



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

FINAL

MINUTES OF THE
MARCH 19-20, 2009
BOARD MEETING

The Doubletree Hotel LAX
 1985 East Grand Avenue
 El Segundo, CA 90245
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Roll Call and Call to Order.

President Robert Petersen called the meeting to order at 3:00 p.m. on Thursday, March 19, 2009 at the Doubletree Hotel LAX and the Board heard Agenda Item I.A. The Board convened into closed session at 3:08 p.m. to deliberate Agenda Item I.B. – F. The meeting reconvened into open session at 3:26 p.m., and the Board heard Agenda Items II. – III. The meeting adjourned at 4:06 p.m. Mr. Petersen reconvened the meeting to order at 8:30 a.m. on Friday, March 20, 2009, and the Board heard Agenda Items IV. – XIII., and the meeting adjourned at 4:55 p.m.

Board Members

March 19, 2009

Robert Petersen, President	3:00 p.m. to 4:06 p.m.
Manuel Ramirez, Vice President	3:00 p.m. to 4:06 p.m.
Lorraine Hariton, Secretary-Treasurer	3:00 p.m. to 4:06 p.m.
Sally Anderson	3:00 p.m. to 4:06 p.m.
Rudy Bermúdez	3:08 p.m. to 4:06 p.m.
Michelle Brough	3:00 p.m. to 4:06 p.m.
Angela Chi	3:00 p.m. to 4:06 p.m.
Donald Driftmier	3:00 p.m. to 4:06 p.m.
Herschel Elkins	Absent
Louise Kirkbride	3:00 p.m. to 4:06 p.m.
Leslie LaManna	3:00 p.m. to 4:06 p.m.
Marshal Oldman	3:15 p.m. to 4:06 p.m.
David Swartz	3:32 p.m. to 4:06 p.m.
Lenora Taylor	3:00 p.m. to 4:06 p.m.
Stuart Waldman	Absent

Board Members

March 20, 2009

Robert Petersen, President	8:30 a.m. to 4:55 p.m.
Manuel Ramirez, Vice President	8:30 a.m. to 4:55 p.m.
Lorraine Hariton, Secretary-Treasurer	8:30 a.m. to 4:55 p.m.
Sally Anderson	8:30 a.m. to 4:55 p.m.
Rudy Bermúdez	8:30 a.m. to 2:35 p.m.
Michelle Brough	8:30 a.m. to 4:55 p.m.
Angela Chi	8:30 a.m. to 4:55 p.m.
Donald Driftmier	8:30 a.m. to 4:55 p.m.
Herschel Elkins	Absent
Louise Kirkbride	8:30 a.m. to 4:55 p.m.
Leslie LaManna	8:30 a.m. to 4:55 p.m.
Marshal Oldman	8:30 a.m. to 4:55 p.m.
David Swartz	8:30 a.m. to 4:55 p.m.
Lenora Taylor	8:30 a.m. to 4:55 p.m.
Stuart Waldman	8:30 a.m. to 4:55 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Gary Duke, Legal Counsel, Department of Consumer Affairs
Dominic Franzella, Renewal Coordinator
Scott Harris, Deputy Attorney General, Department of Justice
Lauren Hersh, Information and Planning Officer
Gregory Newington, Chief, Enforcement Division
Deanne Pearce, Acting Chief, Licensing Division
Dan Rich, Assistant Executive Officer
Liza Walker, Manager, Examination and Practice Privilege Units

Committee Chairs and Members

Harish Khanna, Chair, Administrative Committee
Tracy Garone, Chair, Qualifications Committee

Other Participants

Jim Brackens, American Institute of Certified Public Accountants (AICPA)
Brian George Dooley
Michelle Elder, Society of California Accountants (SCA)
Kenneth Hansen, KPMG, LLP
Ed Howard, Center for Public Interest Law (CPIL)
Tracy Logan, CPIL
Linda McCrone, California Society of Certified Public Accountants (CalCPA)
Carl Olson
Joe Petito, PricewaterhouseCoopers
Richard Robinson, E&Y, DT, PWC, KPMG, GT

Gregory Santiago, Legislative Analyst, Department of Consumer Affairs
(DCA)
Hal Schultz, CalCPA
Jeannie Tindel, CalCPA

I. 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. Brian George Dooley – Petition for Reinstatement.

Mr. Dooley appeared before the Board for petition for reinstatement of his surrendered license (**See Attachment 1**). Mr. Duke reported that Mr. Dooley was issued California Certified Public Accountant (CPA) certificate number 17934 on October 13, 1972. Petitioner submitted a written request to surrender his certificate due to personal reasons on April 23, 2007, which was accepted by the Board on May 2, 2007. Mr. Duke also reported that Mr. Dooley completed all of the continuing education required for reinstatement, with a total of 83 hours.

Mr. Dooley stated that he surrendered his license to care for his son. He stated that his son's health is better, and would like to reinstate his license.

It was moved by Mr. Driftmier, seconded by Ms. Brough and carried by those present to reinstate Mr. Dooley's CPA certificate. Mr. Swartz was temporarily absent.

Mr. Duke stated that he would need to prepare an order of reinstatement, which would be effective immediately upon signature by the Board President.

B. Darrow C. Garner – Stipulated Settlement.

The Stipulation in the matter of the Accusation filed against Darrow C. Garner was adopted.

C. Jerry Walter White – Stipulated Settlement.

The Stipulation in the matter of the Accusation filed against Jerry Walter White was adopted.

D. Richard P. Rosenthal – Default Decision.

The Default Decision in the matter of the Accusation filed against Richard P. Rosenthal was adopted.

E. Hilario Pena – Default Decision.

The Default Decision in the matter of the Accusation filed against Hilario Pena was adopted.

F. Robert Davis – Stipulated Settlement.

The Stipulation in the matter of the Accusation filed against Robert Davis was adopted.

II. Report of the Secretary/Treasurer.

A. FY 2008/2009 Mid-Year Financial Statement.

Ms. Hariton reported that the reserve is currently over twelve months, and the budget remains healthy (**See Attachment 2**). She inquired on the status of the outside CPA consultant. Mr. Newington stated that the contracts were approved and one of the consultants has been used; however, no large-scale disbursement of funds has occurred.

It was moved by Mr. Ramirez, seconded by Mr. Bermúdez and carried to approve the report of the Secretary/Treasurer. Mr. Swartz abstained.

B. Update on CBA Current Budget Related Issues.

There was no report on this agenda item.

III. Other Business.

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

1. Update on AICPA State Board Committee.

Mr. Driftmier stated that he participated in a telephone conference call last week. He stated that the current administration of the Securities and Exchange Commission has a different perspective on the International Financial Reporting Standards (IFRS) than the previous administration, and that IFRS is destined to be placed onto the examination. He further stated that the idea of offering simulations on the examination is currently being entertained.

Mr. Driftmier stated that he will attend the May 2009 AICPA meeting in Dallas, Texas.

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

1. Update on NASBA Committees.

a. Uniform Accountancy Act Committee.

Mr. Driftmier stated that no meeting has yet been scheduled, but he anticipated a telephone conference call will be scheduled sometime in late spring/early summer.

b. Compliance Assurance Committee.

