



California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

phone: (916) 263-3680 *fax:* (916) 263-3675 *web:* www.cba.ca.gov



OFFICIAL NOTICE AND MEETING AGENDA OF THE CALIFORNIA BOARD OF ACCOUNTANCY

Legislative Committee Meeting

Thursday, May 13, 2021, beginning at 9:00 a.m.

**Committee on Professional Conduct Meeting
Thursday, May 13, 2021, beginning at 10:10 a.m.**

**Enforcement Program Oversight Committee Meeting
Thursday, May 13, 2021, beginning at 11:20 a.m.**

**California Board of Accountancy Meeting – Closed Session
Thursday, May 13, 2021, beginning at 1:30 p.m.**

**California Board of Accountancy Meeting – Public Session
Friday, May 14, 2021, beginning at 9:00 a.m.**

The California Board of Accountancy will hold a public meeting via a teleconference platform. Pursuant to the provisions of Governor Gavin Newsom’s Executive Order N-29-20, dated March 17, 2020 a physical meeting location is not being provided.

INSTRUCTIONS FOR PARTICIPATION:

For all those who wish to participate or observe the meetings on Thursday, May 13, 2021 please log on to this website: <https://dca-meetings.webex.com/dca-meetings/onstage/g.php?MTID=e2a30c7b9d17c813d835bc7fe3911e7d0>

For all those who wish to participate or observe the meeting on Friday, May 14, 2021 please log on to this website: <https://dca-meetings.webex.com/dca-meetings/onstage/g.php?MTID=edc5d78931cebc4281fcf282555ea022d>

Instructions on how to observe and participate in the meeting using the WebEx platform can be found on the California Board of Accountancy’s [website](#).

Members of the public may, but are not obligated to, provide their names or personal information as a condition of observing or participating in the meeting. When signing into the WebEx platform, participants may be asked for their name and email address. Participants who choose not to provide their names will be required to provide a unique identifier, such as their initials or another alternative, so that the meeting moderator can identify individuals who wish to make public comment. Participants who choose not to provide their email address may utilize a fictitious email address in the following sample format: XXXXX@mailinator.com.

CBA Meeting May 13-14, 2021

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Public comments will be limited to five minutes per person unless, in the discretion of the California Board of Accountancy President, circumstances require a shorter period. Members of the public will not be permitted to "yield" their allotted time to other members of the public to make comments.

[Click here for information on how to interact and participate during a public meeting.](#)

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Rebecca Reed at (916) 561-1716, or email rebecca.reed@cba.ca.gov, or send a written request to the California Board of Accountancy at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

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**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE COMMITTEE**

TELECONFERENCE MEETING AGENDA

**Thursday, May 13, 2021
9:00 a.m.**

Important Notice to the Public

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Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Xochitl León, Committee Chair).

<u>Agenda Item</u>	<u>CBA Item #</u>
I. Public Comments for Items not on the Agenda.*	
II. Approve Minutes of the January 16, 2020 Legislative Committee Meeting.	XII.B.
III. California Board of Accountancy 2021 Legislative Tracking Chart (Patrick Ibarra, Information and Planning Officer).	XIV.A.2.

<u>Agenda Item</u>	<u>CBA Item #</u>
IV. Update, Discussion, and Possible Action on Legislation on Which the California Board of Accountancy Has Taken a Position (Deanne Pearce, Assistant Executive Officer/Patrick Ibarra, Information and Planning Officer).	XIV.A.3.
A. Assembly Bill 29 – State Bodies: Meetings.	XIV.A.3.a.
B. Assembly Bill 107 – Licensure: Veterans and Military Spouses.	XIV.A.3.b.
C. Assembly Bill 225 – Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.	XIV.A.3.c.
D. Assembly Bill 298 – Accountancy: California Board of Accountancy.	XIV.A.3.d.
E. Assembly Bill 646 – Department of Consumer Affairs: Boards: Expunged Convictions.	XIV.A.3.e.
F. Assembly Bill 1026 – Business Licenses: Veterans.	XIV.A.3.f.
G. Assembly Bill 1386 – License Fees: Military Partners and Spouses.	XIV.A.3.g.
H. Senate Bill 772 – Professions and Vocations: Citations: Minor Violations.	XIV.A.3.h.
V. Review and Consideration of Possible Positions on Legislation (Deanne Pearce, Assistant Executive Officer/Patrick Ibarra, Information and Planning Officer).	XIV.A.4.
A. Assembly Bill 885 – Bagley-Keene Open Meeting Act: Teleconferencing.	XIV.A.4.a.
B. Assembly Bill 1316 – School Accountability: Financial and Performance Audits: Charter Schools: Contracts.	XIV.A.4.b.

<u>Agenda Item</u>	<u>CBA Item #</u>
C. Senate Bill 607 – Professions and Vocations.	XIV.A.4.c.
VI. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring (Patrick Ibarra, Information and Planning Officer).	XIV.A.5.
A. Assembly Bill 2 – Regulations: Legislative Review: Regulatory Reform.	XIV.A.5.a.
B. Assembly Bill 54 – COVID-19 Emergency Order Violation: License Revocation.	XIV.A.5.b.
C. Assembly Bill 69 – State of Emergency: Termination After 60 days: Extension by the Legislature.	XIV.A.5.c.
D. Assembly Bill 305 – Veteran Services: Notice.	XIV.A.5.d.
E. Assembly Bill 339 – Local Government: Open and Public Meetings.	XIV.A.5.e.
F. Assembly Bill 343 – California Public Records Act Ombudsperson.	XIV.A.5.f.
G. Assembly Bill 473 – California Public Records Act.	XIV.A.5.g.
H. Assembly Bill 587 – Social Media Companies: Terms of Service.	XIV.A.5.h.
I. Assembly Bill 703 – Open Meetings: Local Agencies: Teleconferences.	XIV.A.5.i.
J. Assembly Bill 770 – Business.	XIV.A.5.j.
K. Assembly Bill 830 – Business: Department of Consumer Affairs: Alarm Company Act: Real Estate Law.	XIV.A.5.k.

<u>Agenda Item</u>	<u>CBA Item #</u>
L. Assembly Bill 1273 – Interagency Advisory Committee on Apprenticeship: the Director of Consumer Affairs and the State Public Health Officer.	XIV.A.5.l.
M. Assembly Bill 1291 – State Bodies: Open Meetings.	XIV.A.5.m.
N. Senate Bill 102 – COVID-19 Emergency Order Violation: License Revocation.	XIV.A.5.n.
O. Senate Bill 209 – State of Emergency: Termination After 45 Days: Extension by the Legislature.	XIV.A.5.o.
P. Senate Bill 452 – State Government: Immigrant and Refugee Affairs Agency: Office of Immigrant and Refugee Affairs.	XIV.A.5.p.
Q. Senate Bill 600 – Administrative Procedure Act.	XIV.A.5.q.
R. Senate Bill 731 – Criminal Records: Relief.	XIV.A.5.r.
VII. Agenda Items for Next Meeting.	XIV.A.6.
Adjournment.	

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the California Board of Accountancy are open to the public. While the California Board of Accountancy intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources or technical difficulties.

*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the Legislative Committee prior to the Legislative Committee taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Legislative Committee, but the Legislative Committee Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the Legislative Committee to discuss items not on the agenda; however, the Legislative Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

California Board of Accountancy members who are not members of Legislative Committee may be attending the meeting. However, if a majority of members of the full board are present at the Legislative Committee meeting, members who are not Legislative Committee members may attend the meeting only as observers.

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Rebecca Reed at (916) 561-1716, or email rebecca.reed@cba.ca.gov, or send a written request to the California Board of Accountancy at 2450 Venture Oaks Way, Ste. 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

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**CALIFORNIA BOARD OF ACCOUNTANCY
COMMITTEE ON PROFESSIONAL CONDUCT**

TELECONFERENCE MEETING AGENDA

**Thursday, May 13, 2021
10:10 a.m.**

Important Notice to the Public

All times indicated, other than those identified as “time certain,” are approximate and subject to change. **Action may be taken on any item on the agenda.** Agenda items may be discussed and action taken out of order at the discretion of the Committee on Professional Conduct Chair for convenience, to accommodate speakers, or to maintain a quorum. Identified presenters are subject to change. The meeting may be canceled without notice. For verification of the meeting, call (916) 263-3680 or access the California Board of Accountancy’s [website](#).

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Luz Molina Lopez, Chair).

<u>Agenda Item</u>	<u>CBA Item #</u>
I. Public Comments for Items not on the Agenda.*	
II. Approve Minutes of the January 16, 2020 Committee on Professional Conduct Meeting.	XII.C.
III. Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021 (Dominic Franzella, Chief, Enforcement Division).	XIV.B.2.
IV. Discussion and Possible Action Regarding the Fees Associated with Online Payments (Deanne Pearce, Assistant Executive Officer).	XIV.B.3.
V. Agenda Items for Next Meeting.	

Adjournment.

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California Board of Accountancy members who are not members of the Committee on Professional Conduct may be attending the meeting. However, if a majority of members of the full board are present at the Committee on Professional Conduct meeting, members who are not Committee on Professional Conduct members may attend the meeting only as observers.

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**CALIFORNIA BOARD OF ACCOUNTANCY
 ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE**

TELECONFERENCE MEETING AGENDA

**Thursday, May 13, 2021
 11:20 a.m.**

Important Notice to the Public

All times indicated, other than those identified as “time certain,” are approximate and subject to change. **Action may be taken on any item on the agenda.** Agenda items may be discussed and action taken out of order at the discretion of the Enforcement Program Oversight Committee Chair for convenience, to accommodate speakers, or to maintain a quorum. Identified presenters are subject to change. The meeting may be canceled without notice. For verification of the meeting, call (916) 263-3680 or access the California Board of Accountancy’s [website](http://www.cba.ca.gov).

- | Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Karriann Farrell Hinds, Esq., Chair). | <u>CBA Item #</u> |
|---|--------------------------|
| I. Public Comments for Items not on the Agenda.* | |
| II. Approve Minutes of the November 21, 2019 Enforcement Program Oversight Committee Meeting. | XII.D. |
| III. Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1 (Dominic Franzella, Chief, Enforcement Division). | XIV.C.2. |
| IV. Agenda Items for Next Meeting. | |
| Adjournment. | |

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

TELECONFERENCE MEETING AGENDA

**Thursday, May 13, 2021
 1:30 p.m. – 5:00 p.m.**

**Friday, May 14, 2021
 9:00 a.m. – 5:00 p.m.**

Important Notice to the Public

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Thursday,
 May 13, 2021

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Nancy J. Corrigan, CPA, President).

Agenda Item.

**1:30 p.m. –
 3:00 p.m.**

- I. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene into Closed Session to Receive Advice From Legal Counsel on Litigation.
 - A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.

Agenda Item.

B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.

C. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.

3:00 p.m. –

3:15 p.m.

Afternoon Break.

3:15 p.m. –

5:00 p.m.

- II. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene into Closed Session to Deliberate on Enforcement Matters.

Recess Until May 14, 2021.

Friday,
May 14, 2021

Call to Order, Roll Call, and Establishment of a Quorum
(Nancy J. Corrigan, CPA, President).

9:00 a.m. –

9:10 a.m.

- III. Public Comments for Items not on the Agenda.

9:10 a.m. –

10:50 a.m.

- IV. Report of the President **(Nancy J. Corrigan, CPA, President).**

A. Training Regarding Substantially Related Convictions and Acts to the Practice of Public Accountancy **(Department of Consumer Affairs Representative, Legal Affairs Division).**

B. Resolution for Retired Mobility Stakeholder Group Member, Jeffrey De Lyser, CPA.

C. Resolution for Retired Mobility Stakeholder Group Member, Shawn C. Lewis.

D. Resolution for Retired Mobility Stakeholder Group Member, Jim Songey, CPA.

E. Resolution for Retired Mobility Stakeholder Group Member, Stuart Waldman, Esq.

F. Overview of the Process to Apply for and Resources Available to Become a Successful California Board of Accountancy Member.

G. American Institute of Certified Public Accountants Committee Interest for the 2022-23 Volunteer Year.

Agenda Item.

