19 existing law that provides for the appointment of board members
20 and specifies the qualifications and tenure of board members shall
21 not be implemented and shall have no force or effect while that
22 state board is inoperative or repealed.

23 (c) Any provision of law authorizing the appointment of an
24 executive officer by a state board subject to the review described
25 in Article 7.5 (commencing with Section 9147.7), or prescribing
26 his or her duties, shall not be implemented and shall have no force
27 or effect while the applicable state board is inoperative or repealed.

28 ~~(d) It is the intent of the Legislature that subsequent legislation~~
29 ~~to extend or repeal the inoperative date for any state board shall~~
30 ~~be a separate bill for that purpose.~~

31 ~~SEC. 43.~~

32 SEC. 9. Section 9148.52 of the Government Code is amended
33 to read:

34 9148.52. (a) The Joint Sunset Review Committee established
35 pursuant to Section 9147.7 shall review all ~~state boards, as defined~~
36 ~~in Section 9148.2,~~ *every four years eligible agencies.*

37 (b) The committee shall evaluate and make determinations
38 pursuant to Article 7.5 (commencing with Section 9147.7).

39 (c) *Pursuant to an evaluation made as specified in this section,*
40 *the committee shall make a report which shall be available to the*

1 public and the Legislature on whether an agency should be
2 terminated, or continued, or whether its functions should be revised
3 or consolidated with those of another agency, and include any
4 other recommendations as necessary to improve the effectiveness
5 and efficiency of the agency. If the committee deems it advisable,
6 the report may include proposed legislative proposals that would
7 carry out its recommendations.

8 SEC. 10. Section 1777 of the Health and Safety Code is
9 amended to read:

10 1777. (a) The Continuing Care Advisory Committee of the
11 department shall act in an advisory capacity to the department on
12 matters relating to continuing care contracts.

13 (b) The members of the committee shall include:

14 (1) Three representatives of nonprofit continuing care providers
15 pursuant to this chapter, each of whom shall have offered
16 continuing care services for at least five years prior to appointment.
17 One member shall represent a multifacility provider and shall be
18 appointed by the Governor in even years. One member shall be
19 appointed by the Senate Committee on Rules in odd years. One
20 member shall be appointed by the Speaker of the Assembly in odd
21 years.

22 (2) Three senior citizens who are not eligible for appointment
23 pursuant to paragraphs (1) and (4) who shall represent consumers
24 of continuing care services, all of whom shall be residents of
25 continuing care retirement communities but not residents of the
26 same provider. One senior citizen member shall be appointed by
27 the Governor in even years. One senior citizen member shall be
28 appointed by the Senate Committee on Rules in odd years. One
29 senior citizen member shall be appointed by the Speaker of the
30 Assembly in odd years.

31 (3) A certified public accountant with experience in the
32 continuing care industry, who is not a provider of continuing care
33 services. This member shall be appointed by the Governor in even
34 years.

35 (4) A representative of a for-profit provider of continuing care
36 contracts pursuant to this chapter. This member shall be appointed
37 by the Governor in even years.

38 (5) An actuary. This member shall be appointed by the
39 Governor in even years.

1 (6) One representative of residents of continuing care retirement
2 communities appointed by the senior citizen representatives on
3 the committee.

4 (7) One representative of either nonprofit or for-profit providers
5 appointed by the representatives of nonprofit and for-provider
6 providers on the committee.

7 (c) Commencing January 1, 1997, all members shall serve
8 two-year terms and be appointed based on their interest and
9 expertise in the subject area. The Governor shall designate the
10 chairperson for the committee with the advice and consent of the
11 Senate. A member may be reappointed at the pleasure of the
12 appointing power. The appointing power shall fill all vacancies
13 on the committee within 60 days. All members shall continue to
14 serve until their successors are appointed and qualified.

15 (d) The members of the committee shall serve without
16 compensation, except that each member shall be paid from the
17 Continuing Care Provider Fee Fund a per diem of twenty-five
18 dollars (\$25) for each day's attendance at a meeting of the
19 committee not to exceed six days in any month. The members of
20 the committee shall also receive their actual and necessary travel
21 expenses incurred in the course of their duties. Reimbursement of
22 travel expenses shall be at rates not to exceed those applicable to
23 comparable state employees under Department of Personnel
24 Administration regulations.

25 (e) Prior to commencement of service, each member shall file
26 with the department a statement of economic interest and a
27 statement of conflict of interest pursuant to Article 3 (commencing
28 with Section 87300) of the Government Code.

29 (f) If, during the period of appointment, any member no longer
30 meets the qualifications of subdivision (b), that member shall
31 submit his or her resignation to their appointing power and a
32 qualified new member shall be appointed by the same power to
33 fulfill the remainder of the term.

34 (g) *This section shall remain in effect only until January 1, 2013,*
35 *and as of that date is repealed, unless a later enacted statute, that*
36 *is enacted before January 1, 2013, deletes or extends that date.*

37 *SEC. 11. Section 1777.2 of the Health and Safety Code is*
38 *amended to read:*

39 1777.2. (a) The Continuing Care Advisory Committee shall:

1 (1) Review the financial and managerial condition of continuing
2 care retirement communities operating under a certificate of
3 authority.

4 (2) Review the financial condition of any continuing care
5 retirement community that the committee determines is indicating
6 signs of financial difficulty and may be in need of close
7 supervision.

8 (3) Monitor the condition of those continuing care retirement
9 communities that the department or the chair of the committee
10 may request.

11 (4) Make available consumer information on the selection of
12 continuing care contracts and necessary contract protections in the
13 purchase of continuing care contracts.

14 (5) Review new applications regarding financial, actuarial, and
15 marketing feasibility as requested by the department.

16 (b) The committee shall make recommendations to the
17 department regarding needed changes in its rules and regulations
18 and upon request provide advice regarding the feasibility of new
19 continuing care retirement communities and the correction of
20 problems relating to the management or operation of any
21 continuing care retirement community. The committee shall also
22 perform any other advisory functions necessary to improve the
23 management and operation of continuing care retirement
24 communities.

25 (c) The committee may report on its recommendations directly
26 to the director of the department.

27 (d) The committee may hold meetings, as deemed necessary
28 to the performance of its duties.

29 (e) *This section shall remain in effect only until January 1, 2013,*
30 *and as of that date is repealed, unless a later enacted statute, that*
31 *is enacted before January 1, 2013, deletes or extends that date.*

32 *SEC. 12. Section 1777.4 of the Health and Safety Code is*
33 *amended to read:*

34 1777.4. (a) Any member of the Continuing Care Advisory
35 Committee is immune from civil liability based on acts performed
36 in his or her official capacity. Costs of defending civil actions
37 brought against a member for acts performed in his or her official
38 capacity shall be borne by the complainant. However, nothing in
39 this section immunizes any member for acts or omissions
40 performed with malice or in bad faith.

1 **(b)** *This section shall remain in effect only until January 1, 2013,*
2 *and as of that date is repealed, unless a later enacted statute, that*
3 *is enacted before January 1, 2013, deletes or extends that date.*

4 **SEC. 13.** *Section 5073.5 of the Public Resources Code is*
5 *amended to read:*

6 5073.5. **(a)** The Governor shall establish a California
7 Recreational Trails Committee to advise the director in the
8 development and coordination of the system. The committee shall
9 consist of seven members appointed by the Governor. Two
10 members shall be selected from the northern, two members from
11 the southern, and two members from the central portions of the
12 state, and one member shall be selected at large. Members shall
13 be selected from lists submitted by private organizations which
14 have a demonstrated interest in the establishment of recreation
15 trails. The chairman of the committee shall be elected by the
16 members from their membership.

17 **(b)** *This section shall remain in effect only until January 1, 2013,*
18 *and as of that date is repealed, unless a later enacted statute, that*
19 *is enacted before January 1, 2013, deletes or extends that date.*

20 **SEC. 14.** *Section 5073.7 of the Public Resources Code is*
21 *amended to read:*

22 5073.7. **(a)** The terms of the members of the committee shall
23 be four years, except that such members first appointed to the
24 committee shall classify themselves by lot so that the term of three
25 members shall expire January 15, 1976, the term of two members
26 shall expire January 15, 1977, and the term of two members shall
27 expire January 15, 1978.

28 Members of the committee shall serve without compensation,
29 but shall be reimbursed for actual and necessary expenses,
30 including traveling expenses, incurred in the performance of their
31 duties.

32 **(b)** *This section shall remain in effect only until January 1, 2013,*
33 *and as of that date is repealed, unless a later enacted statute, that*
34 *is enacted before January 1, 2013, deletes or extends that date.*

35 **SEC. 15.** *Section 5074 of the Public Resources Code is*
36 *amended to read:*

37 5074. The committee shall have the following powers and
38 duties:

39 **(a)** Coordinate trail planning and development among cities,
40 counties, and districts. In carrying out this responsibility, the

1 committee shall review records of easements and other interests
2 in lands which are available for recreational trail usage, including
3 public lands, utility easements, other rights-of-way, gifts, or surplus
4 public lands which may be adaptable for such use, and shall advise
5 the director in the development of standards for trail construction
6 so that uniform construction standards may be available to cities,
7 counties, and districts.

8 (b) Advise the director in the preparation and maintenance of
9 the plan.

10 (c) Study the problems and opportunities presented by the use
11 of private property for recreational trail use and advise the director
12 on measures to mitigate undesirable aspects of such usage.

13 *(d) This section shall remain in effect only until January 1, 2013,*
14 *and as of that date is repealed, unless a later enacted statute, that*
15 *is enacted before January 1, 2013, deletes or extends that date.*

16 ~~SEC. 44.~~

17 *SEC. 16.* The provisions of this act shall not become operative
18 unless Assembly Bill 1659 of the 2009–10 Regular Session is also
19 enacted and becomes operative on or before January 1, 2011, and
20 adds Article 7.5 (commencing with Section 9147.7) to Chapter
21 1.5 of Part 1 of Division 2 of Title 2 of the Government Code to
22 establish the Joint Sunset Review Committee.

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 2130
AUTHOR : Huber
TOPIC : Professions and vocations: sunset review.

TYPE OF BILL :

Active
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Fiscal
Non-Tax Levy

BILL HISTORY

2010

June 30 Withdrawn from committee. Re-referred to Com. on APPR.
June 29 From committee: Do pass, and re-refer to Com. on RLS. Re-referred.
(Ayes 7. Noes 0.) (June 28).
June 22 From committee chair, with author's amendments: Amend, and re-refer
to committee. Read second time, amended, and re-referred to Com. on
B., P. & E.D.
June 16 In committee: Set, first hearing. Hearing canceled at the request
of author.
June 10 Referred to Coms. on B., P. & E.D. and RLS.
June 7 In Senate. Read first time. To Com. on RLS. for assignment.
June 3 Assembly Rule 69(d) suspended. (Page 5549.) Read third time,
passed, and to Senate. (Ayes 74. Noes 3. Page 5552.)
June 2 Read third time, amended, and returned to third reading. (Page
5447.).
May 28 From committee: Do pass. (Ayes 17. Noes 0.) (May 28). Read
second time. To third reading.
Apr. 21 In committee: Set, first hearing. Referred to APPR. suspense
file.
Apr. 6 From committee: Do pass, and re-refer to Com. on APPR.
Re-referred. (Ayes 11. Noes 0.) (April 6).
Mar. 11 Referred to Com. on B. & P.
Feb. 19 From printer. May be heard in committee March 21.
Feb. 18 Read first time. To print.

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY MARCH 18, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2494

Introduced by Assembly Member Blumenfield
(Coauthor: Assembly Member Eng)

February 19, 2010

An act to add Section 19135 to the Government Code, relating to personal services contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2494, as amended, Blumenfield. Personal services contracts.

Existing law authorizes state agencies to use personal services contracts if specified standards are satisfied, including, among other things, the contract does not cause the displacement of civil service employees and the contract is awarded through a publicized, competitive bidding process. The State Personnel Board is required to review a proposed contract upon the request of an employee organization for compliance with those standards.

This bill would require a state agency to immediately discontinue a contract disapproved by action of the board or its delegate unless ordered otherwise by the board or its delegate. The bill would prohibit the state agency from circumventing or disregarding the board's action by entering another contract for the same or similar services or to continue the services that were the subject of the contract that was disapproved. The bill would require the state agency to serve notice of the discontinuation of the contract to the vendor within 15 days from the board's final action, and to serve a copy of the notice on the board and

the employee organization that filed the contract challenge. *The bill would make a related statement of legislative findings.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. *The Legislature finds and declares all of the*
2 *following:*

3 (a) *Article 4 (commencing with Section 19130) of Chapter 5 of*
4 *Part 2 of Division 5 of Title 2 of the Government Code specifies*
5 *the conditions under which state agencies may contract for services*
6 *rather than use civil servants to perform specified work and the*
7 *procedures for reviewing and amending contracts for that*
8 *permissive contracting.*

9 (b) *A union challenging the appropriateness of a personal*
10 *services contract with the State Personnel Board must provide*
11 *adequate evidence to support its challenge, and state agencies are*
12 *given the opportunity to demonstrate how the contract meets one*
13 *or more of the conditions permitted under Article 4 (commencing*
14 *with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title*
15 *2 of the Government Code.*

16 (c) *The Legislature recognizes that the State Personnel Board*
17 *is best able to determine the appropriateness of whether a state*
18 *agency or department may contract for services, and the conditions*
19 *for amending or continuing the contract for permissive services.*

20 (d) *In a September 2009 report, the State Auditor found "faults*
21 *in the State's oversight of the California Constitution's implied*
22 *civil service mandate. In particular, the [State Personnel Board]*
23 *currently has no mechanism for determining whether state agencies*
24 *are complying with its decisions." The State Auditor concluded*
25 *that departments experienced no repercussions for failing to*
26 *terminate contracts disapproved by the board.*

27 (e) *The State Auditor recommended that the State Personnel*
28 *Board specify that contracts disapproved by the board must be*
29 *terminated and require state agencies to provide documentation*
30 *to the board and the applicable unions to demonstrate to the*
31 *satisfaction of the board the termination of these contracts. The*
32 *recommended changes would provide clarity to departments about*
33 *the results of the State Personnel Board decisions.*

1 (f) *Implementing the recommendation of the State Auditor*
2 *regarding contracts reviewed by the State Personnel Board would*
3 *provide greater governmental accountability and transparency*
4 *without reducing the ability of state agencies to enter or continue*
5 *valid contracts.*

6 **SECTION 1.**

7 **SEC. 2.** Section 19135 is added to the Government Code, to
8 read:

9 19135. (a) If a contract is disapproved by action of the board
10 or its delegate, a state agency shall immediately discontinue that
11 contract unless ordered otherwise by the board or its delegate. The
12 state agency shall not circumvent or disregard the board's action
13 by entering into another contract for the same or similar services
14 or to continue the services that were the subject of the contract
15 disapproved by the board or its delegate.

16 (b) A state agency ordered to discontinue a contract shall serve
17 notice of the discontinuation of the contract to the vendor within
18 15 days from the board's final action unless a different notice
19 period is specified. A copy of the notice also shall be served on
20 the board and the employee organization that filed the contract
21 challenge. Failure to serve this notice may be grounds for rejection
22 of future contracts for the same or similar services that were
23 discontinued.

