



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

MINUTES OF THE
JANUARY 26-27, 2012
CBA MEETING

Crowne Plaza Irvine
 17941 Von Karman Ave.
 Irvine, CA 92614
 Telephone: (949) 863-1999
 Facsimile: (949) 474-7236

TELECONFERENCE LOCATION (1/27/12 only)
 Imani Community Church
 3300 MacArthur Blvd.
 Oakland, CA 94602
 Telephone: (510) 531- 5411

Roll Call and Call to Order.

CBA President Marshal Oldman called the meeting to order at 1:00 p.m. on Thursday, January 26, 2012 at the Crowne Plaza Hotel in Irvine. The meeting recessed at 5:28 p.m. President Oldman reconvened the meeting at 9:00 a.m. on Friday, January 27, 2012, and the meeting adjourned at 11:10 a.m.

CBA Members

January 26, 2012

Marshal Oldman, President	1:00 p.m. to 5:28 p.m.
Leslie LaManna, Vice President	1:00 p.m. to 5:28 p.m.
Michael Savoy, Secretary-Treasurer	1:00 p.m. to 5:28 p.m.
Sarah (Sally) Anderson	1:00 p.m. to 5:28 p.m.
Diana Bell	1:00 p.m. to 3:00 p.m.
Alicia Berhow	1:00 p.m. to 5:28 p.m.
Michelle Brough	1:00 p.m. to 5:08 p.m.
Donald Driftmier	1:00 p.m. to 5:28 p.m.
Herschel Elkins	1:00 p.m. to 5:28 p.m.
Laurence (Larry) Kaplan	1:00 p.m. to 5:28 p.m.
Louise Kirkbride	1:00 p.m. to 5:28 p.m.
Kitak (K.T.) Leung	1:05 p.m. to 5:28 p.m.
Manuel Ramirez	1:00 p.m. to 4:21 p.m.
David Swartz	Absent.

CBA Members

January 27, 2012

Marshal Oldman, President	9:00 a.m. to 11:10 a.m.
Leslie LaManna, Vice President	9:00 a.m. to 11:10 a.m.
Michael Savoy, Secretary-Treasurer	9:00 a.m. to 11:10 a.m.
Sarah (Sally) Anderson	9:00 a.m. to 11:10 a.m.
Diana Bell*	9:00 a.m. to 11:10 a.m.
Alicia Berhow	9:00 a.m. to 11:10 a.m.
Michelle Brough	9:00 a.m. to 11:10 a.m.
Donald Driftmier	9:00 a.m. to 11:10 a.m.
Herschel Elkins	9:00 a.m. to 11:10 a.m.
Laurence (Larry) Kaplan	9:00 a.m. to 11:10 a.m.
Louise Kirkbride	9:00 a.m. to 10:28 a.m.
Kitak (K.T.) Leung	9:00 a.m. to 11:10 a.m.
Manuel Ramirez	9:12 a.m. to 11:10 a.m.
David Swartz	Absent.

*Ms. Bell attended the CBA meeting from a teleconference location.

Staff and Legal Counsel

Dan Rich, CBA Staff
Rich Andres, Information Technology Staff
Veronica Daniel, Board Relations Analyst
Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Manager, Licensing Division
April Freeman, Peer Review Analyst
Rafael Ixta, Chief, Enforcement Division
Kari O'Connor, Special Projects Analyst
Deanne Pearce, Assistant Executive Officer
Kris Rose, Manager, Licensing Division
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice
Matthew Stanley, Legislation/Regulation Analyst

Committee Chairs and Members

Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)
Fausto Hinojosa, Chair, Qualifications Committee (QC)

Other Participants

John Ams, Executive Vice President, National Society of Accountants (NSA)
Howard Cohen, Administrative Law Judge (ALJ), Office of Administrative Hearings
Linda Dong, California Society of Accounting & Tax Professionals (CSATP)
Jason Fox, California Society of Certified Public Accountants (CalCPA)