- H. Discussion Regarding Remote Proctoring of the Uniform Certified Public Accountant Examination (**Michelle Center, Chief, Licensing Division**).
- I. Department of Consumer Affairs Director's Report on Departmental Activities (**Department of Consumer Affairs Representative, Office of Board and Bureau Services**).

**10:50 a.m. –
11:05 a.m.**

Morning Break.

**11:05 a.m. –
11:15 a.m.**

- V. Report of the Vice-President (**Michael M. Savoy, CPA, Vice-President**).
 - A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.
 - B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee.
 - C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

**11:15 a.m. –
11:30 a.m.**

- VI. Report of the Secretary/Treasurer (**Mark J. Silverman, Esq., Secretary/Treasurer**).
 - A. Discussion of the Fiscal Year 2020-21 Fiscal Month Eight Financial Statement.

**11:30 a.m. –
11:50 a.m.**

- VII. Regulations.
 - A. Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 12.5 – Attest Experience Form for Experience Under Business and Professions Code Section 5095 (**Deanne Pearce, Assistant Executive Officer**).
 - B. Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 19 – Practice Privilege Forms for Individuals (**Deanne Pearce, Assistant Executive Officer**).

**11:50 a.m. –
12:15 p.m.**

- VIII. Report of the Executive Officer (**Patti Bowers, Executive Officer**).
 - A. Discussion Regarding the Development of the California Board of Accountancy 2022-2024 Strategic Plan (**Patrick Ibarra, Information and Planning Officer**).

Agenda Item.

B. Update on the California Board of Accountancy's Communications and Outreach (**Patrick Ibarra, Information and Planning Officer**).

**12:15 p.m. –
12:30 p.m.**

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

A. Enforcement Advisory Committee (**Doug Aguilera, CPA, Chair**).

1. Report of the May 6, 2021 Enforcement Advisory Committee Meeting.

B. Qualifications Committee (**Nasi Raissian, CPA, Chair**).

There is no report on this agenda item.

C. Peer Review Oversight Committee (**Renee Graves, CPA, Chair**).

1. Report of the April 30, 2021 Peer Review Oversight Committee Meeting.

**12:30 p.m. –
1:30 p.m.**

Lunch.

**1:30 p.m. –
1:50 p.m.**

X. Report of the Enforcement Chief (**Dominic Franzella, Chief, Enforcement Division**).

A. Enforcement Activity Report.

**1:50 p.m. –
2:10 p.m.**

XI. Report of the Licensing Chief (**Michelle Center, Chief, Licensing Division**).

A. Licensing Activity Report.

**2:10 p.m. –
2:20 p.m.**

XII. Meeting Minutes (**Nancy J. Corrigan, CPA, President**).

A. Adoption of the Minutes of the March 25-26, 2021 California Board of Accountancy Meeting.

B. Acceptance of the Minutes of the January 16, 2020 Legislative Committee Meeting.

C. Acceptance of the Minutes of the January 16, 2020 Committee on Professional Conduct Meeting.

Agenda Item.

- D. Acceptance of the November 21, 2019 Enforcement Program Oversight Committee Meeting.
- E. Acceptance of the Minutes of the February 4, 2021 Enforcement Advisory Committee Meeting.
- F. Acceptance of the Minutes of the February 12, 2021 Peer Review Oversight Committee Meeting.

2:20 p.m. –
2:30 p.m.

XIII. Other Business.

A. American Institute of Certified Public Accountants.

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

- a. State Board Committee (**Katrina L. Salazar, CPA**).

B. National Association of State Boards of Accountancy.

- 1. Report of the National Association of State Boards of Accountancy Pacific Regional Director (**Katrina L. Salazar, CPA**).

- 2. Report on Activities of Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

- a. Continuing Professional Education Committee (**Nancy J. Corrigan, CPA, President**).

- b. Relations With Member Boards Committee (**Katrina L. Salazar, CPA, Chair**).

- c. Strategic Planning Task Force (**Patti Bowers, Executive Officer**).

- d. Report of the April 12-14, 2021 Annual Conference for Executive Directors and Board Staff and the Annual Conference for Board of Accountancy Legal Counsel (**Patti Bowers, Executive Director/Dominic Franzella, Chief, Enforcement Division**).

2:30 p.m. –
2:45 p.m.

Afternoon Break.

Agenda Item.

2:45 p.m. –
4:30 p.m.

XIV. Report on the Legislative Committee, Committee on Professional Conduct, and Enforcement Program Oversight Committee.

A. Legislative Committee (**Xochitl León, Committee Chair**).

1. Report of the May 13, 2021 Legislative Committee Meeting.
2. California Board of Accountancy 2021 Legislative Tracking Chart.
3. Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position.
 - a. Assembly Bill 29 – State Bodies: Meetings.
 - b. Assembly Bill 107 – Licensure: Veterans and Military Spouses.
 - c. Assembly Bill 225 – Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.
 - d. Assembly Bill 298 – Accountancy: California Board of Accountancy.
 - e. Assembly Bill 646 – Department of Consumer Affairs: Boards: Expunged Convictions.
 - f. Assembly Bill 1026 – Business Licenses: Veterans.
 - g. Assembly Bill 1386 – License Fees: Military Partners and Spouses.
 - h. Senate Bill 772 – Professions and Vocations: Citations: Minor Violations.
4. Review and Consideration of Possible Positions on Legislation.
 - a. Assembly Bill 885 – Bagley-Keene Open Meeting Act: Teleconferencing.
 - b. Assembly Bill 1316 – School Accountability: Financial and Performance Audits: Charter Schools: Contracts.
 - c. Senate Bill 607 – Professions and Vocations.

Agenda Item.

5. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring.
 - a. Assembly Bill 2 – Regulations: Legislative Review: Regulatory Reform.
 - b. Assembly Bill 54 – COVID-19 Emergency Order Violation: License Revocation.
 - c. Assembly Bill 69 – State of Emergency: Termination After 60 Days: Extension by the Legislature.
 - d. Assembly Bill 305 – Veteran Services: Notice.
 - e. Assembly Bill 339 – Local Government: Open and Public Meetings.
 - f. Assembly Bill 343 – California Public Records Act Ombudsperson.
 - g. Assembly Bill 473 – California Public Records Act.
 - h. Assembly Bill 587 – Social Media Companies: Terms of Service.
 - i. Assembly Bill 703 – Open Meetings: Local Agencies: Teleconferences.
 - j. Assembly Bill 770 – Business.
 - k. Assembly Bill 830 – Business: Department of Consumer Affairs: Alarm Company Act: Real Estate Law.
 - l. Assembly Bill 1273 – Interagency Advisory Committee on Apprenticeship: the Director of Consumer Affairs and the State Public Health Officer.
 - m. Assembly Bill 1291 – State Bodies: Open Meetings.
 - n. Senate Bill 102 – COVID-19 Emergency Order Violation: License Revocation.
 - o. Senate Bill 209 – State of Emergency: Termination After 45 Days: Extension by the Legislature.

Agenda Item.

p. Senate Bill 452 – State Government: Immigrant and Refugee Affairs Agency: Office of Immigrant and Refugee Affairs.

q. Senate Bill 600 – Administrative Procedure Act.

r. Senate Bill 731 – Criminal Records: Relief.

B. Committee on Professional Conduct (Luz Molina Lopez, Committee Chair).

1. Report of the May 13, 2021 Committee on Professional Conduct Committee Meeting.
2. Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021.
3. Discussion and Possible Action Regarding the Fees Associated with Online Payments.

C. Enforcement Program Oversight Committee (Karriann Farrell Hinds, Esq., Chair).

1. Report of the May 13, 2021 Enforcement Program Oversight Committee Meeting.
2. Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1.

**4:30 p.m. –
4:45 p.m.**

XV. Closing Business (Nancy J. Corrigan, CPA, President).

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

Adjournment.

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Department of Consumer Affairs

California Board of Accountancy



RESOLUTION

WHEREAS, *Kenneth Jeffrey De Lyser, CPA has faithfully served as a member of the California Board of Accountancy Mobility Stakeholder Group from July 2, 2019 to February 10, 2021; and*

WHEREAS, *he previously served as a member, Chair, and Vice-Chair of the California Board of Accountancy Peer Review Oversight Committee, and he served as a member, Chair, and Vice-Chair of the California Board of Accountancy Enforcement Advisory Committee; and*

WHEREAS, *throughout his term of service, at all times Kenneth Jeffrey De Lyser, CPA gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and*

WHEREAS, *he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and*

WHEREAS, *his colleagues wish to express to him their high esteem and regard;*

NOW, THEREFORE, BE IT RESOLVED, *that the members of the California Board of Accountancy express heartfelt appreciation to Kenneth Jeffrey De Lyser, CPA for the outstanding contribution he made during his term of service on the Mobility Stakeholder Group and to the consumers of California.*

Nancy J. Corrigan, CPA, President

Mark J. Silverman, Esq., Secretary/Treasurer

Dated: May 14, 2021

Department of Consumer Affairs

California Board of Accountancy



RESOLUTION

WHEREAS, Shawn C. Lewis has faithfully served as a member of the California Board of Accountancy Mobility Stakeholder Group from July 25, 2019 to February 10, 2021; and

WHEREAS, throughout his term of service, at all times Shawn C. Lewis gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and

WHEREAS, his colleagues wish to express to him their high esteem and regard;

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Shawn C. Lewis for the outstanding contribution he made during his term of service on the Mobility Stakeholder Group and to the consumers of California.

Nancy J. Corrigan, CPA, President

Mark J. Silverman, Esq., Secretary/Treasurer

Dated: May 14, 2021

Department of Consumer Affairs

California Board of Accountancy



RESOLUTION

WHEREAS, Jim Songey, CPA has faithfully served as a member of the California Board of Accountancy Mobility Stakeholder Group from July 19, 2019 to February 10, 2021; and

WHEREAS, he presently serves as a member of the California Board of Accountancy Enforcement Advisory Committee; and

WHEREAS, throughout his term of service, at all times Jim Songey, CPA gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and

WHEREAS, his colleagues wish to express to him their high esteem and regard;

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Jim Songey, CPA for the outstanding contribution he made during his term of service on the Mobility Stakeholder Group and to the consumers of California.

Nancy J. Corrigan, CPA, President

Mark J. Silverman, Esq., Secretary/Treasurer

Dated: May 14, 2021

Department of Consumer Affairs

California Board of Accountancy



RESOLUTION

WHEREAS, Stuart Waldman, Esq. has faithfully served as a member of the California Board of Accountancy Mobility Stakeholder Group from March 17, 2014 to February 10, 2021; and

WHEREAS, he previously served as a member and Secretary/Treasurer of the California Board of Accountancy, Chair and member of the Legislative Committee, member of the Enforcement Program Oversight Committee, and Board Liaison to the Report Quality Monitoring Committee; and

WHEREAS, throughout his term of service, at all times Stuart Waldman, Esq. gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and

WHEREAS, his colleagues wish to express to him their high esteem and regard;

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Stuart Waldman, Esq. for the outstanding contribution he made during his term of service on the Mobility Stakeholder Group and to the consumers of California.

Nancy J. Corrigan, CPA, President

Mark J. Silverman, Esq., Secretary/Treasurer

Dated: May 14, 2021



California Board of Accountancy
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CBA Item IV.F.
May 13-14, 2021

Overview of the Process to Apply for and Resources Available to Become a Successful California Board of Accountancy Member

Presented by: Nancy J. Corrigan, CPA, President

Purpose of the Item

The Department of Consumer Affairs (DCA) has requested that all boards place an item on their meeting agenda regarding the recruitment and appointment of new members.

Consumer Protection Objectives

California Board of Accountancy (CBA) members are responsible for carrying out the consumer protection mission of the CBA. Ensuring those who are interested in serving as a CBA member understand the application process and the resources available to effectively perform their role will assist in fulfilling the CBA's consumer protection mission.

Action(s) Needed

No specific action is required on this agenda item.

Background

The CBA consists of 15 members, seven of whom must be certified public accountants, and eight of whom must be public members who are not licensees of the CBA. The Governor appoints four of the public members and all of the licensee members, with individuals representing a cross section of the accounting profession. The Senate Rules Committee and the Speaker of the Assembly each appoints two public members.