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 2494
AUTHOR : Blumenfield
TOPIC : Personal services contracts.

TYPE OF BILL :

Active
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Fiscal
Non-Tax Levy

BILL HISTORY

2010

June 30 From committee: Do pass, and re-refer to Com. on APPR.
Re-referred. (Ayes 7. Noes 1.) (June 29).
June 10 Referred to Com. on G.O.
June 1 In Senate. Read first time. To Com. on RLS. for assignment.
June 1 Read third time, passed, and to Senate. (Ayes 50. Noes 27. Page
5388.)
May 28 Read third time, amended, and returned to third reading. (Ayes 42.
Noes 20. Page 5347.).
May 10 Read second time. To third reading.
May 6 From committee: Do pass. (Ayes 12. Noes 5.) (May 5).
Apr. 13 From committee: Do pass, and re-refer to Com. on APPR.
Re-referred. (Ayes 7. Noes 1.) (April 13).
Mar. 22 Re-referred to Com. on B. & P.
Mar. 18 Referred to Com. on B. & P. From committee chair, with author's
amendments: Amend, and re-refer to Com. on B. & P. Read second
time and amended.
Feb. 22 Read first time.
Feb. 21 From printer. May be heard in committee March 23.
Feb. 19 Introduced. To print.

AMENDED IN SENATE JUNE 29, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL**No. 2738****Introduced by Assembly Member Niello**

February 19, 2010

An act to amend Section 11346.2 of the Government Code, relating to regulations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2738, as amended, Niello. Regulations: agency statement of reasons.

Existing law, the Administrative Procedure Act, governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law.

Existing law requires an agency to submit to the office, among other things, an initial statement of reasons for proposing the adoption, amendment, or repeal of a regulation that includes, among other things, a description of reasonable alternatives to the regulation. Existing law requires, for a regulation that would mandate the use of specific technologies or equipment or prescribe specific actions or procedures, that the imposition of performance standards be considered as an alternative.

This bill would ~~delete the requirement, in the case of a regulation that would mandate the use of specific technologies or equipment or prescribe specific actions or procedures, that the imposition of performance standards be considered as an alternative. This~~ *that would require the use of specific technologies or equipment, require that the agency take certain actions. Specifically, this bill would instead require*

that the agency acknowledge that performance standards are generally the preferred alternative to mandating specific methods of compliance and would require the agency to, provide a justification for departing from that acknowledged preference, ~~as specified~~ *and provide a detailed specification as to why certain technologies or equipment, or actions or procedures requiring the use of specific technologies or equipment, are necessary in order to meet the goals of the regulation.* The bill would also require the agency to identify and describe the elements of a regulation that require, or may require through at least one alternative method of compliance, the use of specific technologies, equipment, or actions; or procedures *that require the use of specific technologies or equipment,* or other potentially proprietary compliance scheme, methodology, or process.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11346.2 of the Government Code is
2 amended to read:

3 11346.2. Every agency subject to this chapter shall prepare,
4 submit to the office with the notice of the proposed action as
5 described in Section 11346.5, and make available to the public
6 upon request, all of the following:

7 (a) A copy of the express terms of the proposed regulation.

8 (1) The agency shall draft the regulation in plain, straightforward
9 language, avoiding technical terms as much as possible, and using
10 a coherent and easily readable style. The agency shall draft the
11 regulation in plain English.

12 (2) The agency shall include a notation following the express
13 terms of each California Code of Regulations section, listing the
14 specific statutes or other provisions of law authorizing the adoption
15 of the regulation and listing the specific statutes or other provisions
16 of law being implemented, interpreted, or made specific by that
17 section in the California Code of Regulations.

18 (3) The agency shall use underline or italics to indicate additions
19 to, and strikeout to indicate deletions from, the California Code
20 of Regulations.

1 (b) An initial statement of reasons for proposing the adoption,
2 amendment, or repeal of a regulation. This statement of reasons
3 shall include, but not be limited to, all of the following:

4 (1) A statement of the specific purpose of each adoption,
5 amendment, or repeal and the rationale for the determination by
6 the agency that each adoption, amendment, or repeal is reasonably
7 necessary to carry out the purpose for which it is proposed. Where
8 the adoption or amendment of a regulation would mandate the use
9 of specific technologies or equipment, a statement of the reasons
10 why the agency believes these mandates or prescriptive standards
11 are required.

12 (2) An identification of each technical, theoretical, and empirical
13 study, report, or similar document, if any, upon which the agency
14 relies in proposing the adoption, amendment, or repeal of a
15 regulation.

16 (3) (A) A description of reasonable alternatives to the regulation
17 and the agency's reasons for rejecting those alternatives. *In the*
18 *case of a regulation that would mandate the use of specific*
19 *technologies or equipment or prescribe specific actions or*
20 *procedures, the imposition of performance standards shall be*
21 *considered as an alternative.*

22 (B) In the case of a regulation that would mandate the use of
23 specific technologies or equipment or prescribe specific actions
24 or procedures *that would require the use of specific technologies*
25 *or equipment*, the agency shall do all of the following:

26 (i) Acknowledge that the imposition of a performance standard
27 is generally the preferred alternative to mandating specific methods
28 of compliance.

29 (ii) Identify and describe the elements of a regulation that
30 require, or may require through at least one alternative method of
31 compliance, the use of specific technologies, equipment, ~~actions;~~
32 *or actions* or procedures *that would require the use of specific*
33 *technologies or equipment*, or other potentially proprietary
34 compliance scheme, methodology, or process.

35 (iii) Provide a justification for departing from the acknowledged
36 preference of imposing performance standards and a detailed
37 specification as to why certain technologies, equipment, ~~actions;~~
38 *or actions* or procedures ~~are required~~ *requiring the use of specific*
39 *technologies or equipment, are necessary in order* to meet the
40 goals of the regulation, instead of imposing a performance standard.

1 (C) A description of reasonable alternatives to the regulation
2 that would lessen any adverse impact on small business and the
3 agency's reasons for rejecting those alternatives.

4 (D) Notwithstanding, ~~subparagraphs~~ *subparagraph* (A), (B), or
5 (C) an agency is not required to artificially construct alternatives,
6 describe unreasonable alternatives, or justify why it has not
7 described alternatives.

8 (4) Facts, evidence, documents, testimony, or other evidence
9 on which the agency relies to support an initial determination that
10 the action will not have a significant adverse economic impact on
11 business.

12 (5) A department, board, or commission within the
13 Environmental Protection Agency, the Resources Agency, or the
14 Office of the State Fire Marshal shall describe its efforts, in
15 connection with a proposed rulemaking action, to avoid
16 unnecessary duplication or conflicts with federal regulations
17 contained in the Code of Federal Regulations addressing the same
18 issues. These agencies may adopt regulations different from federal
19 regulations contained in the Code of Federal Regulations
20 addressing the same issues upon a finding of one or more of the
21 following justifications:

22 (A) The differing state regulations are authorized by law.

23 (B) The cost of differing state regulations is justified by the
24 benefit to human health, public safety, public welfare, or the
25 environment.

26 (c) A state agency that adopts or amends a regulation mandated
27 by federal law or regulations, the provisions of which are identical
28 to a previously adopted or amended federal regulation, shall be
29 deemed to have complied with subdivision (b) if a statement to
30 the effect that a federally mandated regulation or amendment to a
31 regulation is being proposed, together with a citation to where an
32 explanation of the provisions of the regulation can be found, is
33 included in the notice of proposed adoption or amendment prepared
34 pursuant to Section 11346.5. However, the agency shall comply
35 fully with this chapter with respect to any provisions in the
36 regulation that the agency proposes to adopt or amend that are
37 different from the corresponding provisions of the federal
38 regulation.

O

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 2738
AUTHOR : Niello
TOPIC : Regulations: agency statement of reasons.

TYPE OF BILL :

Active
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Fiscal
Non-Tax Levy

BILL HISTORY

2010

June 29 Read second time and amended. Re-referred to Com. on RLS.
June 28 From committee: Amend, do pass as amended, and re-refer to Com. on RLS. (Ayes 9. Noes 0.) (June 22).
June 3 Referred to Coms. on G.O. and RLS.
May 13 In Senate. Read first time. To Com. on RLS. for assignment.
May 13 Read third time, passed, and to Senate. (Ayes 72. Noes 0. Page 5158.)
May 10 Read second time. To third reading.
May 6 From committee: Do pass. (Ayes 17. Noes 0.) (May 5).
Apr. 21 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 10. Noes 1.) (April 20).
Mar. 18 Referred to Com. on B. & P.
Feb. 22 Read first time.
Feb. 21 From printer. May be heard in committee March 23.
Feb. 19 Introduced. To print.

Memorandum

LC Agenda Item III.
July 28, 2010

CBA Agenda Item X.C.3.
July 28, 2010

To : CBA Members
Legislative Committee Members

Date : June 30, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov


From : Matthew Stanley, Legislation/Regulation Analyst

Subject : SB 294- Department of Consumer Affairs: regulatory boards

Bill Number: SB 294
Authors: Negrete-McLeod
Current Status: Assembly Appropriations Committee

Provisions:

SB 294 extends the sunset dates of several regulatory boards under the Department of Consumer Affairs, including the California Board of Accountancy's (CBA).

Comments:

This bill has been gutted and amended to provide a vehicle for these sunset date extensions.

Under current law, the provisions establishing the board of the CBA and the executive officer position will become inoperative on July 1, 2011 and will be repealed on January 1, 2012. SB 294 changes the inoperative date to January 1, 2012. The sunset review process has been delayed a year by legislative indecision regarding the sunset review process, and the boards covered in this bill have not yet had their normally scheduled reviews.

The purpose for this change is to allow for legislative sunset review hearings to take place this fall or winter. This will also allow time for a bill to be introduced and passed through the Legislature in 2011 to normally extend the sunset date.

Recommendation:

Staff recommend a Support position on SB 294.

Attachment

AMENDED IN ASSEMBLY JUNE 16, 2010

AMENDED IN ASSEMBLY SEPTEMBER 4, 2009

AMENDED IN ASSEMBLY JULY 1, 2009

AMENDED IN ASSEMBLY JUNE 8, 2009

AMENDED IN SENATE MARCH 31, 2009

SENATE BILL

No. 294

Introduced by Senator Negrete McLeod

February 25, 2009

~~An act to amend Sections 27, 116, 160, 726, 802.1, 803, 803.5, 803.6, 1695.5, 2365, 2663, 2666, 2715, 2770.7, 3534.1, 3534.5, 4365, 4369, and 4870 of, to add Sections 1695.7, 1699.2, 2365.5, 2372, 2669.2, 2770.16, 2770.18, 2835.7, 3534.12, 4375, 4870.5, and 4873.2 to, to add Article 10.1 (commencing with Section 720) to Chapter 1 of Division 2 of, to add and repeal Section 2719 of, and to repeal Article 4.7 (commencing with Section 1695) of Chapter 4 of, Article 15 (commencing with Section 2360) of Chapter 5 of, Article 5.5 (commencing with Section 2662) of Chapter 5.7 of, Article 3.1 (commencing with Section 2770) of Chapter 6 of, Article 6.5 (commencing with Section 3534) of Chapter 7.7 of, Article 21 (commencing with Section 4360) of Chapter 9 of, and Article 3.5 (commencing with Section 4860) of Chapter 11 of, Division 2 of, the Business and Professions Code, relating to healing arts. An act to amend Sections 2001, 2020, 2531, 2569, 2570.19, 2701, 2708, 2920, 2933, 3010.5, 3014.6, 3504, 3512, 3685, 3686, 4800, 4804.5, 4928, 4934, 4990, 4990.04, 5000, 5015.6, 5510, 5517, 5552.5, 5620, 5621, 5622, 5810, 6510, 6710, 6714, 7000.5, 7011, 7200, 7303, 8000, 8005, 8520, 8528, 8710, 11506, 18602, 18613, 22259 of, and to amend and repeal Section 2531.75 of, the Business and Professions Code, and to amend~~

1 (c) The executive officer shall exercise the powers and perform
2 the duties delegated by the board and vested in him or her by this
3 chapter.

4 (d) With the approval of the director, the board shall fix the
5 salary of the executive officer.

6 (e) The chairperson and executive officer may call meetings of
7 the board and any duly appointed committee at a specified time
8 and place. For purposes of this section, "call meetings" means
9 setting the agenda, time, date, or place for any meeting of the board
10 or any committee.

11 (f) This section shall remain in effect only until January 1, ~~2011~~
12 ~~2013~~, and as of that date is repealed, unless a later enacted statute,
13 that is enacted before January 1, ~~2011~~ 2013, deletes or extends
14 that date.

15 *SEC. 24. Section 5000 of the Business and Professions Code*
16 *is amended to read:*

17 5000. There is in the Department of Consumer Affairs the
18 California Board of Accountancy, which consists of 15 members,
19 seven of whom shall be licensees, and eight of whom shall be
20 public members who shall not be licentiates of the board or
21 registered by the board. The board has the powers and duties
22 conferred by this chapter.

23 The Governor shall appoint four of the public members, and the
24 seven licensee members as provided in this section. The Senate
25 Rules Committee and the Speaker of the Assembly shall each
26 appoint two public members. In appointing the seven licensee
27 members, the Governor shall appoint members representing a cross
28 section of the accounting profession with at least two members
29 representing a small public accounting firm. For the purposes of
30 this chapter, a small public accounting firm shall be defined as a
31 professional firm that employs a total of no more than four
32 licensees as partners, owners, or full-time employees in the practice
33 of public accountancy within the State of California.

34 ~~This section shall become inoperative on July 1, 2011, and as~~
35 ~~of January 1, 2012, is repealed, unless a later enacted statute, that~~
36 ~~becomes effective on or before January 1, 2012, deletes or extends~~
37 ~~the dates on which this section becomes inoperative and is repealed.~~

38 *This section shall remain in effect only until January 1, 2012,*
39 *and as of that date is repealed, unless a later enacted statute, that*
40 *is enacted before January 1, 2012, deletes or extends that date.* The

1 repeal of this section renders the board subject to the review
2 required by Division 1.2 (commencing with Section 473).
3 However, the review of the board shall be limited to reports or
4 studies specified in this chapter and those issues identified by the
5 Joint Committee on Boards, Commissions, and Consumer
6 Protection and the board regarding the implementation of new
7 licensing requirements.

8 *SEC. 25. Section 5015.6 of the Business and Professions Code*
9 *is amended to read:*

10 5015.6. The board may appoint a person exempt from civil
11 service who shall be designated as an executive officer and who
12 shall exercise the powers and perform the duties delegated by the
13 board and vested in him or her by this chapter.

14 ~~This section shall become inoperative on July 1, 2011, and, as~~
15 ~~of January 1, 2012, is repealed, unless a later enacted statute, which~~
16 ~~becomes effective on or before January 1, 2012, deletes or extends~~
17 ~~the dates on which it becomes inoperative and is repealed.~~

18 *This section shall remain in effect only until January 1, 2012,*
19 *and as of that date is repealed, unless a later enacted statute, that*
20 *is enacted before January 1, 2012, deletes or extends that date.*

21 *SEC. 26. Section 5510 of the Business and Professions Code*
22 *is amended to read:*

23 5510. There is in the Department of Consumer Affairs a
24 California Architects Board which consists of 10 members.