Mr. Petersen stated a meeting was conducted, which he was unable to attend. He further stated that he reviewed the minutes taken from that meeting, and did not believe there were any pertinent issues affecting the Board.

c. Peer Review Committee.

Mr. Petersen reported that the Peer Review Committee was merged with the Compliance Assurance Committee.

d. Global Strategies Committee.

Mr. Bermúdez reported that the committee met twice, and next week he will participate in a conference call. He stated that the committee is setting measurable goals for NASBA to become involved internationally, by focusing on education, qualifications, discipline and notice.

Mr. Petersen inquired into NASBA's attempt to gain a position on the International Accounting Federation's Advisory Board.

Mr. Bermúdez stated that NASBA is currently determining which avenue would be best, whether it be through participation as members, participants or as consultants.

e. Ethics Committee.

Mr. Ramirez reported that he attended a couple of meetings, and the committee was analyzing the work provided by Ms. Bowers.

f. Legislative Support Committee.

There was no report on this agenda item.

g. Education Committee.

Ms. LaManna reported that she participated in a telephone

conference in February 2009, and the committee is looking at whether 120 or 150 semester units should be required to sit for the exam. She further stated that the committee believed that there is no difference between 120 and 150 semester units, and that large firms are reporting that having 150 semester units does not necessarily make for a better employee.

Ms. Hariton stated her agreement with the need for consistency; however, she did not agree with individuals taking any available course to account for the extra 30 units. She stated she would like the Board to take leadership in the area if the Board proceeded with the 150 semester unit requirement by proposing mandates, but that there is no data showing this to be beneficial.

Ms. Chi raised the point that most undergraduates obtain over 120 semester units, and it really would not be an additional 30 units to achieve the 150 semester unit requirement.

Ms. LaManna further reported that she attended a lecture given by the author of the Keiso Intermediate Text, where IFRS was discussed. She reported that the online intermediate textbook contains links in every chapter to the rules for international accounting in comparison to accounting in the United States. She further reported that the textbook has already been provided to professors, and students will most likely begin using this textbook next semester.

h. Accountancy Licensee Database Task Force.

Ms. Bowers stated that she was unable to participate in the March 16, 2009 meeting, but will review the minutes of that meeting and provide a status report at the next Board meeting. She reported that the task force is currently in Phase 1, gaining active participation by other states. She further reported that there has been resistance in scheduling a date to complete Phase 1 and move forward into Phase 2, due in part to various states being reluctant to allow public access to the database. Ms. Bowers stated that 27 states are currently active participants or are actively working towards participation, and the remaining states' primary difficulties with participation are related to either statutory or regulatory provisions that prevent them from providing information to the database. She further stated that there is also concern with including social security numbers, and that the task force is reaching out to those states that are not participating to assist them in resolving those issues. She reported that NASBA has offered assistance in dealing with legal, technical and financial constraints the states may have, which may potentially inhibit active participation.

i. Enforcement Practices Committee.

There was no report on this agenda item.

2. Proposed Responses to NASBA's Regional Directors' Focus Questions.

Mr. Rich provided proposed responses to the regional directors' focus questions (**See Attachment 3**). He further stated that there was an edit to question number five, and it should read "peer review program as a requirement for license renewal for California-licensed firms providing accounting and attest services."

Ms. Anderson inquired into whether the Board will audit the continuing professional education. Ms. Bowers stated that the Board will be implementing the audit program, using a pre-selection process. Ms. Anderson stated that she does not believe the response in the first paragraph addresses that.

Ms. Hariton requested additional specificity regarding the audit practice. Ms. Pearce stated that the Board will implement the testing phase shortly, and believes that pre-selection will begin sometime in April 2009. Ms. Pearce further stated that notification will be given to licensees, along with the posting of a Frequently Asked Questions section on the Board's Web site.

It was moved by Mr. Driftmier, seconded by Mr. Bermúdez, and unanimously carried by those present to accept the proposed responses to the regional directors' focus questions, with the edits to question number five, as well as the edit regarding the audit practice requested by Ms. Anderson and Ms. Hariton.

3. NASBA CPA Licensing Examinations Committee Survey.

Ms. Pearce provided a proposed response to NASBA's CPA Licensing Examinations Committee Survey (**See Attachment 4**). Board staff requested feedback from Board members by March 25, 2009. She further stated that staff will compile the feedback and will mail to NASBA on March 30, 2009. She further indicated that the first bullet on page two of the letter to NASBA will be omitted.

Ms. Pearce stated that the Board is currently implementing a Site Visit and Secret Shopper Program, and anticipated the program details will be presented at the May 2009 Board meeting.

C. Public Comments.

No comments were received.

IV. Report of the President.

A. Consideration of Board Committees' Scope of Activities.

Mr. Petersen introduced Joe Petito, Senior Government Relations with PricewaterhouseCoopers, explaining that he is now responsible for coordinating the activities between the accounting coalition and certain west coast state boards of accountancy, replacing Mike Duffey.

Mr. Petersen stated that he had hoped he would be able to streamline the Board's activities by eliminating the Committee on Professional Conduct (CPC) and the Enforcement Program Oversight Committee (EPOC) and instead establish task forces to address issues. He further stated his understanding that this proposal was not favored by Board members, and stated that his intent was to provide all Board members the opportunity to comment and deliberate on issues. He stated his belief that members not serving on a particular committee did not have the same opportunity to comment on matters as those who served as committee members. He further stated his belief that the use of committees lead to "block voting", and those members with an opposing view do not receive an opportunity to be heard.

Mr. Petersen stated that his sole reason for proposing the elimination of these committees was to garner more active participation from all members of the Board, and that he felt it was his obligation to ensure that all of the members' viewpoints were represented. He further stated that he will no longer propose the elimination of these committees, but asked that Board members observe the interaction and participation in these committees for reconsideration at a later date.

Mr. Swartz commented that he did not foresee any additional Board member participation through the use of task forces rather than committees, and that both need to present issues to the full Board for deliberation. He stated his belief that it would be more beneficial to have more Board members participating on a committee than having less participating on a task force.

Mr. Bermúdez agreed with Mr. Swartz, and stated that committees are more effective by giving more members an opportunity to participate. He further stated that a committee may proceed with a vote on the committee-level, but that did not necessarily mean that the entire Board would vote the same after deliberation of the issues. He also stated that he did not believe that the committee process and block voting taints issues because there would be plenty of time to address concerns before the full Board.

Ms. Chi stated that more time should be allotted on the Board's agenda for committee reports, which would allow for full Board participation.

Ms. Hariton agreed with Ms. Chi and stated that she would rather have a longer Board meeting to fully address the committees' reports.

Ms. Kirkbride stated her belief that it should be left to the President's discretion to distinguish between normal course of business and those issues that would require extensive deliberation, and that the President should designate which issues are to go before the entire Board or referred to a committee. She further stated that she has been unable to participate in the mobility issue because it has not yet been brought before the full Board. She also stated her belief that mobility should be an issue that is brought before the full Board, and not held at the committee-level.

Mr. Ramirez stated that drafting language is one function that should be delegated to committees. He further stated his agreement that there has not been enough time allotted on the Board's agenda to fully dissect issues. He further requested that the CPC and Legislative Committees' reports be scheduled earlier in the agenda to allow for Board members to catch any late-afternoon flights home. He stated that he did not recommend the elimination of these committee and that these committees allow for greater efficiency.

