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

MINUTES OF THE
May 19-20, 2016
CBA MEETING

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

Roll Call and Call to Order.

California Board of Accountancy (CBA) President Katrina Salazar called the meeting to order at 9:00 a.m. on Thursday, May 19, 2016 at the Hilton Los Angeles Airport. The CBA convened into closed session from 10:29 a.m. until 10:48 a.m. Open session reconvened at 10:50 a.m. The CBA convened into closed session at 11:34 a.m. until 12:08 p.m. Open session reconvened at 12:13 p.m. The CBA convened into closed session from 12:43 p.m. until 12:52 p.m. The CBA recessed at 2:02 p.m. to conduct committee meetings. The CBA reconvened from 4:52 p.m. until 5:00 p.m. The CBA reconvened into open session on Friday, May 20, 2016 at 9:03 a.m. The meeting convened into closed session at 11:07 a.m. The meeting reconvened into open session at 12:34 p.m. President Salazar adjourned the meeting at 12:35 p.m.

CBA Members

May 19, 2016

Katrina L. Salazar, CPA, President	9:00 a.m. to 5:00 p.m.
Alicia Berhow, Vice-President	9:00 a.m. to 5:00 p.m.
Michael M. Savoy, CPA, Secretary/Treasurer	9:00 a.m. to 5:00 p.m.
Jose A. Campos, CPA	9:00 a.m. to 5:00 p.m.
Herschel Elkins, Esq.	9:00 a.m. to 5:00 p.m.
George Famalett, CPA	Absent
Karriann Farrell Hinds, Esq.	9:00 a.m. to 5:00 p.m.
Laurence (Larry) Kaplan	9:03 a.m. to 5:00 p.m.
Kay Ko	9:00 a.m. to 5:00 p.m.
Leslie LaManna, CPA	9:00 a.m. to 5:00 p.m.
Xochitl León	9:00 a.m. to 5:00 p.m.

Jian Ou-Yang, CPA	9:00 a.m. to 5:00 p.m.
Deidre Robinson	9:00 a.m. to 5:00 p.m.
Mark Silverman, Esq.	9:00 a.m. to 5:00 p.m.
Kathleen Wright, CPA	9:00 a.m. to 5:00 p.m.

CBA Members

May 20, 2016

Katrina L. Salazar, CPA, President	9:03 a.m. to 12:35 p.m.
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Kathleen Wright, CPA	9:03 a.m. to 12:35 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
 Deanne Pearce, Assistant Executive Officer
 Rich Andres, Information Technology Staff
 Dorothy Osgood, Supervising ICPA
 Dominic Franzella, Chief, Enforcement Division
 Nooshin Movassaghi, Legislative Analyst
 Corey Riordan, Board Relations Analyst
 Rebecca Reed, Board Relations Analyst
 Gina Sanchez, Chief, Licensing Division
 Matthew Stanley Information and Planning Officer
 Kristy Schieldge, Legal Counsel, DCA
 Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)

Committee Chairs and Members

Robert Lee, CPA, Chair, Peer Review Oversight Committee
 Joseph Rosenbaum, CPA, Chair, Enforcement Advisory Committee

Other Participants

Jason Fox, California Society of Certified Public Accountants
Jon Ross, KP Public Affairs
Pilar Oñate-Quintana, The Oñate Group
Joseph Petito, The Accountants Coalition

I. Petition Hearings.

A. Vispi B. Shroff – Petition for Reinstatement of Revoked Certificate No. 49525.

The CBA heard Mr. Shroff's petition for reinstatement of revoked certificate.

B. Inger A. Sullenger – Petition for Termination of Probation of Certificate No. 88971.

The CBA heard Ms. Sullenger's petition for termination of probation.

C. Troy M. Christiansen – Petition for Reduction of Penalty of Certificate No. 125158.

The CBA heard Mr. Christiansen's petition for reduction of penalty.

D. Closed Session. Pursuant to Government Code section 11126(c)(3), the California Board of Accountancy convened into closed session to deliberate on disciplinary matters (Petitions for Reinstatement of Revoked Certificate, Termination of Probation, and Reduction of Penalty).