25 Any reference in law to the California Board of Architectural
26 Examiners shall mean the California Architects Board.

27 ~~This section shall become inoperative on July 1, 2011, and, as~~
28 ~~of January 1, 2012, is repealed, unless a later enacted statute, which~~
29 ~~becomes effective on or before January 1, 2012, deletes or extends~~
30 ~~the dates on which it becomes inoperative and is repealed.~~

31 *This section shall remain in effect only until January 1, 2012,*
32 *and as of that date is repealed, unless a later enacted statute, that*
33 *is enacted before January 1, 2012, deletes or extends that date.* The
34 repeal of this section renders the board subject to the review
35 required by Division 1.3 (commencing with Section 473).

36 *SEC. 27. Section 5517 of the Business and Professions Code*
37 *is amended to read:*

38 5517. The board may appoint a person exempt from civil
39 service who shall be designated as an executive officer and who

Memorandum

CBA Agenda Item X.F.I.
July 28, 2010

To : CBA Members

Date : July 12, 2010

Telephone : (916) 561-1718

Facsimile : (916) 263-3674

From : Don Driftmier, CPA, Chair
Ethics Curriculum Committee

Subject : Update on ECC Activities

As members are aware, the Ethics Curriculum Committee (ECC) is one of two new committees the Legislature established under the jurisdiction of the California Board of Accountancy (CBA) with its passage of Senate Bill (SB) 819. SB 819 tasks the ECC with defining the new 10 units of ethics education included as part of the additional 30 units of prescribed education for certified public accountant (CPA) licensure that will be required beginning January 1, 2014.

SB 819 specified in great detail the composition and appointing authorities for the ECC. Specifically, the ECC will be an 11-member committee with the CBA, CalPERS, Governor, Senate Rules Committee, and Assembly Speaker all having one appointment, and the California State University Board of Trustees, University of California's Regents, and the Board of Governors of the California Community Colleges all having two appointments.

At its March meeting, I had the privilege of being selected by the CBA as its representative on the ECC, and at the May meeting being selected as Chair of ECC. As for the other appointing authorities, staff have informed me that they have been actively working with the remaining authorities to get their specified number of appointments selected for the ECC. I would like to note that prior to the May meeting, staff also sent a communication directly to SB 819's author Senator Leland Yee requesting any assistance his office could provide. Senator Yee's office contacted Ms. Patti Bowers shortly after receipt of the letter indicating that it would actively assist in contacting the other appointing authorities.

I am pleased to announce that following appointments to the committee have been made:

- California State University Board of Trustees
 - Mr. Gray McBride, Department of Accounting and Finance at California State University, East Bay
 - Dr. Steven M. Mintz, Professor of Accounting at California Polytechnic State University

Update on ECC Activities

Page 2 of 2

- CalPERs
 - Mr. Dave Cornejo, Assistant Chief, Fiscal Services Division
- University of California's Regents
 - Professor Robert Yetman, University of California, Davis
 - Associate Dean Gonzalo Freixes, University of California, Los Angeles

I, along with staff, are hopeful that the remaining appointing authorities will appoint members to the ECC shortly to allow the committee to begin its work. Staff have assured me that they will continue to make contact with these authorities to offer any assistance necessary to facilitate appointments to the ECC.

Since my appointment as Chair to the ECC in May, I have been in contact with staff regarding an appropriate time for holding the inaugural ECC. Staff is presently querying other ECC members for their availability of having a meeting in September. In addition, staff have already prepared the agenda for the inaugural meeting, which I have subsequently approved.

Provided below are the timeframes outlined in SB 819 within which the ECC will be working. The dates provided are the latest date each item can be completed in order to meet the deadlines established by the Legislature in SB 819.

- No later than June 1, 2012, the ECC must recommend to the CBA ethics study guidelines consisting of no less than 10 semester units.
- No later than January 31, 2013, the CBA will be required to adopt by regulation the ethics study guidelines made by the ECC without making any substantive changes.
- During the public comment period, which if the CBA adopt regulations in January 2013, would be November 2012 – January 2013, the ECC is required to issue a report on the final regulatory language. SB 819 does not provide any detail as to what the report issued during the public comment phase must include.
- No later than 30 days after the regulations become final, presumably this means approved by the Office of Administrative Law, the ECC shall offer an opinion as to whether the regulations will implement its recommendations.

I am excited about the opportunity to begin the ECC's work towards enhancing the minimum educational standards for entry into the CPA profession, with a focus towards increased ethical awareness.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



CBA Agenda Item XII.A.
July 28, 2010

DEPARTMENT OF CONSUMER AFFAIRS (DCA)
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

DRAFT
7-8-10

MINUTES OF THE
APRIL 26, 2010
CBA MEETING

CBA Office
 2000 Evergreen St., Ste. 250
 Sacramento, CA 95815
 Telephone: (916) 561-1718

Ramirez International
 2100 S.E. Main St., Ste. 210
 Irvine, CA 92614
 Telephone: (949) 852-1600

Law Offices of Lenora Taylor
 109 Jackson St., Ste. 240
 Hayward, CA 94544
 Telephone: (510) 581-1963

Four Seasons Hotel Maui
 3900 Wailea Alanui
 Waieka Maui, HI 96753
 (310) 966-2300

Watts, Campbell, Chi & Baker
 7419 N. Cedar, Ste. 103
 Fresno, CA 93720
 Telephone: (559) 448-9222

Oldman, Cooley, Sallus, Gold,
 Birnberg & Coleman LLP
 16133 Ventura Blvd., Penthouse Ste. A
 Encino, CA 91436
 (818) 986-8080

LaManna & LaManna CPAs
 16870 West Bernardo Dr., Ste. 400
 San Diego, CA 92128
 (858) 716-9202

Roll Call and Call to Order.

CBA President Manuel Ramirez called the meeting to order at 10:00 a.m. on Monday, April 26, 2010, and the meeting adjourned at 11:32 a.m.

CBA Members

April 26, 2010

Manuel Ramirez, President	10:00 a.m. to 11:32 a.m.
Sally Anderson, Vice President	10:00 a.m. to 11:32 a.m.
Marshal Oldman, Secretary-Treasurer	10:00 a.m. to 11:32 a.m.
Diana Bell	10:00 a.m. to 11:32 a.m.
Rudy Bermúdez	10:15 a.m. to 11:32 a.m.
Michelle Brough	10:00 a.m. to 11:32 a.m.

Angela Chi	10:00 a.m. to 11:32 a.m.
Donald Driftmier	10:00 a.m. to 11:32 a.m.
Herschel Elkins	10:00 a.m. to 11:32 a.m.
Louise Kirkbride	Absent.
Leslie LaManna	10:00 a.m. to 11:32 a.m.
Robert Petersen	10:00 a.m. to 11:32 a.m.
David Swartz	Absent.
Lenora Taylor	10:00 a.m. to 11:32 a.m.
Andrea Valdez	Absent.

Staff and Legal Counsel

Patti Bowers, Executive Officer
 Dan Rich, Assistant Executive Officer
 Rich Andres, Associate Information Systems Analyst
 Veronica Daniel, Executive Analyst
 Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)
 Paul Fisher, Supervising Investigative CPA
 Scott Harris, Deputy Attorney General, Department of Justice (DOJ)
 Lauren Hersh, Information and Planning Officer
 Rafael Ixta, Chief, Enforcement Division
 Matthew Stanley, Legislation/Regulation Analyst

Other Participants

April Alameda, Special Aide to the Director, DCA
 Russ Heimerich, Chief, Office of Public Affairs, DCA
 Ed Howard, Center for Public Interest Law (CPIL)
 Brian Joseph, Orange County Register
 Vicki Kinman, Office of Information Services, DCA
 Mario Rodriguez, Chairman, Hispanic 100
 Jonathan Ross, KP Public Affairs, Deloitte, E&Y, GT, KPMG, PWC
 Carol Rudat, California Women's Leadership Association (CWLA)
 Brian Stiger, Director, DCA
 Alfredo Terrazzo, Senior Assistant Attorney General, DOJ
 Jeannie Tindel, California Society of Certified Public Accountants (CalCPA)

I. Roll Call and Call to Order.

CBA President Ramirez called the meeting to order on April 26, 2010.

II. Reconsideration of the Board's March 25-26, 2010 Action to not Post Accusations on the CBA's Web Site.

Mr. Ramirez stated that shortly after the March 2010 CBA meeting, Ms. Bowers received a call from DCA Director Brian Stiger, urging the CBA to reconsider its position on the posting of accusations, and stating the DCA would commence

with posting CBA accusations if the CBA declined. Mr. Ramirez stated the CBA was not aware of the DCA's intentions to post this information, and should be provided an opportunity to consider this fact prior to making a decision on this matter.

Ms. Brough recapped the series of events and meetings leading up to the CBA's decision to not post accusations. Ms. Brough stated the CBA made a decision to not post accusations based on due process concerns and potential Web crawling issues. Ms. Brough stated that this issue came before the CBA again with new information that the Web crawling issue had been resolved, however, nothing else was brought to the table regarding due process, and this issue was still outstanding. Ms. Brough stated the CBA members are very thorough, base votes on factual information, make rational decisions and take the goal of public protection very seriously. Ms. Brough stated she had not heard of any constitutional amendments where the due process clause was amended or removed, and there are no new facts or information being provided in order to make a new decision. Ms. Brough expressed concern that the CBA would be reconsidering its decision based on threats from the DCA, inspired by a blogger and lobbyist who is exercising rights to free speech. Ms. Brough further stated she would be highly surprised and disappointed if a CBA member were to change their vote based on no new facts in the matter.

Ms. Chi concurred with Ms. Brough regarding the due process concerns. Ms. Chi inquired if the DCA has received a written legal opinion regarding posting accusations prior to a hearing. Ms. Chi further stated the CBA needs to have more solid information before posting accusations on its Web site.

Mr. Elkins stated due process is not an issue since accusations are public record. Mr. Elkins further stated the question before the CBA is how the public may view it, either initially when posted to the Web site, or as a second step by having to request it be sent to them.

Mr. Ramirez stated it is up for debate whether pending accusations that have gone through an investigatory process should be posted prior to a formal hearing taking place.

Mr. Stiger thanked Mr. Ramirez for convening this meeting regarding the posting of accusations. Mr. Stiger recognized Mr. Ramirez for having the best interest of consumers in mind, and also recognized the CBA for posting information on its Web site that is easy for consumers to see when certain licensees have pending accusations against them. Mr. Stiger stated it is now time for the CBA to take the next step and place the paper accusations on the Web site. Mr. Stiger stated that consumer education and the ability for consumers to protect themselves is very important and critical to state regulators; additionally, those who are Governor Schwarzenegger appointees should recognize the Governor's goal to implement full transparency in State government. Mr. Stiger stated that Ms. Bowers would not send a fully vetted investigation to the Attorney General's

(AG) Office if she did not believe that there was clear and convincing evidence of some serious wrong doing, and the AG's Office will not file an accusation unless it believes that there is substantial evidence that the licensee committed a serious violation of the law. Mr. Stiger concurred with Mr. Elkins and stated this has nothing to do with due process; it has to do with consumer protection. Mr. Stiger stated that once an accusation is filed, it takes a long time for that action to be fully executed, which is why the DCA developed the Consumer Protection Enforcement Initiative. Mr. Stiger stated that providing consumers with information about a licensee relative to an accusation is one way we can help consumers protect themselves. Mr. Stiger further stated he is here to lend support and urge the CBA to reconsider its decision regarding the posting of accusations on its Web site.

Mr. Stiger addressed Ms. Chi's inquiry stating it has been well documented that accusations are public documents; therefore, there is not an issue with due process.

Mr. Duke concurred with Mr. Elkins, stating there is no due process issue with regards to posting of accusations. Mr. Duke stated that accusations are public record that initiates the due process for an individual, and is, in essence, a pleading, which will require a formal hearing.

Mr. Ramirez inquired if the CBA had within its jurisdiction the ability to require a hearing prior to the accusation. Mr. Duke stated the CBA has broad investigatory authority, and that investigatory hearings could be used prior to the initiation of an accusation. Mr. Ramirez inquired if the CBA currently requires investigatory hearings. Mr. Duke stated in certain cases, but not in all cases.

Ms. Chi inquired regarding the distinction of certain cases. Mr. Duke stated the investigatory hearings are conducted when there is difficulty obtaining information or evidence, but often times there is adequate information and evidence that has been received by the CBA.

Mr. Ramirez inquired if investigatory hearings could be a solution to the concern of due process and satisfy CBA members' concerns. Mr. Duke confirmed that the CBA does have the authority to require investigatory hearings.

Mr. Driftmier inquired if the CBA's current practice of posting information on its Web site, and allowing consumers to obtain more detailed information if so desired is not adequate. Mr. Stiger questioned why the CBA would not make this information available at the time a consumer accessed the Web site. Mr. Stiger stated it is the DCA's intentions that within the next 60-90 days, all boards and bureaus at DCA will post this information so that consumers may make informed decisions.

Mr. Driftmier inquired if the other boards/bureaus will be required to come up to CBA standards first, and then take the next steps in posting accusations.

Mr. Stiger stated almost all boards/bureaus provide information that an accusation is pending. Mr. Stiger stated he was acknowledging the CBA for making the information more simplified, and it is now time for the CBA to take the next step for full transparency by making accusations available on the Web site.

Ms. LaManna inquired if mandatory investigative hearings would have any effect on CBA making its final decision regarding accusations. Mr. Duke stated that investigative hearings may be conducted by staff; however, there are problems with ex parte communications as it is not part of the formal hearing process and it may cause delays. Ms. LaManna inquired regarding how long the process currently takes. Ms. Bowers stated that for FY 2008-09, the process took an average of 248 days from the date of accusation filing to the final decision.

Mr. Petersen thanked Mr. Stiger for attending this meeting in person and expressed his appreciation.

Ms. Bell inquired if it was fact that the DCA would post this information if the CBA withheld its current decision to not post. Mr. Stiger stated that it is the DCA's intention to post all accusations for boards/bureaus under the DCA within the next 60-90 days.

Mr. Ramirez thanked Mr. Stiger for his participation and providing testimony at this meeting, as well as direction from the DCA.

Mr. Howard stated that accusations are by law, a matter of public record, and no licensee should have any expectation of privacy in these documents. Mr. Howard stated he is not aware of a legal case which states there are 5th or 14th Amendment concerns with posting these documents. Mr. Howard stated that by statute, the priority of the CBA is public protection, and that the full accusation provides more information to the public than summaries. Mr. Howard stated that only the strongest cases are filed as criminal accusations as the CBA has to meet the clear and convincing evidence standards. Mr. Howard stated that accusations are completely different than raw complaints from consumers, and as documented by staff, only a tiny fraction of accusations are withdrawn. Mr. Howards stated that Web crawling can be entirely prevented. Mr. Howard stated that for these reasons, and with respect to the CBA's deliberations, its decision to prioritize the non existent privacy interests of licensees who have been formally accused of serious wrongdoing over providing the consuming public with an entirely truthful accurate picture of what wrongs the licensee has committed is an incorrect balance and inconsistent with CBA's mission. Mr. Howard suggested the CBA provide more information to consumers, and stated that there are ways to ensure consumers understand such information.

