



**CALIFORNIA BOARD OF ACCOUNTANCY**

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PROC Agenda Item II.  
January 20, 2011

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
PEER REVIEW OVERSIGHT COMMITTEE (PROC)**

**MINUTES OF THE  
NOVEMBER 9, 2010  
PROC MEETING**

California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815  
Telephone: (916) 263-3680

PROC Members:

- Nancy Corrigan, Chair
- Katherine Allanson
- Gary Bong
- T. Ki Lam
- Sherry McCoy
- Robert Lee
- Seid M. Sadat - Absent

Staff and Legal Counsel:

- Patti Bowers, Executive Officer
- Dan Rich, Assistant Executive Officer
- Rafael Ixta, Chief, Enforcement Division
- Paul Fisher, Supervising Investigative Certified Public Accountant
- Kathy Tejada, Manager, Enforcement Division
- Deanne Pearce, Chief, Licensing Division
- Dominic Franzella, Manager, Renewal and Continuing Competency Unit
- Nicholas Ng, Manager, Administration
- Barbara Coleman, Personnel Analyst
- Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)
- April Freeman, Peer Review Analyst

Other Participants:

- Jim Brackens, American Institute of Certified Public Accountants (AICPA)
- Linda McCrone, California Society of Certified Public Accountants (CalCPA)
- Jeannie Tindel, CalCPA
- Erica Eisenlauer, Legislative Analyst, DCA

I. Roll Call and Call to Order.

Nancy Corrigan, Chair, called the meeting of the Peer Review Oversight Committee (PROC) to order at 10:16 a.m.

Ms. Corrigan summarized the preparations for the first PROC meeting. Activities included a number of telephone conferences between Ms. Corrigan and CBA staff, members of the AICPA and the CalCPA, and representatives from the State of Texas and the State of Nevada. Ms. Corrigan also attended a meeting with CBA staff on October 6, 2010. Throughout the process, a variety of materials were gathered and a great deal of work was completed. She emphasized that everyone involved has been extremely supportive and understands that peer review is crucial to the quality of public accountancy.

II. Introduction to the Bagley-Keene Open Meeting Act.

Gary Duke gave an overview of the Bagley-Keene Open Meeting Act (Act), which applies to all state bodies except the State Legislature. The purpose of the Act is to ensure that the people's business is performed with openness and transparency; allowing the public to know the reasons behind governmental decisions and have an opportunity to participate in the making of those decisions.

During the discussion, Mr. Duke emphasized that emails are of particular concern because if you "reply to all," you are essentially making a communication to the entire committee in violation of the Act.

Mr. Duke outlined the three essential elements required by the Act:

1. Adequate notice (10 days) of meetings that will be held and the items that will be discussed;
2. Meetings be conducted in open session;
3. Meetings provide the public with an opportunity to comment.

Mr. Duke explained the definition of a "meeting" and gave examples of situations in which a majority of PROC members could be at a single location that would not constitute a meeting. He also outlined the rules for disqualification and abstentions.

Members were advised that it is appropriate for the CBA Executive Officer to communicate with the entire PROC as long as she is not soliciting opinions of other members' comments.

Mr. Duke advised members that knowingly participating in a meeting that violates the Act is a criminal misdemeanor. Further, any action taken by the PROC while in violation of the Act will be declared null and void.

Members were provided with a Guide to the Bagley-Keene Open Meeting Act.

### III. Economic Travel – Official State Business.

Nicholas Ng provided highlights from the Department of Consumer Affairs' Travel Guide and advised members that the State has increased its scrutiny of travel expense claims. PROC members were encouraged to use the most economical means of travel.

Mr. Ng provided the following tips to ensure that member's claims are not denied or reduced:

- Time is a factor when claiming meal expenses; claims should be for the actual amount of the expense, up to the maximum rates. No receipts are needed for reimbursement, but should be kept for tax purposes.
- Choices for travel: commercial air, private vehicle, rental car, bus, train, or a combination thereof.
  - Commercial air: the state contracts with Southwest, Alaska, Jet Blue, United and Continental. Southwest is the preferred carrier. Members can make reservations online at SWABIZ or use the State's contracted travel agent, The Travel Store. Even though the State is billed directly, a copy of itinerary must be submitted with the travel claim.
  - Use the most economical parking; typically long-term. A receipt is required for reimbursement over \$10.
  - Rental Car: Enterprise is the State's only contracted rental car company. Reservations can be made online. When using a rental car:
    - Do not use for personal business.
    - Do not purchase insurance; it is already included in state rates.
    - Refuel the car before returning it. Fuel is reimbursable, however, the State will not reimburse for fuel service options or fuel provided by Enterprise.
    - The maximum reimbursement is \$40 per day for an economy car.
    - A final rental agreement showing amount charged and payment method are required for reimbursement.
  - Private Vehicle: Reimbursement is \$.50 per mile.
- Lodging: Maximum reimbursement for lodging in most California counties is \$84 plus tax per night. Higher rates are available in certain counties.
- All receipts provided for reimbursement must be original and show payment method.
- A cost comparison is required when electing to travel in a private vehicle in lieu of commercial air.

Mr. Ng introduced Barbara Coleman, the CBA's Personnel Analyst, who will process all travel expense claims. Ms. Corrigan encouraged members to submit their travel expense claims in a timely manner.

Members were provided with a copy of the DCA Travel Guide and Pocket Travel Guide.

#### IV. Role of the PROC.

Rafael Ixta gave an overview of the 2008 memorandum that outlined the roles and responsibilities of the PROC, acknowledging that they are conceptual and will begin to take shape at future meetings.

Mr. Ixta indicated that since CalCPA is the administering entity for AICPA, which is currently the only Board-recognized peer review program provider, he will refer to CalCPA when referring to the PROC's oversight responsibilities. If additional peer review program providers are approved, the PROC will have the same oversight responsibilities with respect to those programs. Mr. Ixta added that the PROC has specific responsibility to develop the evaluation criteria and procedures for recommending approving other peer review programs to the CBA.

Ms. Corrigan pointed out that the CBA's report to the Legislature is due January 1, 2013. The work of the PROC will assist the CBA in gathering information to assess the program and make recommendations regarding the continuation of the program. Mr. Ixta added that the report to the Legislature must include the impact of peer review on small businesses, small firms and non-profit organizations. To collect this information, licensees will be asked to complete a voluntary, confidential survey upon submission of their online peer review reporting form. Mr. Ixta welcomed ideas from the PROC, AICPA and CalCPA on additional ways of collecting information for the report.

Ms. Bowers pointed out that since peer review is a brand new program, the CBA will look to the PROC for the expertise of its members to help assist and guide the CBA in providing the oversight of the program. She added that staff will come prepared to each meeting with research and documentation needed to provide recommendations, but the PROC will be shaping and establishing the oversight functions.

Mr. Ixta informed members that three proposed regulatory packages, including the regulations making peer review permanent, have been submitted to the Office of Administrative Law. It is expected that the regulations will be approved by the end of December. At its next meeting, the CBA will consider proposed regulations dealing with peer review provider reporting requirements for failed peer reviews.

#### V. Overview of the CBA's Peer Review Program.

April Freeman provided an overview on the CBA's role in mandatory peer review. Members were provided with a brief summary of prior CBA and Task Forces' considerations and recommendations for mandatory peer review implementation, in addition to the current regulatory requirements. Ms. Freeman explained which licensees were required to undergo peer review and how they report to the CBA. Information about the impact on the CBA and outreach efforts was also provided.

VI. Overview of the Board-Recognized Peer Review Program.

Linda McCrone and Jim Brackens gave an overview of the peer review process. Their presentation covered enrollment in the program, establishing a review year, scheduling a review, selecting an appropriate peer reviewer/team, peer reviewer qualifications, requests for extension, how engagement and system reviews are performed and rated, cost, and program oversight.

In response to members' questions, Ms. McCrone and Mr. Brackens explained that firms that fail to cooperate with the peer review process can be expelled from the program. They also discussed the Facilitated State Board Access (FSBA) Web site which allows selected CBA staff to view specific firms' peer review results and documents.

Mr. Brackens advised members that confidentiality statements must be signed by each member prior to them participating in any meetings at which specific peer review reports are discussed. Staff will work with DCA Legal Counsel to resolve this issue.

VII. Discussion of Implementation Activities.

Ms. Corrigan acknowledged that the first meeting was meant to orient members with duties and expectations of the PROC. She stated that members need to review the oversight checklists received from Texas, Mississippi, and the AICPA Peer Review Oversight Handbook, and be prepared to provide input at the January 2011 meeting. CBA staff was directed to make preliminary modifications to the checklists to meet California's needs.

At the January 2011 meeting, the PROC will make plans for members to participate in CalCPA Report Acceptance Body (RAB) meetings and conduct the annual administrative site visit of CalCPA Peer Review Program.

The PROC will also need to address if the roles and responsibilities adopted by the CBA are appropriate. CBA staff will provide a list of roles and responsibilities as outlined in statute and regulation.

VIII. AICPA Peer Review Exposure Draft, June 1, 2010.

Paul Fisher informed the PROC that the AICPA Peer Review Exposure Draft was presented at the September 22, 2010 CBA meeting. The CBA directed the PROC to prepare comments on the Exposure Draft. Although the deadline was August 31, 2010, AICPA will still accept comments.

Ms. Bowers stated that all aspects of peer review are important in California and reiterated the standard CBA process is to assign tasks to committees. No due date was given.

Mr. Brackens said that if the comments were not ready for AICPA's January 2011 Peer Review Committee meeting, the next meeting would be in May and the AICPA is still interested in receiving comments from California.

Ms. Corrigan asked for volunteers to review the Exposure Draft and prepare comments for the approval at the PROC meeting in January. T. Ki Lam and Robert Lee volunteered.

IX. Future Agenda Items and Meeting Dates.

Future agenda items include:

- PROC Roles and Responsibilities
- Oversight Checklists and Forms
- Comments on AICPA Peer Review Exposure Draft
- AICPA and CalCPA Meeting Dates

The PROC discussed having its next meeting on Thursday, January 27, 2011, in conjunction with the CBA meeting. A location for the CBA meeting has not yet been determined. If scheduling conflicts prohibit the PROC from meeting on January 27<sup>th</sup>, the alternative date is Thursday, January 20, 2011.

