



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>



**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
PUBLIC MEETING NOTICE FOR THE MOBILITY STAKEHOLDER GROUP (MSG),  
STRATEGIC PLANNING COMMITTEE (SPC), COMMITTEE ON PROFESSIONAL  
CONDUCT (CPC), LEGISLATIVE COMMITTEE (LC), ENFORCEMENT PROGRAM  
OVERSIGHT COMMITTEE (EPOC), AND CBA MEETINGS**

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|---------------------------------------|---|
| <b>DATE:</b> Thursday, March 19, 2015 | <b>MSG MEETING</b><br><b>TIME:</b> 9:30 a.m.  |
| <b>DATE:</b> Thursday, March 19, 2015 | <b>SPC MEETING</b><br><b>TIME:</b> 11:30 a.m. or upon adjournment<br>of the MSG Meeting |
| <b>DATE:</b> Thursday, March 19, 2015 | <b>CPC MEETING</b><br><b>TIME:</b> 11:45 a.m. or upon adjournment<br>of the SPC Meeting |
| <b>DATE:</b> Thursday, March 19, 2015 | <b>LC MEETING</b><br><b>TIME:</b> 12:00 p.m. or upon adjournment<br>of the CPC Meeting  |
| <b>DATE:</b> Thursday, March 19, 2015 | <b>EPOC MEETING</b><br><b>TIME:</b> 12:15 p.m. or upon adjournment<br>of the LC Meeting |
| <b>DATE:</b> Thursday, March 19, 2015 | <b>CBA MEETING</b><br><b>TIME:</b> 1:30 p.m. to 5:00 p.m.                               |
| <b>DATE:</b> Friday, March 20, 2015   | <b>CBA MEETING</b><br><b>TIME:</b> 9:00 a.m. to 11:00 a.m.                              |
- PLACE:** Wyndham Irvine-Orange County Airport  
17941 Von Karman Avenue  
Irvine, CA 92614  
Telephone: (949) 863-1999

Enclosed for your information is a copy of the agendas for the MSG, SPC, CPC, LC, EPOC, and CBA meetings on March 19-20, 2015. For further information regarding these meetings, please contact:

Corey Riordan, Board Relations Analyst  
(916) 561-1716 or cfriordan@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 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 Corey Riordan at (916) 561-1718, or email cfriordan@cba.ca.gov, or send a written request to the CBA Office at 2000 Evergreen Street, Ste. 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.**



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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
 MOBILITY STAKEHOLDER GROUP (MSG)**

**MSG MEETING  
 AGENDA**

**Thursday, March 19, 2015  
 9:30 a.m.**

**Wyndham Irvine-Orange County Airport  
 17941 Von Karman Avenue  
 Irvine, CA 92614  
 Telephone: (949) 863-1999**

**Important Notice to the Public**

All times indicated, other than those identified as "time certain," are approximate and subject to change. Agenda items may be discussed and action taken out of order at the discretion of the MSG Chair. The meeting may be cancelled without notice. For verification of the meeting, call (916) 561-1716 or access the CBA's website at <http://www.cba.ca.gov>.

	<b><u>CBA Item #</u></b>
Call to Order, Roll Call, and Establishment of Quorum ( <b>Katrina Salazar, Chair</b> ).	
I. Presentation and Discussion Regarding Requirements for Reporting Actions Taken at California Board of Accountancy Committee Meetings in Accordance With California Government Code Section 11123.	
II. Approval of Minutes of the November 20, 2014 MSG Meeting.	IX.F.
III. The MSG Decision Matrix and Stakeholder Objectives (Written Report Only).	VIII.A.2.
IV. Discussion Regarding the Consumer Protection Provisions of Business and Professions Code Sections 5096.2 – 5096.21 ( <b>Matthew Stanley</b> ).	VIII.A.3.
V. Discussion and Approval of the MSG Annual Report ( <b>Matthew Stanley</b> ).	VIII.A.4.
VI. Report on the New York Board of Accountancy's Practice Privilege Program ( <b>Matthew Stanley</b> ).	VIII.A.5.

- |       |  |            |
|-------|--|------------|
| VII.  | Discussion and Recommendation to the CBA Regarding Approval of Timeline and Plan for Making Determinations Required Pursuant to Business and Professions Code Section 5096.21 <b>(Matthew Stanley)</b> . | VIII.A.6.  |
| VIII. | Discussion and Recommendation to the CBA Regarding the Basis for Making Determinations Required Pursuant to Business and Professions Code Section 5096.21 <b>(Matthew Stanley)</b> .                     | VIII.A.7.  |
| IX.   | Discussion Regarding the CBA's Practice Privilege Preliminary Determinations Report <b>(Matthew Stanley)</b> .   | VIII.A.8.  |
| X.    | Discussion Regarding NASBA's Activities and CPAVerify <b>(Matthew Stanley)</b> .   | VIII.A.9.  |
| XI.   | Discussion Regarding Proposed Agenda Items for the Next MSG Meeting <b>(Matthew Stanley)</b> .   | VIII.A.10. |
| XII.  | Public Comments.*  |            |

### Adjournment

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the MSG 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 MSG prior to the MSG taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the MSG. Individuals may appear before the MSG to discuss items not on the agenda; however, the MSG can take no official action on these items at the time of the same meeting. (Government Code section 11125.7(a).)

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



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**MSG Item I.**  
March 19, 2015

**Presentation and Discussion Regarding Requirements for Reporting Actions  
Taken at California Board of Accountancy Committee Meetings in Accordance  
With California Government Code Section 11123**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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**Purpose of the Item**

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) with the new procedures staff will follow to meet the requirements to publicly report on each action taken in accordance with California Government Code (Government Code) section 11123.

**Action(s) Needed**

No specific action is required on this agenda item.

**Background**

The Bagley-Keene Open Meeting Act defines various terms, including “action taken” which is defined as a “collective commitment or promise by the members of the state body to make a positive or negative decision, or an actual vote by the members of a state body when sitting as a body or entity upon a motion, proposal, resolution, order, or similar action.”

Effective January 1, 2015, Government Code section 11123 was amended, by the passage of Assembly Bill 2720 (**Attachment 1**), to require that all state bodies publicly report any action taken and the vote or abstention on that action of each member present for the action. Pursuant to Business and Professions Code section 5017.1 (**Attachment 2**), the CBA keeps minutes which are publicly posted on the CBA website.

**Comments**

To ensure the CBA is in compliance with the new provisions that took effect January 1, 2015, the following procedures will be followed after each action at the MSG meetings:

- After a motion and a second have been put forth for a vote, a roll call vote will be taken by the MSG staff liaison.
- Members will state their vote as yes, no, or abstain, which will be recorded by the MSG staff liaison.
- When the roll call vote is complete, the committee Chair will state if the motion passed or failed.

**Presentation and Discussion Regarding Requirements for Reporting Actions  
Taken at California Board of Accountancy Committee Meetings in Accordance  
With California Government Code Section 11123**

Page 2 of 2

Additionally, the meeting minutes will document each member's vote as "Yes," "No," or "Abstain." If a member is temporarily absent, it will be noted on the minutes.

**Fiscal/Economic Impact Considerations**

None.

**Recommendation**

None.

**Attachments**

1. Assembly Bill 2720
2. Business and Professions Code section 5017.1



California  
LEGISLATIVE INFORMATION

**AB-2720 State agencies: meetings: record of action taken.** (2013-2014)

**Assembly Bill No. 2720**

**CHAPTER 510**

An act to amend Section 11123 of the Government Code, relating to public meetings.

[ Approved by Governor September 20, 2014. Filed with Secretary of State  
September 20, 2014. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2720, Ting. State agencies: meetings: record of action taken.

The Bagley-Keene Open Meeting Act requires, with specified exceptions, that all meetings of a state body, as defined, be open and public and all persons be permitted to attend any meeting of a state body. The act defines various terms for its purposes, including "action taken," which means a collective decision made by the members of a state body, a collective commitment or promise by the members of the state body to make a positive or negative decision, or an actual vote by the members of a state body when sitting as a body or entity upon a motion, proposal, resolution, order, or similar action.

This bill would require a state body to publicly report any action taken and the vote or abstention on that action of each member present for the action.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 11123 of the Government Code is amended to read:

**11123.** (a) All meetings of a state body shall be open and public and all persons shall be permitted to attend any meeting of a state body except as otherwise provided in this article.

(b) (1) This article does not prohibit a state body from holding an open or closed meeting by teleconference for the benefit of the public and state body. The meeting or proceeding held by teleconference shall otherwise comply with all applicable requirements or laws relating to a specific type of meeting or proceeding, including the following:

(A) The teleconferencing meeting shall comply with all requirements of this article applicable to other meetings.

(B) The portion of the teleconferenced meeting that is required to be open to the public shall be audible to the public at the location specified in the notice of the meeting.

(C) If the state body elects to conduct a meeting or proceeding by teleconference, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the rights of any party or member of the public appearing before the state body. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. The agenda shall provide an opportunity for members of the public to address the state body directly

pursuant to Section 11125.7 at each teleconference location.

(D) All votes taken during a teleconferenced meeting shall be by rollcall.

(E) The portion of the teleconferenced meeting that is closed to the public may not include the consideration of any agenda item being heard pursuant to Section 11125.5.

(F) At least one member of the state body shall be physically present at the location specified in the notice of the meeting.

(2) For the purposes of this subdivision, "teleconference" means a meeting of a state body, the members of which are at different locations, connected by electronic means, through either audio or both audio and video. This section does not prohibit a state body from providing members of the public with additional locations in which the public may observe or address the state body by electronic means, through either audio or both audio and video.

(c) The state body shall publicly report any action taken and the vote or abstention on that action of each member present for the action.



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## Attachment 2

### California Business and Professions Code Division 3, Chapter 1, Article 1, Section 5017.1 Administration

#### **5017.1**

The board shall post, within 10 days of board approval, the finalized minutes from meetings of the board that are open and public pursuant to Section 5017 on the board's Internet Web site. The minutes shall remain on the board's Internet Web site for at least three years. Providing a link on the Internet Web site to the minutes shall satisfy this requirement.



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**MSG Item III.**  
March 19, 2015

**CBA Item VIII.A.2.**  
March 19-20, 2015

## **The MSG Decision Matrix and Stakeholder Objectives**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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### **Purpose of the Item**

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) with its decision matrix (**Attachment 1**) and stakeholder objectives (**Attachment 2**).

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

At its March 2014 meeting, staff presented the MSG with a plan to maintain a decision matrix in order to track decisions made by the MSG. The purpose for the decision matrix was to assist the MSG and staff in determining what activities have been accomplished and what decisions still remain for discussion.

In addition, the MSG is charged with considering whether the provisions of the California practice privilege law "satisfy the objectives of stakeholders of the accounting profession in this state, including consumers." At its July 2014 meeting, the MSG established two stakeholder objectives and requested that they be provided at future meetings in order that the MSG may continue to revise and add to them as needed.

### **Comments**

Staff will continue to provide the decision matrix and stakeholder objectives as a written report only agenda item unless otherwise directed by the MSG.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff does not have a recommendation on this agenda item.

### **Attachments**

1. MSG Decision Matrix
2. Stakeholder Objectives

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**Attachment 1****MSG Decision Matrix**

<b><u>Date</u></b>	<b><u>Decision</u></b>
March 2014	The MSG will meet three times per year in conjunction with the March, July and November CBA meetings.
March 2014	The MSG will prepare a written report to the CBA at least once per calendar year.
March 2014	The MSG will prepare a final report in time to be considered by the CBA as it prepares its final report to the Legislature which is due January 1, 2018.
November 2014	The MSG adopted the following definition for "stakeholders:" Stakeholders include consumers, licensees, applicants, and professional organizations and groups that have a direct or indirect stake in the CBA because they can affect or be affected by the CBA's actions, objectives, and policies.

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**Attachment 2****Stakeholder Objectives**

<b>Date Added or Revised</b>	<b>Objective</b>
July 2014	Help out-of-state licensees know and understand their self-reporting requirements.
July 2014	Assure the CBA that all states have adequate enforcement.

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**MSG Item IV.**

March 19, 2015

**CBA Item VIII.A.3.**

March 19-20, 2015

**Discussion Regarding the Consumer Protection Provisions of Business and Professions Code Sections 5096.2 – 5096.21****Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units**Purpose of the Item**

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) with an opportunity to discuss the consumer protection provisions in California's practice privilege law (**Attachment 1**), specifically those found in Business and Professions Code (BPC) sections 5096.2 through 5096.21.

**Action(s) Needed**

The MSG will be asked to discuss and provide its initial considerations as to whether the provisions under discussion are consistent with the California Board of Accountancy's (CBA) duty to protect the public.

**Background**

At its July 2014 meeting, the MSG was given a brief overview of the existing consumer protection provisions in the practice privilege law. The MSG directed that a detailed review of the provisions be performed at its November 2014 and March 2015 meetings.

The law requires the MSG to consider whether the provisions of the practice privilege law are consistent with the CBA's duty to protect the public consistent with BPC section 5000.1 (**Attachment 2**). The MSG reviewed a portion of the California practice privilege law, specifically, BPC sections 5096 and 5096.1, at its November 2014 meeting and determined that, while the law is crafted in such a way as to protect consumers, it will not make a final determination until more time has passed as the review of this law will be an ongoing process.

Consumer protection is the foundation and purpose for all activities undertaken by the CBA. The Legislature and stakeholders created the practice privilege law to protect California consumers while allowing out-of-state CPAs to practice public accounting in California without notice or fee.

**Comments**

As members of the MSG have previously stated, the review of this law, its effects, and its outcomes, is an ongoing process. Combined with the review that took place at the MSG's November 2014 meeting, this review will complete the MSG's first chance to consider the consumer protection provisions of the law. Staff plan to bring this issue to the MSG again for final consideration in two years with a more complete picture of the

## **Discussion Regarding the Consumer Protection Provisions of Business and Professions Code Sections 5096.2 – 5096.21**

Page 2 of 5

results based on three and one-half years of information. This second look at the law will be timed so that the MSG's final considerations can be included in the MSG Final Report to the CBA in 2017.

The following is a specific look at the different provisions of the California practice privilege law, and how it relates to consumer protection.

### Discipline of a Practice Privilege

BPC section 5096.2 outlines the discipline the CBA may take against a practice privilege in California, all designed to protect consumers. Subdivision (a) specifies the circumstances under which the CBA may revoke a practice privilege. These circumstances are as follows:

- No longer qualifying for a practice privilege
- Committing an act that would be grounds for denial of a license
- Committing an act that would be grounds for discipline
- Committing an act outside of California that would be a violation in California
- Acquiring a disqualifying condition as follows:
  - Conviction of a crime other than a minor traffic violation
  - Any professional license or authority to practice that has been disciplined
  - Any judgment or award involving professional conduct in excess of \$30,000
  - Any other conditions specified in regulation

To date, the CBA has revoked one practice privilege and another is currently under appeal.

The remainder of BPC section 5096.2 states the methods by which the practice privilege may be revoked and states that an individual may not apply for reinstatement for a minimum of one year following revocation. In addition, the holder of a practice privilege is subject to suspension, citations, fines, or other disciplinary actions for conduct that would be grounds for discipline of a CBA licensee or for violations of the practice privilege law. The CBA is authorized to recover costs as a part of any disciplinary proceedings. Finally, if a practice privilege is revoked or limited, the CBA must notify the licensing entities, Securities and Exchange Commission, Public Company Accounting Oversight Board, and National Association of State Boards of Accountancy.

These provisions appear to be consistent with the CBA's duty to protect the public, specifically, allowing discipline against a practice privilege.

### Administrative Suspension

BPC section 5096.4 authorizes the CBA or its Executive Officer to issue an administrative suspension order (ASO) against a practice privilege without notice or hearing in order to conduct an investigation. An ASO, which is not considered discipline, is effective immediately, but the holder of the practice privilege has a right to

## **Discussion Regarding the Consumer Protection Provisions of Business and Professions Code Sections 5096.2 – 5096.21**

Page 3 of 5

an appeal within 30 days under the Administrative Procedure Act. In such an appeal, the burden of proof is on the holder of the practice privilege. The ASO stays in effect until an order of the CBA or Executive Officer terminates it. To date, the CBA has not issued an ASO against any practice privilege.

These provisions appear to be consistent with the CBA's duty to protect the public, specifically, giving the right to the CBA to immediately prevent a practice privilege holder from causing harm to California consumers while an investigation takes place.

### Miscellaneous Requirements

BPC section 5096.5 requires that a practice privilege holder must meet the attest experience requirement in order to be authorized to sign attest reports.

BPC section 5096.7 states that a practice privilege is the same as a license for purposes of the Accountancy Act, thereby making practice privilege holders subject to all of the same laws as licensees.

BPC section 5069.8 ensures that the CBA has the same investigative authority for investigating practice privilege holders as it has pertaining to its licensees.

BPC section 5096.9 grants the CBA the authority to adopt regulations as needed for the implementation of the practice privilege law. The CBA may adopt any regulatory language for the practice privilege program it believes will further consumer protection.

These provisions appear to be consistent with the CBA's duty to protect the public. Specifically:

- Ensuring that practice privilege holders are held to the same standards as CBA licensees, and,
- Allowing the CBA the authority to adopt additional regulatory provisions to further protect consumers.

### Out-of-State Firm Registration

BPC section 5096.12 allows an out-of-state licensed accounting firm with no office in California to practice through, and be limited by, the holder of a practice privilege. Any accounting firm practicing in California through a practice privilege holder is subject to the jurisdiction and discipline of the CBA. The CBA may discipline an accounting firm for any act that would be grounds for discipline against a holder of a practice privilege.

If an accounting firm wants to provide certain attest services as outlined in BPC section 5096(d), such as an audit or review, a compilation of a financial statement when that person expects, or reasonably might expect, that a third party will use the financial statement and the compilation report does not disclose a lack of independence for an entity headquartered in California, or an examination of prospective financial information for an entity headquartered in California, it must register with the CBA. To date, there are 294 registered out-of-state accounting firms.

## **Discussion Regarding the Consumer Protection Provisions of Business and Professions Code Sections 5096.2 – 5096.21**

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These provisions appear to be consistent with the CBA's duty to protect the public, specifically, ensuring that the holder of a valid practice privilege is performing the work, and that the accounting firm is registered with the CBA if it wishes to perform certain attest services.

### CBA Website Requirements

BPC section 5096.20 outlines the requirements for the CBA website. Specifically, this section requires the following:

- The CBA website must have a license lookup for out-of-state licensees that contains information at least equivalent to the prior practice privilege information that was available on the CBA website. This information includes:
  - The ability to search by name and state of licensure
  - Information possessed by the CBA that it is authorized to publically disclose including actions taken against the individual
  - A disclaimer when the user is redirected to another website
  - A statement that informs consumers of their ability to file complaints against out-of-state licensees
  - Links to websites that provide the most complete information about an individual's license status (typically, this would be the individual's licensing entity)
  - If another licensing entity does not have a website with a license lookup feature, there must be a link to that entity's contact information with a disclaimer
- The CBA must review all linked websites every two years to ensure its disclaimers are accurate. This review was last conducted in July 2013, and the CBA is currently conducting its review to be completed by July 2015.

These provisions appear to be consistent with the CBA's duty to protect the public, specifically, ensuring that the most relevant and complete information regarding out-of-state licensees is available to consumers through the CBA website.

### Determinations and the MSG

BPC section 5096.21 contains the final consumer protection elements of the practice privilege law. Specifically, subdivision (a) requires the CBA to continually determine, beginning January 1, 2016, whether allowing licensees of a certain state to exercise a practice privilege in California is in the best interest of consumers. If states are not meeting this requirement, the CBA is to remove them from the current practice privilege law, which requires no notice or fee, and place them under the prior practice privilege provisions with its notice and fee requirements.

Staff have prepared a draft Practice Privilege Preliminary Determinations Report (Report) and will be seeking input from the CBA and MSG under CBA Agenda Item VIII.A.6. Any input the CBA or MSG may have will be incorporated into the Report. The final version of the report will be brought back to the CBA for approval at its May 2015 meeting. The CBA will use the Report, and any additional information it may need, when it makes the determinations required by BPC section 5096.21(a).

## **Discussion Regarding the Consumer Protection Provisions of Business and Professions Code Sections 5096.2 – 5096.21**

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Subdivision (d) creates the MSG. Further, it charges the MSG with considering the provisions of the practice privilege law and whether they are consistent with the CBA's role of protecting consumers and considering whether the provisions of the law are meeting the objectives of stakeholders.

These provisions appear to be consistent with the CBA's duty to protect the public, specifically, evaluating the practices of other states and that the MSG is reviewing the law to best protect consumers.

### **Fiscal/Economic Impact Considerations**

There is no fiscal/economic impact for this item.

### **Recommendation**

Staff recommend that the MSG provide its initial considerations as to whether the provisions of BPC sections 5096.2 through 5096.21 are consistent with the CBA's duty to protect the public.

### **Attachments**

1. California's Practice Privilege Law
2. Business and Professions Code Section 5000.1



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## Attachment 1

### California's Practice Privilege Law

#### Accountancy Act Article 5.1. Practice Privileges

##### 5096.

(a) An individual whose principal place of business is not in this state and who has a valid and current license, certificate, or permit to practice public accountancy from another state may, subject to the conditions and limitations in this article, engage in the practice of public accountancy in this state under a practice privilege without obtaining a certificate or license under this chapter if the individual satisfies one of the following:

- (1) The individual has continually practiced public accountancy as a certified public accountant under a valid license issued by any state for at least 4 of the last 10 years.
- (2) The individual has a license, certificate, or permit from a state that has been determined by the board to have education, examination, and experience qualifications for licensure substantially equivalent to this state's qualifications under Section 5093.
- (3) The individual possesses education, examination, and experience qualifications for licensure that have been determined by the board to be substantially equivalent to this state's qualifications under Section 5093.

(b) The board may designate states as substantially equivalent under paragraph (2) of subdivision (a) and may accept individual qualification evaluations or appraisals conducted by designated entities, as satisfying the requirements of paragraph (3) of subdivision (a).

(c) An individual who qualifies for the practice privilege under this section may engage in the practice of public accountancy in this state, and no notice, fee, or other requirement shall be imposed on that individual by the board.

(d) An individual who qualifies for the practice privilege under this section may perform the following services only through a firm of certified public accountants that has obtained a registration from the board pursuant to Section 5096.12:

- (1) An audit or review of a financial statement for an entity headquartered in California.
- (2) A compilation of a financial statement when that person expects, or reasonably might expect, that a third party will use the financial statement and the compilation report does not disclose a lack of independence for an entity headquartered in California.
- (3) An examination of prospective financial information for an entity headquartered in California.

(e) An individual who holds a practice privilege under this article:

- (1) Is subject to the personal and subject matter jurisdiction and disciplinary authority of the board and the courts of this state.
- (2) Shall comply with the provisions of this chapter, board regulations, and other laws, regulations, and professional standards applicable to the practice of public accountancy by the licensees of this state and to any other laws and regulations applicable to

individuals practicing under practice privileges in this state except the individual is deemed, solely for the purpose of this article, to have met the continuing education requirements and ethics examination requirements of this state when the individual has met the examination and continuing education requirements of the state in which the individual holds the valid license, certificate, or permit on which the substantial equivalency is based.

(3) Shall not provide public accountancy services in this state from any office located in this state, except as an employee of a firm registered in this state. This paragraph does not apply to public accountancy services provided to a client at the client's place of business or residence.

(4) Is deemed to have appointed the regulatory agency of the state that issued the individual's certificate, license, or permit upon which substantial equivalency is based as the individual's agent on whom notices, subpoenas, or other process may be served in any action or proceeding by the board against the individual.

(5) Shall cooperate with any board investigation or inquiry and shall timely respond to a board investigation, inquiry, request, notice, demand, or subpoena for information or documents and timely provide to the board the identified information and documents.

(6) Shall cease exercising the practice privilege in this state if the regulatory agency in the state in which the individual's certificate, license, or permit was issued takes disciplinary action resulting in the suspension or revocation, including stayed suspension, stayed revocation, or probation of the individual's certificate, license, or permit, or takes other disciplinary action against the individual's certificate, license, or permit that arises from any of the following:

(A) Gross negligence, recklessness, or intentional wrongdoing relating to the practice of public accountancy.

(B) Fraud or misappropriation of funds.

(C) Preparation, publication, or dissemination of false, fraudulent, or materially incomplete or misleading financial statements, reports, or information.

(7) Shall cease exercising the practice privilege in this state if convicted in any jurisdiction of any crime involving dishonesty, including, but not limited to, embezzlement, theft, misappropriation of funds or property, or obtaining money, property, or other valuable consideration by fraudulent means or false pretenses.

(8) Shall cease exercising the practice privilege if the United States Securities and Exchange Commission or the Public Company Accounting Oversight Board bars the individual from practicing before them.

(9) Shall cease exercising the practice privilege if any governmental body or agency suspends the right of the individual to practice before the body or agency.

(10) Shall notify the board of any pending criminal charges, other than for a minor traffic violation, in any jurisdiction.

(f) An individual who is required to cease practice pursuant to paragraphs (6) to (9), inclusive, of subdivision (e) shall notify the board within 15 calendar days, on a form prescribed by the board, and shall not practice public accountancy in this state pursuant to this section until he or she has received from the board written permission to do so.

(g) An individual who fails to cease practice as required by subdivision (e) or who fails to provide the notice required by subdivision (f) shall be subject to the personal and subject matter jurisdiction and disciplinary authority of the board as if the practice

privilege were a license and the individual were a licensee. An individual in violation of subdivision (e) or (f) shall, for a minimum of one year from the date the board learns there has been a violation of subdivision (e) or (f), not practice in this state and shall not have the possibility of reinstatement during that period. If the board determines that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years.

(h) The board shall require an individual who provides notice to the board pursuant to subdivision (f) to cease the practice of public accountancy in this state until the board provides the individual with written permission to resume the practice of public accountancy in this state.

(i) (1) An individual to whom, within the last seven years immediately preceding the date on which he or she wishes to practice in this state, any of the following criteria apply, shall notify the board, on a form prescribed by the board, and shall not practice public accountancy in this state pursuant to this section until the board provides the individual with written permission to do so:

(A) He or she has been the subject of any final disciplinary action by the licensing or disciplinary authority of any other jurisdiction with respect to any professional license or has any charges of professional misconduct pending against him or her in any other jurisdiction.

(B) He or she has had his or her license in another jurisdiction reinstated after a suspension or revocation of the license.

(C) He or she has been denied issuance or renewal of a professional license or certificate in any other jurisdiction for any reason other than an inadvertent administrative error.

(D) He or she has been convicted of a crime or is subject to pending criminal charges in any jurisdiction other than a minor traffic violation.

(E) He or she has otherwise acquired a disqualifying condition as described in subdivision (a) of Section 5096.2.

(2) An individual who fails to cease practice as required by subdivision (e) or who fails to provide the notice required by paragraph (1) shall be subject to the personal and subject matter jurisdiction and disciplinary authority of the board as if the practice privilege were a license and the individual were a licensee. An individual in violation of subdivision (e) or paragraph (1) shall, for a minimum of one year from the date the board knows there has been a violation of subdivision (e) or paragraph (1), not practice in this state and shall not have the possibility of reinstatement during that period. If the board determines that the failure to cease practice or provide the notice was intentional, that individual shall be prohibited from practicing in this state in the same manner as if a licensee has his or her practice privilege revoked and there shall be no possibility of reinstatement for a minimum of two years.

(j) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

**5096.1.**

(a) Any individual, not a licensee of this state, who is engaged in any act which is the practice of public accountancy in this state, and who does not qualify to practice pursuant to the practice privilege described in Section 5096 and who has a license, certificate, or other authority to engage in the practice of public accountancy in any other state, regardless of whether active, inactive, suspended, or subject to renewal on payment of a fee or completion of an educational or ethics requirement, is:

(1) Deemed to be practicing public accountancy unlawfully in this state.

(2) Subject to the personal and subject matter jurisdiction and disciplinary authority of the board and the courts of this state to the same extent as a holder of a valid practice privilege.

(3) Deemed to have appointed the regulatory agency of the state that issued the individual's certificate or license as the individual's agent on whom notice, subpoenas, or other process may be served in any action or proceeding by the board against the individual.

(b) The board may revoke a practice privilege from any individual who has violated this section or implementing regulations or committed any act which would be grounds for discipline against the holder of a practice privilege.

(c) This section shall become operative on July 1, 2013.

(d) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

**5096.2.**

(a) (1) Practice privileges may be revoked for any of the following reasons:

(A) If an individual no longer qualifies under, or complies with, the provisions of this article, including, but not limited to, Section 5096, or implementing regulations.

(B) If an individual commits any act that if committed by an applicant for licensure would be grounds for denial of a license under Section 480.

(C) If an individual commits any act that if committed by a licensee would be grounds for discipline under Section 5100.

(D) If an individual commits any act outside of this state that would be a violation if committed within this state.

(E) If an individual acquires at any time, while exercising the practice privilege, any disqualifying condition under paragraph (2).

(2) Disqualifying conditions include:

(A) Conviction of any crime other than a minor traffic violation.

(B) Revocation, suspension, denial, surrender, or other discipline or sanctions involving any license, permit, registration, certificate, or other authority to practice any profession in this or any other state or foreign country or to practice before any state, federal, or local court or agency, or the Public Company Accounting Oversight Board.

(C) Any judgment or arbitration award against the individual involving the professional conduct of the individual in the amount of thirty thousand dollars (\$30,000) or greater.

(D) Any other conditions as specified by the board in regulation.

- (3) The board may adopt regulations exempting specified minor occurrences of the conditions listed in subparagraph (B) of paragraph (2) from being disqualifying conditions under this subdivision.
- (b) The board may revoke practice privileges using either of the following procedures:
- (1) Notifying the individual in writing of all of the following:
- (A) That the practice privilege is revoked.
- (B) The reasons for revocation.
- (C) The earliest date on which the individual may qualify for a practice privilege.
- (D) That the individual has a right to appeal the notice and request a hearing under the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) if a written notice of appeal and request for hearing is made within 60 days.
- (E) That, if the individual does not submit a notice of appeal and request for hearing within 60 days, the board's action set forth in the notice shall become final.
- (2) Filing a statement of issues under the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).
- (c) An individual whose practice privilege has been revoked may only subsequently exercise the practice privilege upon application to the board for reinstatement of the practice privilege not less than one year after the effective date of the notice or decision revoking the practice privilege, unless a longer time period is specified in the notice or decision revoking the practice privilege.
- (d) Holders of practice privileges are subject to suspension, citations, fines, or other disciplinary actions for any conduct that would be grounds for discipline against a licensee of the board or for any conduct in violation of this article or regulations adopted thereunder.
- (e) The board may recover its costs pursuant to Section 5107 as part of any disciplinary proceeding against the holder of a practice privilege.
- (f) The provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), including, but not limited to, the commencement of a disciplinary proceeding by the filing of an accusation by the board, shall apply under this article.
- (g) If the board revokes or otherwise limits an individual's practice privilege, the board shall promptly notify the regulatory agency of the state or states in which the individual is licensed, and the United States Securities and Exchange Commission, the Public Company Accounting Oversight Board, and the National Association of State Boards of Accountancy.
- (h) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

#### **5096.4.**

- (a) The right of an individual to practice in this state under a practice privilege may be administratively suspended at any time by an order issued by the board or its executive officer, without prior notice or hearing, for the purpose of conducting a disciplinary investigation, proceeding, or inquiry concerning the individual's competence or

qualifications to practice under practice privileges, failure to timely respond to a board inquiry or request for information or documents, or under other conditions and circumstances provided for by board regulation.

(b) The administrative suspension order is immediately effective when mailed to the individual's address of record or agent for notice and service as provided for in this article.

(c) The administrative suspension order shall contain the following:

(1) The reason for the suspension.

(2) A statement that the individual has the right, within 30 days, to appeal the administrative suspension order and request a hearing.

(3) A statement that any appeal hearing will be conducted under the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) applicable to individuals who are denied licensure, including the filing of a statement of issues by the board setting forth the reasons for the administrative suspension of practice privileges and specifying the statutes and rules with which the individual must show compliance by producing proof at the hearing and in addition any particular matters that have come to the attention of the board and that would authorize the administrative suspension, or the revocation of practice privileges.

(d) The burden is on the holder of the suspended practice privilege to establish both qualification and fitness to practice under practice privileges.

(e) The administrative suspension shall continue in effect until terminated by an order of the board or the executive officer.

(f) Administrative suspension is not discipline and shall not preclude any individual from applying for a license to practice public accountancy in this state.

(g) Proceedings to appeal an administrative suspension order may be combined or coordinated with proceedings for revocation or discipline of a practice privilege.

(h) This section shall become operative on July 1, 2013.

(i) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

#### **5096.5.**

(a) Notwithstanding any other provision of this article, an individual may not sign any attest report pursuant to a practice privilege unless the individual meets the experience requirements of Section 5095.

(b) This section shall become operative on July 1, 2013.

(c) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

#### **5096.6.**

(a) In addition to the authority otherwise provided for by this code, the board may delegate to the executive officer the authority to issue any notice or order provided for in this article and to act on behalf of the board, including, but not limited to, issuing an

interim suspension order, subject to the right of the individual to timely appeal and request a hearing as provided for in this article.

(b) This section shall become operative on July 1, 2013.

(c) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

**5096.7.**

(a) Anywhere the term “license,” “licensee,” “permit,” or “certificate” is used in this chapter or Division 1.5 (commencing with Section 475), it shall include persons holding practice privileges under this article, unless otherwise inconsistent with the provisions of the article.

(b) Anywhere the term “employee” is used in this article it shall include, but is not limited to, partners, shareholders, and other owners.

(c) For purposes of this article, the term “license” includes certificate or permit.

(d) This section shall become operative on July 1, 2013.