Ms. Tindel stated CBA is one of the first boards to post existence of potential disciplinary action on its Web site. Ms. Tindel stated that it is unfortunate the CBA is being required to revisit the matter based on a misleading blog stating that the CBA is keeping consumers in the dark, which is not the case.

Ms. Tindel stated that consumers wishing to hire a CPA can see pending existence of disciplinary action, and if more information is desired, consumers may request the accusation. Ms. Tindel stated that the CBA is very responsive in fulfilling its public protection mandate. Ms. Tindel stated it can and does happen that an accusation has no merit, but at that point damage to a CPA is done. Ms. Tindel stated if CBA proceeds with posting accusations, CalCPA would be more comfortable if the current internal processes were modified to ensure the CPA has been adequately informed and afforded the opportunity to provide a formal response prior to the accusation filing.

Ms. Rudat stated that it would be an extremely negative position to post any claims before they are solidified. Ms. Rudat stated that if the concern is that it takes too long to process the claims, then that's where the problem lies. Ms. Rudat stated there is a concern in causing irreparable damage to people. Ms. Rudat stated to her knowledge, anything that is searched through Google remains permanently encrypted in cyberspace. Ms. Rudat requested the CBA to consider keeping such information confidential until verified.

Mr. Rodriguez cautioned CBA members, stating that everyone deserves due process. Mr. Rodriguez stated that anytime anything is on the Internet, it is there forever. Mr. Rodriguez stated that anyone can make accusations about anyone they want, and that without due process, this is very wrong. Mr. Rodriguez expressed concern regarding how this will affect businesses throughout the State, specifically CPAs. Mr. Rodriguez urged CBA members to think hard about this decision and allow due process to take place before doing anything that will negatively affect anyone in business.

Per the request of Mr. Ramirez, Ms. Bowers read a letter from CAMICO for the record (**see Attachment 1**).

Ms. Anderson stated that based on the information and comments provided at this meeting, she feels the information that is currently on the CBA Web site is more than adequate to protect consumers. Ms. Anderson further stated that it would be harmful and unnecessary to have an unproven accusation on the internet, and she has not changed her opinion regarding this matter.

Ms. Bell stated she is shifting her opinion based on the fact that this information will be available in the next 60-90 days through the DCA. Ms. Bell further stated that increased access for consumers is important, and the CBA needs to be in line with the direction of consumer protection.

Ms. Brough stated there is a due process issue that has not yet been resolved and inquired if any other state boards of accountancy currently posts pending accusations. Ms. Bowers stated this information is not readily available; however, staff may research this matter and provide a follow up. Ms. Tindel stated that this inquiry was posed to the American Institute of Certified Public Accountants, and the answer was no.

Ms. Brough inquired whether there was knowledge of a letter to Senator Negrete-McLeod regarding the requirement for the Dental Board to post accusations relating to SB 1111. Mr. Stiger stated he was not aware of such letter. Mr. Ramirez requested for CBA staff to research details regarding said letter.

Ms. Chi expressed comments regarding due process and stated that she stands by her original vote to not post accusations.

Mr. Driftmier stated that several CBA members are consumers as well as licensees and take Governor appointment seriously. Mr. Driftmier stated if the information currently provided on the CBA Web site was not informative enough, the information is available at one-click away. Mr. Driftmier expressed concern regarding the demeanor of Mr. Stiger's memo to the CBA.

Mr. Elkins stated he has been impressed that CBA members are here because they have interest in keeping the profession honest. Mr. Elkins stated there have been a number of speeches regarding due process, and that this is no due process issue. Mr. Elkins suggested implementing a watermark on accusation documents to clarify an accusation is pending.

Ms. LaManna stated that six months is a short enough period of time to wait until posting accusations on the Web site. Ms. LaManna stated that she took her oath of office seriously to uphold consumer protection. Ms. LaManna stated as an American, she feels people are entitled to due process and human rights issue in that someone's reputation could be damaged.

Mr. Oldman stated there was a recent situation where an accusation was withdrawn because it was filled with false statements by a number of witnesses. Mr. Oldman stated that a watermark disclaimer may be a solution; however, the real issue is whether the CBA should assist in disseminating this information to the people who blog and spread news on the Internet. Mr. Oldman stated his opinion that the CBA should not assist such people until an accusation is proven.

Mr. Petersen stated the CBA should vote based on facts that accusations are public documents and are available by request, and are not merely complaints with no prior investigation for reasonableness as suggested in the CAMICO letter. Mr. Petersen commented regarding the CBA's investigation process and stated questions of due process are adequately addressed (See Attachment 2). Mr. Petersen stated that in protection of the public, he personally believes it is better to have facts available on Web site, rather than a summary. Mr. Petersen stated that most accusations that come before the CBA have a prior investigative conclusion by the Securities Exchange Commission, the Public Company Accounting Oversight Board, or the Office of Professional Conduct by the Internal Revenue Service. Mr. Petersen stated that the Web crawler issue continues to arise; however, the CBA staff have found that this information is not

retained on the Internet. Mr. Petersen suggested that CBA members support posting accusation based on the facts in this matter.

Ms. Taylor stated that members have not given much weight to the fact that this information will be posted, and the question is whether accusations will be posted by the CBA or DCA. Ms. Taylor further stated the CBA should maintain control on how the information is posted.

Mr. Ramirez thanked Mr. Stiger for allowing the CBA an opportunity to address the issue of posting accusations. Mr. Ramirez stated the CBA is within the jurisdiction of the DCA and it should take lead from the DCA when appropriate. Mr. Ramirez proposed a solution to address due process concerns as well as potential misuse of accusations on the Web site. Mr. Ramirez suggested requiring a mandatory investigative hearing to allow the accused an opportunity to defend himself or herself and provide evidence in anticipation of an accusation being posted. Mr. Ramirez also suggested having staff determine whether implementing an embedded watermark on accusation documents could allow for the public to understand the accusation is pending and not final, and the document could not be misused.

It was moved by Ms. Anderson, seconded by Ms. Brough to not change CBA position regarding this matter, allow DCA to post accusations with watermark, and for staff to pursue solution of investigative hearing. Ms. Anderson later amended this motion prior to a vote by CBA members.

Mr. Duke stated as a matter of procedure, the agenda title is for reconsideration of CBA's vote at its last meeting. Mr. Duke further stated the CBA should first address that issue, and then decide how to proceed.

Ms. LaManna suggested that the CBA is better off posting this information and allowing licensees an opportunity to post a response regarding the accusation.

Mr. Petersen suggested that the conference call is an awkward way to handle this matter. Mr. Petersen suggested the CBA vote to reconsider its decision and work out the details at a future CBA meeting.

Ms. Chi stated that if an investigative hearing and watermark are implemented, she would be willing to change her vote to support posting accusations on CBA's Web site.

Ms. Bell stated the CBA should be posting on its Web site as oppose to DCA posting the information.

(Tied to her motion above) It was moved by Ms. Anderson, seconded by Ms. Brough to post accusations with watermark on the CBA web site, and require a mandatory investigative hearing. Ms. Anderson later amended this motion prior to a vote by CBA members.

Mr. Petersen questioned why there is a need for a mandatory investigative hearing, which will only serve to delay the process, and also require a new regulation.

Ms. Taylor suggested the licensee be provided with an option to request hearing because everyone may not want a hearing. Mr. Petersen and Ms. Anderson concurred that implementing a hearing at the request of the licensee would be the best option.

(Tied to her two previous motions above) It was moved by Ms. Anderson, seconded by Ms. Brough to post accusations with watermark on the CBA Web site, and that a mandatory investigative hearing would be available at the licensee's option prior to posting. Ms. Anderson later withdrew this motion.

Mr. Stiger stated that with this motion, the CBA would be at least nine months away due to the need for regulatory process. Mr. Ramirez requested for Mr. Duke to provide clarification regarding circumstances where an investigative hearing may be implemented without a regulation change. Mr. Duke stated that for purposes of conducting a general application of a hearing, a regulation would be required. Mr. Ramirez requested if CBA policy may be implemented to remedy the situation until such time a regulation change is made. Mr. Duke stated that would not be possible. Ms. Bowers stated that implementing a CBA policy regarding this matter may be considered an underground regulation.

Mr. Stiger stated the first motion should be whether CBA is reconsidering its decision not to post accusations on its Web site. Mr. Stiger stated that if the motion passes, then the CBA may work out details. Mr. Stiger stated he would be encouraged if the CBA were to vote to reconsider its prior decision, assuming details are to be completed at next CBA meeting.

It was moved by Ms. Anderson, seconded by Mr. Elkins and carried to reconsider the matter of posting accusations on the CBA's Web site. Mr. Bermudez opposed. Ms. Brough abstained.

Mr. Ramirez stated this matter will be added to the agenda for discussion at the next CBA meeting and assigned to the Committee on Professional Conduct to work out details regarding execution.

III. Stipulations and Proposed Decisions [Closed Session Government Code Section 11126(c)(3)].

It was moved by Ms. Brough, seconded by Ms. Taylor, and unanimously carried by those present to withdraw this agenda item. Mr. Petersen was temporarily absent.

IV. Public Comments.

No comments were received.

Adjournment.

CBA President Ramirez adjourned the meeting at 11:32 a.m. on Monday, April 26, 2010.

Manuel Ramirez, President

Marshal Oldman, Secretary-Treasurer

Veronica Daniel, Executive Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



CBA Agenda Item XII.B.
July 28, 2010

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

DRAFT
7-8-10

MINUTES OF THE
MAY 12-13, 2010
CBA MEETING

The Hilton Pasadena
 168 South Los Robles Ave.
 Pasadena, CA 91101
 Telephone: (626) 577-1000
 Facsimile: (626) 584-3148

Alternate/Satellite Location:
 Bureau of Automotive Repair (Field Office)
 1361 South Winchester Blvd., Ste. 206
 San Jose, CA 95117
 (408) 277-1860

Roll Call and Call to Order.

President Manuel Ramirez called the meeting to order at 1:30 p.m. on Wednesday, May 12, 2010 at the Hilton Pasadena. The CBA members heard Agenda Items I – IV. The CBA members convened into executive closed session at 2:10 p.m. to deliberate Agenda Item III.A., and into closed session at 2:40 p.m. to deliberate Agenda Items III.B – G. The meeting reconvened into open session at 3:20 p.m., and the meeting adjourned at 3:26 p.m. CBA President Ramirez reconvened the meeting to order at 9:11 a.m. on Thursday, May 13, 2010, and the meeting adjourned at 12:30 p.m.

CBA Members

May 12, 2010

Manuel Ramirez, President	1:30 p.m. to 3:26 p.m.
Sally Anderson, Vice President	1:30 p.m. to 3:26 p.m.
Marshal Oldman, Secretary-Treasurer	1:30 p.m. to 3:26 p.m.
Diana Bell	1:33 p.m. to 3:26 p.m.
Rudy Bermudez	2:01 p.m. to 3:26 p.m.
Michelle Brough	1:30 p.m. to 3:26 p.m.
Angela Chi	Absent.
Donald Driftmier	1:30 p.m. to 3:26 p.m.
Herschel Elkins	1:30 p.m. to 3:26 p.m.
Louise Kirkbride	Absent.
Leslie LaManna	1:30 p.m. to 3:26 p.m.
Robert Petersen	1:30 p.m. to 3:26 p.m.
David Swartz	1:30 p.m. to 3:26 p.m.
Lenora Taylor	1:33 p.m. to 3:26 p.m.
Andrea Valdez	1:30 p.m. to 3:26 p.m.

CBA Members

May 13, 2010

Manuel Ramirez, President	9:11 a.m. to 12:30 p.m.
Sally Anderson, Vice President	9:11 a.m. to 12:30 p.m.
Marshal Oldman, Secretary-Treasurer	9:11 a.m. to 12:30 p.m.
Diana Bell	9:11 a.m. to 12:30 p.m.
Rudy Bermudez	9:11 a.m. to 12:30 p.m.
Michelle Brough	Absent.
Angela Chi	Absent.
Donald Driftmier	9:11 a.m. to 12:30 p.m.
Herschel Elkins	9:11 a.m. to 12:30 p.m.
Louise Kirkbride	10:05 a.m. to 12:30 p.m.
Leslie LaManna	9:11 a.m. to 12:30 p.m.
Robert Petersen	9:11 a.m. to 12:30 p.m.
David Swartz	9:11 a.m. to 12:30 p.m.
Lenora Taylor	9:11 a.m. to 12:30 p.m.
Andrea Valdez	9:11 a.m. to 12:30 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Dan Rich, Assistant Executive Officer
Rich Andres, Information Technology Staff
Veronica Daniel, Executive Analyst
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)
Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Manager, Licensing Division
Scott Harris, Deputy Attorney General, Department of Justice
Lauren Hersh, Information and Planning Officer
Rafael Ixta, Chief, Enforcement Division
Nick Ng, Manager, Administration Division
Deanne Pearce, Chief, Licensing Division
Matthew Stanley, Legislation/Regulation Analyst

Committee Chairs and Members

Cheryl Gerhardt, Vice Chair, Enforcement Advisory Committee (EAC)
Fausto Hinojosa, Chair, Qualifications Committee (QC)
Harish Khanna, Chair, EAC

Other Participants

April Alameda, Special Aide to the Director, DCA
Debbie Balaam, Acting Chief Information Officer, DCA
Julie Cabos-Owens, Administrative Law Judge (ALJ)
Carl Olson
Pilar Onate-Quintana, KP Public Affairs, for national firms
Gary Pado, Petitioner

Joe Petito, The Accountants Coalition
Jonathan Ross, KP Public Affairs, for national firms
Brandon Rutschmann, BreEZe Project Manager, DCA
Anita Scuri, Supervising Senior Counsel, DCA
Brian Stiger, Director, DCA
Jeannie Tindel, California Society of Certified Public Accountants (CalCPA)

I. Roll Call and Call to Order.

CBA President Ramirez called the meeting to order at 1:30 p.m. on Wednesday, May 12, 2010.

II. Regulations.

A. Regulation Hearing Regarding Sections 87.9, 88.2, and 90 – Continuing Education: Exceptions and Extensions.

Mr. Duke stated this is a public hearing on proposed regulations of the CBA, DCA, to consider adopting regulations to clarify the CBA's requirements pertaining to "peer review." Mr. Duke further stated specifically, the CBA is considering amending Sections 87.9, 88.2, and 90 of the CBA's regulations.

Mr. Duke stated the CBA, pursuant to the authority vested by Sections 5010 and 5027 of the Business and Professions Code, is authorized to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 Division 3 of the Business and Professions Code.

Mr. Duke stated the hearing is taking place on May 12, 2010 and the time is approximately 1:32 p.m. Mr. Duke further stated the hearing is being held at the Hilton Hotel, 168 South Los Robles Ave., Pasadena, California.

Mr. Duke stated the CBA has received no written comments on the proposal. Mr. Duke stated the CBA shall be provided and shall consider all comments at this hearing. Mr. Duke stated anyone who wishes to comment in writing but does not wish to speak today is welcome to do so. Mr. Duke stated if the CBA receives written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

Mr. Duke stated the procedures regarding witness testimony and public comments. No witness testimony or public comments were received.

Mr. Duke adjourned the hearing at 1:40 p.m.