**It was motioned by Sherry McCoy, seconded by Gary Bong and unanimously carried by those present to set the next PROC meeting for Thursday, January 27, 2011, with an alternative date of Thursday, January 20, 2011.**

X. Public Comment.

No comments were received.

XI. Adjournment.

There being no further business, the meeting was adjourned at 4:10 p.m.

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Nancy Corrigan, Chair

April Freeman, Peer Review Analyst, prepared the PROC meeting minutes. If you have any questions, please call (916) 561-1720.

## Memorandum

PROC Agenda Item IV.  
January 20, 2011

To : PROC Members

Date : January 7, 2011

Telephone : (916) 561- 1731

Facsimile : (916) 263- 3673

E-mail : rixta@cba.ca.gov

From :   
Rafael Ixta, Enforcement Chief  
Enforcement Unit

Subject : PROC Roles and Responsibilities

At the November 9, 2010 PROC meeting, members discussed the PROC's responsibilities as adopted by the California Board of Accountancy (CBA) at its January 2008 meeting.

In an attempt to clarify and further define the PROC's responsibilities, staff reviewed the laws and regulations pertaining to mandatory peer review. Authority is granted by **Business and Professions Code (B&P) Section 5076.1(a)**, which states:

The board shall appoint a peer review oversight committee of certified public accountants of this state who maintain a license in good standing and who are authorized to practice public accountancy to provide recommendations to the board on any matter upon which it is authorized to act to ensure the effectiveness of mandatory peer review.

The following statutes and regulations give the PROC authority to hold meetings and request information required to make recommendations to the CBA:

- **B&P Code Section 5076.1(b)**

"The committee may request any information from a board-recognized peer review program provider deemed necessary to ensure the provider is administering peer reviews in accordance with the standards adopted by the board in regulations."

- **Division 1, Title 16 of the California Code of Regulations (CCR), Section 47(c)**

"The committee shall hold meetings as necessary in order to conduct business and shall report to the Board regarding the effectiveness of mandatory peer review. This shall include an annual report to the Board regarding the results of its oversight, and shall include the scope of work, findings, and conclusions regarding its oversight."

- **CCR Section 47(d)**

"The committee is authorized to request from a Board-recognized peer review program provider those materials necessary to perform its review."

- **CCR Section 47(f)**

"The committee shall review and recommend to the Board for approval of peer review program provider applications for recognition by the Board."

- **CCR Section 48.3(a)**

“Upon request of the Board or Peer Review Oversight Committee, a Board-recognized peer review program provider shall make available, at a minimum, the following:

(1) Standards, procedures, guidelines, training materials, and similar documents prepared for the use of reviewers and reviewed firms.

(2) Information concerning the extent to which the Board-recognized peer review program provider has reviewed the quality of reviewers’ working papers in connection with the acceptance of reviews.

(3) Statistical data maintained by the Board-recognized peer review program provider related to its role in the administration of peer reviews.

(4) Information concerning the extent to which the Board-recognized peer review program provider has reviewed the qualifications of its reviewers.

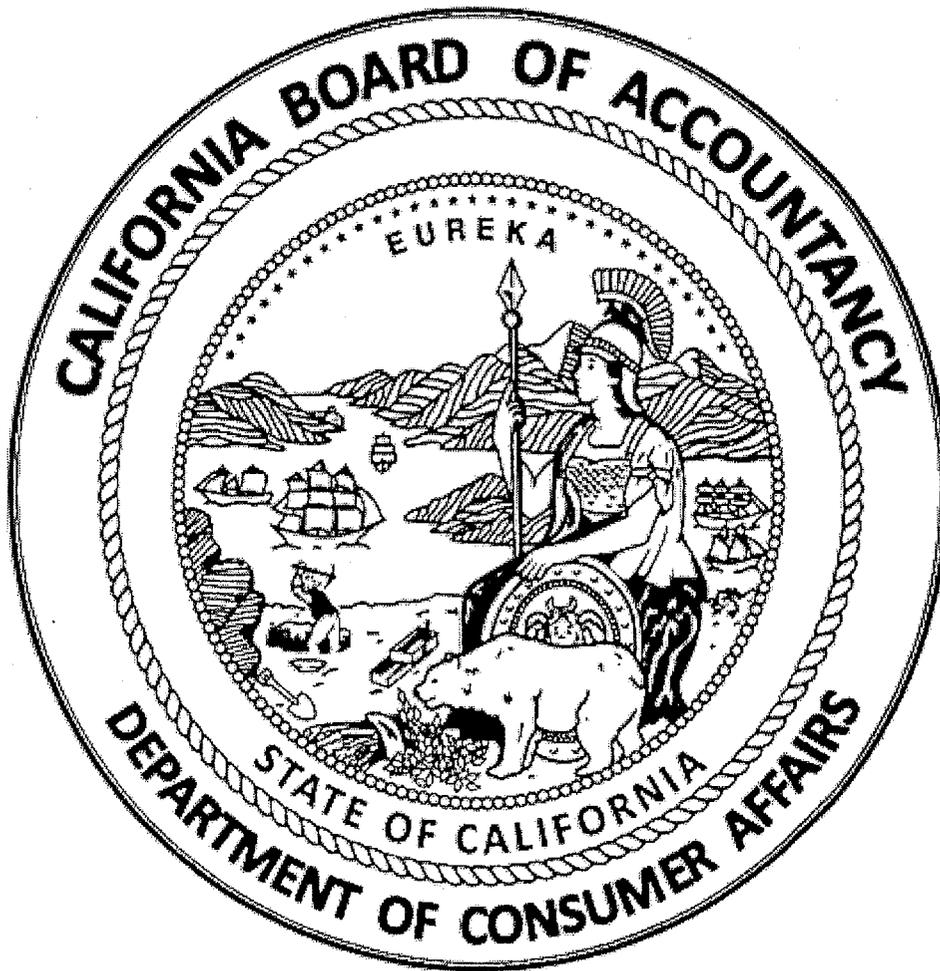
(5) Sufficient documents to conduct sample reviews of peer reviews accepted by the Board-recognized peer review program provider. These may include, but are not limited to: the report; reviewer working papers prepared or reviewed by the Board-recognized peer review program’s peer review committee in association with the acceptance of the review; and materials concerning the acceptance of the review, the imposition of required remedial or corrective actions, the monitoring procedures applied, and the results.”

While the above statutes and regulations do not mandate specific functions of the PROC, they do grant the PROC the authority to carry out each of the responsibilities adopted by the CBA as shown below.

- Oversee the activities of sponsoring organizations related to how peer reviews are processed and evaluated. **[B&P 5076.1(b), CCR 47(d)]**
- Ensure the sponsoring organizations are adhering to the American Institute of Certified Public Accountants (AICPA) *Standards for Performing and Reporting on Peer Reviews* (Standards). **[B&P 5076.1(b), CCR 47(d)]**
- Ensure that peer reviewers are properly qualified. **[CCR 48.3]**
- Ensure that peer reviews are being accepted in a consistent manner by the sponsoring organization’s report acceptance body. **[CCR 48.3]**
- Conduct site visits of sponsoring organizations and their peer review committees. **[CCR 48.3]**
- Perform random sampling of peer review reports. **[CCR 48.3]**
- Represent the CBA at the AICPA’s Peer Review Board meetings. **[B&P 5076.1]**
- Evaluate organizations outside the AICPA structure that desire to administer peer reviews in California. **[CCR Section 47(f)]**

Given the scope of its authority, the PROC has the discretion to undertake the necessary steps to oversee California’s mandatory peer review program. To this end, the PROC may wish to evaluate the responsibilities adopted by the CBA to determine if they are sufficient to carry out its mission. Should the PROC decide at any time to either increase or decrease its oversight functions, recommendations will need to be presented to the CBA for consideration. Further, the PROC may wish to formalize its committee activities through the development of an operations manual as used by other permanent CBA committees (sample attached.)

**CALIFORNIA BOARD OF ACCOUNTANCY**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**QUALIFICATIONS COMMITTEE**  
**PROCEDURE MANUAL**



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## SECTION I – ROLES AND RESPONSIBILITIES

### A. AUTHORITY OF THE QUALIFICATIONS COMMITTEE (QC)

The QC derives its authority under Section 5023 of the Business and Professions Code (California Accountancy Act).

### B. PURPOSE

The QC acts as an advisory committee and assists the California Board of Accountancy, (Board) in its licensure activities by:

1. Initiating and conducting work paper reviews of experience by requesting the applicant appear before the QC, or by requesting the employer appear before the QC under the provisions of Section 69 of Title 16, Division 1, Article 9 of the California Code of Regulations. (California Accountancy Regulations) **(Appendix 1)**
2. Conducting an annual internal audit of applications approved through the file review process.
3. Making recommendations and forwarding reports to the Board for action on any matter on which it is authorized to act. QC recommendations may include policy and procedural matters relating to the licensure of CPAs.

### C. MEMBERSHIP

The QC is comprised of up to 16 licensees who may act with the powers delegated by the Board in carrying out its assigned duties. It meets approximately four times annually either in Northern or Southern California, generally for one day each meeting. Additional Section 69 reviews may be conducted by QC members approximately one month prior to each QC meeting for those employers or applicants not in the geographic area of the upcoming QC meeting.

### D. TENURE

Individuals may serve for a maximum of eight years. Exceptions will be considered on a case-by-case basis. An individual who reaches maximum tenure on one committee, but who still wishes to serve, may request appointment to a different committee.

### E. CONFLICT OF INTEREST

A Committee member should be disassociated from any involvement with an applicant's file whose employer is the same as that of the Committee member or with whom the Committee member may have a conflict of interest for any other reason.

F. ATTENDANCE

QC members are expected to attend all regularly scheduled meetings of the QC as well as the Section 69 Sub Committee meetings. A member who is absent from three consecutive QC meetings will be subject to review by the Chair and Vice-Chair. Upon recommendation to the full Board, the member may be dismissed.