(e) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

**5096.8.**

In addition to the authority otherwise provided by this code, all investigative powers of the board, including those delegated to the executive officer, shall apply to investigations concerning compliance with, or actual or potential violations of, the provisions of this article or implementing regulations, including, but not limited to, the power to conduct investigations and hearings by the executive officer under Section 5103 and to issuance of subpoenas under Section 5108.

**5096.9.**

(a) The board is authorized to adopt regulations to implement, interpret, or make specific the provisions of this article.

(b) The board shall adopt emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) to establish policies, guidelines, and procedures to initially implement this article as it goes into effect on July 1, 2013. The adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, or general welfare. The emergency regulations shall be submitted to the Office of Administrative Law for filing with the Secretary of State in accordance with the Administrative Procedure Act.

**5096.12.**

(a) A certified public accounting firm that is authorized to practice in another state and that does not have an office in this state may engage in the practice of public accountancy in this state through the holder of a practice privilege provided that:

(1) The practice of public accountancy by the firm is limited to authorized practice by the holder of the practice privilege.

(2) A firm that engages in practice under this section is deemed to consent to the personal, subject matter, and disciplinary jurisdiction of the board with respect to any practice under this section.

(b) The board may revoke, suspend, issue a fine pursuant to Article 6.5 (commencing with Section 5116), issue a citation and fine pursuant to Section 125.9, or otherwise restrict or discipline the firm for any act that would be grounds for discipline against a holder of a practice privilege through which the firm practices.

(c) A firm that provides the services described in subdivision (d) of Section 5096 shall obtain a registration from the board.

(d) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

#### **5096.20.**

(a) To ensure that Californians are protected from out-of-state licensees with disqualifying conditions who may unlawfully attempt to practice in this state under a practice privilege, prior to July 1, 2013, the board shall add an out-of-state licensee feature to its license lookup tab of the home page of its Internet Web site that allows consumers to obtain information about an individual whose principal place of business is not in this state and who seeks to exercise a practice privilege in this state, that is at least equal to the information that was available to consumers through its home page prior to January 1, 2013, through the practice privilege form previously filed by out-of-state licensees pursuant to Section 5096, as added by Chapter 921 of the Statutes of 2004, and the regulations adopted thereunder. At minimum, these features shall include all of the following:

(1) The ability of the consumer to search by name and state of licensure.

(2) The disclosure of information in the possession of the board, which the board is otherwise authorized to publicly disclose, about an individual exercising a practice privilege in this state, including, but not limited to, whether the board has taken action of any form against that individual and, if so, what the action was or is.

(3) A disclaimer that the consumer must click through prior to being referred to any other Internet Web site, which in plain language explains that the consumer is being referred to an Internet Web site that is maintained by a regulatory agency or other entity that is not affiliated with the board. This disclaimer shall include a link to relevant sections of this article that set forth disqualifying conditions, including, but not limited to, Section 5096.2.

(4) A statement in plain language that notifies consumers that they are permitted to file complaints against such individuals with the board.

(5) A link to the Internet Web site or sites that the board determines, in its discretion, provides the consumer the most complete and reliable information available about the individual's status as a licenseholder, permitholder, or certificate holder.

(6) If the board of another state does not maintain an Internet Web site that allows a consumer to obtain information about its licensees including, but not limited to, disciplinary history, and that information is not available through a link to an Internet Web site maintained by another entity, a link to contact information for that board, which contains a disclaimer in plain language that explains that the consumer is being referred

to a board that does not permit the consumer to obtain information, including, but not limited to, disciplinary history, about individuals through the Internet Web site, and that the out-of-state board is not affiliated with the board.

(b) The board shall biennially survey the Internet Web sites and disclosure policies of other boards to ensure that its disclaimers are accurate.

(c) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

#### **5096.21.**

(a) On and after January 1, 2016, if the board determines, through a majority vote of the board at a regularly scheduled meeting, that allowing individuals from a particular state to practice in this state pursuant to a practice privilege as described in Section 5096, violates the board's duty to protect the public, pursuant to Section 5000.1, the board shall require, by regulation, out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to file the notification form and pay the applicable fees as required by former Section 5096, as added by Chapter 921 of the Statutes of 2004, and regulations adopted thereunder.

(b) The board shall, at minimum, consider the following factors in making the determination required by subdivision (a):

(1) Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.

(2) Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.

(3) Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

(c) Notwithstanding subdivision (a), if (1) the National Association of State Boards of Accountancy (NASBA) adopts enforcement best practices guidelines, (2) the board, upon a majority vote at a regularly scheduled board meeting, issues a finding after a public hearing that those practices meet or exceed the board's own enforcement practices, (3) a state has in place and is operating pursuant to enforcement practices substantially equivalent to the best practices guidelines, and (4) disciplinary history of a state's licensees is publicly available through the Internet in a manner that allows the board to link consumers to an Internet Web site to obtain information at least equal to the information that was previously available to consumers through the practice privilege form filed by out-of-state licensees pursuant to former Section 5096, as added by Chapter 921 of the Statutes of 2004, no practice privilege form shall be required to be filed by any licensee of that state as required by subdivision (a), nor shall the board be required to report on that state to the Legislature as required by subdivision (d).

(d) (1) The board shall report to the relevant policy committees of the Legislature, the director, and the public, upon request, preliminary determinations made pursuant to this

section no later than July 1, 2015. The board shall, prior to January 1, 2016, and thereafter as it deems appropriate, review its determinations made pursuant to subdivision (b) to ensure that it is in compliance with this section.

(2) This subdivision shall become inoperative on July 1, 2017, pursuant to Section 10231.5 of the Government Code.

(e) On or before July 1, 2014, the board shall convene a stakeholder group consisting of members of the board, board enforcement staff, and representatives of the accounting profession and consumer representatives to consider whether the provisions of this article are consistent with the board's duty to protect the public consistent with Section 5000.1, and whether the provisions of this article satisfy the objectives of stakeholders of the accounting profession in this state, including consumers. The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board.

(f) On or before January 1, 2018, the board shall prepare a report to be provided to the relevant policy committees of the Legislature, the director, and the public, upon request, that, at minimum, explains in detail all of the following:

(1) How the board has implemented this article and whether implementation is complete.

(2) Whether this article is, in the opinion of the board, more, less, or equivalent in the protection it affords the public than its predecessor article.

(3) Describes how other state boards of accountancy have addressed referrals to those boards from the board, the timeframe in which those referrals were addressed, and the outcome of investigations conducted by those boards.

(g) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

**DEPARTMENT OF CONSUMER AFFAIRS**

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

**Attachment 2****Business and Professions Code Section 5000.1****5000.1.**

Protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.



**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>



**MSG Item V.**  
March 19, 2015

**CBA Item VIII.A.4.**  
March 19-20, 2015

## **Discussion and Approval of the MSG Annual Report**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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### **Purpose of the Item**

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) an opportunity to review and adopt the 2014 Annual Report of the MSG (**Attachment**) for presentation to the California Board of Accountancy (CBA).

### **Action(s) Needed**

The MSG will be asked to adopt the 2014 Annual Report of the MSG.

### **Background**

In 2012, the Legislature created a new practice privilege program for the CBA through Senate Bill (SB) 1405. The new practice privilege program, also referred to as mobility, began on July 1, 2013. One of the provisions of SB 1405 was a requirement that the MSG convene before July 1, 2014. Business and Professions Code (BPC) section 5096.21(e) is the relevant portion of the law and reads as follows:

On or before July 1, 2014, the board shall convene a stakeholder group consisting of members of the board, board enforcement staff, and representatives of the accounting profession and consumer representatives to consider whether the provisions of this article are consistent with the board's duty to protect the public consistent with Section 5000.1, and whether the provisions of this article satisfy the objectives of stakeholders of the accounting profession in this state, including consumers. The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board.

The MSG conducted its initial meeting on March 20, 2014, where the MSG voted to issue a report to the CBA at least once per calendar year. At its November 20, 2014 meeting, the MSG voted to include the following topics in the Annual Report of the MSG:

- Message from the Chair
- Background of Mobility
- MSG Responsibilities
- MSG Members
- Legislative and Regulatory Changes to Mobility

## **Discussion Regarding the Mobility Stakeholder Group Annual Report**

Page 2 of 2

- Statistics for the Mobility program
- Meetings and Activities
- Future Considerations for 2015

An overview of the program was also added to supply the MSG members with additional background related to the practice privilege program.

### **Comments**

The attached report highlights the activities of the MSG throughout 2014 and fulfills the MSG's requirement for periodic reporting under BPC section 5096.21(e).

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff recommends the MSG adopt the 2014 Annual Report of the MSG for presentation to the CBA.

### **Attachment**

2014 Annual Report of the MSG

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# CALIFORNIA BOARD OF ACCOUNTANCY



**MOBILITY STAKEHOLDER GROUP**

**ANNUAL REPORT  
2014**

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## **I. MESSAGE FROM THE CHAIR**

I am pleased to present the California Board of Accountancy (CBA) with the Mobility Stakeholder Group's (MSG) 2014 Annual Report.

The MSG worked diligently throughout 2014 to fulfill its statutory mandate of ensuring the practice privilege law is protecting the consumers of this state. During 2014, the MSG defined who the stakeholders are in California's practice privilege program by adopting the broad definition of "stakeholder" as used in the CBA's 2013-2015 Strategic Plan, and clarified the stakeholder objectives. In addition, the MSG began its consideration of the consumer protection provisions of the practice privilege law, as well as established a firm foundation on how to proceed, and adopted policies and procedures, to include frequency of meetings and periodic reporting to the CBA.

As we approach the second year of the MSG's directive, we are ready for new challenges. The MSG will continue considering the consumer protection provisions, further discuss and clarify stakeholder objectives, and review the National Association of State Boards of Accountancy's (NASBA) national enforcement guidelines when they are released later this year.

It has been a pleasure to work on behalf of consumers, and I would like to thank the CBA for the opportunity to serve as Chair of the MSG. I would also like to express my appreciation for the dedication of those serving on the MSG. The MSG has made continuous strides towards enhancing consumer protection and will continue to strive to remain on the forefront of providing the best and most articulate information to consumers and licensees alike.

With the first year complete, I look forward to another successful year working on behalf of consumers with the highly qualified members of the MSG.

Katrina L. Salazar, CPA, CBA Vice President  
MSG Chair

## **II. BACKGROUND**

Legislation enacted in 2012 (Stats. 2012, ch. 411 (Senate Bill (SB) 1405)) rewrote the CBA's practice privilege provisions (Article 5.1, Chapter 1, Division 3 of the Business and Professions Code (BPC)), which became effective July 1, 2013 and shall become inoperative on January 1, 2019. The new provisions beginning at section 5096 of the BPC allow individuals, whose principal place of business is outside of California and are licensed in states that have licensing requirements substantially equivalent to California's, to practice in California under a practice privilege conferred by operation of law without providing a notice or paying a fee. Prior to the passage of SB 1405, individuals possessing out-of-state licenses to practice public accountancy were required to notify the CBA, as well as pay a fee in order to practice public accountancy in California.

BPC section 5096.21(e) creates the MSG and, in addition, states in part:

The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including but not limited to, policies and procedures addressing periodic reporting of its findings to the board.

Effective July 1, 2013, sections 26 – 35.1 of Title 16, Division 1 of the California Code of Regulations (CBA Regulations) became inoperative, and were simultaneously replaced by new sections 5.5 and 18 – 22 of CBA Regulations.

### **III. MSG RESPONSIBILITIES**

The MSG derives its authority from BPC section 5096.21(e). The roles and responsibilities of the MSG, as defined by the law and the CBA, are as follows:

- Hold meetings as necessary in order to conduct business,
- Adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board,
- Consider whether the practice privilege provisions are consistent with the CBA's duty to protect the public in accordance with BPC section 5000.1,
- Consider whether the mobility law satisfies the objectives of stakeholders of the accounting profession, including consumers,
- Prepare an Annual Report to the CBA highlighting its activities.

### **IV. COMMITTEE MEMBERS**

The MSG is comprised of seven members, which consists of members of the CBA, CBA enforcement staff, representatives of the accounting profession, and consumer representatives.

Immediate Past-President of the CBA Michael Savoy appointed the seven members of the MSG, including CBA member Katrina Salazar as Chair, and Harold Schultz as Vice-Chair of the MSG.

#### 2014 Membership

Katrina Salazar, CPA, Chair and CBA member

Harold S. Schultz, CPA, Vice-Chair and accounting profession representative

Jose A. Campos, CPA and CBA member

Edward Howard, Esq. – consumer representative

Rafael Ixta – CBA Enforcement Division Chief

Joseph P. Petito, Esq. – accounting profession representative

Stuart Waldman, Esq. – consumer representative

## **V. LEGISLATION AND REGULATIONS**

To further enhance consumer protection, the CBA pursued legislative and regulatory changes to the program in 2013 and 2014. Effective January 1, 2014, BPC section 5096(e)(10) was added to Article 5.1 by SB 822 (Stats. 2013, Ch. 319) to require practice privilege holders to notify the CBA of any pending criminal charges, other than minor traffic violations, in any jurisdiction. In 2014, the CBA sought a further change to that same section to clarify that the individual had to be exercising the practice privilege in order to trigger the requirement to report pending criminal charges. In addition, SB 1467 (Stats. 2014, Ch. 400) stated that such a report must be made to the CBA in writing within 30 days. These new provisions took effect January 1, 2015.

In 2014, the CBA proposed an amendment to CBA Regulations section 19 to create a Practice Privilege Notification of Pending Criminal Charges form. This form will be used by individuals to report pending criminal charges.

## **VI. PROGRAM OVERVIEW**

If a licensee's principal place of business is located outside California and he or she holds a valid and current license, certificate, or permit to practice public accountancy from another state, he or she may qualify to practice public accountancy in California under a practice privilege, without giving notice or paying a fee, provided one of the following conditions is met:

- They have continually practiced public accountancy as a CPA under a valid license issued by any state for at least four of the last 10 years.
- They hold a valid license, certificate, or permit to practice public accountancy from a state determined by the CBA to be substantially equivalent to the licensure qualifications in California under BPC section 5093.
- They possess education, examination, and experience qualifications which have been determined by the CBA to be substantially equivalent to the licensure qualifications in California.

A licensee is required to notify and receive written permission from the CBA prior to practicing public accountancy in California if, within the seven years immediately preceding the date on which he or she wishes to practice in this state, certain conditions apply as outlined in BPC Section 5096(i).

If any of those conditions apply, the licensee must submit a completed notification form and await written permission from the CBA prior to engaging in the practice of public accountancy in California.

If an individual exercises a practice privilege and subsequently acquires any condition disqualifying them from holding a California practice privilege, they

must cease practicing immediately and notify the CBA in writing within 15 days of the occurrence of the cessation event using the “Notification of Cessation of Practice Privilege Form” (PP-11(1/13)).

If an individual is exercising a practice privilege in California, they are required to notify the CBA in writing of any pending criminal charges, other than for a minor traffic violation, within 30 days of the date they have knowledge of those charges.

If an individual intends to provide audit or attestation services for an entity headquartered in California, they may only do so through an accounting firm registered with the CBA.

An accounting firm that is authorized to practice public accountancy in another state and that does not have an office in this state must register with the CBA prior to performing attest services for an entity headquartered in California.

To register an out-of-state accounting firm, while there is no fee, an applicant must first complete the “Out-of-State Accounting Firm Registration Form” (PP-13(1/13)). The out-of-state accounting firm registration must be renewed every two years in order for the out-of-state accounting firm to maintain practice rights in California. The out-of-state accounting firm must also notify the CBA of any change of address or change in ownership within 30 days of the change.

## **VII. STATISTICS**

The following is statistical information for the Licensing, Enforcement, and Administration Divisions for the calendar year 2014 as it pertains to the new practice privilege program. The information listed below is categorized into sections detailing Out-of-State Accounting Firm Registration information, customer service and the volume of contact with consumers and licensees, enforcement-related referrals and investigations, and the CBA’s use of the website to enhance consumer protection.

### Licensing Division

The Practice Privilege Unit within the Licensing Division is responsible for two main functions associated with the practice privilege program: (1) processing out-of-state accounting firm registrations and (2) providing customer service in response to telephone calls and e-mails.

#### *Out-of-State Accounting Firm Registration (OFR)*

The practice privilege provisions require practice privilege holders providing certain attestation services to California-headquartered entities to do so only through a firm registered with the CBA. These accounting firms must submit a

registration form and obtain approval from the CBA prior to providing these services.

Below is the statistical data associated with processing OFRs for the 2014 calendar year.

<b>Out-of-State Firm Registrations</b>		<b>2014 Totals</b>
Total Registration Applications Received		300
Total Registration Applications Approved		280
Total Registration Applications Referred to Enforcement		10

*Service to Stakeholders*

The Practice Privilege Unit is the primary point of contact associated with the practice privilege program. Providing excellent service to stakeholders while effectively communicating the requirements of California’s practice privilege law is an important part of the efficient functioning of the unit. Below is the statistical data for the total number of telephone calls and e-mails for the 2014 calendar year.

<b>Stakeholder Contact</b>		<b>2014 Totals</b>
Telephone		529
E-mails		401

Enforcement Division

The Enforcement Division is responsible for numerous consumer protection aspects of the practice privilege program, including processing pre-notification and cessation notification forms, reviewing the Securities and Exchange Commission’s (SEC) and Public Company Accounting Oversight Board’s (PCAOB) websites for CPAs that have been disciplined by those entities, reviewing OFR referrals from the Practice Privilege Unit, and reviewing complaints received against practice privilege holders. The following is statistical data associated with the various Enforcement Division activities for the 2014 calendar year.

<b>Enforcement Division Activities</b>	<b>2014 Totals</b>
Pre-Notification Forms Received	1
Cessation Notification Forms Received	0
SEC Discipline Identified	33
PCAOB Discipline Identified	14
Out-of-State Accounting Firms Referred by Licensing Division for Reported Other Discipline	10
Out-of-State Accounting Firm Registrations Denied	1
Complaints Against Practice Privilege Holders Received	7

### Administration Division

#### *Website Usage*

One of the key components of providing widespread consumer protection is by continuously striving to ensure consumers and out-of-state CPAs are equipped with updated information regarding all laws, rules and regulations of the accounting profession in California. For this reason, the CBA created and maintains a robust website associated with providing information both to consumers and licensees regarding the practice privilege program to serve as an additional safeguard for consumer protection.

The CBA website contains a license lookup feature for out-of-state CPAs that contains all information in the possession of the CBA on such licensees. It also contains a license lookup feature for all OFRs registered in California. A user may also find links to the other board of accountancy jurisdictions and the CPAVerify website so that consumers can find information on CPA licenses throughout the United States.

The following information is statistical data for various web pages on the CBA website associated with the practice privilege program for the 2014 calendar year.

Webpage	2014 Totals
Out-of-State Licensed CPA Search	12,360
Out-of-State Registered Accounting Firms Search	2,043
Practice Privilege Reporting Requirements (Disqualifying Conditions, Pre- & Cessation Notification Requirements)*	2,669
Practice Privilege Handbook	10,368

\*This page provides consumers and out-of-state CPAs specific information regarding the events and circumstances that necessitate out-of-state CPAs to: (1) pre-notify the CBA and receive approval prior to exercising a practice privilege, and (2) to cease practicing via a practice privilege, notify the CBA, and await approval to resume practice.

### VIII. ACTIVITIES AND ACCOMPLISHMENTS

The following are some of the major activities and accomplishments of the MSG during 2014:

- The MSG held meetings as necessary in order to conduct business and make periodic reports to the CBA. The MSG held three meetings in 2014 as follows:
  - March 20, 2014 – Pasadena, CA
  - July 23 and 24, 2014 – Sacramento, CA
  - November 20, 2014 – Pasadena, CA

Ms. Salazar reported on MSG activities to the CBA at its meetings which followed each MSG meeting.

- The MSG voted to prepare a final report to the CBA to be presented in Summer 2017.
- The MSG adopted a definition of stakeholders, as previously defined in the CBA's 2013-2015 Strategic Plan:

*“Stakeholders include consumers, licensees, applicants, and professional organizations and groups that have a direct or indirect stake in the CBA because they can affect or be affected by the CBA’s actions, objectives, and policies.”*

- The MSG discussed, and provided its initial considerations on, the consumer protection provisions of BPC sections 5096 and 5096.1. The MSG agreed the consumer protection provisions currently in place are a good start on a multi-year process of ensuring the MSG is doing all it can to protect consumers.
- The MSG identified initial stakeholder objectives and will continue to revise and define additional objectives throughout the duration of the MSG. The initially determined stakeholder objectives are as follows:
  - To help out-of-state licensees know and understand their self-reporting requirements; and
  - To assure the CBA that all states have adequate enforcement.
- The MSG posed the following questions to other state boards of accountancy to determine the volume of enforcement referrals experienced by other state boards of accountancy:
  - In the past five years, how many enforcement notifications or referrals did your board receive from other state boards of accountancy, either directly or through ALD?
  - Of those notifications or referrals, how many resulted in enforcement actions?
  - Of those notifications or referrals, how many remain under investigation?
  - In the past five years, how many matters has your Board notified or referred to other state boards of accountancy, either directly or through ALD?
- The MSG requested that staff ascertain what is being done to educate other governmental organizations which have an interest in the accounting profession, such as the State Controller's Office (SCO), regarding the fact that out-of-state licensees can perform services in California via a practice privilege.

It was determined that through regular contact with the SCO and the Franchise Tax Board, the CBA already communicates significant changes in the law such as practice privilege. Currently, there is a request pending with the SCO that a link to the CBA Licensees webpage be added to the SCO website. The information on the CBA Licensee webpage includes significant information about the practice privilege program.

## **IX. 2015 ANTICIPATED TOPICS FOR DISCUSSION**

The MSG will meet three times in 2015 in conjunction with the March, July and November CBA meetings. It is anticipated the following will be topics presented for discussion before the MSG:

- A state-by-state discussion as to whether allowing individuals from a particular state to practice in this state pursuant to a practice privilege as described in Section 5096, violates the board's duty to protect the public, and provide input on the CBA's Practice Privilege: Preliminary Determinations Report,
- NASBA's upcoming national enforcement guidelines and best practices,
- Further discussion and clarification of stakeholder objectives; and
- Continuing discussion and consideration of the consumer protection provisions of the practice privilege law.

## **X. CONCLUSION**

Throughout 2014, the MSG was hard at work analyzing and conducting thorough analyses of the consumer protection provisions and the new practice privilege law, as well as defining stakeholders and identifying stakeholder objectives. Moving forward into its second year, the MSG will continue to focus on consumer protection as its primary concern as it continues to discuss the practice privilege law, stakeholder objectives and the NASBA national enforcement guidelines. The MSG stands ready to accept any additional charges that the CBA may wish to place upon it.



**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>



**MSG Item VI.**  
March 19, 2015

**CBA Item VIII.A.5.**  
March 19-20, 2015

## **Report on the New York Board of Accountancy's Practice Privilege Program**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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### **Purpose of the Item**

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) with information it requested regarding the New York Board of Accountancy's practice privilege program.

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

At its November 2014 meeting, the MSG indicated that New York is the only other state with a pre-notification requirement similar to California's. It was requested that staff contact the New York Board of Accountancy (NYBA) to determine its experiences with the pre-notification requirement.

### **Comments**

Prior to November 15, 2011, there was no mobility practice privilege in New York. An out-of-state licensed CPA conducting work on an attest or compilation engagement in New York prior to November 15, 2011, must have held a temporary practice permit to perform such services. In addition, the public accounting firm employing such a CPA was required to register with the New York State Education Department (New York's equivalent to the Department of Consumer Affairs).

The NYBA has now had its practice privilege program in place since November 15, 2011. Staff contacted the NYBA and were informed that it has not received any pre-notification forms since the implementation of its program.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff does not have a recommendation on this agenda item.

### **Attachment**

None



**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>



**MSG Item VII.**  
March 19, 2015

**CBA Item VIII.A.6.**  
March 19-20, 2015

**Discussion and Recommendation to the CBA Regarding Approval of  
Timeline and Plan for Making Determinations Required Pursuant to  
Business and Professions Code Section 5096.21**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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**Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with a proposed timeline for making the determinations required by Business and Professions Code (BPC) section 5096.21.

**Action(s) Needed**

The CBA and MSG will be asked to approve the proposed timeline of actions to be completed prior to making the required determinations.

**Background**

In 2012, the Legislature revised the practice privilege law to eliminate the requirement for out-of-state licensees to provide notice and fee prior to obtaining a California practice privilege. BPC section 5096.21(a) requires the CBA to make determinations as to whether allowing licensees of a particular state to practice in California under a no notice, no fee practice privilege violates its duty to protect the public. If this determination shows the public is at risk, the licensees of those particular states would, following a rulemaking by the CBA, revert back to using the prior practice privilege program with its notice and fee provisions. These determinations are to be made on and after January 1, 2016. In making the determinations, the CBA is required to consider three factors as follows:

- Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.
- Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet website to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.
- Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

# Discussion and Recommendation to the CBA Regarding Approval of Timeline and Plan for Making Determinations Required Pursuant to Business and Professions Code Section 5096.21

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## Comments

### Proposed Timeline

The following is a proposed timeline of actions to be completed prior to making the required determinations and beyond.

*March 2015 – CBA reviews state-by-state information and provides staff with direction as to what additional information is still needed.*

In **Agenda Item VIII.A.7.**, the CBA is provided with a state-by-state information chart which the MSG and CBA will review to determine what additional information will be needed to make the determination required by BPC section 5096.21(a).

*April 2015 – Staff initiates process of obtaining additional information from other states.*

It is anticipated that staff will obtain the additional information requested by the CBA prior to its September 2015 meeting by sending letters to the states requesting the information and informing the states of the determination process, the CBA's preliminary expectations, and possible outcomes.

*July 2015 – Preliminary Determinations Report due to Legislature.*

*September 2015 – CBA reviews additional information gathered by staff and identifies states that are at risk of being removed from the no notice, no fee practice privilege program.*

At the CBA's September 2015 meeting, staff will ask the CBA to identify which states are at risk of being returned to the prior practice privilege program with its notice and fee requirements and to identify the deficiencies.

*September/October 2015 – As needed, staff sends follow-up letters to the at-risk states and continues to work with NASBA in addressing deficiencies.*

Following the identification of states that are at risk, staff would recommend sending letters to those states identifying the deficiencies and notifying them of the potential result if they do not fix such deficiencies. The CBA would also continue to work with NASBA to address these deficiencies.

*October-December 2015 – Staff gathers data on steps taken by at risk states.*

*January 2016 – CBA makes determinations for each state including the option of placing some under further review and directs staff to prepare regulatory language.*

At the CBA's January 2016 meeting, staff will report on steps that each state has taken to become compliant with the CBA's criteria. At that time, the CBA will be asked to determine, for each state, whether allowing licensees of the particular state to practice in California under a practice privilege violates the CBA's duty to protect the public. It is anticipated that states will be placed into three categories as follows:

## **Discussion and Recommendation to the CBA Regarding Approval of Timeline and Plan for Making Determinations Required Pursuant to Business and Professions Code Section 5096.21**

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- Allowed to remain in the no notice, no fee practice privilege program
- Further Review – These would be states that have made progress towards the CBA’s requirements and will be reevaluated at a later CBA meeting
- Removed from the no notice, no fee practice privilege program

*March 2016 – CBA initiates rulemaking to remove particular states from the no notice, no fee practice privilege program.*

As required by BPC section 5096.21, the states removed from the program would need to be removed through a regulatory change to be placed back under the prior practice privilege program with its notice and fee requirements. As with any rulemaking, it is anticipated that such a rulemaking would take between 12 to 18 months to become effective.

*May 2016 – CBA holds public hearing on rulemaking, makes final determination on those states that needed further review, and adds those that failed review to the rulemaking under a 15-Day Notice.*

In order for additional states to be included in this rulemaking, the CBA would need to make a final determination on those states needing “further review” prior to taking action to adopt the rulemaking package in order to add any additional states through a 15-Day Notice of Modified Text.

*July 2017 – March 2018 – MSG receives regular updates regarding the rulemaking and other information regarding the practice privilege program.*

*June 1, 2017 – Regulation goes into effect.*

For any state in this rulemaking, this would mean the notice and fee requirements would likely become effective sometime in the early summer of 2017.

*July 2017 – MSG submits its final report to the CBA.*

*January 1, 2018 – CBA submits its final report on the practice privilege program to the Legislature.*

*January 1, 2019 – Sunset date of the no notice, no fee practice privilege program.*

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff recommend the CBA approve the proposed timeline.

### **Attachment**

None.



**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>



**MSG Item VIII.**  
March 19, 2015

**CBA Item VIII.A.7.**  
March 19-20, 2015

**Discussion and Recommendation to the CBA Regarding the  
Basis for Making Determinations Required Pursuant to  
Business and Professions Code Section 5096.21**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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**Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with a basis for making the determinations required by Business and Professions Code (BPC) section 5096.21(a) and to provide the Mobility Stakeholder Group (MSG) and the CBA with an opportunity to review and comment on data collected pursuant to BPC section 5096.21(b) that will assist in making those determinations.

**Action(s) Needed**

The CBA will be asked to review the data gathered as a basis for the CBA to make the required determinations. Staff will be seeking input from CBA and MSG members regarding additional information that is needed for each state. In addition, the CBA will be asked to approve a method for gathering the additional information.

**Background**

In 2012, the Legislature revised the practice privilege law to eliminate the requirement that out-of-state licensees provide notice and fee prior to obtaining a California practice privilege. BPC section 5096.21(**Attachment 1**) requires the CBA to make determinations as to whether allowing licensees of a particular state to practice in California under a no notice, no fee practice privilege violates its duty to protect the public. If this determination shows the public is at risk, the licensees of those particular states would, following a rulemaking by the CBA, revert back to using the prior practice privilege program with its notice and fee provisions. These determinations are to be made on and after January 1, 2016. In making the determinations, the CBA is required to consider three factors as follows:

- Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.
- Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.

## Discussion and Recommendation to the CBA Regarding the Basis for Making Determinations Required Pursuant to Business and Professions Code Section 5096.21

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- Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

### Comments

#### Basis for Making the Determinations

When making the required determinations, the CBA must have data on which to base its decisions. The attached state-by-state information chart (**Attachment 2**) provides the preliminary data, in a state-by-state format, that may be used by the CBA in considering the three factors required by the Legislature. The CBA and MSG will be asked to review the information to determine if it is sufficient to allow the required determination to be made. California is included in the chart for comparison purposes. The following is an overview of the layout of the data contained on the chart.

#### *Enforcement Referral*

For the data related to the enforcement referral factor, CBA enforcement staff identified each referral it has made over the past few years since the Accountancy Licensing Database (ALD) was implemented. A referral is made through ALD when a license is disciplined in California (including stayed actions) and the licensee also holds a license in another state, or it is made directly to the other state when it can be determined that a licensee holds a license in another jurisdiction.

The information provided in this section includes the dates of any referrals to the state, whether the discipline was against a firm or individual, and the disciplinary action taken by the CBA.

Going forward, the CBA will be tracking and following up regarding its referrals to other states. The CBA will need to determine how the individual states have responded to the CBA's referrals before determinations can be made in January 2016.

#### *Disciplinary History*

For the data related to disciplinary history on the Internet, CBA staff examined CPAVerify and each state's website to evaluate the following factors:

- Current Status –  
The current license status of an individual can be determined from visiting either the state's website or CPAVerify
- History Indicated –  
A method exists for identifying if there has been discipline against a license, regardless of current status, on either the state's website or CPAVerify
- Disciplinary Details –  
Details of a disciplinary action are available on the state's website. Please note that disciplinary details are not available through CPAVerify, although some states make them available to other state boards through ALD.

## **Discussion and Recommendation to the CBA Regarding the Basis for Making Determinations Required Pursuant to Business and Professions Code Section 5096.21**

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This preliminary information is based on staff's initial review of the state's website; however, additional information may be available online that staff were unable to locate. The CBA will need to determine everything that is available online before determinations can be made in January 2016.

### *Appropriateness of Discipline*

For the data related to the appropriateness of state discipline, the CBA had previously prepared a survey to ask other states if they had disciplinary guidelines or some other method of ensuring that their discipline was appropriate and consistent. However, the National Association of State Boards of Accountancy (NASBA) was simultaneously preparing a substantially similar survey of its own. As it was anticipated that the NASBA survey would garner a higher response rate than a CBA survey, the CBA requested that NASBA provide its results to the CBA. NASBA agreed to share the results with the CBA and began surveying states in the autumn of 2014.

The CBA received the responses from NASBA, and they have been integrated into the chart. For those states that did not respond to the NASBA survey, CBA staff reached out independently in an attempt to secure a response.

This information is based on the NASBA survey results. Additional information may prove helpful in clarifying some of the responses. The CBA will need to obtain complete information before determinations can be made in January 2016.

### Method for Requesting Additional Information

As noted previously, there is information that must still be obtained before determinations can be made in January 2016. Staff would recommend that a letter be sent to each state containing the following:

- Information regarding the law requiring the CBA to make determinations in January 2016
- Notification that failure to respond or to meet the expectations of the CBA may result in the removal of the state's licensees from the no notice, no fee, practice privilege program
- The information regarding that state that has already been provided to the CBA in the form of the attached chart
- A request that the state confirm the information provided in the chart or provide any necessary clarification
- A request for the following information:
  - How the individual states have responded to the CBA's referrals before determinations can be made in January 2016.
  - Additional information that may be available online regarding enforcement
  - Additional information to clarify and expand upon the NASBA survey results

## **Discussion and Recommendation to the CBA Regarding the Basis for Making Determinations Required Pursuant to Business and Professions Code Section 5096.21**

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Staff recommend that the MSG and CBA review the information provided for each state and determine any additional information the CBA would need in order to make its determinations in order that this may be requested in the letter as well.