Ms. LaManna stated her belief that the Board spends more time on issues than is absolutely necessary. She stated that Board members will hear public comment on issues already discussed at a previous committee meeting, and felt that meetings should be shortened rather than lengthened.

Mr. Swartz stated that he felt more time should be allotted at the Board meetings to hear the report of the CPC.

Ms. Hariton stated her belief that every issue need not be referred to the committees, and that there are some issues that would be more thoroughly discussed at the full Board-level.

Mr. Bermúdez stated his belief that the Legislative Committee should recommend legislation that it believes would enhance the profession or public protection, and that recommendation should go before the full Board to determine its value before proceeding to the CPC to discuss its merits.

Mr. Duke stated that Business and Professions Code Section 5003 provides for the establishment of the President, Vice President and Secretary-Treasurer, Section 5004 provides for the tenure of officers, and Section 5006 provides for the continuance of officers until a successor is appointed. He further stated the officers' duties are prescribed in statute are the following: the President needs to preside at all meetings and in the case of his absence, the Vice President will preside, as well as the

general delegation of other duties as prescribed by the Board. He further stated the Board Member Guidelines and Procedure Manual prescribed those duties. Mr. Duke was requested to outline the Board member guidelines related to the boards' committees.

Mr. Duke stated the CPC's purpose is to assist the Board in consideration of issues related to professional conduct by developing recommendations on issues applying to the practice of public accountancy and that affect consumers, the formulation of policy proposals of unresolved issues, the review of selected exposure drafts and developing recommendations for presentation before the Board. He stated this policy was last revised on January 21, 2000, and that membership of the committee is to be comprised of up to seven members who meet before scheduled Board meetings.

Mr. Petersen inquired as to the meaning of exposure drafts. Ms. Bowers stated that Board staff review exposure drafts and some are filtered through the Enforcement Program for an initial review, while some are filtered to other program areas, and those drafts would be brought before the Board for potential comment if it appeared appropriate. She further stated that one assignment currently being worked on by Board staff is to establish an internal process for monitoring exposure drafts and to draft a proposed procedure on how those exposure drafts should come before the Board. Ms. Bowers stated that this process will be brought before the Board for its consideration and approval before implementation.

Mr. Ramirez stated that assigning the CPC the consideration of exposure drafts may provide for greater efficiency.

Ms. Bowers stated that Board staff would seek guidance from Board members on whether the exposure drafts should be reviewed by the Board or by individuals in the profession.

Mr. Duke reported that EPOC's purpose is to review policy issues related to the Enforcement Program and to monitor the program's compliance with the Board's policies by way of performing periodic internal audits. He further reported that membership is to be comprised of up to 7 Board members, minutes are prepared of the meetings and received by the Board for information.

Mr. Newington reported that the program has had approximately three to four cycles of internal audits, with the last audit conducted between six to eight years ago. He reported that the process involves a sampling of closed files and serves as an educational vehicle for those Board members that are involved in the process to become more familiar with the processes employed by the Enforcement Program. He stated that there were rarely conflicts between the conclusions reached by staff and the opinions or conclusions that were voiced by the members. He stated

that a lack of interest to continue developed, which led to this process no longer being used.

Mr. Ramirez inquired into whether or not EPOC made recommendations regarding enforcement policies, guidelines and penalties. Mr. Newington stated that certain subject matters have gone before the EPOC, such as the policy on publication of enforcement matters.

Mr. Ramirez inquired into the last review of the enforcement guidelines for enforcement on national firms, and if those guidelines should be updated. Mr. Newington stated his belief that there are no guidelines unique to national firms; however, there is one policy that dictates when to pursue an accusation against a firm.

Ms. Kirkbride inquired whether certain crimes are included as causes for the denial of a license, such as child sexual abuse. Mr. Newington stated that since the crime is not substantially related to the profession, it does not constitute denial. Mr. Harris stated that many crimes not considered substantially related to accountancy are still considered a basis for discipline or denial of a license, and are considered on a case-by-case basis. Ms. Kirkbride inquired as to whether the Board would grant a license to an individual listed on the Megan's Law database.

Mr. Newington replied that it would depend on many different factors, but simply being listed on the database would not constitute a denial.

Mr. Petersen clarified that an analysis of the circumstances leading to the individual's listing on the database would need to be conducted, as well as the impact on their ability to perform as a public accountant.

Mr. Petersen stated that a new Chair of the EPOC would need to be appointed.

Mr. Duke stated that the purpose of the Legislative Committee is to assist the Board in its activities by reviewing legislation relevant to the regulation and practice of accountancy and making recommendations to the Board. He further stated that the committee should be comprised of up to seven Board members, and frequency of the meetings is determined by the urgency of the issue at hand. Mr. Duke reported that the committee meets as required by the Chair, or approximately two times per year. He reported that meeting minutes are prepared and received by the Board for information.

Mr. Bermúdez stated that the guidelines are outdated and does not reflect the new role of the committee. He stated his belief that the current role is to review existing legislation that would affect the practice of accountancy, and that this role needs to be expanded.

Mr. Petersen stated his belief that any committee can recommend legislation as a result of their ongoing activities, and that the Board would

deliberate and consider action. He stated that it may slow the process if one committee identifies an action the Board should take, and then refers it to another committee before going to the full Board for consideration.

Mr. Bermúdez stated it was his recollection that the Board's previous Executive Officer stated that recommending legislation was outside the scope of that committee.

Ms. Hariton stated her recollection of a discussion regarding the scope of the committee, and it was her belief the committee could only review existing legislation.

Mr. Petersen stated his hesitancy of limiting advocacy of issues to this committee, and is uncertain that there would be expertise with respect to each legislative issue.

Ms. Brough stated her agreement, and that it may prove beneficial to have a seasoned individual exhibiting practical knowledge speak to members of the legislature.

Ms. Kirkbride stated that the committee recommended to the Board at its previous meeting to enhance the scope of the committee to include sponsoring legislation.

Mr. Oldman stated it was his view that committees served at the pleasure of the Board and their duties are to assist the Board in making decisions and taking action. He stated his belief the legislative mandate should be expanded to include the advocacy of legislation promoted and sponsored by the Board, which would mean the Chair would need to make decisions on how to proceed. He further stated the Board would be better served by having committees develop an expertise in a particular area rather than by using task forces, where that knowledge would dissipate once the task force is disbanded. He further recommended to create the mandate, appoint the committee members and depend on them to carry out the functions of the delegated activities.

Mr. Petersen stated that based on this discussion he would like to establish new committee guidelines.

Mr. Waldman stated that the Legislative Committee is comprised of a majority of public members, and may not know the intricacies of the profession. He further stated that he did not feel the committee should be in charge of advocating on behalf of the Board. He also stated that it is within the scope of the entire Board to advocate on issues, and felt that Board members should set up meetings with the legislators the next time the Board meets in Sacramento.

- B. Report on the Legislative Committee Appointments and Liaison Appointments to the Administrative Committee (AC) and CPA Qualifications Committee (QC).

Mr. Petersen appointed Ms. Chi as the QC liaison for the north, and Ms. Anderson as liaison for the south. He further appointed himself as the AC liaison for the north, and Ms. LaManna as the liaison for the south.