There is currently one certified public accountancy vacancy on the CBA.

Comments

Individuals interested in serving California consumers as a member of the CBA must understand the application process, expectations for their role, and the resources available to assist in a successful transition.

Application Process

Individuals interested in applying to become a CBA member must contact one of the three appointing authorities, which includes the Governor, Senate Rules Committee, or

Overview of the Process to Apply for and Resources Available to Become a Successful California Board of Accountancy Member

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the Speaker of the Assembly. It is important to contact the correct appointing authority based on the vacancy they seek to fill. While all three appointing authorities can appoint members of the public, only the Governor can appoint licensee members.

The current CBA vacancy is for a licensee member. Individuals interested in applying can start from the front page of the CBA website (<https://www.cba.ca.gov>), by clicking on the Governor Gavin Newsom graphic, which links to the Office of the Governor's website. Once on the Governor's website, individuals can select the "Appointments" icon.

The following contact information will assist individuals seeking a public member position from either the Senate Rules Committee or the Speaker of the Assembly:

Senate Appointments

Senate Rules Committee

Contact: Jane Brown

(916) 319-2800

Assembly Appointments

Speaker of the Assembly

<https://speaker.asmdc.org/appointments/how-to-apply>

916-319-2063

Understanding the Role of a CBA Member

Individuals who are selected to serve as a CBA member should understand the importance of their service. Prior to individuals serving as a member, they are required to sign an Oath of Office, which states:

I, do solemnly swear (*or affirm*) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Underpinning this important oath is Business and Professions Code (BPC) section 5000.1 that is specific to the CBA and mandates that consumer protection be at the forefront of every decision that must be made. BPC section 5000.1 states:

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

Overview of the Process to Apply for and Resources Available to Become a Successful California Board of Accountancy Member

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In addition to a focus on serving California consumers, individuals interested in becoming a CBA member may want to consider the following that will aide in their success:

- Understanding of the board, its mission, and functions
- Communication and active listening
- Impartiality and respect
- Collaboration
- Organization and humility

Having an understanding of the foundational information identified may assist members in carrying out their duties, which may include:

- Voting on disciplinary matters
- Completing required training
- Attending and actively participating in scheduled board meetings
- Volunteering to be involved in committees and task forces
- Being prepared for meetings by reading all materials in advance

Equally important as having the proper skills is the need to have availability to commit the time required to serve on the CBA. The following provides an estimate of the time necessary to effectively participate as a CBA member:

- Meeting Preparation (6-12 days per year)
- Meeting Participation (6-12 days per year)
- Mandatory Training (2-3 days per year)

Resources to Assist in Becoming a Successful CBA Member

There are many resources available to assist newly appointed CBA members. The goal of the resources is to assist in the transition and provide them with the tools necessary to effectively carry out their role. To begin the transition, the CBA President sends an email welcoming the new member and requests a time to schedule a telephone call. During the scheduled call, the CBA President provides an overview of the CBA, answers questions, and provides preliminary information to get them started.

After this warm welcome, the new CBA member is contacted by CBA staff and provided required paperwork and training information. From there, the member is provided information on two separate orientations to assist them in becoming acclimated with their new role: 1) a legally required orientation presented by DCA; and 2) an orientation conducted by CBA Executive staff.

The DCA orientation focuses significant time on various legal matters surrounding the Bagley-Keene Open Meeting Act and the Enforcement and Disciplinary process. The CBA orientation focuses on its programs, including topics such as licensing requirements, budget, enforcement, and current events. During this orientation, the new

Overview of the Process to Apply for and Resources Available to Become a Successful California Board of Accountancy Member

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member will be provided with an overview of the CBA's Guidelines and Procedures Manual (**Attachment**) which contains detailed information regarding all aspects of the CBA and a member's role.

The CBA President will also assign a CBA member mentor that will work closely with the new member to provide insight and background regarding various topics and to answer any questions they may have during CBA meetings.

There is also a significant amount of information available on the CBA website at www.cba.ca.gov including;

- Webcasts of prior meetings
- Meeting Minutes
- Prior Meeting Materials
- CBA Reports
 - Sunset Review Reports
 - Strategic Plans
 - Annual Reports

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

There is no recommendation on this item; however, if individuals have questions regarding becoming a CBA member they can schedule a discussion with the CBA President.

Attachment

California Board of Accountancy Guidelines and Procedures Manual

California Board of Accountancy

CBA Member

Guidelines and Procedures Manual

CALIFORNIA BOARD OF
ACCOUNTANCY

Updated
January 2021



AMENDMENTS TO THE GUIDELINES AND PROCEDURES MANUAL
Formerly: BOARD OPERATIONS MANUAL

September 30, 1994
March 15, 1995
June 10, 1997
November 21, 1997
January 23, 1998
March 21, 1998
January 26, 2001
January 1, 2003
April 1, 2004

Revised and Restated
January, 2010

Amendments to the Guidelines and Procedures Manual

July 2012
January 2013
January 2014
January 2015
June 2015
January 2016
December 2016
February 2017
August 2017
January 2018
January 2019
January 2020
January 2021

The information provided in this document is for the purpose of providing a general overview of the California Board of Accountancy guidelines and procedures. It is not intended to cover all topics or issues. The document does not supersede any statutes, regulations, or case law; and if there is a conflict, the statute, regulation, or case law is controlling. Further, this does not override legal advice by Department of Consumer Affairs or Attorney General's Office.

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SECTION I.

THE CALIFORNIA BOARD OF ACCOUNTANCY

For over 100 years, the California Legislature has entrusted the California Board of Accountancy (CBA) with protecting the public related to the practice of public accountancy in California. The CBA's mission evokes this charge: "To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards."

The breadth of the CBA's influence in the regulatory environment stretches beyond California's borders. The CBA regulates over 108,000 licensees, including individuals (certified public accountants [CPA] and public accountants [PA]) and accounting firms (partnerships, corporations, and out-of-state registered firms). Many of the accounting firms that the CBA regulates have national footprints and some with footprints worldwide. CPAs work in a wide range of areas including, accounting firms, private industry, government, and academia, and provide services to clients of all sizes and needs.

The CBA recognizes the scope of its regulatory influence. With stakeholders ranging from consumers needing accounting services; lenders, shareholders, and investors that rely on services rendered by CPAs; and businesses – large and small – that use CPAs to establish internal accounting controls (to name a few), the protection of the public shapes the policies, regulations, and enforcement decisions reached by the CBA.

By authority of the California Accountancy Act, the CBA:

- Ensures that only candidates who meet certain qualifications are allowed to take the national Uniform CPA Examination.
- Certifies, licenses and renews licenses of individual CPAs and PAs.
- Registers accountancy partnerships, accountancy corporations, and out-of-state accountancy firms.
- Takes disciplinary action against licensees for violation of CBA statutes and regulations.
- Monitors compliance with continuing education and peer review requirements.
- Reviews work products of CPAs, PAs and accountancy firms to ensure adherence to professional standards.
- Oversees out-of-state licensees who exercise a practice privilege in California.

The CBA establishes and maintains entry-level standards of qualification and conduct within the accounting profession, primarily through its licensing authority.

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

Through its Practice Privilege program (commonly referred to as mobility), qualified out-of-state CPAs may practice public accountancy in California without providing notice or paying a fee. All CPAs practicing in California under the mobility program are subject to the disciplinary authority of the CBA. Further, CPAs must report certain disqualifying events prior to exercising a practice privilege or cease practicing in this state until authorized by the CBA.

To ensure that the consumers of California are protected, the CBA maintains a website with public information about individuals and firms exercising a practice privilege in California. In addition, it contains a search mechanism by which consumers can find current license status information on out-of-state licensees.

The objective of the CBA Enforcement Program is to protect consumers, minimize substandard practice, and rehabilitate and discipline licensees, as warranted. The CBA has the authority to discipline not only licenses held by individuals, but those of firms as well. Enforcement activities include investigating complaints against persons practicing public accountancy without a license and taking disciplinary action against licensees for violations of applicable statutes and regulations. The CBA's Enforcement Program receives complaints from consumers, licensees, professional societies, law enforcement agencies, other government agencies, and internal referrals.

A. MISSION AND VISION OF THE CBA

The Mission of the CBA is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

The Vision of the CBA is that all consumers are well informed and receive quality accounting services from licensees they can trust.

B. COMPOSITION (Ref. Business & Professions Code §§ 5000 & 5001.)

The CBA consists of 15 members, seven of whom must be certified public accountants, and eight of whom must be public members who are not licensees of the CBA.

The Governor appoints four of the public members and all of the licensee members with individuals representing a cross section of the accounting profession. The Senate Rules Committee and the Speaker of the Assembly each appoints two public members.

C. QUALIFICATIONS (Ref. Business & Professions Code §§ 5000.5 & 5001.)

Each public member of the CBA must not:

- Be a current or former licensee of the CBA
- Be an immediate family member of a licensee
- Be currently or formerly employed by a public accounting firm, bookkeeping firm, or firm engaged in providing tax preparation as its primary business
- Have any financial interest in the business of a licensee

Each licensee member of the CBA must:

- Currently be engaged in the practice of public accountancy for a period of not less than five years preceding the date of their appointment, except for the educator position authorized by section 5001(b)

All members of the CBA must:

- Currently be a citizen of the United States and a resident of California for at least five years preceding the date of their appointment
- Be of good character
- Take and subscribe to the Oath of Office and file the Oath with the Secretary of State

D. CBA MEMBER RESPONSIBILITIES AND DUTIES (Ref. Business & Professions Code § 5000.1)

1. Responsibilities.

The CBA members are responsible for carrying out the mission of the CBA as delineated in Section I.A. of this manual. Business and Professions Code section 5000.1 states, "protection of the public shall be the highest priority for the CBA in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount." In addition, CBA members are to adhere to all statutory and regulatory requirements as well as all policies and procedures contained in this Guidelines and Procedures Manual.

2. Duties.

All members are to attend CBA meetings and consider volunteering to participate as CBA Liaison to at least one legislatively established advisory committee and participate as a member of at least one of the following committees comprised of only CBA members:

- Legislative Committee
- Committee on Professional Conduct
- Enforcement Program Oversight Committee
- Other Committees and Task Forces

3. Mentoring.

The purpose of CBA Mentor Guidelines is to assist new members in becoming familiar with the CBA structure, meetings, and present priorities.

When a new member is appointed to the CBA, a mentor shall be assigned by the CBA President and, when necessary, in consultation with the CBA Executive Officer. The mentor (which can be a former or current CBA member) will assist the new member in getting acclimated to his/her role on the CBA. This will include open discussion on any matter presently or previously discussed by the CBA (with the exception of closed session matters). This provides an opportunity for the new member to receive insight regarding the activities, history, and priorities of the CBA.

If the mentor is a current CBA member, s/he may wish to sit adjacent to the new member during his/her first CBA meeting and assist in providing guidance on the meeting materials and answer any procedural questions that may arise.

4. Executive Officer Evaluation.

Each November, CBA members and the Director of the Department of Consumer Affairs (DCA) will complete an evaluation of the Executive Officer. The CBA President will use the surveys to complete a written summary of the evaluations. The CBA has the option of meeting in closed session with a representative from DCA's Office of Human Resources to discuss the Executive Officer's performance appraisal and answer any questions the members may have. The original evaluation is signed by the CBA President and Executive Officer and sent to the DCA Office of Human Resources for placement in the Executive Officer's Official Personnel File.

In accordance with Government Code section 11126, the CBA may hold a closed session to consider complaints or charges brought against the Executive Officer or to consider the dismissal of the Executive Officer, unless the Executive Officer requests a public hearing. The CBA may deliberate on any decision to be reached on any of the aforementioned issues in a closed session. Any action to appoint, employ, or dismiss the employee taken must be publicly reported at a subsequent meeting. The CBA President should contact DCA Legal Counsel regarding proper compliance with Open Meeting Act requirements prior to considering any action.

E. TENURE (Ref. Business & Professions Code § 5002).

Each member is appointed for a term of four years and holds office until they are reappointed, a successor is appointed, or until one year has elapsed since the expiration of the term for which he/she was appointed (grace period), whichever occurs first.