1. Consideration of Adoption of Proposed Regulation Sections 87.9,

88.2, and 90 – Continuing Education: Exceptions and Extensions.

Mr. Franzella stated staff is requesting the CBA to take formal action in order to adopt proposed regulatory language (**see Attachment ___**) and to direct staff to complete all necessary rulemaking activities, prior to submitting the rulemaking file to the Office of Administrative Law (OAL).

It was moved by Mr. Driftmier, seconded by Mr. Swartz and unanimously carried by those present to adopt the proposed regulatory language as recommended by staff, and direct staff to complete all necessary rulemaking activities.

- B. Consideration of Readoption of the Emergency Peer Review Regulations.

Mr. Franzella provided an overview of the memorandum for this item (**see Attachment ___**).

It was moved by Mr. Swartz, seconded by Ms. Bell and unanimously carried by those present to readopt the emergency peer review regulations as recommended by staff, and direct staff to complete the necessary rulemaking paperwork, and to delegate authority to the CBA's Executive Officer to seek an additional 90-day extension from OAL if necessary.

- III. Petitions, Stipulations, and Proposed Decisions [Closed Session Government Code Section 11126(c)(3)] Petition Hearings are Public Before the CBA with a Subsequent Closed Session.

- A. Gary Pado – Petition for Reinstatement of Revoked Certificate.

Mr. Pado appeared before the CBA members to petition for reinstatement of his revoked certificate.

ALJ Julie Cabos-Owens and the CBA members heard the petition and convened into executive closed session to deliberate the matter. ALJ Cabos-Owens will prepare the decision.

- B. John Vincent Cracchiolo – Stipulated Settlement.

- C. Erin Decker - Stipulated Settlement.

- D. Richard Large – Stipulated Settlement.

- E. Ernest E. Dow – Stipulated Settlement.

- F. Choi, Dow Ian Hong & Lee Accountancy Corp: – Stipulated Surrender of

License.

G. Maynard Moreland – Stipulated Settlement.

CBA members considered agenda items III.B – G. in closed session.

IV. Public Comments.

No public comments were received.

V. Roll Call and Call to Order.

CBA President Ramirez called the meeting to order at 9:11 a.m. on Thursday, May 13, 2010.

VI. Report of the President.

A. Update on California Research Bureau (CRB) Study.

Ms. Bowers stated the CRB report has not yet been issued. Ms. Bowers stated that legislation is being proposed to modify the reporting date and allow for the report to the Legislature be six months after the CRB presents its report to the CBA. CRB could not provide a definitive date of when the report will be available due to significant staffing issues.

B. Update on Ethics Curriculum Committee (ECC) Appointments.

Ms. Bowers stated she recently received information that Senator Yee's Office will be issuing letters to the appointing authorities urging them to make their appointments to this committee.

C. Recommendation for Appointment of ECC Chair.

It was moved by Mr. Bermudez, seconded by Mr. Elkins and carried by those present to adopt the recommended appointment of Mr. Driftmier as Chair of the ECC. Mr. Petersen abstained.

D. Peer Review Oversight Committee (PROC) Appointments.

Mr. Ramirez stated that previously there was not a sufficient number of applicants for recruiting this committee. Mr. Ramirez further stated that Ms. Bowers indicated there are now eight or nine résumés in hand for review and he, along with Vice President Anderson, will review these résumés for consideration.

E. Consideration of Modification to Executive Officer's Delegation of Authority.

Mr. Duke presented a modified delegation of authority in order to provide clarifying language regarding the specific authority given by the CBA to Ms. Bowers (**see Attachment ___**).

Mr. Harris stated there may be a loophole in the way the language is currently drafted specifically the section that stated “pending the conclusion of a criminal action concerning a licensee.” Mr. Harris noted if the criminal action ends prior to the end of an administrative action, it would seem that the CBA would have to seek a separate Interim Suspension Order (ISO) after the conclusion of the criminal matter, pending the conclusion of the administrative matter. Mr. Duke stated if the matter is carried over for some time, the CBA would have ample opportunity to seek and approve an ISO.

Mr. Olson stated the title for this agenda was vague, and there was no back up materials and or proposal. Ms. Daniel stated there was an E-news notification sent to all interested parties, indicating that this information was available on the CBA Web site.

It was moved by Mr. Bermudez, seconded by Mr. Petersen and unanimously carried by those present to adopt the recommended modification to the Executive Officer’s delegation of authority and to direct staff to incorporate the additional clarifying language into the regulation.

F. Update on Peer Review Implementation.

Mr. Franzella provided an overview of the memorandum for this item (**see Attachment ___**).

Mr. Petersen stated there is a joint meeting of the AICPA Peer Review Committee and NASBA’s Peer Review Committee to consider changes that would add increased transparency. Mr. Petersen further stated that he will be attending this meeting on behalf of NASBA, and will report back to the CBA.

VII. Report of the Vice President.

A. Enforcement Advisory Committee (EAC) Appointments.

There was no report for this item.

B. Qualifications Committee (QC) Appointment.

It was moved by Ms. Anderson, seconded by Mr. Petersen and unanimously carried by those present to adopt the recommended appointment of Ms. Cassandra Moore-Hudnall to the QC.

VIII. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

B. FY 2009/2010 Third Quarter Financial Statement.

Mr. Oldman provided an overview of this agenda item
(see Attachment __).

Ms. Anderson inquired regarding penalties and fines and if the CBA keeps the proceeds. Mr. Duke stated the money goes into the reserve.

Mr. Ramirez inquired regarding the status of reduction to licensing fees. Mr. Rich stated the regulatory language has been drafted and the CPC considered additional language in terms of having to reassess where the CBA stands before the fees were automatically restored after four years. Mr. Rich further stated more information will be provided under the CPC report.

IX. Report of the Executive Officer.

A. DCA Director's Report.

This item was deferred to take place after Agenda Item IX.E.

B. DCA Board Member and Advisory Committee Training Day.

Ms. Bowers stated this training is scheduled to take place on Tuesday, July 27, 2010. The DCA is hosting an enforcement training day for all board members under the DCA and is tentatively scheduled to take place at the Sacramento Public Library, the day before the July 28, 2010 CBA Meeting. Ms. Bowers stated that more information regarding this training will be provided as it becomes available from the DCA.

CBA members inquired if this is a new training and if it is mandatory. Ms. Bowers stated it is a new training, intended for all board members and it is not mandatory; however, the DCA is urging all board members to attend.

C. Update on CBA Staffing.

Ms. Bowers stated that all enforcement management positions have been filled, in addition to a staff Investigative CPA position. Ms. Bowers stated that two vacancies remain in the enforcement division, and the CBA has five vacancies in total.

Ms. Bowers introduced Mr. Nick Ng, newly appointed manager to the Administration Division. Ms. Bowers stated Mr. Ng is replacing Ms.

Theresa Siepert, who left the CBA and is now at the Office of the Inspector General.

Ms. Bell inquired if the vacancies are reason for wages and salaries being significantly less. Ms. Bowers stated this is likely due to the furloughs.

D. Educational Presentation – BreEZe Program.

This item was deferred to take place after Agenda Item IX.E.

E. Update on 2010/2012 CBA Communications and Outreach Plan.

Ms. Hersh provided an overview of the memorandum for this item (**see Attachment ___**).

Mr. Ramirez requested press releases be issued to communicate the progress of the reduction to licensing fees to licensees.

Mr. Driftmier stated the importance of providing accurate information regarding the licensure process to potential licensing candidates.

At this time, CBA members heard Agenda Item IX.A.

Mr. Stiger provided updates regarding the DCA's Consumer Protection Enforcement Initiative and the BreEZe project.

Mr. Stiger stated that all boards will be participating in a performance measures project in an attempt to ensure that board members have a clear understanding of how well enforcement units are operating.

Mr. Stiger stated that the DCA-sponsored Senate Bill (SB) 1111 to give healing arts boards' Executive Officers more authority to investigate and prosecute cases quicker, failed to make it out of committee.

Mr. Stiger stated the healing arts boards will be initiating rulemaking for the provisions in the bill that will help them improve their enforcement programs. Mr. Stiger stated the non-healing arts boards are encouraged to review SB 1111 and implement some of those provisions as well.

Mr. Stiger provided an update regarding the DCA Enforcement Academy, which was developed to ensure investigators receive professional development and training. Mr. Stiger stated that these classes are currently taking place, and that the DCA intends to hold a few more classes by end of the fiscal year.

Mr. Stiger stated that information regarding continuing education and exploring other opportunities for continued competence will be provided at the July DCA Board Member and Advisory Committee Training Day.

At this time, CBA members heard Agenda Item IX.D.

Ms. Bowers stated there was discussion at the March 2010 CBA meeting indicating the BreEZe project was on hold; however, after a recent conversation with DCA, clarity was provided that the BreEZe system is still moving forward.

Ms Bowers introduced Ms. Debbie Balaam, Chief Information Officer of the DCA who provided an update and information relating to the BreEZe project.

Ms. Balaam and Mr. Richman provided a presentation overview of the BreEZe project **(see Attachment __)**.

CBA members inquired regarding the per-transaction fee and current licensee files being uploaded into the BreEZe system. Ms. Bowers stated that options whether the transaction fee will be charged to the licensee or absorbed by the CBA will need to be discussed. Ms. Balaam stated that conversion of old data will be included in the system and not charged separately. Ms. Balaam stated there is also a document imaging project available to the CBA, which will be tied into this system.

F. Update on Current Projects List.

Ms. Bowers presented a handout detailing the projects currently assigned to CBA staff **(see Attachment __)**.

G. Abandoned Records Response Letter.

Mr. Rich provided an overview of the memorandum for this item **(see Attachment __)**.

Mr. Elkins suggested a technical amendment to clarify the relative statute.

Ms. Valdez suggested consistency within the letter regarding grammar and use of pronouns.

H. Update on Future CBA Meeting Locations.

Ms. Bowers stated the July 28, 2010 CBA meeting will take place at the Holiday Inn Express, Sacramento. Ms. Bowers stated the contract for the meeting space was negotiated at no cost to the CBA, including complimentary shuttle service to and from the airport, as well as the surrounding area, including the DCA training in downtown Sacramento. Ms. Bowers stated the only potential negative to using this location is that there is not a lot of restaurants within walking distance. Ms. Bowers

stated if desired, CBA staff could coordinate for a group dinner with transportation.

CBA members expressed overall positive comments regarding the upcoming meeting location and in CBA's efforts in cost savings regarding meeting expenses.

Ms. Kirkbride expressed thanks to Ms. Daniel for arranging a satellite location for her attendance at this meeting.

At this time, CBA members heard Agenda Item XV.B.2. – NASBA Nominations – Nominating Committee Members, Directors-at-Large, and Regional Directors.

Mr. Rich provided an overview of the memorandum for this item (see Attachment ___).

It was moved by Ms. Taylor, seconded by Ms. Anderson and unanimously carried by those present to approve the proposed recommendation for Mr. Bermudez to serve as NASBA's Western Regional Director.

At this time, CBA members heard Agenda Item XV.B.3. – NASBA's 2010 Awards Nominations.

Mr. Rich provided an overview of the memorandum for this item (see Attachment ___).

Ms. Anderson requested for staff to bring back more detail regarding NASBA's awards. Mr. Rich stated this information will be provided in the Executive Officer's Monthly Report.

Mr. Bermudez requested if staff can assist with preparing letters for CBA members who wish to remain on NASBA committees. Ms. Bowers stated that staff are available to assist with such requests.

X. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of the memorandum for this item (see Attachment ___).

Ms. Pearce recognized Mr. Franzella, and staff member Jenny Sheldon, for their hard work and efforts in coordinating the first meeting of the Accounting Education Committee.

Ms. Pearce recognized licensing staff and managers Kris McCutchen and

Liza Walker for their hard work and efforts in maintaining processing time frames less than 30 days for both examination and licensure applications.

Ms. Pearce stated that staff continue to do worksheet reviews and continuing education audits to ensure competency of licensees.

B. Update on DCA's Program to Accept Credit Card Payments for License Renewal.

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment __)**.

Ms. Balaam stated this project went live and there is a possibility that the CBA may be able to join this pilot by the 3rd or 4th quarter of this year.

XI. Report of the Enforcement Chief.

A. Report on Status of Enforcement Matters.

1. Enforcement Case Activity and Status Report.

Mr. Ixta provided an overview of the new Enforcement Case Activity and Status Report **(see Attachment __)**.

CBA members inquired regarding the status of the Investigative CPA pay differential matter. Ms. Bowers stated that she has been working closely with the DCA regarding this matter and has an upcoming meeting scheduled to discuss the status. Mr. Stiger stated that he has a team assigned to this matter and expects to have a proposed package ready for submission to the Department of Personnel Administration by the end of June 2010.

Mr. Ixta stated the CBA is working on many opportunities to improve the continued recruitment of Investigative CPAs.

2. Major Case Summary

Mr. Ixta reported that there are three open matters in the major case category as of April 15, 2010.

Ms. Bowers stated that the process for utilizing Subject Matter Experts may be changing. Ms. Bowers stated that this may have an impact on the CBA's ability to timely resolve enforcement matters. Ms. Bowers stated she is working closely with the DCA regarding this matter, and will provide a status at an upcoming CBA meeting.

3. Report on Citations and Fines.

Mr. Ixta reported that as of April 15, 2010, the CBA has issued 22 fines for \$27,150. Mr. Ixta stated that “practice without a permit” generates the largest fines.

4. Reportable Events Report.

Mr. Ixta reported that from the period of July 1, 2009 to April 20, 2010, the CBA has received 243 reportable events; with 182 of those reportable events being restatements.

XII. Committee and Task Force Reports.

A. Report of the Enforcement Program Oversight Committee (EPOC).

1. Report of the May 12, 2010 EPOC Meeting.
2. Role of the EPOC.
3. Overview of the Enforcement Process.
4. Overview of Discipline Imposed in the Last Two Years.

Mr. Elkins stated the purpose of the EPOC meeting was informational and that no motions were made. Mr. Elkins stated that staff provided valuable information regarding the role and purpose of the EPOC and the investigation process. Mr. Elkins stated the items for review at future EPOC meetings will include:

- Mediation within the disciplinary process
- Whether any additional easy-to-read information should be provided to the accused with notice of an accusation
- Delegating Ms. Bowers with authority to approve stipulations, as suggested by DCA Director; if so, what would be the limitations
- Establishing an e-mail voting process to approve stipulations, unanimity required
- Costs for probation monitoring
- Probation limitation on accepting new clients
- Acceleration of peer review during probation

Mr. Elkins further stated that additional topics may be added upon request or by direction of the CBA President and discussion priorities will be set.

B. Report of the Committee on Professional Conduct (CPC).

1. Report of the May 12, 2010 CPC Meeting.

2. Consideration of Regulatory Language for Article 70 – Fees.

It was moved by Mr. Oldman, seconded by Ms. Anderson and unanimously carried by those present to adopt the CPC’s recommendation to approve the addition of the new language to the proposal.

3. Consideration of Regulatory Language for Article 98.2 – Peremptory Challenge.

Ms. LaManna stated the CPC took no action on this item and will await the outcome of Assembly Bill (AB) 2537. .

4. Consideration of Posting Accusations on the CBA’s Web Site.

Ms. LaManna stated that the CPC recommends that the CBA direct staff to pursue legislation to amend Section 5103.5 to authorize the CBA to post accusations.