II. Report of the President.

A. Discussion Regarding the California Board of Accountancy's Webcast and Closed Captioning of its Meetings.

President Salazar stated that beginning with this meeting, the CBA meeting webcasts will include closed captioning. Additional information on the closed captioning can be located on the CBA's website.

Mr. Campos inquired if the CBA meetings were going to include closed captioning for past CBA meetings. Ms. Bowers stated that under the Americans with Disabilities Act that State Agencies may be required to provide closed captioning of public meetings. Ms. Bowers stated that it was the recommendation of the DCA Legal Office that the CBA begin closed captioning, but the CBA has yet to receive clarification on whether closed captioning will need to include prior meetings. Ms. Schieldge stated that it was her recommendation to include closed captioning and that she cannot state what the DCA opinion will be on the closed captioning. Mr. Campos stated that he did not see a benefit to the cost of including closed captioning for prior meetings.

B. Update on the California Board of Accountancy's Communication and Outreach.

President Salazar stated that Vice-President Berhow conducted two successful outreach events at the University of Southern California and California State University (CSU) Fullerton. It was requested by CSU Fullerton that the CBA return in the Fall to conduct another outreach event.

President Salazar reported that the CBA participated in a Financial Literacy Fair sponsored by the Department of Business Oversight and that Ms. Berhow conducted a presentation on the renewal process at Accounting Day 2016 in San Diego.

President Salazar stated that a future outreach event will be conducted with the California Society of CPAs for potential licensees to be held at the University of California Davis. Further, the CBA will be participating in Golden Gate University's Braden Leadership Speaker Series.

President Salazar stated she has been invited by the National Association of State Boards of Accountancy to speak at the both the Eastern and Western regional meetings.

President Salazar stated that the CBA has launched their new website.

1. Communication on the Release of the Next Version of the Uniform Certified Public Accountant Examination.

Mr. Stanley stated on April 4, 2016 the American Institute of Certified Public Accountants (AICPA) announced that the next version of the Uniform CPA examination (CPA Exam) will be released on April 1, 2017. Mr. Stanley stated at this time there will be no regulatory changes needed to implement the next version of the CPA Exam. Mr. Stanley stated that to be sure all examination applicants and potential examination applicants are made aware of the changes in the examination, the CBA has placed frequently asked questions on the website developed by the AICPA, an E-News notification was sent out to all subscribers that are interested in examination information notifying them that the information was available, and a weeklong social media campaign was launched with new postings on Facebook, Twitter and LinkedIn. These postings were directly viewed by more than 5,750 people. Mr. Stanley stated that three of the tweets were listed on the Great California Government Tweets website that ranks the daily governmental tweets from California state entities. Further, he stated the CBA has also incorporated the new examination material into its outreach material directed to students and an article has been prepared for the next Update publication.

- C. Developments since the February 2015 United States Supreme Court Decision: North Carolina State Board of Dental Examiners v. Federal Trade Commission.

Ms. Schieldge stated that there is nothing new to report on this item.

D. Discussion on the California Little Hoover Commission Hearings Regarding Occupational Licensing.

Mr. Stanley stated that staff attended the second hearing that was held in Culver City on March 30, 2016. The Commission heard from the following speakers: Jane Schroeder of the California Nurses Association, Myra Reedy of the Professional Beauty Association, Deborah Davis of Deborah Davis Design, Michelle Rodriguez of the National Employment Law Project, CT Turney of A New Way of Life Reentry Project, Dr. Jose Fernandez-Pena, Dr. Laurie Crehan, Tracy Rhine, and Chief Deputy Director of the Department of Consumer Affairs.

Mr. Stanley stated that after the hearing, staff reached out to the Little Hoover Commission to determine when the final report would be published. The staff at the Commission stated that they are currently unsure of the time frame and stated that it will depend on how the Commission decides to proceed.

E. Department of Consumer Affairs Director's Report on Departmental Activities.

There was no report on this agenda item.

III. Report of the Vice-President.

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

It was moved by Ms. Salazar and seconded by Mr. Elkins to reappoint Joseph Rosenbaum to the Enforcement Advisory Committee (EAC) effective June 1, 2016 through May 31, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Elkins, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. Leon, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Famalett and Ms. LaManna.