No person shall serve more than two, four-year terms consecutively.

Vacancies must be filled by a person in the same capacity (public or licensee member) as the person being replaced.

The Governor must remove any licensee member whose permit to practice becomes void, revoked or suspended.

Any member may, after an administrative hearing, be removed by the Governor for neglect of duty or other just cause.

If a member is appointed to fill a vacant seat in what would be the middle of the previous member's term, the rest of that term does not count against the two-term limit, as it is still defined as the previous member's term.

F. OFFICERS (Ref. Business & Professions Code §§ 5003, 5004 & 5007).

The officers of the CBA are President, Vice-President, and Secretary/Treasurer.

1. Election of Officers.

The process for the election of officers is as follows:

- At the September CBA meeting, the President shall inform members that the election of officers will be held at the November CBA meeting.
- Interested candidates are requested to prepare a one-page written summary outlining their qualifications for the position for which they are applying, which will serve as a self-nomination. Candidates are limited to being nominated for one officer position. The summary is to be sent to the Executive Analyst by a date determined by the Executive Officer and CBA President.
- The nominations shall be distributed as part of the agenda items for the November CBA meeting.
- At the November CBA meeting, the President shall ask if there are any additional nominations for the officer positions. Any member who is nominated may be given up to five minutes of floor time to describe why they are qualified for the position.
- After all nominations have been confirmed, the President will close nominations.
- The vote for officer positions shall be held in the following order: Secretary/Treasurer, Vice-President, and President.
- A roll call vote will be taken for each officer position nominee, starting in alphabetical order by the candidate's last name.
- Members can vote "Yes," "No," or abstain from the vote for each nominee.
- The first nominee to receive a majority vote will win the officer position.
- In the event none of the nominees receive a majority vote, the voting will continue until a majority vote is received. To assist in this process, the President may allow nominees to make a statement regarding their qualifications, within an established and reasonable time limit.
- The President, Vice-President, and Secretary/Treasurer serve one-year terms and may not serve more than two consecutive one-year terms. The newly elected President, Vice-President, and Secretary/Treasurer shall assume the duties of their respective offices at the conclusion of the meeting at which they were elected.

2. Vacancy.

In the event of a vacancy of the Vice-President or Secretary/Treasurer prior to the annual election of officers, the CBA President shall make an interim appointment to fill the

vacancy effective until the next election cycle. In the event of a vacancy of the President, the Vice-President shall become the President.

3. Duties.

a. President.

The President shall perform general administrative duties, as well as the following:

- Preside over CBA meetings
- Approve the agenda and time schedule
- Appoint CBA members as Liaison to the Enforcement Advisory Committee, Peer Review Oversight Committee, and Qualifications Committee
- Appoint CBA members to CBA committees and task forces
- Establish other CBA committees as needed
- Make decisions regarding CBA matters between meetings
- Coordinate the annual evaluation of the Executive Officer
- When necessary, make interim appointments to the Enforcement Advisory Committee, Peer Review Oversight Committee, and Qualifications Committee, subject to ratification at the next CBA Meeting
- Monitor CBA member attendance at CBA Meetings, and report issues to DCA
- Make interim appointments to the Vice-President and Secretary/Treasurer positions should they become vacant mid-term
- Assign travel expense claims to be reviewed internally by CBA staff for adherence to established travel guidelines and subsequently, delegate approval to DCA's Director or Deputy Director of Board and Bureau Relations.
- Interface with the CBA staff regarding internal audit matters affecting the CBA. These matters include such issues as internal audit findings, requests for special reviews, and other related concerns or topics.

b. Vice-President.

The Vice-President shall perform the following:

- Act in the absence of the President
- Review applications and recommend appointments for membership on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review

Oversight Committee. Recommend reappointments of existing members, including appointments and reappointments for leadership roles.

- Perform any other duties as assigned by the CBA President
- Review and act upon time sensitive appeals to the CBA by CPA Licensure candidates

c. Secretary/Treasurer.

The Secretary/Treasurer shall perform the following:

- Act as Liaison to CBA staff for fiscal/budgetary functions and routinely report to the CBA regarding relevant matters. This includes reviewing the quarterly and year-end financial statements, in concert with the President. After review, the Secretary/Treasurer presents the financial statement to the CBA
- Perform other duties as requested by the CBA President

G. MEETINGS (Ref. Business & Professions Code §§ 5016 & 5017).

All meetings of the CBA and its committees, subcommittees and task forces are subject to the Bagley-Keene Open Meeting Act. This Act is summarized in a document developed by DCA, and includes statutory requirements for conducting Teleconference, Emergency Meetings, or both. **(Appendix 1)** Pursuant to the provisions of Governor Gavin Newsom's Executive Order N-29-20 in response to the COVID-19 pandemic, travel restrictions and social distancing requirements may necessitate CBA and committee meetings being conducted by way of video conference.

1. Frequency.

The CBA meets regularly during the year. The dates are normally established annually at the January or March meeting for the following calendar year.

2. Locations.

The CBA chooses locations that are American's with Disabilities Act compliant and easily accessible to the public, applicants, and licensees. Pursuant to Business and Professions Code section 101.7, the CBA must meet at least two times each calendar year, once in Northern California and once in Southern California to facilitate participation by the public and its licensees. The CBA also recognizes its responsibility regarding the public's concern for the judicious use of public funds when choosing meeting facilities and overnight accommodations.

3. Attendance.

Members are expected to attend all scheduled CBA meetings. Regular attendance ensures current knowledge of procedures and policies as well as an equitable sharing of duties and responsibilities.

Should a member miss two consecutive meetings, the CBA President may notify the Director of the DCA.

Arrival and departure times of each member are recorded in the CBA minutes.

4. Agenda.

The CBA President, with the assistance of the Executive Officer, shall prepare the agenda and tentative time schedule.

The agenda mailing list shall include CBA members, committee, and task force chairs and vice-chairs, and those parties who have requested to be notified.

5. Notice Requirements.

The notice requirements defined by the Bagley-Keene Open Meeting Act are summarized in the guide provided by DCA. **(Appendix 1)**

6. Closed Session.

There are multiple types of closed session meetings conducted by the CBA and are further identified on pages 12 through 16

Matters that can be considered in closed session are defined by the Bagley-Keene Open Meeting Act.

7. Minutes.

Draft minutes are prepared and distributed to the CBA President, DCA Legal Counsel, and CBA members and are available for public viewing via the CBA website prior to the subsequent meeting. During the CBA meeting, any necessary corrections are incorporated into the minutes and are then moved for adoption.

After adoption by the CBA, the minutes are signed by the CBA President and Secretary/Treasurer, bound by year, and retained in the CBA office as a public record of the CBA's activities. The minutes are also posted on the CBA website for at least three years in accordance with Business and Professions Code section 5017.1.

8. Voting.

A majority of the CBA, which is eight members, shall constitute a quorum for the transaction of any business.

a. Recording.

In accordance with Government Code section 11123, after each motion, a roll call will be taken by the Executive Analyst. Member's names will be called and each member will state their vote for the motion as yes, no, or abstain. Each member's vote for the action, or the abstention or recusal of each member attending the meeting, will be

recorded in the minutes. Those absent are recorded after every motion unless the member is shown as absent for the entire meeting.

Excerpts from minutes must be accompanied by the first two pages of the same minutes that list those in attendance.

Subsequent modification to these procedures may be needed as deemed appropriate and in accordance with the provisions of the Bagley-Keene Open Meeting Act.

b. Abstentions.

A CBA member will abstain from voting on an issue if for any reason a conflict of interest is or may be perceived to be present.

Abstentions do not prevent a motion from carrying as a majority of the vote is determined by the votes actually cast. For example, if seven members vote in favor of a motion, six members vote against, and two abstain, the motion would carry.

c. Mail Votes.

Mail votes are not permitted except in disciplinary matters. The CBA has 100 days from the receipt by the CBA of a proposed decision by an Administrative Law Judge to act (Government Code section 11517 (c)(2)). A mail vote may be taken at the direction of the CBA President.

9. Webcast. (Ref. Business and Professions Code § 5017.5).

All CBA meetings are recorded, webcast live, provide closed captioning, and are archived on the CBA website for three years.

10. Adjournment.

The CBA has delegated the adjournment of the meeting to the CBA President and the respective committee chairs. The CBA President and committee chairs will adjourn their respective meetings in accordance with the Bagley-Keene Open Meeting Act. If adjournment of the meeting is immediately after closed session, the meeting will be reconvened into open session prior to adjournment.

H. APPEALS TO THE CBA.

Applicants, who are aggrieved by any action taken by a committee or staff of the CBA as it relates to experience for CPA licensure, can submit an appeal, pursuant to CBA Regulation section 49. Appeals should be submitted a minimum of 20 working days prior to a CBA meeting to be considered.

The CBA will not consider new information unless previously reviewed by the appropriate committee, subcommittee, task force, or staff.

Formal denials of licensure (Statement of Issues) will be handled in accordance with the appeals processes set forth in the Administrative Procedure Act (Government Code sections 11500 and following).

I. PETITION FOR REINSTATEMENT OR REDUCTION OF PENALTY.

Petitions must be received in a sufficient amount of time prior to any CBA meeting to allow processing and compiling of the information for CBA consideration. The CBA generally will hold a formal hearing, with an Administrative Law Judge, to consider these matters. In some instances, the CBA may review only the written record and render a decision without a hearing. Only CBA members who are present for the entire hearing shall be permitted to vote.

J. PRESENTATIONS.

Individuals, groups, or both wishing to make a formal presentation to the CBA are requested to notify the CBA office 20 working days prior to the meeting. This is not intended to preclude public comment on specific agenda items or on other general matters. If the CBA President approves the request and places the item on the agenda, presenters should provide any written material to supplement their presentations 14 days in advance of the meeting.

K. COMMITTEES AND TASK FORCES.

Committees and task forces, other than those established by statute, are created by the CBA President on behalf of the CBA. A CBA and committee roster is included as **Appendix 2**.

L. APPOINTMENTS TO THE ENFORCEMENT ADVISORY COMMITTEE, PEER REVIEW OVERSIGHT COMMITTEE AND QUALIFICATIONS COMMITTEE.

New appointments and reappointments are made as needed, through the process outlined in the Committee Member Resource Guide. The Committee Member Resource Guide is located on the CBA's website. Opportunities to participate on a CBA committee is noticed in the CBA's newsletter, **UPDATE**, and on the CBA website.

M. RESPONSIBILITY OF CBA MEMBER LIAISONS TO COMMITTEES AND TASK FORCES.

CBA members acting as Liaisons to committees, task forces, or CBA programs are responsible for keeping the CBA informed regarding emerging issues and recommendations made at the committee or task force level. In addition, the Liaison is to keep the committee or task force informed of CBA policies and assignments, and to make recommendations to the CBA regarding chair and vice-chair appointments.

When there is a southern and northern Liaison appointed to a committee, the Liaisons should communicate between meetings to ensure they are kept abreast of any committee issues. This can be facilitated by the CBA staff liaison to the committee. Liaisons should also consider participating in one Investigative Hearing, Probation Orientation (Enforcement Advisory Committee), or Applicant/Employer interview (Qualifications Committee) annually, to provide the members with a clear understanding of the committees' functions.

Finally, Liaisons assigned to the committees will evaluate committee chairs, vice-chairs, and members for whom they have specific knowledge of their performance, and report those evaluations to the President and Vice-President as required.

N. EXAMINATION, LICENSURE, AND LICENSE RENEWAL PROGRAMS.

The following information is being provided for CBA members to reference as it contains a brief overview of the process to receive and maintain a license in California.

1. Uniform CPA Examination.

The Uniform CPA Examination is administered throughout 55 jurisdictions, including the 50 states and the U.S. territories of District of Columbia, Guam, Puerto Rico, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

The CBA has a contract with the National Association of State Boards of Accountancy, who maintains a national computerized CPA examination candidate database that stores information for the 55 jurisdictions on candidate's eligibility to test. The CBA qualifies candidates and provides oversight and policy/procedural direction.

The examination is written and graded by the American Institute of CPAs.