It was moved by Ms. LaManna, seconded by Ms. Taylor to adopt the CPC’s recommendation that CBA direct staff to pursue legislation to amend Section 5103.5 to authorize the CBA to post accusations. Ms. LaManna later withdrew this motion.

Mr. Duke stated the legislative history of 5103.5 shows that the legislature had specifically considered affirmatively requiring the CBA to post its accusations on the Internet and through amendments, the Legislature changed its mind. Mr. Duke further stated the specificity of subsection 5103.5 (b) is so specific it doesn’t provide the CBA with much leeway to independently post its accusations under existing law.

Mr. Stiger stated he was unaware of this restriction and that it should have been identified sooner. Mr. Stiger stated the DCA’s position is that in order to achieve full transparency, accusations should be posted once filed. Mr. Stiger stated he will go back and work with the DCA legal counsel to ensure the CBA has appropriate legal authority in this matter.

Mr. Ramirez stated this item shall be deferred until further information is received from the DCA.

CBA members discussed this matter and the time constraints associated with pursuing a legislative solution.

Mr. Stiger stated the CBA could expect a legal opinion from the DCA regarding this matter within the next 30 days.

It was moved by Ms. LaManna, seconded by Mr. Petersen and

unanimously carried by those present to direct staff to coordinate with the DCA regarding the CBA's ability to post accusations. If it is determined that the CBA does not have such authority, staff will then seek a legislative solution to be provided for consideration before the CBA.

- a. Options for Addressing Concerns Regarding Posting Accusations on the CBA's Web Site.

This item was deferred to take place at a future CBA meeting.

C. Report of the Legislative Committee (LC).

1. Report of the May 12, 2010 LC Meeting.
2. AB 1215 – Public Employees: Furlough Exemptions.

It was moved by Mr. Driftmier, seconded by Ms. LaManna and carried by those present to adopt the LC's recommendation to adopt a support position on AB 1215. Ms. Anderson and Ms. Kirkbride opposed. Mr. Bermudez and Mr. Petersen were temporarily absent.

3. AB 1787 – Regulations: Narrative Description.

It was moved by Ms. Bell, seconded by Ms. Taylor and unanimously carried by those present to adopt the LC's recommendation to adopt a support position on AB 1787. Mr. Bermudez and Mr. Petersen were temporarily absent.

4. AB 2652 – Regulations: Legislative Review.

It was moved by Mr. Elkins, seconded by Ms. Valdez and unanimously carried by those present to adopt the LC's recommendation to adopt a watch position on AB 2652. Mr. Bermudez and Mr. Petersen were temporarily absent.

5. Consideration of Amendments to AB 1659.

It was moved by Ms. Taylor, seconded by Ms. Bell and unanimously carried by those present to adopt the LC's recommendation to maintain a watch position on AB 1659. Mr. Bermudez and Mr. Petersen were temporarily absent.

6. Consideration of Amendments to AB 1993.

It was moved by Ms. Anderson, seconded by Ms. Taylor and carried by those present to adopt the LC's recommendation to

maintain an oppose position on AB 1993. Mr. Elkins abstained. Mr. Bermudez and Mr. Petersen were temporarily absent.

7. Consideration of Amendments to AB 2537.

The LC recommended that the CBA maintain its neutral position on AB 2537. The CBA took no action on this item.

8. Consideration of Amendments to AB 2603.

The CBA took no action on this item as it failed in committee and is a dead bill.

9. Consideration of Amendments to SB 942.

It was moved by Mr. Elkins, seconded by Mr. Swartz and unanimously carried by those present to adopt the LC's recommendation to adopt an oppose position on SB 942. Mr. Bermudez and Mr. Petersen were temporarily absent.

10. Consideration of Amendments to SB 1111.

It was moved by Ms. Anderson, seconded by Mr. Swartz and unanimously carried by those present to adopt the LC's recommendation to adopt a neutral position on SB 1111. Mr. Bermudez and Mr. Petersen were temporarily absent.

11. Consideration of Amendments to SB 1171.

The LC recommended that the CBA maintain its watch position on SB 1171. The CBA took no action on this item.

12. Consideration of Amendments to SB 1351.

It was moved by Ms. Anderson, seconded by Mr. Swartz and carried by those present to adopt the LC's recommendation to withdraw its support and discontinue following SB 1351. Ms. Bell abstained. Mr. Bermudez and Mr. Petersen were temporarily absent.

13. Consideration of Amendments to SB 1490.

The LC recommended that the CBA maintain its watch position on SB 1490. The CBA took no action on this item.

D. Report of the Accounting Education Committee (AEC).

1. Report of the April 8, 2010 AEC Meeting.

Mr. Driftmier reported that the AEC held its first meeting on April 8, and began deliberation on the accounting study requirements. Mr. Driftmier stated a general consensus was reached that the AEC members will use present definitions regarding accounting and business-related subject matter in Section 9.2 of CBA regulations.

2. Update on AEC Timeline.

Mr. Driftmier stated that a timeline for the AEC has been provided and the next meeting will tentatively take place on June 23, 2010.

Ms. Bowers expressed thanks to Ms. Pearce, Mr. Franzella, and staff for their hard work and efforts in coordinating the AEC meeting. Mr. Driftmier concurred with Ms. Bowers' comments.

E. Report of the Enforcement Advisory Committee (EAC).

1. Report of the May 6, 2010 EAC Meeting.

Mr. Khanna expressed thanks to the enforcement staff for providing its educational presentation regarding EPOC. Mr. Khanna stated the EAC conducted six file reviews and agreed with enforcement staff on all six files. Mr. Khanna stated the next EAC meeting is scheduled for August 5, 2010 in Sacramento.

F. Report of the CPA Qualifications Committee (QC).

1. Report of the April 21, 2010 QC Meeting.

Mr. Hinojosa stated the QC had eight appearances, one personal appearance where the candidate was not approved. Mr. Hinojosa stated there were seven Section 69 appearances, four were approved, and three not approved.

Mr. Hinojosa stated the QC discussed proposed regulatory language for Sections 12 and 12.5 relating to defining supervision. Mr. Hinojosa stated the QC's recommended language will be provided for consideration by the CBA at its July 2010 meeting.

Mr. Hinojosa stated the QC had significant discussion and will be providing the CBA with recommendations regarding the matter of defining General Experience for consideration at its July 2010 meeting.

Mr. Hinojosa stated the QC decided to maintain status quo regarding the matter of required hours regarding Attest Experience.

XIII. Appeals – Personal/Written

None.

XIV. Adoption of Minutes.

- A. Draft Minutes of the March 25-26, 2010 CBA Meeting.
- B. Draft Minutes of the March 25, 2010 CPC Meeting.
- C. Draft Minutes of the March 25, 2010 LC Meeting.
- D. Minutes of the January 27, 2010 QC Meeting.

It was moved by Mr. Oldman, seconded by Ms. Anderson and carried by those present to approve agenda items XIV.A. – D. Mr. Bermudez and Mr. Elkins abstained.

XV. Other Business.

A. American Institute of Certified Public Accountants (AICPA).

- 1. Update on AICPA State Board Committee.

Mr. Driftmier stated the hot topic of discussion within the AICPA is still the changes to the Uniform CPA Examination (**see Attachment ___**).

B. National Association of State Boards of Accountancy.

- 1. Update on NASBA Committees.

- a. Accountancy Licensee Database (ALD) Task Force.

There was no report for this item.

- b. Board Relevance and Effectiveness Committee.

Mr. Oldman stated the Board Relevance & Effectiveness Committee is drafting a report and it is expected to be available in July 2010.

- c. Compliance Assurance Committee.

There was no report for this item.

- d. Education Committee.

There was no report for this item.

e. Global Strategies Committee.

There was no report for this item.

f. Uniform Accountancy Act Committee.

There was no report for this item.

2. NASBA Nominations – Nominating Committee Members, Directors-at-Large, and Regional Directors.

This Agenda Item was heard earlier in the meeting, after Agenda Item IX.E.

3. NASBA's 2010 Awards Nominations.

This Agenda Item was heard earlier in the meeting, after Agenda Item IX.E.

XVI. Closing Business.

A. CBA Member Comments.

No comments were received.

B. Comments from California Society of Certified Public Accountants (CalCPA) Representative.

No comments were received.

C. Comments from Society of California Accountants Representative.

No comments were received.

D. Public Comments.

Mr. Olson presented a written statement (**see Attachment ___**).

Mr. Ramirez thanked Mr. Olson for his report and comments. Mr. Ramirez stated that for clarification purposes, the CBA did not make any formal statements in the nature of innocuous or negligible value, and that those comments were made by former Enforcement Chief, Greg Newington. Mr. Ramirez further stated the CBA has considered Mr. Olson's request and the matter was previously concluded.

E. Agenda Items for Future CBA Meetings.

No agenda items were received.

Adjournment.

President Ramirez adjourned the meeting at 12:30 p.m. on Thursday, May 13, 2010.

Manuel Ramirez, President

Marshal Oldman, Secretary-Treasurer

Veronica Daniel, Executive Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE
MINUTES OF MEETING

CBA AGENDA ITEM XII.C.
JULY 28, 2010

May 12, 2010

HILTON HOTEL PASADENA
 168 South Los Robles Avenue
 Pasadena, CA 91101

DRAFT

I. CALL TO ORDER

Herschel Elkins, Committee Chair, called the meeting of the Enforcement Program Oversight Committee (EPOC) to order at 9:30 a.m. on May 12, 2010. Mr. Elkins stated that to ensure compliance with the Bagley-Keene Open Meeting Act, if a quorum of the California Board of Accountancy (CBA) (eight members) is present at this meeting, CBA members who are not serving on the EPOC must attend as observers only.

EPOC Members in Attendance

Herschel Elkins	9:30 a.m. – 12:20 p.m.
Diana Bell	9:30 a.m. – 12:20 p.m.
Michelle Brough	9:30 a.m. – 12:20 p.m.
Louise Kirkbride	Absent
Robert Petersen	9:30 a.m. – 12:20 p.m.
Lenora Taylor	9:30 a.m. – 12:20 p.m.
Andrea L. Valdez	9:30 a.m. – 12:20 p.m.

Board Staff and Legal Counsel in Attendance

Patti Bowers, Executive Officer
 Veronica Daniel, Executive Analyst
 Gary Duke, Legal Counsel, Department of Consumer Affairs
 Paul Fisher, Supervising Investigative CPA
 Dominic Franzella, Renewal/Continuing Competency Manager
 Scott Harris, Deputy Attorney General
 Lauren Hersh, Information and Planning Officer
 Rafael Ixta, Chief, Enforcement Division
 Deanne Pearce, Acting Chief, Licensing Division
 Dan Rich, Assistant Executive Officer
 Michele Santaga, Enforcement Analyst
 Matthew Stanley, Legislation/Regulation Analyst
 Kathy Tejada, Enforcement Manager

Board Members Observing

Sally Anderson
Donald Driftnier
David Swartz

Committee Chairs and Members

Harish Khanna, Chair, Enforcement Advisory Committee
Cheryl Gerhardt, Vice Chair, Enforcement Advisory Committee

Other Participants

Pilar Onate-Quintana, KP Public Affairs, Deloitte, KPMG, PWC, E&Y, GT
Joe Petito, The Accountants Coalition, E&Y, DT, PWC, KPMG, GT
Jonathan Ross, KP Public Affairs, Deloitte, KPMG, PWC, E&Y, GT
Brian Stiger, Director, Department of Consumer Affairs
Jeannie Tindel, California Society of Certified Public Accountants

II. ROLE OF THE EPOC

Mr. Fisher provided background on the role and purpose of the EPOC. The EPOC was established in 1995 in response to one of the recommendations proposed in the CBA's sunset review report. The EPOC is composed of CBA members with the responsibility to review and make recommendations on policy issues related to the Enforcement Division and to monitor the division's compliance with CBA policies. Many of the EPOC's recommendations in the past 15 years have resulted in the adoption of guidelines, policies, and statutes that have improved the enforcement process.

III. OVERVIEW OF ENFORCEMENT PROCESS

Mr. Fisher and Ms. Tejada presented an extensive overview of the investigative, case prosecution, and probation monitoring processes in relation to both the technical and non technical investigative staff.

Mr. Fisher's presentation included information on:

- Complaint intake process.
- Complaint closure during intake.
- Investigative process.
- Purpose of investigative hearings.
- Role of the Enforcement Advisory Committee.
- Standard of evidence that must be established before a matter is referred for disciplinary action.
- Accusation process and what information is provided to the licensee.
- Different types of decisions – Proposed, Stipulations, and Defaults.
- Roles and responsibilities of CBA staff, the Attorney General's Office, and the licensee in the settlement process.
- Probation monitoring.

Ms. Tejada's presentation related to the non technical investigations. The non technical arm of the Enforcement Division was established in 2009 with the hiring of three staff analysts to assist the Investigative CPAs in the investigation of complaints that do not required the expertise of a CPA. These investigations involve continuing education deficiencies, practice with an expired license, name styles, unregistered firms, convictions, and actions by other government agencies.

There was some discussion about the licensee's understanding of the enforcement processes, the licensee's right to obtain legal counsel, and the information given to the licensee involving that right. At a future meeting, the EPOC members will review the information that is provided with the accusation and consider if additional easy-to-read information should also be provided.

IV. OVERVIEW OF DISCIPLINE IMPOSED IN THE LAST TWO YEARS

Mr. Fisher presented three comparative charts – a summary of CBA actions grouped by violations (**Attachment 1**), the ratio of default, proposed, and stipulated decisions (**Attachment 2**), and the ratio of the types of discipline imposed (**Attachment 3**) – regarding CBA discipline imposed in 2008 and 2009. The intent of Mr. Fisher's presentation was to provide the EPOC members with some background of why similar cases receive different levels of discipline. He reviewed four disciplinary decisions which resulted in different sanctions although similar violations were involved.

V. PUBLIC COMMENTS

There were no public comments offered during the meeting.

VI. AGENDA ITEMS FOR FUTURE BOARD MEETINGS

- Prohibition from taking on new clients as a part of discipline.
- Disciplinary Guidelines.
- Mediation in the disciplinary process.
- Review information provided with accusations (Notice of Defense, Request for Discovery, and Statement to Respondent) and consider if additional easy-to-read information should be provided.
- Consider delegating the Executive Officer with the authority to sign stipulations, as suggested by Department of Consumer Affairs' Director, Brian Stiger, and what limitations should be in place.
- The use of voting by email for disciplinary actions.
- Costs for probation monitoring.
- Acceleration of peer review during probation.

VII. ADJOURNMENT

There being no further business to conduct, the EPOC meeting adjourned at approximately 12:20 p.m.