It was moved by Mr. Ramirez, seconded by Mr. Driftmier and unanimously carried by those present to approve the liaison appointments to the Administrative and CPA Qualifications Committees.

- C. Proposed 2010 Board Meeting Dates.

Board staff provided proposed 2010 Board meeting dates and locations (**see Attachment 5**). Mr. Ramirez requested holding the March 2010 Board meeting in Orange County, as well as holding the September 2010 Board meeting in San Francisco and the November 2010 Board meeting in San Diego.

Mr. Oldman inquired into the possibility of holding the meetings on a weekend. Mr. Duke stated that the Board of Barbering and Cosmetology holds their Board meetings on Sunday. Mr. Bermúdez stated that in previous years the Medical Board held its Board meetings Thursday through Saturday.

After much deliberation on the matter, Mr. Petersen stated that Board meetings will continue to be held Thursday and Friday, and either Wednesday or Saturday as an additional day when needed.

Mr. Petersen suggested the Napa Valley as a potential meeting location for the May 2010 Board meeting, provided hotel accommodations can be found that would be willing to honor the state hotel rate.

It was moved by Mr. Ramirez, seconded by Mr. Bermúdez, and unanimously carried by those present to adopt the proposed meeting dates and locations, with the amendment of the September and November 2010 meeting locations.

- D. Report on the March 12, 2009 Presentation to the Franchise Tax Board.

Mr. Petersen reported that he, along with Ms. Bowers and Ms. Garone, conducted a two-hour presentation before the Franchise Tax Board (FTB) on the activities of the Board. He further reported that it was a live presentation in Sacramento, with video feeds to field offices in Southern California, Chicago and New York.

Ms. Bowers reported that Board staff has received positive feedback from the representative who coordinated the presentation at the FTB. She further stated this presentation would be used as a spring-board towards an outreach plan. She reported that the FTB did not request a particular focus, such as general accounting or attest experience, and that a detailed presentation regarding the steps of scheduling to sit for the examination, obtaining licensure and the requirements of license renewal were among the topics addressed. She stated that a good portion of the time was spent on fielding specific questions, and that Mr. Franzella, Ms. Walker, Ms. Hoffman and Ms. Freeman were on-site to assist.

E. Response to Senator Negrete-McLeod's Letter Regarding the Posting of Accusation Information to the Board's Web Site.

Mr. Petersen stated that SB 599 proposes to post accusations against professional licensees immediately to board Web sites. Mr. Petersen indicated that at its January 2009 meeting, the Board opted not to post pending accusations to the Board's Web site.

Ms. Taylor stated that she was in favor of posting all accusations to the Board's Web site because the Board's primary mission is to protect consumers. Ms. Kirkbride stated her belief that the technical issues cited in Senator Negrete-McLeod's letter are incorrect, and that information can be placed on active server pages that are inaccessible to web crawlers.

Mr. Newington stated that the Enforcement Program collects evidence and generates a report, which is then filed with the Attorney General's Office. He stated that the Attorney General's Office reviews the evidence and prepares the Accusation that is signed by the Executive Officer, which then becomes a public document. He further stated that the Enforcement Program typically has anywhere between 15-20 pending accusations that are public documents, but have not yet been resolved via action taken by the Board. Mr. Newington stated that Board staff analyzed data from the last ten years, and there were nine instances in which a filed accusation did not result in discipline. He reported that out of those nine, one was reversed by the Administrative Law Judge and the decision was adopted by the Board, and eight other matters were accusations that were filed and withdrawn by the Executive Officer based on the Enforcement Chief's recommendation. He further reported that four of those eight matters were withdrawn due to the death of the respondent.

Mr. Newington stated this bill contains a complication regarding the posting of all statements of issues to the Web site within 10 days of being adopted. He stated the Board does not have a lot of statements of issues, only one to two per year, and most are from individuals seeking to become licensees. He stated they are usually cases in which the Board is reluctant to grant a license due to the presence of a criminal history

where the crime is found to be substantially related to the practice of accountancy. He further stated the Board will then file a statement of issues in support of the denial of their license, and these documents are not posted to the Board's Web site.

Mr. Petersen clarified that the Board's Web site contains only information on licensees. Mr. Newington stated that the Board would need to make technical adjustments to allow this information to be posted if this bill is passed.

Ms. Chi stated her belief that opposing this bill may jeopardize the transparency level the Board wishes to achieve.

Mr. Ramirez stated that the Securities and Exchange Commission and the Public Company Accounting Oversight Board (PCAOB) do not post accusations until those accusations have been finalized. He reported that the PCAOB stated that it is against federal law for them to disclose any enforcement activity or investigation information unless and until a public proceeding occurs, which they defined as final. Mr. Ramirez stated his belief that an individual should be given "their day in court", and that an accusation should not be posted until it has been finalized.

Ms. Taylor inquired as to Mr. Newington's position on the posting of accusations. Mr. Newington stated his belief that it is reasonable to post filed accusations that are pending final Board action.

Ms. Kirkbride stated that the Board already makes the document available for public inspection, and it was her belief that posting the information to the Web site would prove to be no more detrimental to the individual.

Mr. Duke stated that this bill proposes posting accusations upon filing, and several of the boards within DCA do this. He further stated there is inconsistency with regards to the accessibility of these documents. He further highlighted several issues the Board may wish to consider: how far back does the Board wish to go in the posting of these documents, whether the Board wishes to post the notice of the filing and not the actual document, as well as the format of the postings.

Ms. Bowers reported that of the 43 boards and bureaus within DCA, there are six boards that post pending accusations to their Web sites. She further reported that the number may increase due to the Director requiring that all bureaus post the accusations as well.

Ms. Brough stated her understanding that the information can still be web crawled, and that it would be irrelevant to add language to the bill if it is impossible to stop web crawling. She further stated her belief that posting accusations has the ability to destroy a person's career and would not benefit consumers because it could potentially take a qualified individual

out of the Certified Public Accountant candidate pool.

Ms. Bowers stated that Mr. Hansen, the Board's Information Technology staff, could further explore and provide additional details on available safeguards.

Mr. Oldman stated that accusations are indictments and the individual has not been awarded any due process.

Ms. Kirkbride stated that if they are indictments, then perhaps the policy of disclosing accusation information should be reviewed.

Ms. Anderson stated that if she were a consumer she would not hire that licensee if she came across information indicating that individual had an accusation filed against them. She further stated that she would not feel she was being denied information if she had to wait for the accusation information to be furnished to her.

Mr. Waldman stated that just because there is technology that would make accusation information inaccessible to web crawlers does not mean that the Board would be able to use this technology. He further inquired of Mr. Newington if there are times when the accusation information is far worse than what is actually adjudicated. Mr. Newington stated that the majority of revisions to the accusations is to add counts rather than to delete counts, and that there may be some alleged violations that are not sustained of the 10 to 20 percent of cases that go to hearing.

Ms. Chi verified that this legislation would ensure that accusation information would always be available on the Web site, whether the accusation was dismissed or not. Mr. Duke clarified that the disciplinary summary should be updated to reflect which accusations were dismissed.