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

It was moved by Ms. Hinds and seconded by Mr. Campos to reappoint Casandra Moore-Hudnall, Nasi Raissian, and Kimberly Sugiyama to the

Qualifications Committee (QC) effective June 1, 2016 through May 31, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Elkins, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. Leon, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Famalett and Ms. LaManna.

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

There was no report for this agenda item.

IV. Report of the Secretary/Treasurer.

- A. Fiscal Year 2015-16 Third Quarter Financial Statement and Governor's Budget.

Mr. Savoy provided an overview of the agenda item. Mr. Savoy stated that the Fiscal Year (FY) 2016-17 proposed budget is currently \$14,833,000. He noted that the revenues for the current year have decreased; however, revenues will significantly increase in FY 2016-17 as a result of the CBA's fee reduction concluding. Mr. Savoy stated that the CBA enforcement costs have increased due to the increased number of investigations that the CBA is able to complete with its increased staffing resources. Mr. Savoy noted that the CBA is scheduled to receive repayment of loans made to the General Fund, with \$10 million in FY 2015-16 and \$21 million in FY 2016-17, pending the Governor's approval of the budget. Lastly, Mr. Savoy noted that the CBA will receive two additional clerical positions, if the request is approved by the legislature and the Governor.

Ms. Wright inquired if Enforcement's expenditure increase is taken into account when determining reimbursement costs as part of a settlement.

Mr. Savoy indicated that negotiations are part of the settlement process and each settlement is considered on a case-by-case basis.

Ms. Hinds questioned why the investigative costs are increasing, but some enforcement positions are being eliminated.

Ms. Bowers stated that positions can be permanent positions or limited term positions, which can be a maximum of three years. The Enforcement Division has 11 limited term positions that will be expiring.

Ms. Hinds inquired what the impact will be on the Enforcement Division when the limited term positions are terminated.

Ms. Bowers stated that when the CBA is unable to obtain staffing positions through the Budget Change Proposal process, then internal adjustments are made with staffing. Recently the CBA redirected ten staff members to the Enforcement Division.

V. Report of the Executive Officer.

A. Update on the Relocation of the California Board Accountancy's Office.

Ms. Bowers stated that the previously identified location is no longer an option. Beginning next month the CBA will restart the process to obtain a new building location.

B. Update on Staffing.

Ms. Bowers stated that Corey Riordan, Board Relations Analyst, has accepted a position with the Enforcement Division and Rebecca Reed is the new Board Relations Analyst.

C. Discussion Regarding Conducting California Board of Accountancy Meetings at Colleges and Universities.

Ms. Bowers gave an overview of this agenda item. Ms. Bowers stated that four of the college and university locations stated that the CBA will need to sign their contract. DCA has its own contract which includes language that protects the interest of the State and DCA has advised the CBA that we are prohibited in signing any rental contracts outside of DCA's approved contract.

Ms. Bowers stated that the California State University Sacramento does have space available for the CBA's January 2017 meeting date and the university is willing to sign DCA's contract, if the CBA is willing to change the January meeting to this Northern California location.

Mr. Elkins stated that he believed the issue with securing Northern California meeting locations was that hotel accommodations could not be secured.

Ms. Bowers stated that there are two separate issues. The first issue is the difficulty in finding Northern California meetings locations and the second issue is the difficulty in securing a hotel that will offer the state rate.

Ms. Wright inquired if the meeting room rates at college campuses were going to be less expensive than meeting room locations at hotels.

Ms. Bowers stated that the college campus rates are generally higher than the locations that we find at hotels.

Mr. Kaplan inquired if the Northern California November meeting will be in Sacramento or the Bay Area.

Ms. Bowers stated that November meeting will be held in Sacramento.

Mr. Campos stated that he does not think it would be beneficial to hold future meetings at a college campus.

Ms. Hinds stated that it might be beneficial in the future to hold a meeting at a college campus, in conjunction with an outreach event, otherwise it is not cost effective to hold the meetings at a college campus.

