

**CALIFORNIA BOARD OF ACCOUNTANCY**

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



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

FINAL

MINUTES OF THE
MAY 9, 2008
BOARD MEETING

Marriott Courtyard Sacramento Cal Expo
 1782 Tribute Road
 Sacramento, CA 95815
 Telephone: (916) 929-7900
 Facsimile: (916) 576-6621

I. Call to Order.

President Donald Driftmier called the meeting to order at 9:00 a.m. on Friday, May 9, 2008, at the Marriott Courtyard Sacramento Cal Expo. The Board then convened into closed session at 9:15 a.m. to deliberate Agenda Items XII.A-E. The meeting reconvened into open session at 9:52 a.m., and adjourned at 12:37 p.m.

Board MembersMay 9, 2008

Donald Driftmier, President	9:00 a.m. to 12:37 p.m.
Robert Petersen, Vice President	9:00 a.m. to 12:37 p.m.
Rudy Bermúdez, Secretary-Treasurer	9:08 a.m. to 12:37 p.m.
Sally Anderson	9:00 a.m. to 12:30 p.m.
Richard Charney	Absent
Angela Chi	9:00 a.m. to 12:37 p.m.
Lorraine Hariton	9:00 a.m. to 12:37 p.m.
Leslie LaManna	9:00 a.m. to 12:37 p.m.
Bill MacAloney	9:00 a.m. to 12:37 p.m.
Marshal Oldman	Absent
Manuel Ramirez	9:00 a.m. to 12:37 p.m.
David Swartz	9:00 a.m. to 12:37 p.m.
Lenora Taylor	9:00 a.m. to 12:37 p.m.
Louise Kirkbride	9:00 a.m. to 12:37 p.m.
Stuart Waldman	Absent

Staff and Legal Counsel

Sherry Allen-Osamwonyi, Client Services Analyst
Marisa Becerra-Garcia, Executive Analyst
Patti Bowers, Chief, Licensing Division
Paula Bruning, Executive Office Technician
Dominic Franzella, Renewal Coordinator
April Freeman, Examination Coordinator
Scott Harris, Deputy Attorney General, Department of Justice
Lauren Hersh, Information and Planning Officer
Susan Hollis, Renewal Analyst
David Javaheri, Renewal Coordinator
Larry Knapp, Supervising Investigative CPA
Richard Lew, Licensing Analyst
Kris McCutchen, Licensing Manager
Greg Newington, Chief, Enforcement Program
Deanne Pearce, Licensing Manager
Dan Rich, Assistant Executive Officer
George Ritter, Legal Counsel, Department of Consumer Affairs
Carol Sigmann, Executive Officer
Liza Walker, Practice Privilege Coordinator
Jeanne Werner, Deputy Attorney General, Department of Justice

Committee Chairs and Members

Tracy Garone, Chair, Qualifications Committee

Other Participants

Bruce Allan, California Society of Certified Public Accountants
Michelle Elder, Society of California Accountants
Kenneth Hansen, KPMG LLP
Ed Howard, Center for Public Interest Law
Linda McCrone, California Society of Certified Public Accountants
Assembly Member Roger Niello
Carl Olson
Cindy Rust, Associate Budget Analyst, Department of Consumer Affairs
Richard Robinson, E&Y, DT, PWC, KPMG, GT
Gregory Santiago, Legislative Analyst, Department of Consumer Affairs
Hal Schultz, California Society of Certified Public Accountants
Jeannie Tindel, California Society of Certified Public Accountants
David B. Tolkman, Society of California Accountants
Mike Ueltzen, American Institute of Certified Public Accountants

II. Board Minutes.

The draft Board minutes of the March 21, 2008, Board meeting were adopted on the Consent Agenda (See Agenda Item XIII.C.).

III. Report of the President.

Mr. Driftmier introduced Assembly Member Roger Niello, co-sponsor of Assembly Bill (AB) 2473. Mr. Niello reiterated his commitment to AB 2473, and stated the concept of AB 2473 is a good one. He further contends AB 2473 is an appropriate policy and beneficial to the consumer.