G. TRAVEL REIMBURSEMENT AND COMPENSATION

1. Travel Reimbursement

- a. Each QC member shall be reimbursed for traveling and other reasonable expenses necessarily incurred in the performance of duties. (Business and Professions Code Section 103)
- b. General guidelines for travel reimbursement will be provided at the time of appointment.

2. Compensation

Each Committee member shall receive a salary of one hundred dollars (\$100) for each day actually spent in the discharge of official duties. (Business and Professions Code Section 103)

## SECTION II – GENERAL COMMITTEE MEETING INFORMATION

### A. OPEN/CLOSED SESSION

QC meetings include both open and closed sessions. The business portion of the meeting is held in open session whereas the personal appearance and Section 69 reviews are held in closed session pursuant to Section 11126 of Title 1, Division 7, Chapter 3.5 of the Government Code.

### B. ATTENDANCE BY OTHERS

QC meetings may be attended by the Board liaisons as well as the general public. Members of the general public are only allowed to attend the open session.

### C. QUORUM

Before any action may be taken on agenda items, a quorum must be present at the meeting. Therefore, attendance by QC members is critical. A majority of the QC membership shall constitute a quorum.

## SECTION III – APPEARANCE BEFORE THE QC

### A. FILE REVIEW PROCESS FOR LICENSURE

1. File review is conducted by the Licensing Analyst and Licensing Coordinator. The file is then forwarded to the Licensing Manager for final approval, non approval, or referral to appear before the QC.
2. Sensitive files will be reviewed by the Licensing Manager prior to referral to the QC.

### B. REFERRAL TO THE QC FOR PERSONAL APPEARANCE (ATTEST EXPERIENCE)

It is the applicant's responsibility to present work papers that will enable him or her to demonstrate the ability to understand the requirements of planning and conducting a financial audit or performing other attest services with minimal supervision that results in an opinion on full disclosure financial statements. The audit work papers must substantiate that his or her experience meets the requirements of Section 5083 (**Appendix 2**) or Section 5095 (**Appendix 3**) of the California Accountancy Act and Section 11.5(a) (**Appendix 4**) or Section 12.5(b) (**Appendix 5**) of the California Accountancy Regulations. The circumstances under which an applicant may be requested to appear before the QC are:

1. Public Accounting Experience obtained **within** the United States and its territories. (American Samoa, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands)

Applicants for licensure **may** be required to appear before the QC to present work papers, or other evidence that substantiates the experience meets the requirements set forth in Section 11.5(a), 12 or Section 12.5(b) of the California Accountancy Regulations and otherwise meets the time requirements under the California Accountancy Act.

2. Non-public and government accounting experience.

Applicants who are applying with non-public and government experience **must** appear before the QC and present work papers, or other evidence that substantiates the experience meets the requirements set forth in Section 11.5(a) and Section 12.5(b) of the California Accountancy Regulations and otherwise meets the time requirements under the California Accountancy Act.

3. Public Accounting Experience obtained **outside** the United States and its Territories.

Applicants who are applying with experience obtained outside of the United States and its territories **must** appear before the QC and present work papers. The work papers must be in English and must substantiate that the

experience meets the requirements set forth in Section 11.5(a) and Section 12.5(b) of the California Accountancy Regulations and otherwise meets the time requirements under the California Accountancy Act.

As an alternative to appearing with the foreign work papers, an applicant may obtain a minimum of 500 hours of United States attest experience which meets the requirements of Section 5095 of the California Accountancy Act. The work must result in an affirmatively completed *Certificate of Attest Experience* (**Appendices 6 & 7**). It is mandatory that the work completed in the United States or its territories be available for review at the Board's discretion.

The above alternative does not apply to applicants applying under Section 5083 of the Accountancy Act (Pathway 0). These applicants must complete one year of United States experience which results in an affirmatively completed *Certificate of Attest Experience*. It is mandatory that the work completed in the United States or its territories be available for review at the Board's discretion.

C. REFERRAL TO THE QC FOR SECTION 69 REVIEWS (ATTEST EXPERIENCE)

The circumstances under which an employer may be requested to appear before the QC are:

1. The applicant is related to the employer. The applicant may also be requested to appear if he or she is related to a person who is at a higher level of authority within the same department.
2. The firm is on reappearance status due to a prior unsatisfactory Section 69 review.
3. An unduly short period of experience that results in an affirmatively completed *Certificate of Attest Experience*.
4. There is an alleged disagreement between the applicant and the licensee supervisor as to dates and/or type of work performed.
5. The employer has failed or refused to complete a *Certificate of Attest Experience*.
6. The Board reasonably believes that the information on the *Certificate of Attest Experience* may be false or incorrect.

D. REFERRAL TO THE QC FOR PERSONAL APPEARANCE OR SECTION 69 REVIEW (GENERAL EXPERIENCE)

Circumstances under which an employer may be requested to appear before the QC to meet the requirements of Sections 5092 or Section 5093 of the California Accountancy Act and Section 12 of the California Accountancy Regulations are:

1. There is an alleged disagreement between the applicant and the licensee supervisor as to dates and/or type of work performed.
2. The employer has failed or refused to complete a *Certificate of General Experience*. (**Appendices 8 & 9**)

## SECTION IV – PERSONAL APPEARANCES AND SECTION 69 REVIEW PROCEDURES

When an applicant and/or employer is required to appear before the QC a review will be performed of the working papers, reports, and financial statements either by hardcopy files or electronic work papers. The personal appearances and Section 69 reviews are conducted by a committee which is comprised of a minimum of two QC members. The personal appearances are scheduled in 45 minute intervals whereas the Section 69 reviews are scheduled in one hour intervals.

### A. PERSONAL APPEARANCE PROCEDURES

1. Applicants are requested to provide work papers that will support the affirmative answers on the *Certificate of Attest Experience*. Therefore, the Committee should consider all the applicant's work papers and documentation so it has a sufficient basis to form an opinion as to the appropriateness of the experience and make a recommendation regarding such experience.

Additional work papers and documentation not covered by the existing *Certificate of Attest Experience* may be reviewed. However, a *Certificate of Attest Experience* must subsequently be submitted.

2. An *Interview Summary Sheet (Appendix 10)* must be completed and signed by the Committee to indicate the results of the work paper review. Complete notes must be made in the files to assure the letter to the applicant is properly worded. Comprehensive and clear notes can eliminate potential problems and ease future reviews.
3. A letter will be sent by Board staff to the applicant confirming the results of the interview.
4. Applicants who are not approved may gain additional attest experience. Upon submission of a new *Certificate of Attest Experience*, a determination will be made as to whether or not the applicant needs to reappear before the QC with the work papers.

### B. SECTION 69 REVIEW PROCEDURES

1. The Committee conducts the review with the signer (employer) of the *Certificate of Attest Experience* or designated representative. If the signer of the *Certificate of Attest Experience* is not present, there must be a letter in the file authorizing a designated representative.

The applicant is also encouraged to attend as the process can be more successful when the employer and the applicant appear together. However, this is a review of the employer's understanding of the *Certificate of Attest Experience*. Subjects may be discussed which would not specifically relate to the applicant and there may be instances where the Committee may wish to speak to the employer and applicant separately.

2. The employer must present the *Section 69 Firm Information – Employer Sheet (Appendix 11)* and the *Worksheet for Substantiation of Qualifying Experience (Worksheet) Under Section 11.5(a) & Section 12.5(b) (Appendix 12)* forms for the work papers being reviewed.
3. The Committee should explain to the employer the Section 69 process and the actions that could result from the review. As an example, if it is determined the firm does not have a clear understanding of the completion of the *Certificate of Attest Experience*, the firm will be placed on reappearance.
4. Upon review, if it is determined that the *Certificate of Attest Experience* submitted was completed incorrectly a revised *Certificate of Attest Experience* will be requested.
5. The Committee should clearly communicate its conclusion to the employer and applicant, discussing with the employer any potential improvements that might be made, recommending specific continuing education, as necessary.
6. If the review by the Committee determines the firm has an adequate understanding of the *Certificate of Attest Experience*, the firm will not be requested to appear again for at least three years unless extenuating circumstances arise.
7. If the review determines the firm does not have a clear understanding of the *Certificate of Attest Experience*, the firm is placed on reappearance status. The firm must reappear each time a *Certificate of Attest Experience* is submitted on behalf of an applicant, until such time as a QC review determines the firm has an adequate understanding of the *Certificate of Attest Experience*.

The Committee may also refer the employer/firm to the Enforcement Division. In such cases, the *Enforcement Division Referral Form (Appendix 13)* must be completed at the conclusion of the interview.

If the firm is placed on reappearance status, or referred to the Enforcement Division, the *Section 69 Meeting Results Form (Appendix 14)* must be completed.

8. At the conclusion of the review, the Committee collects the *Section 69 Firm Information – Employer Sheet* and the *Worksheet*.

9. The results/recommendations must be clearly documented on the *Section 69 Firm Interview Evaluation Sheet (Appendix 15)*. The Committee signs the completed *Section 69 Firm Interview Evaluation Sheet* and the *Section 69 Meeting Results Form* contained in the applicant's file.
10. A letter will be sent by Board staff to the employer confirming the results of the Section 69 review. Complete notes must be made in the files to assure the letter is properly worded. Comprehensive and clear notes can eliminate potential problems and ease future reviews.

## SECTION V – ENFORCEMENT DIVISION REFERRALS

The Enforcement Division's purpose is to oversee all aspects of the investigative and enforcement processes. It initiates complaints as well as investigates those filed by consumers. The subjects of such complaints and investigations include both licensees and those practicing public accounting without a license. As part of these processes, the Enforcement Division establishes if the Board has jurisdiction under California law, and it determines whether enforcement sanctions should be imposed when Board statutes and regulations are violated.

The QC should recommend an employer be referred for investigation if, upon review of the work papers, gross negligence or fraud is suspected. The referral is reviewed by the QC Chair and Vice-Chair, and if there is concurrence, the referral is forwarded to the Enforcement Division on the *Enforcement Division Referral Form*. In all instances, the Committee would refer the signer of the *Certificate of Attest Experience* to the Enforcement Division, obtaining copies of any evidentiary documents to support the referral.