President Salazar stated that should the environment change, the CBA can revisit the option of holding meetings on college campuses and at this time the staff can discontinue the search to secure a meeting space at college campuses.

D. Discussion Regarding the Option of Changing the July 2016 California Board of Accountancy Meeting to Two Days.

Ms. Bowers stated that staff recommended that the CBA delegate to the President the authority to change the July one-day meeting to a two-day meeting, if a second day is needed to accomplish CBA business. An assessment will be made following the May meeting and in consultation with the President, a determination will be made.

Mr. Elkins suggested to move future July meetings back to a two-day meeting and then the meeting can be changed to a one-day meeting as needed.

It was moved by Mr. Savoy and seconded by Mr. Silverman to delegate to the President the authority to change the July meeting from a one-day meeting to a two-day meeting, if needed, to accomplish board business.

Yes: Ms. Berhow, Mr. Campos, Mr. Elkins, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. Leon, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Famalett and Ms. LaManna.

E. Discussion Regarding the American Institute of Certified Public Accountants' Paper Regarding the Proposed Evolution of Peer Review Administration.

Mr. Franzella reported that the AICPA released a paper titled *Proposed Evolution of Peer Review Administration* in February 2016. Staff completed a preliminary review of the paper and noticed that one of the primary takeaways was the reduction of administering entities the AICPA uses to administer its program. Mr. Franzella stated that presently there are approximately 40 administering entities and this proposal considers reducing the number to eight to 10. Staff contacted the AICPA regarding the feedback period associated with the paper and was informed by the AICPA that this was the first of two papers regarding the evolution of peer review administration. The AICPA noted that the paper and the topic of evolution of peer review administration will be a discussion topic at the NASBA June Regional Meetings. The AICPA stated that based on feedback received from the NASBA meetings, the AICPA will prepare a second paper seeking input from the various boards of accountancy. Mr. Franzella stated that staff has reached out to the AICPA regarding when the comment period would be for this second paper so the CBA would have an opportunity to comment on this paper.

Mr. Franzella stated staff would like the CBA to authorize staff to work with a sub-committee of the Peer Review Oversight Committee (PROC) and continue to monitor when the feedback period would be from the release of the second paper.

Mr. Elkins inquired if there is any rule in place that requires the licensee to inform the peer reviewer of all of the different types of audits that the licensee completes.

Mr. Franzella stated that the CBA has minimum requirements for the peer review program and that the AICPA meets those requirements. Also embedded within the AICPA program is the requirement related to providing the types of engagements that were performed.

Mr. Elkins inquired if it is a violation if the CPA does not inform the peer reviewer of all of the types of engagements that were performed by the CPA.

Mr. Lee, Chair of the PROC, stated that it is a violation of AICPA's Ethics Standards if the CPA does not provide the entire scope of work that the CPA is performing for the peer review process. If the entire scope of work is not provided, the CPA would be called in front of the Ethics Standards Committee and also the CPA would be referred to the CBA's Enforcement Division.

Mr. Campos inquired if there is anything in the AICPA's Evolution Paper that covers employee benefit plans.

Mr. Franzella stated that he was not aware of anything that covers employee benefit plan and he is unaware of what the second paper will focus on other

than the AICPA seeking input from the various boards of accountancy, based on feedback received from NABSA's June Regional Meetings.

Mr. Elkins suggested that this could be an outreach opportunity to inform the CPAs that they are required to inform peer reviewers of their entire scope of work.

Ms. Robinson inquired on what qualifications or criteria is required for peer reviewers.

Mr. Lee stated that qualified peer reviewers are required to attend educational courses to be on a peer review team. From there the peer reviewer can work their way up to a team captain position. Also the peer reviewer goes through a vetting process through the California Society of CPAs.

Ms. Robinson inquired if there are any type requirements or reviews after a peer reviewer becomes a team captain.

Mr. Lee stated that the California Society of CPAs maintains an analysis and an ongoing review of peer reviewers.

Mr. Campos inquired if there was anything in AICPA's paper that Mr. Lee thought would require evaluation or comment from the CBA or the PROC at this point.

Mr. Franzella stated that the approval from the CBA of a subcommittee would allow a more in-depth review of the paper.