Mr. Driftmier also introduced Louise Kirkbride, a newly appointed Board member. He indicated that Ms. Kirkbride brings with her a wealth of knowledge. She graduated from California Institute of Technology (Caltech), earning bachelor's and master's degrees in electrical engineering. She later worked for Caltech's Jet Propulsion Laboratory, where she was a finalist for the National Aeronautics and Space Administration's Civilian Space Shuttle Program. She later founded the company CADRI, which provided computer-automated design and manufacturing services for the aircraft industry; Answer Systems, which addressed problems related to customer service and technical support; and Broad Daylight, which enhances Internet communication between businesses and their customers. She is a former Board Member of the Contractors' State License Board, current Chief Executive Officer of Broad Daylight, and serves on the Caltech Board of Trustees.

Ms. Sigmann introduced the Board's new Information and Planning Officer, Lauren Hersh. Ms. Hersh most recently came from the Department of Consumer Affairs' (DCA) Public Relations Office. She also served as Press Secretary for Insurance Commissioners John Garamendi and Steve Poizner, as well as a member of the Governor's Executive Technology Committee under then-Pennsylvania Governor Tom Ridge. During Ms. Hersh's career, she was a journalist, among the first female traffic reporters, and the first female color commentator for a professional hockey team. She also performed voiceover promotions for the Oprah Winfrey Show, and was a familiar voice to accountants and tax preparers all over the country as the female voice of the cassette series "Update to Tax Essentials."

Ms. Sigmann also introduced the Board's new Executive Analyst, Marisa Becerra-Garcia. Ms. Becerra-Garcia most recently worked for the Department of Justice, performing analytical support work related to gambling statutes, regulations and licensing, as well as staff support functions for the Office of the Attorney General's Child Abuse and Neglect Reporting Act Task Force.

Ms. Sigmann also formally expressed her gratitude to Paula Bruning for her assistance and expertise with Board functions. Ms. Sigmann stated that Ms. Bruning had performed extraordinarily and her work was greatly appreciated. Mr. MacAloney stated his gratitude for Ms. Bruning's hard work.

Ms. Sigmann formally announced her retirement, effective July 7, 2008. She stated it has been a pleasure and an honor serving the Board for the past 17 years. Her tentative last working day is June 27, 2008.

Ms. Bowers, Chief of the Licensing Division, introduced April Freeman, Susan Hollis, and Sherry Allen-Osamwonyi, who are staff members at the Board.

A. Update on CE Forum.

Ms. Sigmann reported the program was completed, and the self-study component of the course terminated on April 23, 2008. A total of 4,456 sections were completed by licensees throughout the entire program.

IV. Report of the Vice-President.

Mr. Peterson stated that he would like to change all committee meetings to Board meetings to allow non-committee Board members to participate during committee meetings.

A. Qualifications Committee (QC) Appointments.

Mr. Peterson stated that Mr. Salvador Partible was unable to serve as a member of the QC, and proposed to rescind the appointment. He recommended James Woyce for appointment to the QC effective immediately (**see Attachment 1**).

It was moved by Ms. Taylor, seconded by Mr. MacAloney, and unanimously carried to rescind Mr. Partible's appointment and appoint Mr. Woyce to the QC.

V. Report of the Secretary-Treasurer.

A. FY 2007/2008 Third Quarter Financial Report.

Mr. Bermúdez reported that the Board currently has in excess of \$23 million in its operating reserve (**see Attachment 2**). Board staff identified options to reduce this reserve, including extending the renewal period to every three years, and a committee was appointed to analyze those options. Ms. Hariton stated she would like to analyze the current fee schedule at the upcoming retreat in October.

Board members discussed the problems they are having recruiting Investigative Certified Public Accountants (ICPA). There was discussion of concurrently working with the Department of Personnel Administration to increase the ICPA salary and hire private contractors in the interim.

Mr. Bermúdez stated he is working with Assembly Member Bill Emerson on AB 17, which will be the bill to place language increasing the ICPA salary. The bill is an Assembly bill on the Senate side, and was selected because it gives the Board additional time on the Assembly side to work with the Appropriations Committee. Mr. Bermúdez re-iterated this bill will not bypass any committee.

Ms. Hariton inquired on the status of hiring consultants in the interim. Ms. Sigmann stated that one consultant could probably handle multiple cases. Mr. Newington is currently working on another piece of the contracting process with DCA. He stated that in order to put a contract into place, the Board needs to identify workload and obtain approval from oversight agencies. He further stated it will take approximately six to nine months to get a contract into place.

Mr. Swartz stated we need to obtain this salary increase through the legislative process in order to encourage current staff to stay; however, he also agrees the Board should proceed with contracting with an outside consultant in the interim.