Patricia Kappen, California Society of Enrolled Agents (CSEA)
Layla Khamoushian, Law Offices of Mathon & Rosenweig, P.C.
Steve Krasnow, Small business owner
Samuel Lemon, Center for Public Interest Law (CPIL)
Lou Miramontes, KPMG
Morris Miyabara, CSATP, NSA
Linda Morlang, California Society of Tax Consultants (CSTC), NSA
Vicki Mulak, CSEA
Pilar Onate-Quintana
Joseph Petito, The Accountants Coalition
Jonathan Ross, KP Public Affairs
Hal Schultz, CalCPA
Charles Taylor, CSATP, NSA
Nick Taylor, CSATP, NSA
Norma Taylor, CSATP, NSA
Jeannie Tindel, CalCPA

I. Report of the President.

A. Report of the January 5, 2012 Executive Leadership Roundtable.

Mr. Oldman stated that the CBA held its annual Executive Leadership Roundtable where attendees discussed a number of topics.

Mr. Oldman stated that suggestions for future CBA meeting topics include:

- Reportable Events Threshold
- Monitoring of Fund Reserve Levels and Fees for License Renewal
- Role of the Enforcement Program Oversight Committee (EPOC)
- Strategic Plan
- Unlicensed Activity
- General Fund Loans

Mr. Oldman stated that in addition to the roundtable, he hosted a meeting among stakeholders on the topic of mobility. Mr. Oldman stated that he looks forward to further discussions and, hopefully, consensus regarding this matter.

B. Educational Presentation on License Renewal and Continuing Education Requirements for CPAs.

Ms. Rose provided an overview of this item (**see Attachment 1**).

Mr. Ramirez suggested that this presentation be posted on the CBA's website as a guide for licensees.

Mr. Ramirez inquired how the insurable limits in CBA Regulation Section 75.8 were established. Ms. Shellans stated that the standard was adopted by the CBA via regulation in 1983, and last amended in 1994. Mr. Ramirez requested that the history of insurable limits be reviewed at a future meeting. Mr. Oldman assigned this matter to the CPC.

C. Announcement of New CBA Committee and Liaison Appointments.

No comments were received for this item.

II. Report of the Vice President.

A. Recommendations for Appointment(s) to the Enforcement Advisory Committee (EAC).

There was no report for this item.

B. Recommendations for Appointment(s) to the Qualifications Committee (QC).

There was no report for this item.

III. Report of the Secretary/Treasurer.

Discussion of Governor's Budget.

Mr. Savoy provided an overview of this item (**see Attachment 2**).

Ms. Anderson inquired regarding the impact of the positions that have been eliminated. Mr. Rich stated that some tasks have been absorbed within existing staff resources. Mr. Rich further stated although it is not an easy task, the CBA does its best to plan and prioritize to address the workload accordingly.

At this time, CBA members heard agenda items VII.A.-C.

IV. Open Session. Petitions for Reinstatement.

A. Silver D. Sack – Petition for Reinstatement of Revoked Certificate.

Mr. Sack appeared before the CBA members to petition for the reinstatement of his revoked certificate.

ALJ Howard Cohen and the CBA members heard the petition and later convened into executive closed session to deliberate the matter. ALJ Cohen will prepare the decision.

B. Roland Zita – Petition for Reinstatement of Revoked Certificate.

Mr. Zita appeared before the CBA members to petition for the reinstatement of his revoked certificate.

ALJ Howard Cohen and the CBA members heard the petition and convened into executive closed session to deliberate the matter. ALJ Cohen will prepare the decision.

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

CBA members convened into closed session at 5:08 p.m., and the meeting recessed at 5:28 p.m.

- VI. Regulation Hearings and Possible Action on Proposed Regulations.

- A. Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Sections 15, 15.1, 15.2, 15.3, 15.4, 70, 71, and 87.1 – Retired Status.

Ms. O'Connor read the following statement regarding the regulation hearing into the record:

"This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider adopting regulations for a Retired Status License.