Refusal of a California licensee to submit a *Certificate of Attest Experience* or *Certificate of General Experience* for any reason may be cause for disciplinary action. If an applicant indicates his or her licensed CPA employer has refused to submit a *Certificate of Attest Experience* or *Certificate of General Experience*, the Committee members should note it in the file. The matter will be reviewed by the Licensing Manager and, if appropriate, a referral to the Enforcement Division will be made.

## SECTION VI – APPLICANT APPEAL PROCESS

If an applicant is dissatisfied with the findings of the Committee the applicant has the right to request a review before the QC Chair and Vice-Chair. If the applicant is still dissatisfied after meeting with the QC Chair and Vice-Chair, the applicant has the right to appeal to the Board. Pursuant to Section 49 (**Appendix 16**) of the California Accountancy Regulations, all appeals of QC decisions must be made in writing directly to the Board.

The Board requires that the appeal be reviewed by the QC Chair and Vice Chair prior to the scheduling of a personal appearance before the Board.

Any new material submitted by the applicant as a part of the appeal must be reviewed and considered in advance by the QC Chair and Vice Chair. The Board will not hear any appeal involving new or additional material until it has been reviewed and acted on by the QC or Board staff.

The applicant has a right to appeal to the Superior Court by means of a Writ of Mandate in seeking judicial review.

## SECTION VII – LIST OF APPENDICES

- APPENDIX 1 Section 69 Certification of Applicant's Experience (California Accountancy Regulations)
- APPENDIX 2 Section 5083 Experience Requirements Pursuant to Section 5090(b) and Section 5084 One Year Experience Credit for Education Pursuant to Section 5090 (b) (California Accountancy Act)
- APPENDIX 3 Section 5095 Providing Attest Services (California Accountancy Act)
- APPENDIX 4 Section 11.5 Experience Requirements for Applicants Who Will be Applying for Licensure Pursuant to Business and Professions Code Section 5090(b) and Section 12 General Experience Required Under Business and Professions Code Sections 5092 and 5093 (California Accountancy Regulations)
- APPENDIX 5 Section 12.5 Attest Experience Requirements Pursuant to Section 5095 (California Accountancy Regulations)
- APPENDIX 6 Certificate of Attest Experience (Public) (Form 11A-6A)
- APPENDIX 7 Certificate of Attest Experience (Non-Public) (Form 11A-6)
- APPENDIX 8 Certificate of General Experience (Public) (Form 11A-29)
- APPENDIX 9 Certificate of General Experience (Non-Public) (Form 11A-29A)
- APPENDIX 10 Interview Summary Sheet (Form 11L-28)
- APPENDIX 11 Section 69 Firm Information – Employer Sheet (Form 11A-40)
- APPENDIX 12 Worksheet for Substantiation of Qualifying Experience Under Section 11.5 and Section 12.5
- APPENDIX 13 Enforcement Division Referral Form (Form 11L-23A)
- APPENDIX 14 Section 69 Meeting Results Form (Form 11L-32)
- APPENDIX 15 Section 69 Firm Interview Evaluation Sheet (11A-41)
- APPENDIX 16 Section 49 Appeals (Accountancy Regulations)

## Memorandum

PROC Agenda Item V.a.  
January 20, 2011

To : PROC Members

Date : January 11, 2011

Telephone: (916) 561-1731

Facsimile : (916) 263-3673

E-mail : rixta@cba.ca.gov

From :   
Rafael Ixta, Chief  
Enforcement Division

Subject : Draft Oversight Checklists

At the November 9, 2010, Peer Review Oversight Committee (PROC) meeting, you were provided with copies of peer review oversight checklists used by the Texas State Board of Public Accountancy's Peer Review Oversight Board. The following checklists have been modified to reflect information related to California:

- Checklist – Systems Review (attachment 1)
- Checklist – Engagement Review (attachment 2)
- Summary of Periodic Oversight Visit of Board-Recognized Peer Review Program's Peer Review Committee Meetings (attachment 3)
- Summary of Administrative Site Visit (attachment 4)

The following checklists used by Texas have not been modified since they do not seem applicable to California. Should the PROC determine that the checklists are applicable to California, they will be modified.

- Sponsoring Organization Questionnaire for the Administration of Peer Reviews in 2011 (attachment 5)
- Administering Entity 2011 Plan of Administration (attachment 6)

You have also been provided with an electronic copy of the *AICPA Peer Review Oversight Handbook* to use as a reference when creating oversight materials. Please bring a copy of the handbook to the meeting and be prepared to discuss the following Exhibits: 1-3; 1-4; 1-20 through 1-23; 2-1; 2-6; 2-14; 2-18; 2-22; and 2-27.

The above-referenced checklists and exhibits will serve as a launching point for the development of the PROC's own oversight materials.

Attachments

California Board of Accountancy  
Peer Review Oversight Committee (PROC)

Checklist – Systems Review

Performed by PROC Member: \_\_\_\_\_ Administering Entity: \_\_\_\_\_  
 \_\_\_\_\_ Firm Name: \_\_\_\_\_  
 Date: \_\_\_\_\_ Firm Number: \_\_\_\_\_  
 Technical Reviewer of Administering Entity: \_\_\_\_\_ Review Number: \_\_\_\_\_  
 Report Type Current: \_\_\_\_\_  
 Review Captain: \_\_\_\_\_  
 DATES: \_\_\_\_\_ Report Type Prior: \_\_\_\_\_  
 Exit Conference: \_\_\_\_\_ Review Period: \_\_\_\_\_  
 Technical Review: \_\_\_\_\_ PRC: \_\_\_\_\_

	YES	NO	N/A	COMMENTS
I. Technical Reviewer's Checklist:  A. Have all questions and comments raised by the technical reviewer been resolved?  B. Is the technical reviewer's checklist complete?  C. Has the reviewer identified the significant issues in the peer review?  D. Do you agree with the technical reviewer's: 1. Conclusions? 2. Recommendations?				
II. Peer Review Workpapers  A. Are all required documents submitted by the reviewing Firm complete?  B. Summary Review Memorandum 1. Does the review team have experience in those industries served by the Firm under review?  2. Is the scope of review sufficient to provide adequate coverage of the Firm's practice and the Partner and management level personnel?  3. Has the reviewing Firm clearly assessed risk in the Firm's accounting and auditing practice to determine the scope of the review?				

	YES	NO	N/A	COMMENTS
Peer Review Workpapers				
Summary Review Memorandum (cont.)				
4. a. Are there matters in the Firm's prior report, LOC's and FFC's, that require additional emphasis in the current review?				
b. Has the reviewing Firm recognized the need for that emphasis?				
5. Are there any issues included in the exit conference that should be defined as a matter, finding, deficiency, or significant deficiency and included in an MFC form or in the report?				
6. a. Are all other sections of the SRM completed?				
b. Do they contain information that would indicate other action is indicated beyond the present conclusions of the reviewing Firm?				
C. Reviewer's Checklist				
1. Are all items completed?				
2. Are all issues resolved?				
3. Were matters noted in the review included on an MFC form?				
4. Were all MFC's included in the DMFC form?				
5. Was the disposition of each MFC appropriate (included in the report, or the FFC form, discussed with the Firm or cleared)?				
6. Did the Team captain properly distinguish and categorize matters, findings, deficiencies and significant deficiencies?				
7. Are the findings contained in the FFC form written in a manner such that the Firm can appropriately respond?				
III. Are the overall conclusions logical and consistent with the issues shown in the MFC's, FFC's and reports?				
IV. Report				
A. If there are prior reports, LOC's and FFC's, have you reviewed them?				
B. Are the current report and/or FFC's consistent with the matters discussed in the MFC's and the conclusions of the Review Team?				

	YES	NO	N/A	COMMENTS
<p>Report (cont.)</p> <p>C. Are the matters in the report and FFC's systemically written and appropriate based upon your review of all MFC's?</p> <p>D. Do the MFC's contain issues similar to those included in the prior report, LOC's or FFC's?</p> <p>1. Are these issues noted in the current report or FFC's as repeat findings?</p>				
<p>V. Letter of Response</p> <p>A. Does the Letter of Response present an action plan that addresses the deficiency or deficiencies identified in the report?</p> <p>B. Does the corrective action plan appear to be appropriate?</p>				
<p>VI. Implementation Plan</p> <p>A. Has the Peer Review Committee required the Firm to submit an implementation plan as the result of findings included in the FFC form?</p> <p>B. If an implementation plan is required, review the plan to determine if it addresses the issues identified in the FFC form.</p>				
<p>VII. Conclusions</p> <p>A. Do you agree with the conclusions of the Peer Review Committee?</p> <p>B. Are follow-up matter:</p> <p>1. Appropriate?</p> <p>2. Timely? If no, why not?</p> <p>C.</p> <p>1. Has the reviewer been evaluated?'</p> <p>2. Based upon your review, do you agree with the evaluation?</p> <p>3. Do you feel that the reviewer needs additional training?</p>				
<p>VIII. Has the review been processed timely?</p> <p>If no, why not?</p>				

General Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

California Board of Accountancy  
Peer Review Oversight Committee (PROC)

Checklist – Engagement Review

Performed by  
PROC Member: \_\_\_\_\_ Administering Entity: \_\_\_\_\_

\_\_\_\_\_ Firm Name: \_\_\_\_\_

Date: \_\_\_\_\_ Firm Number: \_\_\_\_\_

Technical Reviewer of  
Administering Entity: \_\_\_\_\_ Review Number: \_\_\_\_\_

