



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
PUBLIC MEETING NOTICE FOR THE LEGISLATIVE COMMITTEE (LC),
COMMITTEE ON PROFESSIONAL CONDUCT (CPC),
AND CBA MEETINGS**

DATE: Thursday, November 15, 2012

COMMITTEE MEETING (LC)

TIME: 9:30 a.m.

COMMITTEE MEETING (CPC)

TIME: 9:45 a.m., or upon adjournment
of the LC meeting

CBA MEETING

TIME: 12:30 p.m. to 5:00 p.m.

DATE: Friday, November 16, 2012

CBA MEETING

TIME: 9:00 a.m. to 1:00 p.m.

PLACE: Dolce Hayes Mansion
200 Edenvale Ave.
San Jose, CA 95136
Telephone: (408) 362-2300
Fax: (408) 362-2388

Enclosed for your information is a copy of the agendas for the CPC, LC, and CBA meetings on November 15-16, 2012. For further information regarding these meetings, please contact:

Kari O'Connor, Board Relations Analyst
(916) 561-1716, or koconnor@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

An electronic copy of this notice can be found at <http://www.dca.ca.gov/cba/calendar.shtml>

The next CBA meeting is scheduled for January 24-25, 2013 in Southern CA.

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Kari O'Connor at (916) 561-1718, or email koconnor@cba.ca.gov or send a written request to the CBA Office at 2000 Evergreen Street, Ste. 250, Sacramento, CA 95815. Providing your request is at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.



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

CBA MEETING
AGENDA

Thursday, November 15, 2012
12:30 p.m. – 5:00 p.m.

Friday, November 16, 2012
9:00 a.m. – 1:00 p.m.

Dolce Hayes Mansion
200 Edenvale Ave.
San Jose, CA 95136
Telephone: (408) 226-3200
Fax: (408) 362-2388

Roll Call and Call to Order (**Marshal Oldman, CBA President**).

- I. Report of the President (**Marshal Oldman**).
 - A. 2013 CBA Member Committee Interest Survey (**Kari O'Connor, CBA Staff**).
 - B. Resolution for Retiring CBA Members David Swartz and Donald Driftmier.
 - C. Resolution for Retiring Enforcement Advisory Committee Member James Petray.
 - D. Resolution for Retiring Qualifications Committee Member Ashruf Shenouda.
 - E. Resolutions for Peer Review Oversight Committee Members Gary Bong and T. Ki Lam.
- II. Report of the Vice President (**Leslie LaManna**).

- A. Recommendations for Appointment/Reappointment to the Enforcement Advisory Committee (EAC).
- B. Recommendations for Appointment/Reappointment to the Qualifications Committee (QC).
- C. Recommendations for Appointment/Reappointment to and Rotation Off of the Peer Review Oversight Committee (PROC).

III. Report of the Secretary/Treasurer (**Michael Savoy**).

- A. Discussion of Governor's Budget.
- B. Fiscal Year 2012-13 First Quarter Financial Report.
- C. Discussion on Initiating a Rulemaking to Amend Title 16, California Code of Regulations Section 70 Regarding Fees (**Nicholas Ng, Administration Manager**).

IV. Report of the Executive Officer (EO) (**Patti Bowers**).

- A. Update on Staffing.
- B. Update on CBA 2010-2012 Communications and Outreach Plan (Written Report Only).
- C. Review and Possible Adoption of CBA 2013-2015 Communications and Outreach Plan (**Deanne Pearce, Assistant EO**).
- D. Discussion and Possible Action regarding-Exposure Draft dated June 29, 2012 - Omnibus Proposal, AICPA Professional Ethics Division, Proposed Revised and New Interpretations and Proposed Deletion of Ethics Rulings; and Exposure Draft dated June 29, 2012 – Proposed Statement on Standards For Accounting and Review Services (**Paul Fisher, Supervising Investigative CPA**).

V. Open Session. Petitions for Reinstatement.

TIME CERTAIN
2:00 p.m.

- A. Lowell A. Baisden – Petition for Reinstatement of Revoked CPA Certificate.
- B. David Greenberg – Petition for Reinstatement of Revoked CPA Certificate.

- VI. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulations, Default Decisions, Proposed Decisions, and Petitions for Reinstatement).

- VII. Regulations (**Matthew Stanley, CBA Staff**).
 - A. Consideration of an Adverse Comment Received on the 15-Day Notice of Modified Text Regarding Title 16, California Code of Regulations (CCR) Sections 12, 12.5, 37, 80, 80.1, 80.2, 81, 87, 87.1, 87.7, 87.8, 87.9, 88, 88.1, 88.2, and 89 – Continuing Education.

- VIII. Report of the Licensing Chief (**Dominic Franzella**).
 - A. Report on Licensing Division Activity.

- IX. Report of the Enforcement Chief (**Rafael Ixta**).
 - A. Enforcement Activity Report.

- X. Committee and Task Force Reports.
 - A. Committee on Professional Conduct (CPC) (**Michael Savoy, Chair**).
 - 1. Report of the November 15, 2012 CPC Meeting.
 - 2. Project Plan for Implementation of the Practice Privilege Provisions for Senate Bill 1405 Set to Take Effect July 1, 2013
 - 3. Discussion and Policy Decisions on a Potential Rulemaking Regarding Practice Privilege.
 - 4. Implementation of Section 27 of the Business and Professions Code and Consideration of Legislative Proposal Providing for Limitations on Timeframes for Posting.
 - 5. Consideration of Options to Allow Individuals to Continue to Apply for and Obtain CPA Licensure Under Pathway 1 and Pathway 2 After the New Educational Requirements in Business and Professions Code Section 5093 Take Effect on January 1, 2014.

B. Legislative Committee (LC) (**Sally Anderson, Chair**).

1. Report of the November 15, 2012 LC Meeting.
2. Consideration of Sponsoring Legislation to Amend Business and Professions Code Section 5093 to Allow in Limited Circumstances the Ability for Candidates to Qualify for the Uniform CPA Examination Prior to the Conferral of a Baccalaureate Degree.

C. Peer Review Oversight Committee (PROC) (**Nancy Corrigan, Chair**).

Report of the October 19, 2012 PROC Meeting.

D. Enforcement Advisory Committee (EAC) (**Cheryl Gerhardt, Chair**).

Report of the October 18, 2012 EAC Meeting.

E. Qualifications Committee (QC) (**Fausto Hinojosa, Chair**).

1. Report of the October 24, 2012 QC Meeting.
2. Approval of 2013 QC Meeting Dates.

XI. Acceptance of Minutes

- A. Draft Minutes of the September 20-21, 2012 CBA Meeting.
- B. Minutes of the September 20, 2012 CPC Meeting.
- C. Minutes of the July 26, 2012 LC Meeting.
- D. Minutes of the August 1, 2012 QC Meeting.
- E. Minutes of the August 24, 2012 PROC Meeting.

XII. Other Business.

A. American Institute of Certified Public Accountants (AICPA).

No Report.

B. National Association of State Boards of Accountancy (NASBA).

1. Update on NASBA Committees.

- a. Accountancy Licensee Database Task Force
(Patti Bowers/Sally Anderson).
- b. Board Relevance & Effectiveness Committee
(Marshal Oldman).
- c. Education Committee **(Donald Driftmier).**

XIII. Officer Elections **(Marshal Oldman).**

- A. President.
- B. Vice President.
- C. Secretary/Treasurer.

XIV. Closing Business.

- A. Public Comments.*
- B. Agenda Items for Future CBA Meetings.
- C. Press Release Focus **(Deanne Pearce, Assistant EO).**

Recent Press Releases.

Adjournment.

Action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the CBA President and may be taken out of order.

In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public. While the CBA intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources.

*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA, but the CBA President may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the CBA to discuss items not on the agenda; however, the CBA can neither discuss nor take official action on these items at the time of the same meeting (Government Code Sections 11125, 11125.7(a)).



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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
LEGISLATIVE COMMITTEE (LC)**

**LC MEETING
AGENDA**

**Thursday, November 15, 2012
9:30 a.m.**

**Dolce Hayes Mansion
200 Edenvale Ave.
San Jose, CA 95136
Telephone: (408) 226-3200
Fax: (408) 362-2388**

Roll Call and Call to Order (**Sally Anderson, Chair**).

- I. Approve Minutes of the July 26, 2012 LC Meeting (**Sally Anderson**).
- II. Consideration of Sponsoring Legislation to Amend Business and Professions Code Section 5093 to Allow in Limited Circumstances the Ability for Candidates to Qualify for the Uniform CPA Examination Prior to the Conferral of a Baccalaureate Degree (**Matthew Stanley, CBA Staff**).
- III. Public Comments for Items Not on the Agenda.
- IV. Agenda Items for Next Meeting.

Adjournment.

Action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the LC Chair and may be taken out of order.

In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public.

Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the LC prior to the LC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the LC. Individuals may appear before the LC to discuss items not on the agenda; however, the LC can take no official action on these items at the time of the same meeting. (Government Code sec. 11125.7(a).)



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CALIFORNIA BOARD OF ACCOUNTANCY (CBA) COMMITTEE ON PROFESSIONAL CONDUCT (CPC)

CPC MEETING AGENDA

Thursday, November 15, 2012
9:45 a.m.