Herschel Elkins, Chair
Enforcement Program Oversight Committee

Prepared by: Michele Santaga, Enforcement Analyst



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



CPC Agenda Item I.
July 28, 2010

CBA Agenda Item XII.D.
July 28, 2010

COMMITTEE ON PROFESSIONAL CONDUCT
MINUTES OF THE MEETING

DRAFT

May 12-13, 2010

The Hilton Pasadena
168 South Los Robles Ave.
Pasadena, CA. 91101
Telephone: (626) 577-1000
Facsimile: (626) 584-3148

CALL TO ORDER

Leslie LaManna, Chair, called the meeting of the Committee on Professional Conduct (CPC) to order at 3:30 p.m. Ms. LaManna indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

Present on May 12, 2010:

Leslie LaManna, Chair
Sally Anderson
Michelle Brough
Herschel Elkins
Louise Kirkbride
Marshall Oldman
David Swartz

Present on May 13, 2010:

Leslie LaManna, Chair
Sally Anderson
Herschel Elkins
Marshall Oldman
David Swartz

Board Members Observing:

Manuel Ramirez, CBA President
Diana Bell
Don Driftmier

Bob Petersen
Lenora Taylor
Andrea Valdez

Board Staff and Legal Counsel

Patti Bowers, Executive Officer
Dan Rich, Assistant Executive Officer
Rich Andres, Information Technology Staff
Veronica Daniel, Executive Analyst
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)
Paul Fisher, Acting Enforcement Manager
Dominic Franzella, Manager, Renewal and Continuing Competency Unit
Scott Harris, Deputy Attorney General, Department of Justice
Lauren Hersh, Communications and Planning Officer
Rafael Ixta, Chief, Enforcement Division
Nick Ng, Manager, Administrative Services
Deanne Pearce, Chief, Licensing Division
Matthew Stanley, Legislation/Regulation Analyst

Other Participants

April Alameda, DCA
Fausto Hinojosa, Chair, QC
Harish Khanna, Chair, EAC
Carl Olson
Pilar Onate-Quintana, E&Y, PWC, D&T, GT, KPMG
Joe Petito
Jonathan Ross, E&Y PWC, D&T, GT, KPMG
Anita Scurri, Legal Counsel, DCA
Jeannie Tindel, CalCPA

- I. Draft Minutes of the March 25, 2010, CPC Meeting.

It was moved by Ms. Anderson, seconded by Mr. Swartz, and carried to approve the draft minutes of the March 25, 2010, CPC meeting. Mr. Elkins abstained.

- II. Consideration of Regulatory Language for Section 70 – Fees.

Mr. Stanley indicated that it would be necessary to add a section to the regulation as it was approved in March 2010 in order to comply with §5134(f) of the Business & Professions Code. This section would allow the CBA to make a “determination” that fees would need to be increased before the temporary, four year fee reduction expired.

It was moved by Ms. Anderson, seconded by Mr. Swartz, and carried unanimously to approve the additional language.

III. Consideration of Regulatory Language for Section 98.2 – Peremptory Challenge.

Mr. Stanley discussed AB 2537 of 2010 which would, if it became law, require the CBA to develop a regulation to allow for peremptory challenge of administrative law judges. He stated that the CBA had indicated that it wanted to discuss whether or not it wanted to pursue a regulation on this topic before the bill becomes law.

Mr. Elkins stated that he preferred to wait for the bill to become law.

The CPC took no further action.

IV. Consideration of Posting Accusations on the CBA's Web Site

Ms. Bowers introduced Anita Scurri, Supervising Staff Counsel at DCA, who provided the CPC with a legal opinion regarding whether there is a due process issue with posting accusations to the CBA's Web site. She went on to summarize the history of the issue as laid out in the agenda item **(Attachment 1)**.

Ms. Scurri stated that there is no due process violation when a board makes accusations directly to the public on its Web site. There is no exception available in the California Public Records Act (PRA). She indicated that watermarking the accusations, as was discussed by the CBA at its April 25, 2010 meeting, would be a valuable thing to do for any board.

Ms. Brough asked if the complaint exemption in the PRA would apply. Ms. Scurri indicated that accusations are charging documents and not complaints. Ms. Brough asked when the documents would be posted. Ms. Scurri indicated that it would be after the document was served.

Ms. Brough inquired if there is a privacy issue. Ms. Scurri stated that there is no privacy issue. Mr. Elkins stated that these are public documents and that there is no privacy issue. Ms. Brough disagreed.

The CPC discussed case law regarding the privacy concerns.

Ms. Brough indicated that no other government bodies post accusations. Ms. Scurri indicated that the medical boards do so. Ms. Brough stated there is a difference when physical harm is involved.

Mr. Oldman stated he was satisfied that it is no longer a question of due process or privacy. He stated that it was now a question of policy. He stated that the watermark would prevent the public from being misled.

Mr. Swartz stated that he is not aware of any consumer issue that has brought this topic to the CBA, but rather it is politics and blogs. He further stated that there is no consumer outcry for posting accusations.

Ms. Kirkbride stated that this is an issue of transparency. She believes the extra step of requesting the accusation in the current method is unnecessary.

Ms. Anderson stated she is happy that when a consumer searches for a CPA on the Web site, they are told if there is an accusation or not.

It was moved by Mr. Elkins, seconded by Ms. Kirkbride, to post the accusations with the watermark.

Ms. Brough stated her concern that the licensee in the accusation is not aware that they can ask for a hearing. The letter sent to them simply says that the CBA can require a hearing.

Ms. Bowers stated that the hearing has historically always been used at the discretion of staff, not the licensee.

Ms. Tindel indicated that CalCPA met with the CPIL to work out compromise language that would allow for the posting of accusations. She read a statement from Mr. Ed Howard stating CPIL's agreement with the proposed language.

Mr. Ross handed out the language (**Attachment 2**) and stated that he believed it to be a fair compromise.

Ms. Kirkbride pointed out that there was a motion on the table that needed to be voted on.

Mr. Oldman moved to amend the motion to incorporate the compromise language. Concern was expressed over the lack of time the CPC had to review the language, and the motion failed for lack of a second.

The CPC discussed whether the current discussion was a part of the motion.

Mr. Elkins stated that there are two decisions to be made. Whether to post, and if so, the procedures surrounding it.

Ms. Anderson indicated her belief that Mr. Elkins' motion needed to be addressed first.

The motion by Mr. Elkins, seconded by Ms. Kirkbride, to post the accusations with the watermark failed to pass. Mr. Elkins, Ms. Kirkbride

and Ms. LaManna voting for; and Ms. Anderson, Mr. Oldman, Mr. Swartz and Ms. Brough voting against.

The CPC discussed delaying the meeting to allow time to review the compromise language.

Ms. Brough indicated that she would not be at the meeting on May 13. Ms. Kirkbride stated her belief that the discussion should be put off until the July meeting.

It was moved by Ms. Oldman, seconded by Mr. Swartz, and carried to adjourn until 8:30 a.m. on May 13, 2010. Ms. Brough and Ms. Kirkbride opposed and Mr. Elkins abstained.

The Chair adjourned the meeting at 4:28 p.m.

The Chair reconvened the CPC at 8:35 a.m. on May 13, 2010

Mr. Elkins explained that he had done some research overnight, and that he believed that Section 5103.5 of the Business and Professions Code was written in such a way as it may not allow the CBA to post accusations on its Web site.

Mr. Duke stated that he had done similar research and came to the same conclusion.

Ms. LaManna inquired what the chances were of getting this section changed legislatively in order to allow posting. Mr. Stanley indicated that it was not clear.

Ms. Tindel stated that it would be easy to get a bill to fix the section. She stated that the CBA should develop a policy of what it would like to see in that legislation.

Mr. Oldman indicated he would like to see the two points that have been discussed included, namely the watermark and the option for an investigative hearing or pre-filing conference.

Mr. Elkins indicated he had issues with the hearing or conference.

Mr. Ross stated that the motion should provide for flexibility.

It was moved by Ms. Oldman, seconded by Mr. Elkins, and carried to direct staff to pursue legislation to clarify that the CBA has the authority to post accusations. Mr. Swartz opposed.

IV.A. Options for Addressing Concerns Regarding Posting Accusations on the CBA's Web Site.

Mr. Elkins opened the discussion of the compromise language handed out by CalCPA. He stated he believed that the hearing should be before the matter goes to the Attorney General's Office.

Ms. Scurri, speaking as a lawyer and not for DCA, stated that she agreed with Mr. Elkins that a separate conference should be created for this purpose so as not to conflict with the APA hearing.

Ms. Anderson asked if this kind of change could be made without regulations. Mr. Duke stated his belief that regulations would be needed.

Ms. Bowers inquired if regulations would still be needed if a CBA policy were adopted to use the current process to achieve the pre-filing conference idea. Mr. Duke answered that using existing methods would not require regulations as long as it was a case by case basis.

Mr. Elkins stated that he thought a policy should be established followed by a rulemaking, and the policy should be developed first.

Mr. Ross said a conference could take the place of the hearing as long as the licensee had a right to be heard before posting. He also stated that he believed regulations were preferable to policy, and emergency regulations could be implemented quickly.

It was moved by Ms. Oldman, seconded by Mr. Elkins, and carried unanimously that the CBA strongly recommend to staff that a licensee be offered a pre-filing conference and that staff bring back language to codify that policy.

V. Comments from Members of the Public.

No comments were received.

VI. Agenda Items for Next Meeting.

No agenda items were identified.

There being no further business, the meeting was adjourned at 9:00 a.m.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



Legislative Committee Item I.
July 28, 2010

Board Agenda Item XII.E.
July 28, 2010

LEGISLATIVE COMMITTEE
MINUTES OF THE MEETING

DRAFT

May 12, 2010

The Hilton Pasadena
168 South Los Robles Ave.
Pasadena, CA 91101
Telephone: (626) 577-1000
Facsimile: (626) 584-3148

CALL TO ORDER

Michelle Brough, Chair, called the meeting of the Legislative Committee (LC) to order at 4:36 p.m. Ms. Brough indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

Present:

Michele Brough, Chair
Sally Anderson
Diana Bell
Lenora Taylor
Rudy Bermudez
Andrea Valdez

CBA Members Observing:

Donald Driftmier
Leslie LaManna
Bob Petersen

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
Dan Rich, Assistant Executive Officer
Rich Andres, Information Technology Staff
Veronica Daniel, Executive Analyst
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)
Paul Fisher, Acting Enforcement Manager
Dominic Franzella, Manager, Renewal and Continuing Competency Unit

Scott Harris, Deputy Attorney General, Department of Justice
Lauren Hersh, Communications and Planning Officer
Rafael Ixta, Chief, Enforcement Division
Deanne Pearce, Chief, Licensing Division
Matthew Stanley, Legislation/Regulation Analyst

Other Participants

Fausto Hinojosa, Vice-Chair, QC
Pilar Onate-Quintana, E&Y, PWC, D&T, GT, KPMG
Jonathan Ross, E&Y PWC, D&T, GT, KPMG
Anita Scurri, Legal Counsel, DCA
Jeannie Tindel, CalCPA

- I. Draft Minutes of the March 25, 2010, LC Meeting.

It was moved by Ms. Taylor, seconded by Ms. Anderson, and carried to approve the draft minutes of the March 25, 2010, LC meeting. Mr. Bermudez abstained.

- II. AB 1215- Public employees: furlough exemptions.

Mr. Stanley stated that AB 1215 would exempt from furloughs employees in positions funded at least 95% by sources other than the General Fund.

Ms. Anderson indicated that she believed that this bill may be selfish and could lead to staffing problems in the state.

It was moved by Ms. Taylor, seconded by Ms. Bell, and carried that the LC recommend that the CBA take a Support position on AB 1215. Ms. Anderson opposed.

- III. AB 1787- Regulations: narrative description.

Mr. Stanley indicated that AB 1787 would require agencies to include a narrative description of additions to and deletions from the California Code of Regulations for the benefit of the visually impaired.

It was moved by Mr. Bermudez, seconded by Ms. Taylor, and carried unanimously that the LC recommend that the CBA take a Support position on AB 1787.

- IV. AB 2652- Regulations: legislative review.

Mr. Stanley stated that AB 2652 would require a committee with jurisdiction over a state agency to hold an informational hearing regarding regulations with a gross cost in excess of \$10 million or more that the agency may

propose. He indicated that, at \$10 million, it may not affect the CBA now, but that it should be followed for any changes.

It was moved by Ms. Taylor, seconded by Ms. Bell, and carried unanimously that the LC recommend that the CBA take a Watch position on AB 2652.

V. Consideration of Amendments to AB 1659.

Mr. Stanley indicated that the amendments to AB 1659 clarify that the Legislature may extend the sunset date of an agency with or without the recommendation of the committee. The amendments also eliminate the Governor's appointments to this legislative committee.

VI. Consideration of Amendments to AB 1993.

Mr. Stanley stated that the amendments to this bill make the provisions only applicable to reports to the Legislature, members of the Legislature, or committees of the Legislature. The amendments expand the scope from state agencies to every entity that submits reports. It also removed the \$20,000 penalty.

Ms. Anderson asked if a person signing a report falsely would be subject to termination. It was clarified that the bill no longer contains any penalties.

VII. Consideration of Amendments to AB 2537

Mr. Stanley stated that the changes in this bill make the provisions only applicable to agencies with more than five ALJs or that do not have an existing system for reviewing requests to disqualify ALJs. He further indicated that this bill would still apply to the CBA.

VIII. Consideration of Amendments to AB 2603.

Mr. Stanley indicated that this bill had failed passage and was dead for the year.

IX. Consideration of Amendments to SB 942.

Mr. Stanley stated that this bill was gutted and amended. The bill now creates an Economic Analysis Unit (EAU) within the Office of Administrative Law (OAL). Each agency would be required to submit cost estimates to the EAU as they pertain to proposed regulations. The EAU would be responsible for reviewing these cost estimates should they exceed \$50 million. In addition, a stakeholder may petition the OAL director to instruct the EAU to review a regulation below the \$50 million threshold. The EAU has 50 days to

perform its evaluation to determine if the agency's estimate is a fair assessment. If not, it must reject the regulations.

It was moved by Mr. Bermudez, seconded by Ms. Taylor, and carried unanimously that the LC recommend that the CBA take an Oppose position on SB 942.

X. Consideration of Amendments to SB 1111.

Mr. Stanley indicated that this bill had failed passage and was dead for the year.

Mr. Bermudez suggested that the LC may want to change its position to Neutral in case the bill was brought back in a different form.

It was moved by Mr. Bermudez, seconded by Ms. Brough, and carried that the LC recommend that the CBA take a Neutral position on SB 1111. Ms. Valdez abstained.

XI. Consideration of Amendments to SB 1171.

Mr. Stanley stated that the SB 1171 amendments simply add massage certification law and common interest development manager certification to the list of agencies that must undergo sunset review.

XII. Consideration of Amendments to SB 1351.

Mr. Stanley indicated that SB 1351 was gutted and amended and now deals with global warming, no longer affecting the CBA.

It was moved by Mr. Bermudez, seconded by Ms. Anderson, and carried that the LC recommend that the CBA withdraw its position on, and discontinue following, SB 1351. Ms. Bell abstained.

XIII. Consideration of Amendments to SB 1490.

Mr. Stanley discussed how the amendments to SB 1490 change the requirement that the CBA hold a hearing to consider the California Research Bureau (CRB) Report on the 150-hour rule by September 1, 2010, to require that the CBA hold that hearing within 6 months after the report is issued.

XIV. Comments from Members of the Public.

No comments were received.

Ms. Brough requested a table of the bills being followed be included for the next meeting.

XV. Agenda Items for Next Meeting.

No agenda items were identified.

There being no further business, the meeting was adjourned at 4:59 p.m.