Mr. Bermúdez, Mr. Driftmier, Ms. Hariton and Ms. Kirkbride stated their agreement to continue with this process.

Ms. Anderson inquired if there is a way to shortcut the contracting process. Ms. Sigmann stated the Board can work with DCA to assist staff in expediting the process; however, the contracts then require approval from the Department of General Services. Ms. Sigmann stated she will email the Board with what she thinks is a reasonable time frame in which this process can be accomplished. The Board will need case and consultant identification, as well as matching the skill-sets. Multiple contracts may need to be drafted if there are varying areas of specialty.

Board members also discussed finding a replacement for Ms. Sigmann's position, and the Board members indicated that they would like to be involved in the applicant screening process.

VI. Report of the Executive Officer.

A. Update on Board Staffing.

Ms. Sigmann reported that three positions were filled since the March 21, 2008, Board meeting. There are currently 10 vacancies, of which three are unable to be filled. She further stated the Board is actively recruiting for an Executive Assistant and a Legislative Analyst; however, individuals on the State Restriction of Appointments (SROA) list have priority over any recruited individuals. She further stated that all programs are currently optimally staffed.

Ms. Hariton requested a comparison of staffing levels of the California Board versus other state boards at the October 2008 Retreat.

B. Report on Licensing and Exam.

Ms. Bowers reported the Licensing Division Activity Report is a four month snapshot of the workload impacting the Licensing Division (**see Attachment 3**). She stated that there are currently approximately 68,000 licensed CPAs. Two-thirds of that number are active, and one-third are in a status other than active. In addition, there are 4,000 licensed CPA firms.

She stated the Initial Licensing Unit has a current processing timeframe of 39 days for CPA applications. She stated the Examination Unit currently has a processing timeframe of approximately 37 days for first time examinees. The processing timeframe for repeat exam candidates is approximately five days. All score reports for the January through February testing window were completed.

There are approximately 3,000 new applications for CPA licensure per year. For Fiscal Year 2006/2007, approximately 31,000 CPA licenses were renewed, and the Examination Unit had approximately 19,000 exam applications.

Ms. Bowers indicated the Licensing Division is now adequately staffed to meet the commitments made to reduce processing times and provide good customer service.

The Renewal Unit is performing its cursory review of 100 percent of the incoming license renewal applications. She anticipates the full review to take effect June 1, 2008. Ms. Bowers further stated that Board staff will begin performing continuing education audits effective early-August, which includes pre-selecting licensees for an audit.

The Practice Privilege Unit commenced auditing practice privilege notification forms. Of the 1,005 completed audits, one was referred to Enforcement, and 22 additional notifications will probably result in a referral to Enforcement.

There are currently 892 pending audits, primarily due to the difficulty in obtaining information from other states' Web sites; such as disciplinary actions, issue and expiration dates, and current license status. There are approximately 30 states whose Web sites do not contain the minimum information required for Board staff to complete the audits, thereby causing Board staff to personally request the information. This takes time and diverts Board resources.

Ms. Hariton commented that it is imperative for all state boards to have consistent information available to consumers, and wanted to emphasize to NASBA that the Board will most likely not be successful in its mobility endeavors until this database issue is resolved.

Mr. Driftmier stated that he is attending the upcoming NASBA meeting on May 19, 2008, and would like to present Ms. Bowers' information.

Ms. Sigmann also announced that Ms. Bowers was selected to participate in NASBA's Accountancy Licensee Database Task Force.

Mr. Ramirez stated his surprise at the fact the Board's files are paper files. He further indicated that it is imperative to have all paper files imaged to electronic copies. He would like Board staff to make this a top priority. Mr. Swartz, Ms. Hariton and Ms. Kirkbride echoed Mr. Ramirez's sentiments. Mr. Rich stated that DCA has instituted a project to research and develop a document imaging/management system for all DCA boards in 2010. He further stated the Board's file room has a fire suppression system built into its lease; however, it has not yet been implemented because there is another lease pending to expand the file room.

Ms. Hariton requested a report on the time and costs associated with converting paper documents to electronic files to be presented at the next Board meeting. Mr. Bermúdez suggested the staff contact the California Department of Corrections and Rehabilitation regarding the department's imaging contract.

VII. Report of the Enforcement Chief.

A. Report on Status of Enforcement Matters.

1. Activity and Status Reports.

Mr. Newington reported the number of new complaints filed for the current fiscal year was 354. He stated that 26 accusations were filed for the current fiscal year. The number of formal disciplinary matters acted on by the Board was 27.