The letter would provide a date by which the CBA would request a response. Those states that do not respond to the letter in a timely fashion or for which staff might need additional clarification would be contacted via telephone.

### **Fiscal/Economic Impact Considerations**

Unknown at this time.

### **Recommendation**

Staff recommend that the MSG and CBA provide input regarding additional information that may be needed from each state in making determinations pursuant to BPC section 5096.21. In addition, staff recommend that the CBA approve the proposed method for obtaining the additional information.

### **Attachments**

1. BPC section 5096.21
2. State-by-State Information Chart

**DEPARTMENT OF CONSUMER AFFAIRS**

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

**Attachment 1****Business and Professions Code****5096.21**

(a) On and after January 1, 2016, if the board determines, through a majority vote of the board at a regularly scheduled meeting, that allowing individuals from a particular state to practice in this state pursuant to a practice privilege as described in Section 5096, violates the board's duty to protect the public, pursuant to Section 5000.1, the board shall require, by regulation, out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to file the notification form and pay the applicable fees as required by former Section 5096, as added by Chapter 921 of the Statutes of 2004, and regulations adopted thereunder.

(b) The board shall, at minimum, consider the following factors in making the determination required by subdivision (a):

(1) Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.

(2) Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.

(3) Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

(c) Notwithstanding subdivision (a), if (1) the National Association of State Boards of Accountancy (NASBA) adopts enforcement best practices guidelines, (2) the board, upon a majority vote at a regularly scheduled board meeting, issues a finding after a public hearing that those practices meet or exceed the board's own enforcement practices, (3) a state has in place and is operating pursuant to enforcement practices substantially equivalent to the best practices guidelines, and (4) disciplinary history of a state's licensees is publicly available through the Internet in a manner that allows the board to link consumers to an Internet Web site to obtain information at least equal to the information that was previously available to consumers through the practice privilege form filed by out-of-state licensees pursuant to former Section 5096, as added by Chapter 921 of the Statutes of 2004, no practice privilege form shall be required to be filed by any licensee of that state as required by subdivision (a), nor shall the board be required to report on that state to the Legislature as required by subdivision (d).

(d) (1) The board shall report to the relevant policy committees of the Legislature, the director, and the public, upon request, preliminary determinations made pursuant to this section no later than July 1, 2015. The board shall, prior to January 1, 2016, and

thereafter as it deems appropriate, review its determinations made pursuant to subdivision (b) to ensure that it is in compliance with this section.

(2) This subdivision shall become inoperative on July 1, 2017, pursuant to Section 10231.5 of the Government Code.

(e) On or before July 1, 2014, the board shall convene a stakeholder group consisting of members of the board, board enforcement staff, and representatives of the accounting profession and consumer representatives to consider whether the provisions of this article are consistent with the board's duty to protect the public consistent with Section 5000.1, and whether the provisions of this article satisfy the objectives of stakeholders of the accounting profession in this state, including consumers. The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board.

(f) On or before January 1, 2018, the board shall prepare a report to be provided to the relevant policy committees of the Legislature, the director, and the public, upon request, that, at minimum, explains in detail all of the following:

(1) How the board has implemented this article and whether implementation is complete.

(2) Whether this article is, in the opinion of the board, more, less, or equivalent in the protection it affords the public than its predecessor article.

(3) Describes how other state boards of accountancy have addressed referrals to those boards from the board, the timeframe in which those referrals were addressed, and the outcome of investigations conducted by those boards.

(g) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.



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



Attachment 2

**STATE-BY-STATE INFORMATION CHART**

ALABAMA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	None		
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board relies on the law to determine maximum penalties. The Executive Director keeps the board apprised of historical outcomes.		

ALASKA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	8/31/2014	Individual	Stayed Revocation
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board has adopted a CPE matrix identifying penalties for specific CPE violations. In other cases, the investigator reviews past cases and board decisions to determine appropriate discipline. State law requires them to act consistently.		

ARIZONA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/25/2009	Individual	Voluntary Surrender
	6/28/2012	Firm	Stayed Suspension
	8/31/2013	Individual	Voluntary Surrender
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board is currently creating comprehensive disciplinary guidelines. Some items are currently in rule and statute. Guidelines will allow for some deviation, but the board will go on record explaining factors leading to an inconsistent outcome.		

ARKANSAS			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board has a CPE checklist listing CPE failures and associated fines.		

CALIFORNIA							
Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td colspan="3">N/A</td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	N/A		
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
N/A							
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: Yes</p> <p>Disciplinary Details: Yes</p>						
Is this state's discipline appropriate in light of the misconduct?	This state has written disciplinary guidelines in regulation. Deviation is allowed based on aggravating and mitigating circumstances.						

COLORADO																			
Legislative Question	Data																		
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td>2/23/2009</td> <td>Individual</td> <td>Stayed Revocation</td> </tr> <tr> <td>6/28/2012</td> <td>Firm</td> <td>Stayed Suspension</td> </tr> <tr> <td>8/31/2013</td> <td>Individual</td> <td>Revocation</td> </tr> <tr> <td>1/1/2015</td> <td>Individual</td> <td>Stayed Revocation</td> </tr> <tr> <td>1/1/2015</td> <td>Firm</td> <td>Stayed Revocation</td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	2/23/2009	Individual	Stayed Revocation	6/28/2012	Firm	Stayed Suspension	8/31/2013	Individual	Revocation	1/1/2015	Individual	Stayed Revocation	1/1/2015	Firm	Stayed Revocation
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>																	
2/23/2009	Individual	Stayed Revocation																	
6/28/2012	Firm	Stayed Suspension																	
8/31/2013	Individual	Revocation																	
1/1/2015	Individual	Stayed Revocation																	
1/1/2015	Firm	Stayed Revocation																	
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: Yes</p> <p>Disciplinary Details: No</p>																		
Is this state's discipline appropriate in light of the misconduct?	Some penalties are in statute or code, but most of the disciplinary guidelines are only in policy. The guidelines are published and public which leads to reluctance to deviate from them, but the board can do so based on facts and circumstances.																		

COMMONWEALTH OF NORTHERN MARIANA ISLANDS							
Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td>None</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	None		
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
None							
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: No</p> <p>Disciplinary Details: No</p>						
Is this state's discipline appropriate in light of the misconduct?	This state has a very small licensee population with no disciplinary actions.						

CONNECTICUT							
Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td>6/28/2012</td> <td>Firm</td> <td>Stayed Suspension</td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	6/28/2012	Firm	Stayed Suspension
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
6/28/2012	Firm	Stayed Suspension					
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: Yes</p> <p>Disciplinary Details: No</p>						
Is this state's discipline appropriate in light of the misconduct?	This board maintains written guidelines that are based on both policy and law. The guidelines act as a rubric but are not restrictive. The board reviews prior decisions and other state boards' discipline on similar matters prior to imposing discipline.						

DELAWARE	
Legislative Question	Data
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u> <u>Individual/Firm</u> <u>CA Action</u> None
Is this state's disciplinary history available on the Internet?	Current Status:   Yes History Indicated:   Yes Disciplinary Details:   Yes
Is this state's discipline appropriate in light of the misconduct?	No Response to Survey

DISTRICT OF COLUMBIA	
Legislative Question	Data
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u> <u>Individual/Firm</u> <u>CA Action</u> 6/28/2012   Firm   Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:   Yes History Indicated:   No Disciplinary Details:   No
Is this state's discipline appropriate in light of the misconduct?	This board maintains written guidelines in both statute and rule. The board is not allowed to deviate and cannot take a licensee's ability to pay into consideration.

FLORIDA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
	3/3/2013	Firm	Stayed Revocation – Suspended
	8/31/2013	Individual	Revocation
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board maintains written guidelines in both statute and rule. The board is allowed to deviate as specified by rule on a case-by-case basis. The board does not consider potential for, or proof of, rehabilitation.		

GEORGIA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board does not have written guidelines and relies on previous cases for consistency.		

GUAM	
Legislative Question	Data
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u> <u>Individual/Firm</u> <u>CA Action</u> None
Is this state's disciplinary history available on the Internet?	Current Status:      Yes History Indicated:      Yes Disciplinary Details:      No
Is this state's discipline appropriate in light of the misconduct?	While this board does not have written guidelines, consistency is ensured as there have only been three cases in the past ten years.

HAWAII	
Legislative Question	Data
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u> <u>Individual/Firm</u> <u>CA Action</u> None
Is this state's disciplinary history available on the Internet?	Current Status:      Yes History Indicated:      Yes, but not easy to find Disciplinary Details:      Some detail provided on state website, but not easy to find
Is this state's discipline appropriate in light of the misconduct?	This board does not believe it has enough cases to justify written disciplinary guidelines. Staff attorneys review past board orders to ensure consistency.

IDAHO	
Legislative Question	Data
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u> <u>Individual/Firm</u> <u>CA Action</u> None
Is this state's disciplinary history available on the Internet?	Current Status:    Yes History Indicated:    Yes Disciplinary Details:    No
Is this state's discipline appropriate in light of the misconduct?	This board has written guidelines that are not in law, rule or policy. Due to the fact that there are so few cases, the guidelines are relied upon less than the past knowledge of the Executive Director, legal counsel, and board members.

ILLINOIS	
Legislative Question	Data
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u> <u>Individual/Firm</u> <u>CA Action</u> None
Is this state's disciplinary history available on the Internet?	Current Status:    Yes History Indicated:    Yes Disciplinary Details:    Some detail provided on state website
Is this state's discipline appropriate in light of the misconduct?	This board has written disciplinary guidelines that list out disciplinary actions but not specific fine amounts for specific offenses. The board and Executive Director have some discretion to deviate from the guidelines.

INDIANA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board does not have written guidelines and relies on precedent to ensure consistency of discipline.		

IOWA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
	4/28/2013	Firm	Stayed Revocation
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board does not have written guidelines that specify offenses and penalties. The board judges each disciplinary action on a case-by-case basis.		

KANSAS							
Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td>6/28/2012</td> <td>Firm</td> <td>Stayed Suspension</td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	6/28/2012	Firm	Stayed Suspension
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
6/28/2012	Firm	Stayed Suspension					
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: Yes</p> <p>Disciplinary Details: No</p>						
Is this state's discipline appropriate in light of the misconduct?	This board does not have written guidelines that specify offenses and penalties. The board judges each disciplinary action on a case-by-case basis.						

KENTUCKY							
Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td>6/28/2012</td> <td>Firm</td> <td>Stayed Suspension</td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	6/28/2012	Firm	Stayed Suspension
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
6/28/2012	Firm	Stayed Suspension					
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: Yes</p> <p>Disciplinary Details: No</p>						
Is this state's discipline appropriate in light of the misconduct?	While this board does not have written guidelines, it uses precedent and the institutional knowledge of its Executive Director (12 years) and legal counsel (15 years) to ensure consistency of discipline.						

LOUISIANA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	Specific offenses are identified in statute and rules, and the board has a general provision allowing for up to \$2000 per violation. The board may deviate from this based on medical or other hardship or in an effort to settle.		

MAINE			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board does not have written guidelines other than a policy for CPE non-compliance. The board bases discipline off of precedent and its determination of actual and potential harm to the public.		

MARYLAND			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/27/2011	Individual	Stayed Revocation
	6/28/2012	Firm	Stayed Suspension
	4/28/2013	Individual	Voluntary Surrender
	8/31/2013	Individual	Revocation
Is this state's disciplinary history available on the Internet?	Current Status:	Active Status licenses only	
	History Indicated:	No	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board does not have written guidelines; although the maximum fine is capped at \$5000. It reviews each disciplinary action on a case-by-case basis.		

MASSACHUSETTS			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	12/26/2012	Individual	Revocation
	3/3/2013	Firm	Stayed Revocation – Suspended
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board has some specific offenses listed in its statutes with maximum allowable penalties. It has discretion to decide the penalties or discipline on a case-by-case basis.		

MICHIGAN							
Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td>None</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	None		
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
None							
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: No</p> <p>Disciplinary Details: No</p>						
Is this state's discipline appropriate in light of the misconduct?	This board has written guidelines that specify specific offenses and penalties. Deviation from these guidelines occurs frequently due to mitigating circumstances.						

MINNESOTA							
Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td>6/28/2012</td> <td>Firm</td> <td>Stayed Suspension</td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	6/28/2012	Firm	Stayed Suspension
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
6/28/2012	Firm	Stayed Suspension					
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: Yes</p> <p>Disciplinary Details: No</p>						
Is this state's discipline appropriate in light of the misconduct?	This board does not have written guidelines. It uses a Complaint Committee for each case to ensure consistent discipline.						

MISSISSIPPI			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	None		
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board has written guidelines in regulation but also uses precedent when determining discipline. The board has authority to deviate from the guidelines if needed.		

MISSOURI			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
	3/3/2013	Firm	Stayed Revocation – Suspended
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board relies on statute and rules to identify specific offenses, but penalties are determined on a case-by-case basis as allowed by the law. It relies on experience and prior actions when determining discipline.		

MONTANA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
	12/26/2012	Individual	Stayed Revocation – Suspended
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	Yes	
Is this state's discipline appropriate in light of the misconduct?	This board relies on its statutes for discipline guidance, and these set the maximum penalties. In order to maintain consistency, it relies on its historical knowledge.		

NEBRASKA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	11/2/2013	Individual	Stayed Revocation
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Partial	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board relies on the guidance in its statute for determining discipline. It does not typically vary its penalties but does take past discipline into account.		

NEVADA			
Legislative Question	Data		
<p><b>Does this state timely and adequately address enforcement referrals from California?</b></p>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	2/23/2009	Individual	Stayed Revocation
	6/28/2012	Firm	Stayed Suspension
	3/3/2013	Firm	Stayed Revocation – Suspended
	4/28/2013	Firm	Stayed Revocation
	4/28/2013	Individual	Stayed Revocation – Suspended
	12/27/2013	Individual	Voluntary Surrender
	10/6/2014	Individual	Revocation
	1/1/2015	Individual	Stayed Revocation
	1/1/2015	Firm	Stayed Revocation
<p><b>Is this state’s disciplinary history available on the Internet?</b></p>	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
<p><b>Is this state’s discipline appropriate in light of the misconduct?</b></p>	<p>This board’s guidelines are set by policy and are currently under review. The guidelines include a summary of previous actions rather than identifying specific offenses and penalties. The Executive Director and Counsel provide the historical basis for decisions to ensure consistency, but the board considers actions on a case-by-case basis, relying more on staff recommendation than the guidelines. Statute limits fines to \$5,000 per violation.</p>		

NEW HAMPSHIRE			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes, but not easy to find	
	Disciplinary Details:	Yes, but not easy to find	
Is this state's discipline appropriate in light of the misconduct?	This board's statutes and rules outline appropriate penalties for general offenses. The board determines penalties based on facts and circumstances. This board is currently developing a rulemaking to outline various mitigating and aggravating factors.		

NEW JERSEY			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	8/30/2009	Individual	Revocation
	6/28/2012	Firm	Stayed Suspension
	3/3/2013	Firm	Stayed Revocation – Suspended
	8/31/2013	Individual	Revocation
	10/26/2014	Individual	Stayed Revocation – Suspended
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board handles discipline on a case-by-case basis. Its law places a statutory maximum on a per occurrence basis. The board maintains prior orders which it references when issuing discipline.		

NEW MEXICO			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
	4/28/2013	Firm	Stayed Revocation
	8/31/2013	Individual	Voluntary Surrender
	1/1/2015	Firm	Stayed Revocation
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board's guidelines are based on statute, with maximum penalties and some ranges spelled out. The board has broad discretion to deviate based on facts and circumstances.		

NEW YORK			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	8/31/2013	Individual	Revocation
	10/26/2014	Individual	Stayed Revocation – Suspended
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Partial	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board has broad guidelines in statute. Consistent discipline is maintained by assuring similar penalties to those from prior similar cases.		

NORTH CAROLINA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This state has guidelines in regulation for two specific matters, and informal guidelines exist for peer review and CPE matters. The board is provided precedential cases to review when applicable. The board reviews all matters on a case-by-case basis.		

NORTH DAKOTA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	None		
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Partial	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This state does not have written guidelines. The board uses its judgment on a case-by-case basis.		

OHIO			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This state has written policies and guidelines that it relies on to ensure consistency of discipline.		

OKLAHOMA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	11/2/2013	Individual	Stayed Revocation
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board has written policies for certain administrative violations, but handles other matters on a case-by-case basis.		

OREGON			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
	4/28/2013	Firm	Stayed Revocation
	1/1/2015	Individual	Stayed Revocation
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board has written guidelines, but they are not generally used as the knowledge of the Executive Director, counsel, and the board members regarding past actions is what ensures consistency of discipline.		

PENNSYLVANIA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/27/2011	Individual	Stipulated Surrender
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board's written guidelines are limited to a number of violations and penalties listed in regulation, but it can impose sanctions for violations not listed there too.		

PUERTO RICO	
Legislative Question	Data
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u> <u>Individual/Firm</u> <u>CA Action</u> None
Is this state's disciplinary history available on the Internet?	Current Status:    Yes History Indicated:    No Disciplinary Details:    No
Is this state's discipline appropriate in light of the misconduct?	This board relies on its laws, rules, and guidelines to provide guidance on actions.

RHODE ISLAND	
Legislative Question	Data
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u> <u>Individual/Firm</u> <u>CA Action</u> 6/28/2012            Firm            Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:    Yes History Indicated:    Yes Disciplinary Details:    No
Is this state's discipline appropriate in light of the misconduct?	This board does not have written guidelines. The Administrator keeps track of prior penalties to ensure consistency, and discipline is based on a review of circumstances, mitigating factors, and aggravating factors.

SOUTH CAROLINA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	4/27/2009	Firm	Stipulated Surrender
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board relies on its written guidelines which are established through policy. There is minimal deviation from the guidelines unless the facts of the case do not fit into the guidelines, then all facts are considered on a case-by-case basis.		

SOUTH DAKOTA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	None		
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board bases its discipline on policy and a review of prior cases. Its policies only include some types of violations and penalties, but not all.		

TENNESSEE							
Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td>None</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	None		
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
None							
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: No</p> <p>Disciplinary Details: No</p>						
Is this state's discipline appropriate in light of the misconduct?	This board has certain violations and penalties in policy, but use this policy only as a guideline and review on a case-by-case basis.						

TEXAS										
Legislative Question	Data									
Does this state timely and adequately address enforcement referrals from California?	<table border="1"> <thead> <tr> <th><u>Referral Date</u></th> <th><u>Individual/Firm</u></th> <th><u>CA Action</u></th> </tr> </thead> <tbody> <tr> <td>6/28/2012</td> <td>Firm</td> <td>Stayed Suspension</td> </tr> <tr> <td>1/1/2015</td> <td>Firm</td> <td>Stayed Revocation</td> </tr> </tbody> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	6/28/2012	Firm	Stayed Suspension	1/1/2015	Firm	Stayed Revocation
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>								
6/28/2012	Firm	Stayed Suspension								
1/1/2015	Firm	Stayed Revocation								
Is this state's disciplinary history available on the Internet?	<p>Current Status: Yes</p> <p>History Indicated: Yes</p> <p>Disciplinary Details: No</p>									
Is this state's discipline appropriate in light of the misconduct?	This board's written guidelines are in regulation and list specific offenses with minimum and maximum penalties.									

**UNITED STATES VIRGIN ISLANDS**

Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: left;"><u>Referral Date</u></td> <td style="text-align: left;"><u>Individual/Firm</u></td> <td style="text-align: left;"><u>CA Action</u></td> </tr> <tr> <td colspan="3">None</td> </tr> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	None		
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
None							
Is this state's disciplinary history available on the Internet?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Current Status:</td> <td>Yes</td> </tr> <tr> <td>History Indicated:</td> <td>No</td> </tr> <tr> <td>Disciplinary Details:</td> <td>No</td> </tr> </table>	Current Status:	Yes	History Indicated:	No	Disciplinary Details:	No
Current Status:	Yes						
History Indicated:	No						
Disciplinary Details:	No						
Is this state's discipline appropriate in light of the misconduct?	This state has a small licensee population with no disciplinary actions.						

**UTAH**

Legislative Question	Data						
Does this state timely and adequately address enforcement referrals from California?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: left;"><u>Referral Date</u></td> <td style="text-align: left;"><u>Individual/Firm</u></td> <td style="text-align: left;"><u>CA Action</u></td> </tr> <tr> <td colspan="3">None</td> </tr> </table>	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>	None		
<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>					
None							
Is this state's disciplinary history available on the Internet?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Current Status:</td> <td>Yes</td> </tr> <tr> <td>History Indicated:</td> <td>No</td> </tr> <tr> <td>Disciplinary Details:</td> <td>Some details provided on state website</td> </tr> </table>	Current Status:	Yes	History Indicated:	No	Disciplinary Details:	Some details provided on state website
Current Status:	Yes						
History Indicated:	No						
Disciplinary Details:	Some details provided on state website						
Is this state's discipline appropriate in light of the misconduct?	This state does not have written guidelines; it reviews each matter on a case-by-case basis.						

VERMONT			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Partial	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board uses the penalty limits in its statutes, but also considers past cases and precedent.		

VIRGINIA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board handles cases on a case-by-case basis using its statutes as a basic guideline. It keeps a list of cases, violations and penalties to ensure consistency of discipline.		

WASHINGTON			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	6/28/2012	Firm	Stayed Suspension
	11/2/2013	Individual	Voluntary Surrender
	1/1/2015	Individual	Stayed Revocation
Is this state's disciplinary history available on the Internet?	1/1/2015	Firm	Stayed Revocation
	Current Status:	Yes <sup>1</sup>	
Is this state's discipline appropriate in light of the misconduct?	History Indicated:	Yes	
	Disciplinary Details:	No	
Is this state's discipline appropriate in light of the misconduct?	This board has general guidelines in its administrative code. Fines are limited to \$30,000 per complaint by statute unless stipulated to a higher amount. Discipline is fair based on the facts and circumstances of each case.		

<sup>1</sup>Washington uses the status of Suspended on CPAVerify and Suspended/Revoked on its own website even for individuals where disciplinary details (on ALD) indicate revocation. It does not indicate Revoked as a separate status.

WEST VIRGINIA			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	None		
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Yes	
Is this state's discipline appropriate in light of the misconduct?	Disciplinary Details:	No	
	Is this state's discipline appropriate in light of the misconduct?	This board relies on its rules and regulations for guidance. It reviews precedent to determine appropriate action for similar violations.	

WISCONSIN			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	None		
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	No	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board does not have written guidelines. It relies on board member and staff attorney experience to provide history of prior violations and penalties.		

WYOMING			
Legislative Question	Data		
Does this state timely and adequately address enforcement referrals from California?	<u>Referral Date</u>	<u>Individual/Firm</u>	<u>CA Action</u>
	1/1/2015	Individual	Stayed Revocation
	1/1/2015	Individual	Stayed Revocation
Is this state's disciplinary history available on the Internet?	Current Status:	Yes	
	History Indicated:	Partial	
	Disciplinary Details:	Some detail provided on state website	
Is this state's discipline appropriate in light of the misconduct?	This board relies on its rules and regulations for general guidance. The Executive Director maintains a Disciplinary Matrix for use in comparing similar past cases.		



**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>



**MSG Item IX.**  
March 19, 2015

**CBA Item VIII.A.8.**  
March 19-20, 2015

## **Discussion Regarding the CBA's Practice Privilege Preliminary Determinations Report**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) and the Mobility Stakeholder Group (MSG) an opportunity to comment and make revisions to the draft Preliminary Determinations Report (**Attachment**).

### **Action(s) Needed**

The CBA and MSG will be asked to provide input on the draft Preliminary Determinations Report, including whether to name specific states in the report. In addition, the CBA will be asked to provide guidance on certain phrases from the law in order to complete various portions of this report.

### **Background**

The CBA has had a practice privilege program since 2006. Under the program, an out-of-state certified public accountant (CPA) was required to file a notice and pay a fee to the CBA for the privilege of practicing in California for one year without the need to acquire a California license.

In 2012, the Legislature significantly revised the program and the new practice privilege law (Business and Professions Code (BPC) sections 5096-5096.21) went into effect on July 1, 2013. Under the new program, a practice privilege is granted to out-of-state licensees, who meet certain requirements, without the need to provide notice or pay a fee. One of those requirements includes holding a CPA license from a state which the CBA determines has substantially equivalent education, examination and experience requirements to California. The CBA designated such states when it adopted Division 1, Title 16 of the California Code of Regulations (CBA Regulations) section 5.5 listing the substantially equivalent states, which included all states except for the United States Virgin Islands.

In order to ensure that the new program is protecting consumers, BPC section 5096.21(a) requires the CBA to determine whether allowing individuals from a particular state to practice in California pursuant to a practice privilege violates its duty to protect the public. If a particular state is determined to put the public at risk, the CBA will need to require out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to provide the notice and pay the fees as required under

## Discussion Regarding the CBA's Practice Privilege Preliminary Determinations Report

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the previous practice privilege program. This determination will be made by the CBA on a continuing basis on and after January 1, 2016.

The Preliminary Determinations Report, which is required by the Legislature pursuant to BPC section 5096.21(d) and must include preliminary determinations made pursuant to BPC section 5096.21, is due to the Legislature by July 1, 2015.

### Comments

The attached draft Preliminary Determinations Report is for CBA and MSG review. Any input the CBA or MSG may have will be incorporated into the report. The final version of the report will be brought back to the CBA for approval at its May 2015 meeting.

In addition to seeking input from the MSG and CBA, staff are seeking additional clarification from the CBA regarding certain terms and phrases included in the factors identified by the Legislature in the law. In each of the three legislative factors these terms and phrases need to be clarified by the CBA in order to provide a baseline for making the determinations required by BPC section 5096.21(a). The three legislative factors, found in BPC section 5096.21(b), are as follows:

- (1) Whether the state *timely and adequately* addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.
- (2) Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to *adequately* link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.
- (3) Whether the state imposes discipline against licensees that is *appropriate* in light of the nature of the alleged misconduct.

In order to complete the report, the CBA will need to provide guidance to staff regarding "timely and adequately addresses" in sub-section (1), "adequately" in sub-section (2), and "appropriate" in sub-section (3). Based on this guidance, at its January 2016 meeting, the CBA will be able to make its determinations as to whether allowing individuals from a particular state to practice in California pursuant to a practice privilege violates its duty to protect the public.

When providing guidance to staff on whether a state timely and adequately addresses enforcement referrals made by the CBA, the CBA may wish to consider the following:

- The broad nature of the word "addresses"
- How far through the investigative process a matter must go to be considered "adequately addressed," whether that is from intake of the complaint to disciplinary action taken by the board
- What data point to consider when determining timeliness, whether that includes opening of an investigation, closing the investigation, taking disciplinary action, or another data point

## Discussion Regarding the CBA's Practice Privilege Preliminary Determinations Report

Page 3 of 4

- Once that data point is established, what would the appropriate amount of time be to allow for the other state to reach that point
- Outside factors affecting time frames, such as, in California's case, Attorney General and Office of Administrative Hearing time frames
- The fact that other states have different laws both in regards to their accountancy laws as well as their laws for how discipline is handled

When providing guidance to staff on whether a state provides disciplinary history publically on the Internet that "adequately" allows the CBA to link to it, the CBA may wish to consider the following:

- What constitutes "history"
- The minimum information that a state should provide online to ensure California consumers are protected and can find the information they need on a practice privilege holder

When providing guidance to staff on whether a state imposes discipline that is "appropriate" in light of the misconduct, the CBA may wish to consider the following:

- Whether the state maintains consistency of discipline
- The manner in which the state maintains consistency of discipline (i.e. guidelines, precedent, etc.)
- The nature of the misconduct

Finally, staff are seeking input from the CBA as to whether specific states should be named in the Preliminary Determinations Report. When making this decision, the CBA may wish to consider the following:

- A state would be placed into the report based on how the data provided in **Agenda Item VIII.A.7.** aligns with the guidance provided by the CBA
- As previously discussed, the information in Agenda Item VIII.A.7. is preliminary
- The CBA has not yet informed any of the states that the CBA will be making determinations that could lead to their licensees being excluded from the no notice, no fee practice privilege program
- Some states could move from one determination category to another between the time the report is issued on July 1, 2015 and the final determinations are made in January 2016
- Although not specifically required by the law, there may be an expectation that states be named in the report

### **Fiscal/Economic Impact Considerations**

Unknown at this time.

### **Recommendation**

Staff are seeking any input the CBA and MSG may have on this report, including whether to name specific states in the report. In addition, staff recommend that the CBA provide guidance on "timely and adequately" in BPC 5096.21(b) sub-section (1), "adequately" in sub-section (2), and "appropriate" in sub-section (3).

**Discussion Regarding the CBA's Practice Privilege Preliminary Determinations Report**

Page 4 of 4

**Attachment**

Practice Privilege: Preliminary Determinations Report

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# CALIFORNIA BOARD OF ACCOUNTANCY



**DRAFT**

**PRACTICE PRIVILEGE:  
PRELIMINARY  
DETERMINATIONS REPORT  
JULY 1, 2015**

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## **INTRODUCTION**

This report is prepared in compliance with Business and Professions Code (BPC) section 5096.21(d) to report on the California Board of Accountancy's (CBA) preliminary determinations made pursuant to BPC section 5096.21. The information in this report will be considered by the CBA when it makes its determinations as to whether allowing individuals from a particular state to practice in California pursuant to a practice privilege violates its duty to protect the public. If this determination shows the public is at risk, the licensees of those particular states would, following a rulemaking by the CBA, revert back to using the prior practice privilege program with its notice and fee provisions. These determinations are to be made on and after January 1, 2016.

To the CBA, a practice privilege is the legal authority for an individual licensee of another state (defined, in BPC section 5032, as any state, territory or insular possession of the United States, or the District of Columbia) to practice public accounting in California without the requirement to obtain a California certified public accountant (CPA) license. The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards; therefore, it is critical to the CBA that the California practice privilege law sufficiently protects California consumers. Likewise, the California Legislature placed certain protections into the practice privilege law found in BPC sections 5096 through 5096.21.

## **PROGRAM OVERVIEW**

If a CPA licensee's principal place of business is located outside California and he or she holds a valid and current license, certificate, or permit to practice public accountancy from another state, he or she may qualify to practice public accountancy in California under a practice privilege, without giving notice or paying a fee, provided one of the following conditions is met:

- They have continually practiced public accountancy as a CPA under a valid license issued by any state for at least four of the last 10 years.
- They hold a valid license, certificate, or permit to practice public accountancy from a state determined by the CBA to be substantially equivalent to the licensure qualifications in California under BPC section 5093.
- They possess education, examination, and experience qualifications which have been determined by the CBA to be substantially equivalent to the licensure qualifications in California.

A licensee is required to notify and receive written permission from the CBA prior to practicing public accountancy in California if, within the seven years immediately preceding the date on which he or she wishes to practice in this state, certain conditions apply as outlined in BPC Section 5096(i).

If any of those conditions apply, the licensee must submit a completed notification form and await written permission from the CBA prior to engaging in the practice of public accountancy in California.

If an individual exercises a practice privilege and subsequently acquires any condition disqualifying them from holding a California practice privilege, they must cease practicing immediately and notify the CBA in writing within 15 days of the occurrence of the cessation event using the "Notification of Cessation of Practice Privilege Form" (PP-11(1/13)).

If an individual is exercising a practice privilege in California, they are required to notify the CBA in writing of any pending criminal charges, other than for a minor traffic violation, within 30 days of the date they have knowledge of those charges.

If an individual intends to provide audit or attestation services for an entity headquartered in California, they may only do so through an accounting firm registered with the CBA.

An accounting firm that is authorized to practice public accountancy in another state and that does not have an office in this state must register with the CBA prior to performing attest services for an entity headquartered in California.

To register an out-of-state accounting firm, while there is no fee, an applicant must first complete the "Out-of-State Accounting Firm Registration Form" (PP-13(1/13)). The out-

of-state accounting firm registration must be renewed every two years in order for the out-of-state accounting firm to maintain practice rights in California. The out-of-state accounting firm must also notify the CBA of any change of address or change in ownership within 30 days of the change.

## BACKGROUND

Starting in 2006, the California practice privilege law required out-of-state CPA licensees to file a written notice and pay a fee to the CBA in order to obtain a practice privilege. A practice privilege differed from a California license in that the individual could not have a principal place of business in California and had to file for a new practice privilege every year.

Senate Bill 1405 (DeLeón, Chapter 411 of 2012) removed the notice and fee requirements and significantly amended the consumer protection provisions of the law. The new practice privilege law, which went into effect on July 1, 2013, grants a practice privilege to out-of-state licensees who meet certain requirements including holding a CPA license from a state which the CBA determines has substantially equivalent education, examination and experience requirements to California. The CBA designated such states when it adopted Division 1, Title 16 of the California Code of Regulations (CBA Regulations) section 5.5 listing the substantially equivalent states.

In order to ensure that the practice privilege program was protecting consumers, BPC section 5096.21(a) requires the CBA to determine whether allowing individuals from a particular state to practice in California pursuant to a practice privilege violates its duty to protect the public. If the determination is made that allowing individuals from a particular state puts consumers at risk, the CBA will need to require out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to provide the notice and pay the fees as required under the previous practice privilege program. This determination will be made by the CBA on a continuing basis on and after January 1, 2016 pursuant to BPC section 5096.21(a).

In BPC section 5096.21(b), the Legislature requires the CBA to consider the following three factors as it makes these determinations:

- (1) Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.
- (2) Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.
- (3) Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

The purpose of this report is to provide the Legislature with the preliminary determinations the CBA will use as it determines whether allowing individuals from a particular state to practice in California pursuant to a practice privilege violates its duty to protect the public.

## **BASIS FOR MAKING DETERMINATIONS**

In making these preliminary determinations, the CBA relied on information provided by its Enforcement Division, an analysis of information available to the public through the Internet, and information provided by the National Association of State Boards of Accountancy (NASBA). It reviewed this information and this report at its March and May 2015 meetings.