"The CBA is contemplating this action pursuant to the authority vested by Sections 5010, 5018, 5070.1, 5134 and 5027 of the Business and Professions Code, authorizing the CBA to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

"For the record, the date today is January 27, 2012 and the time is approximately 9:01 a.m. This hearing is being held at Crowne Plaza, 17941 Von Karman Ave., in Irvine, California.

"The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today's hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the CBA's website and upon request by other members of the public. Copies of the proposed regulations are available at the back of the room.

"If the CBA has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The

CBA shall be provided and shall consider all written comments received up until 5:00 p.m., January 23, 2012. Anyone who wishes to comment in writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

“Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify by the hearing officer. If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it’s not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

“If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the CBA an opportunity to address your comments directly when the CBA makes its final determination of its response to your comments.

“Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

No public comments were received.

Ms. O’Connor closed the regulation hearing at 9:03 a.m.

1. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Sections 15, 15.1, 15.2, 15.3, 15.4, 70, 71, and 87.1, and Adopt New Article 2.5 Regarding Retired Status.

It was moved by Mr. Elkins, seconded by Mr. Driftmier and unanimously carried by those present to direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law, authorize the EO to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

B. Regulation Hearing Regarding Title 16, CCR Section 4 – Safe Harbor.

Ms. O'Connor read the following statement regarding the regulation hearing into the record:

"This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider amending the safe harbor language.

"The CBA is contemplating this action pursuant to the authority vested by Sections 5010 of the Business and Professions Code, authorizing the CBA to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

"For the record, the date today is January 27, 2012 and the time is approximately 9:06 a.m. This hearing is being held at Crowne Plaza, 17941 Von Karman Ave., in Irvine, California.

"The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today's hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the CBA's website and upon request by other members of the public. Copies of the proposed regulations are available at the back of the room.

"If the CBA has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The CBA shall be provided and shall consider all written comments received up until 5:00 p.m., January 23, 2012. Anyone who wishes to comment in writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

"Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify by the hearing officer. If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it's not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

“If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the CBA an opportunity to address your comments directly when the CBA makes its final determination of its response to your comments.

“Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

Ms. Morlang stated the CSTC finds the statement changes to the safe harbor language to be irrelevant and not in the best interest of the consumer. Ms. Morlang further stated the CSTC strongly objects the amendment to the safe harbor language.

Ms. Mulak stated the CSEA opposes the amendments to the safe harbor language.

Ms. Dong stated the CSATP believes the two statements are factual but unnecessary/irrelevant. Ms. Dong further stated that CSATP opposes the proposed amendments to the current safe harbor language. Mr. Taylor concurred with Ms. Dong’s comments.

Mr. Krasnow stated that he is a small business owner, and the proposed amendments to the safe harbor language will negatively impact his business. Mr. Krasnow further stated the tone of the language is negative and he strongly encourages the CBA to not adopt the language.

Mr. Ams stated that he concurs with all remarks given. Mr. Ams stated that the NSA strongly opposes the proposed amendments. Mr. Ams further stated that the CBA would face significant legal challenges should it continue with implementing this regulation.

Ms. O’Connor closed the regulation hearing at 9:30 a.m.

At this time, CBA members heard agenda items VI.C.-C.1.

1. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Section 4 – Safe Harbor Language.

Mr. Elkins suggested the CBA seek a legal opinion from the Attorney General’s Office regarding the safe harbor language. Mr. Elkins further stated that he believes the language would not be held constitutional in a court.

It was moved by Mr. Elkins and seconded by Ms. LaManna to

direct staff to seek a legal opinion regarding the safe harbor language and determine any further amendments. This motion was later amended (see below).

Ms. Brough concurred with Mr. Elkins' comments and inquired what level of effort went into a cost benefit analysis regarding the proposed language.

Ms. Kirkbride concurred that the language should be reconsidered.