Mr. Newington reported there are currently 37 cases assigned to the Attorney General's Office; 14 are undergoing the preparation for an Accusation and 23 are in the post-accusation phase. There are 63 cases currently undergoing probation monitoring.

2. Major Case Summary.

Mr. Newington reported there are two related items listed as open matters in the major case category. One was resolved at the January

Board meeting. The other is ongoing and updates will be reported to the Board as the case progresses.

3. Report on Citations and Fines.

Mr. Newington reported that as of April 22, 2008, 24 fines were issued this fiscal year for a total of \$27,500. The total receivable balance is \$36,350. Most of the receivable balance is tied to the renewal process, which would preclude an individual from license renewal until the fine has been satisfied.

4. Reportable Conditions Data.

Mr. Newington reported that as of April 22, 2008, 311 self-reported events were received; 276 of those reportable events are restatements, with the majority related to SEC related clients.

He further stated the restatement issue is currently pending legislation.

VIII. Regulations.

A. Update on Regulations. **(See Attachment 4).**

IX. Committee and Task Force Reports.

A. Administrative Committee (AC).

1. Minutes of the November 1, 2007, AC Meeting.

The minutes of the November 1, 2007, AC meeting were adopted on the Consent Agenda (see Agenda Item XIII.C.)

2. Report on the May 1, 2008, AC Meeting.

Mr. Newington stated the last AC meeting was held on May 1, 2008, in Los Angeles, wherein 20 closed files were reviewed and the AC agreed with the recommendations made by staff. There were four investigative hearings held, and 11 probationers made their annual appearance.

B. CPA Qualifications Committee (QC).

1. Minutes of the October 24, 2007, QC Meeting.

The minutes of the October 24, 2007, QC meeting were adopted on the Consent Agenda (see Agenda Item XIII.C.).

2. Minutes of the January 9, 2008, QC Meeting.

The minutes of the January 9, 2008, QC meeting were adopted on the Consent Agenda (see Agenda Item XIII.C.).

3. Report on the April 23, 2008, QC Meeting.

Ms. Garone stated there were four Rule 69 meetings, two committee meetings, and a total of 23 appearances since the last report. Five personal appearances were approved, and four were deferred. There were 11 Section 69 files approved, while three were not.

On April 23, 2008, the minutes from the October 2007 and January 2008 meetings were approved. Fausto Hinojosa facilitated the QC meeting in Ms. Garone's absence. The committee conducted new member training. In addition, Mike Williams provided an update on the committee's outreach plan, wherein the committee sent emails to local colleges and professors to inform them of the licensure requirements for CPA candidates. The committee will continue to send subsequent annual emails as an outreach tool.

C. Committee on Professional Conduct (CPC).

1. Minutes of the March 20, 2008, CPC Meeting.

The minutes of the March 20, 2008, CPC meeting were adopted on the Consent Agenda (see Agenda Item XIII.C.).

2. Report on the May 8, 2008, CPC Meeting.

Mr. Ramirez reported the CPC met the previous day to discuss and take action on the following agenda items.

3. Consideration of Draft Peer Review Report to the Legislature.

The CPC recommended the Board adopt the draft Peer Review Report with the following changes:

- Revise the Introduction to include a discussion of the need for Peer Review.
- Include in the introduction a discussion of the change in the report submission date from 2011 to 2008.
- Include in the introduction the fact that 41 other states have Peer Review Programs.
- Include a more complete discussion of transparency issues.
- Include more information related to Board discussions of the legal process.

- Make a clear statement in the draft Peer Review Report regarding what Peer Review is, what it is not, its educational purpose, and who it protects.
- Other minor edits identified by staff and CPC attendees.

It was moved by Mr. Ramirez, seconded by Mr. Bermúdez, and unanimously carried to adopt the CPC’s recommendations.

4. Discussion of Staffing Needs and Costs Analysis Related to Peer Review.

The CPC recommended that the Board utilize the AC as an advisory group to review all “failed” reports and remediation responses and refer to Enforcement those reports that indicate the need for investigation. In addition, the AC will provide feedback to the licensee and will have the ability to request additional evaluations within the three-year period pursuant to the AICPA guidelines. The CPC will present additional recommendations to the Board by which the AC shall refer reports to Enforcement.

There was discussion regarding the intent of the AC as an advisory group. Mr. Ramirez and Mr. Petersen stated the importance of the Board developing a statement of intent to the AC for guidance in their role in the Peer Review process.