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY

CBA Agenda Item XII.F
 July 28, 2010

MINUTES OF THE
 APRIL 8, 2010
 ACCOUNTING EDUCATION COMMITTEE (AEC) MEETING

FINAL

Holiday Inn Express
 2224 Auburn Boulevard
 Sacramento, CA 95821
 Telephone: (916) 923-1100

ROLL CALL AND CALL TO ORDER.

Ruben Davila, Chair, called the meeting of the AEC to order at 10:23 a.m. on Thursday, April 8, 2010 at the Holiday Inn Express. Mr. Davila indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

AEC Members

Ruben Davila, Chair	10:23 a.m. to 4:30 p.m.
Donald Driftmier, CBA Member	10:23 a.m. to 3:45 p.m.
Sherry Anderson	10:23 a.m. to 4:30 p.m.
Betty Chavis	10:23 a.m. to 4:30 p.m.
Thomas Dalton	10:23 a.m. to 4:30 p.m.
Michael Moore	10:23 a.m. to 4:30 p.m.
Gary Pieroni	10:23 a.m. to 4:30 p.m.
Sara Seyedin	10:23 a.m. to 4:30 p.m.
Xiaoli "Charlie" Yuan	10:23 a.m. to 3:08 p.m.

Staff and Legal Counsel

Rich Andres, Information Technology Staff
 Patti Bowers, Executive Officer
 Veronica Daniel, Executive Analyst
 Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)
 Dominic Franzella, Manager, Licensing
 Cindi Fuller, Renewal/Continuing Competency Unit Coordinator
 Deanne Pearce, Chief, Licensing Division
 Dan Rich, Assistant Executive Officer
 Jenny Sheldon, Licensing Coordinator

Other Participants

Bruce Allen, California Society of Certified Public Accountants (CalCPA)

Ed Howard, Center for Public Interest Law (CPIL)

Hal Schultz, CalCPA

Jeannie Tindel, CalCPA

Ellen Glazerman, Ernst & Young

I. Welcome and Introductions.

AEC Chair Ruben Davila called the meeting to order on April 8, 2010 and asked AEC Members and CBA staff to introduce themselves.

II. Overview of Licensure Requirements and the Effects of Senate Bill 819 on the Pathways to Licensure.

Mr. Franzella presented the memorandum (**Attachment #1**) for this item.

Mr. Dalton questioned whether CPAs originally licensed under Pathway 1 would have the same mobility as those licensed under Pathway 2. Mr. Driftmier indicated that the National Association of State Boards of Accountancy has recognized California as substantially equivalent under the Uniform Accountancy Act. Mr. Davila identified this as an item staff can research.

Mr. Allen thanked the AEC members for their service. Mr. Howard and Ms. Glazerman echoed Mr. Allen's comment.

III. AEC Directives, Goals, and Staffing.

Ms. Pearce presented the memorandum (**Attachment #2**) for this item.

AEC Members discussed the purpose and objectives of the AEC and also identified several issues (**Attachment #3**) that will be discussed at future meetings. Mr. Davila pointed out that the requirements developed by the AEC will have a direct impact on students presently in the pipeline and therefore, there is a sense of urgency around the work of the AEC.

Mr. Howard commented that the scope of the statute was targeted at the hollow 30 units and it was not the intention of the statute to revisit the existing 24/24 requirement. Mr. Howard further stated the focus should be on courses that will help applicants become better practitioners and provide better services to consumers.

Mr. Davila expressed appreciation for Mr. Howard's comments and indicated that the AEC is looking at the 20 units of accounting study from multiple dimensions because the other 10 units of ethics courses and what is presently completed in

the undergraduate degree are key issues the AEC needs to be sensitive to when developing the 20 units.

IV. Discussion Regarding Composition of the Additional 20 Units of Accounting Study Required By Business and Professions Code Section 5093.

Ms. Sheldon presented the memorandum (**Attachment #4**) for this item.

Mr. Franzella presented a public comment (**Attachment #5**) received at the CBA office via e-mail from Professor Stan Deal with Azusa Pacific University.

AEC Members continued the discussion started under Agenda Item III regarding the purpose and objectives of the AEC identifying additional issues to be discussed during upcoming meetings.

Mr. Davila asked for consideration of the first question on page 3 of Agenda Item IV regarding the use of lower division, upper division, and graduate-level course work. There was a general consensus among members that course work should be completed at the graduate and/or upper division level. Allowing course work to be completed at the upper division level will allow students the flexibility of completing courses at a community college where costs are lower, thereby reducing a potential financial barrier to becoming licensed. Mr. Dalton and Mr. Moore agreed, but also indicated they were not completely opposed to allowing some lower division coursework.

Mr. Davila asked members for consideration regarding the subject matter allocation of the 20 units. Members discussed the matter and expressed varying opinions. Mr. Driftmier referenced the curriculum of the Master of Science in Accountancy programs from Cal Poly Pomona and California State University, San Bernardino (**Attachment #6**). No consensus was made other than a desire to maintain a level of flexibility how the units are allocated. Mr. Howard made a comment reminding members the purpose of these 20 units of additional education are intended to offset the loss of one year of the experience requirement. Staff were directed to research the education requirements of other states.

Members reached a tentative agreement to use the definitions of accounting and business-related subjects as outlined in Section 9.2 of the CBA Regulations.

Members discussed but came to no conclusion regarding a definition of independent study and whether internships and on-line education would be considered independent study. Members discussed but came to no agreement regarding the allowance, disallowance, and/or restrictions to be placed on independent study. Ms. Glazerman commented that limiting independent study may limit students who receive their education in states where independent study is very acceptable. Ms. Tindel commented that the legislature is not rejecting internships and that placing limits on the use of on-line education would restrict who could come into the profession. Mr. Howard expressed his agreement with

Ms. Tindel and also stated his belief that internships are beneficial for providing practical real-world experience. Staff were directed to research whether transcripts specify on-line courses, internships, and independent study. Staff were also directed to review the composition of undergraduate degrees offered by on-line colleges such as the University of Phoenix and Devry.

V. Introduction to the Bagley-Keene Open Meeting Act.

Mr. Duke presented the memorandum (**Attachment #7**) for this item. Mr. Duke advised the AEC members that all state bodies are subject to the Bagley-Keene Open Meeting Act, including advisory committees established by the CBA. Mr. Duke explained that the purpose of the Bagley-Keene Open Meeting Act is to facilitate accountability and transparency of governmental activities and protect the rights of citizens to participate in State government deliberations. Mr. Duke read the top ten rules of the Bagley-Keene Open Meeting Act, as identified by the Department of Consumer Affairs Division of Legal Affairs, and also answered questions regarding the meaning of a serial meeting and the ability to use subcommittees.

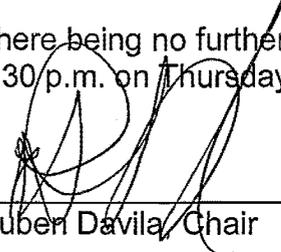
VI. Economic Travel - Official State Business

Mr. Rich presented the memorandum (**Attachment #8**) for this item. Mr. Rich advised AEC members of the requirement to complete a travel expense claim in order to receive reimbursement for travel expenses and reinforced the importance of using the most economic means of travel to meetings and also to hold meetings at low-cost or no-cost locations. Mr. Rich explained that for future AEC meetings members will receive a travel memorandum specifying the meeting location, driving directions, information related to airline reservations, and CBA staff contact information.

VII. Comments from Members of the Public.

ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 4:30 p.m. on Thursday, April 8, 2010.



Ruben Davila, Chair

Prepared by Jenny Sheldon, Licensing Coordinator.

Memorandum

CBA Agenda Item XIV.E.1.
July 28, 2010

To : CBA Members

Date : July 13, 2010

Telephone : (916) 561-1716

Facsimile : (916) 263-3674

E-mail : vdaniel@cba.ca.gov


From : Veronica Daniel
Executive Analyst

Subject : Recent Press Releases

At the request of the CBA President, staff have prepared copies of recent Press Releases for review by CBA members. This agenda item will continue as a standing item for future CBA meetings. Copies of Press Releases may also be found on the CBA Web site under the "What's New" link.

Since its last meeting, the CBA issued the following attached Press Releases:
(Attachment 1)

- May 20, 2010 – CBA Seeks Legal Clarification Regarding Posting of Accusations to the Web.
- June 22, 2010 – CBA Accounting Education Committee Considers New Educational Requirements for CPA License.
- July 12, 2010 – CBA Provides Online Reporting for California CPAs Required to Undergo and Report Peer Review.

Additionally, information was provided to local newspapers on June 21, 2010 related to the four attached enforcement actions: **(Attachment 2)**

- Choi, Dow, Ian, Hong & Lee, CPA's, A Professional Corporation, Los Angeles, CA (COR 4132)
- Ernest Eunsuk Dow, Los Angeles, CA (CPA 37413)
- Maynard W. Moreland, Livermore, CA (CPA 57144)
- John Vincent Cracchiolo, Gardnerville, NV (CPA 36115)

Dan Rich, Assistant Executive Officer, will be available at the CBA meeting to answer any questions

Attachments



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



Attachment 1

NEWS RELEASE

FOR IMMEDIATE
RELEASE
5-20-10

Contact: Lauren Hersh (916) 208-7604

CALIFORNIA BOARD OF ACCOUNTANCY SEEKS LEGAL CLARIFICATION REGARDING POSTING OF ACCUSATIONS TO THE WEB

(Sacramento, CA) –The California Board of Accountancy (CBA) is awaiting legal clarification of a state law regarding the posting of formal accusations against CPAs to its Web site before it takes a final vote on the matter.

At issue is whether the language in Business and Professions Code Section 5103.5 actually limits, or allows for, posting of formal accusations to the Web. The CBA currently posts notice of a formal accusation to its Web site, along with a link to where the public may request further information. The question as to whether the code limits the CBA to its current practice, or allows the CBA to post the full accusation, was raised just before the CBA was to vote on the posting of formal accusations at its meeting in Pasadena, May 12-13, 2010.

As a result, the CBA requested that the Department of Consumer Affairs (DCA) provide an opinion as to whether section 5103.5 limits or allows for the posting of formal accusations to the CBA Web site.. DCA Director Brian Stiger said the DCA would look into the matter, and have a response so that the CBA could move forward on the issue of posting of formal accusations to its Web site. The



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



CBA also discussed the legislative intent of the code and whether new legislation to clarify the code is necessary.

The CBA is scheduled to meet July 28, 2010 in Sacramento. CBA meetings may be viewed on the CBA Web site, www.cba.ca.gov. A copy of the full May 12-13, 2010 CBA meeting agenda is available online at:

<http://www.dca.ca.gov/cba/meetings/notices/2010/051210cba.pdf>

Created by statute in 1901, the CBA's mandate requires that protection of the public shall be its highest priority in exercising licensing, regulatory, and disciplinary functions. The CBA currently regulates more than 81,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

More information about the California Board of Accountancy is available at www.cba.ca.gov

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CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
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NEWS RELEASE

FOR IMMEDIATE
RELEASE
6-22-10

Contact: Lauren Hersh
(916) 561-1789

CBA ACCOUNTING EDUCATION COMMITTEE CONSIDERS NEW EDUCATIONAL REQUIREMENTS FOR CPA LICENSE

CBA panel to tackle issues at June 23, 2010 meeting

(Sacramento, CA) – The Accounting Education Committee (AEC) of the California Board of Accountancy (CBA) will meet at the University of Southern California Orange County Center, 2300 Michelson Drive, Irvine, CA 92612 on Wednesday, June 23, 2010, from 10:00 a.m. - 5:00 p.m.

The primary issue to be discussed is the framework for the additional 20 hours of accounting education necessary for licensure that is now required by the passage of SB 819. The AEC will consider many factors in forming its recommendations, including the current licensing requirements in other states. The full AEC meeting agenda is available on the CBA's website at <http://www.dca.ca.gov/cba/calendar.shtml> and the meeting may be viewed via live Web cast at www.cba.ca.gov.

The AEC is tasked with addressing some of the most significant changes in accounting education requirements for licensure as a California Certified Public Accountant (CPA) in nearly a decade.

Created by statute in 1901, the CBA's mandate ensures protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. The CBA currently regulates more than 81,000

licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

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2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
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WEB ADDRESS: <http://www.cba.ca.gov>



NEWS RELEASE

FOR IMMEDIATE RELEASE
7-12-10

Contact: Lauren Hersh (916) 561-1789

CALIFORNIA BOARD OF ACCOUNTANCY PROVIDES ONLINE REPORTING FOR CALIFORNIA CPAs REQUIRED TO UNDERGO AND REPORT PEER REVIEW

First group of 28,000 CPAs required to report by July 1, 2011

SACRAMENTO- As the first phase of mandatory peer review begins, the first group of California Certified Public Accountancy firms required to undergo a peer review and report the results also have some new tools at their disposal. The California Board of Accountancy is providing consumers and licensees a “one-stop shop” for information on peer review, including online reporting that is expected to help streamline the process for CPAs and the CBA alike.

CBA Executive Officer, Patti Bowers, says the Peer Review online information page can educate consumers and help make the process easier for the state’s 81,000 CPAs.

“The Peer Review page includes an online reporting tool, which is user-friendly and very straight-forward,” said Bowers. “But it is also a terrific resource for anyone with questions about what peer review is, what the law now requires, and how that requirement may impact them.” The Peer Review information is easily accessed through the CBA’s Web site, www.cba.ca.gov.

Peer review is a systematic review of a firm’s accounting and auditing practice by an independent CPA to ensure work performed conforms to professional standards. The new peer review law requires all California firms providing accounting and auditing services to undergo a periodic peer review and report the results of that review to the CBA.

CBA PROVIDES ONLINE REPORTING FOR CALIFORNIA CPAs REQUIRED TO UNDERGO AND REPORT PEER REVIEW

2-2-2

Firms will be phased into the reporting requirement over a three-year period, with the firms in the first group submitting peer review information no later than July 1, 2011. The second and third groups are required to report no later than July 1, 2012 and July 1, 2013, respectively. Firms will be required to report peer review information every three years thereafter.

Created by statute in 1901, the CBA's mandate is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

The CBA currently regulates more than 81,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

For news and information updates from the CBA as they become available, subscribe to [E-News](#).

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**California Board of Accountancy
Enforcement Action Press Release**

Attachment 2

Sent to bill.nottingham@latimes.com and arthur.buckler@latimes.com on June 21, 2010

Choi, Dow, Ian, Hong & Lee CPA's, A Professional Corporation, Los Angeles, CA (COR 4132) and Ernest Eunsuk Dow, Los Angeles, CA (CPA 37413) have been disciplined by the California Board of Accountancy. Please utilize the attached links to the California Board of Accountancy's Web page to access details of these enforcement actions. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding these enforcement actions.

http://www.dca.ca.gov/cba/discipline/decisions/index_c.shtml#520

http://www.dca.ca.gov/cba/discipline/decisions/index_d.shtml#518

Sent to: avoros@bayareanewsgroup.com on June 21, 2010

Maynard W. Moreland, Livermore, CA (CPA 57144) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/decisions/index_m.shtml#545

Sent to khildebrand@recordcourier.com on June 21, 2010

John Vincent Cracchiolo, Gardnerville, NV (CPA 36115) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/decisions/index_c.shtml#531