It was moved by Ms. Taylor and seconded by Ms. Kirkbride to support SB 599, including a letter indicating the Board's concerns with the statement of issues and suggesting adding language to the bill to place these documents on a Web site that is protected from search engines. Mr. Ramirez, Mr. Waldman, Ms. Hariton, Mr. Driftmier, Ms. Brough, Ms. Anderson, Mr. Swartz and Mr. Oldman were opposed. Mr. Petersen and Mr. Bermúdez abstained. The motion failed.

Ms. Tindel and Mr. Robinson suggested that the Board support the bill, if amended. Mr. Ramirez suggested further study of the bill and that the Board delay taking a position. Mr. Oldman stated that taking a support if amended position on this bill lends the potential to be ignored. Mr. Bermúdez stated that if the Board took an oppose unless amended position, the Board could then issue a letter citing its concerns with this legislation.

It was moved by Mr. Oldman and seconded by Mr. Swartz to oppose SB 599, unless amended with an explanatory letter addressed to Senator Negrete-McLeod regarding the Board's concerns with the posting of accusations and the statement of issues. Ms. Hariton, Ms. Taylor, Ms. Kirkbride, Ms. Chi and Mr. Driftmier were opposed. The motion carried.

Mr. Petersen stated the Board's oppose unless amended letter would be circulated amongst the Board members before mailing to Senator Negrete-McLeod.

VI. Report of the Executive Officer.

A. Report of Existing Projects.

Board staff provided a listing of the projects currently assigned **(see Attachment 6)**.

B. Consideration of the Proposed Board Member Guidelines and Procedure Manual.

Mr. Duke stated the duties are listed on pages three and four of the proposed Board Member Guidelines and Procedure Manual. He stated that pursuant to the Board Member Guidelines subdivision (f) located on page three, the duties of the President are as follows: preside over Board meetings, approve the agenda and time schedule, ensure the accuracy of Board minutes prior to the preliminary release to Board members, appoint Board members as liaisons to the AC and QC, appoint Board members to committees and task forces, provide a signature to be scanned for placement on all wall certificates issued to new licensees, establish other Board committees as needed, make decisions regarding Board matters between meetings, represent the Board in media relations, coordinate the annual evaluation of the Executive Officer, and sign the minutes after adoption by the Board.

Mr. Duke stated the duties of the Vice President include the following: act in the absence of the Board President, review the AC and QC members and recommend appointments and re-appointments, and perform any other duties as assigned by the President.

Mr. Duke stated the duties of the Secretary/Treasurer include the following: act as liaison to the staff of the Board for fiscal budgetary functions and reports to the Board regarding relevant matter, including the review of quarterly and year-end financial statements in concert with the President. The Secretary/Treasurer shall also present financial statements to the Board, interface with DCA's internal auditors regarding internal audit matters affecting the Board, requests for special review and other related concerns or topics. The Secretary/Treasurer also signs the

minutes after adoption by the Board, acts as executive editor of the Board's quarterly publication Update, reviews publication content, layout and authorizes production, reviews sensitive communications as directed by the Board President, provides a signature to be scanned for placement on all wall certificates issued to new licensees and performs other duties as requested by the Board President.

Mr. Bermúdez stated his belief that the scope of the President, Vice President and Secretary/Treasurer needs to be expanded to include that these officers are the point of contact to assist in moving the Board's legislation forward, as well as appearing before the Legislature for sunset review and providing testimony at the legislative hearings. Mr. Petersen stated that future Board Presidents may be public members and may not be as equipped as a licensee member to lead legislation as related to the accountancy profession, and suggested that language may be too confining. Mr. Bermúdez stated that the Board President should have the ability to recommend an individual to act in his/her stead, and should be the chief advocate on issues affecting accountancy. He further stated that not having the President appear before the Legislature is inappropriate, and the President needs to be in the public eye representing the Board. Mr. Petersen stated his understanding of the expectation that the President attend legislative hearings, but did not feel that it should be included in the scope.

Ms. Bowers stated that Board staff reviewed the Board Member Guidelines from several different boards within DCA. She further stated that it is time to re-visit the Board's guidelines to analyze the structure and content of the committees and officers. She stated the Board's guidelines are not appropriate and need to be re-drafted in relation to the roles of the Board's elected officers.

Board staff recommended the Board either establish a committee or task force to work with staff to analyze and update the guidelines in its entirety.

Ms. Bowers suggested that consideration be given when analyzing officer elections. Mr. Swartz inquired as to whether Board staff had any recommendations in relation to officer elections. Mr. Petersen stated that he would like this section to be finalized by July, in preparation for the officer elections in November. Mr. Bermúdez suggested appointing a committee to review this section and provide a presentation at the upcoming Board retreat. He further inquired as to when would be the best time to deliberate this issue, whether it be at a Board meeting or at the Board retreat. Mr. Petersen requested volunteers to be appointed to the committee to address, review, and suggest changes to the Board Member Guidelines, and undertake the section pertaining to officer elections as its first order of business. He stated his belief that this issue would be best deliberated in a retreat setting. Mr. Swartz stated that Board members should confer with Ms. Bowers to determine the issues

that are time-sensitive, and that the bulk should be discussed at the upcoming retreat.

Ms. Kirkbride inquired as to whether the task force that is assigned to working on the Board's strategic plan may be assigned this task as well.

Ms. Bowers stated her understanding that a task force creates additional travel and time, and suggested that Board staff draft a schedule, identify and prioritize issues in the guidelines to be addressed, and coordinate those meetings on either the Wednesday or Thursday before a scheduled Board meeting. She also suggested the use of telephone conference calls to assist those Board members who wish to participate on this committee/task force.

Mr. Petersen stated that he and Mr. Ramirez should collaborate on a listing of those programs requiring time commitments to recruit volunteers to assist on those projects.

C. Consideration of Future Agenda Items Proposed at the January and February 2009 Board Meetings.

Ms. Bowers stated that Board members identified possible future agenda items, and that the memorandum provided for this agenda item was designed to ensure that Board staff understood the requests, as well as offered Board members staff's plan to address the issues.

Ms. Bowers reported that one item identified by Board members was to analyze the current definitions of supervision, supervisor and experience, and the item was scheduled on the agenda for the May 2009 Board meeting.

Ms. Bowers reported that another item identified by Board members was to revisit the issues of cross border practice and mobility. She stated that Board staff needed additional guidance on how Board members wish this item to be approached, and offered some suggestions. Those suggestions included revisiting the language in AB 2473, as well as past policy issues, inviting representatives from NASBA to provide Board members with an overview on what is occurring nationally, and having Board staff isolate key elements of mobility, such as no notice and no fee to be presented before the Board.

Mr. Petersen stated the Board should be able to respond quickly and knowledgeably if another entity were to sponsor a bill regarding mobility; therefore, Board staff should conduct research on this topic.

Mr. Bermúdez stated his concern with the impact on Board staff's workload this may create.

Ms. Bowers stated that Board staff's workload should not serve as an impediment to what Board members wish to accomplish, and that Board staff would prioritize any projects assigned.

Mr. Petersen stated the importance of the Board's ability to rely upon Board staff to gather data related to this issue rather than solely on testimony. He further stated his desire to develop a position with factual data.

Ms. Kirkbride stated her belief that this issue needs to be reviewed now rather than in an emergency situation.