*A paragraph will be added to address how the CBA decides to collect additional information from other states such as the letter recommended in Agenda Item VIII.A.7.*

As the CBA proceeds towards making final determinations regarding these factors, it will ask its staff to gather additional and current information so that the determinations will be based on the best available information.

## **PRELIMINARY DETERMINATIONS**

The following are preliminary determinations the CBA has made regarding the three factors the Legislature has identified.

### **Timely and Adequately Addressing Enforcement Referrals**

The CBA communicates enforcement referrals to other states through two separate methods, the Accountancy Licensing Database (ALD) and direct communication. ALD is a national licensing database for state boards of accountancy, and all CBA disciplinary actions are uploaded on a daily basis. In addition, the CBA sends disciplinary information directly to other states when it is determined that the licensee is licensed in another state.

Through these two methods, other states are made aware of disciplinary action taken by the CBA. Once a state receives this information, it may need to consider a number of factors before deciding whether to pursue its own enforcement action. Such considerations might include the nature of the violation, that state's laws and regulations, and risk to that state's consumers.

Since 2009, the CBA has referred 77 disciplinary matters to 37 states. These 77 licensees are prohibited from practicing in California under a practice privilege without written authorization from the CBA.

*A paragraph will be added based upon CBA input regarding how it wishes to proceed with obtaining additional information and how it interprets the phrase "timely and adequately." Those states not reaching this benchmark would be in danger of removal from the no notice, no fee practice privilege program. Going forward, the CBA will track and follow up regarding its referrals to other states based on CBA guidance regarding "timely and adequately."*

### **Disciplinary History Publically Available Through the Internet**

An important part of disciplinary history is the current license status. The current status of a CPA license can be ascertained online for every state except for Maryland, which only posts its active status licensees on its website, and Washington, which does not differentiate between Suspended and Revoked.

In addition, many states provide an indicator either on their website or on CPAVerify that informs a consumer that a license has an enforcement action history regardless of the current status of a license. It is possible for a license in an active status to have had previous enforcement actions against it. Based on preliminary information gathered by the CBA, it appears that 31 states (California would make it 32) provide this indicator and an additional five states provide it for at least some of their licensees.

Finally, those states that provide the full disciplinary details online provide a consumer with the maximum amount of information regarding an enforcement action. This level of

detail goes beyond what was available under the prior practice privilege program. Based on preliminary information gathered by the CBA, three states (California would make it four) provide full disciplinary details and documents online. An additional 13 states provide at least some detail regarding their enforcement actions. This detail can range from dates of discipline to a full description of the violation just short of providing the disciplinary documents.

*A paragraph will be added to include the CBA's determination of what level of information it considers to be adequate. States not reaching this benchmark would be in danger of removal from the no notice, no fee practice privilege program.*

### **Appropriate Discipline in Light of the Misconduct**

In order to make a preliminary assessment regarding whether the discipline of a particular state is appropriate, the CBA looked at whether a state has and uses written disciplinary guidelines of some kind (whether in law, rule or policy; and covering some or all violations) and the method used by the state for ensuring consistency of discipline. This information was derived from a survey of state boards of accountancy conducted by NASBA during the fall and winter of 2014-15.

Based on this preliminary assessment, 35 states currently rely on some kind of disciplinary guidelines with an additional state in the process of developing guidelines.

Based on the NASBA survey, it appears that 16 states rely on those guidelines to ensure consistency of discipline, one state uses a complaint committee, and 23 states primarily rely on precedent in ensuring consistency. For the three states with the lowest licensee population, consistency was not an issue as they had little to no discipline. The rest of the states evaluate each matter on a case-by-case basis.

*A paragraph will be added to include the CBA's determination of how it will determine whether the discipline a state imposes is appropriate in light of the misconduct. States not reaching this benchmark would be in danger of removal from the no notice, no fee practice privilege program.*

## **CONCLUSION**

The information provided in this report, and any other additional information it requests to be collected, will be considered by the CBA as it makes its determinations as to whether allowing individuals from a particular state to practice in California pursuant to a practice privilege violates its duty to protect the public. The information in this report may change, or additional information may be requested by the CBA, over the next six months prior to the determinations being made. The CBA will rely on the most current information available in order to make its determinations regarding consumer protection.



**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>



**MSG Item X.**  
March 19, 2015

**CBA Item VIII.A.9.**  
March 19-20, 2015

## **Discussion Regarding NASBA's Activities and CPAVerify**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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### **Purpose of the Item**

The purpose of this agenda item is to allow the Mobility Stakeholder Group (MSG) the opportunity to discuss the National Association of State Boards of Accountancy's (NASBA) recent activities and CPAVerify.

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

At its November 2014 meeting, the MSG requested that NASBA activities and CPAVerify be added as a standing agenda item to allow for ongoing discussion.

The Accountancy Licensing Database (ALD) is a national database of CPA license information. Only the CBA and other state boards of accountancy have direct access to ALD. CPAVerify is the public website that conveys information contained in the ALD database. If information is not available in ALD, it is not available on CPAVerify. The CBA maintains a link to CPAVerify on its website for the use of consumers and other stakeholders.

### **Comments**

#### **Survey of Other States**

At its inaugural meeting in March 2014, the MSG asked a series of questions regarding the number of enforcement notifications or referrals each jurisdiction made to other states and the number of notifications or referrals from other states received by each jurisdiction. These questions were as follows:

1. In the past five years, how many enforcement notifications or referrals did your board receive from other state boards of accountancy, either directly or through the ALD?
2. Of those notifications or referrals, how many resulted in enforcement actions?
3. Of those notifications or referrals, how many remain under investigation?
4. In the past five years, how many matters has your board notified or referred to other state boards of accountancy, either directly or through ALD?

## Discussion Regarding NASBA's Activities and CPAVerify

Page 2 of 4

These questions were asked by NASBA, on behalf of the MSG, as a part of its national enforcement survey that it completed as a prelude to preparing national enforcement guidelines. At this time, all but two jurisdictions have responded to the survey.

When staff began analyzing the survey results, it quickly became clear that there had been some different interpretations of the questions or the terminology that was used. The results, many indicating that such data was not tracked, did not show the expected numbers considering that there are 50 jurisdictions currently using ALD. There are even some states that we know received electronic alerts through the ALD system that reported zero referrals in the survey.

In an effort to provide the MSG with more accurate information, staff reached out to NASBA to obtain the requested data directly from the ALD system. There are limits on the information contained in ALD as a result of the number of states using ALD continuing to change. A state using ALD for five years will have more enforcement reported on ALD than a state that just started using ALD three months ago.

Unfortunately, at this time, ALD does not have data report functionality. NASBA's focus has been on building the system and actively seeking participation from every jurisdiction. Now that there are only five jurisdictions not on ALD, effort will be spent on building this functionality. At this time it is expected that such capability is six months to a year in the future.

In an effort to supply the MSG with as much information as possible to assist in answering its questions, staff have prepared a chart (**Attachment**) showing what electronic enforcement information is available to state boards of accountancy and the public from each state.

The attached chart provides five data points for each state as follows:

- **Current License Status on ALD and CPAVerify:**  
This data point indicates whether a current license status is available through ALD and CPAVerify. This information is consistent across both platforms; all participating states, with the exception of Maryland, show a license status on both ALD and CPAVerify. Maryland only shows active status licenses.
- **License Status on State Website:**  
This data point indicates whether a current license status is available on the licensing entity's website through a license lookup feature. Those few states without this feature do report license status to ALD, ensuring that almost all license statuses are available to the public online through CPAVerify.
- **Enforcement Indicated on ALD and CPAVerify:**  
This data point indicates whether there is a flag in the ALD and CPAVerify system that informs the user as to whether enforcement information was provided by the state. License status is not always an indicator of whether there has been enforcement action against a license. There are cases where an active status license has some form of enforcement action against it. The presence of

## Discussion Regarding NASBA's Activities and CPAVerify

Page 3 of 4

this flag indicates to the user whether a license of any status has had previous enforcement action against it.

- **Disciplinary Alerts Available in ALD:**  
This data point was provided by NASBA. A "Yes" in this column indicates that if disciplinary action is taken by this state against a license, any other jurisdictions in which that licensee is licensed are electronically notified of the disciplinary action.

There are a few states which are not able to link across state lines at this time, although efforts may be in progress to correct the issue. The reason is that the ALD system takes several data points (such as name, date of birth, etc.) and puts them together to create a unique identifier for each licensee. If one or more of those data points is not provided by a state, it is impossible to guarantee a match of individuals in the system.

- **Enforcement Details Location:**  
This data point indicates where a state board or the public would need to go to get the complete details on an enforcement action. No enforcement details are available on CPAVerify; it always indicates that a member of the public should contact the licensing board for more information.

Those states showing ALD in this column provide some details through ALD, but never the complete enforcement documents. Those states showing State Website in this column provide some details on their website. Only California, Montana, and New Hampshire provide complete enforcement documents through their websites. For the remainder of the states, someone would need to contact the board of accountancy directly in order to get the complete enforcement details.

### New York and CPAVerify Functionality

At its November 2014 meeting, staff reported to the MSG that New York did not report disciplinary information to ALD, and thus CPAVerify, due to technical issues. The MSG asked that staff research the anticipated timeframe for the New York Board of Accountancy (NYBA) to correct its technical issues and to begin reporting enforcement data on the CPAVerify website.

Staff contacted NASBA regarding NYBA participation on CPAVerify. As previously reported to the MSG at its November 2014 meeting, this is a technical issue of two computer systems not communicating.

The NYBA is set up differently from many other jurisdictions in that its licensing functions and licensing computer system are handled by the board, but its enforcement functions and enforcement computer system are handled by its parent agency. This would be as if the CBA performed licensing functions and had its own computer system while the Department of Consumer Affairs handled enforcement on its own computer system. NYBA licensing's computer system is capable of sending information to ALD.

## **Discussion Regarding NASBA's Activities and CPAVerify**

Page 4 of 4

The parent agency's separate computer system is not capable of sending discipline information at this time.

When staff contacted the NYBA, it indicated that its enforcement computer systems are from the 1980s. It indicated that there have been discussions about upgrading to an e-licensing system, but that there are numerous hurdles. The NYBA representative indicated that, at this time, there are no plans to upgrade the system, and any potential upgrades would therefore be far in the future.

### Additional Information regarding NASBA's Activities and CPAVerify

At this time, there are fifty jurisdictions participating in ALD and CPAVerify. NASBA continues its efforts to bring the remaining five onto the system. These five jurisdictions are Delaware, Hawaii, Michigan, Utah, and Wisconsin.

NASBA continues to survey states in preparation for issuing its national enforcement guidelines which are still expected to be released in May 2015.

### Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

### Recommendation

Staff does not have a recommendation on this agenda item.

### Attachment

Electronic Enforcement Information

	Electronic Enforcement Information				
Jurisdiction	Current License Status on ALD & CPAVerify	License Status on State Website	Enforcement Indicated on ALD & CPAVerify	Disciplinary Alerts Available in ALD	Enforcement Details Location
Alabama	YES	YES	NO	YES	Contact Board
Alaska	YES	YES	NO	YES	Contact Board
Arizona	YES	YES	NO	YES	Contact Board
Arkansas	YES	YES	YES	YES	Contact Board
California	YES	YES	YES	YES	State Website
Colorado	YES	YES	YES	YES	ALD/Contact Board
CNMI	YES	NO	NO	YES	Contact Board
Connecticut	YES	YES	YES	YES	ALD/Contact Board
Delaware	Non-Participating	YES	Non-Participating	Non-Participating	Contact Board
District of Columbia	YES	YES	NO	YES	Contact Board
Florida	YES	YES	YES	YES	ALD/State Website/ Contact Board
Georgia	YES	NO	YES	YES	Contact Board
Guam	YES	NO	YES	YES	Contact Board
Hawaii	Non-Participating	YES	Non-Participating	Non-Participating	State Website/Contact Board
Idaho	YES	YES	YES	YES	ALD/Contact Board
Illinois	YES	YES	YES	Records Not Linked Across State Lines	State Website/Contact Board
Indiana	YES	YES	NO	YES	Contact Board
Iowa	YES	YES	YES	YES	ALD/Contact Board
Kansas	YES	YES	YES	YES	ALD/Contact Board
Kentucky	YES	YES	YES	YES	ALD/Contact Board
Louisiana	YES	YES	YES	YES	ALD/Contact Board
Maine	YES	YES	YES	YES	ALD/State Website/ Contact Board
Maryland	Incomplete <sup>1</sup>	Incomplete <sup>1</sup>	NO	YES	Contact Board
Massachusetts	YES	YES	YES	YES	ALD/State Website/ Contact Board
Michigan	Non-Participating	YES	Non-Participating	Non-Participating	Contact Board

	Electronic Enforcement Information				
Jurisdiction	Current License Status on ALD & CPAVerify	License Status on State Website	Enforcement Indicated on ALD & CPAVerify	Disciplinary Alerts Available in ALD	Enforcement Details Location
Minnesota	YES	YES	YES	Records Not Linked Across State Lines	Contact Board
Mississippi	Incomplete <sup>2</sup>	YES	NO	Records link but data collection in progress as of Jan 2015	Contact Board
Missouri	YES	YES	YES	YES	ALD/Contact Board
Montana	YES	YES	YES	YES	State Website
Nebraska	YES	YES	Incomplete <sup>3</sup>	YES	State Website/Contact Board
Nevada	YES	YES	YES	YES	ALD/Contact Board
New Hampshire	YES	YES	NO	Records Not Linked Across State Lines	State Website
New Jersey	YES	YES	YES	YES	ALD/Contact Board
New Mexico	YES	YES	NO	YES	State Website/Contact Board
New York	YES	YES	Incomplete <sup>4</sup>	YES	ALD <sup>4</sup> /Contact Board
North Carolina	YES	YES	YES	YES	ALD/Contact Board
North Dakota	YES	NO	Incomplete <sup>3</sup>	YES	Contact Board
Ohio	YES	YES	YES	YES	Contact Board
Oklahoma	YES	YES	YES	YES	State Website/Contact Board
Oregon	YES	YES	YES	YES	ALD/Contact Board
Pennsylvania	YES	YES	YES	YES	Contact Board
Puerto Rico	YES <sup>5</sup>	NO	NO	YES	Contact Board
Rhode Island	YES	YES	YES	YES	ALD/Contact Board
South Carolina	YES	YES	NO	Records Not Linked Across State Lines	State Website/Contact Board
South Dakota	YES	YES	NO	YES	Contact Board

Jurisdiction	Electronic Enforcement Information				
	Current License Status on ALD & CPAVerify	License Status on State Website	Enforcement Indicated on ALD & CPAVerify	Disciplinary Alerts Available in ALD	Enforcement Details Location
Tennessee	YES	YES	NO	YES	Contact Board
Texas	YES	YES	YES	YES	ALD/Contact Board
USVI	YES	YES	NO	YES	Contact Board
Utah	Non-Participating	YES	Non-Participating	Non-Participating	State Website/Contact Board
Vermont	YES	YES	YES <sup>6</sup>	YES	State Website/Contact Board <sup>6</sup>
Virginia	YES	YES	NO	YES	Contact Board
Washington	YES <sup>7</sup>	YES <sup>7</sup>	YES	YES	ALD/Contact Board
W. Virginia	YES	YES	YES	YES	ALD/Contact Board
Wisconsin	Non-Participating	YES	Non-Participating	Non-Participating	State Website/Contact Board
Wyoming	YES	YES	Incomplete <sup>3</sup>	YES	State Website/Contact Board

<sup>1</sup> Maryland only posts information about active licensees on its website and does not post enforcement data to ALD/CPAVerify.

<sup>2</sup> Mississippi does not post enforcement data to ALD/CPAVerify; individuals who show as Revoked on the state website show as expired on ALD/CPAVerify.

<sup>3</sup> Nebraska, North Dakota, and Wyoming show enforcement indicators on some licensees but not others.

<sup>4</sup> New York does not currently report discipline on ALD/CPAVerify as it requires them to enter data manually. There is some older information from New York on ALD/CPAVerify that was previously entered manually.

<sup>5</sup> Puerto Rico reports license status to ALD/CPAVerify; however, out of over 9000 licensees, none were found with a status indicating discipline had occurred.

<sup>6</sup> Vermont has enforcement indicators and details for some of its licensees, but not all. It appears that the more recent enforcement is indicated in ALD/CPAVerify while older enforcement is not.

<sup>7</sup> Washington uses the status of Suspended on ALD/CPAVerify and Suspended/Revoked on its own website even for individuals where enforcement details indicate revocation. It does not indicate Revoked as a separate status.

**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>



**MSG Item XI.**  
March 19, 2015

**CBA Item VIII.A.10.**  
March 19-20, 2015

## **Discussion Regarding Proposed Agenda Items for the Next MSG Meeting**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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### **Purpose of the Item**

The purpose of this agenda item is to establish the items that will be included on the next agenda for the Mobility Stakeholder Group (MSG).

### **Action(s) Needed**

The MSG will be asked to identify topics it wishes to discuss at its next meeting.

### **Background**

As the MSG is intended to be representative of "stakeholders of the accounting profession in this state, including consumers," it may wish to set its future agenda during its meetings in order that all public input may be considered when deciding how best to proceed.

### **Comments**

The following topics are being proposed for consideration when determining the agenda for the next MSG meeting:

- Review the NASBA Enforcement Guidelines which are due to be released in May
- Review additional information gathered by staff that will assist the CBA in making its determinations as to whether allowing licensees of a particular state to practice in California under a practice privilege violates its duty to protect the public

The MSG may wish to accept, alter, or add to these suggestions based on the direction in which it wishes to proceed.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff does not have a recommendation on this agenda item.

### **Attachment**

None.



**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>



**SPC Item II.**  
 March 19, 2015

**CBA Item VIII.B.2.**  
 March 19-20, 2015

## **Discussion Regarding the Process to Develop the 2016-2018 Strategic Plan**

**Presented by:** Lauren Hersh, Information and Planning Manager

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### **Purpose of the Item**

The purpose of this agenda item is to present the California Board of Accountancy (CBA) with options available for the development of the 2016-2018 CBA Strategic Plan (Strategic Plan).

### **Action Needed**

The CBA will be asked to approve a method for the development of the Strategic Plan.

### **Background**

The CBA has successfully developed Strategic Plans using the following approaches:

#### **2013-2015 Strategic Plan**

This plan was the outcome of pre-development work by the Strategic Planning Committee which included a Strength, Weakness, Opportunity, Threat (SWOT) Analysis and a Strategic Plan Workshop facilitated by the Department of Consumer Affairs' (DCA) Strategic Organization Leadership and Individual Development (SOLID) Strategic Planning Unit. Participants in the process included CBA members, management and staff. The Mission and Vision statements remained the same with stated Goals and Objectives changing considerably. The 2013-2015 Strategic Plan was subsequently adopted by the CBA on September 21, 2012.

#### **2010-2012 Strategic Plan**

This plan was developed in a workshop setting with the participation of four CBA members and numerous CBA staff, representing a cross-section of classification levels, ranging from Office Technicians to managers to the Executive Officer. All fifteen CBA members were requested to provide input through a SWOT Analysis. The CBA Core Values and Guiding Principles went largely unchanged from the CBA 2008-2010 Strategic Plan. The Mission and Vision Statements, and stated Goals and Objectives changed considerably.

#### **2008-2010 Strategic Plan**

This plan was largely developed by staff with oversight from the CBA President and Vice President. The Mission and Vision Statements and Core Values and Guiding Principles went largely unchanged from the CBA 2004-2007 Strategic Plan. Goals and Objectives changed considerably.

## **Discussion Regarding the Process to Develop the 2016-2018 Strategic Plan**

Page 2 of 2

### **2004-2007 Strategic Plan**

This plan was developed in a workshop setting with the participation of the full CBA. A number of managers were at the workshop, but the plan was largely the result of direct CBA members' ideas and input, facilitated by a staff member from the DCA Training Unit. The workshop "looked back" at the CBA's prior Mission and Vision Statements, Core Values and Guiding Principles and "brainstormed" these key elements to come up with a new Mission Statements, Vision Statement and Core Values and Guiding Principles for the CBA 2004-2007 Strategic Plan. CBA members additionally "brainstormed" Goals and Objectives, which were pasted on easel sheets around the workshop room. Staff took these original documents back to the office and revised and reorganized them as necessary, to bring a cohesive strategic plan to the CBA for consideration.

### **Comments**

The Strategic Plan focuses the efforts of the CBA to achieve the mandates of the Accountancy Act (California Business and Professions Code, Section 5000 et.seq.) and CBA Regulations (California Code of Regulations, Title 16, Division 1), as well as the policy directions of CBA members.

Development of prior strategic plans has been successfully achieved via each of the different methodologies. The methodology used in developing the 2010-2012 Strategic Plan and 2013-2015 Strategic Plan (Attachment 1) proved quite successful as it allowed participation from CBA members as well as a wide variety of CBA Management and staff. Employing a similar strategy (Attachment 2) will again give the CBA members an opportunity to provide input via a survey to identify goals and concepts to be considered for the new Strategic Plan and a workshop facilitated by the DCA SOLID Strategic Planning Services (Attachment 3). The workshop would be held in conjunction with the July 2015 CBA meeting in Sacramento. All activities would be under the guidance and oversight of the SPC.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations

### **Recommendation**

Staff recommends the CBA direct staff to engage DCA SOLID to facilitate the development of the 2016-2018 Strategic Plan and provide members with the opportunity to participate in a SWOT analysis, which will be used during the discussions on the development.

### **Attachments**

1. 2013-2015 Strategic Plan
2. You Decide Strategic Plan Development Roadmap
3. Facilitator Biographies

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CALIFORNIA BOARD OF ACCOUNTANCY

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2013-2015  
STRATEGIC PLAN



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**From its inception in 1901**, the CBA has, by statute, been charged with regulating the practice of accountants the public could rely upon as being competent. The original law prohibited anyone from falsely claiming to be a certified public accountant, a mandate which exists today. By authority of the California Accountancy Act, the CBA:

- Ensures that only candidates who meet certain qualifications are allowed to take the national Uniform Certified Public Accountant (CPA) Examination.
- Certifies, licenses and renews licenses of individual CPAs and Public Accountants (PAs).
- Registers accountancy partnerships and accountancy corporations.
- Takes disciplinary action against licensees for violation of CBA statutes and regulations.
- Monitors compliance with continuing education and peer review requirements.
- Reviews work products of CPAs, PAs and accountancy firms to ensure adherence to professional standards.

In 1971, the Legislature located the California Board of Accountancy (CBA) within the newly-created Department of Consumer Affairs. The CBA currently regulates over 84,000 licensees and 5,000 firms, the largest group of accounting professionals in the nation. The CBA establishes and maintains entry-level standards of qualification and conduct within the accounting profession, primarily through its authority to license.

Through its Examination and Initial Licensure Programs, the CBA qualifies California candidates for the national Uniform CPA Examination, certifies and licenses individual CPAs, and registers accountancy firms. The CBA's License Renewal and Continuing Competency Program focuses on license renewal, ensuring that licensees maintain a currency of professional knowledge to competently practice public accountancy.

Through its Practice Privilege Program, the CBA registers out-of-state CPAs who do not maintain a principal place of business in California to practice public accountancy in California if they meet one the following sets of criteria: Possess a valid and active license, certificate, or permit from a substantially equivalent state as deemed by the CBA and

defined by Section 5093 of the California Accountancy Act, possess individual education, examination, and experience qualifications that have been determined by the CBA to be substantially equivalent to the qualifications under Section 5093 of the California Accountancy Act, or have continually practiced public accountancy under a valid license issued by any state for at least four of the last 10 years. With the signing of Senate Bill 1405 and beginning July 1, 2013, the Practice Privilege Program will be substantially changed to allow most out-of-state CPAs to practice public accountancy in California with no notice and no fee. In limited circumstances, out-of-state CPAs will need to obtain CBA approval prior to practicing, and accounting firms performing specified services for companies headquartered in California will need to obtain licensure.

The objective of the CBA Enforcement Program is to protect consumers, minimize substandard practice, and rehabilitate and discipline licensees, as warranted. The CBA has the authority to discipline not only individuals, but firms as well. Enforcement activities include investigating complaints against persons practicing public accountancy without a license and taking disciplinary actions against licensees for violations of statutes and regulations. In addition, the program monitors compliance with continuing education and peer review requirements, and it actively reviews the work products of CPAs, PAs and accountancy firms to ensure compliance with appropriate professional standards.

The CBA is self-funded, supported by fees paid by the professional community it regulates, and draws no monies from the General Fund.



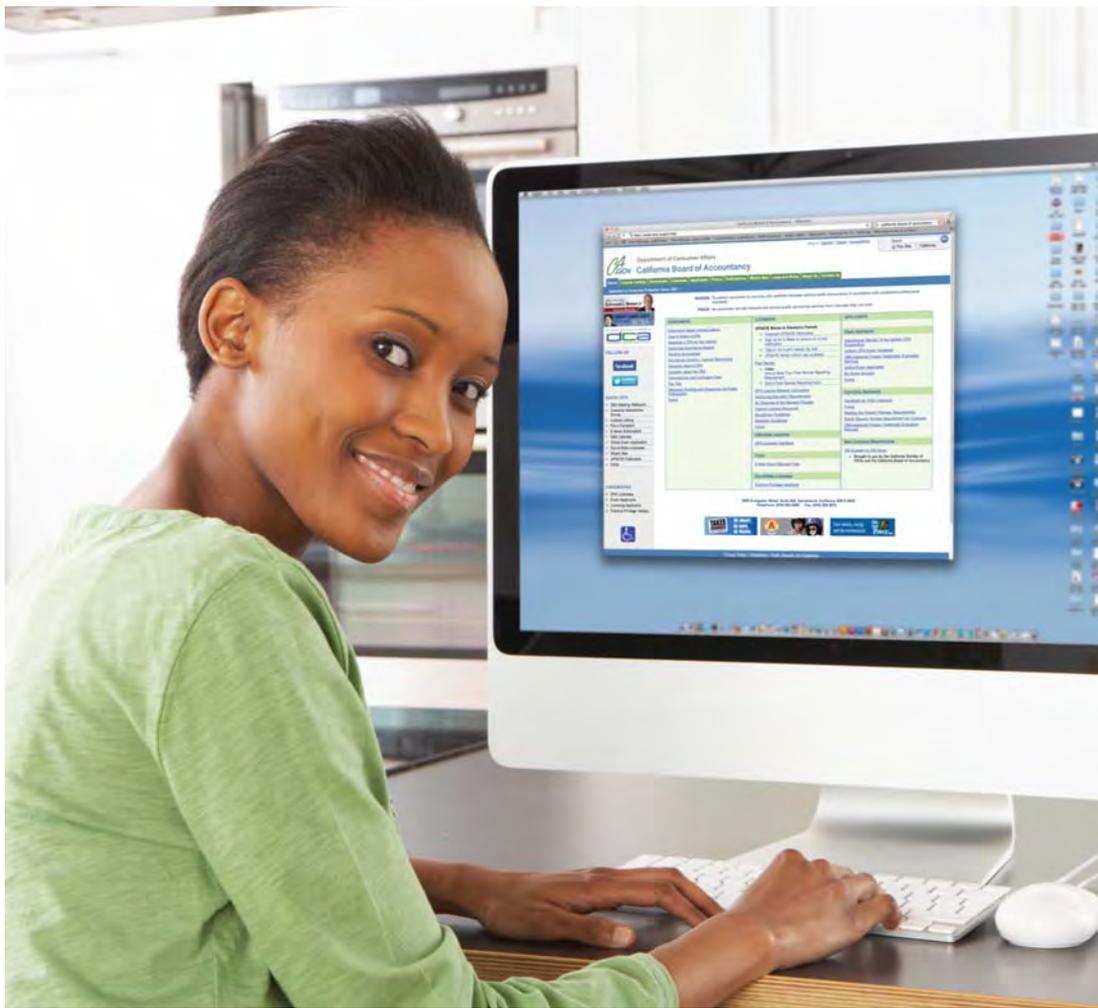


## OUR MISSION

To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

## OUR VISION

All consumers are well-informed and receive quality accounting services from licensees they can trust.



## OUR VALUES

### ***Consumer Protection***

The CBA will make effective and informed decisions in the best interest and for the safety of consumers.

### ***Integrity***

The CBA will act in an honest, ethical, and professional manner in all endeavors, and fully disclose all pertinent information.

### ***Quality and Professionalism***

The CBA will ensure that qualified, proficient and skilled staff provide services to CBA stakeholders. The CBA will deliver high quality service, information, and products that reflect excellence and professionalism.

### ***Transparency***

The CBA will actively promote the sharing of ideas and information throughout the organization and with the public, and be receptive to new ideas.

### ***Initiative***

The CBA will encourage creatively looking at problems and processes and actively seek solutions and improvements.

### ***Respect***

The CBA will be responsive, considerate, and courteous to all, both within and outside the organization.

### ***Accountability***

The CBA will take ownership and responsibility for its actions and their results.

### ***Teamwork***

The CBA will promote cooperation and trust at all levels by working with and soliciting the ideas and opinions of CBA stakeholders.

### **Implemented a Mandatory Peer Review Program.**

The CBA implemented a mandatory Peer Review Program effective January 1, 2010. Peer Review is a study of a firm's accounting and auditing work by an unaffiliated CPA following professional standards. Since implementation, over 46,000 licensees have fulfilled their peer review reporting requirement, which further supports the CBA's consumer protection mandate by ensuring licensees are performing specified accounting work in accordance with professional standards.

### **Implemented Changes to the Continuing Education Requirements for Licensees, Including the Completion of Ethics Education.**

Effective January 1, 2010, the CBA implemented changes to the continuing education (CE) requirements for CPA license renewal. Specifically, licensees seeking to renew a license in an active status are required to complete four hours of ethics education focused on a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities, case-based instruction focusing on real-life situational learning, ethical dilemmas facing the accounting profession, and business ethics, ethical sensitivity, and consumer expectations.

Additionally, licensees must complete a two-hour, Board-approved Regulatory Review course if more than six years have lapsed since they last completed a Board-approved Regulatory Review or Professional Conduct and Ethics (PC&E) course.

Effective January 1, 2012, as part of the total 80 hours of CE required to renew a license in an active status, licensees were required to complete a minimum of 20 hours of CE, including a minimum of 12 hours in technical subject matter, in each year of the two-year license renewal period.

### **Began Implementation to a Single Pathway for CPA Licensure as a Result of Senate Bill 819, Making the CBA a Substantially Equivalent State.**

Senate Bill (SB) 819 (Chapter 308, Statutes of 2009) established a sunset date of January 1, 2014 for CPA licensure via Pathway 1, while at the same time requiring refinement of the requirements that comprise Pathway 2. Specifically, beginning January 2014, SB 819 requires that an additional 30 of the 150 semester units of education be further defined, with 10 semester units of ethics study and 20 units of accounting study.

Preliminary activities for implementation included outreach via social media, UPDATE newsletter articles, and participation in webinars with the CBA and California Society of CPAs. Additionally, the CBA has posted, and continues to post, information on the

CBA website to assist students, faculty and applicants in understanding the changes to the educational requirements. The CBA also hosted two open house events in January and March 2012, inviting faculty, students, and other interested parties to attend a presentation on the educational changes and provided an open forum to ask questions of CBA members and staff. CBA members and leadership were key participants in both open houses.

**Effectively Maintained Involvement in Legislative Activities.**

The CBA continued to increase its involvement in the legislative process to further promote consumer protection initiatives as well as programs to assist licensees. This resulted in legislation establishing peer review as a permanent program and establishing a retired status for CPAs.

**Reduced Fees for CBA Licensees.**

Beginning July 1, 2011, the CBA successfully implemented a 40 percent reduction in license renewal fees for CPAs and accounting firms. This reduction was made to address stabilization of the CBA's revenues and expenditures.

**Obtained Full Staffing within the CBA Organization.**

The CBA successfully filled key leadership and enforcement positions within the CBA organization. Additionally, management optimized or reallocated resources to ensure programs were adequately staffed and operating.

**Increased Information Services and Distribution of Information.**

The CBA successfully used social media to deliver key messages to stakeholders. Additionally, the CBA participated in several speaking engagements, including hosting two open houses that focused on the new educational requirements for CPA licensure. Focusing on consumers, the CBA revamped the Consumer Assistance Booklet to provide key resource information regarding the practice of public accountancy.

**Assessed Administrative Penalties Consistently.**

Through its enforcement actions, the CBA consistently issued appropriate administrative penalties to licensees who violated the Accountancy Act and CBA Regulations.

**Achieved Reduction in Examination and Licensing Processing Timeframes.**

CBA's Licensing Division staff consistently processed both examination and licensing applications in under 30 days.

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## OVERVIEW OF STRATEGIC PLAN

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This Strategic Plan identifies seven goals and 28 objectives developed to enable the CBA to meet its mandates identified in the Accountancy Act (California Business and Professions Code, Section 5000 (et seq.)) and CBA Regulations (Title 16, Division 1, California Code of Regulations, ), as well as the policy directions of CBA Board members.

Protection of the public shall be the CBA's highest priority in exercising its licensing, regulatory, and disciplinary functions. In meeting its mandate and mission, the CBA also strives to deliver the highest standards of service to all concerned, affected, and interested stakeholders.

The CBA's stakeholders include consumers, licensees, applicants, and professional organizations and groups that have a direct or indirect stake in the CBA because they can affect or be affected by the CBA's actions, objectives, and policies.

This Strategic Plan is the outcome of pre-development work by the Strategic Planning Committee and a Strategic Plan Workshop facilitated by the Department of Consumer Affairs' Strategic Planning Unit, which included CBA members, management, and staff. The Strategic Plan is intended to be staged over a three-year period and will be updated as warranted.