2. Initial Licensing.

After passage of the Uniform CPA Examination, and fulfillment of the requisite experience, an applicant may apply for licensure. Approximately 4,000-applications are received each year and the CBA licenses approximately 3,000-individuals and 400 firms annually.

Applications are reviewed by staff, and if warranted, an employer may be asked to appear with work papers to substantiate the verification of experience that was submitted on an applicant's behalf. This review is done by the Qualifications Committee. Individual applicants may also be required to appear before the Qualifications Committee to substantiate their experience if deemed necessary.

3. License Renewal and Continuing Competency.

Functions related to continuing education and the review of professional competence of licensees who practice public accountancy are included in the License Renewal and Continuing Competency Program. The primary function within the License Renewal and Continuing Competency Program is to ensure licensees have met California's renewal requirements.

At the time of license renewal, licensees are required to submit the license renewal application (documenting 80 hours of qualifying continuing education), a peer review reporting form, and remit the license renewal fee.

Additionally, licensees not previously fingerprinted for initial licensure or for whom the Department of Justice does not have an electronic record of the licensee's fingerprints must submit fingerprints for a state and federal level clearance if they are renewing in an active status and not actively serving in the military.

Two programs are used to monitor licensees' compliance with the continuing education requirements – the Continuing Education Worksheet Review program and the Continuing Education Verification program. With the Continuing Education Worksheet Review program, staff review all licensees self-reported continuing education at the time of license renewal to ensure all continuing education requirements are met, while for the Continuing Education Verification program, a licensee must submit substantiating documentation to demonstrate proof of completion for the reported continuing education.

The other continuing education-related program activities include approval of courses to qualify for the Regulatory Review requirement, and review of requests for extension of time or exemption from completion of continuing education.

O. ENFORCEMENT PROGRAM.

The CBA receives and investigates approximately 2,600 complaints each year. CBA members will see three different types of enforcement action, including:

1. Default Decision.

A default decision is prepared by a Deputy Attorney General for consideration by CBA members when a licensee does not timely file a Notice of Defense or fails to appear at the scheduled administrative hearing. If adopted by the CBA members, it results in the CBA taking action against the license. If the licensee fails to appear at the administrative hearing, the CBA members or Administrative Law Judge, before the proposed decision is issued, have discretion to grant an administrative hearing on reasonable notice to the parties.

Default decisions occur in about 19 percent of the matters brought before the CBA members. Documents CBA members will receive include:

- Accusation
- Default Decision and Order
- Default Decision Investigatory Evidence Packet (the package will vary but generally include the Accusation, Statement to Respondent (including Declaration of Service), License History, Cost of Investigation and Prosecution, and Investigative Report)
- Memorandum from the CBA Legal Counsel that summarizes the causes for discipline and recommended options

During closed session, CBA members must make their decision based on the record, which includes only the items specified above. CBA Legal Counsel will present the Default items, and is limited to providing CBA members with advice on procedural and legal issues. Staff and the Deputy Attorney General liaison are not present in closed session for the CBA's discussion on default decisions. This is to ensure compliance with requirements associated with ex parte communication.

If the CBA members adopt the default decision, the licensee may serve a written motion within seven days of the default decision being served on the licensee requesting that the

CBA members vacate the decision. CBA members may vacate the default decision and grant a hearing on a showing of “good cause.”

2. Stipulated Settlement.

A stipulated settlement is a negotiated agreement between the Enforcement Program, with the assistance of the Attorney General’s Office, and the licensee where the parties agree on a resolution to the matter. The Enforcement Program uses the CBA’s Disciplinary Guidelines, which have been adopted by the CBA, when drafting and negotiating stipulated settlements.

The CBA members vote whether to approve the proposed stipulated settlement as its decision and order in the matter. CBA members may adopt the proposed stipulated settlement as the CBA decision in the matter, make a counteroffer with alternate terms, or reject the proposed stipulated settlement and allow the matter to proceed to hearing. If the proposed stipulated settlement is not adopted by the CBA members, the matter is referred to the Enforcement Program to be scheduled for a hearing, unless another stipulated settlement is negotiated and presented to the CBA members for consideration.

Stipulated settlements occur in about 73 percent of the matters brought before the CBA members. Documents CBA members will receive include:

- Accusation
- Stipulated Settlement
- Letter from the Deputy Attorney General advocating the adoption of the settlement
- Memorandum from the Enforcement Chief that summarizes the allegations in the Accusation, outlines the terms agreed to by the parties, and approximate costs incurred by the CBA in the investigation and prosecution of the matter

During closed session CBA members are free to discuss cases involving stipulated settlements with the Enforcement Chief prior to deciding on the cases. While ex parte communication is prohibited by the Administrative Procedure Act while cases are pending, it is specifically permitted by one of the standard conditions included in the proposed stipulated settlement, which the licensee has already agreed to prior to it being considered by the CBA.

All decisions rendered by CBA members must be based on the administrative record, which are the documents, described above, presented to the CBA members. CBA members are prohibited from unilaterally increasing the discipline terms of a proposed stipulated settlement, but they can make a counter-offer, or provide guidance to the Executive Officer and Enforcement Chief regarding future settlement negotiations. Staff and the Deputy Attorney General liaison are present in closed session for the CBA’s discussion of the stipulated settlement.

3. Proposed Decisions.

In cases where a licensee files a timely Notice of Defense and the case is not settled, it will proceed to a hearing before an Administrative Law Judge. A licensee’s rights include, but are not limited to, the following: right to counsel at the licensee’s own expense; notice and an opportunity to be heard, including the opportunity to present and rebut evidence; a

hearing open to public observation; that the adjudicative function be separated from the investigative, prosecutorial, and advocacy functions within the CBA and a restriction on *ex parte* communication; and that the decision be in writing, based on the record, and include a statement of the factual and legal basis for the decision.¹

The Administrative Law Judge will prepare a proposed decision, which will be provided to the CBA to make the final decision in the matter. The proposed decision will also include a recommended order that will (1) uphold the discipline advocated for by the agency, (2) modify the discipline or denial to include something less or more than the agency advocated, or (3) dismiss the case in its entirety.

CBA members must take one of the following five actions within 100 days of the date the CBA receives the proposed decision from the Office of Administrative Hearings:

1. Adopt the proposed decision in its entirety as its decision in the matter
2. Reduce the penalty proposed by the Administrative Law Judge and adopt the balance of the proposed decision
3. Make technical or other minor changes to the proposed decision and adopt the balance of it
4. Reject the proposed decision and refer the case back to the Administrative Law Judge for additional evidence
5. Reject (non-adopt) the proposed decision and decide the case on the record, including the transcript.

If CBA members do not take one of these five actions within the 100-day period, the proposed decision is deemed adopted by operation of law.

Rejection (non-adoption) of a proposed decision results in CBA members later reviewing the administrative record, hearing transcript, written or oral arguments by the parties, and then CBA members reaching their own decision based upon this information.

CBA Legal Counsel prepares a draft of the Decision After Rejection of Proposed Decision based on closed session discussion with CBA members, which they then review and approve. The CBA's final decision must be issued within 100 days after the date of the rejection of the proposed decision, or within 100 days after the CBA receives the hearing transcript, whichever is later. If required by "special circumstances," the CBA may extend the 100 days an additional 30 days.

Proposed decisions occur in about eight percent of the matters brought before the CBA members. Documents CBA members will receive include:

- Accusation
- Proposed decision
- Memorandum from CBA Legal Counsel that summarizes the findings and proposed discipline

¹ The factual and legal basis for the decision. The factual basis for the decision must be based exclusively on the evidence in the hearing record (testimony and all exhibits received into evidence).

In making the initial determination regarding whether to adopt or reject a proposed decision during closed session, CBA members may ask CBA Legal Counsel questions regarding the California Accountancy Act, CBA Regulations, CBA's Disciplinary Guidelines, and procedural questions regarding matters that involve the proposed decisions being discussed.

At this stage, CBA members do not have a copy of the hearing transcript or administrative record and must make the decision based on the Accusation and the proposed decision. Staff and the Deputy Attorney General liaison are not present in closed session for the CBA's discussion of proposed decisions. This is to ensure compliance with requirements associated with *ex parte* communication.

Factors CBA members may wish to consider when adopting an Administrative Law Judge's proposed decision include:

1. The summary of the evidence supports the findings of fact, and the findings support the conclusions of law.
2. The law and standards of practice are interpreted correctly.
3. The witness' credibility is crucial to the decision and the findings of fact include a determination based substantially on the witness' credibility. The determination identifies specific evidence of the observed demeanor, manner, or attitude of the witness that supports the credibility determination.
4. The penalty fits within the disciplinary guidelines or any deviation from those guidelines has been adequately explained.
5. The terms and conditions of probation, if granted, provide the necessary public protection.

Factors CBA members may wish to consider when non-adopting an Administrative Law Judge's proposed decision include:

1. The Administrative Law Judge made an error in applying the relevant standard of practice for the issues in controversy at the hearing.
2. The witness' credibility is crucial to the decision. The findings of fact include a determination based substantially on the witness' credibility, but the determination does not identify specific evidence that supports the credibility determination.
3. The Administrative Law Judge made an error in interpreting the licensing law and/or regulations.
4. The Administrative Law Judge made correct conclusions of law and properly applied the standards of practice, but the penalty is substantially less than is appropriate to protect the public.

P. CBA MEMBER CONFLICT OF INTEREST IN DISCIPLINARY MATTERS.

A CBA member should not vote and should not be present for discussions on any disciplinary matter in which s/he has a conflict of interest. CBA's Legal Counsel should be contacted if you have a question of whether you have a conflict of interest in a particular case.

1. Investigative Consultants.

An Investigative Consultant is prohibited from working on any case where it is determined that s/he has a conflict of interest. CBA committee members may not be used in paid positions; e.g., investigative consultant or expert witness (\$100 per day per diem excluded).

2. Conflict of Interest Disclosure Statement.

In disciplinary matters the conflict of interest disclosure statement used by the Enforcement Advisory Committee members should be used as a guide for determining whether a CBA member should participate or vote in CBA deliberations. *Conflict of Interest information can be found in Section IV, beginning on page 37.* In some instances the relationship or conflict is of such significance the member should not be present during the CBA's deliberations. In all other matters the same guidelines generally apply although the law and rules are less stringent.

If a CBA member believes there is a potential or perceived conflict, the CBA member is to disclose the facts to the full CBA and legal counsel to obtain a determination as to the level of participation permitted.

3. *Ex parte* Communications.

Ex parte communications in disciplinary matters are prohibited (Government Code section 11430.70), with limited exceptions. Should information come to a member's attention that is not part of the administrative record or if contact is made by any of the participants, the member should immediately contact CBA's Legal Counsel for advice. A case may not be discussed with any person, including CBA members, other than at the CBA meeting when the matter is scheduled for discussion. A limited exception to this policy is when a member is acting in a Liaison capacity on one or more specific cases. If acting as a Liaison, the member may not vote or be present during CBA deliberations. If there are two or more Liaison members, at least one should attend each meeting.

SECTION II.

CBA COMMITTEES AND TASK FORCES

The purpose of all committees is to serve in an advisory capacity to the CBA. The Enforcement Advisory, Peer Review Oversight, Qualifications Committees, and Mobility Stakeholder Group are created by statute, meaning their existence and responsibilities are set forth in the Accountancy Act. All other committees are “standing committees,” and may be created or dissolved at the CBA’s discretion.

Each standing committee and task force shall have a Chairperson and a Vice-Chairperson at the President’s discretion. The Chairperson is designated by the CBA President, and is tasked with running the committee/task force meeting. The Chair opens and closes the meeting. The Chair is also responsible for coordinating with staff the creation of the minutes. CBA members who wish to attend standing committee meetings, but are not a part of the committee, may do so. However, pursuant to the Bagley-Keene Open Meeting Act, if the CBA member’s presence at the committee meeting would constitute a CBA quorum, they may make no comment, vote on any agenda item, or sit at the table with the committee.

Each year at the November CBA meeting, the President shall inform CBA members that if they wish to participate on a committee for the following year, they must submit written notice to the Executive Analyst. The Executive Analyst will then compile the list of interested parties, and supply it to the President in December. The President, at their discretion, will then make appointments to CBA committees effective the first of January, the following year.