Mr. Ramirez stated his desire to wait until next year to address this issue.

Ms. Hariton stated her belief that the Board should begin preparing now for the next legislative cycle, and suggested hiring an outside consultant to perform a study of the issue.

Mr. Petersen requested that staff begin gathering data to conduct research on this topic.

Ms. Bowers inquired as to whether the study should focus specifically on mobility, or if it should also encompass the elements of the Practice Privilege Program. Ms. Anderson stated her belief that the study should be based upon every issue that previously arose which may have caused the bill to languish.

Mr. Bermúdez raised the point that the CPC has worked on this bill for the last two years and has already gathered voluminous data.

Ms. Bowers identified another item related to researching options to provide free continuing education to licensees using the excess funds in the reserve. She pointed out that in order to proceed with this suggestion, a budget change proposal would need to be drafted to fund associated costs.

Ms. LaManna stated that she envisioned partnering with another organization which provides continuing education. She further stated that the Board may be able to provide a budget for another group to create outreach on multiple topics, including peer review. She also suggested that it be licensed by the Board for a specific period of time before relinquishing it to the organization the Board has partnered with. Mr. Petersen stated that partnering with another organization may be feasible and that the Board could explore this option if it wishes.

Ms. Bowers stated that preliminary information may be brought before the Board at the July 2009 Board meeting.

Ms. Bowers identified strategic marketing and a communications plan as another project suggested by Board members. She stated that Board staff is currently embarking on a project to explore ways in which the Board may become more efficient and effective in the dissemination of information materials regarding Board meetings to the public. She stated that examples included ways in which interested parties can access agenda materials electronically, posting the finalized meeting minutes to the Board's Web site, and web casting Board meetings.

Mr. Ramirez stated his concern with current media relations. He suggested the creation of a systematic communication mechanism to put forth amongst the public the Board's votes on items, along with the reasoning behind each vote.

Ms. Hersh stated that she is continuing to expand relationships with newspapers and reporters. She stated that issuing a communication, as opposed to a formal press release, may be more effective in communicating the Board's position.

Mr. Bermúdez stated his belief that recording Board meetings and placing those recordings on the Board's Web site would provide the public with greater access and transparency, and fully supported the ideas brought forth by Ms. Bowers.

D. Update on the Strategic Plan and Sunset Review.

Mr. Rich provided the current sunset review statutes and reporting requirements in comparison with the proposed sunset review legislation requirements of SB 638 (**see Attachment 7**). He stated that a lot of the issues currently included in the required reporting would no longer be required. He further stated that whereas the current sunset review report is tied into the strategic planning process, this would no longer be the case under SB 638 because it contains no reference to that type of reporting requirement. Mr. Rich stated that SB 638 does contain the requirement that enforcement data be included in the sunset review report and the requirements contain greater specificity.

Mr. Rich stated that Board staff would like to garner Board member involvement in the strategic planning portion, and that Mr. Petersen and Ms. Kirkbride are currently the only members who volunteered.

Mr. Ramirez suggested using the report prepared by the consultant that facilitated the Board's retreat.

Mr. Petersen encouraged all Board members to submit the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis to Mr. Rich by April 3, 2009.

Ms. Bowers stated that Board staff will forward the report drafted by Ms. Sheehan, the facilitator of the Board's retreat, and pointed out that the information gathered by the SWOT analysis would be confidential and would go directly to the facilitator who will lead the efforts in the strategic plan.

Mr. Rich stated that he anticipated the strategic planning task force will conduct three meetings to be held tentatively on April 7, April 21, and May 6. He further stated that he anticipated bringing the information gathered from those meetings, along with the sunset review information or a draft report, to the July 2009 Board meeting for Board consideration.

Ms. Hariton stated her willingness to participate in these sessions, and suggested creating a planning group to commit to three days in order to make it more convenient for participants.

Mr. Duke stated that the Bagley-Keene Open Meeting Act would not be violated if seven Board members participated, but it would require the 10-day notice, and the session would be limited to only that one issue.

Mr. Rich stated that he would send information regarding meeting dates and times to Board members.

Ms. Hariton suggested coordinating legislative endeavors with the strategic planning meetings in order to provide for greater efficiency.

Mr. Rich stated that SB 638 would retain the board itself, but would sunset its board members, as well as abolish the Joint Legislative Sunset Review Committee.

Ms. Kirkbride pointed out that if an executive officer of a board does not file a report, all board members would then be sunsetted. She further stated that this is one flaw in the bill that would require amendment.

Mr. Duke stated that if this bill were to pass it would become effective January 1, 2010.

Ms. Kirkbride stated her belief that the Board adopt a watch position on this bill, and that the Board does not currently have enough information to adopt any other position.

Ms. Bowers stated that Board staff has no recommendation. Mr. Rich stated that this issue should come before the full Board for consideration.

It was moved by Ms. Taylor, seconded by Ms. Kirkbride, and unanimously carried by those present to adopt a watch position on SB 638.

E. Educational Presentation Plan for 2009 Board Meetings.

Mr. Rich provided an educational presentation plan to be considered for future Board meetings (**see Attachment 8**). Board staff listed educational topics that may be of interest to Board members. Mr. Rich stated that the timeline is flexible, but it may provide for greater efficiency to tie those topics to other agenda items that are placed on each Board meeting agenda. He stated that DCA has four workshops they are attempting to bring before each board, including Ethical Implications of Board Member Roles, The Board's Role in Workforce Shortages, Strategic Organization, Leadership & Individual Development and Consumer Outreach.

Ms. Anderson and Ms. Hariton requested the first educational presentation to be focused on enforcement.

Mr. Driftmier stated that he would like an educational piece on the QC's role and how a licensee is licensed to be placed on the plan.

Mr. Petersen requested that these presentations be placed earlier in the agenda, and requested Board members forward suggested topics to Mr. Rich.

VII. Report of the Enforcement Chief.

A. Report on Status of Enforcement Matters.

1. Activity and Status Reports.

Mr. Newington stated that 170 cases are currently open, and that the number of complaints appear to be larger than normal but that is due mainly to special projects instituted by Board staff. He further stated that the current output is consistent with historical norms.

2. Major Case Summary.

Mr. Newington stated that there are three matters in the major case category, and he anticipated that one matter will result in an accusation to be brought forward shortly.

3. Report on Citations and Fines.

Mr. Newington stated that there are 17 individual fines, for a total of \$18,000. He further stated that the outstanding receivable balance is currently \$37,000.

4. Reportable Conditions Data.

Mr. Newington stated that there are 188 items listed as reportable events, and 165 of those are related to restatements.

B. Overview of the Board's Disciplinary Guidelines.

Mr. Newington provided the Board with an overview of the Board's Disciplinary Guidelines (**see Attachment 9**).

Mr. Ramirez pointed out that EPOC was established to review the disciplinary guidelines in greater detail, and suggested that the review of the guidelines, as well as an analysis of the minimum and maximum penalties, be assigned to the committee for review.

Mr. Harris stated that the Board's current disciplinary guidelines are fairly consistent with other boards within DCA.

Mr. Petersen agreed that EPOC should handle this, and he indicated that he will appoint a new Chair of the committee.