Dolce Hayes Mansion
200 Edenvale Ave.
San Jose, CA 95136
Telephone: (408) 226-3200
Fax: (408) 362-2388

Roll Call and Call to Order (**Michael Savoy, Chair**).

- I. Approve Minutes of the September 20, 2012 CPC Meeting (**Michael Savoy**).
- II. Project Plan for Implementation of the Practice Privilege Provisions for Senate Bill 1405 Set to Take Effect July 1, 2013 (**Dominic Franzella, Licensing Chief**).
- III. Discussion and Policy Decisions on a Potential Rulemaking Regarding Practice Privilege (**Dominic Franzella**).
- IV. Implementation of Section 27 of the Business and Professions Code and Consideration of Legislative Proposal Providing for Limitations on Timeframes for Posting (**Rafael Ixta, Enforcement Chief**).
- V. Consideration of Options to Allow Individuals to Continue to Apply for and Obtain CPA Licensure Under Pathway 1 and Pathway 2 After the New Educational Requirements in Business and Professions Code Section 5093 Take Effect on January 1, 2014 (**Dominic Franzella**).
- VI. Public Comments.*
- VII. Agenda Items for Next Meeting.

Adjournment.

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CPC are open to the public.

*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CPC prior to the CPC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CPC. Individuals may appear before the CPC to discuss items not on the agenda; however, the CPC can take no official action on these items at the time of the same meeting. (Government Code sec. 11125.7(a).)

CBA members who are not members of the CPC may be attending the meeting. However, if a majority of members of the full board are present at the CPC meeting, members who are not members CPC may attend the meeting only as observers.



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CBA Item I.A.
November 15-16, 2012

2013 CBA Member Committee Interest Survey

Presented by: Kari O'Connor, Board Relations Analyst

Date: October 10, 2012

Purpose of the Item

The purpose of this agenda item is to seek California Board of Accountancy (CBA) member interest on a CBA committee in 2013.

Action(s) Needed

It is requested that CBA members who wish to be appointed or maintain current appointment to a committee, indicated such interest on the CBA Member Committee Interest Survey (attached), and submit to Board Relations Analyst, Kari O'Connor, by Friday December 7, 2012

Background

Annually, shortly following the officer elections in November, the incoming CBA President reviews the results of the interest surveys and determined CBA committee appointments as necessary. Appointments are announced in advance of the CBA meeting in January.

Comments

CBA members acting as Liaisons to committees, task forces, or CBA programs are responsible for keeping the CBA informed regarding emerging issues and policy recommendations made at the committee or task force level. In addition, the Liaison is to keep the committee or task force informed of CBA policies and assignments, and to make recommendations to the CBA regarding chair and vice-chair appointments. Finally, Liaisons assigned to the committees will evaluate committee chairs, vice-chairs, and members for whom they have specific knowledge of their performance, and report those evaluations to the President and Vice-President as required.

Fiscal/Economic Impact Considerations

This item does not have a fiscal/economic impact.

Recommendation

None.

Attachment

CBA Member Committee Interest Survey



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Attachment

CBA Member Committee Interest Survey

I, _____, would like to participate in the following committees for the upcoming year.

___ Committee on Professional Conduct (CPC)

The purpose of the CPC is to assist the CBA in consideration of issues relating to professional conduct by:

- Considering and developing recommendations on issues that apply to the practice of public accountancy and affect consumers.
- Considering, formulating, and proposing policies and procedures relating to emerging and unresolved issues.
- Reviewing selected exposure drafts and developing recommendations to present to the CBA.

___ Enforcement Program Oversight Committee (EPOC)

The purpose of the EPOC is to assist the CBA in the consideration of issues relating to professional conduct by:

- Reviewing policy issues relating to the Enforcement Program.
- Overseeing the program's compliance with CBA policies by way of performing periodic internal audits.

___ Legislative Committee (LC)

The purpose of the LC is to assist the CBA in its activities by:

- Reviewing, recommending, and advancing legislation relating to the practice of public accountancy.
- Coordinating the need for and use of CBA members to testify before the Legislature.

___ Liaison to the Enforcement Advisory Committee (EAC)

___ Liaison to the Qualifications Committee (QC)

CBA members acting as Liaisons to committees are responsible for keeping the CBA informed regarding emerging issues and policy recommendations made at the committee level. Conversely, Liaisons keep the committee informed of CBA policies and assignments. Liaisons additionally will evaluate committee chairs, vice-chairs, and members for whom they have specific knowledge of their performance, and report to the CBA President and Vice-President as required.

___ I would be interested in serving on other ad hoc committees or task forces as needed.

Department of Consumer Affairs

California Board of Accountancy



RESOLUTION

WHEREAS, Donald A. Driftmier was appointed by Governor Arnold Schwarzenegger, and he has faithfully served as a Board member of the California Board of Accountancy from May 17, 2004, through November 26, 2012; and

WHEREAS, he served as Vice President in 2007, President in 2008 and as Chair of the Committee on Professional Conduct, Chair of the Ethics Curriculum Committee, as a member of the Accounting Education Committee, Enforcement Program Oversight Committee, and Legislative Committee and liaison to the Qualifications committee; and

WHEREAS, throughout his term of service, at all times Donald A. Driftmier gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, Donald A. Driftmier has more than 37 years of professional experience as a Certified Public Accountant providing extensive tax planning and preparation services for individuals, corporations, partnerships, estates and trusts, and tax exempt organizations; and

WHEREAS, he has been a member of the California Society of Certified Public Accountants, and the American Institute of Certified Public Accountants where he has served as a member of the American Institute of Certified Public Accountants State Boards Committee, and a member of the National Association of State Boards of Accountancy Education Committee; and

WHEREAS, he has held leadership roles in many civic organizations including, the Board of Directors for Casa Colina Centers for Rehabilitation Hospital, the Ontario Chamber of Commerce, the Board of Directors for San Gabriel Valley Council Boy Scouts of America, and the California Inland Empire District Export Council.

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Donald A. Driftmier for the outstanding contribution he made during his term of service on the California Board of Accountancy and to the consumers of California.

Marshal A. Oldman, Esq., President

Michael Savoy, CPA, Secretary-Treasurer

Dated: November 15, 2012

Department of Consumer Affairs

California Board of Accountancy



RESOLUTION

***WHEREAS**, David Swartz was appointed by Governor Arnold Schwarzenegger, and he has faithfully served as a Board member of the California Board of Accountancy from May 17, 2004, through November 26, 2012; and*

***WHEREAS**, he served as Vice President in 2006, President in 2007 and as Chair of the Committee on Professional Conduct, Chair of the Enforcement Program Oversight Committee, and as a member of the Strategic Planning Committee; and*

***WHEREAS**, throughout his term of service, at all times David Swartz gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and*

***WHEREAS**, David Swartz has more than 39 years of professional experience as a Certified Public Accountant providing business advisory services to clients in several industries, including manufacturing, wholesale, retail, entertainment, real estate and professional service; and*

***WHEREAS**, he has been a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants where he received its Distinguished Service award and served as treasurer of the Los Angeles chapter; and*

***WHEREAS**, he has held leadership roles in civic organizations including, Chairmen for the Los Angeles Jewish Home of the Aging and President of Jewish Big Brothers Big Sisters of Los Angeles.*

***NOW, THEREFORE, BE IT RESOLVED**, that the members of the California Board of Accountancy express heartfelt appreciation to David Swartz for the outstanding contribution he made during his term of service on the California Board of Accountancy and to the consumers of California.*

Marshal A. Oldman, Esq., President

Michael Savoy, CPA, Secretary-Treasurer

Dated: November 15, 2012

Department of Consumer Affairs
California Board of Accountancy



RESOLUTION

WHEREAS, James Petray has faithfully served as a member of the California Board of Accountancy's Enforcement Advisory Committee from December 14, 2004 to December 31, 2012; and

WHEREAS, throughout his years of service he has given fully of himself and his ideas and has acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and

WHEREAS, his colleagues wish to express their high esteem and regard.

NOW THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to James Petray for the outstanding contribution he made during his years of service on the Enforcement Advisory Committee.

Marshal A. Oldman, Esq., President

Michael M. Savoy, CPA, Secretary-Treasurer

Dated: November 15, 2012

Department of Consumer Affairs
California Board of Accountancy



RESOLUTION

WHEREAS, Ashruf Shenouda has faithfully served as a member of the California Board of Accountancy's Qualifications Committee from November 19, 2004 to December 10, 2012; and

WHEREAS, throughout his years of service he has given fully of himself and his ideas and has acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and

WHEREAS, his colleagues wish to express their high esteem and regard.

NOW THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Ashruf Shenouda for the outstanding contribution he made during his years of service on the Qualifications Committee.

Marshal A. Oldman, Esq., President

Michael M. Savoy, CPA, Secretary-Treasurer

Dated: November 15, 2012

Department of Consumer Affairs
California Board of Accountancy



RESOLUTION

WHEREAS, Gary J. Bong has faithfully served as a member of the California Board of Accountancy's Peer Review Oversight Committee from July 28, 2010 to December 31, 2012; and

WHEREAS, throughout his years of service he has given fully of himself and his ideas and has acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and

WHEREAS, his colleagues wish to express to him their high esteem and regard;

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Gary J. Bong for the outstanding contribution he made during his term of service on the Peer Review Oversight Committee.