Review Captain: \_\_\_\_\_ Report Type  
Current: \_\_\_\_\_

DATES: \_\_\_\_\_ Report Type Prior: \_\_\_\_\_

Exit Conference: \_\_\_\_\_ Review Period: \_\_\_\_\_

Technical Review: \_\_\_\_\_ PRC: \_\_\_\_\_

	YES	NO	N/A	COMMENTS
<p>I. Technical Reviewer's Checklist:</p> <p>A. Have all questions and comments raised by the technical reviewer been resolved?</p> <p>B. Is the technical reviewer's checklist complete?</p> <p>C. Are the conclusions of the technical reviewer appropriate?</p> <p>D. 1. Is the performance of the technical staff in conformity with the administering entities guidelines?</p> <p>2. Is the performance of the technical staff appropriate given the circumstances? (Comment if "No")</p>				
<p>II. Engagement Review Workpapers</p> <p>A. Is the Review Completion Form completed?</p> <p>B. Is the Engagement Statistics Data Sheet completed?</p> <p>C. Is the scope adequate?</p> <p>D. Are the workpapers complete (contain all forms and checklists)?</p> <p>E. Reviewer's Checklists</p> <p>1. Are all items completed?</p> <p>2. Are all issues resolved?</p>				

	YES	NO	N/A	COMMENTS
<p>Engagement Review Workpapers</p> <p>Reviewer's Checklists (cont.)</p> <p>3. Were matters noted in the review included on an MFC form?</p> <p>4. Were all MFC's included in the DMFC form?</p> <p>5. Was the disposition of each MFC appropriate (included in the report, or the FFC form, discussed with Firm or cleared)?</p> <p>6. Did the Review Captain properly distinguish and categorize matters, findings, deficiencies and significant deficiencies?</p> <p>7. Are the findings contained in the FFC form written in a manner such that the Firm can appropriately respond?</p>				
<p>III. Report</p> <p>A. Based upon your reading of the matters included in the MFC's, does the report appear appropriate?</p> <p>B. Read the Firm's prior reports, LOC's, or FFC's –</p> <p>1. Did prior LOC's or FFC's contain similar findings as those noted in the current review?</p> <p>2. Are any of the findings a repeat?</p> <p>3. If there is a repeat finding, has it been identified in the MFC, FFC or report?</p>				
<p>IV. Letter of Response</p> <p>A. Does the Letter of Response address each of the issues contained in the report?</p> <p>B. Does the Firm's corrective action plan appear to be appropriate?</p>				
<p>V. Conclusions</p> <p>A. Do you agree with the conclusions of the Peer Review Committee?</p> <p>B. 1. Are the follow-up matters appropriate? :</p> <p>2. Are they timely?</p> <p>C. 1. Has the reviewer been evaluated?</p> <p>2. Based upon your review, do you agree with the evaluation?</p> <p>3. Do you feel that the reviewer needs additional training?</p>				

	YES	NO	N/A	COMMENTS
VI. Has the review been processed timely?  If no, why not?				

General Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

California Board of Accountancy  
Peer Review Oversight Committee (PROC)

Summary of Periodic Oversight Visit of Board-Recognized Peer Review Program's  
Peer Review Committee Meetings

Date of Visit: \_\_\_\_\_

PROC Members Performing Visit:

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	YES	NO	N/A
1. Are technical reviews being performed within a reasonable time period after review documents are submitted to the Peer Review Program?			
2. Do technical reviewers appear knowledgeable about their responsibilities?			
3. Do the technical reviewers resolve inconsistencies and disagreements before accepting the CPA reports?			
4. Is the technical reviewer available during the meeting to answer questions that arise?			
5. Are technical reviewers knowledgeable about:			
The differences in the basis for performing systems and engagement reviews.			
Monitoring issues.			
Engagements requiring industry specific knowledge, i.e. engagements subject to ERISA, Governmental Standards/Regulations, etc.			
Assessment of peer review risk in determining the scope of the review.			
The interrelationship of MFC's, FFC's, and DMFC's.			
The differences in matters, findings, deficiencies and significant deficiencies.			
Appropriate types of reports.			
Circumstances for requiring revisions to review documents.			
Appropriateness of recommended corrective or monitoring actions.			

	YES	NO	N/A
6. Have the technical reviewers raised any specific issues?			
7. Have the technical reviewers presented solutions to the specific issues?			
8. Do technical reviewers believe sufficient guidance is provided by their programs?			
9. Has the technical staff demonstrated improvement from any prior oversight visit report?			
10. Based upon the criteria established by the PROB, make a selection of engagements to be presented at the RAB meeting, as well as those accepted by the technical review staff during the period since the previous RAB meeting, and perform tests of those reviews using the system and engagement checklists developed by the PROB.			
11. Attend the program's Peer Review Committee Report Acceptance Body meetings and observe their deliberations in the acceptance process of the reports on the peer reviews presented and assess the reasonableness of the Committee's discussions and their conclusions on the review presented.			
12. In what areas do committee members believe sufficient guidance is needed:  _____  _____  _____			
13. Were the following manuals available during the meeting?			
Program Review Program Manual			
Peer Review Administrative Manual			
Handbook			
14. Are there a required minimum number of committee members present?			
15. Were appropriate decisions made regarding:			
Monitoring issues.			
Scope of the review.			
Revisions to review documents.			
Corrective or monitoring actions.			
The issuance of team captain feedback forms.			
Requests for extension.			
Conclusions on problem review.			

	YES	NO	N/A
16. Were any specific problems or issues discussed?			
17. Has the Committee agreed to take any action on the problems or issues raised?			
18. Do the Committee members believe sufficient guidance is provided by the program?			
19. In what areas do committee members believe additional guidance is needed:			
_____			
_____			
_____			
20. Does the Committee consider technical reviewers' recommendations and then come to its own decision?			
21. Has the Committee demonstrated improvement from any prior oversight visit report?			
22. Please rate the Committee's knowledge of acceptance procedures and corrective/monitoring actions:			
_____			
_____			
_____			
23. At the conclusion of the meeting discuss your findings with the organization's Peer Review Committee Chair and Program Director:			
<input type="checkbox"/> Poor <input type="checkbox"/> Adequate; needs some improvement <input type="checkbox"/> Excellent			
Comments:			
_____			
_____			
_____			

California Board of Accountancy  
Peer Review Oversight Committee (PROC)

Summary of Administrative Site Visit

Date of Visit: \_\_\_\_\_

PROC Members Performing Visit:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

1. List program staff interviewed as part of the oversight visits:			
Name:	Title:		
	Yes	No	N/A
2. Are workpaper retention policies properly followed?			
Peer Review Program Manual			
Peer Review Administrative Manual			
Peer Review Computer System User Manual			
3. Are actions taken to monitor the completion of the follow-up actions required by the Peer Review Committee			
4. Are program letters generated to advise reviewers of poor performance or tardiness when warranted?			
5. Are acceptance letters sent in a timely manner?			
6. Does the administrative staff require any additional assistance from program support staff?			
7. Based upon a walkthrough, rate the administrative staff's knowledge and computer procedures:			
<input type="checkbox"/> Poor <input type="checkbox"/> Adequate; needs improvement <input type="checkbox"/> Very good <input type="checkbox"/> Excellent			

8. In what areas does the administrative staff need improvement or training?

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9. Were any specific issues identified and discussed?

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	Yes	No	N/A
10. Has the administrative staff demonstrated improvement from any prior oversight visit?			

Prior oversight conclusion was:

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Comments:

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**TSBPA PEER REVIEW PROGRAM**

**SPONSORING ORGANIZATION QUESTIONNAIRE FOR THE  
ADMINISTRATION OF PEER REVIEWS IN 2009**

1. Name of the organization { \_\_\_\_\_ }
2. Has the organization made participation of a member's Firm in an approved practice-monitoring program a condition of continued organization membership? Yes  No
3. Please indicate the level of involvement desired in 2009 under the TSBPA Peer Review Program (Program).
  - a)  The organization will administer the Program for Firms enrolled in the Program whose main offices are located in the state of Texas. Please complete the attached Administering Entity 2009 Plan of Administration (Attachment 1).
  - b)  The organization has arranged for another approved sponsoring organization to administer the Program for Firms enrolled in the Program whose main offices are located in the state of Texas.

Please indicate other sponsoring organizations: { \_\_\_\_\_ }

Signature of organization's Chief Executive.

Executive: \_\_\_\_\_ Date \_\_\_\_\_  
(Signature)

Name: { \_\_\_\_\_ }

Title: { \_\_\_\_\_ }

Telephone Number: { \_\_\_\_\_ } Fax: { \_\_\_\_\_ }

E-mail Address: { \_\_\_\_\_ }

**TSBPA PEER REVIEW PROGRAM**

**ADMINISTERING ENTITY 2009 PLAN OF ADMINISTRATION**

1. Entities requesting to administer the Program are required to complete and sign the Plan of Administration annually whereby they agree to administer the Program in compliance with the minimum standards adopted by the TSBPA (the AICPA Peer Review Program Standards and the related guidance materials issued by the AICPA Peer Review Board).

Do you agree to do so? Yes  No

2. Information on the person(s), who will be responsible for administering the Program.

Name { \_\_\_\_\_ }  
Title: { \_\_\_\_\_ }  
Telephone Number { \_\_\_\_\_ } Fax: { \_\_\_\_\_ }  
E-mail Address: { \_\_\_\_\_ }

Name { \_\_\_\_\_ }  
Title: { \_\_\_\_\_ }  
Telephone Number: { \_\_\_\_\_ } Fax: { \_\_\_\_\_ }  
E-mail Address: { \_\_\_\_\_ }

3. Please attach a listing of the individuals on the administering entity's peer review committee appointed to oversee the administration of the Program. Using the codes from the reviewer resume form, please indicate individuals on the RABs who have governmental, FDICIA or ERISA experience. Attachment 3

Name of Chair of the Peer Review Committee: { \_\_\_\_\_ }  
Firm Name: { \_\_\_\_\_ }  
Address: { \_\_\_\_\_ }  
City: { \_\_\_\_\_ } State: { \_\_\_\_\_ } Zip Code: { \_\_\_\_\_ }  
Telephone Number: { \_\_\_\_\_ } Fax: { \_\_\_\_\_ }  
E-mail Address: { \_\_\_\_\_ }

Do the individuals appointed to the peer review committee possess the qualifications set forth in paragraph 132 and Interpretation No. 132-1 of the *AICPA Standards for Performing and Reporting on Peer Reviews*?

Yes  No  If no, please attach a memo with an explanation.