Ms. LaManna stated her fear that smaller organizations may resist mandatory peer review. She stated the initial time and costs may be a deterrent. She suggested focusing on peer review as an educational tool at the onset.

Mr. Driftmier suggested Board staff prepare a public relations educational campaign for the public and licensees regarding the costs of peer review audits.

Mr. Swartz reiterated the need for peer review, and stated it may cause people to enhance their job performance. Ms. Kirkbride stated that taking the investigation aspect out of mandatory peer review and leaving it solely for educational purposes “takes the teeth out of it.” She further stated it is a cost of doing business, and believed that it would be a competitive advantage for the firms to have passed a mandatory peer review.

Based on using the AC as an advisory group prior to referring Peer Review Reports to Enforcement for investigation, the Board directed staff to revise their cost analysis.

It was moved by Mr. Ramirez, seconded by Mr. Swartz, and carried to adopt the CPC's recommendations. Mr. Bermúdez and Ms. LaManna opposed.

5. Consideration of Revised Statutory Language Related to Peer Review.

The CPC recommended that the Board adopt the proposed statutory language as submitted.

It was moved by Mr. Ramirez, seconded by Mr. MacAloney, and unanimously carried to adopt the CPC's recommendations. Ms. Hariton was temporarily absent.

6. Consideration of Proposed Regulatory Language Related to Peer Review.

The CPC recommended that the Board accept the proposed regulatory language with the following revisions:

- In Section 39 (a), remove the parenthetical reference to "Yellow Book."
- In Section 44 (c) (1), substitute the term "completion" with "accepted by a Board-authorized administering organization."
- In Section 47 (a) (2), substitute the phrase "fully involved" with "participating."
- In 47 (c), provide a start date for the 30-day reporting requirement.
- In Section 48, consider moving the confidentiality requirement related to the PROC to statute.

It was moved by Mr. Ramirez, seconded by Mr. Bermúdez, and unanimously carried to adopt the CPC's recommendations. Ms. Hariton was temporarily absent.

D. Legislative Committee.

1. Minutes of the March 20, 2008, Legislative Committee Meeting.

The minutes of the March 20, 2008, Legislative Committee meeting were adopted on the Consent Agenda (see Agenda Item XIII.C.).

2. Report on the May 8, 2008, Legislative Committee Meeting.

Ms. Hariton reported there was discussion regarding how the Board can work more effectively in the legislative environment. The Board directed staff to research and identify a means by which this can be accomplished.

Ms. Hariton stated the Legislative Committee met the previous day and discussed the following bills.

3. Update on Legislation

a. AB 865 (Davis) – State Agencies: Live Customer Service Agents.

The Legislative Committee recommended the Board continue a “watch” position on this bill.

See Agenda Item IX.D.4.b. for the action on this item.

b. AB 1185 (Hayashi and Ma) – Accountants: Peer Review Program.

Ms. Hariton reported this bill would change the date for submission of the Board’s Peer Review report to the Legislature from September 2011 to September 2008.

The Legislative Committee recommended that the Board continue a “support” position on this bill.

See Agenda Item IX.D.4.b. for the action on this item.

c. AB 1925 (Eng) – Franchise Tax Board: Professional or Occupational Licenses.

Ms. Hariton reported the Board sent a letter to Assembly Member Eng dated March 27, 2008, citing the Board’s concerns that this bill may affect their ability to independently regulate its licensees and the implementation challenges the Board would face (**see Attachment 5**). Ms. Hariton indicated that she intends to speak with Assembly Member Eng to discuss the Board’s concerns with the bill.

Mr. Rich reported there are currently three boards that have expressed concerns with this bill to the DCA Legislative Office. These are the Board of Pharmacy, Board of Barbering and Cosmetology and the Board of Behavioral Sciences. Their concerns pertain to there being no provisions for reinstatement, no provisions for obtaining an active license, the shift of authority to the Franchise Tax Board for taking disciplinary action against a licensee, and action against a licensee that may affect others, such as licensed partners and employees, resulting in unemployment. Mr. Rich further reported that DCA has taken a formal position on the bill; however, that position could not be disclosed since DCA had not yet received approval from the Governor’s Office.

The Legislative Committee recommended that the Board continue with a “watch” position on this bill.

See Agenda Item IX.D.4.b. for the action on this item.