Marshal A. Oldman, Esq., President

Michael M. Savoy, CPA, Secretary-Treasurer

Dated: November 15, 2012

Department of Consumer Affairs
California Board of Accountancy



RESOLUTION

WHEREAS, Tze-Ki Lam has faithfully served as a member of the California Board of Accountancy's Peer Review Oversight Committee from July 28, 2010 to December 31, 2012; and

WHEREAS, throughout her years of service she has given fully of herself and her ideas and has acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, she has discharged these important responsibilities in a manner reflecting great credit upon herself and the accounting profession; and

WHEREAS, her colleagues wish to express to her their high esteem and regard;

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Tze-Ki Lam for the outstanding contribution she made during her term of service on the Peer Review Oversight Committee.

Marshal A. Oldman, Esq., President

Michael M. Savoy, CPA, Secretary-Treasurer

Dated: November 15, 2012



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CBA Item II.A.
November 15-16, 2012

**Recommendations For Appointments/Reappointments to the
Enforcement Advisory Committee (EAC)**

Presented by: Leslie LaManna, Vice President

Date: October 30, 2012

Purpose of the Item

The purpose of this agenda item is to recommend Cheryl Gerhardt, CPA (**Attachment 1**) for reappointment as Chair of the EAC and Mary Rose Caras, CPA (**Attachment 2**) for appointment as Vice Chair of the EAC.

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee reviews closed investigation files, offers technical guidance on open investigations, and participates in investigative hearings. The committee also considers, formulates and proposes policies and procedures related to the CBA's Enforcement Program.

Comments

For all appointments to a committee, including recommendations for chair and vice chair, I work with the current chair to discuss knowledge and skills to ensure that the appointment(s) will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 3**.

I also confer with the CBA's Executive Officer to verify that the potential appointments have met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed or are being recommended for a leadership role on the committee, I review prior attendance records and review any evaluations that may have been completed by fellow committee members. Evaluations are completed annually by all committee members giving feedback regarding the Chair and Vice Chair's performance. The evaluation requests feedback in the areas of

Recommendations For Appointments/Reappointments to the Enforcement Advisory Committee

Page 2

interpersonal skills, communications, leadership, attendance, preparedness, technical, and participation.

Prior to making a decision to recommend Ms. Gerhardt as Chair and Ms. Caras as Vice Chair of the EAC, I performed all the steps previously mentioned. I believe Ms. Gerhardt and Ms. Caras have exhibited a high level of professionalism during the performance of their duties and demonstrated they have the skills and knowledge to serve in a leadership capacity on the EAC, which will allow the EAC to continue to perform its mandated activities and assist the CBA with its Enforcement Program.

Fiscal/Economic Impact

This item does not have a fiscal/economic impact.

Recommendation

Based on the information above, I recommend that Ms. Gerhardt be reappointed as Chair of the EAC and Ms. Caras be appointed as Vice Chair of the EAC.

Attachments

1. Curriculum Vitae of Cheryl Gerhardt, CPA
2. Curriculum Vitae of Mary Rose Caras, CPA
3. Skill Matrix



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CBA Item II.A.
November 15-16, 2012

Recommendations For Appointments/Reappointments to the Enforcement Advisory Committee (EAC)

Presented by: Leslie LaManna, Vice President

Date: October 18, 2012

Purpose of the Item

The purpose of this agenda item is to recommend that Ms. Nancy Corrigan (**Attachment 1**) be appointed as a member to the EAC.

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee reviews closed investigation files, offers technical guidance on open investigations, and participates in investigative hearings. The committee also considers, formulates, and proposes policies and procedures related to the CBA's Enforcement Program.

Comments

Prior to making a decision to recommend Ms. Corrigan for appointment to the EAC, I took steps in both evaluating Ms. Corrigan to determine whether her skills and experience would fit the needs of the EAC as well as evaluating whether her dual participation on two CBA committees would be a conflict.

I consulted with both the Chair of the EAC, Cheryl Gerhardt, as well as the CBA's Executive Officer, Patti Bowers, to discuss Ms. Corrigan's qualifications and participation with the CBA. Ms. Gerhardt interviewed Ms. Corrigan and after a review of her experience, believed her appointment would benefit the EAC. A matrix identifying the areas of expertise of its members is provided as **Attachment 2**.

Additionally, I spoke with Ms. Bowers who provided information regarding Ms. Corrigan's participation on other CBA committees, including her present role on the Peer Review Oversight Committee (PROC) and prior involvement on the Qualifications Committee. Ms. Bowers indicated that her contributions on both committees have benefited the CBA's mission of consumer protection. She indicated that Ms. Corrigan has always shown a willingness to assist the CBA and that her role as Chair of the PROC and her leadership skills were crucial during the implementation of peer review.

Recommendations For Appointments/Reappointments to the Enforcement Advisory Committee (EAC)

Page 2

As it relates to Ms. Corrigan's dual participation on both the PROC and EAC, there is no conflict with any statutory or regulatory provision, nor any CBA policy regarding member appointments. Ms. Corrigan has confirmed the additional time commitment of serving on two committees will not pose a problem for her.

Fiscal/Economic Impact

This item does not have a fiscal/economic impact.

Recommendation

Based on the information above, I recommend that Ms. Nancy Corrigan be appointed to the EAC.

Attachments

1. Curriculum Vitae of Nancy J. Corrigan, CPA
2. Skill Matrix



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CBA Item II.B.
November 15-16, 2012

Recommendations For Appointments/Reappointments to the Qualifications Committee (QC)

Presented by: Leslie LaManna, Vice President
Date: October 30, 2012

Purpose of the Item

The purpose of this agenda item is to recommend the following members (**Attachments 1-3**) be reappointed to the QC:

Kristina Mapes, CPA
Robert Ruehl, CPA
Jeremy Smith, CPA

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment(s) will contribute to the committee's function and enable it to carry out its mandated activities.

I also confer with the CBA's Executive Officer to verify that the potential appointees have met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed, I review prior attendance records and review the evaluations that are completed annually by the present chair of the committee. The evaluation requests feedback in the areas of interpersonal skills, communications, leadership, attendance, preparedness, technical, and participation.

Recommendations For Appointments/Reappointments to the Qualifications Committee

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Prior to making a decision to recommend Ms. Mapes, Mr. Ruehl, and Mr. Smith as members to the QC, I performed all the steps previously mentioned. I additionally reviewed their professional work experience to ensure that committee has a sufficient variety of expertise to carry out its mandated activities. A matrix identifying the present members and areas of expertise is included as **Attachment 4**.

I believe Ms. Mapes, Mr. Ruehl, and Mr. Smith have exhibited a high level of professionalism during the performance of their duties and demonstrated they have the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensure Program.

Fiscal/Economic Impact

This item does not have a fiscal/economic impact.

Recommendation

I recommend, in consultation with Fausto Hinojosa, CPA and Chair of the QC, the reappointment of Kristina Mapes, CPA; Robert Ruehl, CPA; and Jeremy Smith, CPA to the QC.

Attachments

1. Kristina Mapes' Curriculum Vitae
2. Robert Ruehl's Curriculum Vitae
3. Jeremy Smith's Curriculum Vitae
4. Skill Matrix



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CBA Item II.B.
November 15-16, 2012

Recommendations For Appointments/Reappointments to the Qualifications Committee (QC)

Presented by: Leslie LaManna, Vice President
Date: November 5, 2012

Purpose of the Item

The purpose of this agenda item is to recommend that Alan Lee, CPA (**Attachment 1**) be reappointed to the QC.

Action(s) Needed

It is requested that the CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment(s) will contribute to the committee's function and enable it to carry out its mandated activities.

I also confer with the CBA's Executive Officer to verify that the potential appointees have met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed, I review prior attendance records and review the evaluations that are completed annually by the present chair of the committee. The evaluation requests feedback in the areas of interpersonal skills, communications, leadership, attendance, preparedness, technical, and participation.

Prior to making a decision to recommend Mr. Lee as a member of the QC, I performed all the steps previously mentioned. I additionally viewed the professional work experience to ensure that committee has a sufficient variety of expertise to carry out its mandated activities. A matrix identifying the present members and areas of expertise is included as **Attachment 2**.

Recommendations for Appointment/Reappointments to the Qualifications Committee

Page 2

I believe Mr. Lee has exhibited a high level of professionalism during the performance of his duties and demonstrated he has the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensure Program.

Fiscal/Economic Impact Considerations

This item does not have a fiscal/economic impact.

Recommendation

I recommend, in consultation with Fausto Hinojosa, CPA and Chair of the QC, the reappointment of Allan Lee, CPA, to the QC.

Attachments

1. Alan Lee's Curriculum Vitae
2. Skill Matrix



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CBA Item II.B.
November 15-16, 2012

Recommendations For Appointments/Reappointments to the Qualifications Committee

Presented by: Leslie LaManna, Vice President
Date: November 5, 2012

Purpose of the Item

The purpose of this agenda item is to recommend Maurice Eckley, CPA (**Attachment 1**) for appointment as Chair of the QC.

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper review, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, including recommendations for chair and vice chair, I work with the current chair to discuss knowledge and skills to ensure that the appointment(s) will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 2**.