It was moved by Ms. Robinson and seconded by Mr. Silverman to form a subcommittee of the Peer Review Oversight Committee to review the American Institute of Certified Public Accountants proposal.

Yes: Ms. Berhow, Mr. Campos, Mr. Elkins, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. Leon, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Famalett and Ms. LaManna.

VI. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the May 5, 2016, Enforcement Advisory Committee Meeting.

Mr. Rosenbaum reported that members of the Enforcement Advisory Committee welcomed their newest member, Mr. Nicholas Antonian.

Mr. Rosenbaum stated that in closed session the Enforcement Advisory Committee reviewed four open cases, reviewed one closed case and conducted five investigative hearings.

B. Qualifications Committee.

There was no report on this agenda item.

C. Peer Review Oversight Committee.

1. Report of the May 6, 2016 Peer Review Oversight Committee Meeting.

Mr. Lee reported that the PROC discussed the changes to the AICPA's peer review standards for qualifications and standards for peer reviewers that became effective on May 1, 2016. He stated that the committee, with the two new members, discussed the history of how the PROC has developed its checklist and processes for reviewing an administrative entity and to make sure the checklists are up to date. An update was also provided on members activities on discussions for various oversight activities. The committee also discussed the NASBA Compliance Assurance Committee Oversight report on the AICPA's National Peer Review Committee which was issued on February 29, 2016, in which the committee discussed the NASBA's response to the AICPA exposure draft which proposed changes to the AICPA standards for performing and reporting on peer reviews.

VII. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of the Enforcement Activity Report. He stated that the CBA received 2,028 complaints for the FY 2015-16 as of March 31, 2016, of which 1,662 of the complaints were from internal referrals. Mr. Franzella stated that an internal complaint also includes complaints that are received from the Securities and Exchange Commission, the Department of Labor and other outside governmental agencies.

Mr. Elkins stated that it would be more helpful if the Enforcement Division reported on the previous fiscal year's first nine months, with this fiscal year's first nine months since the figures reported in the Enforcement Activity Report covered the entire fiscal year for the fiscal years of 2013-14 and 2014-15. This would enable the CBA to have a better overview of the figures. Mr. Franzella

stated that the PROC will be examining its enforcement reporting to the CBA and will take this into account.

Mr. Franzella reported that there are currently 73 cases open that are older than 24 months and have closed 36 cases this fiscal year that are older than 24 months. Mr. Franzella reported that 88 cases have been referred to the Attorney General's office. Mr. Franzella also reported there have been 218 citations issued this fiscal year. There are 102 licensees on probation.

Ms. Wright inquired about the decline in the average of fines to fiscal year compared to the previous two fiscal years.

Mr. Franzella stated that for FY 2012-13 and 2013-14 the number of citations were substantially greater due to individuals failure to report peer review information to the CBA. The CBA generated a mass citation mail out which decreased the issuance timeframe. In FY 2014-15, the CBA no longer generated that volume of citations.

Mr. Kaplan inquired about the interim suspension order that can now be granted by the Enforcement Division and how it is obtained.

Mr. Franzella stated that Business and Professions Code section 494 authorizes the CBA to seek an interim suspension order and an Administrative Law Judge can issue the order.

Mr. Campos inquired on the amount of non-response to the retroactive fingerprinting requirement that the CBA has pending.

Mr. Franzella stated that the number is low. The CBA is reviewing licensees that have not responded to the Criminal Offender Record Information Unit to determine if there is a need to file accusations against these licensees.

Ms. Hinds stated that she would like the Enforcement Division to keep the CBA informed of the impact of consumer complaints and the length of time it would take the division to respond to these complaints so the CBA can be informed if the reduction in staff is having an impact on the public.

Mr. Franzella stated that he would keep the CBA informed of the impact that the reduction in staff is having on enforcement time frames.

Ms. Bowers stated that in addition to the reporting of the Enforcement Division and the impact that the reduction in staff will have in the processing of complaints, Ms. Sanchez will be reporting on the time frame for processing licensing applications as the CBA adjusts their internal priorities and staff is redirected to the Enforcement Division and the impact that will have on the Licensing Division.