\* Effective for Peer Reviews Commencing on or After January 1, 2009

- 4. Please attach a listing of the individuals serving as technical reviewers (include name, address, phone number, and e-mail information). Do these individuals possess the qualifications set forth in paragraph 136 and Interpretation No. 132-1 of the *AICPA Standards for Performing and Reporting on Peer Reviews*? Yes  No  If no, please attach a memo with an explanation. Attachment 4
- 5. Administering entities are required to possess oversight procedures as discussed in the AICPA Peer Review Program Oversight Handbook to ensure that peer reviews are carried out in compliance with the *AICPA Standards for Performing and Reporting on Peer Reviews* and the administrative procedures set forth in the *AICPA Peer Review Program Administrative Manual*, including the monitoring, scheduling and completion of reviews. Are your procedures in compliance with such requirements? Yes  No  If not, please indicate when you expect to establish these procedures. { \_\_\_\_\_ }

Please attach the following: Attachment 5

- a) Documented back-up plan for key individuals involved in the administration of the AICPA Peer Review Program for 2009.
- b) The administering entity's current oversight procedures.
- c) Administrative oversight report for year following the last Oversight Task Force visit.
- d) List of reviewers whose resume has been verified in 2008 (Include reviewer last name, first name, member number, and indicate total number of active reviewers and % verified).
- e) List of reviews oversighted during 2008 (Include name, review number, name of reviewer, types of peer review, date of oversight, on-site/off-site, name of individual performing oversight).
- f) List of reviews that included "must select" engagements oversighted during 2008 (Include Firm name, review number, name of reviewer, type of engagement oversighted, date of oversight, on-site/off-site, name of individual performing oversight).

Note: Oversight procedures are to be reported on for the 2008 calendar year based on the date performed.

- 6. Will the records on the reviews that must be maintained by the administering entity, including the working papers on reviews as performed by review teams appointed by the administering entity, be kept at the administering entity's main office? Yes  No  If no, please indicate where these records will be kept. { \_\_\_\_\_ }

- 7. Signature of administering entity Chief Executive.

Executive: \_\_\_\_\_ Date: \_\_\_\_\_  
(Signature)

Name: { \_\_\_\_\_ }  
Title: { \_\_\_\_\_ }  
Telephone Number: { \_\_\_\_\_ } Fax: { \_\_\_\_\_ }  
E-mail Address: { \_\_\_\_\_ }

## Memorandum

PROC Agenda Item VI.  
January 20, 2011

To : PROC Members

Date : January 6, 2011  
Telephone: (916) 561-1731  
Facsimile : (916) 263-3673  
E-mail : rixta@cba.ca.gov

From :   
Rafael Rixta, Chief  
Enforcement Division

Subject : 2011 Year-at-a-Glance PROC Calendar

The attached 2011 Year-at-a-Glance California Board of Accountancy Peer Review Oversight Committ (PROC) Calendar includes meetings that are currently scheduled for the following bodies:

- California Board of Accountancy (CBA)
- CBA Peer Review Oversight Committee
- American Institute of Certified Public Accountants' Peer Review Board
- California Society of Certified Public Accountants' Report Acceptance Body
- California Society of Certified Public Accountants' Peer Review Committee
- National Association of State Boards of Accountancy PROC Summit

This calendar is provided to assist you in scheduling dates for future PROC meetings, in addition to assigning members to participate in meetings held by the Board-recognized peer review program and its administering entity.

Please bring your 2011 calendars to the meeting to facilitate the scheduling process.

Attachment

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
PEER REVIEW OVERSIGHT COMMITTEE (PROC)  
2011 MEETING DATES/LOCATIONS**

(as of January 7, 2011)

**JANUARY 2011**

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

**FEBRUARY 2011**

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

**MARCH 2011**

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**APRIL 2011**

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**MAY 2011**

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**JUNE 2011**

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

**JULY 2011**

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

**AUGUST 2011**

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**SEPTEMBER 2011**

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

**OCTOBER 2011**

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

**NOVEMBER 2011**

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

**DECEMBER 2011**

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

10-day Meeting Notice Date

**COMMITTEE/TASK FORCE**

- CBA - California Board of Accountancy
- PROC - Peer Review Oversight Committee
- AICPA - American Institute of Certified Public Accountants
- PRB - Peer Review Board
- CalCPA - California Society of Certified Public Accountants
- RAB - Report Acceptance Body
- PRC - Peer Review Committee
- NASBA - National Assoc. of State Boards of Accountancy

**GENERAL LOCATION**

- NC-NORTHERN CALIFORNIA
- SC-SOUTHERN CALIFORNIA
- SJ-SAN JOSE
- FL-FLORIDA
- TN-TENNESSEE
- T-TELECONFERENCE

- ON SHADED DATES CBA OFFICE IS CLOSED
- CBA MEETING
- PROC MEETING
- AICPA PRB MEETING
- CalCPA RAB MEETING
- CalCPA PRC MEETING
- NASBA PROC SUMMIT

# MEMORANDUM

PROC Agenda Item VII.  
January 20, 2011

December 12, 2010

TO: Nancy Corrigan, Chair, PROC  
PROC Members

FROM: Tze-Ki Lam, PROC Member  
Robert Lee, PROC Member Elect

SUBJECT: AICPA Peer Review Program Exposure Draft, June 1, 2010

This memorandum is respectfully submitted to the California Peer Review Oversight Committee for purposes of making a recommendation to the California Board of Accountancy for their consideration in submitting a response to the AICPA during the open comment period regarding the AICPA Exposure Draft of June 1, 2010 entitled "Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Peer Review of Quality Control Materials (QCM) and Continuing Professional Education (CPE) Programs."

In summary, the Exposure Draft calls for three major changes to the current standards as follows:

- 1) "Revises and clarifies the guidance for [individuals or firms] involved in the development and maintenance of QCM or CPE programs such that they are not permitted to serve on review teams that use [the] QCM or CPE programs [that the individuals or firms developed as QCM and CPE materials for peer review] (user firms) . This impacts firms that develop and maintain QCM or CPE programs (provider firms) as well as an association of CPA firms that develop and maintain QCM or CPE programs (provider association).
- 2) "Removal of the requirements for providers to undergo triennial peer reviews of the systems to develop and maintain QCM and CPE programs, and of the resultant materials. However, providers can still elect to undergo such a review voluntarily. This is applicable for provider associations."
- 3) "Revises the procedures for performing a CPE program review for those providers that elect to undergo such a review. There are no changes proposed to the procedures for performing a QCM peer review, although some clarifications to those procedures are included."

With respect to change #1 above, the AICPA Peer Review Board (PRB) is seeking to further strengthen and clarify the current *Standards for Performing and Reporting on Peer Reviews* and related *Interpretations* (collectively "*Standards*") and better ensure that the *Standards* support and comply with one of the most important pillars of our profession – Independence. This fundamental hallmark of our profession requires that a CPA be independent in fact and/or in appearance. The Peer Review *Standards* define independence and objectivity in paragraph 22, stating that "the reviewing firm, the review team,

and any other individuals who participate on the peer review should be free from an obligation to, or interest in, the reviewed firm or its personnel." With respect to objectivity, paragraph 22 further states "the principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest."

The predominant issue at hand arises when a developer and provider of QCM and CPE materials sells its own materials to a user firm that employs the materials and then engages the provider firm to perform peer review services for the user firm. The purchase of QCM and CPE materials from a provider naturally creates an economic relationship with a user firm. This economic relationship further creates a natural desire on behalf of the provider to ensure that the materials they have developed and sold to the user firm will result in a favorable outcome for the user firm. As a result, this economic bias could readily taint the objectivity of the provider firm both in fact and/or in appearance. Providers will naturally benefit when the firms that use their materials successfully complete peer review.

In addition to creating a lack of independence, the provider that delivers QCM and CPE materials for implementation by a user firm will by default become an extension of the user firm's system of quality control. Again, this is a violation of the Independence rules and standards requiring that CPA's not be a part of the establishment and implementation of internal controls, including monitoring ongoing activities, in attest engagements. The PRB therefore concluded that the "consequences of allowing a peer reviewer that is also a part of the provider's system of control to peer review a user firm conflicts with a peer reviewer maintaining the independence, integrity and objectivity that the *Standards* embody."

The proposed change regarding #1 above, affects paragraphs 156, 159, 160 and 164 of the *Standards* as well as Interpretations 21-1, 21-7 and 21-9.

The *Standards* as they currently exist, sought to mitigate the independence issues above by requiring provider firms to undergo triennial peer review themselves. The issue again is that these provisions only provided a level of mitigation and not an elimination of the item causing the lack of independence. The objective of the PRB is to eliminate these situations from occurring by prohibiting provider firms from also peer reviewing a firm for which they have provided QCM and CPE materials. With the revisions of the *Standards* as provided in #1 and as discussed above, the need for a peer review of provider firms on a triennial basis or otherwise as outlined in #2 above is of no consequence. Therefore the areas covered under #2 providing for compulsory triennial peer review will be eliminated while still allowing for a provider firm to undergo a peer review should they so desire. This proposed change affects *Standards* paragraphs 159 and 160.

Change #3 above relates to the lack of provisions in the *Standards* regarding the instruction component of CPE programs. The *Standards* do require that the peer reviewer evaluate and opine on the system to develop and maintain the CPE programs. "The PRB considered how users rely on the peer review reports of the CPE programs and determined that since the instruction component of a CPE program is key to the programs as a whole, users of CPE program peer review reports are not served by an opinion on the program aids alone." The PRB also "determined that there is no practical and efficient way that the instruction component can be appropriately evaluated and opined upon."

Since a peer reviewer can evaluate and opine on the system in place to develop and maintain the CPE program, the PRB determined that the report for CPE programs should be revised to opine on the system to develop and maintain CPE programs and that the peer review procedures in the *Standards* performed in support of the report should similarly be revised so that the procedures focus on the system.

The change in #3 above affects *Standards* paragraphs 156, 158-160, 166 and 168-173, and renumbers the paragraphs beginning in 170.

In reviewing the above provisions and in researching the responses to the AICPA Exposure Draft it was noted that they overwhelmingly support the Exposure Draft.