- d. AB 2118 (Villines) – State Agencies: Administrative Regulations.

Ms. Hariton reported that this bill “failed” passage in the Assembly Business and Professions Committee.

The Legislative Committee recommended that the Board discontinue tracking this bill.

See Agenda Item IX.D.4.b. for the action on this item.

- e. AB 2223 (Horton) – Department of Consumer Affairs.

Ms. Hariton reported this bill was amended on April 1, 2008, and now relates to the Structural Fumigation Enforcement Program.

The Legislative Committee recommended that the Board discontinue tracking this bill.

See Agenda Item IX.D.4.b. for the action on this item.

- f. AB 2473 (Niello and Ma) – Accountancy: Licensure.

Ms. Hariton reported this bill is “dead.”

The Legislative Committee recommended that the Board attempt to re-introduce this bill in the next legislative session, and take a “support” position.

See Agenda Item IX.D.4.b. for the action on this item.

- g. SB 721 (Ashburn and Perata) – State Agencies: Succession Plans.

Ms. Hariton reported this bill remains in the Assembly Committee on Appropriations.

The Legislative Committee recommended the Board continue with a “watch” position on this bill.

See Agenda Item IX.D.4.b. for the action on this item.

- h. SB 797 (Ridley-Thomas) – Professions and Vocations.

The Legislative Committee noted that, although the Board's concerns with this bill were addressed, future revisions to the bill may have an impact upon the Board. Therefore, the Legislative Committee recommended that the Board continue with a "watch" position on this bill.

See Agenda Item IX.D.4.b. for the action on this item.

- i. SB 963 (Ridley-Thomas) – Regulatory Boards: Operations.

Ms. Hariton reported this bill will be substantially revised.

The Legislative Committee recommended that the Board continue with a "watch" position on this bill.

See Agenda Item IX.D.4.b. for the action on this item.

4. Positions on Legislation

- a. AB 1869 (Anderson) – State Boards and Commissions: Reorganization.

This bill "failed" passage by the Assembly Business and Professions Committee.

The Legislative Committee determined it was unnecessary for the Board to act on this bill.

- b. SB 1689 (Lowenthal and Negrete McLeod) – Local Agencies: Redevelopment.

The Legislative Committee recommended that the Board adopt an "oppose unless amended" position and requested board staff contact the bill's author to discuss the Board's concerns with this bill.

Mr. Driftmier stated the Board needs to continue to watch this bill very closely.

Mr. Harris stated he received an email from the Attorney General's Legislative Affairs Office regarding this bill. He stated the bill's authors are willing to adjust timeline requirements for the Board's investigation of prosecution matters related to redevelopment agency audits. He offered his assistance to work with Mr. Newington to amend the language to help facilitate the Board's enforcement of potential audit violations.

It was moved by Mr. Bermúdez, seconded by Ms. Kirkbride, and unanimously carried to approve the Legislative Committee’s recommendations on Agenda Items IX.D.3.a.-i., and IX.D.4.b.

E. Enforcement Program Oversight Committee (EPOC).

There was no report on this agenda item.

X. Appeals – Personal / Written.

A. Personal Appeals – None.

XI. Recommendations of CPA Qualifications Committee.

A. Personal / Written Appeals – None.

XII. Petitions, Stipulations, and Proposed Decisions [Closed Session Government Code Section 11126(c)(3)] *Petition Hearings are Public Before the Board with a Subsequent Closed Session.

A. Shirly I. Downey – Stipulated Settlement.

The Stipulation in the matter of the Accusation filed against Shirly I. Downey was adopted.

B. Anthony J. Azavedo – Stipulated Settlement.

The Stipulation in the matter of the Accusation filed against Anthony J. Azavedo was adopted.

C. Kenneth Mark Greene – Proposed Decision.

The Proposed Decision in the matter of the Accusation filed against Kenneth Mark Greene was adopted.

D. William P. Borchard – Stipulated Settlement.

The Stipulation in the matter of the Accusation filed against William P. Borchard was adopted.

E. Pamela Fitzpatrick and Fitzpatrick Professional Accountancy, LLP - Stipulated Settlement.

The Stipulation in the matter of the Accusation filed against Pamela Fitzpatrick and Fitzpatrick Professional Accountancy, LLP was adopted.

XIII. Other Business.

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

Update on AICPA State Board Committee.

Mr. Driftmier reported that the committee is addressing the examination issues, including the exam process, content and grading. He stated he will attend the next meeting in Dallas, Texas on May 20 – 21, 2008.