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## GOALS AND OBJECTIVES

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### **GOAL 1 - Enforcement**

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Maintain an active, effective, and efficient program to maximize consumer protection.

#### OBJECTIVES

- 1.1 Continue to interface with other regulatory agencies to assist with the CBA's enforcement responsibilities.
- 1.2 Expand fieldwork of CBA investigators.
- 1.3 Increase licensees' awareness of the consequences of unprofessional conduct.
- 1.4 Reduce internal CBA investigative timeframes and work collaboratively with the Office of the Attorney General to both reduce timeframes and improve the overall process.
- 1.5 Continue to educate licensees on their due process rights.
- 1.6 Ensure licensees are complying with mandatory Peer Review requirements.

### **GOAL 2 - Customer Service**

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Deliver the highest level of customer service.

#### OBJECTIVES

- 2.1 Continue to respond to all inquiries within a reasonable timeframe.
- 2.2 Maintain a high level of professionalism when following procedures and interacting with stakeholders.
- 2.3 Continue to provide responses to customer service feedback.

### **GOAL 3 - Licensing**

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Maintain an active, effective, and efficient program that maximizes customer service to Uniform CPA Examination candidates, applicants for CPA licensure, and licensees.

#### OBJECTIVES

- 3.1 Maintain reasonable timeframes for processing license renewals.

- 3.2 Implement a new practice privilege program following the passage of Senate Bill 1405.
- 3.3 Implement the new educational requirements for CPA licensure beginning January 1, 2014, which include 30 units of education in the areas of accounting and ethics study, as well as address any transition issues.

#### **GOAL 4 - Outreach**

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Provide and maintain effective and timely outreach to all CBA stakeholders.

##### OBJECTIVES

- 4.1 Continue to conduct educational workshops in various regions of the State.
- 4.2 Maintain a communication plan that increases and prioritizes outreach efforts and focuses on relevant issues and key messages.
- 4.3 Address Board members' and staff's ability to have more flexibility to provide outreach and education to stakeholders.
- 4.4 Continue to leverage emerging technologies to reach consumers and licensees with relevant issues and key messages.

#### **GOAL 5 - Laws and Regulations**

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Maintain an active presence and leadership role that efficiently leverages the CBA's position of legislative influence.

##### OBJECTIVES

- 5.1 Increase the CBA's visibility and reputation with the Legislature.
- 5.2 Promote the CBA's position on legislation and public policy consistent with the CBA's goals and objectives.
- 5.3 Increase liaison communications with other agencies that impact the CBA's objectives, and provide reports regarding the communications at future CBA meetings (e.g., FTB, DCA, SCO, SEC, and IRS).

## **GOAL 6 - Emerging Technologies**

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Improve efficiency and information security through use of existing and emerging technologies.

### **OBJECTIVES**

- 6.1 Apply best practices to safeguard the confidentiality, integrity, and, when appropriate, availability of CBA's information assets.
- 6.2 Prepare for transition to document imaging.
- 6.3 Provide the option for an online application process for licensure and license renewal, and accepting credit card payments.
- 6.4 Continue to transition the CBA's website to the standards of the State Portal's architecture and functionality.
- 6.5 Maintain a secure and relevant website that provides enhanced interactive features.
- 6.6 Continue to enhance technology to improve customer service.
- 6.7 Execute an option for delivering agenda materials electronically when appropriate.

## **GOAL 7 - Organizational Effectiveness**

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Maintain an efficient and effective team of leaders and professionals by promoting staff development and retention.

### **OBJECTIVES**

- 7.1 Maintain management and staff succession plans.
- 7.2 Include CBA and committee succession information within the CBA's Guidelines and Procedure Manual and continue to communicate and encourage participation to those who are qualified.



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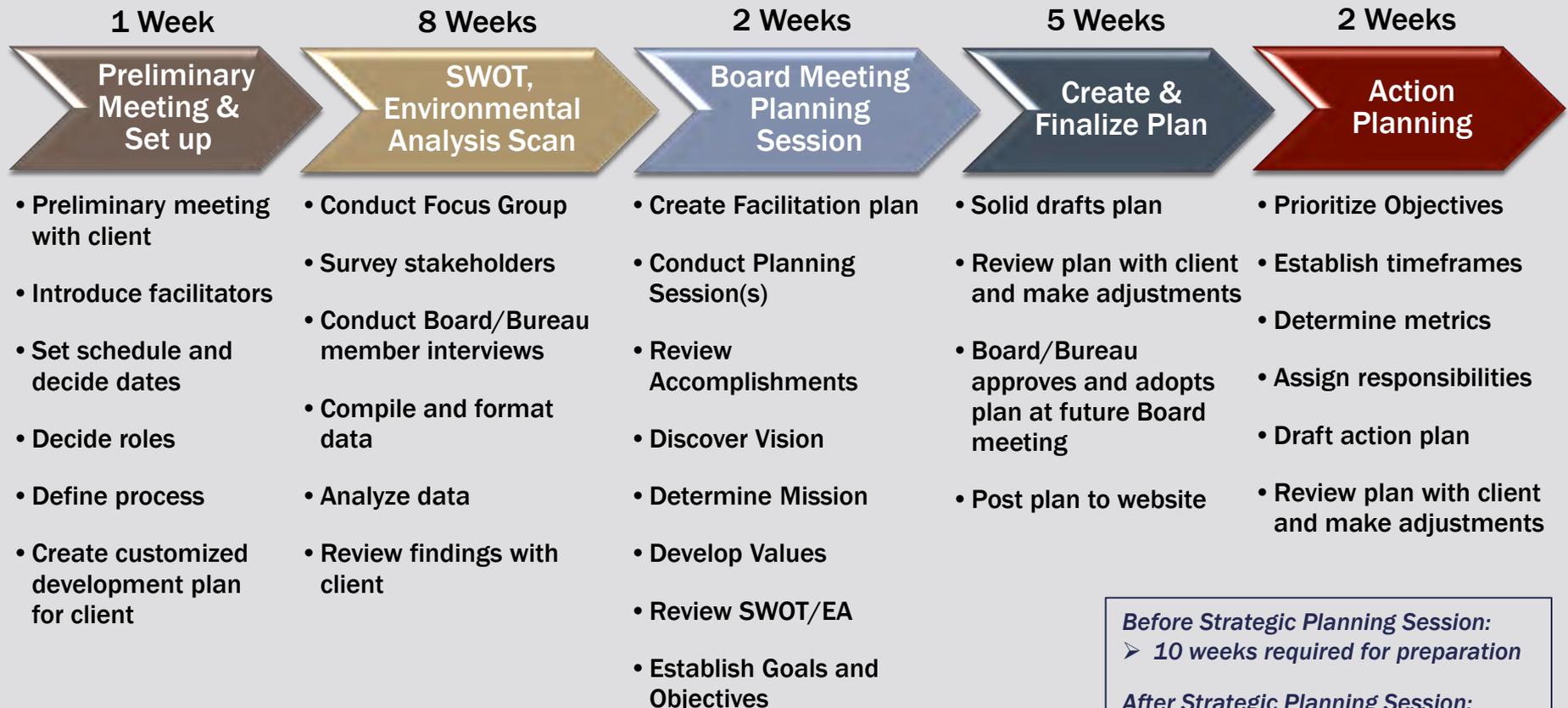
2000 EVERGREEN STREET, SUITE 250, SACRAMENTO, CA 95815-3832  
T: (916) 263-3680 F: (916) 263-3675

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# YOU DECIDE STRATEGIC PLAN DEVELOPMENT ROADMAP

## Average Time to Complete Each Phase



*Before Strategic Planning Session:*  
➤ 10 weeks required for preparation

*After Strategic Planning Session:*  
➤ 6 weeks required to finalize plan for Approval/Adoption)

SOLID Planning Solutions is dedicated to the continual improvement and organizational development of DCA. We offer a wide array of services to all DCA programs, such as strategic planning. These services are offered free of cost to our clients.

### Facilitator Biographies

Since joining the SOLID team in 2013, **Dennis Zanchi** has conducted focus groups for the Department of Justice as well as DCA boards and bureaus. Dennis has worked on strategic plans for Psychology, BPELSG and Optometry. Prior to DCA, Dennis worked with colleges nationwide facilitating interactive sessions on a variety of education-related topics, including sessions designed to draw out opinions, build consensus, and guide groups to discover new solutions. He helped college administrators build a better framework for understanding student loan default prevention, financial literacy, and student retention. He also develops evaluation measurement methods to quantify the success of various initiatives. Prior to working with colleges, Dennis worked with credit unions nationwide to develop consumer research and marketing plans. He is a graduate of CSU, Sacramento.

**Elisa Chohan** joined the SOLID team in 2013. Since then, Elisa has partnered with the Board of Registered Nursing, the Bureau of Real Estate Appraisers, the Cemetery and Funeral Bureau, the Court Reporters Board and the Structural Pest Control Board to develop their organization's strategic plans. Elisa came directly from the Bureau of Automotive Repair (BAR) Technical Training Unit. At BAR, Elisa was responsible for the implementation of new processes as well as the creation of new curricula with a focus on adult learning theory and collaborative learning strategies. Prior to starting her career in state service, Elisa was a high school teacher in the Sacramento area, where she worked to develop accreditation plans and process improvement measures to increase institutional efficiency. She has extensive experience with classroom management and developed strategies for behavioral and learning challenges. Elisa graduated from University of California, Davis with a B.A. in History and earned her Masters of Education degree in 2012 from Sacramento State University.

**Noel Cornelia** brings over 10 years of experience providing innovative ideas for graphic facilitation of strategic planning sessions in the areas of project management, administration, construction, engineering, and employee recognition. Noel leads participants in the areas of team building, strategic visioning, process improvement, planning, conflict resolution, SWOT, brainstorming, reflection, mission statements, and storyboarding. Noel is the State of California's leading expert in Graphic Recording and Graphic Facilitation training and consulting. She is a Certified True Colors instructor whose sole clients were executives and managers. Noel is a consultant for a dynamic government firm, local universities, private sector businesses, and educators seeking to engage audiences visually. Recently, Noel created the first comprehensive academy for visual communication exclusively for the public sector to build teams and strengthen California's leaders. Noel graduated from CSU, Sacramento, is pursuing graduate studies in Art Therapy, and has been a small business owner for over 14 years.

**Ted Evans** joined SOLID in 2014. At DCA he has developed strategic plans for the Architects Board and the Bureau of Security and Investigative Services. Ted previously worked as a Systems Engineer on the new product implementation team at Meridian Systems. While at Meridian, he created deployment plans, training coursework, knowledge base documentation, and testing metrics. Additionally, he created process maps to support and train clients in their transition to new software. Ted also brings over 15 years of operational management expertise, specializing in process improvement. He developed and implemented successful strategic plans and operations analysis for technology service

providers and high-volume restaurant/entertainment facilities. Ted has degrees in Information Technology and Physical Science/Mathematics, and a Bachelor of Science from CSU, Sacramento in Business Administration with a concentration in Human Resources & Organizational Behavior.



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



**CPC Item II.**  
March 19, 2015

**CBA Item VIII.C.2.**  
March 19-20, 2015

## **Discussion and Update Regarding the Pretesting of the Attest Study Survey Items and Delegation of Authority to Approve Necessary Changes**

**Presented by:** Matthew Stanley, Manager, Examination and Practice Privilege Units

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### **Purpose of the Item**

The purpose of this agenda item is to provide information to the California Board of Accountancy (CBA) regarding the pretesting of the attest study items prior to launch and to delegate authority to the CBA President, Jose Campos, CPA, to approve any necessary revisions to attest study items identified as a result of the pretest.

### **Action Needed**

The CBA will be asked to delegate authority to the CBA President to approve any necessary revisions to attest study items once the results from the pretest survey have been identified.

### **Background**

At its January 2015 meeting, the CBA approved the attest study including the study items and timeline for conducting the study. As recommended by the CBA the contracted vendor, CPS HR Consulting, will conduct a small sampling from each stakeholder group prior to the launch of the full study to ensure comprehension of the intent of the study items. A similar suggestion was made by stakeholders at the September 2014 Committee on Professional Conduct meeting, regarding the importance of a pretest process.

### **Comments**

Pretests are used to test the validity and reliability of each study item as there may be a variety of ways respondents can misread and even misconstrue study items. This pretest will identify if respondents are skipping the same study items, or providing invalid feedback due to a faulty study item or design. Conducting a pretest identifies phrases subject to misinterpretations and questions design flaws in general.

It is the goal of the CBA to gather responses for up to 20-25 stakeholders from each audience with the exception of the consumers. It is suggested in the event of a low response rate, a minimum of 10 would provide sufficient feedback to identify any comprehension issues.

## **Discussion and Update Regarding the Pretesting of the Attest StudySurvey Items and Delegation of Authority to Approve Necessary Changes**

Page 2 of 2

The final step in the pretest prior to the expected Spring 2015 release will be to analyze the results and decide if it is necessary to revise any study items. Although it is not expected, there may be unforeseen responses from the sampling group that promote changes to the study items to enhance comprehension or clarify the intent of the item.

In lieu of bringing any proposed changes to study items to the May 2015 meeting, which would delay the launch of the study, it is requested that the CBA delegate authority to the CBA President to make any necessary changes. This delegation will assist in keeping the CBA in sync with its previously adopted timetable and ensure a Spring 2015 survey launch.

It is anticipated the pretesting will occur in April 2015.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

To keep with the timeline approved at the January 2015 CBA meeting, staff recommend that authority be delegated to the CBA President to approve necessary revisions to the attest study items in order to ensure validity prior to the release of the attest study.

### **Attachment**

None



**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>



**LC Item II.**  
March 19, 2015

**CBA Item VIII.D.2.**  
March 19-20, 2015

## **Update on Sunset Review Activities and Consideration of Position on Senate Bill 467**

**Presented by:** Kathryn Kay, Legislative Analyst

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### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an update on sunset review activities and provide an opportunity to take a position on Senate Bill (SB) 467, authored by the Senate Business and Professions Committee Chair, Senator Jerry Hill, which will extend the CBA's Sunset date.

### **Action(s) Needed**

The CBA will be asked to take a support position on SB 467, which will extend the CBA's Sunset date to January 1, 2020.

### **Background**

The CBA undergoes Sunset review every four years. The Sunset review process is meant to assist the Legislature with its oversight responsibilities, allowing the Legislature to determine if various boards and commissions are performing as they were intended. As part of the process, the CBA was asked to submit a Sunset review Report, which details the CBA's activities in each of the four fiscal years since the CBA's last Sunset review in 2010. It also requires appearance and testimony before the Joint Sunset Review Oversight Committee, which is comprised of the Senate Business, Professions and Economic Development (Senate BP&ED) Committee and Assembly Business and Professions Committee.

As part of the Sunset review process, legislation is introduced to extend the sunset date. This legislation can also be used to carry out any directives from the Legislature identified during the sunset review process or issues identified by the CBA.

### **Comments**

On February 26, 2015, Senator Jerry Hill, Chair of the Senate BP&ED, introduced SB 467 (**Attachment 1**). Presently, the CBA's Sunset date and the Sunset date of the Executive Officer is January 1, 2016. SB 467 would extend the dates to January 1, 2020. The CBA is scheduled to appear and testify at the Sunset review Hearing on March 18, 2015.

Staff has also been advised that SB 467 will be amended to include its proposal for Business and Professions Code section 5100.5 (**Attachment 2**), which provides the

## **Update on Sunset Review and Consideration of Position on Senate Bill 467**

Page 2 of 2

CBA the authority to include permanent practice restrictions as a part of a disciplinary order.

This will be a standing agenda item during 2015, to keep the CBA informed of the status of the Sunset review activities as well as the Sunset legislation.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff recommends the CBA take a support position on SB 467. Once a position is taken, staff will send a letter to the author acknowledging him for carrying its Sunset Date extension legislation.

### **Attachments**

1. Senate Bill 467
2. Business and Professions Code Section 5100.5 Proposed Legislative Text

**SENATE BILL****No. 467****Introduced by Senator Hill**

February 25, 2015

An act to amend Sections 5000 and 5015.6 of the Business and Professions Code, relating to professions and vocations.

## LEGISLATIVE COUNSEL'S DIGEST

SB 467, as introduced, Hill. Accountants.

Under existing law, the California Board of Accountancy within the Department of Consumer Affairs is responsible for the licensure and regulation of accountants and is required to designate an executive officer. Existing law repeals these provisions on January 1, 2016.

This bill would extend the repeal date to January 1, 2020.

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

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

1 SECTION 1. Section 5000 of the Business and Professions  
2 Code is amended to read:  
3 5000. (a) There is in the Department of Consumer Affairs the  
4 California Board of Accountancy, which consists of 15 members,  
5 7 of whom shall be licensees, and 8 of whom shall be public  
6 members who shall not be licentiates of the board or registered by  
7 the board. The board has the powers and duties conferred by this  
8 chapter.  
9 (b) The Governor shall appoint four of the public members, and  
10 the seven licensee members as provided in this section. The Senate  
11 Committee on Rules and the Speaker of the Assembly shall each  
12 appoint two public members. In appointing the seven licensee

1 members, the Governor shall appoint individuals representing a  
2 cross section of the accounting profession.

3 (c) This section shall remain in effect only until January 1, ~~2016,~~  
4 2020, and as of that date is repealed, unless a later enacted statute,  
5 that is enacted before January 1, ~~2016,~~ 2020, deletes or extends  
6 that date.

7 (d) Notwithstanding any other provision of law, the repeal of  
8 this section renders the board subject to review by the appropriate  
9 policy committees of the Legislature. However, the review of the  
10 board shall be limited to reports or studies specified in this chapter  
11 and those issues identified by the appropriate policy committees  
12 of the Legislature and the board regarding the implementation of  
13 new licensing requirements.

14 SEC. 2. Section 5015.6 of the Business and Professions Code  
15 is amended to read:

16 5015.6. The board may appoint a person exempt from civil  
17 service who shall be designated as an executive officer and who  
18 shall exercise the powers and perform the duties delegated by the  
19 board and vested in him or her by this chapter.

20 This section shall remain in effect only until January 1, ~~2016,~~  
21 2020, and as of that date is repealed, unless a later enacted statute,  
22 that is enacted before January 1, ~~2016,~~ 2020, deletes or extends  
23 that date.



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



## Attachment 2

### **Business and Professions Code Section 5100.5 Proposed Legislative Text**

#### **5100.5**

(a) After notice and hearing the board may, for unprofessional conduct, permanently restrict or limit the practice of a licensee or impose a probationary term or condition on a license, which prohibits the licensee from performing or engaging in any of the acts or services described in Section 5051. Unprofessional conduct shall include, but not be limited to, those grounds for discipline or denial listed in Section 5100. A practice restriction may include, but not be limited to, the prohibition on engaging in or performing any attestation engagement, audits or compilations.

(b) A licensee may petition the board pursuant to Section 5115 for reduction of penalty or reinstatement of the privilege to engage in the service or act restricted or limited by the board.

(c) The authority or sanctions provided by this section are in addition to any other civil, criminal, and administrative penalties or sanctions provided by law, and do not supplant, but are cumulative to, other disciplinary authority, penalties or sanctions.

(d) Failure to comply with any restriction or limitation imposed by the board pursuant to this section is grounds for revocation of the license.



**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>



**LC Item III.**  
March 19, 2015

**CBA Item VIII.D.3.**  
March 19-20, 2015

## **Update on Legislative Proposals for Inclusion in the 2015 Annual Omnibus Proposal**

**Presented by:** Kathryn Kay, Legislative Analyst

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### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an update regarding three legislative proposals (**Attachment**) submitted to Senate Business, Professions and Economic Development Committee (Senate BP&ED) for inclusion in its annual omnibus bill.

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

At its January 2015 meeting, the CBA approved three proposals for inclusion in the annual omnibus bill:

- Retired Status (*Business and Professions Code (BPC) section 5070.1*)  
Further clarifying the restoration requirements of a license placed in retired status.
- Reciprocity (*BPC section 5087*)  
Recasting and strengthening the requirements for an out-of-state licensee applicant by changing the requirement from holds a "valid and unrevoked" license to mean "current, active, and unrestricted" license.
- Permanent Practice Restrictions (*BPC section 5100.5*)  
Provide the CBA and Administrative Law Judges (ALJ) the statutory authority to impose permanent practice restrictions as part of a final disciplinary order.

### **Comments**

The Senate BP&ED accepted the legislative proposals related to the retired status and reciprocity provisions for inclusion in the omnibus bill. The proposal related to permanent practice restrictions was not included because the Senate BP&ED initially believed it was too substantive and therefore not appropriate for omnibus legislation. Upon further consultation with the Senate BP&ED, it was determined that it would be appropriate to include this proposal in Senate Bill (SB) 467, which also contains the CBA's sunrise provision.

## **Update on Legislative Proposals for Inclusion in the 2015 Annual Omnibus Proposal**

Page 2 of 2

At this time, the omnibus legislation has not been introduced in the Legislature, as it is still being drafted by Legislative Counsel. It is anticipated that this bill will be introduced during the second week of March. Staff will continue to actively monitor developments and, once available, will provide bill information to the CBA.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff does not have a recommendation on this agenda item.

### **Attachment**

Proposed Legislative Language to Revise Business and Professions Code Sections 5070.1, 5087, and 5100.



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



## Attachment

### **Proposed Legislative Language to Revise Business and Professions Code Sections 5070.1, 5087, and 5100**

#### *First Proposal*

#### **5070.1.** *(added by Stats. 1959, Ch. 310.)*

(a) The board may establish, by regulation, a system for the placement of a license into a retired status, upon application, for certified public accountants and public accountants who are not actively engaged in the practice of public accountancy or any activity which requires them to be licensed by the board.

(b) No licensee with a license in a retired status shall engage in any activity for which a permit is required.

(c) The board shall deny an applicant's application to place a license in a retired status if the permit is subject to an outstanding order of the board, is suspended, revoked, or otherwise punitively restricted by the board, or is subject to disciplinary action under this chapter.

(d) (1) The holder of a license that was canceled pursuant to Section 5070.7 may apply for the placement of that license in a retired status pursuant to subdivision (a).

(2) Upon approval of an application made pursuant to paragraph (1), the board shall reissue that license in a retired status.

(3) The holder of a canceled license that was placed in retired status between January 1, 1994, and January 1, 1999, inclusive, shall not be required to meet the qualifications established pursuant to subdivision (e), but shall be subject to all other requirements of this section.

(e) The board shall establish minimum qualifications to place a license in retired status.

(f) The board may exempt the holder of a license in a retired status from the renewal requirements described in Section 5070.5.

(g) The board shall establish minimum qualifications for the restoration of a license in a retired status to an active status. These minimum qualifications shall include, but are not limited to, continuing education and payment of a fee as provided in subdivision (h) of Section 5134.

(h) The board shall not restore to active or inactive status a license that was previously canceled by operation of law pursuant to subdivision (a) of Section 5070.7 and then placed into a retired status pursuant to subdivision (d). The individual must apply for a new license as described in subdivision (c) of Section 5070.7.

**Proposed Legislative Language to Revise Business and Professions Code  
Sections 5070.1, 5087, and 5100**

Page 2 of 2

*Second Proposal*

**5087** (Amended by Stats. 2001, Ch. 718, Sec. 16. Effective January 1, 2002.)

(a) The board may issue a certified public accountant license to any applicant who is a holder of a ~~valid and unrevoked~~ current, active, and unrestricted certified public accountant license issued under the laws of any state, if the board determines that the standards under which the applicant received the license are substantially equivalent to the standards of education, examination, and experience established under this chapter and the applicant has not committed acts or crimes constituting grounds for denial under Section 480. To be authorized to sign reports on attest engagements, the applicant shall meet the requirements of Section 5095.

(b) The board may in particular cases waive any of the requirements regarding the circumstances in which the various parts of the examination were to be passed for an applicant from another state.

*Third Proposal*

**5100.5**

(a) After notice and hearing the board may, for unprofessional conduct, permanently restrict or limit the practice of a licensee or impose a probationary term or condition on a license, which prohibits the licensee from performing or engaging in any of the acts or services described in Section 5051. Unprofessional conduct shall include, but not be limited to, those grounds for discipline or denial listed in Section 5100. A practice restriction may include, but not be limited to, the prohibition on engaging in or performing any attestation engagement, audits or compilations.

(b) A licensee may petition the board pursuant to Section 5115 for reduction of penalty or reinstatement of the privilege to engage in the service or act restricted or limited by the board.

(c) The authority or sanctions provided by this section are in addition to any other civil, criminal, and administrative penalties or sanctions provided by law, and do not supplant, but are cumulative to, other disciplinary authority, penalties or sanctions.

(d) Failure to comply with any restriction or limitation imposed by the board pursuant to this section is grounds for revocation of the license.



**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>



**EPOC Item II.**  
March 19, 2015

**CBA Item VIII.E.2.**  
March 19-20, 2015

## **Discussion Regarding the CBA's Provisions for Language Assistance**

**Presented by:** Dominic Franzella, Enforcement Chief

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### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding the steps taken by staff to ensure compliance with the language assistance provisions of the Administrative Procedure Act (APA).

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

At the conclusion of the November 2014 meeting, the CBA requested that staff supply it with information on language assistance provided during the adjudicative process. As noted in the February 2015 Monthly Report from the Executive Officer, Article 8 of the APA (Government Code sections 11435.05 – 11435.65) (**attached**) outlines the provisions applicable to providing language assistance. Government Code (GOV) section 11435.05 defines language assistance as the oral interpretation or written translation into English of a language other than English, or of English into another language, for a party or witness who cannot speak or understand English or who can do so only with difficulty.

### **Comments**

GOV section 11435.15 requires certain State agencies to provide language assistance in adjudicative proceedings, with four Department of Consumer Affairs entities (State Athletic Commission, Board of Barbering and Cosmetology, Board of Podiatric Medicine, and Board of Psychology) specifically outlined in the section. For purposes of the APA, an adjudicative proceeding means "an evidentiary hearing for determination of facts pursuant to which an agency formulates and issues a decision." While the APA does not expressly require the CBA to provide language assistance, it does allow for other State agencies to employ the procedures in the article provided that any selection of a certified interpreter is subject to GOV section 11435.30.

The APA requires the California Department of Human Resources (CalHR) to establish, maintain, administer, and publish an updated list of certified administrative hearing interpreters it has determined meets the minimum standards in interpreting skills and linguistics abilities in certain languages identified by the APA (specifically, Spanish, Tagalog, Arabic, Cantonese, Japanese, Korean, Portuguese, and Vietnamese). CalHR's website includes a list of certified interpreters that allows State agencies to

## **Discussion Regarding the CBA's Provisions for Language Assistance**

Page 2 of 2

query the list by location, language, and type of certification. Presently, there are 670 individuals certified by CalHR.

Staff have added the below statement to the online and hardcopy complaint intake forms, complaint information page of the CBA website, the investigation acknowledgement letters mailed to complainants and licensees at the time of case intake, and letters mailed in response to a petition request.

If you require English language assistance, the CBA can provide interpretive services upon request. For English language assistance, please contact the CBA Enforcement Division by telephone at (916) 561-1705 or by email at [enforcementinfo@cba.ca.gov](mailto:enforcementinfo@cba.ca.gov).

### **Fiscal/Economic Impact Considerations**

There is the potential for a fiscal/economic impact. Any such impact would be based on the number of requests for language assistance received and is not quantifiable by staff.

### **Recommendation**

Staff does not have a recommendation on this agenda item and welcomes any feedback or suggestions members may have.

### **Attachments**

Government Code, Title 2, Division 3, Part 1, Chapter 4.5, Article 8. Language Assistance



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



**Attachment**

**GOVERNMENT CODE**  
**TITLE 2, DIVISION 3, PART 1, CHAPTER 4.5**

**ARTICLE 8. Language Assistance [11435.05 - 11435.65]**  
*(Article 8 added by Stats. 1995, Ch. 938, Sec. 21.)*

**11435.05.**

As used in this article, "language assistance" means oral interpretation or written translation into English of a language other than English or of English into another language for a party or witness who cannot speak or understand English or who can do so only with difficulty.

**11435.10.**

Nothing in this article limits the application or effect of Section 754 of the Evidence Code to interpretation for a deaf or hard-of-hearing party or witness in an adjudicative proceeding.

**11435.15.**

(a) The following state agencies shall provide language assistance in adjudicative proceedings to the extent provided in this article:

- (1) Agricultural Labor Relations Board.
- (2) State Department of Alcohol and Drug Programs.
- (3) State Athletic Commission.
- (4) California Unemployment Insurance Appeals Board.
- (5) Board of Parole Hearings.
- (6) State Board of Barbering and Cosmetology.
- (7) State Department of Developmental Services.
- (8) Public Employment Relations Board.
- (9) Franchise Tax Board.
- (10) State Department of Health Care Services.
- (11) Department of Housing and Community Development.
- (12) Department of Industrial Relations.
- (13) State Department of State Hospitals.
- (14) Department of Motor Vehicles.
- (15) Notary Public Section, Office of the Secretary of State.
- (16) Public Utilities Commission.
- (17) Office of Statewide Health Planning and Development.
- (18) State Department of Social Services.
- (19) Workers' Compensation Appeals Board.
- (20) Division of Juvenile Justice.
- (21) Division of Juvenile Parole Operations.
- (22) Department of Insurance.
- (23) State Personnel Board.
- (24) California Board of Podiatric Medicine.

(25) Board of Psychology.

(b) Nothing in this section prevents an agency other than an agency listed in subdivision

(a) from electing to adopt any of the procedures in this article, provided that any selection of an interpreter is subject to Section 11435.30.

(c) Nothing in this section prohibits an agency from providing an interpreter during a proceeding to which this chapter does not apply, including an informal factfinding or informal investigatory hearing.

(d) This article applies to an agency listed in subdivision (a) notwithstanding a general provision that this chapter does not apply to some or all of an agency's adjudicative proceedings.

#### **11435.20.**

(a) The hearing, or any medical examination conducted for the purpose of determining compensation or monetary award, shall be conducted in English.

(b) If a party or the party's witness does not proficiently speak or understand English and before commencement of the hearing or medical examination requests language assistance, an agency subject to the language assistance requirement of this article shall provide the party or witness an interpreter.

#### **11435.25.**

(a) The cost of providing an interpreter under this article shall be paid by the agency having jurisdiction over the matter if the presiding officer so directs, otherwise by the party at whose request the interpreter is provided.

(b) The presiding officer's decision to direct payment shall be based upon an equitable consideration of all the circumstances in each case, such as the ability of the party in need of the interpreter to pay.

(c) Notwithstanding any other provision of this section, in a hearing before the Workers' Compensation Appeals Board or the Division of Workers' Compensation relating to workers' compensation claims, the payment of the costs of providing an interpreter shall be governed by the rules and regulations promulgated by the Workers' Compensation Appeals Board or the Administrative Director of the Division of Workers' Compensation, as appropriate.

#### **11435.30.**

(a) The State Personnel Board shall establish, maintain, administer, and publish annually an updated list of certified administrative hearing interpreters it has determined meet the minimum standards in interpreting skills and linguistic abilities in languages designated pursuant to Section 11435.40. Any interpreter so listed may be examined by each employing agency to determine the interpreter's knowledge of the employing agency's technical program terminology and procedures.

(b) Court interpreters certified pursuant to Section 68562, and interpreters listed on the State Personnel Board's recommended lists of court and administrative hearing interpreters prior to July 1, 1993, shall be deemed certified for purposes of this section.

(c) (1) In addition to the certification procedure provided pursuant to subdivision (a), the Administrative Director of the Division of Workers' Compensation may establish, maintain, administer, and publish annually an updated list of certified administrative hearing interpreters who, based on testing by an independent organization designated by the administrative director, have been determined to meet the minimum standards in interpreting skills and linguistic abilities in languages designated pursuant to Section 11435.40, for purposes of administrative hearings conducted pursuant to proceedings of the Workers' Compensation Appeals Board. The independent testing organization shall

have no financial interest in the training of interpreters or in the employment of interpreters for administrative hearings.

(2) (A) A fee, as determined by the administrative director, shall be collected from each interpreter seeking certification. The fee shall not exceed the reasonable regulatory costs of administering the testing and certification program and of publishing the list of certified administrative hearing interpreters on the Division of Workers' Compensation' Internet Web site.

(B) The Legislature finds and declares that the services described in this section are of such a special and unique nature that they may be contracted out pursuant to paragraph (3) of subdivision (b) of Section 19130. The Legislature further finds and declares that the services described in this section are a new state function pursuant to paragraph (2) of subdivision (b) of Section 19130.

#### **11435.35.**

(a) The State Personnel Board shall establish, maintain, administer, and publish annually, an updated list of certified medical examination interpreters it has determined meet the minimum standards in interpreting skills and linguistic abilities in languages designated pursuant to Section 11435.40.

(b) Court interpreters certified pursuant to Section 68562 and administrative hearing interpreters certified pursuant to Section 11435.30 shall be deemed certified for purposes of this section.

(c) (1) In addition to the certification procedure provided pursuant to subdivision (a), the Administrative Director of the Division of Workers' Compensation may establish, maintain, administer, and publish annually an updated list of certified medical examination interpreters who, based on testing by an independent organization designated by the administrative director, have been determined to meet the minimum standards in interpreting skills and linguistic abilities in languages designated pursuant to Section 11435.40, for purposes of medical examinations conducted pursuant to proceedings of the Workers' Compensation Appeals Board, and medical examinations conducted pursuant to Division 4 (commencing with Section 3200) of the Labor Code. The independent testing organization shall have no financial interest in the training of interpreters or in the employment of interpreters for medical examinations.

(2) (A) A fee, as determined by the administrative director, shall be collected from each interpreter seeking certification. The fee shall not exceed the reasonable regulatory costs of administering the testing and certification program and of publishing the list of certified medical examination interpreters on the Division of Workers' Compensation's Internet Web site.