Mr. Campos stated he would like to make sure there is balance in the reports regarding the impact that the units have experienced with the redirection of staff to the Enforcement Division.

VIII. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Sanchez stated that the Licensing Division have reported their target processing time frames to the legislature in accordance with the 2016-17 Governor's Budget.

Ms. Sanchez stated that the Initial Licensing Unit is continuing to participate in outreach events. She also reported that 2,735 applications for CPA licensure have been approved in FY 2015-16. This number has surpassed the number of licenses issued than were issued in the previous year. Ms. Sanchez stated that the Initial Licensing Unit is continuing to meet the 30-day time frames.

Ms. Sanchez stated that the NASBA Performance Summary identifies California's candidate performance of the CPA Exam, which includes overall and section performance, the passing percentage and demographics. The second page of the report includes the same performance measures for all jurisdictions for comparison.

Mr. Elkins inquired about the significant increase in the amount of licenses that have been issued this fiscal year.

Ms. Sanchez stated that the increase was due to the changes in the educational requirements.

Ms. Berhow inquired how often a repeat candidate takes the CPA Exam.

Ms. Sanchez stated that it varies from candidate to candidate, but mostly it is due to a first time exam candidate not sitting for all four sections of the CPA Exam at one time.

Ms. Leon inquired if a CPA has retired status, can that CPA still practice.

Ms. Sanchez stated that even though retired CPAs are still considered a licensed CPA, they cannot practice without an active license. Ms. Sanchez stated that she will start reporting the number of active, inactive, and retired licensees on the Licensing Activity Report.

IX. Committee Reports.

A. Committee on Professional Conduct.

1. Report of the May 19, 2016 Committee on Professional Conduct Meeting.
2. Discussion and Possible Action to Consider California Board of Accountancy Policy Objectives Resulting from the United States Department of Labor's Review of Audits Performed for Employee Benefit Plans Covered Under the Employee Retirement Security Act of 1974.

Ms. Ko reported that members discussed the Department of Labor (DOL) recommendations, which focused on enforcement, regulation/legislation, and outreach and various options on how the CBA may proceed. Ms. Ko stated that the Committee on Professional Conduct directed staff to communicate the DOL's findings through various outreach methods including writing an Update article highlighting the DOL's key recommendations and inform licensees via social media update and the CBA's website, linking existing California Society of CPAs, the NASBA and the AICPA resources.

Ms. Wright suggested that the CBA review specialized CE for licensees that perform audits and additionally for tax preparers, as both are complex areas of practice.

President Salazar stated that the committee requested that staff bring information on what other states are doing for continuing education to the committee for action, at which time the CBA may discuss potentially enhancing CE requirements.

B. Enforcement Program Oversight Committee.

1. Report of the May 19, 2016 Enforcement Program Oversight Committee Meeting.
2. Revision Schedule for the Disciplinary Guidelines and Model Orders.

This agenda item was a written report only and no comments were received.

3. Discussion and Possible Action Regarding Review of Proposed Changes to the Disciplinary Guidelines and Model Orders (Title 16, California Code of Regulations Section 98).

Ms. Wright reported that staff provided an overview of various proposed changes to the Disciplinary Guidelines for the CBA's consideration. Staff also reviewed recent law changes, the mitigation, rehabilitation guidelines, and the standard and optional terms and conditions of probation for possible modifications. Ms. Wright reported that staff noted the most significant changes being proposed related to rehabilitation criteria and the inclusion of a new section titled Rehabilitation Evidence.

The EPOC recommended that the CBA approve the changes to the Disciplinary Guidelines and Model Orders offered by staff with the exception of requesting that staff bring back new language to amend the Rehabilitation Evidence section to be discussed at the July meeting.

Yes: Ms. Berhow, Mr. Campos, Mr. Elkins, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. Leon, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.

No: None.

Abstain: Mr. Silverman.

Absent: Mr. Famalett and Ms. LaManna.