C. Request from U.S. Department of Treasury, Internal Revenue Service, for Cooperation and Assistance.

Mr. Newington stated that approximately six months ago, Board staff received a request from the Internal Revenue Service's (IRS) Criminal Investigation Division to allow their undercover officers to create fictitious license information to place on the Board's Web site in order to facilitate a special operation they would be conducting. He clarified that these officers would not practice public accountancy or offer services.

Mr. Duke pointed out that the undercover officers would be licensed Certified Public Accountants, but they would list a fictitious name on the Web site. He further clarified that it is a lawful technique used by law enforcement agencies, and that legal authority was granted. He further clarified that the IRS is prohibited from dealing with third parties and the Board would have no liability.

It was moved by Mr. Bermúdez, seconded by Mr. Waldman and unanimously carried by those present to cooperate with the IRS's Criminal Investigation Division in their special operations.

VIII. Regulations.

A. Regulation Hearing Regarding Language Related to Article 12 – Continuing Education and Consideration of Received Comments and Possible Adoption of Regulations.

A regulatory hearing regarding proposed amendments to the Board's Regulations that appear in Title 16 of the Code of California Regulations was held. The hearing included consideration of proposed amendments, as well as the adoption of the Board's Rules and Regulations, specifically adding Sections 81, 87.8, and 87.9 to Title 16. The proposal would also amend Sections 80, 87, 87.1, 87.7, 88, 88.1, 88.2, and 89. The purpose of the hearing was to provide clarification of the continuing education requirements for licensees electing to convert their license status to an active status at time of license renewal.

Mr. Franzella provided copies of the written comments received by the Board pertaining to the proposed adoption of regulations related to Article 12 – Continuing Education (**see Attachment 10**). He pointed out that Board staff would need to draft a 15-day re-notice for public comment due to an oversight related to the notice, as well as ambiguity in the original notice pertaining to the self-study portion of the ethics courses.

Public comment was repeatedly requested; however, no comments were received during the regulatory hearing.

It was moved by Mr. Driftmier, seconded by Ms. Anderson and unanimously carried by those present to accept the proposed regulations pertaining to continuing education.

Mr. Petersen directed Board staff to complete the rulemaking file, submit the regulations to the Office of Administrative Law, clarify the statement of reasons, draft the final statement of reasons, as well as to provide public notice for the form that was not previously made available to the public.

Ms. Tindel stated that there was confusion regarding the ethics requirement, as well as compliance with that requirement.

Mr. Duke stated that the final statement of reasons will include responses to all received comments regarding clarity. He further stated the Board may notify licensees and advise them of its intention.

Mr. Petersen suggested that Ms. Tindel voice her concerns to Mr. Franzella for further clarification. Mr. Franzella pointed out that an article will be included in the upcoming issue of *UPDATE* related to the proposed continuing education regulations.

Ms. Debbie Watson of Financial Education Resources stated her concern that the new requirement provides greater difficulty in monitoring continuing education due to the licensees' ability to take courses in one hour increments.

Mr. Petersen stated his belief that the onus is placed solely on the continuing education provider.

Ms. Pearce pointed out that Board staff is currently working on an outreach plan to inform licensees of the new requirements.

Ms. Hariton suggested creating individual licensee accounts, which would include continuing education hours on the Board's Web site to save time and resources. Ms. Bowers pointed out that this topic was discussed previously and Board staff recommended postponing the creation of an automated tracking system until the continuing education tracking database for audits was in place and functioning. Ms. Pearce stated that a preliminary report regarding continuing education tracking will be presented at the July 2009 Board meeting, with a final report to be presented at the November 2009 Board meeting.

B. Consideration of Proposed Regulatory Language Regarding the Delegation of Authority to the Executive Officer.

Mr. Duke stated that the Board currently has no regulation or statute providing a specific delegation of authority from the Board to the Executive Officer. He further stated that historically the Board had provided this delegation, but it was a personal delegation of authority. He reported that a personal delegation of authority was provided to Ms. Bowers, but most other occupational boards within DCA provide a general delegation of authority to its Executive Officer that is expressed in the boards' regulations.

Mr. Duke stated that having a regulation delegating specific authority to the Executive Officer would prevent any legal challenges regarding the legal authority of the Board's Executive Officer. He reported that it would also allow the Executive Officer to act upon and deny requests for regulations on matters for which the Board has already established policy.

It was moved by Mr. Ramirez, seconded by Mr. Bermúdez and unanimously carried by those present to approve the proposed regulatory language regarding the delegation of authority to the Executive Officer.

IX. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce stated that as of January 20, 2009, Ms. Liza Walker is the new manager of the Examination and Practice Privilege Units. She reported that the Initial Licensing Unit maintains a zero backlog, and the initial processing time for Certified Public Accountant licenses is 16 days. She further reported there was a slight increase in the processing time in December and January, and those time frames are now monitored weekly.

Ms. Pearce reported that the Renewal and Continuing Competency Unit has been working on the continuing education worksheet reviews, and has incorporated audits into that review. She further reported that the continuing education audit database is currently being finalized and the Information Technology Unit will conduct a test shortly to begin pre-selection during the month of April 2009. She stated that when deficiencies are noted, staff requests the individual to submit his/her certificates of completion, as well as the deficient items.

Ms. Pearce stated that as of March 16, 2009, the Client Services Unit had received over 1,900 responses to the customer satisfaction survey, which included responses from licensees, consumers, as well as applicants. She stated that she planned to collate all responses received into a report to issue a formal recommendation on ways in which Board staff can improve processes. Ms. Bowers stated her belief that it would prove beneficial to continue to post the survey on the Board's Web site indefinitely, and Board members agreed.

X. Adoption of Minutes.

A. Draft Minutes of the February 19, 2009 Board Meeting.

Please see agenda item X.D. for the action taken on this agenda item.

B. Minutes of the August 7, 2008 AC Meeting.

Please see agenda item X.D. for the action taken on this agenda item.

C. Minutes of the October 22, 2008 QC Meeting.

Please see agenda item X.D. for the action taken on this agenda item.

D. Minutes of the January 15, 2009 Legislative Committee Meeting.

It was moved by Mr. Bermúdez, seconded by Ms. Anderson, and carried by those present to approve the draft Board meeting minutes, and accept the meeting minutes of the AC, QC and Legislative Committees. Ms. Taylor and Ms. Chi abstained.

XI. Committees and Task Force Reports.

A. Report of the Administrative Committee.

1. Report of the January 29, 2009 AC Meeting.

Mr. Khanna reported that the AC met in Oakland, CA on January 29, 2009. He reported that they reviewed 15 cases and held three investigative hearings, two of which were referred to the Attorney

General's Office. He further reported that the AC welcomed one new member but there are currently three vacancies. Mr. Khanna stated that the next AC meeting will be held on May 7, 2009 in Los Angeles, CA.

Ms. Bowers stated that the next issue of *UPDATE* will contain an article providing instructions on filing applications to serve on the AC, as well as detail the requirements and qualifications needed to serve on that committee.

B. Report of the CPA Qualifications Committee.

There was no report on this agenda item.

C. Report of the Committee on Professional Conduct.

1. Report of the Mach 19, 2009 CPC Meeting.

The committee met and considered the following agenda items:

2. Update on Regulatory Language Related to Peer Review.

Ms. Anderson reported the CPC considered the draft regulatory language on peer review and that Board staff received suggested edits from the AICPA and CalCPA. She reported that the CPC concurred with staff's recommendation to evaluate the comments and bring the regulatory language back in May 2009.