(B) The Legislature finds and declares that the services described in this section are of such a special and unique nature that they may be contracted out pursuant to paragraph (3) of subdivision (b) of Section 19130. The Legislature further finds and declares that the services described in this section are a new state function pursuant to paragraph (2) of subdivision (b) of Section 19130.

#### **11435.40.**

(a) The Department of Human Resources shall designate the languages for which certification shall be established under Sections 11435.30 and 11435.35. The languages designated shall include, but not be limited to, Spanish, Tagalog, Arabic, Cantonese, Japanese, Korean, Portuguese, and Vietnamese until the Department of Human Resources finds that there is an insufficient need for interpreting assistance in these languages.

(b) The language designations shall be based on the following:

- (1) The language needs of non-English-speaking persons appearing before the administrative agencies, as determined by consultation with the agencies.
- (2) The cost of developing a language examination.
- (3) The availability of experts needed to develop a language examination.
- (4) Other information the department deems relevant.

**11435.45.**

(a) The Department of Human Resources shall establish and charge fees for applications to take interpreter examinations and for renewal of certifications. The purpose of these fees is to cover the annual projected costs of carrying out this article. The fees may be adjusted each fiscal year by a percent that is equal to or less than the percent change in the California Necessities Index prepared by the Commission on State Finance.

(b) Each certified administrative hearing interpreter and each certified medical examination interpreter shall pay a fee, due on July 1 of each year, for the renewal of the certification. Court interpreters certified under Section 68562 shall not pay any fees required by this section.

(c) If the amount of money collected in fees is not sufficient to cover the costs of carrying out this article, the department shall charge and be reimbursed a pro rata share of the additional costs by the state agencies that conduct administrative hearings.

**11435.50.**

The Department of Human Resources may remove the name of a person from the list of certified interpreters if any of the following conditions occurs:

- (a) The person is deceased.
- (b) The person notifies the department that the person is unavailable for work.
- (c) The person does not submit a renewal fee as required by Section 11435.45.

**11435.55.**

(a) An interpreter used in a hearing shall be certified pursuant to Section 11435.30. However, if an interpreter certified pursuant to Section 11435.30 cannot be present at the hearing, the hearing agency shall have discretionary authority to provisionally qualify and use another interpreter.

(b) An interpreter used in a medical examination shall be certified pursuant to Section 11435.35. However, if an interpreter certified pursuant to Section 11435.35 cannot be present at the medical examination, the physician provisionally may use another interpreter if that fact is noted in the record of the medical evaluation.

**11435.60.**

Every agency subject to the language assistance requirement of this article shall advise each party of the right to an interpreter at the same time that each party is advised of the hearing date or medical examination. Each party in need of an interpreter shall also be encouraged to give timely notice to the agency conducting the hearing or medical examination so that appropriate arrangements can be made.

**11435.65.**

(a) The rules of confidentiality of the agency, if any, that apply in an adjudicative proceeding shall apply to any interpreter in the hearing or medical examination, whether or not the rules so state.

(b) The interpreter shall not have had any involvement in the issues of the case prior to the hearing.



**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>



**EPOC Item III.**  
 March 19, 2015

**CBA Item VIII.E.3.**  
 March 19-20, 2015

## Discussion Regarding Proposed Agenda Items for 2015

**Presented by:** Dominic Franzella, Enforcement Chief

### Purpose of the Item

The purpose of this agenda item is to discuss possible agenda topics for the Enforcement Program Oversight Committee (EPOC) during the 2015 calendar year.

### Action(s) Needed

The EPOC will be asked to identify topics it wishes to discuss during the 2015 calendar year.

### Background

None.

### Comments

The below agenda topics and meeting dates are being proposed for EPOC consideration for future meetings.

<u>Proposed Topic</u>	<u>Meeting Date</u>
• Discussion and Possible Action to Recommend Changes to CBA Regulations Section 95.5 – Regarding Formal and Informal Citation Appeals	May 28, 2015
• Discussion Regarding Compelling Mental Health Evaluations of Licensees or Applicants	July 23, 2015

The proposed agenda topic regarding formal and informal citation appeals would provide the EPOC an opportunity to discuss options for amending the CBA Regulations to outline an informal appeal process to take place prior to a formal hearing before an Administrative Law Judge. Such a process would provide a forum for resolving citation appeals at the lowest level possible.

At its September 2014 meeting, the CBA was provided with an overview of Business and Professions Code sections 820-828 specific to compelling licensees to undergo physical or mental evaluations to determine if the licensee's ability to practice is impaired due to an illness affecting competency. A majority of members present directed staff to further investigate the possibility of the CBA compelling mental health evaluations.

## **Discussion Regarding Proposed Agenda Items for 2015**

Page 2 of 2

The EPOC may identify additional topics it wishes to discuss during the 2015 calendar year.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff does not have a recommendation on this agenda item.

### **Attachment**

None.



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



**CBA Item IX.A.**  
 March 19-20, 2015

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

**MINUTES OF THE**  
**January 22, 2015**  
**CBA MEETING**

**DRAFT**

Hilton Los Angeles Airport  
 5711 West Century Boulevard  
 Los Angeles, CA 90045  
 Telephone: (310) 410-4000  
 Fax: (310) 410-6250

Roll Call and Call to Order.

CBA President Jose Campos called the meeting to order at 11:37 a.m. on Thursday, January 22, 2015 at the Hilton Los Angeles Airport. The meeting convened into closed session at 2:13 p.m. President Campos adjourned the meeting at 3:05 p.m.

CBA Members

January 22, 2015

Jose Campos, President	11:37 a.m. to 3:05 p.m.
Katrina Salazar, Vice President	11:37 a.m. to 2:43 p.m.
Alicia Berhow, Secretary-Treasurer	11:37 a.m. to 2:43 p.m.
Sarah (Sally) Anderson	11:37 a.m. to 2:43 p.m.
Herschel Elkins	11:37 a.m. to 3:05 p.m.
Laurence (Larry) Kaplan	11:37 a.m. to 3:05 p.m.
Louise Kirkbride	Absent
Kay Ko	11:37 a.m. to 3:05 p.m.
Leslie LaManna	11:37 a.m. to 3:05 p.m.
Xochitl León	11:37 a.m. to 3:05 p.m.
Michael Savoy	11:37 a.m. to 3:05 p.m.
Mark Silverman	11:37 a.m. to 3:05 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer

Deanne Pearce, Assistant Executive Officer  
Christy Abate, Administration Manager  
Rich Andres, Information Technology Staff  
Paul Fisher, Enforcement Supervising ICPA  
Dominic Franzella, Chief, Enforcement Division  
Kathryn Kay, Legislation Analyst  
Corey Riordan, Board Relations Analyst  
Gina Sanchez, Chief, Licensing Division  
Kristy Schieldge, Legal Counsel, Department of Consumer Affairs (DCA)  
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)  
Matthew Stanley, Examination and Practice Privilege Manager

#### Committee Chairs and Members

Jeffrey De Lyser, Chair, Enforcement Advisory Committee (EAC)  
Robert Lee, Chair, Peer Review Oversight Committee (PROC)  
Sherry McCoy, Vice-Chair, PROC  
Joseph Rosenbaum, Vice-Chair, EAC  
Robert Ruehl, Chair, Qualifications Committee

#### Other Participants

Jason Fox, California Society of Certified Public Accountants (CalCPA)  
Pilar Oñate-Quintana, KP Public Affairs  
Hal Schultz, CalCPA

- I. Report of the President.
  - A. Report on the CBA Leadership Roundtable.

Mr. Campos provided an overview of the Leadership Roundtable. He stated that CBA leadership discussed current priorities, planned meeting topics, and goals for 2015. Mr. Campos stated that some priorities and activities include providing an educational presentation regarding the probation process, an educational presentation from the National Association of State Boards of Accountancy (NASBA) regarding the Uniform Certified Public Accountant (CPA) Examination, creating a one-page document with quick reference information on the CBA for use by the CBA members, providing information to members regarding NASBA conferences, holding outreach events in conjunction with NASBA conferences, and annually providing information on the Bagley-Keene Open Meeting Act.

Mr. Campos also noted that the CBA's ongoing activities for 2015 will include the Sunset Review process, the work of the Mobility Stakeholder Group, the Study of California's Attest Experience Requirement, and the evaluation of the CBA's fees.

Mr. Campos thanked Ms. Salazar and Ms. Berhow for their attendance and contribution at the meeting. He also thanked CBA staff, including Ms. Schieldge and Mr. Sonne for their support.

B. Presentation and Discussion Regarding Requirements for Reporting Actions Taken at Board Meetings In Accordance With California Government Code Section 11123.

Ms. Pearce provided an overview of the agenda item. Ms. Pearce stated that on January 1, 2015 all state bodies must publicly report all actions and the votes of the action. She also noted that the minutes will document the votes, including abstentions and absences.

Ms. Anderson inquired if the roll call vote must be in alphabetical order.

Ms. Pearce stated that the roll call vote does not need to be in alphabetical order and can be called randomly.

Mr. Campos stated that the law states that each vote needs to be recorded, however the CBA can make changes to the process, if after practice, an alternative method is developed that complies with the law.

C. Resolution for Retiring CBA Members Diana Bell, Kitak Leung and Manuel Ramirez.

**It was moved by Mr. Kaplan and seconded by Ms. Berhow to approve the resolutions for retired CBA members Diana Bell, Kitak Leung, and Manuel Ramirez.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

D. Report on the Committee Chair/Vice-Chair Training.

Mr. Campos provided an overview of the agenda item. Mr. Campos stated that he relayed his expectations for the role of the committee chairs and vice-chairs and Ms. Schieldge provided information on how to

conduct a meeting in accordance with the Bagley-Keene Open Meeting Act. Mr. Campos thanked all participants for attending and Ms. Schieldge and CBA staff for assisting in facilitating the meeting.

E. Announcement of New Committee and Liaison Appointments.

Ms. Campos stated that appointments to the committees and liaisons were previously announced and thanked the members for their participation.

F. Introduction of Newly Appointed CBA Member, Xochitl León.

Ms. León introduced herself to the CBA.

G. Introduction of Sarah Huchel, Consultant, California State Assembly Committee on Business and Professions.

Mr. Campos stated that there have been consultant reassignments and as a result, Ms. Huchel was not in attendance at the meeting.

H. DCA Director's Report.

There was no report for this item.

II. Report of the Vice President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee (EAC).

**It was moved by Mr. Elkins and seconded by Ms. Berhow to reappoint Robert Lee to the EAC for a two-year term, effective February 1, 2015.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. León.**

**The motion passed.**

B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee (QC).

**It was moved by Ms. Berhow and seconded by Mr. Campos to reappoint Robert Ruehl to the QC for a two-year term, effective February 1, 2015.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. León.**

**The motion passed.**

**It was moved by Ms. Berhow and seconded by Ms. Anderson to reappoint Jeremy Smith to the QC for a two-year term, effective February 1, 2015.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. León.**

**The motion passed.**

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

**It was moved by Ms. Anderson and seconded by Mr. Silverman to reappoint Sherry McCoy as PROC Vice-Chair effective until December 31, 2015.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. León.**

**The motion passed.**

III. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

There was no report for this item.

IV. Report of the Executive Officer (EO).

A. Update on the Relocation of the CBA's Office.

Ms. Bowers stated that the relocation is still in process and a final lease has not been signed.

B. Update on Staffing.

Ms. Bowers stated that Mr. Franzella was promoted to the Enforcement Chief and Ms. Sanchez was selected as the new Licensing Chief. She also noted some of the recent staff selections include: Christy Abate, as the Administration Manager, Kathryn Kay, as the Legislation Analyst, and Pat Billingsley, as the Regulation Analyst.

Ms. Bowers also acknowledged the tenured staff and expressed her appreciation for the CBA staff.

Mr. Campos also acknowledged, on behalf of the CBA, all the hard work that the staff do and congratulated the new staff.

C. Review and Approval of Proposed Changes to the CBA Member Guidelines and Procedures Manual.

Ms. Pearce provided an overview of the agenda item. Ms. Pearce stated that the Guidelines and Procedures Manual is a reference guide for the CBA members and is updated annually. Ms. Pearce highlighted the more substantive revisions. She also stated that staff recommended adding the following two additional edits to the voting section, striking "in alphabetical order" from the roll call and including a sentence to state "Subsequent modification to these procedure may be needed, as deemed appropriate and in accordance with the Bagley-Keene Open Meeting Act."

Ms. LaManna stated an update is needed to the number of licensees, specifically that the CBA regulates 91,000 licensees.

Mr. Elkins suggested changing the travel section to clarify that members may request approval to use a less economical mode of transportation.

**It was moved by Ms. LaManna and seconded by Ms. Berhow to approve the revisions to the CBA Guidelines and Procedures Manual.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. León.**

**The motion passed.**

- D. Update on the CBA 2013-2015 Communications and Outreach Plan (Written Report Only).

There were no comments on this item.

- V. Report of the Licensing Chief.

- A. Report on Licensing Division Activity.

Mr. Franzella provided an overview of this item. Mr. Franzella stated that the Examination Unit was continuing to monitor the Uniform CPA Examination by conducting site visits of Prometric testing centers and having secret shoppers sit for the examination. Mr. Franzella stated that he attended an outreach event at the University of San Francisco in November and that staff would also be attending an event at California State University, Fullerton. Lastly, he noted that year-to-date the CBA has received 386 applications for retired status and 345 have been approved.

- VI. Report of the Enforcement Chief.

- A. Report on Enforcement Division Activity.

Mr. Franzella provided an overview of this item. Mr. Franzella noted that the case closure volume is higher than prior years, which is directly related to the Criminal Offender Record Information Unit activity. Mr. Franzella stated that the discipline referrals to the Attorney General's Office outpace the last fiscal year (FY) and five cases are pending over 24 months. Lastly, he stated that seven Investigative CPAs (ICPA) were hired in November and December 2014 and all of the ICPA positions have been filled.

VII. Report of the Enforcement Advisory Committee, Qualifications Committee and Peer Review Oversight Committee.

A. Enforcement Advisory Committee (EAC).

1. Report of the December 11, 2014 EAC Meeting.

Mr. De Lyser reported that the EAC reviewed 13 open cases and held four investigative hearings. He also noted that three additional investigative hearings were held since the last EAC report.

B. Qualifications Committee (QC).

1. Report of the January 21, 2015 QC Meeting.

Mr. Ruehl reported that seven personal appearances were conducted and recommended for approval by the QC. He also noted that prior to the QC meeting, an orientation was held for the newly appointed CBA Liaison, Ms. Ko.

C. Peer Review Oversight Committee (PROC).

1. Report of the December 10, 2014 PROC Meeting.

Mr. Lee reported on various oversight activities the PROC members participated in and stated that the activities resulted in positive observations of the peer review process. He stated that members also discussed the draft 2014 PROC Annual Report and the development of a checklist for the oversight of the National Association of State Board of Accountancy (NASBA) Compliance Assurance Committee Meetings.

VIII. Regulations.

A. Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA Licensure.

Mr. Stanley read the following statement regarding the regulation hearing into the record:

“Good afternoon. This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider amending and adopting regulations to specify and clarify the Board’s requirements to allow experience in academia to qualify as general accounting experience for CPA licensure.

On behalf of the Board and its staff, I'd like to welcome you. My name is Matthew Stanley and I serve as the Board's Examination and Practice Privilege Manager. I will preside over this hearing on behalf of the Board and the Department.

The California Board of Accountancy is contemplating this action pursuant to the authority vested by Sections 5010, 5092, and 5093 of the Business and Professions Code, authorizing the Board to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

For the record, the date today is January 22, 2015 and the time is approximately 1:33 p.m. Our hearing is being held at the Hilton Los Angeles Airport, 5711 West Century Boulevard, in Los Angeles California.

The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today's hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the board's Web site and upon request by other members of the public. Copies of the proposed regulations are available.

If the Board has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The Board shall be provided and shall consider all written comments received up until 5:00 p.m., January 19, 2015.

Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify in the order determined by recognition from the hearing officer.

If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it's not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the Board an opportunity to address your comments directly

when the Board makes its final determination of its response to your comments.

Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

No public comments were received.

Mr. Stanley adjourned the regulation hearing at 1:35 p.m.

- B. Discussion and Possible Action to Adopt or Amend Title 16, California Code of Regulations (CCR) Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA Licensure.

Mr. Stanley stated that staff are proposing a change to section 12.1(c)(2), which would more clearly identify where academic courses must be taught to qualify for experience for CPA licensure. He stated staff also propose changes to the form used by applicants to verify experience in academia to further clarify required information. Additionally, staff proposed amending the language to incorporate a new subdivision (f) to proposed Regulations section 12.1 and would require applicants applying with experience in academia obtained five years prior to submitting an application to complete 80 hours of continuing education.

**It was moved by Mr. Elkins and seconded by Mr. Savoy to direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

- IX. Committee Reports.

A. Committee on Professional Conduct (CPC).

1. Report of the January 22, 2015 CPC Meeting.
2. Discussion Regarding Study of California's Attest Experience Requirement.

Ms. LaManna reported that the CPC subcommittee members, Mr. Campos and Ms. Salazar, provided a presentation on the overview of the study of California's attest experience requirement, which included information on the background of the study, actions that have been taken to revise the study, and the involvement of stakeholders. Ms. LaManna stated that when the study is complete, the CBA will be able to use the results as a tool to help with future deliberations regarding what changes should be made, if any, to California's experience requirement for licensure. Ms. LaManna noted that it is anticipated that the majority of the survey responses will be provided online; however, the university professors will be polled via telephone and the other state boards of accountancy will be surveyed via Survey Monkey.

**The CPC moved that the CBA amend and approve the final survey questions to include a statement on the introductory page of the survey to reference that participant identities will remain anonymous and direct staff to move forward with the attest study.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

3. Discussion Regarding the Timeline for Continuing the CBA's Study of California's Attest Experience Requirement.

Ms. LaManna reported the CPC reviewed two timelines for conducting the attest study. She stated that both timelines allow for time to conduct the study, prepare the report, consider and discuss the results, and if necessary, sponsor legislation. Ms. LaManna stated the

CPC determined that Timeline #2 would allow additional time for individuals to participate in the survey, which would hopefully result in a higher volume of responses.

**The CPC moved that the CBA approve Timeline #2 for the attest study.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

4. Discussion Regarding the Outreach Activities Associated with Obtaining Participation in the CBA's Study of California's Attest Experience Requirement.

Ms. LaManna reported that the CPC reviewed the outreach plan and the tools that will be used to market the survey. She noted that marketing will include letters and mailers, CBA website, social media, UPDATE articles, E-News, press releases, and by partnering with NASBA. Lastly, she noted that staff plans to target the consumer group by partnering with public and private agencies, such as the Better Business Bureau, Chamber of Commerce, State Controller's Office, and the Business, Consumer Services, and Housing Agency.

#### B. Legislative Committee (LC).

1. Report of the January 22, 2015 LC Meeting.
2. Overview of the Legislative and Regulatory Process and the Legislative Committee's Role (Written Report Only).

Mr. Silverman reported that the LC reviewed the legislative and regulatory process and the LC's role.

3. Overview of Established Legislative Best Practices Including How to Best Handle Legislation That Arises Between CBA Meetings.

Mr. Silverman reported that the LC reviewed the established legislative best practices.

4. Legislative Proposals for Inclusion in the 2015 Annual Omnibus Bill.

**The LC moved that the CBA adopt the proposal submitted for inclusion in the annual omnibus bill.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None:**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

X. Acceptance of Minutes.

A. Draft Minutes of the November 20-21, 2014, 2014 CBA Meeting.

B. Minutes of the November 20, 2014 CPC Meeting.

C. Minutes of the November 20, 2014 LC Meeting.

D. Minutes of the October 23, 2014 EAC Meeting.

E. Minutes of the July 30, 2014 QC Meeting.

**It was moved by Mr. Savoy and seconded by Mr. Kaplan to approve agenda items X.A. – X.E.**

**Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: Ms. León.**

**Absent: None.**

**The motion passed.**

XI. Other Business.

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

There was no report for this item.

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

1. Report on Strategic Planning Task Force.

Mr. Savoy stated that he participated in a teleconference meeting on January 10, 2015 to discuss the logistics, including how and when the committee will meet. He stated it was determined that the meeting will be an in-person meeting at the beginning of June.

2. Proposed Responses to NASBA Focus Questions.

Ms. Riordan stated that the NASBA Focus Questions responses were provided to NASBA.

XII. Closing Business.

A. Public Comments.\*

There were no comments.

B. Agenda Items for Future CBA Meetings.

There were no suggested agenda items for future CBA meetings.

C. Press Release Focus.

Ms. Pearce stated the topic of consideration was the approval of the attest study survey.

XIII. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Convened Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, and Proposed Decisions).

President Campos adjourned the meeting at 3:05 p.m. on Thursday, January 22, 2015.

\_\_\_\_\_ Jose A. Campos, CPA, President

\_\_\_\_\_ Alicia Berhow, Secretary-Treasurer

Corey Riordan, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718



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



**EPOC Item I.**  
 March 19, 2015

**CBA Item IX.B.**  
 March 19-20, 2015

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

**MINUTES OF THE** **DRAFT**  
**November 20, 2014**  
**ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE (EPOC) MEETING**

Hilton Pasadena  
 168 South Los Robles Avenue  
 Pasadena, CA 91101  
 (626) 577-1000

**CALL TO ORDER**

Alicia Berhow, Chair, called the meeting of the EPOC to order at 10:13 a.m. on Thursday, November 20, 2014 at the Hilton Pasadena. Ms. Berhow requested that the roll be called.

EPOC Members

Alicia Berhow, Chair	10:13 a.m. – 10:28 a.m.
Diana Bell	10:13 a.m. – 10:28 a.m.
Jose Campos	10:13 a.m. – 10:28 a.m.
Herschel Elkins	10:13 a.m. – 10:28 a.m.
Louise Kirkbride	Absent
Kay Ko	10:13 a.m. – 10:28 a.m.
Kitak Leung	10:13 a.m. – 10:28 a.m.

CBA Members Observing

Michael Savoy, CBA President  
 Katrina Salazar, Secretary/Treasurer  
 Sarah (Sally) Anderson  
 Larry Kaplan  
 Leslie LaManna  
 Manuel Ramirez

Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Deanne Pearce, Assistant Executive Officer  
 Rich Andres, Information Technology Staff

Rafael Ixta, Chief, Enforcement Division  
Vincent Johnston, Enforcement Manager  
Corey Faiello-Riordan, Board Relations Analyst  
Paul Fisher, Supervising Investigative CPA  
Dominic Franzella, Chief, Licensing Division  
Dorothy Osgood, Acting Supervising Investigative CPA  
Kristy Schieldge, Legal Counsel, Department of Consumer Affairs (DCA)  
Matthew Stanley, Licensing Manager

Committee Chairs and Members

Maurice Eckley, Chair, Qualifications Committee  
Robert Lee, Chair, Peer Review Oversight Committee

Other Participants

Jason Fox, California Society of Certified Public Accountants (CalCPA)  
Ed Howard, Center for Public Interest Law  
Pilar Oñate-Quintana, KP Public Affairs  
Jon Ross, KP Public Affairs  
Taylor Schick, Budget Officer, DCA  
Hal Schultz, CalCPA  
Carl Sonne, Deputy Attorney General, Department of Justice

- I. Approve Minutes of the May 29, 2014 EPOC Meeting.

**It was moved by Ms. Bell, seconded by Ms. Ko and unanimously carried by those present to approve the minutes of the May 29, 2014 EPOC Meeting.**

- II. Consideration of Proposed Legislative Language to Allow the CBA to Restrict a License Outside of Probation.

Mr. Johnston presented an overview of possible legislation to allow the CBA, as part of a proposed decision, to permanently restrict a licensee from performing certain services as part of a final disciplinary order. Mr. Johnston explained that Business and Professions Code section 5100 allows the CBA to revoke, suspend, or refuse to renew any permit or certificate via default decision, proposed decision, or stipulated settlement. He further explained that the CBA may impose specific practice restrictions during the probationary period but those restrictions presently cannot extend beyond the probationary period unless agreed to by the licensee via a stipulated settlement. Likewise, he noted that an Administrative Law Judge (ALJ) is not permitted to issue a permanent practice restriction as part of a proposed decision. Mr. Johnston noted that in cases where the ALJ determines that a licensee should be permanently prohibited from performing certain services, the only available option is to recommend revocation of the license. In the last two

years, the CBA has entered into six stipulated settlements that carried permanent practice restrictions.

Mr. Elkins stated that this has been an important issue and a missing link in the disciplinary process. Ms. Berhow asked for clarification on how this legislation would affect a licensee's ability to earn a livelihood. Mr. Johnston explained that the proposed legislation would allow the CBA or an ALJ to limit a licensee's ability to practice in an area where there is a demonstrated lack of adherence to standards, which would serve to protect the public while also still allowing the CPA to work in areas where he/she is competent.

Ms. Berhow inquired if staff foresees any reason why this legislation would not be accepted into the 2015 Omnibus Bill. Ms. Bowers stated that if the proposed legislation was not accepted into the Omnibus Bill, staff would seek an author.

Ms. Bell requested clarification that the legislation would include a mechanism for the licensee to petition for the license to be fully reinstated. Mr. Johnston explained that licensees would be able to petition for a reduction of penalty under existing law. Mr. Campos inquired if other state boards have similar authority. Mr. Johnston provided information from the California Department of Real Estate, which has a similar provision.

Mr. Campos expressed concern that such legislation could create a tool that allows for an overreach of authority. Mr. Elkins stated that this would allow the CBA to impose a lesser restriction as the only present option, outside of a stipulated settlement, is full revocation of the license. Mr. Johnston further explained that an ALJ would be providing the CBA with a proposed decision and should the CBA deem the permanent license restriction to be inappropriate, the CBA could non-adopt the decision.

**It was moved by Mr. Elkins, seconded by Ms. Bell and unanimously carried by those present to accept staff's recommendation to approve the proposed language and initiate the legislative process.**

### III. Public Comments.

No public comments were received.

### IV. Agenda Items for Next Meeting.

There were no items to be discussed for the CBA meeting on March 19, 2015.

There being no further business, the meeting adjourned at 10:28 a.m.

**DEPARTMENT OF CONSUMER AFFAIRS**

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



**LC Item I.**  
 March 19, 2015

**CBA Item IX.C.**  
 March 19-20, 2015

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

**MINUTES OF THE**  
**January 22, 2015**  
**LEGISLATIVE COMMITTEE (LC) MEETING**

**DRAFT**

Hilton Los Angeles Airport  
 5711 West Century Boulevard  
 Los Angeles, CA 90045  
 Telephone: (310) 410-4000  
 Fax: (310) 410-6250

The regularly scheduled meeting of the LC was called to order at approximately 11:20 a.m. on January 22, 2015, by LC Chair, Mark Silverman.

LC Members

Mark Silverman, Chair	11:20 a.m. – 11:32 a.m.
Sarah (Sally) Anderson	11:20 a.m. – 11:32 a.m.
Herschel Elkins	11:20 a.m. – 11:32 a.m.
Xochitl León	11:20 a.m. – 11:32 a.m.
Laurence (Larry) Kaplan	11:20 a.m. – 11:32 a.m.
Michael Savoy	11:20 a.m. – 11:32 a.m.

CBA Members Observing

Jose Campos, President  
 Alicia Berhow, Secretary-Treasurer  
 Leslie LaManna  
 Katrina Salazar, Vice-President

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Deanne Pearce, Assistant Executive Officer  
 Christy Abate, Administration Manager  
 Rich Andres, Information Technology Staff  
 Paul Fisher, Supervising Investigative CPA

Dominic Franzella, Chief, Enforcement Division  
Kathryn Kay, Legislative Analyst  
Corey Riordan, Board Relations Analyst  
Gina Sanchez, Chief, Licensing Division  
Kristy Schieldge, Senior Staff Counsel, DCA Legal Affairs  
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)  
Matthew Stanley, Manager, Examination and Practice Privilege Units

Committee Chairs and Members

Jeffrey De Lyser, Chair, Enforcement Advisory Committee (EAC)  
Robert Lee, Chair, Peer Review Oversight Committee (PROC)  
Sherry McCoy, Vice-Chair, PROC  
Joseph Rosenbaum, Vice-Chair, EAC  
Robert Ruehl, Chair, Qualifications Committee

Other Participants

Jason Fox, California Society of Certified Public Accountants (CalCPA)  
Pilar Oñate-Quintana, KP Public Affairs  
Hal Schultz, CalCPA

- I. Approve Minutes of the November 20, 2014, LC Meeting.

Mr. Savoy noted that there was an error on the first page of the minutes, with reference to the Committee on Professional Conduct (CPC) in the committee membership heading.

**It was moved by Mr. Savoy and seconded by Ms. Anderson to amend and adopt the corrected minutes of the November 20, 2014, LC meeting, replacing “CPC” with “LC” in the committee membership heading.**

**Yes: Mr. Silverman, Ms. Anderson, and Mr. Kaplan.**

**No: None.**

**Abstain: Mr. Savoy, Mr. Elkins, and Ms. León.**

**The motion passed.**

- II. Overview of the Legislative and Regulatory Process and the Legislative Committee’s Role (Written Report Only).

There was no discussion on this item.

- III. Overview of Established Legislative Best Practices Including How to Best Handle Legislation That Arises Between CBA Meetings.

Ms. Kay provided an overview of this item. She highlighted that staff has various tools available to assist in identifying, tracking, and monitoring legislation that may be of interest to the CBA. She added that these established best practices include effective communication with the Legislature, bill authors, and stakeholders.

Ms. Kay also highlighted that membership of the Assembly Business and Professions and Senate Business, Professions and Economic Development (Senate B&P) Committees were recently announced, and included in Attachments 1 and 2.

Ms. Kay noted that should legislation arise between regularly scheduled meetings, the Bagley-Keene Open Meeting Act does allow for the CBA to initiate a special meeting to take action, so long as certain requirements are met. She added that in these instances, staff will consult the the CBA President regarding whether a special meeting should be initiated.

#### IV. Legislative Proposals for Inclusion in the 2015 Annual Omnibus Bill.

Ms. Kay provided an overview of three legislative proposals that were submitted to the Senate B&P for consideration in its annual omnibus bill. Ms. Kay reported that staff anticipates to receive an update regarding these proposals in mid-February.

**It was moved by Mr. Elkins and seconded by Ms. Anderson to recommend that the CBA adopt the three omnibus proposals.**

**Yes: Mr. Silverman, Ms. Anderson, Mr. Elkins, Ms. León, Mr. Kaplan, and Mr. Savoy.**

**No: None.**

**Abstain: None.**

**The motion passed.**

#### V. Public Comments for Items Not on the Agenda.

None.

#### VI. Agenda Items for Next Meeting.

Ms. Pearce reported that agenda items for the next meeting will include legislation introduced in the Legislature that may be of interest to the CBA.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 11:32 a.m. on January 22, 2015. The next meeting of the LC will be held on March 19, 2015, at the Wyndham Irvine-Orange County Airport in Irvine, California.

**DEPARTMENT OF CONSUMER AFFAIRS**

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

**CPC Item I.**

March 19, 2015

**CBA Item IX.D.**

March 19-20, 2015

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

**MINUTES OF THE**  
**January 22, 2015**  
**COMMITTEE ON PROFESSIONAL CONDUCT (CPC) MEETING**

**DRAFT**

Hilton Los Angeles Airport  
 5711 West Century Boulevard  
 Los Angeles, CA 90045  
 Telephone: (310) 410-4000  
 Fax: (310) 410-6250

The regularly scheduled meeting of the CPC was called to order at approximately 10:45 a.m. on January 22, 2015, by CPC Chair, Leslie LaManna.

CPC Members

Leslie LaManna, Chair	10:45 a.m. – 11:10 a.m.
Sarah (Sally) Anderson	10:45 a.m. – 11:10 a.m.
Jose Campos, President	10:45 a.m. – 11:10 a.m.
Laurence (Larry) Kaplan	10:45 a.m. – 11:10 a.m.
Kay Ko	10:45 a.m. – 11:10 a.m.
Katrina Salazar, Vice-President	10:45 a.m. – 11:10 a.m.
Michael Savoy	10:45 a.m. – 11:10 a.m.

CBA Members Observing

Alicia Berhow, Secretary-Treasurer  
 Herschel Elkins  
 Xochitl León  
 Mark Silverman

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Deanne Pearce, Assistant Executive Officer  
 Christy Abate, Administration Manager  
 Rich Andres, Information Technology Staff  
 Paul Fisher, Supervising Investigative CPA

Dominic Franzella, Chief, Enforcement Division  
Kathryn Kay, Legislative Analyst  
Corey Riordan, Board Relations Analyst  
Gina Sanchez, Chief, Licensing Division  
Kristy Schieldge, Senior Staff Counsel, DCA Legal Affairs  
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)  
Matthew Stanley, Manager, Examination and Practice Privilege Units

Other Participants

Jeffrey De Lyser, Chair, Enforcement Advisory Committee (EAC)  
Jason Fox, California Society of Certified Public Accountants (CalCPA)  
Robert Lee, Chair, Peer Review Oversight Committee (PROC)  
Sherry McCoy, Vice Chair, PROC  
Pilar Oñate-Quintana, KP Public Affairs  
Joe Rosenbaum, Vice Chair, EAC  
Robert Ruehl, Chair, Qualifications Committee  
Hal Schultz, CalCPA

- I. Approve Minutes of the November 20, 2014, CPC Meeting.

**It was moved by Ms. Anderson and seconded by Ms. Salazar to adopt the minutes of the November 20, 2014, CPC meeting.**

**Yes: Ms. LaManna, Ms. Anderson, Mr. Campos, Mr. Kaplan, Ms. Ko, and Ms. Salazar.**

**No: None.**

**Abstain: Mr. Savoy.**

**The motion passed.**

- II. Discussion Regarding Study of California's Attest Experience Requirement.