C. Legislative Committee.

1. Report of the May 19, 2016 Legislative Committee Meeting.
2. Update, Discussion, and Possible Action on Legislation on Which the California Board of Accountancy Has Taken a Position or is Monitoring.
 - A. Recommendation to Maintain the California Board of Accountancy's Current Position (Assembly Bill (AB) 507, AB 1566, AB 1707, AB 1939, AB 2560, AB 2859, Assembly Concurrent Resolution (ACR) 131, Senate Bill (SB) 1251, SB 1348, SB 1155, SB 1445, and SB 1479).
 - B. Recommendation of Possible Action to Change the California Board of Accountancy's Position on AB 2853.

The LC recommended that the CBA take a Support if Amended position on AB 2853, amend the language to state "However, if after the agency refers the person to the Internet Web site, the person requesting the record requests a copy of the record due to an inability to access or reproduce the public record from the Internet Web site, the agency shall within 10 days notify the person of the availability of the public record and make the record promptly available upon payment of fees pursuant to subdivision (b).."

Yes: Ms. Berhow, Mr. Campos, Mr. Elkins, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. Leon, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Famalett and Ms. LaManna.

- C. Bills Being Monitored by the California Board of Accountancy (Assembly Bill (AB) 1868, AB 1887, AB 1949, AB 2421, AB 2423, AB 2701, AB 2843, Senate Bill (SB) 1130, SB 1195, SB 1444, and SB 1448). Ms. Robinson reported that staff will be monitoring the bills, as most are currently spot bills, which may have potential implications on the CBA.

3. Consideration of Positions on Newly Included Legislation.

- A. Senate Bill (SB) 1195 – Professions and vocations: board actions: competitive impact.

Ms. Robinson reported that SB 1195 would grant authority to the Director of the DCA to review a decision of a board within the DCA to determine whether it unreasonably restrains trade. Also SB 1195 would grant the Director the authority to approve, disapprove, or modify the board decision or action, as specified. Ms. Robinson reported that SB 1195 would require a public entity to pay judgment or settlement for treble damage antitrust awards against a member of a regulatory board for an act or omission occurring within the scope of his or her employment as a member of a regulatory board.

Ms. Wright inquired if the Director has ever objected to a regulation or any other action of the CBA.

Ms. Bowers stated that to her knowledge, the Director has never objected to an order of regulation.

Ms. Berhow stated that she would like to take a stronger position on this bill.

President Salazar inquired if there is any scheduled legislation with this bill before the July CBA meeting.

Ms. Bowers stated that there may be amendments to the language on this bill, but the CBA would have an opportunity to change its position in July.

Mr. Fox, from the California Society of CPAs, stated that the California Society of CPAs will continue to work with author and other stakeholders on SB 1195.

The LC recommended that the CBA take a watch position on SB 1195.

Yes: Mr. Campos, Mr. Elkins, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. Leon, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: Ms. Berhow.

Abstain: None.

Absent: Mr. Famalett and Ms. LaManna.

D. Mobility Stakeholder Group.

1. Report of the May 19, 2016 Mobility Stakeholder Group Meeting.
2. Mobility Stakeholder Group Decision Matrix and Stakeholder Objectives.

This agenda item was a written report only and no comments were received.

3. Timeline for Activities Regarding Determinations to be Made Pursuant to Business and Professions Code Section 5096.21.

Mr. Campos stated that staff reported that the actions being taken by the Mobility Stakeholders Group are consistent with the prior timeline that had been established.

4. Discussion Regarding the Assessment of the National Association of State Boards of Accountancy's Process for Evaluating and Information Gathered Regarding Washington's and Arizona's Accountancy Board Operations.

Mr. Campos reported that staff presented the preliminary assessment of the National Association of State Boards of Accountancy's information regarding Arizona and Washington's enforcement practices to the committee. Based on the results of the assessment and the verification of states' websites with disciplinary information, staff was satisfied with the National Association of State Boards of Accountancy's identification of Arizona and Washington being substantially equivalent.

5. Discussion and Possible Action Regarding the Findings of the National Association of State Boards of Accountancy Related to Business and Professions Code Section 5096.21(c).

Mr. Campos stated that staff reported that the National Association of State Boards of Accountancy now identifies 32 jurisdictions as substantially equivalent to the Guiding Principles of Enforcement. Staff recommended an assessment of six more states based on geography, licensee population, and number of practice privilege holders under the prior program.