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

Ms. Sally Flowers is seeking the Board's support for her nomination for NASBA's Director-at-Large position. She currently has support from both Arizona and Colorado. Ms. Sigmann reported this issue is scheduled on the agenda for the upcoming Board meeting in July, and at that time she will present additional information regarding Ms. Flowers' previous contributions to NASBA to facilitate the Board's formal vote on the matter.

It is the intent of the Board to support Sally Flowers' nomination for NASBA's Director-at-Large position, and Ms. Sigmann will issue a letter indicating this intent (**see Attachment 6**).

1. Update on NASBA Committees.

a. CBT Administration Committee.

There was no report on this agenda item.

b. Compliance Assurance Committee.

There was no report on this agenda item.

c. Communications Committee.

There was no report on this agenda item.

2. Request by NASBA for Nominations for 2008 AICPA Board of Examiners and Related Committees.

There was no report on this agenda item.

3. Nomination for NASBA Pacific Regional Director.

Mr. Petersen stated a letter formally nominating Mr. Bermúdez for the Pacific Regional Director of NASBA will be submitted to Mr. Driftmier for signature.

It was moved by Ms. Chi, seconded by Mr. Ramirez, and unanimously carried to approve the nomination of Mr. Bermúdez for NASBA's Pacific Regional Director position.

C. Consent Agenda.

It was moved by Mr. Bermúdez, seconded by Mr. Ramirez, and unanimously carried to adopt the consent agenda (see Attachment 7).

D. Board Member Comments.

Ms. Chi stated there are some relatively small organizations that try their best to proceed with the peer review process. She reiterated her position that peer review is a good thing, and it only serves to better enhance the practitioner. She stated peer review is necessary for the consumer, as well as for the practitioner.

Ms. Kirkbride stated her position regarding the need for the Board to transfer all hardcopy agenda items to electronic images. She further stated it may prove beneficial to have 15 minute presentations regarding the inner workings of an organization for new Board members to better understand the board they are serving.

Mr. MacAloney requested additional information on the duties of the Executive Officer to better identify qualified individuals.

Mr. Ramirez thanked the staff for being supportive of the CPC, and wished Ms. Sigmann well in her future endeavors. Ms. Hariton and Mr. Swartz wished Ms. Sigmann good luck and indicated they enjoyed working with her.

E. Comments from CalCPA Representative.

Ms. Tindel wished a warm welcome to Ms. Kirkbride, and expressed her well wishes to Ms. Sigmann.

F. Comments from SCA Representative.

Mr. Tolkan wished Ms. Sigmann well in her retirement.

G. Public Comments.

Ms. Jeanne Werner expressed her gratitude to Ms. Sigmann. She stated that Ms. Sigmann has been an ideal client. She exhibited extraordinary levels of competence, respect and responsiveness.

Mr. Howard expressed his appreciation for Ms. Sigmann's intelligence and professionalism, and honored her for her years in state service.

Carl Olson provided comments related to the accounting community and stated the Board did not respond to the petition he presented to the Board at its February 25, 2008, meeting. He distributed copies of the text of his oral comments to the Board (**see Attachment 8**).

Mr. Driftmier stated the Board did, in fact, respond and will provide Mr. Olson with a copy of the response.

Mr. Driftmier stated that he worked with Ms. Sigmann as a practitioner, and now that he has worked with her as a Board member, he feels it is going to be difficult to replace Ms. Sigmann. As President of the Board, he expressed his gratitude for all she has done. He further stated that Ms. Sigmann performed with dignity and class, and has been extremely effective in how she has approached things.

Ms. Sigmann stated her appreciation for the kind words, and the hard work that has been done. She further stated she will obtain feedback from Board staff regarding the critical qualities necessary for the Executive Officer to operate most effectively with the Board. She stated these years with the Board were extremely meaningful, there was never a time she did not have something valuable to do, and she gave thanks.

H. Agenda Items for Future Board Meetings.

No further comments received.

XIV. Adjournment.

President Driftmier adjourned the meeting at 12:37 p.m. on Friday, May 9, 2008.

Donald Driftmier, President

Rudy Bermúdez, Secretary-Treasurer

Marisa Becerra-Garcia, Executive Analyst, and Carol Sigmann, Executive Officer, California Board of Accountancy, prepared the Board minutes. If you have any questions, please call (916) 561-1718.