As a result of the intent of the AICPA's work in this endeavor to uphold the pillar of independence which is so key to the vitality of our profession and the protection of the public interest, it is the considered opinion and respectful recommendation of this subcommittee of the California Peer Review Oversight Committee that our committee wholly support the provisions of the Exposure Draft and recommend to the California Board of Accountancy that they cast their full support in favor of this Exposure Draft.



DEPARTMENT OF CONSUMER AFFAIRS  
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January 28, 2011

LaShaun King, Technical Manager  
AICPA Peer Review Program  
American Institute of Certified Public Accountants  
220 Leigh Farm Road  
Durham, NC 27707-8110

Re: Peer Review Exposure Draft

Dear Ms.King:

On behalf of the California Board of Accountancy (CBA), I am pleased to submit our comments on the American Institute of Certified Public Accountants (AICPA) Exposure Draft titled "Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Peer Reviews of Quality Control Materials (QCM) and Continuing Professional Education (CPE) Programs."

The first notable change addressed in the Explanatory Memorandum of the Exposure Draft states that "those involved in the development and maintenance of QCM or CPE program ... are not permitted to serve on review teams to peer review firms that use those QCM or CPE programs." This change seeks to further strengthen and clarify the current *Standards* and better ensure that the *Standards* support and comply with one of the most important pillars of our profession – independence.

The second revision outlined in the Explanatory Memorandum "removes the provision requiring providers to undergo a triennial peer review of the system to develop and maintain QCM or CPE programs, and the resultant materials." The *Standards* as they currently exist, sought to mitigate the independence issues by requiring provider firms to undergo triennial peer review. With the revisions of the *Standards* as provided in the first issue, the need for a peer review of provider firms on a triennial basis or otherwise is of no consequence.

The third change "revises the procedures for performing a CPE program peer review for those providers that elect to undergo such a review." Since a peer reviewer can evaluate and opine on the system in place to develop and maintain the CPE program, the PRB determined that the report for CPE programs should be revised to opine on the system to develop and maintain CPE programs and that the peer review procedures in the *Standards* performed in support of the report should similarly be revised so that the procedures focus on the system.

LaShaun King  
January 28, 2011  
Page 2

Given that independence is a critical element of the peer review process, the CBA is supportive of all the changes to the AICPA Peer Review Program and believes that they will increase consumer protection through enhanced independence and objectivity for those performing peer reviews.

Thank you for the opportunity to provide comment on the AICPA Exposure Draft "Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Peer Reviews of Quality Control Materials (QCM) and Continuing Professional Education (CPE) Programs."

Regards,

Sarah Anderson, CPA, President

c: Members, California Board of Accountancy

DRAFT

## Memorandum

PROC Agenda Item IX.  
January 20, 2011

To : PROC Members

Date : January 10, 2011  
Telephone: (916) 561-1725  
Facsimile : (916) 263-3673  
E-mail : pfisher@cba.ca.gov

From : Paul Fisher   
Supervising ICPA, Enforcement Division

Subject : Disciplinary Guidelines

Attached are excerpts from *A Manual of Disciplinary Guidelines and Model Disciplinary Order, 7<sup>th</sup> Edition 2010*, which address peer review.

The disciplinary guidelines cover model disciplinary orders, including factors to be considered in aggravation and mitigation; standard probationary terms; and guidelines for specific offenses. The guidelines for specific offenses are referenced to the statutory and regulatory provisions violated.

The *7<sup>th</sup> Edition* was adopted by the California Board of Accountancy (CBA) on September 23, 2010. It is anticipated that the revised guidelines will be incorporated by reference into the CBA regulations by spring of 2012.

The current disciplinary guidelines (*6<sup>th</sup> Edition*) are posted on the CBA Web site at [www.cba.ca.gov](http://www.cba.ca.gov).

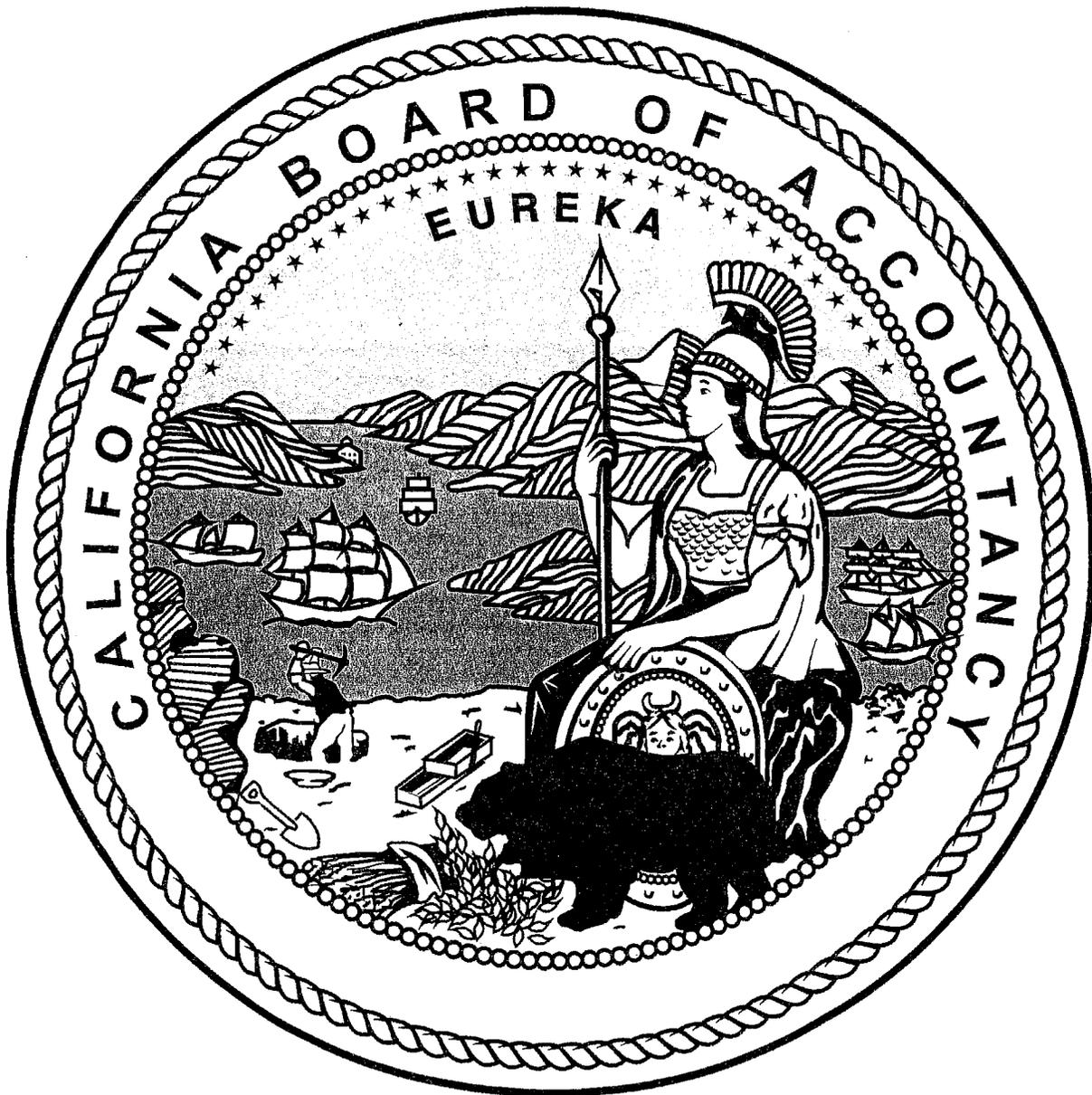
I will be available at the meeting to answer any questions.

Attachment



# A MANUAL OF DISCIPLINARY GUIDELINES AND MODEL DISCIPLINARY ORDERS

7<sup>th</sup> Edition 2010



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.dca.ca.gov/cba>

4. Regulatory Review Course [21]
5. Continuing Education Courses [25]
6. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

(See also section on **Unlicensed Activities.**)

**Section 5073(d) PARTNERSHIP APPLICATIONS  
(ADMISSION OR WITHDRAWAL OF PARTNER)**

Minimum Penalty - Continuing Education Course [25]

Maximum Penalty - Revocation [1-2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Ethics Continuing Education [20]
  2. Regulatory Review Course [21]
  3. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

**Section 5076(a) PEER REVIEW**

Minimum Penalty - Correction of Violation

Maximum Penalty - Revocation [1-2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation.
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [15]
  3. Restricted Practice [17]
  4. Ethics Continuing Education [20]
  5. Regulatory Review Course [21]
  6. Continuing Education Courses [25]
  7. Sample – Audit, Review or Compilation [27]
  8. Notification to Clients/Cessation of Practice [31]
  9. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

(Reference Sections 40, 41, 43)

**Section 5076(f) PEER REVIEW – DOCUMENT SUBMISSION REQUIREMENT**

Minimum Penalty - Correction of Violation

Maximum Penalty - Revocation [1-2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [15]
  3. Restricted Practice [17]
  4. Ethics Continuing Education [20]
  5. Regulatory Review Course [21]
  6. Peer Review [22]
  7. Continuing Education Courses [25]
  8. Sample – Audit, Review or Compilation [27]
  9. Notification to Clients/Cessation of Practice [31]
  10. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

(Reference Section 46)

**Section 5078 OFFICES NOT UNDER PERSONAL MANAGEMENT OF CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT; SUPERVISION**

Minimum Penalty - Continuing education [25] and/or require CPA or PA to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to insure compliance [10]

Maximum Penalty - Revocation [1-2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [15]
  3. Restricted Practice [17]
  4. Ethics Continuing Education [20]
  5. Regulatory Review Course [21]
  6. Continuing Education Courses [25]
  7. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

**Section 5079(a)(b)(d) NONLICENSEE OWNERSHIP OF FIRMS**

Minimum Penalty - Continuing Education [25] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty - Revocation of partnership or corporate registration and individual licenses

4. Continuing Education Courses [25]
5. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

## **ARTICLE 6: PEER REVIEW**

### **SECTION 40(a)(b)(c) ENROLLMENT AND PARTICIPATION**

Minimum Penalty - Correction of Violation

Maximum Penalty - Revocation [1-2]