Ms. LaManna stated she has a concern with a non-licensed person preparing financial statements and providing the current safe harbor cover letter to a bank or a bond company. Ms. LaManna further stated that the current letter does not clearly indicate that a person is unlicensed.

Mr. Ramirez stated that he believes the CBA has an obligation to ensure the safe harbor language is appropriately drafted. Mr. Ramirez further suggested that staff work with legal counsel to draft acceptable language for CBA consideration.

AMENDED MOTION

It was moved by Mr. Elkins, seconded by Ms. LaManna and unanimously carried by those present to defer the safe harbor language discussion to the March 2012 CBA meeting and direct staff to work with legal counsel, and CBA members Elkins and LaManna, to obtain a legal opinion and draft language for CBA consideration.

Mr. Ams thanked the CBA for deferring this matter.

C. Regulation Hearing Regarding Title 16, CCR Section 37.5 – Fingerprinting and Disclosure Requirements.

Ms. O'Connor read the following statement regarding the regulation hearing into the record:

“This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider adopting regulations to require fingerprinting for licensees who do not currently have fingerprints on file with the Department of Justice.

“The CBA is contemplating this action pursuant to the authority vested by Sections 144, 462, and 5010 of the Business and Professions Code, authorizing the CBA to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

“For the record, the date today is January 27, 2012 and the time is approximately 9:31 a.m. This hearing is being held at Crowne Plaza, 17941 Von Karman Ave., in Irvine, California.

“The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today’s hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the CBA’s website and upon request by other members of the public. Copies of the proposed regulations are available at the back of the room.

“If the CBA has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The CBA shall be provided and shall consider all written comments received up until 5:00 p.m., January 23, 2012. Anyone who wishes to comment in writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

“Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify by the hearing officer. If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it’s not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

“If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the CBA an opportunity to address your comments directly when the CBA makes its final determination of its response to your comments.

“Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

No public comments were received.

Ms. O’Connor closed the regulation hearing at 9:34 a.m.

1. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Section 37.5 – Fingerprinting and Disclosure Requirements.

It was moved by Ms. Berhow and seconded by Mr. Ramirez to direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law, authorize the EO to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed. This motion was later amended (see below).

AMENDED MOTION

It was moved by Ms. Anderson, seconded by Ms. LaManna and carried by those present to modify the implementation date to December 31, 2013 and direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the EO to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice. Ms. Brough abstained.

VII. Report of the Executive Officer (EO).

A. Update on Staffing.

Mr. Rich stated that the CBA currently has six vacancies. Mr. Rich stated that Deanne Pearce was recently promoted to Assistant EO. Mr. Rich further stated that all vacant Investigative CPA positions have been filled and employees will begin work on February 1.

B. Update on CBA 2010-2012 Strategic Plan.

Mr. Rich provided an overview of this item **(see Attachment 3)**.

Mr. Elkins inquired regarding the status of the internal surname process and when completion is expected. Mr. Rich stated that it is an internal process for the purpose of document review and approval prior to public release. Mr. Rich noted the project is nearly complete.

Ms. Kirkbride inquired regarding an update on the BreZE project. Ms. Pearce stated that to her knowledge the CBA was still on track for phase three release in late 2013; however, she will follow up and provide additional information once available.

C. Update on CBA 2010-2012 Communications and Outreach Plan

(Written Report Only).

Mr. Ramirez requested that staff track the number of people who access the UPDATE on the CBA website in order to monitor the success of the electronic publication.

VIII. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of this item **(see Attachment 4)**.

B. Report on Activities Related to the New Educational Requirements for CPA Licensure set to Take Effect January 1, 2014.

Mr. Franzella provided an overview of this item **(see Attachment 5)**.

IX. Report of the Enforcement Chief.

A. Enforcement Case Activity and Aging Report.

B. Citation and Fine Activity Report.

C. Reportable Events Report.

Mr. Ixta provided an overview of items IX.A.-C. **(see Attachment 6)**.