Each statutory committee shall have a Chairperson and Vice-Chairperson. Recommendations for each are made by the CBA Vice-President and approved by the CBA. The Chairperson is tasked with running the committee meeting, open and closing the meeting. The Chair is also responsible for coordinating with staff the creation of the minutes for approval by the committee and CBA. The Vice-Chairperson assists the Chairperson, when necessary, and assumes the Chairperson’s functions in his or her absence. Appointments to the Mobility Stakeholder Group are made by the CBA President.

Statutory committees are advisory in nature and are not policy-setting committees. Prior to any statutory committee discussing or taking action on a policy-related issue, the Chairperson, Vice Chairperson, or other designee should present the issue to the CBA for input and direction.

A. STATUTORY COMMITTEES (Ref. Business & Professions Code §§ 5020, 5023, 5024, 5076.1, and 5096.21).

1. Enforcement Advisory Committee.

a. Purpose.

To assist the CBA in an advisory nature with its enforcement activities by:

- Serving in a technical advisory capacity to the Executive Officer and the Enforcement Program. The Enforcement Advisory Committee members may participate in investigative hearings along with staff investigators; counsel from the Attorney General’s Office and where appropriate, outside counsel.

- In an appropriate manner, consistent with the Administrative Procedure Act, reporting its findings from any investigation or hearing to the CBA, or upon direction of the CBA, to the Executive Officer.
- Reviewing open investigations upon request by Enforcement staff and providing technical assistance.
- Reviewing closed investigations and reporting its findings and recommendations to the CBA or upon direction of the CBA, to the Executive Officer.
- Making recommendations and forwarding reports to the CBA for action on any matter on which it is authorized by the CBA to consider.

b. Membership.

The Enforcement Advisory Committee is comprised of up to 13 licensees with a license in an active status.

c. Meetings/Minutes.

The Enforcement Advisory Committee meets approximately four times annually, generally for one day each meeting. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

2. Peer Review Oversight Committee.

a. Purpose.

To act as an advisory committee and assist the CBA in its oversight of the Peer Review Program by:

- Holding meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.
- Ensuring that Board-recognized peer review program providers (Provider) administer peer reviews in accordance with the standards set forth in CBA Regulations section 48:
 - Conduct an annual administrative site visit.
 - Attend peer review board meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend peer review committee meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend meetings conducted for the purposes of accepting peer review reports, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Conduct reviews of peer review reports on a sample basis.
 - Attend, on a regular basis, peer reviewer training courses.

- Evaluating any *Application to Become A Board-recognized Peer Review Provider* and recommending approval or denial to the CBA.
- Referring to the CBA any Provider that fails to respond to any request.
- Collecting and analyzing statistical monitoring and reporting data from each Provider on an annual basis.
- Preparing an Annual Report to the CBA regarding the results of its oversight.
- Evaluating the Peer Reviewer Population.

b. Membership.

The Peer Review Oversight Committee is comprised of seven licensees with a license in an active status.

c. Meetings/Minutes.

The Peer Review Oversight Committee meets approximately four times annually, generally for one day each meeting. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

3. Qualifications Committee.

a. Purpose.

To act as an advisory committee and assist the CBA in its licensure activities by:

- Conducting work paper reviews of experience of applicants appearing before the committee.
- Interviewing employers that appear before the committee under the provision of CBA Regulations section 69 (Section 69 review).
- Making recommendations and forwarding reports to the CBA for action on any matter on which it is authorized to act.

b. Membership.

The Qualifications Committee is comprised of 13 licensees with a license in an active status.

c. Meetings/Minutes.

The Qualifications Committee meets approximately four times annually, generally for one day each meeting. An additional Section 69 review may be conducted by Qualifications Committee members approximately one month prior to each committee

meeting. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

4. Mobility Stakeholder Group.

a. Purpose.

To consider whether the provisions of the practice privilege law are consistent with the CBA's duty to protect the public, and whether the provisions of the practice privilege law satisfy the objectives of stakeholders of the accounting profession in this state, including consumers.

b. Membership.

- Two members of the CBA.
- Two representatives of the accounting profession.
- Two consumer representatives.
- One CBA enforcement staff.

c. Meetings/Minutes.

The Mobility Stakeholder Group generally meets before scheduled CBA meetings. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

5. Other Committees.

The CBA may create and appoint other committees consisting of certified public accountants in good standing of this State or other qualified interested parties, who may but need not be members of the CBA for the purpose of making recommendations on such matters as may be specified by the CBA.

B. STANDING, AD HOC, and OTHER COMMITTEES/TASK FORCES.

1. Committee on Professional Conduct.

a. Purpose.

To assist the CBA in consideration of issues relating to professional conduct by:

- Considering and developing recommendations on issues that apply to the practice of public accountancy and affect consumers.
- Considering, formulating, and proposing policies and procedures related to emerging and unresolved issues.
- Reviewing selected exposure drafts and developing recommendations to present to the CBA.

b. Membership.

The Committee on Professional Conduct may be comprised of up to seven CBA members.

c. Meetings/Minutes.

The Committee on Professional Conduct generally meets before scheduled CBA meetings. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

2. Enforcement Program Oversight Committee.

a. Purpose.

To assist the CBA in the consideration of issues relating to the Enforcement Program by:

- Reviewing and proposing revisions to the CBA's *Manual of Disciplinary Guidelines and Model Disciplinary Orders*.
- Providing oversight on enforcement goals and objectives.
- Recommending proposed legislative and/or regulatory changes related to the Enforcement Program.
- Performing an internal audit of a closed and finalized enforcement case when specific concerns are raised by the CBA in a final decision, in accordance with established guidelines **(Appendix 3)**.
- Defining the responsibilities of the CBA member liaison to the Enforcement Advisory Committee.

b. Membership.

The Enforcement Program Oversight Committee may be comprised of up to seven CBA members.

c. Meetings/Minutes.

The Enforcement Program Oversight Committee generally meets before scheduled CBA meetings as deemed necessary. Meetings to review the CBA's Disciplinary Guidelines shall be held on a tri-annual basis. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

3. Legislative Committee.

a. Purpose.

To assist the CBA in its activities by:

- Reviewing, recommending, and advancing legislation relating to consumer protection and the practice of public accountancy.
- Coordinating the need for and use of CBA members to testify before the Legislature.

b. Membership.

The Legislative Committee may be comprised of up to seven CBA members.

c. Meetings/Minutes.

The Legislative Committee generally meets before scheduled CBA meetings. The frequency of the meetings is determined by the urgency of the issue(s) at hand and as required by the Chair. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

5. Task Forces.

Under the CBA's General Authority, the CBA may create Task forces, which are temporary and terminate at a prescribed time. Task forces may be comprised of CBA members, licensees, staff, and the general public. For a list of all current task forces, refer to the latest CBA and Committee roster. **(Appendix 2)**

6. National Committees.

The CBA encourages its members to participate in national committees, including committees of the American Institute of CPAs and National Association of State Boards of Accountancy. Members are presented with information on committee participation and an interest form each year during the March CBA meeting. **Appendix 4** includes a link to the National Association of State Boards of Accountancy and American Institute of CPAs national committees and information on participation.

SECTION III.

REPRESENTATIONS ON BEHALF OF THE CBA

A. USE OF CBA STATIONERY.

Only correspondence that is transmitted directly by the CBA office may be printed or written on CBA stationery. Any correspondence from a CBA, committee, or task force member requiring use of CBA stationery or CBA/DCA logo or emblem, should be transmitted to the CBA office for finalization and distribution. Any correspondence transmitted directly from a CBA, committee, or task force member must be printed or written on their personal, firm, or business stationery. The use of firm or business stationery for CBA business is subject to any limitations prescribed by the firm or business.

Members are issued a CBA email account upon appointment solely for the purpose of conducting CBA related business, but may choose to utilize their personal email account for CBA related business. Members obtaining a CBA email account are subject to the provisions identified in DCA Policy ISO 16-01, regarding Acceptable Use of Information Technology Systems. A copy of the policy will be provided upon request for a CBA email account. It should be noted that personal and business email accounts, if also used for CBA business, could be subject to subpoena or discovery in litigation.

B. TESTIMONY BEFORE THE LEGISLATURE.

Primary responsibility for testifying before the Legislature is the responsibility of the CBA President and Executive Officer, or their designee, as delegated by the CBA. Members are also asked to participate as deemed necessary by the President.

C. PUBLIC AND MEDIA RELATIONS.

It is important that the consumers of California have information regarding the activities, responsibilities, and mission of the CBA. This information must be disseminated properly and responsibly. Information is conveyed to consumers, licensees, examination applicants, constituents, and other stakeholders by two mechanisms: responding to inquiries, and initiating the release or communication of information. Nearly all information to consumers and the general public is communicated through the Internet, e-mail, and the news media; other information is conveyed by professional organizations, such as consumer advocacy groups, other regulatory entities, and professional society publications.

It is the CBA's policy to provide the public with as much information as possible about its activities in a manner that is both objective and factual. For example, the CBA's tri-annual publication, **UPDATE**, and the CBA's website list disciplinary actions taken against licensees. This information provides the name and locality of the licensee, the license number, the cause for discipline, the effective date of discipline, and the code violation(s) that were cited in the findings.

The CBA's website also has a License Lookup feature. Consumers and licensees can check the status of California licensed individuals, partnerships, corporations, and out-of-state accounting firms registered in California. The License Lookup feature also provides a link to search out-of-state licensed CPAs.

Statements to the News Media: To establish a foundation for accurate news coverage regarding CBA activities, statements to the news media by the Executive Officer, the CBA President, or their designee, are to be confined to matters of procedure and matters of fact already on the record. All information conveyed must be fact, not opinion. Editorializing or interpreting the facts of a situation is inappropriate and can lead to misunderstandings and misinformation.

When queried about matters under investigation, in which an Accusation has not been filed, it is the policy of the CBA for the spokesperson to state: "It would be premature to discuss any matter that may or may not be under investigation by the CBA."

D. NEWS RELEASES.

The CBA issues three categories of news releases:

- Declarations of disciplinary actions when the CBA deems such an action necessary or desirable
- Information about CBA actions, findings, or other facts or details related to matters in which the consumers of California are clearly involved
- Information about the CBA's policies, actions, activities, or programs which may affect the consumers of California

The authority for issuing news releases relating to routine CBA business and notice of disciplinary actions resides with the Executive Officer and CBA President, who decide jointly whether a news release is appropriate.

News releases, information in **UPDATE** and on the website reporting actions by the CBA during closed session relating to disciplinary cases, may not be released for a period of 30 days, pending appeal by the respondent. If a writ of mandate is filed within the 30 days, the disciplinary action will still be published unless a stay order is issued by the court. In all instances, the composition of the vote of CBA members in closed session is not a matter of public record.

The content of each news release will determine the course of review the document must take. The Executive Officer, in consultation with the CBA President, will identify those parties to review each news release and identify the responsible party to draft the news release. While legal counsel will review the material prior to dissemination, final review, and authority to disseminate the news release is the charge of the CBA President, or his or her designee.

E. RESPONDING TO INQUIRIES.

All technical, license, or disciplinary inquiries to a CBA, committee, or task force member from applicants, licensees, or members of the public should be referred to the Executive Officer. Contact of a CBA, committee, or task force member by a member of the news media should be referred to the Executive Officer.

F. SPEAKING ENGAGEMENTS.

CBA, committee, and task force members sometimes are requested to make presentations before various organizations regarding CBA business or activities. Such requests must be approved by the CBA President or the Executive Officer. A written list of topics the speaker intends to present must be provided prior to the presentation.

G. UPDATE (Ref. Business and Professions Code § 5008).

The CBA issues a tri-annual periodical publication **UPDATE**. This publication serves as a communication link between the CBA, its licensee population, and other interested parties.

All articles and any information offered for submission to the **UPDATE** for publication should be submitted to the **UPDATE** staff managing editor. All material, including informational or instructive articles, notices, forms, proposed statutory or regulatory language, or any other information for publication should be presented in final form. Upon receipt, all material will be reviewed by the **UPDATE** staff, appropriate CBA division managers and the Executive Officer, and subsequently forwarded to DCA's Legal Office and Executive Office for review before publication. Issues of **UPDATE** are primarily posted on the CBA's website, however, individuals can request a hard copy.