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [15]
  3. Restricted Practice [17]
  4. Ethics Continuing Education [20]
  5. Regulatory Review Course [21]
  6. Peer Review [22]
  7. Continuing Education Courses [25]
  8. Sample – Audit, Review or Compilation [27]
  9. Notification to Clients/Cessation of Practice [31]
  10. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

(Reference Section 5076(a))

### **SECTION 41 FIRM RESPONSIBILITIES**

Minimum Penalty - Continuing Education Courses [25]

Maximum Penalty - Revocation [1-2]

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Ethics Continuing Education [20]
  2. Regulatory Review Course [21]
  3. Continuing Education Courses [25]
  4. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

(Reference Section 5076(a))

### **SECTION 43 EXTENSIONS**

Minimum Penalty - Continuing Education Courses [25]

Maximum Penalty - Revocation stayed with actual suspension [1-4]

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Ethics Continuing Education [20]
  2. Regulatory Review Course [21]
  3. Continuing Education Courses [25]
  4. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

#### **SECTION 44      NOTIFICATION OF EXPULSION**

Minimum Penalty - Correction of Violation

Maximum Penalty - Revocation [1-2]

- Required:
1. If revocation stayed [4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Supervised Practice [15]
  3. Restricted Practice [17]
  4. Ethics Continuing Education [20]
  5. Regulatory Review Course [21]
  6. Continuing Education Courses [25]
  7. Sample – Audit, Review or Compilation [27]
  8. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]
  9. Conditions as appropriate relating to physical or mental disability or condition [31-36]

#### **SECTION 45      REPORTING TO BOARD**

Minimum Penalty - Correction of Violation

Maximum Penalty - Revocation [1-2]

##### **CONDITIONS OF PROBATION:**

- Required:
1. If revocation stayed [1-2,4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Ethics Continuing Education [20]
  2. Regulatory Review Course [21]
  3. Continuing Education Courses [25]
  4. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

(Reference Section 5076(a))

**SECTION 46(a) DOCUMENT SUBMISSION REQUIREMENTS**

Applies to firms that receive a substandard peer review rating.

Minimum Penalty - Correction of Violation

Maximum Penalty - Revocation [1-2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [1-2,4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Ethics Continuing Education [20]
  2. Regulatory Review Course [21]
  3. Continuing Education Courses [25]
  4. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

(Reference Section 5076(f))

**SECTION 46(b) DOCUMENT SUBMISSION REQUIREMENTS**

Applies to firms that receive a "pass" or "pass with deficiencies" peer review rating.

Minimum Penalty - Correction of Violation

Maximum Penalty - Revocation [1-2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [1-2,4], 3 years probation
  2. Standard Conditions of Probation [5-14]

- If warranted:
1. Ethics Continuing Education [20]
  2. Regulatory Review Course [21]
  3. Administrative Penalty not to exceed maximum set forth in Section 5116 [32]

**ARTICLE 9: RULES OF PROFESSIONAL CONDUCT**

**SECTION 50 CLIENT NOTIFICATION**

Minimum Penalty – Correction of Violation

Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION

- Required:
1. Standard Conditions of Probation [5-14]

- If warranted:
1. Suspension [3] with/without stay [4]
  2. Ethics Continuing Education [20]

## Memorandum

PROC Agenda Item X.

January 20, 2011

To : Nancy Corrigan, Chair, PROC  
PROC Members

Date : January 11, 2011  
Telephone : (916) 561-1731  
Facsimile : (916) 263- 3673  
E-mail : Rixta@cba.ca.gov

  
From : Rafael Ixta,  
Chief, Enforcement Division

Subject : Review of Letters to Licensees

Attached are three proposed letters to remind individual licensees, partnerships, and corporations with license numbers ending in 01-33 that they are subject to the peer review reporting requirement in the current year. The original letter to licensees notifying them of their peer review reporting requirement was mailed in July 2010. Licensees are required to complete their peer review reporting to the CBA by July 1, 2011.

The attached letters will be mailed to licensees who have a reporting requirement this year and have not completed their peer review reporting as of the date of the letter. The purpose of these letters is to:

- Remind licensees of their reporting requirement (**Attachment 1**).
- Warn licensees of their reporting requirement (**Attachment 2**).
- Notify licensees of a potential deficiency since they failed to report (**Attachment 3**).

The goal is to seek maximum voluntary reporting compliance from licensees. Once the letters are approved, a mailing schedule will be determined. It is anticipated that the letters will be mailed in February/March, April/May, and July 2011.

Enforcement staff will attend the PROC meeting and will be available to respond to questions.



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FACSIMILE: (916) 263-3675  
WEB ADDRESS: <http://www.cba.ca.gov>



DATE

Name  
Firm  
Address  
City, State Zip

Dear (Firm or Full Licensee Name):

License #:

PIN:

On January 1, 2010, mandatory peer review became effective for all California-licensed firms, including sole proprietors, performing specified accounting and auditing services. In July 2010, individual licensees and firms with license numbers ending in 01-33 were notified of the requirement to report peer review information to the California Board of Accountancy (CBA) **no later than July 1, 2011.**

**All individual licensees, partnerships, and corporations are required to report their peer review status to the CBA even if they are not required to undergo peer review.**

You are receiving this letter as a reminder to report your peer review status. If you are not required to undergo peer review, it is recommended that you report this information as soon as possible. If you are required to undergo peer review, please report as soon as the peer review report is accepted by the Board-recognized peer review program.

Reporting is quick and easy with the *Online Peer Review Reporting Form* available on the CBA Web site at [www.cba.ca.gov](http://www.cba.ca.gov). By using the PIN number provided above, you can log-in and fulfill your reporting requirements in just minutes. You can also download a hard copy of the *Peer Review Reporting Form* from the Web site or request it from the CBA using the telephone number or e-mail address listed below.

If you are required to undergo peer review, please contact the California Society of Certified Public Accountants (CalCPA) immediately to enroll in the Peer Review Program. They can be reached by telephone at (650) 522-3094 or by e-mail at [peerreview@calcpa.org](mailto:peerreview@calcpa.org).

For additional information regarding peer review requirements, please refer to the Frequently Asked Questions page on the CBA Web site. You can also direct questions to the CBA by telephone at (916) 561-1706 or by e-mail at [peerreviewinfo@cba.ca.gov](mailto:peerreviewinfo@cba.ca.gov).

Sincerely,

Patti Bowers  
Executive Officer

ATTACHMENT 1



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



## FINAL NOTICE

DATE

Name  
Firm  
Address  
City, State Zip

Dear (Firm or Full Licensee Name):

License #:

PIN:

The California Board of Accountancy (CBA) has notified you on two occasions regarding your peer review reporting requirement. All individual licensees, partnerships and corporations are required to report their peer review status to the CBA even if they are not required to undergo peer review.

This letter serves as a final notice to report your peer review status. If you are not required to undergo peer review, it is recommended that you report this information as soon as possible. If you are required to undergo peer review, please report as soon as the peer review report is accepted by the Board-recognized peer review program as the deadline to report to the CBA is July 1, 2011.

**Failure to report may result in enforcement action being taken against your license.**

The *Online Peer Review Reporting Form* is available on the CBA Web site at [www.cba.ca.gov](http://www.cba.ca.gov). Please use the PIN number provided above to log-in and fulfill your reporting requirements. You can also download a hard copy of the *Peer Review Reporting Form* from the Web site or request it from the CBA using the telephone number or e-mail address listed below.

If you are required to undergo peer review, please contact the California Society of Certified Public Accountants (CalCPA) immediately to enroll in the Peer Review Program. They can be reached by telephone at (650) 522-3094 or by e-mail at [peerreview@calcpa.org](mailto:peerreview@calcpa.org).

For additional information regarding peer review requirements, please refer to the Frequently Asked Questions page on the CBA Web site. You may also direct questions to the CBA by telephone at (916) 561-1706 or by e-mail at [peerreviewinfo@cba.ca.gov](mailto:peerreviewinfo@cba.ca.gov).

Sincerely,

Patti Bowers  
Executive Officer

ATTACHMENT 2



**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>



DATE

Name  
 Firm  
 Address  
 City, State Zip

Dear (Firm or Full Licensee Name):

License #:

PIN:

The California Board of Accountancy (CBA) has notified you on three occasions regarding your requirement to report peer review information no later than July 1, 2011. To date, CBA records indicate you have not filed the mandatory Peer Review Reporting Form.

You are in violation of Title 16, Division 1, California Code of Regulations, Section 45, which states:

**Reporting to the Board.**

(a) Based on the dates identified in subsection (b), a firm shall report to the Board specific peer review information as required on Form PR-1 (1/10), which is hereby incorporated by reference.

(b) The operative date of existing California-licensed firms to begin reporting peer review results shall be based on a firm's license number according to the following schedule: for license numbers ending with 01-33 the reporting date is no later than July 1, 2011; for license numbers ending with 34-66 the reporting date is no later than July 1, 2012; for license numbers ending with 67-00 the reporting date is no later than July 1, 2013.

The Accountancy Act defines a "firm" as a sole proprietorship, a corporation, or a partnership.

**This violation may result in enforcement action being taken against your license.**

Although the required reporting date has past, you must still fulfill the reporting requirement. The *Online Peer Review Reporting Form* is available on the CBA Web site at [www.cba.ca.gov](http://www.cba.ca.gov). Please use the PIN number provided above to log-in and fulfill your reporting requirements. You can also download a hard copy of the *Peer Review Reporting Form* from the Web site or request it from the CBA using the telephone number or e-mail address listed below.

If you are required to undergo peer review, please contact the California Society of Certified Public Accountants (CalCPA) immediately to enroll in the Peer Review Program. They can be reached by telephone at (650) 552-3094 or by e-mail at [peerreview@calcpa.org](mailto:peerreview@calcpa.org).

For additional information concerning peer review requirements, please refer to the Frequently Asked Questions page on the CBA Web site. You can also direct questions to the CBA via telephone at (916) 561-1706 or by e-mail at [peerreviewinfo@cba.ca.gov](mailto:peerreviewinfo@cba.ca.gov).

Sincerely,

Patti Bowers  
Executive Officer