Mr. Campos and Ms. Salazar presented the final version of the attest study which included background on the topic, actions that have been taken on revising the study, including two new sections regarding consumer questions and demographic questions for discussion, audience selection questions, stakeholder involvement, action taken by the subcommittee formed to participate in the development of the study, and an overview of the study itself.

Mr. Campos added that once this study is finalized, the CBA will be able to use the results as a tool to assist in future deliberations to determine what modifications, if any, should be made to the CBA's attest experience requirement for licensure.

Mr. Campos highlighted that the study was developed based on a unifying question approved by the CBA to guide the study, which was,

*Is the present attest experience requirement necessary and sufficient to support the CBA mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with professional standards?*

Ms. Salazar reported that since the September 2014 meeting, stakeholders, including Center for Public Interest Law (CPIL) and CalCPA, have worked closely with staff, CPS HR Consulting, and the subcommittee to provide input, feedback, and advice on how to properly word and structure the survey items. She added that different iterations were discussed and the feedback improved the quality of the study each time. She further added that feedback included suggestions related to keeping the survey short, reducing subjectivity, reordering the questions, adding and/or subtracting various questions, and specific word choices to achieve higher clarity.

Ms. Schieldge suggested that in order to protect the identity of participants in the study, the CPC consider including a statement to the introductory page stating that survey results will not be individualized.

Ms. Salazar noted that there are not a set of survey questions for the population of CPAs with more than 20 years of experience and inquired as to how these individuals may participate.

Mr. Campos responded that all CPAs are encouraged to participate and that the survey will be broadly available on the CBA website to provide that opportunity to those wishing to participate. He added that CPAs with more than 20 years of experience will be invited to provide their feedback via an open-ended comment box.

**It was moved by Mr. Campos and seconded by Mr. Savoy to recommend that the CBA amend and adopt the final survey to include a statement on the introductory page that reflects the anonymity of individualized information provided by participants.**

**Yes: Ms. LaManna, Ms. Anderson, Mr. Campos, Mr. Kaplan, Ms. Ko, Ms. Salazar, and Mr. Savoy.**

**No: None.**

**Abstain: None.**

**The motion passed.**

III. Discussion Regarding the Timeline for Continuing the CBA's Study of California's Attest Experience Requirement.

Mr. Franzella provided an overview of this item and highlighted two timelines proposed by staff that will allow time to conduct the study, prepare and report results for CBA consideration, and to sponsor legislation, if necessary.

Mr. Franzella provided an overview of the advantages and disadvantages of both timelines. He reported that the subcommittee met in mid-December and recommends that the CPC adopt Timeline #2, which allows additional time to conduct the study, evaluate the responses, and hold further discussions with stakeholders regarding the possibility of modifying the attest experience requirement.

**It was moved by Mr. Campos and seconded by Ms. Anderson to recommend that the CBA adopt Timeline #2 for the CBA's Study of California's Attest Experience Requirement.**

**Yes: Ms. LaManna, Ms. Anderson, Mr. Campos, Mr. Kaplan, Ms. Ko, Ms. Salazar, and Mr. Savoy.**

**No: None.**

**Abstain: None.**

**The motion passed.**

IV. Discussion Regarding the Outreach Activities Associated with Obtaining Participation in the CBA's Study of California's Attest Experience Requirement.

Mr. Stanley provided an overview of this item and highlighted the methodologies for conducting the study, as well as planned outreach which includes tools such as letters and mailers, the CBA website, social media, UPDATE articles, E-News notifications, press releases and by partnering with outside agencies to maximize participation in the study.

Mr. Savoy offered to support outreach efforts by communicating with the Los Angeles Area Chamber of Commerce about the study.

V. Public Comments for Items Not on the Agenda.

None.

VI. Agenda Items for Next Meeting.

None.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 11:10 a.m. on January 22, 2015. The next meeting of the CPC will be held on March 19, 2015, at the Wyndham Irvine-Orange County Airport in Irvine, California.



**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>



**SPC Item I.**  
 March 19, 2015

**CBA Item IX.E.**  
 March 19-20, 2015

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

**MINUTES OF THE**  
**November 20, 2014**  
**STRATEGIC PLANNING COMMITTEE MEETING**

**DRAFT**

Hilton Pasadena  
 168 South Los Robles Avenue  
 Pasadena, CA 91101  
 (626) 577-1000

**CALL TO ORDER**

Leslie LaManna, Chair, called the meeting of the Strategic Planning Committee (SPC) to order at 11:06 a.m. on Thursday, November 20, 2014 at the Hilton Pasadena. Ms. LaManna requested that the roll be called.

SPC Members

Leslie LaManna, Chair	11:06 a.m. – 11:14 a.m.
Alicia Berhow	11:06 a.m. – 11:14 a.m.
Katrina Salazar	11:06 a.m. – 11:14 a.m.

CBA Members Observing

Michael Savoy, CBA President  
 Jose Campos, Vice-President  
 Sarah (Sally) Anderson  
 Herschel Elkins  
 Laurence (Larry) Kaplan  
 Louise Kirkbride  
 Kay Ko  
 Kitak Leung  
 Manuel Ramirez  
 Mark Silverman

Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Deanne Pearce, Assistant Executive Officer  
 Rich Andres, Information Technology Staff

Paul Fisher, Enforcement Supervising ICPA  
Dominic Franzella, Chief, Licensing Division  
Rafael Ixta, Chief, Enforcement Division  
Vincent Johnston, Enforcement Manager  
Dorothy Osgood, Acting Supervising Investigative CPA  
Corey Riordan, Board Relations Analyst  
Kristy Schieldge, Legal Counsel, Department of Consumer Affairs (DCA)  
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)  
Matthew Stanley, Examination and Practice Privilege Manager

Committee Chairs and Members

Maurice Eckley, Chair, Qualifications Committee  
Robert Lee, Chair, Peer Review Oversight Committee

Other Participants

Jason Fox, California Society of Certified Public Accountants (CalCPA)  
Edward Howard, Center for Public Interest Law (CPIL)  
Joseph Petito, The Accountants Coalition  
Pilar Oñate-Quintana, KP Public Affairs  
Jon Ross, KP Public Affairs  
Taylor Schick, Budget Officer, Department of Consumer Affairs  
Hal Schultz, CalCPA

I. Update on the Progress of the 2013-2015 Strategic Plan Goals and Objectives.

Ms. Pearce provided an overview of the agenda item. Ms. Pearce stated that the 2013-2015 Strategic Plan was adopted in September 2012 and covered Enforcement, Customer Service, Licensing, Outreach, Laws and Regulations, Emerging Technologies, and Organizational Effectiveness.

Ms. Pearce stated that each objective was assigned to a staff member, as the project manager, and a project outline was developed. She stated that some objectives have been achieved and others were either ongoing or in process. Lastly, Ms. Pearce stated that nearly all objectives were on target for completion in 2015.

Ms. Berhow inquired if staff had any challenges that the CBA may be able to assist with.

Ms. Bowers stated that one ongoing challenge is the delay in enforcement matters that are outside of the CBA's control. Ms. Bowers stated that staff are working with the Attorney General's Office and the Office of Administrative Hearings to streamline the process and reduce the timeframes for the enforcement cases.

II. Public Comments.

No public comments were received.

III. Agenda Items for Next Meeting.

There were no items to be discussed for the CBA meeting on March 19, 2015.

There being no further business, the meeting adjourned at 11:14 a.m.

**DEPARTMENT OF CONSUMER AFFAIRS**

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



**MSG Item II.**  
 March 19, 2015

**CBA Item IX.F.**  
 March 19-20, 2015

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

**MINUTES OF THE**  
**November 20, 2014**  
**MOBILITY STAKEHOLDER GROUP (MSG) MEETING**

Hilton Pasadena  
 168 South Los Robles Avenue  
 Pasadena, CA 91101  
 (626) 577-1000

**CALL TO ORDER**

Katrina Salazar, Chair, called the meeting of the MSG to order at 9:00 a.m. Ms. Salazar requested that the roll be called.

Members

Katrina Salazar, Chair	Present
Hal Schultz, Vice-Chair	Present
Jose Campos	Present
Ed Howard	Present
Rafael Ixta	Absent
Joe Petito	Present
Stuart Waldman	Present

CBA Members Observing

Mark Silverman  
 Kay Ko  
 Herschel Elkins  
 Michael Savoy  
 Alicia Berhow  
 Sarah (Sally) Anderson  
 Manuel Ramirez

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Deanne Pearce, Assistant Executive Officer

Rich Andres, Information Technology Staff  
Corey Riordan, Board Relations Analyst  
Paul Fisher, Supervising Investigative CPA  
Dorothy Osgood, Supervising Investigative CPA  
Dominic Franzella, Chief, Licensing Division  
Vincent Johnston, Enforcement Manager  
Kristy Schieldge, Senior Staff Counsel, Department of Consumer Affairs, Legal Affairs  
Matthew Stanley, Manager, Exam and Practice Privilege Units

Other Participants

Jason Fox, California Society of CPAs (CalCPA)  
Bob Lee, Chair, Peer Review Oversight Committee  
Mo Eckley, Chair, Qualifications Committee  
Pilar Oñate-Quintana, KP Public Affairs  
Jon Ross, KP Public Affairs

- I. Approve Minutes of the July 23, 2014 and July 24, 2014 Meetings

**It was moved by Mr. Campos, seconded by Mr. Howard, and carried unanimously to approve the minutes of the July 23, 2014 meeting.**

**It was moved by Mr. Campos, seconded by Mr. Howard, and carried unanimously to approve the minutes of the July 24, 2014 Joint meeting.**

- II. The MSG Decision Matrix – A Summary of Previous Decisions Made by the MSG (Written Report Only).

Mr. Stanley provided a written report summarizing the previous decisions made by the MSG.

Mr. Howard requested additional information regarding the technical problems the National Association of State Boards of Accountancy (NASBA) is currently experiencing with fully implementing the Accountancy Licensee Database (ALD) system with the New York Board of Accountancy.

Ms. Bowers clarified the technical issues may be due to the incompatibility of New York's computer systems with the ALD, and not its willingness to collaborate with NASBA. She further stated the CBA can reach out to NASBA for a more specific timeframe on when it can be reasonably expected the ALD will be fully implemented across all state boards of accountancy.

- III. Practice Privilege – Information and Statistics for Licensing and Enforcement Division and Website Usage (Written Report Only).

Mr. Stanley provided a written report summarizing information and statistics from the Licensing and Enforcement Divisions and website usage regarding practice privilege reporting, license look-up, and out-of-state accounting firm registrations.

Mr. Petito commented he would like to see more education provided to California state agencies informing them about the California practice privilege law.

IV. Discussion Regarding Defining Stakeholders and Summary of Stakeholder Objectives Pursuant to Business and Professions Code (BPC) Section 5096.21(e)

Mr. Stanley presented two definitions of “stakeholder,” the first being a more broad definition, and the second being more specific. Staff recommended the MSG adopt a definition of “stakeholder” in order to better define whose objectives the provisions of the practice privilege law are designed to satisfy.

**It was moved by Mr. Howard, seconded by Mr. Waldman, and carried unanimously to adopt the more broad definition of “stakeholder,” as used in the CBA’s 2013-2015 Strategic Plan: “Stakeholders include consumers, licensees, applicants, and professional organizations and groups that have a direct or indirect stake in the CBA because they can affect or be affected by the CBA’s actions, objectives, and policies.”**

V. Discussion Regarding the Consumer Protection Provisions of BPC Sections 5096 and 5096.1

Mr. Stanley outlined the consumer protection provisions of BPC sections 5096 and 5096.1. He stated the provisions appear to be consistent with the CBA’s duty to protect the public.

He stated staff will continue to monitor practice privilege statistics as a means of determining whether these provisions are leading to consumer harm. He also indicated that an analysis of the remaining provisions will be brought before the MSG at the March 2015 meeting.

Staff recommended the MSG determine whether the outlined provisions are consistent with the CBA’s duty to protect the public.

Mr. Campos stated the consumer protection provisions are a good framework for the practice privilege program.

Ms. Salazar indicated the initial information provided is a good start to a multi-year process of ensuring the MSG is doing all it can to protect consumers.

Mr. Petito stated California’s practice privilege law is fairly unique in that only New York and California have a pre-notification requirement, and suggested contacting

the state of New York to understand their pre-notification requirements and determine their experiences.

#### VI. Discussion Regarding the Mobility Stakeholder Group Annual Report

Mr. Stanley stated staff will prepare the Annual Report of the MSG to be reviewed and approved at the March 2015 meeting. He suggested various topics to be addressed in the Annual Report of the MSG. Those topics were:

- Message from the Chair
- Background of Mobility
- MSG Responsibilities
- MSG Members
- Legislative and Regulatory Changes to Mobility
- Statistics for the Mobility program
- Meetings and Activities
- Future Considerations for 2015

Mr. Howard requested that information on NASBA activities be included in the Annual Report.

**It was moved by Mr. Petito, seconded by Mr. Campos, and carried unanimously to approve the list of items with inclusion of NASBA activities in the Annual Report of the MSG.**

#### VII. Discussion Regarding Proposed Agenda Items for the Next MSG Meeting

Mr. Stanley presented planned topics for inclusion in the agenda for the next meeting of the MSG, and he inquired whether the MSG would like to include any other topics.

It was requested there be a standing agenda item for updates on NASBA activities and CPAVerify.

#### VIII. Public Comments

No Public Comments were received.

There being no further business, the meeting was adjourned at 9:48 a.m.

**DEPARTMENT OF CONSUMER AFFAIRS**

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

**CBA Item IX.G.**

March 19-20, 2015

**DEPARTMENT OF CONSUMER AFFAIRS**  
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
 ENFORCEMENT ADVISORY COMMITTEE (EAC)

**MINUTES OF THE  
 DECEMBER 11, 2014  
 EAC MEETING**

Hilton San Diego Airport/Harbor Island  
 1960 Harbor Island Drive  
 San Diego, CA 92101  
 Telephone: (619) 291- 6700

## I. Roll Call and Call to Order.

The regularly scheduled meeting of the EAC was called to order at 9:03 a.m. on December 11, 2014 by EAC Chair, Jeffrey De Lyser.

Members

Jeffrey De Lyser, Chair	Present
Joseph Rosenbaum, Vice-Chair	Present
Joseph Buniva	Present
Gary Caine	Present
Nancy Corrigan	Present
Mary Rose Caras	Present
William Donnelly	Present
Robert A. Lee	Present
Mervyn McCulloch	Present
Katherine Allanson	Present
Seid Sadat	Present
Michael Schwarz	Present
Dale Best	Present

CBA Member Liaison

Herschel Elkins

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Rafael Ixta, Chief, Enforcement Division  
 Paul Fisher, Supervising Investigative CPA  
 Vincent Johnston, Enforcement Manager  
 David Jones, Investigative CPA

Marla Weitzman, Investigative CPA  
Dorothy Osgood, Acting Supervising Investigative CPA  
Kay Lewis, Investigative CPA  
Tina MacGregor, Investigative CPA  
Erica Lee, Enforcement Analyst  
Chandalou Gonzales, Enforcement Analyst  
Allison Nightingale, Enforcement Technician  
Carl Sonne, Deputy Attorney General (DAG), Department of Justice

II. Review Enforcement Files on Individual Licensees.

The EAC adjourned into closed session under the provisions of Government Code section 11126(c)(2) and Business and Professions Code (BPC) section 5020. EAC members convened into closed session at 9:04 a.m. and reconvened into open session at 10:40 a.m.

III. Report of the Committee Chair (**Jeffrey De Lyser**).

A. Appointment(s)/Reappointment(s) to the EAC.

Mr. De Lyser reported that he was appointed Chair, Joseph Rosenbaum was appointed Vice-Chair, Nancy Corrigan was re-appointed, and Katherine Allanson was appointed to the EAC.

B. Approval of the October 23, 2014 EAC Meeting Minutes.

**It was moved by Mr. Lee, seconded by Mr. Sadat, and unanimously carried to approve the minutes of the October 23, 2014 EAC meeting.**

The minutes for this meeting will be submitted to the CBA members for review and adoption at the March 2015 CBA meeting.

IV. Report of the CBA Liaison (**Herschel Elkins**).

A. Report of the November 20-21, 2014 CBA and Committee Meetings.

Mr. Elkins reported that at the November CBA meeting, the CBA elected Jose Campos, CPA as President, Katrina Salazar, CPA as Vice-President, and Alicia Berhow as Secretary-Treasurer to the CBA.

Mr. Elkins also reported that the Peer Review Report, which is due to the Legislature on January 1, 2015, was approved.

Mr. Elkins reported on fee levels and their impact on the Accountancy Fund Reserve. The CBA approved a fee increase, which will eliminate the current negative cash flow, bringing revenues and expenditures into alignment, and maintain a six month Accountancy Fund reserve. Mr. Elkins also reported that proposed regulations to implement the fee increase will be presented to the CBA in March 2015.

Mr. Elkins reported that the CBA approved proposed legislative language and directed staff to pursue legislation, which would provide the CBA and Administrative Law Judges the statutory authority to impose permanent practice restrictions as part of a final disciplinary order. Mr. Elkins also reported that the CBA directed staff to pursue legislation to clarify restoration requirements for a retired status license.

V. Report of the Enforcement Chief (**Rafael Ixta**).

A. Enforcement Activity Report.

Mr. Ixta provided an overview of the report. Mr. Ixta reported that the number of complaints received had doubled from 463 to 945 complaints since the previous reporting period. Mr. Ixta also reported that the majority of the complaints received were from internal units within the CBA such as convictions, peer review, and continuing education deficiencies. Mr. Ixta also reported that the total number of investigations closed had nearly doubled from 307 to 597 and the average days to close investigations had decreased from 162 to 150 since the last report.

Mr. Ixta reported that there are currently 41 Attorney General (AG) referrals for Fiscal Year 2014/15 with 17 referred since the previous report. He also reported that with the recent increase in staffing and change to the peer review and retroactive fingerprinting requirements, the volume of the AG referrals has increased.

B. Discussion Regarding the Survey of EAC Members Conducted in November 2014.

Mr. Ixta reported that the six-question survey was e-mailed to the EAC Members after the October 23, 2014 EAC Meeting. Feedback was 100 percent satisfaction from all EAC Members. However, in response to question six regarding any other feedback, one of the EAC members reported difficulty with travel from the Burbank Airport to the October 23, 2014 EAC meeting location.

VI. Public Comments for Items Not on the Agenda.

Ms. Bowers stated that Rafael Ixta is retiring, and she selected Dominic Franzella as the new Chief of Enforcement. Ms. Bowers also reported there will be internal transitioning of staff presently assigned to assist the EAC.

VII. Conduct Closed Hearings.

[The Committee will meet in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3) and Business and Professions Code section 5020 to conduct closed sessions to interview and consider possible disciplinary action against an individual licensee or applicant prior to the filing of an accusation.]

VIII. Adjournment.

The next EAC meeting is scheduled for January 29, 2015 at the Doubletree By Hilton Berkeley Marina.

Having no further business to conduct, the EAC general meeting adjourned at approximately 11:22 a.m. to reconvene in closed session at 1:00 p.m. Closed session adjourned at approximately 3:00 p.m.

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Jeffrey De Lyser, CPA, Chair  
Enforcement Advisory Committee

Prepared by: Allison Nightingale, Enforcement Technician



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



**CBA Item IX.H.**  
 March 19-20, 2015

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

**MINUTES OF THE**  
**AUGUST 22, 2014**  
**PROC MEETING**

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

I. Roll Call and Call to Order.

PROC Chair Robert Lee called the meeting to order at 10:00 a.m. on Friday, August 22, 2014. The meeting adjourned at 12:50 p.m.

PROC Members:

Robert Lee, Chair	10:00 a.m. – 12:50 p.m.
Sherry McCoy, Vice Chair	10:00 a.m. – 12:50 p.m.
Katherine Allanson	10:00 a.m. – 12:50 p.m.
Nancy Corrigan	10:00 a.m. – 12:50 p.m.
Jeffrey DeLyser	10:00 a.m. – 12:50 p.m.
Seid M. Sadat	10:00 a.m. – 12:50 p.m.

Staff:

Rafael Ixta, Chief, Enforcement Division  
 Jenny Sheldon, Enforcement Manager  
 April Freeman, Peer Review Analyst  
 Alice Tran, Peer Review Analyst

Other Participants:

Linda McCrone, CPA, California Society of Certified Public Accountants (CalCPA)

II. Report of the Committee Chair.

A. Approval of May 2, 2014 Minutes.

Mr. Lee asked if members had revisions to the minutes of the May 2, 2014 PROC meeting. Members did not have revisions to the minutes.

**It was motioned by Ms. Corrigan, seconded by Mr. Sadat, and unanimously carried by those present to adopt the minutes of the May 2, 2014 PROC meeting.**

B. Report on the May 29-30, 2014 CBA Meeting.

Ms. Corrigan and Ms. McCoy attended the May 29-30, 2014 CBA meeting. Their report to the CBA included information about the two guests, Marcia Hein and Janice Gray, that attended the May 2014 PROC meeting. They advised PROC members that the CBA discussed Sunset Review and the reductions in licensing and renewal fees.

C. Report on the July 24, 2014 CBA Meeting.

Mr. Lee attended the July 24, 2014 CBA meeting. He advised PROC members that the CBA discussed the Sunset Review Report, surveys being developed to solicit information from current licensees regarding licensure requirements, property tax legislation, and the implementation of BreEZe.

Mr. Ixta discussed the Mobility Stakeholder Group (MSG) meeting that was held on July 23, 2014. Mr. Ixta noted that the members of the MSG were appointed by the CBA. He stated that this was the second meeting held and that members are in the process of familiarizing themselves with the mobility law. Mr. Ixta stated that the next meeting will be held in November 2014.

D. Discussion of Recent Activities of the National Association of State Boards of Accountancy (NASBA) Compliance Assurance Committee (CAC).

PROC members were provided with a summary of the CAC's June 24, 2014 conference call. Mr. Lee asked if members had any questions regarding the summary. Members suggested that staff follow-up with the CAC Chair on the white paper concerning guidelines on failed peer reviews.

E. Discussion Regarding Proposed PROC Meeting Dates for 2015.

PROC members were provided with proposed dates for 2015 PROC meetings. Mr. Lee explained that the dates are linked to Enforcement Advisory Committee meeting dates to reduce travel. The proposed dates are:

- January 30, 2015 – Northern California
- May 1, 2015 – Southern California
- August 21, 2015 – Northern California
- December 9, 2015 – Southern California

Mr. Lee requested feedback on the proposed dates.

**It was motioned by Ms. Corrigan, seconded by Mr. DeLyser, and unanimously carried by those present to adopt the proposed dates for the 2015 PROC meetings.**

### III. Report on PROC Oversight Activities.

#### A. Report on the May 13, 2014, American Institute of Certified Public Accountants (AICPA) Peer Review Board Meeting.

Mr. Sadat and Ms. Corrigan attended the meeting. Ms. Corrigan summarized the highlights of the meeting, including peer review recall guidance, the exposure draft on preparation of financial statements, improving peer reviewer quality, guidance on risky industries, and improving engagement tracking.

The U.S. Department of Labor (DOL), Chief Inspector, was also present at the meeting and discussed the 1,500 reports for firms performing Employee Retirement Income Security Act (ERISA) audits.

#### B. Report on the May 21, 2014, Oversight of the CalCPA Peer Reviewer Training.

Ms. Allanson and Ms. McCoy attended the training course. Ms. Allanson commented that the advanced training is completely different than the beginner training; it was more of an update. The training material was delivered electronically. Ms. Allanson stated that they discussed common problems found in peer reviews and the DOL recall. She also noted that the course discussed self-developed versus purchased quality control materials.

Ms. McCoy stated that the training was very high quality, even though the group was small. She liked the format of the class.

#### C. Report on the May 22-23, 2014, Oversight of the CalCPA Peer Review Committee Meeting.

Ms. Allanson and Mr. Sadat attended the meeting. Ms. Allanson stated there was considerable discussion about the DOL and ERISA audits. Mr. Sadat added that there was contention about how to conduct an ERISA audit.

Ms. Allanson also attended the RAB meeting on May 22, 2014.

#### D. Report on the May 28, 2014, AICPA Peer Review Board Meeting.

Mr. Sadat attended the meeting. The meeting was short and focused on the peer review recall. State boards of accountancy expressed concern that they would not be notified of the recalled peer review reports and wanted to know what will happen to firms that misrepresented their practice activities during the peer review process.

#### E. Report on the June 26-27, 2014 Oversight of the CalCPA Peer Reviewer Training.

Mr. Sadat attended the training. Mr. Sadat stated that Marcia Hein is a phenomenal instructor, and the course was very informative. Mr. Sadat stated that there were 16 people in the course and that he is concerned about the seemingly low number of people going into the peer review business.

Ms. McCrone added that the course is also given in Las Vegas and at the AICPA conference in Denver. She noted that the number of peer reviewers is an issue being explored by the AICPA.

F. Report on the July 29, 2014, CalCPA Administrative Site Visit.

Mr. Lee and Mr. DeLyser conducted the Administrative Site Visit. Mr. DeLyser stated that the visit lasted one day and included the review of approximately 15 files actively going through the process of being reviewed by a RAB. He stated that the process is organized and there were no findings. Mr. Lee added that the one-day visit was sufficient to accomplish their task.

Mr. Ixta directed staff to prepare a closing letter to CalCPA for Mr. Lee's signature.

G. Report on the August 6, 2014, AICPA Peer Review Board Meeting.

Mr. DeLyser attended the meeting. He stated they discussed the new financial preparation service and its impact on peer review. He added that all the agenda items are relevant and the RAB members understand the importance of peer review.

H. Assignment of Future PROC Oversight Activities.

Mr. Lee made or confirmed the following assignments:

- September 10, 2014, CAC Meeting – Nancy Corrigan and Katherine Allanson
- September 23, 2014, CalCPA Report Acceptance Body (RAB) Meeting (Glendale) – Sherry McCoy
- September 30, 2014, AICPA Peer Review Board Meeting – Jeffrey DeLyser
- November 14, 2014, AICPA Peer Review Board Meeting – Sherry McCoy
- November 20, 2014, CalCPA RAB Meeting – Katherine Allanson
- November 20-21, 2014, CalCPA Peer Review Committee – Nancy Corrigan and Katherine Allanson

IV. Reports and Status of Peer Review Program

A. Status of PROC Roles and Responsibilities Activity Tracking.

Ms. Freeman stated that the activity tracking chart for 2014 was updated to capture recent activities and upcoming events.

Ms. Allanson requested that the May 22, 2014 RAB meeting that she attended be added to the activity tracking chart.

V. Discussion Regarding the Impact of the AICPA Exposure Draft on Standards for Accounting and Review Services.

PROC members were provided with a copy of the AICPA Exposure Draft on Standards for Accounting and Review Services and a summary of the exposure draft prepared by Mr. Sadat.

Mr. Ixta stated that the law is clear and states that if a report is not issued, a peer review is not required. He asked if PROC members had any concerns or recommendations. After discussion, PROC members did not express any concerns.

VI. Report of the Enforcement Chief.

A. Discussion Regarding the AICPA Peer Review Recall Process Relating to Firms that Perform Annual Audits of the Employee Retirement Income Security Act (ERISA).

Mr. Ixta advised members that the AICPA has developed procedures that require the administering entity to notify a state board if a peer review is recalled. He stated that when the CBA is notified of a recalled peer review, staff will contact the firm to obtain additional information and may proceed with an investigation, if warranted.

B. Discussion Regarding the Draft Peer Review Report Due to the Legislature on January 1, 2015, Pursuant to Business and Professions Code Section 5076(m).

PROC members were provided with a draft copy of the Peer Review Report that is due to the Legislature on January 1, 2015. Members provided suggested edits and revisions. Mr. Ixta asked that members provide any additional edits to staff by Wednesday, August 27, 2014. He asked that the CBA will review the draft report at its September 18-19, 2014 meeting.

C. Discussion of Potential Items to Include in the 2014 PROC Annual Report.

Mr. Ixta advised members that the first draft 2014 PROC Annual Report will be provided at the December 10, 2014 PROC meeting. He requested that members consider issues they would like addressed in the draft report and provide that information to staff as soon as possible.

Mr. Lee requested that members receive a draft of the report by the end of November.

Mr. Ixta provided the following potential items to include in the report:

- AICPA exposure draft on preparation of financial statements
- Oversight of the National Peer Review Committee through the CAC
- U.S. Department of Labor recalled peer reviews

VII. Future Agenda Items.

1. PROC 2014 Annual Report
2. White paper on guidance on failed peer reviews
3. AICPA Exposure Draft on Standards for Accounting & Review Services
4. Checklist for CAC meetings

VIII. Public Comment for Items Not on the Agenda.

Ms. McCrone asked if firms that issue an engagement after their peer review year need another peer review. Mr. Ixta confirmed that they would need another peer review.

IX. Adjournment.

There being no further business, Mr. Lee adjourned the meeting at 12:50 p.m. on Friday, August 22, 2014.

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Robert Lee, CPA, Chair

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



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



**CBA Item IX.I.**  
 March 19-20, 2015

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

**MINUTES OF THE**  
**DECEMBER 10, 2014**  
**PROC MEETING**

Hilton San Diego Airport/Harbor Island  
 1960 Harbor Island Drive  
 San Diego, CA 92101  
 (619) 291-6700

I. Roll Call and Call to Order.

Robert Lee, Chair, called the meeting of the Peer Review Oversight Committee (PROC) to order at 2:00 p.m. on Wednesday, December 10, 2014. The meeting adjourned at 4:00 p.m.

Members

Robert Lee, Chair	2:00 p.m. – 4:00 pm.
Sherry McCoy, Vice-Chair	2:00 p.m. – 4:00 pm.
Katherine Allanson	2:00 p.m. – 4:00 pm.
Nancy Corrigan	2:00 p.m. – 4:00 pm.
Jeffrey De Lyser	2:00 p.m. – 4:00 pm.
Seid M. Sadat	2:00 p.m. – 4:00 pm.

CBA Staff

Patti Bowers, Executive Officer  
 Rafael Ixta, Chief, Enforcement Division  
 Chanda Gonzales, Enforcement Analyst  
 Vincent Johnston, Enforcement Manager  
 Erica Lee, Enforcement Analyst  
 Kay Lewis, Investigative CPA  
 Allison Nightingale, Enforcement Technician  
 Dorothy Osgood, Acting Supervising Investigative CPA

Other Participants

Linda McCrone, CPA, California Society of Certified Public Accountants (CalCPA)  
 Carl Sonne, Deputy Attorney General

## II. Report of the Committee Chair.

### A. Approval of August 22, 2014 PROC Minutes.

Mr. Lee asked if members had revisions to the minutes of the August 22, 2014 PROC meeting. Mr. Lee and several members requested revisions to the minutes regarding the correct dates for meetings attended.

**It was motioned by Mr. Sadat, seconded by Ms. Corrigan, and unanimously carried by those present to adopt the minutes of the August 22, 2014 PROC meeting.**

### B. Report on the September 18-19, 2014 CBA Meeting.

Mr. Lee attended this meeting. Mr. Lee stated that the biggest topic was the approval of the Sunset Review Report. He noted that the CBA requested edits to the Peer Review Report to the Legislature (later adopted at the November CBA meeting).

### C. Report on the November 20-21, 2014, CBA Meeting.

Mr. Lee attended this meeting. Mr. Lee mentioned that Mr. De Lyser was appointed as Chair to the EAC, Ms. Allanson was appointed to the EAC, and Mr. Sadat was appointed as Vice-Chair to the PROC.

Ms. Bowers noted the following CBA officer elections: Jose Campos, CPA, President; Katrina Salazar, CPA, Vice-President; and Alicia Berhow, Secretary/Treasurer.

### D. Discussion of Recent Activities of the National Association of State Boards of Accountancy (NASBA) Compliance Assurance Committee (CAC).

Mr. Ixta explained that this item is a placeholder and that there currently is nothing to report. Going forward, this will be a standing agenda item; if there is nothing to report, it will be skipped.

## III. Report on PROC Oversight Activities.

### A. Report on the September 10, 2014 NASBA CAC Meeting.

Ms. Corrigan and Ms. Allanson attended this meeting via teleconference. Ms. Corrigan informed the committee that the CAC gave California credit for initiating the teleconference process that took place. Ms. Allanson added that there was discussion about Employee Retirement Income Security Act (ERISA) problems. It was found that 100 Texas accounting firms that performed ERISA audits did not undergo peer review and were sent cease and desist letters.

### B. Report on the September 23, 2014 California Society of Certified Public Accountants (CalCPA) Report Acceptance Body (RAB) Meeting.

Ms. McCoy attended this meeting via teleconference. She stated there was discussion about the identification of training needs and 40-45 reviews were completed.

C. Report on the September 30, 2014, American Institute of Certified Public Accountants (AICPA) Peer Review Board Meeting.

Mr. De Lyser attended this meeting via teleconference. He observed that there was high-level discussion with a lot of technical aspects and there was also discussion about peer reviewers looking at whether one is doing work in another state and related mobility issues. He noted the possible use of a risk matrix and the selecting of some of these firms as part of the Peer Review process. He also noted Department of Labor (DOL) and ERISA issues were other topics that came up. Mr. De Lyser added that it was a good meeting.

D. Report on the November 14, 2014 AICPA Peer Review Board Meeting.

Ms. McCoy attended this meeting via teleconference. She stated that there was discussion about the RAB handbook update, communications with firms subject to peer review, and changes to be implemented into the new guidance. She noted considerable discussion centered around DOL issues and the trickle down effect. She stated one person in the meeting was very passionate about ethical issues in this industry. Ms. McCoy also relayed that approximately 20 firms have peer reviewers who are now not qualified to do peer review because their firm failed to report DOL information, and as a result, these reports will potentially be called into question. She thought that this was a really good call. Lastly, Ms. McCoy stated that there was discussion on the enforcement side regarding whether the failure to report was an oversight or was intentional, which may be difficult to determine and will impact the penalty.