3. Consideration of Additional Amendments to the Peer Review Bill.

Mr. Franzella stated that Board staff proposed amendments to the Board's Peer Review Bill that focused on the Peer Review Oversight Committee (PROC) and confidentiality. He further stated that the changes pertaining to the PROC were made in order to further define the minimum qualifications for appointment, as well as the administrative functions related to the PROC. Mr. Franzella stated that the amendments pertaining to confidentiality were made to keep with the Board's intent that all peer review materials remain confidential.

It was moved by Ms. Anderson, seconded by Mr. Ramirez and unanimously carried by those present to adopt the staff-proposed amendments recommended by the CPC. Mr. Waldman and Mr. Bermúdez were temporarily absent.

4. Discussion of Enforcement Language in the Peer Review Bill.

Mr. Franzella provided draft enforcement language to be included in

the Peer Review bill (**see Attachment 11**).

The CPC recommended that the Board adopt the drafted enforcement language to be included in the Peer Review bill.

Mr. Duke suggested that the word “action” be changed to “recommendation”.

It was moved by Ms. LaManna, seconded by Ms. Chi and unanimously carried by those present to accept Attachments 1 and 2, and replace “action” with “recommendation”. Mr. Waldman and Mr. Bermúdez were temporarily absent.

In addition to the reviewed amendments, staff requested that the Board provide detailed rationale as to why the Board, at the February 2009 meeting, selected not to incorporate any of its previously established peer review enforcement policy decisions. Board members expressed general consensus to have greater flexibility with the Peer Review Program, since it will be a new program.

D. Report of the Legislative Committee.

1. Report of the March 19, 2009 Legislative Committee Meeting.

The committee met and considered the following agenda items:

2. Update on Assembly Bill 138 – Peer Review.

There was no report on this agenda item.

3. Considerations for Taking Positions on Legislation.

Mr. Rich provided Board members available options for taking positions on legislation (**see Attachment 12**).

4. AB 117 – Inactive Designation.

The Legislative Committee recommended that the Board adopt a support position on this bill.

It was moved by Ms. Kirkbride, seconded by Mr. Ramirez and unanimously carried by those present to adopt a support position on this bill.

5. AB 276 – Professional Fiduciaries: Licensing Exemptions.

The Legislative Committee recommended that the Board adopt a watch position on this bill.

It was moved by Mr. Driftmier, seconded by Ms. Anderson and unanimously carried by those present to adopt a watch position on this bill.

6. AB 309 – Public Contracts: Small Businesses.

The Legislative Committee recommended that the Board adopt an oppose position on this bill, along with drafting a letter stating the reason for the position taken.

It was moved by Ms. Chi, seconded by Mr. Swartz and carried to adopt an oppose position on this bill, along with drafting a letter stating the reason for the position taken. Ms. Hariton was opposed.

7. AB 472 – Disaster Preparedness.

The Legislative Committee recommended that the Board adopt a support position on this bill.

It was moved by Mr. Waldman, seconded by Mr. Driftmier and carried to adopt a support position on this bill. Mr. Petersen, Mr. Ramirez, Ms. Hariton, Ms. Anderson, Ms. Brough opposed. Mr. Swartz abstained.

8. AB 797 – Accountants.

The Legislative Committee recommended that the Board adopt a watch position on this bill.

It was moved by Mr. Ramirez, seconded by Ms. Hariton and unanimously carried to adopt a watch position on this bill.

9. AB 1005 – Board of Accountancy Webcast.

The Legislative Committee recommended that the Board adopt an oppose unless amended position on this bill.

It was moved by Mr. Waldman, seconded by Ms. Chi and carried to adopt an oppose position on this bill. Ms. Hariton, Ms. Taylor and Ms. Kirkbride were opposed.

Mr. Ramirez suggested researching the idea of web casting Board meetings and that information be presented at the May 2009 Board meeting. Mr. Petersen suggested researching actions taken by DCA regarding web casting. Ms. Taylor suggested researching the idea of posting the audio recordings of Board meetings to the Board's Web site. Ms. Bowers stated that this is a project that would require in-

depth analysis and Board staff may not be able to have information to present at the May 2009 Board meeting. Mr. Petersen stated this issue should be considered and directed Board staff to present information once it is obtained.

10.SB 389 – Fingerprinting.

The Legislative Committee recommended that the Board adopt a support position on this bill.

It was moved by Mr. Driftmier, seconded by Mr. Waldman and unanimously carried to adopt a support position on this bill.

11.SB 599 – Licensing Board.

Please see agenda item IV.E. for the action taken on this agenda item.

12.SB 638 – Sunset Review.

Please see agenda item VI.D. for the action taken on this agenda item.

13.SB 691 – Elimination of Pathway 1.

The Legislative Committee recommended that the Board adopt a support position on this bill.

Mr. Petersen stated his hesitancy to eliminate Pathway 1. Ms. Taylor stated her belief that additional courses should be prescribed to ensure the additional hours remain substantive. Ms. Hariton pointed out that a full analysis of the issues has not yet been completed. Ms. Kirkbride stated her support of this bill because of her belief that additional education is always beneficial. Ms. LaManna stated her support of the bill as well. Mr. Howard and Mr. Clark provided testimony in opposition to the elimination of Pathway 1.

It was moved by Mr. Waldman and seconded by Ms. Chi to adopt a support position on this bill. Mr. Petersen, Mr. Ramirez, Ms. Hariton and Ms. Taylor opposed. Ms. Brough abstained. Mr. Bermúdez was temporarily absent.

14.SB 820 - Senate Business, Professions & Economic Development Committee Omnibus Bill.

The Legislative Committee recommended that the Board adopt a support position on this bill.

It was moved by Ms. Kirkbride, seconded by Ms. Hariton and unanimously carried to adopt a support position on this bill. Mr. Bermúdez and Ms. Taylor were temporarily absent.

XII. Appeals – Personal/Written.

A. Personal Appeals.

None.

XIII. Closing Business.

A. Discussion and Prioritization of Newly Identified Action Items.

Ms. Bowers inquired as to whether or not Board members wish to meet with legislators at the May 2009 Board meeting in Sacramento. Board members were enthusiastic about meeting with legislators. Mr. Ramirez requested a meeting with Senator Negrete-McLeod. Ms. Hariton requested establishing small teams to meet with legislators.

B. Board Member Comments.

No comments were received.

C. Comments from CalCPA Representative.

No comments were received.

D. Comments from SCA Representative.

No comments were received.

E. Public Comments.

Mr. Olson provided a handout containing current news articles related to the accounting industry, and urged the Board to remove the block on web search engines (**see Attachment 13**).

Mr. Clark stated his belief that 500 hours are insufficient and that it should be two years worth of experience. Mr. Petersen stated that issue will be addressed at a future Board meeting.

F. Agenda Items for Future Board Meetings.

No items were received.

Adjournment.

President Petersen adjourned the meeting at 4:55 p.m. on Friday, March 20, 2009.

Robert Petersen, President

Lorraine Hariton, Secretary-Treasurer

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