I also confer with the CBA's Executive Officer to verify that the potential appointments have met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed or are being recommended for a leadership role on the committee, I review prior attendance records and review any evaluations that may have been completed by fellow committee members. Evaluations are completed annually by all committee members giving feedback regarding the Chair and Vice Chair's performance. The evaluation requests feedback in the areas of interpersonal skills, communications, leadership, attendance, preparedness, technical, and participation.

Recommendations For Appointments/Reappointments to Qualifications Committee

Page 2

Prior to making a decision to recommend Mr. Eckley as Chair of the QC, I performed all the steps previously mentioned. I believe Mr. Eckley has exhibited a high level of professionalism during the performance of his duties and demonstrated that he has the skills and knowledge to serve in a leadership capacity on the QC, which will allow the QC to continue to perform its mandated activities and assist the CBA with its Licensure Program.

Fiscal/Economic Impact

This item does not have a fiscal/economic impact.

Recommendation

Based on the information above, I recommend, in consultation with Fausto Hinojosa, CPA and Chair of the QC, that Mr. Eckley be appointed as Chair of the QC.

Attachments

1. Curriculum Vitae of Maurice Eckley, CPA
2. Skill Matrix



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CBA Item II.C.
November 15-16, 2012

Recommendations for Appointment/Reappointment and Rotation Off of the Peer Review Oversight Committee (PROC)

Presented by: Leslie LaManna, Vice President

Date: October 17, 2012

Purpose of the Item

The purpose of this agenda item is to recommend that two Peer Review Oversight Committee (PROC) members be rotated off the PROC to allow new members be appointed for purposes of succession planning.

Action(s) Needed

It is requested that California Board of Accountancy (CBA) members adopt the recommendation.

Background

The PROC consists of seven members and acts as an advisory committee to assist the CBA in its oversight of the Peer Review Program. The present PROC members were all appointed on or near the same date, as a result of mandatory peer review becoming law in California in January 2010. Accordingly, all PROC members have similar term expiration dates.

At the May 2012 CBA meeting, CBA members expressed concern regarding PROC member term expiration dates and that the CBA would have significant loss of institutional knowledge should all the members' terms expire on or near the same date. The CBA directed staff, for purposes of succession planning, to create varying term expiration dates for PROC members.

Comments

To address CBA member concerns regarding succession planning, and to establish varying term expiration dates for the PROC, it's necessary to rotate two existing PROC members off the committee and permit new members be appointed. The CBA will repeat this process within two years, to allow additional members be appointed.

Creating varying PROC member term expiration dates will allow mentoring to occur between existing and new members and also prevent the loss of knowledge regarding key issues deliberated on as the PROC was established and as the Peer Review program was implemented.

Recommendations for Appointment/Reappointment and Rotation Off the Peer Review Oversight Committee (PROC)

Page 2 of 2

Fiscal/Economic Impact Considerations

This item does not have a fiscal/economic impact.

Recommendation

To address succession planning concerns, create varying member term expiration dates, and allow for new members to be appointed to the PROC, I recommend that Mr. Gary Bong, CPA and T. Ki Lam, CPA be rotated off the PROC, effective December 31, 2012. This recommendation was made in consultation with the committee chair, Nancy Corrigan, CPA. Should the CBA approve this recommendation, it's anticipated that a recommendation for new member appointments will be brought in January or March 2013.

Attachments

None



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CBA Item III.B.
November 15-16, 2012

Fiscal Year 2012-13 First Quarter Financial Report

Presented by: Michael Savoy, CPA, Secretary/Treasurer

Date: November 15, 2012

Purpose of the Item

The purpose of this agenda item is to provide California Board of Accountancy (CBA) members the first quarter financial report, which gives an overview of year end receipts, expenditures, and the status of the Accountancy Fund Reserve.

Action Needed

No specific action is required on this agenda item.

Background

CBA Financial Reports are prepared quarterly (October, January, April, and August) and are included in CBA meeting materials. These reports provide an overview of receipts, expenditures, and the status of the Accountancy Fund Reserve.

Comments

None

Fiscal/Economic Impact Considerations

None

Recommendation

Staff has no recommendation on this item.

Attachments

1. First Quarter Financial Report – Narrative
2. First Quarter Financial Report – Statistics
3. CBA Budget Allocation History
4. CBA Total Revenue and Expenditures

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2012-13
FIRST QUARTER FINANCIAL REPORT - NARRATIVE
(for period of 7-01-12 through 9-30-12)



DISCUSSION AND ANALYSIS OF FINANCIAL REPORT

BUDGET

The fiscal year (FY) 2012-13 Budget was signed by Governor Brown on June 27, 2012. The Governor instituted a revised personal leave program (PLP) to reduce state employee compensation costs approximately five percent by requiring all state employees to take one unpaid day off per month. The program remains effective from July 1, 2012 through June 30, 2013. The Governor's office projects a total state savings of \$800 million. It is anticipated that the CBA's FY 2012-13 budget of \$11,288,000 will decrease by approximately \$300,000. This change has not yet been reflected on the financial report (**Attachment 2**) nor has it been published on the Department of Finance website.

REVENUES/TOTAL RECEIPTS

During the first quarter of FY 2012-13, the CBA collected \$2.7 million in total receipts. Total revenues declined about eight percent from the same period last year. Initial Licensing applications for the first quarter of FY 2012-13 decreased reflecting a reduction in licensing revenue. The CBA will continue to monitor this revenue line item as it is not anticipated that this reduction will continue. Staff project that licensure applications may slightly increase as the CBA nears changes for CPA licensure in 2014. Penalties and fines reflect an increase in enforcement citations regarding Peer Review reporting violations; however, the overall volume of citations are expected to decrease as licensees become more accustomed to this new reporting requirement.

EXPENDITURES

Total expenditures reflect a five percent increase from the same time period last fiscal year. The lifting of the hiring freeze in January 2012 permitted the CBA to recruit and fill vacant staff positions. Consequently, personal services expenditures reflect an increase of approximately 15 percent.

The Enforcement Division was fully staffed by filling the final Investigative Certified Public Accountant (ICPA) position on June 18, 2012. The on-going need for external subject matter expert consultants is expected to decrease. Only two consultants remain on contract with the CBA until the end of FY 2012-13. The consultant expenditure line item reflects a projected 88 percent annual decrease resulting from the elimination of many contracts.

The CBA resumed printing of the UPDATE publication beginning with the Fall 2012 edition. It was determined that not all licensees were receiving the publication, either in the electronic or hard-copy formats. The financial report reflects increases in the postage and printing line items as a result of resuming the hard-copy printing of this publication.

RESERVES

The CBA ended the first quarter with 15.5 months in Reserve. Total expenditures exceeded total revenue, however, higher than expected cost recovery reimbursements have offset the intended reduction in the Reserve. Cost recovery has been unusually high due to the reimbursement of two large cases during the first quarter.

	FY 2012-13 Received/Expended 7/01/12 - 9/30/12 (3 months) [9]	FY 2011-12 Received/Expended 7/01/11 - 9/30/11 (3 months) [9]	% Change FY 2012-13 to FY 2011-12 to (A:B)	FY 2012-13 Annual Governor's Budget 7/01/12 - 6/30/13 (12 months) [10]	FY 2012-13 Receipts/Expenditures Over/Under Budget (D:A)	FY 2012-13 Annual Projections (12 months) [11]
RECEIPTS						
Revenues:						
Renewals [1]	1,710,006	1,895,785	-9.8%	5,904,082	-71.0%	5,667,902
Examination Fees	779,411	819,722	-4.9%	3,013,691	-74.1%	3,098,901
Licensing Fees	194,250	226,400	-14.2%	955,900	-79.7%	900,000
Practice Privilege Fees	22,700	27,550	-17.6%	183,300	-87.6%	210,214
Miscellaneous [2]	11,594	12,452	-6.9%	57,084	-79.7%	44,106
Monetary Sanctions [3]	0	0	NA	0	NA	0
Penalties and Fines	34,200	5,012	582.4%	75,740	-54.8%	100,000
Total Revenues	2,752,161	2,986,921	-7.9%	10,189,797	-73.0%	10,021,123
Interest	0	0	NA	0	NA	49,000
TOTAL NET RECEIPTS	2,752,161	2,986,921	-7.9%	10,189,797	-73.0%	10,070,123
EXPENDITURES:						
Personal Services:						
Salaries & Wages	1,090,629	967,561	12.7%	4,651,496	-76.6%	4,791,335
Benefits	461,713	387,236	19.2%	1,904,749	-75.8%	1,904,749
Total Personal Services:	1,552,342	1,354,797	14.6%	6,556,245	-76.3%	6,696,084
Operating Expenses:						
Fingerprints	3,812	8,022	NA	185,000	-97.9%	25,000
General Expense	41,475	28,680	44.6%	43,547	-4.8%	176,390
Printing	43,544	18,014	141.7%	85,608	-49.1%	125,000
Communications	2,167	2,758	-21.4%	48,614	-95.5%	21,097
Postage	21,503	20,473	5.0%	130,872	-83.6%	129,018
Travel: In State	16,213	17,182	NA	132,886	-87.8%	137,053
Training	125	2,335	NA	28,012	-99.6%	28,012
Facilities Operations	658,784	546,604	20.5%	613,818	7.3%	658,784
Consultant & Professional Services Int.	0	0	NA	3,708	-100.0%	3,708
Consultant & Professional Services Ext.	41,269	355,796	-88.4%	313,368	-86.8%	71,769
Departmental Services	319,470	0	NA	1,278,926	-75.0%	1,278,926
Consolidated Data Center	3,443	0	NA	41,148	-91.6%	41,148
Data Processing	294	2,597	NA	71,103	-99.6%	25,000
Central Administrative Services	129,399	128,538	NA	517,594	-75.0%	517,594
Exams	68,400	136,600	-49.9%	0	NA	136,600
Enforcement	83,575	211,830	NA	1,463,551	-94.3%	1,067,215 [12]
Minor Equipment	722	346	108.7%	70,000	-99.0%	40,000
Major Equipment	0	0	NA	0	NA	0
State Controller Operations	0	0	NA	0	NA	0
FISCAL [4]	0	0	NA	0	NA	0
Total Operating Expenses:	1,434,195	1,479,775	-3.1%	5,027,755	-71.5%	4,482,314
TOTAL EXPENDITURES	2,986,537	2,834,572	5.4%	11,584,000	-74.2%	11,178,398
Less Scheduled Reimbursements	3,910	5,766	-32.2%	296,000	-98.7%	296,000
TOTAL NET EXPENDITURES	2,982,627	2,828,806	5.4%	11,288,000	-73.6%	10,882,398
RECEIPTS IN EXCESS OF EXPENSES	-230,466	158,115		-1,098,203		-812,275
PLUS COST RECOVERY	512,787	394,429		0		600,000
BEGINNING RESERVES JULY 1 [5]	14,301,000	14,003,000		14,301,000		14,301,000
GENERAL FUND LOAN 2011 [6]	0	-1,000,000		0		0
Total Resources	14,583,321	13,555,544		13,202,797		14,088,725
PROJECTED ENDING RESERVES	14,583,321	13,555,544	7.6%	13,202,797		14,088,725
GENERAL FUND LOAN 2002 [7]	(6,000,000)					
GENERAL FUND LOAN 2003 [7]	(270,000)					
GENERAL FUND LOAN 2008 [7]	(14,000,000)					
GENERAL FUND LOAN 2010 [7]	(10,000,000)					
GENERAL FUND LOAN 2011 [7]	(1,000,000)					
MONTHS IN RESERVE (MIR) [8]	15.5	14.1		14.0		15.0