Mr. Ramirez inquired regarding the oldest pending case. Mr. Ixta stated the oldest case is a complex matter from March 2008.

D. Update on Peer Review Implementation.

Mr. Ixta provided an overview of this item **(see Attachment 7)**.

Ms. Anderson inquired regarding staffing levels in the Enforcement Division. Mr. Ixta stated there has been a staffing deficiency in the area of peer review. Mr. Ixta further stated that the Enforcement Division is expected to be in a better staffing position within the next four to six months.

E. Discussion Regarding Options for Using Administrative Penalties in Disciplinary Cases.

Mr. Ixta provided an overview of this item **(see Attachment 8)**.

Ms. Anderson inquired regarding what would define a gift to a specific class. Mr. Ixta stated the class would need to be open to benefit the general public.

Mr. Driftmier stated that he recalls a previous continuing education (CE) symposium that was done and it was funded by a firm. Mr. Driftmier suggested that this matter be researched to determine the details of the CE symposium.

Mr. Ramirez stated that further research regarding this matter be assigned to the EPOC. Mr. Oldman concurred with Mr. Ramirez' request.

F. Results of 1st Quarter Performance Measures Report to DCA.

Mr. Ixta provided an overview of this item **(see Attachment 9)**.

X. Committee and Task Force Reports.

A. Enforcement Program Oversight Committee (EPOC).

There was no report for this item.

B. Committee on Professional Conduct (CPC).

1. Report of the January 26, 2012 CPC Meeting.

2. Discussion on Title 16, CCR Sections 37 – Reissuance, 12(d) and 12.5(f) – Experience Obtained Five or More Years Prior to Application, Section 87 – Basic Requirements, Section 87.1 – Conversion to Active Status Prior to Renewal, and Section 88 – Programs Which Qualify.

It was moved by Mr. Driftmier, seconded by Mr. Ramirez and unanimously carried by those present to adopt the CPC's recommendation that the CBA direct staff to prepare regulatory language that will increase the required CE hours for reissuance of a canceled license and for applicants with experience obtained more than five years prior to application from 48 to 80 hours. In addition, adopt the CPC's recommendation that the CBA accept the QC's recommendation for specifying the breakdown of the 80 hours for reissuance of a canceled license both with and without the authority to sign reports on attest engagements and experience obtained more than five years.

3. Discussion on Initiating a Rulemaking to Amend Title 16, CCR Sections 87(e) and 87.1(d) – Eight-Hour Fraud Continuing Education Requirement.

It was moved by Mr. Elkins, seconded by Mr. Driftmier and unanimously carried by those present to adopt the CPC's recommendation that the CBA direct staff to initiate the rulemaking process using the proposed language to reduce the

fraud continuing education requirement from eight hours to four hours, but deleting the sentence regarding the currency of the course content.

4. Discussion on Initiating a Rulemaking to Amend Title 16, CCR Sections 40 and 45 – Peer Review.

The CPC recommended that the CBA direct staff to initiate the rulemaking process for peer review reporting using the proposed language and form with the following changes. The first change was that Question 6 on the form be modified. It was requested that the fine print following the “No” and “Yes” checkboxes be placed in bold, and that the direction “Go to question 7” be added to the fine print following the “Yes” answer. Additionally, a change should be made to Section 45(b) to ensure that those who still fall under the phase-in period following the implementation of these regulations will still be required to fill out the reporting form.

It was moved by Mr. Elkins, seconded by Ms. Anderson and unanimously carried by those present to adopt the CPC’s recommendation that the CBA direct staff to initiate the rulemaking process using the proposed language and form, with the suggested changes:

C. Legislative Committee (LC).

1. Report of the January 26, 2012 LC Meeting.
2. Discussion and Possible Action on Draft Language for Changes to Business and Professions Code Section 5070.1 – Retired Status.