Ms. McCrone added that these cases are being referred to AICPA Ethics Division. She indicated that the firms found to have intentionally subverted the peer review process are having their AICPA membership dropped permanently and others will have their membership suspended for two years.

Further, Ms. McCrone explained that if there are these problems, these peer reviews are automatically recalled and the CBA is notified.

E. Report on the November 20-21, 2014 CalCPA Peer Review Committee Meeting.

Ms. Corrigan and Ms. Allanson attended this meeting. Ms. Corrigan felt that the qualifications of the individuals on that committee are outstanding. Ms. Corrigan indicated that in addition to the general meeting, she attended the administrative meeting while Ms. Allanson oversaw RAB sessions. Ms. Corrigan stated there were AICPA representatives present who mentioned that 4,900 firms were reviewed for proper enrollment with a 10 percent peer review error rate. Ms. Allanson pointed out that these were all DOL matters. Ms. Corrigan continued that there were legal issues to check into with collecting Employer Identification Numbers from firms. She also noted that another high-risk area involved reviewing reviewer contracts and improving quality and turnaround.

According to Ms. Corrigan, the committee talked about having a quarterly telephone conference, nationwide, of technical reviewers to share information and give guidance. Ms. Allanson thought that this would make things more consistent across the country.

F. Report on the November 20, 2014, CalCPA RAB Meeting.

Ms. Allanson attended this meeting. She commented that this was the hardest working committee she had ever seen. She noted that the RAB meeting was conducted differently than past meetings in that it went into more detail and grouped the reports differently. She said that this made it easier for her, as an outsider, to follow and understand what they were accomplishing. Ms. Allanson noted that this group is very passionate about their work.

G. Assignment of Future PROC Oversight Activities.

Mr. Lee made or confirmed the following assignments:

- December 15-16, 2014 CalCPA RAB – no assignments; no volunteers
- January 27, 2015 AICPA Peer Review Board Meeting – Mr. Sadat, Ms. Corrigan
- January 27-28, 2015 CalCPA RAB – Mr. Sadat (27<sup>th</sup>), Ms. Allanson (28<sup>th</sup>)
- February RAB meetings – deferred
- March 19-20, 2015 CBA Meeting – Mr. Sadat or Mr. De Lyser
- April 22, 2015 CalCPA RAB – deferred
- May 21-22, 2015 CalCPA PRC Meeting – Ms. Allanson, Mr. Sadat

Mr. Ixta directed staff to confirm the public portion of the January 2015 AICPA PRB meeting in Puerto Rico.

IV. Reports and Status of Peer Review Program.

A. Status of PROC Roles and Responsibilities Activity Tracking.

Mr. Lee requested that the May 22, 2014 CalCPA RAB meeting that was attended be added to the tracking sheet. Ms. Allanson requested that the November 20, 2014 CalCPA RAB meeting that was attended be added to the tracking sheet.

Mr. Ixta suggested adding a new row on the tracking sheet for NASBA activities. Ms. McCoy pointed out that the asterisked note on the current activity tracking sheet should be reviewed as related to the role of the PROC. Mr. Lee suggested to have staff check whether the NASBA activity is permitted to have its own line or otherwise to place it under the “Additional Activities” section of the tracking sheet.

Ms. Corrigan brought up that Ms. Allanson and Mr. De Lyser reviewed out-of-state peer review oversight reports in 2013 and asked if that activity should be on the tracking sheet. Mr. Lee and other committee members commented that it should be added to the agenda every year. Ms. Allanson and Mr. De Lyser

volunteered to do two more of these reviews. Mr. Ixta affirmed that the data for these reviews is public and should be online. Members agreed that Ms. Allanson and Mr. De Lyser should take the next two states with the largest number of California firms that are peer reviewed in that state. Ms. Allanson requested that whoever was going to send her and Mr. De Lyser the states they are to do, to also send the checklists. She further added that this review should be done by the end of the year. Mr. Lee commented that this activity should maybe be added to the "Additional Activities" section of the tracking sheet.

Mr. Lee asked if there was anything else to be added under this Agenda Item. Mr. Ixta requested staff perform an inventory of all the checklists received for the 2014 oversight activities. Ms. Gonzales confirmed that checklists had recently been received for Ms. Allanson and Ms. Corrigan for the November 20, 2014 RAB and the November 20-21, 2014 CalCPA PRC meeting.

#### V. Report of the Enforcement Chief.

##### A. Discussion of the Draft 2014 PROC Annual Report.

Mr. Ixta introduced the draft 2014 PROC Annual Report.

Mr. Lee requested that the term dates be verified and noted the need to appoint additional members to the PROC. Ms. Bowers stated that, in reference to letters sent out about all CBA committee openings, there have been at least 30 responses received. The target time to take this to the CBA is its March 2015 meeting.

Members suggested various edits and revisions to the report.

Mr. Sadat inquired about attendance at an upcoming NASBA summit. Ms. Bowers discussed the process for out-of-state travel requests and stated that the CBA will request approval for meetings that appear necessary. While previous travel requests have been denied, Ms. Bowers added that if there is a meeting, like the PROC summit, that the PROC feels is critical to attend, the CBA will submit a request for approval. A proposal for out-of-state travel for the next fiscal year will be given to the Governor in February.

##### B. Discussion Regarding the CAC PROC Resources Webpage Including the Review of Checklists and Templates.

Mr. Ixta thanked Ms. Corrigan for bringing this to his attention and noted that the number of participating states grew significantly. Members discussed the content of the two different checklists. They decided to use both forms for the upcoming RAB meetings and will bring the checklists back with comments for the January 2015 PROC meeting.

C. Discussion Regarding the Development of an Oversight Checklist for NASBA CAC Meetings.

Members discussed this new form and decided to use it at the next CAC meeting as a trial. Mr. Ixta asked staff to adopt all changes for the form and mark it as a draft. The new form and its use will be discussed at the next PROC meeting.

VI. Future Agenda Items.

Ms. Bowers mentioned that the March 2015 CBA meeting will be in Irvine and that the November 2015 meeting will be at the new CBA building.

1. Review PROC Annual Report for update and changes
2. Reports on out-of-state oversight reviews
3. Update the 2014 activity tracking sheet

VII. Public Comment for Items Not on the Agenda.

No public comment.

VIII. Adjournment.

There being no further business, Mr. Lee adjourned the meeting at 4:00 p.m. on Wednesday, December 10, 2014.

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Robert Lee, CPA, Chair

Chanda Gonzales, Enforcement Analyst, prepared the PROC meeting minutes. If you have any questions, please call (916) 561-4343.



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



**CBA Item X.B.2.**  
March 19-20, 2015

## **Nominations for NASBA 2015-2016 Vice Chair**

**Presented by:** Corey Riordan, Board Relations Analyst

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### **Purpose of the Item**

The purpose of this agenda item is to inform the California Board of Accountancy (CBA) that the National Association of State Boards of Accountancy (NASBA) Nominating Committee is seeking individuals interested in serving as Vice Chair of NASBA for the 2015-2016 year.

### **Action(s) Needed**

If the CBA would like to recommend a candidate for the position of Vice Chair of NASBA, staff may be directed to prepare a letter indicating such and delegate the final language approval to the CBA President prior to the letter being forwarded to NASBA. To be eligible to serve as Vice Chair, an individual must have served as a Director-at-Large or Regional Director for a minimum of one year.

### **Background**

Annually, the NASBA Nominating Committee requests recommendations from all state boards for Vice Chair of NASBA.

### **Comments**

NASBA's memorandum regarding nominations is provided as **Attachment 1**. An excerpt from NASBA's Bylaws provides information regarding the NASBA Board of Directors, including duties of the NASBA Vice Chair (**Attachment 2**). To be eligible to serve as Vice Chair, an individual must have served as a Director-at-Large or Regional Director for a minimum of one year. Qualified candidates can directly submit their interest to the Nominating Committee.

The CBA did not support any individual for the 2014-2015 year and at this time, has not received any requests for support for the 2015-2016 year.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff does not have a recommendation on this agenda item.

## **Nominations for NASBA 2015-2016 Vice Chair**

Page 2 of 2

### **Attachments**

1. NASBA Memorandum
2. Excerpt from NASBA Bylaws

NASBA's Nominating Committee (Committee) is now seeking members interested in serving as Vice Chair of NASBA for the 2015-16 year. All Boards of Accountancy are encouraged to discuss possible candidates for consideration by the Committee. Note that there is no requirement that recommendations of an interested and qualified member be submitted to the Committee through a Board of Accountancy. Therefore, any qualified member can directly submit their interest to the Committee.

In past years, the Committee asked that Boards of Accountancy submit letters of support for Vice Chair candidates which resulted in multiple requests to states for letters of support. For many boards, especially those with limited staff or multiple agency responsibilities, the requests can pose practical administrative problems.

The NASBA Executive Directors' Committee and individual state board members have asked NASBA to try and resolve this issue. Thus, NASBA leadership and the Committee strongly suggest that candidates refrain from requesting letters of support from multiple states, and suggest they consider seeking only the support of their home state. Of course, the Committee will thoughtfully weigh all supporting materials regarding each candidate, but multiple letters resulting from candidate requests to state boards might not outweigh the Committee's desire to encourage a constructive, respectful and less disruptive nomination process that befits NASBA's stature.

For your convenience, below are pertinent excerpts of the Bylaws. You can also access the complete Bylaws on the NASBA website.

If you have any questions, you may contact me by telephone (405.642.6235) or email Anita Holt at [aholt@nasba.org](mailto:aholt@nasba.org). The deadline for submitting candidate recommendations or interest letters is April 10, 2015.

Notice of interest may be submitted by email or via U.S. Mail to: Carlos Johnson, NASBA, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219.

Sincerely,

Carlos E. Johnson, CPA

Chair, Nominating Committee

NASBA | 150 Fourth Avenue North | Suite 700 | Nashville, TN | 37219-2417

Phone: 615-880-4200 | Website: [www.nasba.org](http://www.nasba.org)

current fiscal year. Associate Dues will not be assessed for past NASBA Chairs and currently serving members of the Board of Directors. Associates shall have the privilege of the floor and may propose motions, resolutions or other actions at all meetings of the Association and shall be eligible for service as Officers, Directors and members of committees within the limitations established by these bylaws.

## **ARTICLE IV - Board of Directors and Officers**

### **4.1 Board of Directors.**

The business and affairs of the Association shall be under the direction of a Board of Directors.

### **4.2 Composition of Board of Directors.**

The Board of Directors shall be composed of a Chair, Vice Chair, Past Chair, nine Directors-at-Large, and a Regional Director from each Region established in accordance with the provisions of Article V of these bylaws. The Board of Directors shall also include the President and Chair of the Executive Directors Committee as *ex officio* non-voting members as provided in Sections 4.4 and 8.8, respectively.

### **4.3 Officers and Duties.**

The Officers of the Board of Directors shall be a Chair, Vice Chair, Past Chair, Secretary and Treasurer. The Officers of the Board of Directors shall have the duties set forth herein. The duties of Directors shall be such as usually are attached to such offices and such other duties consistent with the provisions of these bylaws, resolutions or actions of the Member Boards at the Annual Meeting or any special meeting, or as may be determined from time to time by the Board of Directors. All members of the Board of Directors must meet the fiduciary duties of careful and prudent judgment, adherence to organizational purpose and rules, and avoidance of conflicts of interest. Neither Officers of the Board of Directors nor Directors shall receive compensation for their services to the Association.

#### **4.3.1 Chair.**

The Chair, when present, shall preside at all meetings in accordance with the latest edition of *Robert's Rules of Order, Newly Revised*, interpret these bylaws, appoint all committees that will be active during his or her tenure as Chair, and serve as an *ex officio* non-voting member of all committees except the Nominating Committee. The Chair may also designate the Vice Chair to serve as an *ex officio* non-voting member of any standing or non-standing committee other than the Nominating Committee or the CPA Examination Review Committee.

#### **4.3.2 Vice Chair.**

The Vice Chair shall, in the absence of the Chair, exercise the duties of and possess all the powers of the Chair. The Vice Chair shall also serve as a member of the Administration and Finance Committee. The Vice Chair may also be designated by the Chair as an *ex officio* non-voting member of any other standing and non-standing Committee other than the Nominating Committee or the CPA Examination Review Committee.

#### **4.3.3 Secretary.**

The Secretary shall be elected by the Board of Directors from the Directors-at-Large as soon as practicable following the installation of the new Board of Directors at the Annual Meeting. The Secretary shall perform the duties usual and incidental to the office that are required to be performed by law, and shall be responsible for

the minutes of the Board of Directors. The Secretary may delegate to the President and other staff the actual performance of any or all of the office's appropriate duties and authorize the President or staff to sign under their respective titles the correspondence conducted by them.

#### **4.3.4 Treasurer.**

The Treasurer shall be elected by the Board of Directors from the Directors-at-Large as soon as practicable following the installation of the new Board of Directors at the Annual Meeting. The Treasurer shall be responsible for the activities of the Administration and Finance Committee, and shall serve as its chair.

#### **4.3.5 Regional Directors.**

Regional Directors shall be elected as provided in Article VII, and shall be responsible for communications with the Boards of Accountancy in the Regions which they represent.

#### **4.3.6 Past Chair.**

The Past Chair shall serve as chair of the Nominating Committee in accordance with Article VII of these bylaws.

### **4.4 President.**

A President shall be appointed by the Board of Directors and shall serve as the Chief Executive Officer of the Association. The President shall manage the affairs of the Association and have such duties and responsibilities as the Board of Directors shall determine. The President shall be salaried and shall report directly to the Chair who, with the consent and approval of the Executive Committee of the Board of Directors, will assign duties and powers in his or her areas of responsibility. The President shall employ and terminate staff, enter into routine contracts, and obtain legal consultation. The President shall also serve without additional compensation, in such other capacity relating to the business of the Association to which he or she may be elected or appointed by the Executive Committee of the Board of Directors. The President may be removed with or without cause by a resolution of the Board of Directors. The President shall serve as an *ex officio* non-voting member of the Board of Directors and shall not be counted in determining the total number of authorized Directors. The President shall be granted the privilege of the floor at all meetings of the Association and the Board of Directors.

### **4.5 Qualification, Terms and Limitations of Office.**

4.5.1 The Vice Chair and Directors shall be elected in accordance with these bylaws during the Business Session at the Annual Meeting of the Association. The Vice Chair shall serve as such from the adjournment of the Business Session at the Annual Meeting at which he or she is so elected until the adjournment of the Business Session at the next following Annual Meeting, at which time he or she shall become Chair and shall serve as such until the adjournment of the Business Session at the next following Annual Business Meeting, at which time he or she shall become Past Chair and shall serve as a Director of the Association in accordance with the provisions of Section 4.2 of these bylaws.

4.5.2 No incumbent shall be elected to succeed himself or herself in the offices of Chair or Vice Chair.

4.5.3 No Past Chair shall be eligible to be re-elected as an Officer or Director.

4.5.4 Directors-at-Large shall be elected for three-year terms and may serve a maximum of two complete terms.

4.5.5 Regional Directors shall be elected for one-year terms and may serve a maximum of three complete terms.

4.5.6 A person who has succeeded, acceded to, or been appointed to fill a vacancy (serve an unexpired term) shall not have that service counted in the limitation of terms that can be served, provided that in no event shall an individual be eligible for election or appointment to fill an unexpired term if the individual has already served two complete terms as a Director-at-Large.

4.5.7 All members of the Board of Directors shall be Delegates or Associates. A simple majority of all members of the Board of Directors shall be Delegates at the time of or within six months of the Annual Business Meeting at which they are elected to their current office on the Board.

4.5.8 All Regional Directors shall be Delegates at the time of or within six months prior to their election or appointment.

4.5.9 To be eligible to serve as Vice Chair, an individual must have served as a Director-at-Large or Regional Director for a minimum of one year, but need not be a current member of the Board of Directors at the time of his or her election.

#### **4.6 Vacancies.**

4.6.1 A vacancy in the Chair position shall be filled by the Vice Chair.

4.6.2 A vacancy in the Vice Chair position shall be filled pursuant to Section 7.2.3. If necessary, the Chair shall continue to serve until this process is complete.

4.6.3 A vacancy in the Past Chair position shall not be filled until after the end of the current Chair's term.

4.6.4 All other vacancies on the Board of Directors shall be filled by the Board of Directors, and all such appointees shall serve the unexpired term of their predecessors in office.

#### **4.7 Regular Meetings of the Board of Directors.**

Regular meetings of the Board of Directors shall be held prior to the Annual Meeting of the Association and at such other times as the Board of Directors may designate.

#### **4.8 Special Meetings of the Board of Directors.**

The Chair may call special meetings of the Board of Directors at such time and place as he or she shall determine. Alternatively, the Chair shall call such special meetings at such time and place as may be designated in a written request of five or more members of the Board of Directors.

#### **4.9 Notice and Waiver.**

4.9.1 Notice of any regular or special meeting of the Board of Directors shall be sent by mail, e-mail, facsimile, telephone or shall be delivered personally or by other appropriate means to each Member Board and to each member of the Board of Directors, at his or her mailing address, as shown in the official records of the Association, at least 21 days before such meeting if notified by mail, or five days if notified by other methods. Such notice, as far as practicable, shall contain a statement of the agenda for such meeting.

4.9.2 Meetings held and actions taken without notice as provided in these bylaws shall be valid if each member of the Board of Directors entitled to notice: (1) attends the meeting without protesting lack of notice either before or when such meeting convenes; or (2) signs a written waiver of notice or a written consent to holding the meeting or an approval of the minutes of the meeting, either before or after the meeting; and (3) such written consents or approvals are filed with the records of the meeting.

**4.10 Quorum.**

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of the Board of Directors. If a majority of Directors are not present at any meeting of the Board of Directors, the majority of the Directors present may adjourn the meeting to a stated time and place without further notice. The vote of a majority of Directors present and voting at any meeting at which there is a quorum shall be an act of the Board of Directors.

**4.11 Telephone Meetings.**

The Board of Directors or any committee of the Board of Directors may conduct its meetings by means of conference telephone or similar communications equipment provided that all persons participating in the meeting can communicate with one another, and participation in such a meeting shall constitute presence in person at such meeting.

**4.12 Mail, E-mail, or Facsimile Ballot.**

The Chair may submit any action to the Board of Directors for vote by mail, e-mail, facsimile ballot or other appropriate means, provided the subject matter has been previously reviewed and discussed by the Board of Directors. Only ballots returned in the prescribed time will be counted. Any action approved by a majority of the Board of Directors shall be an act of the Board of Directors and shall be recorded in the minutes of the Board of Directors.

**4.13 Resignation or Removal.**

Any Officer or Director may resign at any time by giving written notice to the Chair, the Secretary or the full Board of Directors. Such resignation shall take effect at the time specified therein or, if no time is specified, at the time of acceptance by the Chair, Secretary or Board of Directors. Any Officer or Director who shall fail to attend two consecutive regular meetings of the Board of Directors shall be automatically removed from the Board of Directors. The Board of Directors may waive such automatic removal if it shall by majority vote determine that such failure to attend was caused by sufficient circumstances to excuse such absence. The position of Officer or Director removed under this provision shall be filled in accordance with Section 4.6 of this Article.

**ARTICLE V - Regions**

**5.1 Purpose and Composition.**

In order to establish closer communications between the Board of Directors and the Member Boards, as well as between Member Boards within geographical areas, and to assist the Association in achieving its stated purpose, all of the states, territories and the District of Columbia shall be divided into at least five, but not more than nine, geographical Regions. The names, number and composition of Regions shall be determined from time to time by the Board of Directors.



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



**CBA Item X.B.3.**  
March 19-20, 2015

## **Proposed Responses to NASBA Focus Questions**

**Presented by:** Corey Riordan, Board Relations Analyst

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### **Purpose of the Item**

The purpose of this agenda item is to present the California Board of Accountancy's (CBA) responses to the National Association of State Boards of Accountancy (NASBA) Regional Director's Focus Questions.

### **Action(s) Needed**

The CBA will be requested to either approve or direct staff to make changes to the proposed responses.

### **Background**

Attached for your review are staff prepared responses to NASBA Regional Directors' Focus Questions. These responses have been prepared for Edwin G. Jolicoeur, NASBA's Pacific Regional Director. The responses are due on April 1, 2015 and will be reviewed by NASBA's Board of Directors, committee chairs, and executive staff.

### **Comments**

Staff have been informed that the Focus Questions are used to help NASBA regional directors stay apprised of each state's policies and procedures and to see where improvements or adjustments might be made. The eight regional directors review the states' answers and then present their findings to NASBA.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

The draft responses to the NASBA Focus Questions were prepared by staff from the Enforcement, Licensing, and Administration Divisions. Staff recommend that the CBA either approve or direct staff to make changes to the proposed responses.

### **Attachment**

NASBA Regional Directors' Focus Questions

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.****MEMORANDUM**

February 5, 2015

**To:** State Board Chairs, Presidents, Board Members and Executive Directors  
**From:** John F. Dailey, Jr. - Chair, Committee on Relations with Member Boards  
**Re:** Focus Questions

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As Chair of the Committee on Relations with Member Boards, I would like to encourage you to support your Board's legal counsel's and executive director's participation in NASBA's March 24-26, 2015 Annual Conference for Executive Directors and Board Staff and Annual Conference for Board of Accountancy Legal Counsel, to be held concurrently in Tampa, FL. We would like all Boards represented at these important meetings and scholarships are available for representatives of Boards that need assistance. Please contact Thomas Kenny ([tkenny@nasba.org](mailto:tkenny@nasba.org)) for scholarship details.

We thank you for your helpful responses to our past Focus Questions. Your continued support helps keep NASBA an organization that responds to its member boards. We are looking for your Board's responses to the following questions by Monday, April 1, 2015.

Please do not hesitate to call your Regional Director to discuss these questions or any other issues you feel NASBA should consider. We look forward to hearing from you.

Sincerely,

*Jack Dailey*

**Central Director** – **Janeth Glenn** Phone: 402-597-4804 [jglenn@esu3.org](mailto:jglenn@esu3.org)

*Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota*

**Great Lakes Director** – **W. Michael Fritz** Phone: 614-229-4806 [wfritz@deloitte.com](mailto:wfritz@deloitte.com)

*Illinois, Indiana, Michigan, Ohio, Pennsylvania, Wisconsin*

**Middle Atlantic Director** – **Robert J. Cochran** Phone: 804-370-0626 [cochranrj@longwood.edu](mailto:cochranrj@longwood.edu)

*DC, Delaware, Maryland, North Carolina, South Carolina, Virginia, West Virginia*

**Mountain Director** – **Benjamin C. Steele** Phone: 775-882-7198 [ben@steelecpas.com](mailto:ben@steelecpas.com)

*Colorado, Idaho, Montana, Nevada, Utah, Wyoming*

**Northeast Director** – **John F. Dailey, Jr.** Phone: 856-782-2883 [jdailey@bowmanllp.com](mailto:jdailey@bowmanllp.com)

*Connecticut, Maine, Mass., New Hampshire, New Jersey, New York, Rhode Island, Vermont*

**Pacific Director** – **Edwin G. Jolicoeur** Phone: 509-953-5365 [egj4411@gmail.com](mailto:egj4411@gmail.com)

*Alaska, Arizona, California, CNMI, Guam, Hawaii, Oregon, Washington*

**Southeast Director** – **Maria E. Caldwell** Phone: 305-372-3124 [mcaldwell@deloitte.com](mailto:mcaldwell@deloitte.com)

*Alabama, Florida, Georgia, Kentucky, Mississippi, Puerto Rico, Tennessee, Virgin Islands*

**Southwest Director** – **J. Coalter Baker** Phone: 512-477-4458 [coalter@coalterbakercpa.com](mailto:coalter@coalterbakercpa.com)

*Arkansas, Louisiana, New Mexico, Oklahoma, Texas*

## REGIONAL DIRECTORS' FOCUS QUESTIONS

*The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next board meeting to allow for sufficient time for discussion. Please send your Board's responses to your Regional Director by April 1, 2015. Use additional sheets for your responses if needed.*

**JURISDICTION:** California Board of Accountancy

**DATE:** March 23, 2015

**NAME OF PERSON SUBMITTING FORM:** Patti Bowers, California Board of Accountancy (CBA) Executive Officer

**1. If your Board has received information from the AICPA or your State Society indicating that the Department of Labor has found a firm you have licensed was not properly peer reviewed to perform employee benefit plan audits, what steps has your Board taken to follow up on that information? Is a case being developed by your Board? Please explain.**

The California Board of Accountancy is reviewing information regarding firms that had peer reviews reports recalled. Additionally, the California Board of Accountancy is evaluating a list received from the National Association of State Boards of Accountancy (NASBA) related to firms that issued employee benefit plan audits to California-headquartered entities. Cases will be opened and investigations under taken where potential violations to California Accountancy Act and CBA Regulations have occurred

**2. Does your Board require firms performing "preparation" of financial statements, as defined in SSARS 21, to comply with your peer review requirements?**

CBA Regulations section 42(b) provides an exclusion from the peer review requirement for accounting firms, which as its highest level of work, perform compilations where no report is issued in accordance with the Statement on Standards for Accounting and Review Services. Therefore, provided the accounting firm does not issue a report in conjunction with the "preparation" of financial statements, it would not be subject to peer review.

**3. Could a chartered accountant from the Czech Republic make a presentation to high school teachers in your state and hand out their business card with his/her professional designation without being in violation of your jurisdiction's law? Would it matter if he/she were teaching a CPE course to a group of bankers or other professionals? Within the last three years, approximately how many times has your Board brought any action against someone for illegal use of title?**

Based on the scenarios provided, delivering a presentation and teaching continuing education are not services that are defined as the practice of public accountancy pursuant to Business and Professions Code section 5051 and, therefore, would not be a violation.

During the last three years, the CBA has brought action in approximately 35 cases that involved false advertising, practicing public accountancy without a license, or other illegal use of the CPA designation.

**4. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?**

**Study on Attest Experience Requirement**

In January 2015, the CBA adopted a study, timeline and outreach plan to examine its attest experience requirement for CPA licensure. The study is anticipated to launch in May 2015.

**Academia Experience for Licensure**

In January 2015, the CBA adopted regulations to allow experience in academia to qualify toward the general accounting experience requirement for initial licensure. It is anticipated that the regulations will be finalized in 2016.

**Assembly Bill (AB) 2396 – Denial of Licensure Based on Expunged Convictions**

AB 2396, which became effective on January 1, 2015, prohibits the CBA, and other licensing boards in California, from denying a license based solely on a prior conviction if the conviction has been dismissed pursuant to Penal Code expungement procedures.

**5. Can NASBA be of any assistance to your Board at this time?**

**Study on Attest Experience Requirement**

The CBA will be seeking input from other state boards of accountancy as well as NASBA through an online survey regarding the attest experience requirement. The CBA would greatly appreciate NASBA's response to the study along with any assistance it could offer in obtaining responses from other state boards.

**6. NASBA's Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.**

- Input only from Board Chair
- Input only from Executive Director
- Input only from Board Chair and Executive Director
- Input from all Board Members and Executive Director
- Input from some Board Members and Executive Director
- Input from all Board Members
- Input from some Board Members
- Other (please explain):

**DEPARTMENT OF CONSUMER AFFAIRS**

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



**CBA Item XI.C.**  
March 19-20, 2015

**Press Release Focus**

**Presented by:** Deanne Pearce, Assistant Executive Officer

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**Purpose of the Item**

The purpose of this agenda item is to provide suggestions for an appropriate focus for the press release to be issued following each California Board of Accountancy (CBA) meeting. This is a dynamic analysis based on the activities of each CBA meeting.

**Action(s) Needed**

No specific action is required on this agenda item.

**Background**

Two press releases, "CBA Approves Study of California's Attest Requirement" and "California Board of Accountancy Welcomes New Board Member" were issued on January 28, 2015 and February 3, 2015, respectively. Five Enforcement Action Press Releases were issued March 2, 2013. A press advisory notifying the media of the March 19-20, 2015 CBA meeting is scheduled to be issued March 16, 2015.

**Comments**

None

**Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

**Recommendation**

Staff recommendation will be made at the time of this presentation.

**Attachments**

1. CBA Approves Study of California's Attest Requirement
2. California Board of Accountancy Welcomes New Board Member
3. Enforcement Action Press Releases



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



## Attachment 1

# NEWS RELEASE

FOR IMMEDIATE RELEASE

Contact: Lauren Hersh (916) 561-1789

## CBA APPROVES STUDY OF CALIFORNIA'S ATTEST REQUIREMENT

Sacramento - The California Board of Accountancy unanimously voted to move forward with a study of California's 500 hour attest experience requirement when it met in Los Angeles January 22, 2015. The study is being developed to assist the CBA in determining whether the current attest experience requirement is necessary and sufficient in supporting the CBA's mission to protect consumers.

Attest experience includes audits, reviews of financial statements, or examinations of prospective financial information. Currently, those qualifying for a CPA license in California may do so under the "general experience" requirement or "attest experience" requirement.

"We expect this study will provide the CBA with information to assist in determining whether consumers are best served by maintaining, modifying or eliminating the present attest experience requirement." said CBA President Jose Campos.

The attest experience study will involve surveying a wide range of groups in California, including consumers, applicants, new and experienced licensees, hiring managers, licensees who supervise and sign-off on attest experience, as well as accounting department faculty at various colleges and universities. Results of a national survey will also be included as part of the CBA's final report on the attest experience requirement.

The CBA anticipates releasing the survey in late April or early May 2015.

###

*Created by statute in 1901, the CBA's mandate requires that protection of the public shall be its highest priority in exercising licensing, regulatory, and disciplinary functions. The CBA currently regulates more than 97,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.*

Subscribe to CBA [E-News](#) to receive links to the latest digital edition of UPDATE and the latest information on CBA programs and activities.   

**DEPARTMENT OF CONSUMER AFFAIRS**

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

**Attachment 2**

FOR IMMEDIATE RELEASE

Contact: Lauren Hersh  
(916) 561-1789

## **CALIFORNIA BOARD OF ACCOUNTANCY WELCOMES NEW BOARD MEMBER**

SACRAMENTO – The California Board of Accountancy (CBA) has announced the appointment of Kathleen Wright, of San Francisco, to the CBA. Ms. Wright has been a professor at Golden Gate University since 2012. She was also a professor at California State University, Fullerton from 2006 to 2012 and at California State University, East Bay from 1995 to 2006. She was a vice president at Citibank N.A. from 1973 to 1985 and a senior auditor at KPMG from 1971 to 1973.

Ms. Wright is a member of the California Society of Certified Public Accountants, American Institute of Certified Public Accountants and the American Bar Association. She earned a Master of Laws degree in taxation from Golden Gate University, a Juris Doctor degree from Fordham University, School of Law and a Master of Business Administration degree in taxation from New York University.

Ms. Wright fills a CPA seat on the 15 member CBA, which is comprised of eight public members and seven who are CPAs. She was appointed by Governor Edmund G. Brown, Jr. on Monday, February 2, 2015.

Compensation is \$100 per diem and expenses pursuant to Business and Professions Code section 103. Ms. Wright is a Democrat.

###

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**California Board of Accountancy  
Enforcement Action News Release**

Sent to [ckinsler@journal-news.net](mailto:ckinsler@journal-news.net) (The Journal) on March 2, 2015

**Dale Hotz, Harpers Ferry, WV (CPA 37091)** has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at [pbowers@cba.ca.gov](mailto:pbowers@cba.ca.gov) should you have any questions regarding this enforcement action.

[http://www.dca.ca.gov/cba/discipline/index.shtml#H\\_1983](http://www.dca.ca.gov/cba/discipline/index.shtml#H_1983)

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Sent to [business@sacbee.com](mailto:business@sacbee.com) (The Sacramento Bee) on March 2, 2015

**Michael Steven Lindsey, Sacramento, CA (CPA 27246)** has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at [pbowers@cba.ca.gov](mailto:pbowers@cba.ca.gov) should you have any questions regarding this enforcement action.

[http://www.dca.ca.gov/cba/discipline/index.shtml#L\\_1989](http://www.dca.ca.gov/cba/discipline/index.shtml#L_1989)

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Sent to [business@sacbee.com](mailto:business@sacbee.com) (The Sacramento Bee) and [folsomadmin@goldcountrymedia.com](mailto:folsomadmin@goldcountrymedia.com) (Folsom Telegraph) on March 2, 2015

**David Harold Miller, Folsom, CA (CPA 15818)** has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at [pbowers@cba.ca.gov](mailto:pbowers@cba.ca.gov) should you have any questions regarding this enforcement action.

[http://www.dca.ca.gov/cba/discipline/index.shtml#M\\_1978](http://www.dca.ca.gov/cba/discipline/index.shtml#M_1978)

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Sent to [business@latimes.com](mailto:business@latimes.com) (Los Angeles Times) on March 2, 2015

**Brian Rabinovitz, Westlake Village, CA (CPA 98088)** has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at [pbowers@cba.ca.gov](mailto:pbowers@cba.ca.gov) should you have any questions regarding this enforcement action.

[http://www.dca.ca.gov/cba/discipline/index.shtml#R\\_1056](http://www.dca.ca.gov/cba/discipline/index.shtml#R_1056)

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Sent to [business@ocregister.com](mailto:business@ocregister.com) (The Orange County Register) on March 2, 2015

**Jeffry R. Yelland, Santa Ana, CA (CPA 43913)** has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at [pbowers@cba.ca.gov](mailto:pbowers@cba.ca.gov) should you have any questions regarding this enforcement action.

[http://www.dca.ca.gov/cba/discipline/index.shtml#Y\\_2014](http://www.dca.ca.gov/cba/discipline/index.shtml#Y_2014)

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