Footnotes:

- [1] Includes biennial renewals, delinquent and prior year renewals, and initial licenses.
- [2] Includes miscellaneous services to the public, dishonored check fees, certification fees, duplicate licenses, name changes, over/short fees, suspended revenue, prior year adjustments, and unclaimed checks.
- [3] Enforcement monetary sanctions received as components of stipulated settlements and disciplinary orders approved by the CBA. These orders bring to a conclusion any accusations that had previously been filed by the Executive Officer, and are separate from fines or citations.
- [4] FI\$Cal is the Financial Information System for California, an historic project with four Partner Agencies having authority over the state's financial management. Comprised of the Department of Finance (DOF), the State Controller's Office (SCO), the State Treasurer's Office (STO), and the Department of General Services (DGS), the project represents a multi-year commitment by the State of California to operate within an integrated financial management system environment. Leveraging the power of Enterprise Resource Planning (ERP) will assist the project to integrate the data, functions and processes of state fiscal data management into one system. All Agencies contribute a portion of their expenditure authority to this project.
- [5] FY 2012-13 beginning reserve amount was taken from Analysis of Fund Condition statement, prepared by the Department of Consumer Affairs (DCA) Budget Office in August 2012.
- [6] The CBA budget for FY 2011-12 reflects a \$1 million loan to the General Fund.
- [7] Funds borrowed per California Government Code Section 16320, which indicates that the Budget Act is the authority for these loans. The "terms and conditions" of the loans, per the Budget Act are: "The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer." (Estimated at .389% for 2011, .515% for 2010, 2.78% for 2008, 1.64% for 2003 loan, and 2.64% for 2002). "It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through a reduction in service or an increase in fees." Outstanding General Fund loans total \$31,270,000.
- [8] Calculation: Net expenditure authority for FY 2012-13 (\$11,288,000) divided by twelve months equals monthly expenditure authority (\$940,667). Total ending reserves divided by monthly authority equals "Months in Reserve" (MIR).
- [9] Received/Expended amounts through September 30, 2012 for FY 2012-13 and September 30, 2011 for FY 2011-12 include encumbrances, and are from DCA Budget Reports.
- [10] Figures reflect projected revenues from FY2012-13 Workload and Revenue Statistics, expenditures are from the FY 2012-13 DCA Budget Galley STONE and the DCA Fund Condition statement prepared in August 2012.
- [11] This column reflects CBA's annual revenue and expenditure projections for Fiscal Year 2012-13 based on three months of actual data.
- [12] Annual expenditures projected for the Enforcement line item are based only on what the CBA has spent to date. No other factors are used in determining this projection. This estimate is not indicative of the number or type of enforcement cases the CBA anticipates being involved in or is currently investigating.

NOTE: CBA Financial Reports are prepared quarterly (October, January, April, and August) and included in CBA Meeting materials. These reports provide an overview of receipts, expenditures, and the status of the Accountancy Fund Reserve.

CBA Budget Allocation History
(including reimbursements FM03)

Year End FY 2012-13	Total Budget Act ¹	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Board
\$ Budgeted	\$11,288,000	225,760	790,160	1,467,440	564,400	1,128,800	4,402,320	2,144,720	451,520	112,880
\$ Spent*	\$2,986,536	50,949	273,611	359,453	172,533	362,313	972,254	633,768	139,049	22,606
Authorized Positions²	79.9	1.4	6.0	12.0	5.0	11.0	22.5	19.0	3.0	0.0

1. Total Budget Act dollars before reimbursements.

2. The elimination of salary savings required by the Department of Finance in FY 2012-13, required the CBA to eliminate 3.6 authorized positions.

Year End FY 2011-12	Total Budget Act ¹	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Client Services	Board
\$ Budgeted	\$11,192,506	223,850	783,475	1,455,026	559,625	1,119,251	4,365,077	2,126,576	447,700	0.0	111,925
\$ Spent*	\$10,462,947	174,669	975,605	1,247,523	568,692	1,044,536	3,610,630	2,144,505	597,051	0.0	99,736
Authorized Positions	83.5	2.0	7.0	12.0	5.0	11.0	22.5	20.0	4.0	0.0	0.0

FY 2010-11	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Client Services ³	Board
\$ Budgeted	\$11,928,725	176,337	1,023,455	1,208,197	618,616	929,864	5,150,079	2,169,348	519,624	0	133,206
\$ Spent	\$9,223,515	140,127	883,475	1,230,379	530,717	980,654	2,743,474	2,118,158	478,714	0	117,816
Authorized Positions	84.0	2.0	9.0	15.0	5.0	8.0	20.0	21.0	4.0	0.0	0.0

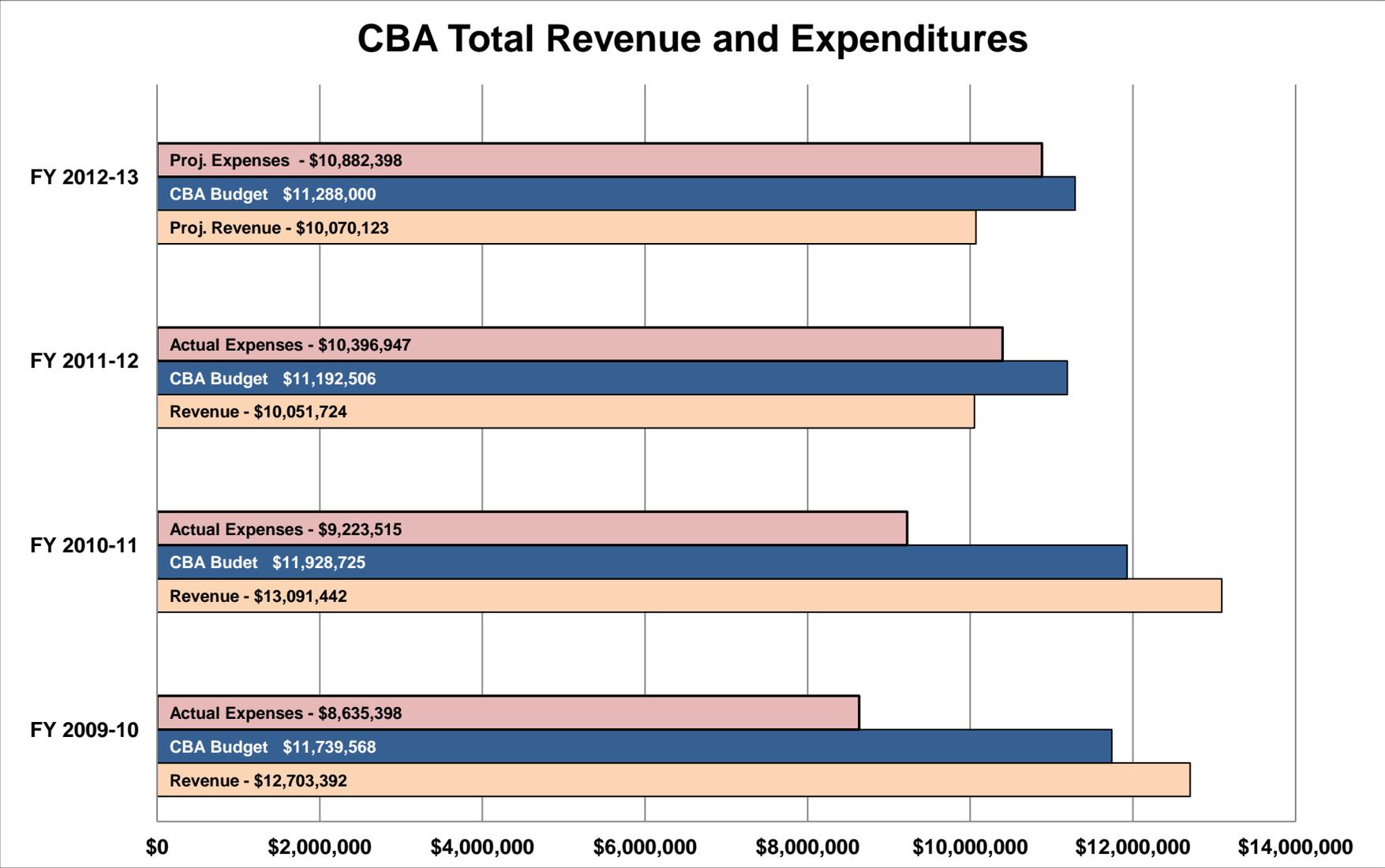
3. The Client Services Unit was closed in 2010 and staff were redirected to the Examination, Enforcement, and RCC units.