It was moved by Ms. Anderson, seconded by Mr. Ramirez and unanimously carried by those present to adopt the LC’s recommendation that the CBA sponsor the language as a separate bill or support the language if it is a part of omnibus legislation.

D. Peer Review Oversight Committee (PROC).

Report of the December 9, 2011 PROC Meeting.

Mr. Ixta stated that at its December meeting, the PROC discussed its recent oversight activities. Mr. Ixta further stated the PROC also discussed its assignments as a result of the November 2011 CBA meeting.

Mr. Ixta stated that the PROC will present its first annual report to the CBA in March 2012, which will incorporate observations and

recommendations for improving the peer review process.

E. Enforcement Advisory Committee (EAC).

There was no report for this item.

F. Qualifications Committee (QC).

Report of the January 25, 2012 QC Meeting.

Mr. Hinojosa stated that at the January QC meeting, there were six total appearances; two personal appearances; both were approved. Mr. Hinojosa stated there were four Section 69 appearances; three were approved and one not approved. Mr. Hinojosa stated the QC further discussed the current process when performing Section 69 and Personal Appearance Reviews and how to enhance the process to facilitate better understanding for the applicant and the employer. Mr. Hinojosa further stated that future agenda topics include continuation of discussions regarding a peer training manual and how to incorporate electronic media with the work paper review process.

It was moved by Mr. Ramirez, seconded by Ms. Bell and unanimously carried by those present to accept the QC report.

XI. Acceptance of Minutes

A. Draft Minutes of the November 17-18, 2011 CBA Meeting.

Mr. Ramirez requested that the first paragraph of page 19029 of the November 17-18, 2011 CBA minutes be updated to change the word "requested" to "recommended" and to add "or higher" to the end of the last sentence of the paragraph.

B. Minutes of the November 17, 2011 CPC Meeting.

C. Minutes of the July 21, 2011 LC Meeting.

D. Minutes of the October 27, 2011 PROC Meeting.

E. Minutes of the October 19, 2011 QC Meeting.

It was moved by Mr. Ramirez, seconded by Ms. Anderson and carried by those present to accept agenda items XI.A.-E. as modified. Ms. Berhow and Ms. Brough abstained.

XII. Other Business.

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

There was no report for this item.

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

1. Update on NASBA Committees.

a. Accountancy Licensee Database (ALD) Task Force.

Ms. Anderson stated the ALD is now known as CPAVerify. Ms. Anderson further stated the committee is working on finalizing terminology for the site.

b. Board Relevance & Effectiveness Committee.

Mr. Oldman stated that he serves on the Board Relevance & Effectiveness Committee's Legislative subcommittee. Mr. Oldman further stated that the committee is pushing for state board independence.

c. Education Committee.

Mr. Driftmier stated the Education Committee's recent teleconference meeting was canceled.

d. Uniform Accountancy Act Committee (UAA).

Ms. Anderson stated the UAA subcommittee she is working on is focusing on foreign firms working in the United States. Ms. Anderson further stated that she will keep the CBA informed on the committee's activities.

2. NASBA's Request for Vice Chair Recommendations for 2012-2013.

Request to Support Walter Davenport for NASBA Vice Chair Position 2012-2013.

No action was taken regarding this item.

XIII. Closing Business.

A. Public Comments.*

No public comments were received.

B. Agenda Items for Future CBA Meetings.

Mr. Ramirez requested an article in UPDATE to highlight the activities of

the Peer Review Unit to inform licensees that they cannot escape peer review simply by stating they are not subject to it.

C. Press Release Focus.

Recent Press Releases.

Mr. Rich stated the topics for consideration in a post-meeting press release include the results of the regulatory hearings and information on where the CBA stands regarding safe harbor.

Adjournment.

President Oldman adjourned the meeting at 11:10 a.m. on Friday, January 27, 2012.

Marshal A. Oldman, Esq., President

Michael M. Savoy, CPA, Secretary-Treasurer

Veronica Daniel, Board Relations Analyst, and Deanne Pearce, Assistant Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.