The MSG recommended that the CBA's population of jurisdictions to evaluate be set at 43, staff assess seven states, equaling 15 percent of the 43 states which have been identified by the National Association of State Boards of Accountancy as substantially equivalent, using the same procedures that were used for the preliminary assessment of Arizona and Washington and report results at the July 2016 meeting, and continue to monitor the undetermined states.

Yes: Ms. Berhow, Mr. Campos, Mr. Elkins, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. Leon, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Famalett and Ms. LaManna.

6. Discussion Regarding the National Association of State Boards of Accountancy's Activities and CPAVerify.

Mr. Campos reported that the NASBA's Eastern Regional Meeting will be held on June 7-9, 2016 in Ashville, North Carolina and its Western Regional Meeting will be held on June 22-24, 2016 in Denver, Colorado.

7. Discussion Regarding Proposed Agenda Items for the Next Mobility Stakeholder Group Meeting.

Mr. Campos reported that the topics for the next meeting will be to further discuss the progress made in comparing states to the NASBA's Guiding Principles of Enforcement and have staff determine whether any other jurisdictions are questioning California's substantial equivalency.

X. Acceptance of Minutes.

- A. Minutes of the March 17-18, 2016 California Board of Accountancy Meeting.
- B. Minutes of the March 17, 2016 Committee on Professional Conduct Meeting.
- C. Minutes of the March 17, 2016 Legislative Committee Meeting.
- D. Minutes of the March 17, 2015 Enforcement Program Oversight Committee Meeting.
- E. Minutes of the March 17, 2016 Mobility Stakeholder Group Meeting.

It was moved by Ms. Berhow and seconded by Ms. Robinson to approve agenda items XI.A – IX.E, with the amendment to reflect Ms. Hinds name as Ms. Hinds and not Ms. Farrell Hinds.

Yes: Ms. Berhow, Mr. Campos, Mr. Elkins, Ms. Hinds, Mr. Kaplan, Ms. Ko, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.

No: None.

Abstain: Ms. Leon and Mr. Silverman.

Absent: Mr. Famalett and Ms. LaManna.

XI. Other Business.

A. American Institute of Certified Public Accountants.

1. Report on Public Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

There was no report on this agenda item.

B. National Association of State Boards of Accountancy.

1. Report on Public Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Representative.

There was no report on this agenda item.

XII. Closing Business.

A. Public Comments.

B. Agenda Items for Future California Board of Accountancy Meetings.

Mr. Kaplan stated that he would like the CBA to form a committee or study group to look at issues related to the disciplinary process; including evaluating criteria for discipline in cases of infractions related to non-license issues and to explore ways to provide support to respondents so they know their rights in the disciplinary process.

Ms. Wright inquired if the CBA could reconsider the provision of tolling of probationers that are out-of-state residents.

President Salazar stated that she would like to start with education for the CBA rather than a change in the tolling requirements.

Ms. Hinds suggested that the EPOC have a discussion on tolling at the next committee meeting and report back to the CBA.

Ms. Wright stated she would like the board to consider reviewing areas of practice where the CBA has specialized continuing education requirements.

XIII. Closed Session.

- A. Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Convened Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, and Proposed Decisions).
- B. Pursuant to Government Code Section 11126(e), the California Board of Accountancy Met In Closed Session to Receive Advice from Legal Counsel on Litigation (David Greenberg v. California Board of Accountancy, Los Angeles County Superior Court, Case No. BS155045; David B. Greenberg v. California Board of Accountancy, Orange County Superior Court, Case No. 30-2015-00809799-CU-WM-CJC.; David B. Greenberg v. California Board of Accountancy, Orange County Superior Court, Case No. 30-2015-00809802-CU-WM-CJC.; and David Greenberg v. Erin Sunseri, et al., U.S. District Court, Southern District of Florida, Case No. 15-CV-80624.).

President Salazar adjourned the meeting at 12:35 p.m. on Friday, May 20, 2016.

Katrina L. Salazar, CPA, President

Michael M. Savoy, CPA, Secretary/
Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.