FY 2009-10	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Client Services	Board
\$ Budgeted	\$11,739,568	446,994	617,118	1,311,926	568,326	788,597	4,970,948	1,830,145	591,295	501,841	112,378
\$ Spent	\$8,635,398	301,775	665,369	1,122,477	517,342	805,498	2,601,959	1,564,363	469,070	409,554	177,991
Authorized Positions	83.0	5.0	6.0	15.0	5.0	7.0	17.0	19.0	4.0	5.0	0.0

* Dollars spent through September 30, 2012.

FY 2012-13 First Quarter Financial Report

CBA Total Revenue and Expenditures





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CBA Item III.C.

November 15-16, 2012

**Discussion on Initiating a Rulemaking to Amend Title 16,
California Code of Regulations Section 70 Regarding Fees**

Presented by: Nicholas Ng, Administrative Services Manager

Date: October 17, 2012

Purpose of the Item

The purpose of this agenda item is to provide California Board of Accountancy (CBA) members with an updated fee reduction proposal to reduce Accountancy Fund Reserve (Reserve) levels.

Action(s) Needed

CBA Members will be asked to consider the fee level structure proposal provided in **Attachment 1** in order to reduce the Reserve to levels that cannot be considered excessive. Members will also need to consider the proposed regulatory language provided in **Attachment 2**.

Background

At the September 2012 meeting, CBA staff provided members a number of fee reduction scenarios to reduce the Reserve to an approximate three month level. The members directed staff to bring back a revised reduction strategy involving further decreases to examination, license application/firm registration and renewal fees. The more substantial reductions would reduce the Reserve from its approximate \$14M level to \$2M in two fiscal years (FY) rather than the four fiscal years proposed at the September meeting.

Comments

A detailed spreadsheet has been provided with proposed reductions to all three fees (**Attachment 1**). The proposal includes the following:

- Further reduction of renewal fees by approximately another 60% (75% reduction from original \$200 levels) from \$120 to \$50 per biennial period
- Reduction of examination application fees by 50% from \$100/\$50 to \$50/\$25
- Reduction of licensing application/firm registration fees by 80% from \$250/\$150 to \$50/\$30.

With these reductions, the CBA will be operating with a negative annual cash flow of approximately \$6M in FY 2014-15 and 2015-16. Given the expected large decreases to the Reserve over a relatively short period of time, staff recommend that the Reserve be monitored quarterly. Staff will provide a fund condition analysis/projection with every

Discussion on Initiating a Rulemaking to Amend Title 16, California Code of Regulations Section 70 Regarding Fees

Page 2 of 2

financial statement. This will ensure timely notification to members in the event the Reserve depletes faster than expected or expenditures unexpectedly increase. Staff is also proposing that the fees revert back to their original levels beginning July 2016 and that an analysis be completed no later than May 2015 to determine if a more appropriate fee structure is necessary to keep the Reserve balanced and at an approximate three month level. Conducting an analysis by May 2015 will allow staff at least another two years to monitor expenditure levels to better ascertain an appropriate balancing fee structure. Proposed regulatory language has been provided in **Attachment 2**.

The three months in Reserve (MIR) would provide the CBA with enough funding at any given time to cover its emergency \$2M annual contingency funding for litigation or enforcement activities as authorized in Business and Professions Code Section 5025.2(b). This takes into account that a rulemaking process would take approximately 18 months or 1.5 years to finalize. Eighteen months of emergency funding would be equivalent to approximately \$3M or three MIR.

Fiscal/Economic Impact Considerations

The proposal will reduce the Reserve to approximately \$2M by the end of FY 2015-16. Based on staff projections, the proposed fee reductions, should they become finalized through the rulemaking process, are not anticipated to have any adverse effect on mission critical operations.

Recommendation

Staff do not have a recommendation. However, a decision on the proposal and proposed regulatory language at the November 2012 meeting is needed in order to provide sufficient time for the rulemaking process. Should the proposal and language be approved by the members, it is requested that the CBA direct staff to initiate the rulemaking process in order to conduct the regulatory hearing at the January 2013 meeting.

Attachments

1. Fee Reduction Proposal – Analysis of Fund Condition
2. Proposed Regulatory Language

**0704 - California Board of Accountancy
Fee Reduction Proposal - Analysis of Fund
Condition**

ATTACHMENT 1

(Dollars in Thousands)

Priority	% Reduction	Fee Category
1	75%	Renewal Fee/Initial Permit Reduction - \$200
2	50%	Exam App Fee Reduction - \$100/\$50
3	80%	License Application/Registration Fee Reduction - \$250/\$150

**75% Reduction to Renewal Fees
50% Reduction to Licensing App Fees
80% Reduction to Exam App Fees**

Changes to Projection Methodology

1	300	Annual Investigative Cost Recovery Projection (in thousands)
2	0%	Annual % Increase in Expenditures (DCA standard is 2%)

	ACTUAL 2010-11	ACTUAL 2011-12	CY 2012-13	Governor's Budget BY 2013-14	BY + 1 2014-15	BY + 2 2015-16
BEGINNING BALANCE	\$ 20,135	\$ 14,346	\$ 14,301	\$ 14,088	\$ 13,365	\$ 7,550
Prior Year Adjustment	\$ 348	\$ 308	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 20,483	\$ 14,654	\$ 14,301	\$ 14,088	\$ 13,365	\$ 7,550
REVENUES AND TRANSFERS						
Revenues:						
125600 Other regulatory fees	\$ 67	\$ 167	\$ 137	\$ 131	\$ 122	\$ 122
125700 Other regulatory licenses and permits	\$ 4,827	\$ 4,622	\$ 4,550	\$ 4,475	\$ 2,667	\$ 2,667
125800 Renewal fees	\$ 7,801	\$ 4,963	\$ 5,156	\$ 5,349	\$ 2,229	\$ 2,229
125900 Delinquent fees	\$ 323	\$ 244	\$ 170	\$ 260	\$ 108	\$ 108
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
150300 Income from surplus money investments	\$ 66	\$ 48	\$ 49	\$ 48	\$ 45	\$ 26
160400 Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161000 Escheat of unclaimed checks and warrants	\$ 4	\$ 3	\$ -	\$ -	\$ -	\$ -
161400 Miscellaneous revenues	\$ 3	\$ 5	\$ 8	\$ 2	\$ 2	\$ 2
164300 Penalty Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues	\$ 13,091	\$ 10,052	\$ 10,070	\$ 10,265	\$ 5,174	\$ 5,154
Transfers from Other Funds						
*F00001 GF Loan Repaymentper BA of 2010 Proposed Repay of 11-12 Loan						
Transfers to Other Funds						
T00001 GF loan per item, BA of 2010 Proposed GF Loan FY 11-12	\$ -10,000	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -1,000	\$ -	\$ -	\$ -	\$ -
Totals, Revenues and Transfers	\$ 3,091	\$ 9,052	\$ 10,070	\$ 10,265	\$ 5,174	\$ 5,154
Totals, Resources	\$ 23,574	\$ 23,706	\$ 24,371	\$ 24,353	\$ 18,538	\$ 12,704
EXPENDITURES						
Disbursements:						
0840 State Controller (State Operations)	\$ 19	\$ 13	\$ -	\$ -	\$ -	\$ -
8880 Financial Information System for California (State Operations)	\$ 7	\$ 32	\$ -	\$ -	\$ -	\$ -
1110 Program Expenditures (State Operations)	\$ 9,436	\$ 10,182	\$ 10,883	\$ 11,288	\$ 11,288	\$ 11,288
Credit Card BCP (BreZE)						
Total Disbursements	\$ 9,462	\$ 10,227	\$ 10,883	\$ 11,288	\$ 11,288	\$ 11,288
INVESTIGATIVE COST RECOVERY	\$ 234	\$ 822	\$ 600	\$ 300	\$ 300	\$ 300
FUND BALANCE						
Reserve for economic uncertainties	\$ 14,346	\$ 14,301	\$ 14,088	\$ 13,365	\$ 7,550	\$ 1,716
Months in Reserve		15.8	15.0	14.2	8.0	1.8

PROPOSED REGULATORY LANGUAGE

§ 70. Fees.