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SECTION IV.

BOARD MEMBER REQUIRED TRAINING AND FORMS

California law requires various training and forms be completed by those who are appointed to positions within State of California Government. The training and forms are necessary to ensure members are aware of, and adhere to, the applicable laws surrounding conflict of interest, ethics, sexual harassment prevention, and defensive driving.

All CBA members are required to attend a training and orientation program offered by DCA within one year of assuming office (which also includes reappointments).

A. CONFLICT OF INTEREST - GENERAL GUIDELINES.

The Political Reform Act of 1974 (Proposition 9) governs conflicts of interest and is intended to prevent persons from financially benefiting by virtue of their official position. There are two major aspects of the Political Reform Act: one refers to disqualification, the other to financial disclosure. CBA members have responsibilities under each of these aspects which are separately discussed.

This act requires each state agency to adopt a Conflict of Interest Code that identifies all officials and employees within the agency who make governmental decisions based on the positions they hold. The identified individuals are required to annually report their financial interests on a Statement of Economic Interests form (Form 700).

The Fair Political Practices Commission has primary responsibility for administration of the Political Reform Act. Questions about obligations under the Political Reform Act can be directed to the Fair Political Practice Commission at: <http://www.fppc.ca.gov/advice.html> 1-866-ASK-FPPC (1-866-275-3772)

1. Disqualification.

Government Code section 87100 sets forth the general prohibition: "No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest."

Any CBA member who has a financial interest must disqualify himself/herself from making or attempting to use his/her official position to influence the decision. The question of whether a CBA member has a financial interest that would present a legal conflict of interest is a complex one and must be decided on a case-by-case review of the particular facts involved. For more information on disqualification due to a possible conflict of interest, please refer to the Fair Political Practice Commission's Conflicts of Interest Rules at: <http://www.fppc.ca.gov/learn/conflicts-of-interest-rules.html>

The Executive Officer may request assistance from DCA Legal in evaluating a possible conflict of interest.

2. Financial Disclosure.

The Conflict of Interest Code adopted by DCA requires all CBA members to file annual financial disclosure statements. This is accomplished by submitting a Form 700 – Statement of Economic Interests (**Appendix 5**). New CBA members are required to file a disclosure statement within 30 days after assuming office; or, if subject to Senate confirmation, 30 days after being appointed or nominated. Annual financial statements must be filed not later than April 1 of each year.

A "leaving office statement" must also be filed within 30 days after an affected CBA member or other official leaves office.

CBA members are not required to disclose all their financial interests. Government Code section 87302(b) indicates when an item is reportable:

An investment, interest in real property, or income shall be made reportable by the Conflict of Interest Code if the business entity in which the investment is held, the interest in real property, or the income or source of income may foresee ably be affected materially by any decision made or participated in by the designated employee by virtue of his or her position.

To determine what investments, interests in property or income must be reported by a CBA member, reference should be made to the DCA's Conflict of Interest Code. Questions concerning particular financial situations and related requirements should be directed to the DCA's Legal Office. More information is also available on the Fair Political Practice Commission's website, www.fppc.ca.gov.

3. DCA's Policy: Incompatible Activities (Ref. Government Code § 19990).

The following is a summary of the employment, activities, or enterprises, which might result in, or create the appearance of being inconsistent, incompatible, or in conflict with the duties of state officers:

- Using the prestige or influence of a state office or employment for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Using state time, facilities, equipment, or supplies for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Using confidential information acquired by virtue of state employment for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Receiving or accepting money, or any other consideration, from anyone other than the state for the performance of an act which the officer or employee would be required or expected to render in the regular course or hours of his or her state employment or as a part of his or her duties as a state officer or employee.
- Performance of an act in other than his or her capacity as a state officer or employee knowing that such an act may later be subject, directly or indirectly, to the control, inspection, review, audit, or enforcement by such officer or employee or the agency by

which he or she is employed. [This, of course, would not preclude an “industry” member of a CBA or commission from performing the normal functions of his or her occupation.]

- Receiving or accepting, directly or indirectly, any gift, including money, any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from anyone who is doing or is seeking to do business of any kind with the state or whose activities are regulated or controlled in any way by the state, under circumstances from which it reasonably could be inferred that the gift was intended to influence him or her in his or her official duties or was intended as a reward for any official action on his or her part.
- The aforementioned limitations do not attempt to specify every possible limitation on employee activity that might be determined and prescribed under the authority of Section 19990 of the Government Code. DCA’s Incompatible Work Activities Policy OHR 14-01 is included in **Appendix 6**. This policy acknowledgement is required when a member is initially appointed.

B. ETHICS TRAINING REQUIREMENT.

With the passage of Assembly Bill 2179 (Chapter 364, Statutes of 1998), state appointees and employees in exempt positions are required to receive an ethics orientation within the first six months of their appointment and every two years thereafter. To comply with that directive you may complete the interactive training on the website of the Office of the Attorney General. Ethics training information may be found at: http://www.dcaboardmembers.ca.gov/training/ethics_orientation.shtml

C. SEXUAL HARASSMENT PREVENTION TRAINING.

In accordance with the DCA Sexual Harassment Prevention Policy (EEO 12-01), (**Appendix 7**) and to ensure compliance with Assembly Bill 1825 (Chapter 933, Statutes of 2004), all DCA employees are required to receive biennial Sexual Harassment Prevention training. The training is mandatory for Rank and File Employees, Temporary Employees (Retired Annuitants, Proctors, Seasonal Employees, and Student Assistants), Managers, Supervisors, Board, Committee Members, and Commission Members. The Sexual Harassment Prevention training titled *Preventing Harassment and Other EEO Issues at Work: It’s All About Respect (Assembly Bill 1825 Compliance)* offers real life scenarios and interactive question and answer segments. DCA requires that all employees complete Sexual Harassment Prevention Training within six months of appointment and in every odd calendar year. Training is offered via webinars.

D. DEFENSIVE DRIVERS TRAINING REQUIREMENT.

Pursuant to the State Administrative Manual, all State employees, which includes CBA and Committee Members, who drive a vehicle on official state business must complete the Department of General Services approved Defensive Driver Training within the first six months of their appointment and every four years thereafter. Defensive Driver Training information may be found at: <https://ddt.dgs.ca.gov/>

E. BOARD MEMBER ORIENTATION TRAINING.

Newly appointed and reappointed members are required to attend a Board Member Orientation Training within one year of assuming office, including each reappointment. The orientation covers applicable laws surrounding conflict of interest, ethics, sexual harassment prevention, and defensive driving, in addition to covering other topics that will ensure a member's success, including an overview of DCA, the Bagley-Keene Open Meeting Act, the Discipline Process, and the Administrative Procedure Act. This training is in addition to a CBA-specific orientation provided by CBA staff.

DCA also maintains a website which serves as a resource center for board members. The website link is provided in **Appendix 8**.

SECTION V.

EXPENSE REIMBURSEMENT

A. PER DIEM AND TRAVEL.

1. CBA Member Travel.

CBA staff is always available to assist members with any CBA-related travel arrangements including air or train transportation, car rental, and any lodging. If a CBA member chooses to coordinate their own travel arrangements, they should use CalTravelStore's online portal www.concur.com to book their travel. Member's Concur accounts will be setup by CBA staff using the member's personal email address and a temporary password, which will be sent to you via email by the CBA Board Relations Analyst. Prior to travel, members will need to update the temporary password and add any applicable information, including rewards/frequent flyer traveler information and TSA Pre ✓Known Traveler Number.

More information regarding CalTravelStore can be found at:
<http://www.caltravelstore.com>.

CBA members are also encouraged to utilize the most economic source of transportation available. For example, if a shuttle from the airport to the hotel available, this is more economical than renting a car or taking a taxi. To ensure full reimbursement of travel costs, requests for using a less economical mode of transportation should be submitted prior to travel to the Board Relations Analyst.

2. Lodging for CBA/Committee Meeting.

When a CBA or Committee meeting is being held publicly at a physical location, the Executive Analyst will send out a memorandum approximately four weeks before CBA and Committee meetings, detailing the name and address of the chosen hotel where a room block has been setup for lodging. Each member must contact the hotel directly to secure a room reservation. CBA staff is available to assist CBA members in making travel reservations, or members are free to coordinate them on their own.

3. Reimbursement for Travel and Per Diem expenses.

All new CBA members are provided with an electronic copy of the Per Diem and Travel Expense Worksheet when they are appointed. A paper copy is also available at all in-person meetings. **(Appendix 9)**. Please complete the worksheet, and return it to the CBA office as soon as possible following the CBA meeting. Staff cannot process your Per Diem and travel expense claim without it. A few key notes regarding the completion of the form:

- The form is actually two forms in one. The top section authorizes the payment of Per Diem of \$100 per day; the bottom section is where CBA members claim expenses for reimbursement.

- Please make sure to complete the time section of the Travel Expense Claim. Breakfast, lunch, dinner, and incidental payments all correspond to the time the traveler left and arrived at travel headquarters.
- In order to complete your travel expense claim, you must submit the original copy of all receipts, with the exception of meals. This includes a copy of your airline itinerary and hotel receipt. Please make sure that the hotel receipt you submit has a zero balance. DCA will NOT pay any receipts that show a balance due.
- When requesting reimbursement for personal vehicle mileage, you must include where the trip originated from, where it ended, and the license plate number of the vehicle. For example, enter From: Home, 123 Green Street, Sacramento, CA 95815 To: CBA Office, 2450 Venture Oaks Way, Sacramento, CA 95833.
- CBA members shall have CBA President pre-approval for all travel and per diem reimbursement, except for regularly scheduled CBA and Committee meetings to which a CBA member is assigned. CBA members will be reimbursed for per diem and travel expenses incurred while performing approved board business in accordance with State-mandated requirements and reimbursement criteria.

Travel expenses are reimbursed in accordance with the policies found within the California Code of Regulations, Title 2 (Personnel Administration), Division 1 (Administrative Personnel), Chapter 3 (Department of Personnel Administration), Subchapter 1 (General Civil Service Rules), Article 2 (Travel Expenses), and employee Memoranda of Understanding (MOU).

DCA has compiled a guide to assist in interpreting the various policies, which is what CBA staff use when processing travel expense claims. The DCA Travel Guide is provided as **Appendix 10**.

SECTION VI.

COMMONLY USED ACRONYMS

AAA	American Accounting Association
AB	Assembly Bill
AEO	Assistant Executive Officer
AG	Attorney General
AICPA	American Institute of Certified Public Accountants
ALD	Accountancy Licensee Database
ALJ	Administrative Law Judge
APA	Administrative Procedure Act
ARPL	Alliance for Responsible Professional Licensing
BCSHA	Business, Consumer Services, and Housing Agency
BPC	Business and Professions Code
CA	Chartered Accountant
CAC	Compliance Assurance Committee (National Association of State Boards of Accountancy)
CalCPA	California Society of Certified Public Accountants
CalHR	California Department of Human Resources
CBA	California Board of Accountancy
CBT	Computer Based Testing
CCR	California Code of Regulations
CE	Continuing Education
CFE	Certified Fraud Examiner
CGMA	Chartered Global Management Accountant
CMA	Certified Management Accountant
COR	Corporation
CORI	Criminal Offender Record Information
CPA	Certified Public Accountant
CPAverify	Centralized database of licensing professionals from participating jurisdictions
CPC	Committee on Professional Conduct
CPE	Continuing Professional Education
CPIL	Center for Public Interest Law
CTEC	California Tax Education Council
DA	District Attorney
DAG	Deputy Attorney General
DCA	Department of Consumer Affairs
DGS	Department of General Services
DOF	Department of Finance
DOI	Division of Investigation
DOL	Department of Labor
EA	Enrolled Agent
EAC	Enforcement Advisory Committee
EO	Executive Officer
EPOC	Enforcement Program Oversight Committee
ERISA	The Employee Retirement Income Security Act of 1974
FAF	Financial Accounting Foundation
FASB	Financial Accounting Standards Board
FNP	Fictitious Name Permit

FPPC	Fair Political Practices Commission
FTB	Franchise Tax Board
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Accounting Standards
GAGAS	Generally Accepted Government Accounting Standards
GAO	Government Accounting Office
GASB	Governmental Accounting Standards Board
IASB	International Accounting Standards Board
ICPA	Investigative Certified Public Accountant
iExam	International Delivery of the Uniform CPA Exam
IFRS	International Financial Reporting Standards
IH	Investigative Hearing
IRS	Internal Revenue Service
LC	Legislative Committee
MSG	Mobility Stakeholder Group
NASBA	National Association of State Boards of Accountancy
NPRC	National Peer Review Committee (American Institute of CPAs)
OAH	Office of Administrative Hearings
OAL	Office of Administrative Law
PA	Public Accountant
PAR	Partnership
PCAOB	Public Company Accounting Oversight Board
PRIMA	Peer Review Integrated Management Application
PROC	Peer Review Oversight Committee
QC	Qualifications Committee
RAB	Report Acceptance Body (California Society of CPAs)
SAS	Statement on Auditing Standards
SB	Senate Bill
SCO	State Controller's Office
SEC	Securities and Exchange Commission
SSAEs	Statements on Standards for Attestation Engagements
SSARS	Statement on Standards for Accounting and Review Services
TEC	Travel Expense Claim
UAA	Uniform Accountancy Act

SECTION VII.