(a)(1) From July 1, 2014 until June 30, 2016, the application fee for the computer-based Uniform Certified Public Accountant Examination shall be \$50 for issuance of the Authorization to Test to first-time applicants and \$25 for issuance of the Authorization to Test to repeat applicants.

~~(2) Commencing January 23, 2004~~ July 1, 2016, the application fee to be charged each California applicant for the computer-based Uniform Certified Public Accountant Examination shall be ~~an application fee of \$100 for issuance of the Authorization to Test to first-time applicants and an application fee of \$50 for issuance of the Authorization to Test to repeat applicants.~~

(b)(1) From July 1, 2014 until June 30, 2016, the application fee for issuance of a certified public accountant certificate shall be \$50.

~~(2) Commencing July 1, 2004~~ July 1, 2016, the application fee to be charged each applicant for issuance of a certified public accountant certificate shall be \$250.

(c)(1) From July 1, 2014 until June 30, 2016, the application fee for registration as a partnership or as a corporation, including registration under a new name as a partnership or as a corporation, shall be \$30.

~~(2) The~~ Commencing July 1, 2016, the application fee to be charged each applicant for registration as a partnership or as a corporation, including ~~applicant for registration~~ under a new name as a partnership or as a corporation, shall be \$150.

(d)(1) ~~Commencing July 1, 2000, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200.~~

~~(2) Commencing July 1, 2011~~ From July 1, 2014 until June 30, 2016, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be ~~\$120~~ \$50.

~~(3) (2) Commencing July 1, 2015~~ 2016, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200 unless subsection (i) applies.

(e)(1) ~~Commencing July 1, 2000, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200.~~

~~(2) For licenses expiring after between June 30, 2011~~ July 1, 2014 and June 30, 2016, the fee for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be ~~\$120~~ \$50.

~~(3) For licenses expiring after June 30, 2015~~ 2016, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200 unless subsection (i) applies.

(f) The fee for the processing and issuance of a duplicate copy of a certificate of licensure or registration shall be \$10.

(g) The fee for processing and issuance of a duplicate copy of a registration, or permit or other form evidencing licensure or renewal of licensure shall be \$2.

(h)(1) ~~The fee to be charged an individual~~ for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 with an authorization to sign attest reports shall be \$100.

(2) ~~The fee to be charged an individual~~ for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 without an authorization to sign attest reports shall be \$50.

(3) This subsection shall become inoperative on July 1, 2013.

(i) By May 31, ~~2014~~ 2015, the Board shall conduct a review of its actual and estimated costs. Based on this review, the Board shall determine the appropriate level of fees for the initial permit to practice pursuant to subsection (d) and renewal of the permit to practice pursuant to subsection (e) in order to maintain the Board's contingent fund reserve balance at an amount equal to approximately ~~nine~~ three months of estimated annual authorized expenditures. If the Board determines that fees of less than \$200 are indicated, the Board shall fix the fees by regulation at the indicated amounts by July 1, ~~2015~~ 2016.

Note: Authority cited: Sections 5010 and 5134, Business and Professions Code.

Reference: Sections 122, 163, 5096, and 5134 Business and Professions Code.



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CBA Item IV.B.
November 15-16, 2012

Update on CBA 2010-2012 Communications and Outreach Plan

Presented by: Lauren Hersh, Information & Planning Manager

Date: November 1, 2012

Purpose of the Item

The purpose of this agenda item is to keep California Board of Accountancy (CBA) members informed of communications and outreach efforts and activities.

Action(s) Needed

No specific action is required on this agenda item.

Background

As requested by the CBA, staff is providing regular updates regarding the communications and outreach activities which have taken place since the last CBA meeting.

Comments

UPDATE Publication

The Fall UPDATE publication was posted to the CBA website October 2 and shared via E-News, Twitter and Facebook. The printed version is expected to be mailed out to approximately 75,000 licensees and interested parties through the Office of State Publishing in mid-November. Response to individual articles shared via social media has been positive, with "The Importance of an Engagement Letter" and "Wells Submissions" sparking the most interest thus far. Analytics show those articles "went viral" within the licensee community, which added several hundred more views.

E-News

E-News subscriptions have increased by nearly 1,000 since the last report. The table on the following page indicates the number of subscribers by areas of interest, with many subscribers choosing more than one area of interest.

Update on CBA 2010-2012 Communications and Outreach Plan

List Name	External	Internal	Total
California Licensee	8,327	48	8,375
Consumer Interest	3,896	53	3,949
Examination Applicant	2,502	41	2,543
Licensing Applicant	2,947	43	2,990
Out-of-State Licensee	1,926	40	1,966
Statutory/Regulatory	6,699	55	6,754
CBA Meeting Info & Agenda Materials	3,027	34	3,061
UPDATE Publication	5,970	15	5,985
Total subscriptions	35,294	329	35,623

Social media

In researching ways the CBA might further enhance outreach and stakeholder engagement, staff explored the growing use of information graphics (infographics) **(Attachment)** and how they could be used to assist our stakeholders. Infographics utilize complex information and break it into visually-pleasing easy-to-follow steps. There is a significant amount of research that shows including infographics in your social media efforts increases the likelihood your information will be shared with others.

With so many important changes coming to the accountancy profession in California in the next few years, developing infographics tailored to the CBA's needs appears to be a good fit. Staff will soon begin developing the first infographic drafts, and expect to be using them in the spring of 2013.

At this writing, the CBA has 1,589 fans on Facebook and reaches approximately 2,100 on a weekly basis. The CBA currently has nearly 917 followers on Twitter. Most of the posts that "go viral" are aspirational and inspirational: those that focus on positive contributions by CPAs, tips for interviewing, and those that reference popular culture or are enriched with video clips or eye-catching graphics.

Fiscal/Economic Impact Considerations

None.

Recommendation

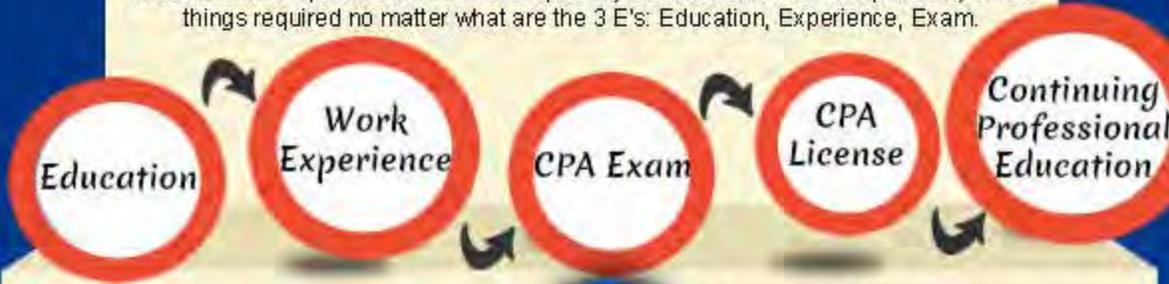
Staff has no recommendation on this item.

Attachment

How to Become a CPA (infographic)

How to Become a CPA

Becoming a CPA is a long and hard process that gets all the more complicated as you factor in state requirements and other specialty certifications. However, the only three things required no matter what are the 3 E's: Education, Experience, Exam.



Education: Get Some

Most states require that you have a Bachelors degree of some kind. If you don't have a Bachelors degree in Accounting, you may have to meet some additional education requirements before being able to take the exam.

You decide to become a CPA

Deciding to become a CPA doesn't always come early to everyone. Sometimes they decide much later in their career. Either way, once you decide to become a CPA you have to meet the same requirements

START

Education

Fact

The # of states requiring BA's is increasing

INCREASING

Experience

In order to become a CPA, you have to get your hands dirty. You can do this before you take the exam or after, but most states will require at least 2 years of experience in the accounting world.

Work

CPA's Make More Money

\$52,513

VS

\$73,418

Non CPA*

CPA*

CPA Exam: 16 Hours

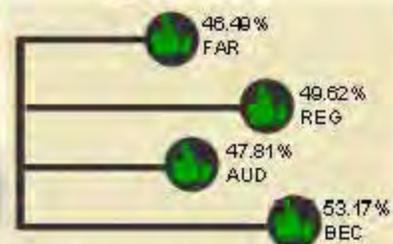


There are a ton of CPA Exam Review courses that you can buy to study for the exam.

- The majority of people who take the test fail the first time
- The passing score is 75 on a 0-99 scale.

CPA Exam

CPA Exam Pass Rates: Q2 2012**



License

CPE

Your state will have requirements for getting your actual CPA License, which is different from the CPA Exam. The exam is only one requirement. In order to remain a CPA you will need to have a certain # of CPE's every year

CPA Exam: 4 Parts



How to Become an Accountant HQ

Visit us: <http://howtobecomeanaccountanthq.com/>

END

Conclusion

Getting your CPA is hard work. The work doesn't end when you get your license. Regardless, it's worth it. You gain more credibility, respect, and more money.

* http://snicompanies.com/texas/certifications_pay/c59/Career_Center/Helpful_Articles/Certifications_Pay.html

** <http://www.aicpa.org/becomeacpa/cpaexam/psychometricsandscore/passingrates/downloadabledocuments/passrates2012.pdf>



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CBA Item IV.C.
November 15-16, 2012

Review and Possible Adoption of CBA 2013-2015 Communications and Outreach Plan

Presented by: Deanne Pearce, Assistant Executive Officer

Date: November 1, 2012

Purpose of the Item

The purpose of this agenda item is to present the CBA with the 2013-2015 Communications and Outreach Plan in fulfillment of Objective 4.2 of the CBA 2013-2015 Strategic Plan.

Action(s) Needed

The CBA is asked to review and possibly adopt the 2013-2015 Communications and Outreach Plan.

Background

The 2013-2015 Strategic Plan Objective 4.2 states "Maintain a communication plan that increases and prioritizes outreach efforts and focuses on relevant issues and key messages." The 2013-2015 Communications and Outreach Plan has been developed to support and implement communication and outreach elements of the Strategic Plan. As communications and outreach becomes more integrated with technology, CBA staff continues to "leverage emerging technologies to reach consumers and licensees with relevant issues and key messages" (Strategic Plan Objective 4.4).

The Communications and Outreach Plan takes into consideration changes such as new education requirements for licensure, the implementation of BreEZe and the new retired status. The successful use of social media, webinars and Facebook events to engage many different stakeholder groups underscore the importance of leveraging emerging technologies to reach consumers and licensees.

Comments

None.

Fiscal/Economic Impact Considerations

None.

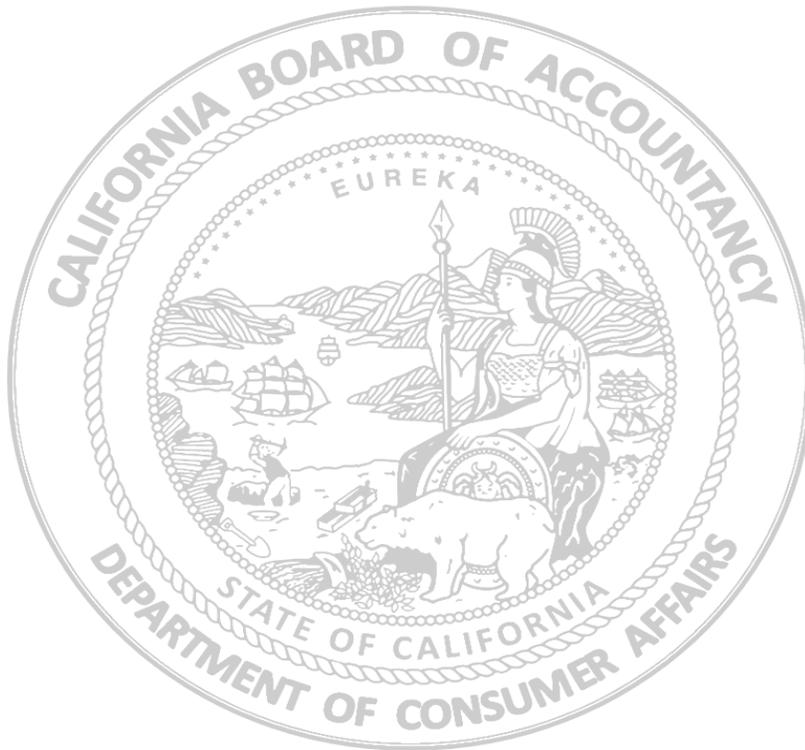
Recommendation

Staff has no recommendation on this item.

Attachment

2013-2015 Communications and Outreach Plan

CALIFORNIA BOARD OF ACCOUNTANCY



**2013-2015
Communications
& Outreach Plan**

Purpose and Scope of the 2013-2015 Communications & Outreach Plan

The purpose of this document is to define the 2013-2015 communications goals and strategies of the California Board of Accountancy (CBA), in support of the 2013-2015 Strategic Plan, Goal 4, which states: “Provide and maintain effective and timely outreach to all CBA stakeholders.” The 2013-2015 Communications & Outreach Plan identifies CBA’s stakeholders, outlines the goals of the communication efforts to reach and inform each group, and provides a roadmap for accomplishing goals and objectives identified in the Strategic Plan and as directed by the CBA. These high-level strategies and goals are intended to provide guidance in planning and measuring results of the current and future communications efforts.

CBA communications and outreach efforts should be based on explicit and detailed Communication project plans. Success for CBA communications should be measured against plan objectives. Where appropriate, this plan will cross-reference specific Objectives in the 2013-2015 Strategic Plan.

Communication Goals

Communication is the CBA’s primary tool for promoting cooperation, participation, and coordination between all stakeholders. The CBA’s stakeholders include consumers, licensees, applicants, professional organizations and groups that have a direct or indirect stake in the CBA because it can affect or be affected by the CBA’s actions, objectives, and policies. The 2013-2015 Communications & Outreach Plan seeks to inform and educate each stakeholder group, with education and outreach messages noted below.

1. Consumers- Individuals and Businesses

- What can consumers expect when they contact the CBA? (Strategic Plan Objectives 2.1, 2.2, 2.3)
- What is Peer Review and why should consumers request the results of the CPA’s peer review? (Strategic Plan Objective 1.6)
- How can consumers protect themselves when choosing California-licensed CPAs as well as out-of-state licensed CPAs and accounting firms practicing in California?
- Where can consumers find and how do they utilize License Lookup, CPA Verify, and other tools which enable consumers to check whether a CPA or accounting firm is licensed and the license is in good standing?
- What is the role of a CPA?
- What can consumers do when they have a complaint against a CPA?
- What is the CBA and its purpose?

2. Licensees

- Where can licensees learn about Mandatory Peer Review requirements? (Strategic Plan Objective 1.3)
- What are the consequences of unprofessional conduct? (Strategic Plan Objective 1.3)
- What are a licensee's due process rights? (Strategic Plan Objective 1.5)
- What is the new Practice Privilege program? (Strategic Plan Objective 3.2)
- What are the new educational requirements for CPA licensure? (Strategic Plan Objective 3.3)
- What are the license renewal and Continuing Education requirements?

3. Applicants for Licensure

- What are the new educational requirements for CPA licensure? (Strategic Plan Objective 3.3)
- What is the CBA and its purpose?
- How does one apply for the Uniform CPA Exam?
- How does one obtain a CPA license?
- What are the benefits a license provides?

4. Colleges and Universities

- What are the educational requirements for CPA licensure? (Strategic Plan Objective 3.3)
- What are the steps to obtain a CPA license?
- What are the benefits a license provides?

5. Professional Organizations and Government Agencies

- Promote the CBA's position on legislation and public policy and increase visibility and reputation by meeting with legislators as CBA activities or interest

warrants. (Strategic Plan Objective 5.2)

- Increase liaison communications with agencies that impact the CBA's objectives. (Strategic Plan Objective 5.3)
- Educate regarding what the CBA is seeking to achieve and how it will benefit stakeholders.
- Leverage the organizations and agencies as advocates for the CBA's consumer protection goals.

Communications Strategies and Tools

The communication activities and relationships described in this plan may change as the 2013-2015 Communications & Outreach Plan evolves. The tools and strategies described below are vehicles the CBA and its staff will use to deliver the CBA's position on relevant issues and key messages to its stakeholders.

1. Social Media

- Continue to build CBA brand through messaging consistent with CBA's goals and objectives.
- Continue to share timely, targeted messages that stakeholders find useful, informative and that advance consumer protection.
- As appropriate, evaluate and use new social media channels.
- Use social media research to increase reach to and response from stakeholders.

2. E-News

- Continue to market E-News subscriptions on all correspondence.
- Utilize E-News for delivery of CBA information and activities to subscribers.

3. UPDATE

- Continue to use UPDATE as a vehicle for important communications to licensees.
- Continue to post the digital edition on the CBA website, enabling online readers to access helpful links.

4. Presentations/Open Houses

- Continue to hold Open Houses in conjunction with CBA meetings across the state. (Strategic Plan Objective 4.1)
- Continue to partner with professional societies and higher education to provide presentations and webinars on topics of interest to students and faculty, candidates and licensees.
- As needed, update talking points, tip sheets, program and other leave-behind materials geared toward students/faculty at colleges/universities.

5. CBA Website

- Maintain Customer Satisfaction Survey on website to assess customer satisfaction and ascertain opportunities for improvement. (Strategic Plan Objective 2.1, 2.2 and 2.3)
- Continue to transition the CBA's website to the State Portal architecture and functionality. (Strategic Plan Objective 6.4)
- Provide relevant information regarding enforcement activities, legislation, regulation, CBA meeting minutes, agenda and other items of interest to stakeholders. (Strategic Plan Objective 6.5 and 6.6)
- Seek to enhance the user's experience and ease of use through enhanced technology, including the option for on-line services. (Strategic Plan Objective 6.3)

6. Media Relations

- Respond to reporters, assisting with requested information while emphasizing the CBA's consumer protection mission.
- Monitor trends in media to be poised to maximize opportunities and build relationships.
- Continue to build relationships between Communications & Planning Manager and specified business reporters and editors.

7. Press Releases

- Issue press releases alerting members of the press and interested parties of an upcoming CBA meeting. (Strategic Plan Objective 4.1 and 5.2)