RESOURCE LIST

- APPENDIX 1 DCA Guide to the Bagley-Keene Open Meeting Act
http://www.dca.ca.gov/publications/bagleykeene_meetingact.pdf
- APPENDIX 2 CBA and Committee Roster
<http://www.dca.ca.gov/cba/about-cba/commitroster.pdf>
- APPENDIX 3 Guidelines for Performing an Internal Audit of a Closed and Finalized
Enforcement Case (Attachment)
- APPENDIX 4 NASBA and AICPA National Committees:
<http://www.nasba.org/mc/committees/>
<https://volunteers.aicpa.org/>
- APPENDIX 5 Form 700 – Statement of Economic Interests
<http://www.fppc.ca.gov/Form700.html>
- APPENDIX 6 DCA’s Incompatible Work Activities Policy and Procedure OHR 14-01
(Attachment)
- APPENDIX 7 DCA’s Sexual Harassment Prevention Policy EEO 12-01
(Attachment)
- APPENDIX 8 DCA’s Board Member Resource Center
<http://www.dcaboardmembers.ca.gov/index.shtml>
- APPENDIX 9 Per Diem and Travel Expense Worksheet with Travel Reimbursement
Guidelines (Attachment)
- APPENDIX 10 DCA Travel Guide (Attachment)

APPENDICES AVAILABLE UPON REQUEST



California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

phone: (916) 263-3680 *fax:* (916) 263-3675 *web:* www.cba.ca.gov



CBA Item IV.G.
May 13-14, 2021

American Institute of Certified Public Accountants Committee Interest for the 2022-23 Volunteer Year

Presented by: Nancy J. Corrigan, CPA, President

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding opportunities to participate on national committees with the American Institute of Certified Public Accountants (AICPA).

Consumer Protection Objectives

CBA member participation assists in ensuring that California maintains an active presence nationally in the decision-making process related to consumer protection and the regulation of the accounting profession.

Action(s) Needed

No specific action is required on this agenda item.

Background

CBA member participation on a national level assists in ensuring that California is represented during discussions on topics that affect the regulation of the accounting profession and consumer protection.

Since the AICPA was formed, member volunteers have contributed to the AICPA and the accounting profession. Volunteer service gives members the opportunity to influence and guide the profession's direction. Members also support the profession's financial literacy efforts that encourage CPAs to educate the public on a range of financial topics.

Presently, Katrina L. Salazar, CPA is serving on the AICPA State Board Committee.

Comments

The AICPA will begin accepting applications on June 1, 2021 for the 2022-23 Volunteer Year. The 2022-23 AICPA volunteer term will be a 12-month term that will begin May 2022 and run through May 2023. CBA members interested in volunteering can complete

American Institute of Certified Public Accountants Committee Interest for the 2022-23 Volunteer Year

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an application and upload a resume at <http://volunteers.aicpa.org>. An overview of the AICPA Volunteer Environment is included as **Attachment 1**.

The AICPA website provides significant information on its 200-plus volunteer groups at <http://volunteers.aicpa.org>. The committees cover a broad range of areas from ethics and diversity, to standard setting and peer review.

There are a handful of AICPA volunteer groups where there has been an agreement with the National Association of State Boards of Accountancy (NASBA) to appoint state board members. These volunteer groups include the Auditing Standards Board, Board of Examiners and its subcommittees, State Board Committee, Professional Ethics Executive Committee, and National Peer Review Committee. NASBA nominates several state board members for each of these volunteer groups and the AICPA fills vacancies from that list.

It is important to note that participation in one of the AICPA volunteer groups requires review and signature on the "AICPA Volunteer Service Agreement" a copy of which is provided as **Attachment 2**.

In February, the Department of Consumer Affairs (DCA) issued a new policy that board members, committee members, and instructors avoid serving as expert consultants in the licensure examination development process.

Office of Professional Examination Services (OPES) has reviewed the AICPA committees and has determined the following committees would create a conflict of interest for CBA members:

- Auditing and Attestation Subcommittee
- Business Environment and Concepts Subcommittee
- Content Committee
- Financial Accounting and Reporting Committee
- Regulation Subcommittee

The policy allows for case-by-case exemptions that may be applied upon review by CBA, in consultation with DCA OPES. If any members have any questions regarding service on a particular committee, please reach out to Ms. Bowers and she can schedule time with DCA OPES for a one-on-one discussion.

CBA members with specific questions or needing further information regarding AICPA volunteer groups may contact Rebecca Reed by telephone at (916) 561-1716 or email at rebecca.reed@cba.ca.gov.

Attendance while participating on a national committee can occur via conference call, video conference, or in-person; however, at this time participation is through conference

American Institute of Certified Public Accountants Committee Interest for the 2022-23 Volunteer Year

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call or video conference as the Governor has issued an Executive Order suspending all non-essential travel because of current budget deficit issues as a result of the COVID-19 pandemic.

When the Executive Order prohibiting travel is rescinded, if members are requested to attend a committee meeting outside of California, staff can request the necessary authorization to travel on behalf of the CBA. This request must be reviewed and approved by DCA, the Business, Consumer Services, and Housing Agency, and the Governor. Requests for out-of-state travel should be submitted at least 60 days in advance of the intended travel dates.

Beginning January 1, 2017, an updated out-of-state travel policy restricts travel to certain states that have enacted laws that void or repeal protections against discrimination on the basis of sexual orientation, gender identity, or gender expression, which includes the states of Alabama, Idaho, Iowa, Kansas, Kentucky, Mississippi, North Carolina, Oklahoma, South Carolina, South Dakota, Tennessee, and Texas. Exceptions may be made for trips considered “mission critical” to conducting state business.

Fiscal/Economic Impact Considerations

Once travel resumes, depending on the number of CBA members traveling and frequency of meetings, travel costs will be incurred.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. Overview of the AICPA Volunteer Environment
2. AICPA Volunteer Service Agreement

Overview of the AICPA Volunteer Environment

History of AICPA

The American Institute of Certified Public Accountants (AICPA) and its predecessors have a history dating back to 1887, when the American Association of Public Accountants (AAPA) was formed. In 1916, the American Association was succeeded by the Institute of Public Accountants, when there was a membership of 1,150. The name was changed to the American Institute of Accountants in 1917 and remained so until 1957, when it changed to its current name of the American Institute of Certified Public Accountants. The American Society of Certified Public Accountants was formed in 1921 and acted as a federation of state societies. The Society was merged into the Institute in 1936 and, at that time, the Institute agreed to restrict its future members to CPAs.

History of Committees

The use of committees began even before the AAPA was formed in 1887. At the first meeting of what would become the AAPA on December 22, 1886, those present authorized the appointment of a committee to draft rules and regulations. In addition to this first preliminary committee, the first Bylaws of the AAPA in 1897 established three committees: Finance and Audit Committee; Committee on Elections, Qualifications and Examinations; and the Committee on Bylaws. The number of committees grew continually over the years. In the 1940s there were 34 committees. By 1960 there were 89, and by 1970, the number had grown to 109. In 1999 the nearly 120 existing committees underwent a re-organization with approximately half of the standing committees being replaced with a volunteer group model that placed an increased emphasis on the use of task forces. The increased use of task forces allowed for more targeted efforts with the task forces being given a specific assignment then disbanding upon completion of that assignment. Also, in 1999 the first tracking and management of task forces began. Collectively, more than 2,000 volunteers contribute to the AICPA's fulfilling its mission.

Need for Volunteer Groups

The AICPA organization consists of volunteer groups and staff working together to achieve the Institute's objectives. Volunteer Groups help present the interests, needs' and attitudes of the membership; and assist the Institute in maintaining high standards of professional practice, promoting the interest of CPAs, serving as a spokesperson for the profession, and providing appropriate services to members. An effective volunteer group structure can generate sound group judgment, provide continuity of thinking, and help bring together a cross section of member knowledge and experience. It also provides for leaders of the profession. The most important reason for organizing a volunteer group is the need for member guidance and representation.

Volunteering for Service

Prospective volunteers can apply for service on a volunteer group via the [Volunteer Central website](#). State Societies, firms, firm associations or other members of the AICPA often recommend candidates for volunteer service. New volunteers should be aware of the time commitment volunteer group service entails. Considering attendance at volunteer group meetings, travel, and time for assignments and other meetings, members can expect to spend

about 60-80 hours on volunteer work during the first year. Of course, the amount of time each volunteer member spends on volunteer group activities varies; with each year of service, a member's time commitment often increases. By accepting appointment to the volunteer group, a volunteer member shows his or her willingness to devote the necessary time and effort to volunteer work.

Term of Appointment

In most cases, a volunteer is appointed for a one-year term, which can be extended to three years. Each year, the chairperson and the staff evaluate each member's contribution to their volunteer group. Usually, a member cannot be reappointed for a fourth term unless he or she is appointed as chairperson of the volunteer group.

Appointing Volunteers

The appointment of volunteers can be divided into three main categories. The first appointment category includes all committees, subcommittees, expert panels, resource panels, boards and centers, whereby appointment to one of these groups are made during an annual appointments meeting held in February. The second appointment category includes the Board of Directors, Council, Joint Trial Board and Peer Review Board – appointments being made typically in September. The third and last appointment category includes all task force members in which appointment to a task force can occur at any time throughout the year as needed.

Volunteer Year

The AICPA Volunteer Year runs from May through May of the following year. The beginning of the Volunteer Year "officially" begins immediately following the AICPA Spring Meeting of Council.

TYPES OF VOLUNTEER GROUPS

All members of the Council, Boards, Committees, Subcommittees, Panels, Centers and Task Forces (hereinafter "volunteer groups")

Advisory Group

An advisory group is not responsible for policy-setting as are regular committees the purpose of an advisory group is typically to capture the views of membership groups or sections. There are currently six advisory groups, these groups usually meet virtually via conference calls although they may on occasion meet in person.

Audit Quality Center

The objectives of the Audit Quality Center include:

- Enhance the quality of member firms' audit practices in the specialized area.
- Provide a forum for member firms to address technical and regulatory matters involving the specialized area of audit practice.

- Develop relationships with, act as a liaison to, and communicate issues to regulators and others for the purpose of representing the auditing profession's views relating to the specialized area of audit practice.
- Advocate solutions and positions to regulators and standards-setters on behalf of member firms in the specialized area.

Board

Based on the Bylaws of the AICPA, the term Board is used in conjunction with the following bodies:

- Board of Directors
- Board of Examiners
- Joint Trial Board
- Peer Review Board

Board of Directors

The Board of Directors acts as the executive committee of Council, directing Institute activities between Council meetings. The Board meets five times a year and is responsible for reporting to the Council as least semiannually.

The Board of Director consists of:

- Chairman of the Board of Directors
- Vice Chairman of the Board of Directors
- Immediate Past Chair of the Board of Directors
- Regular Members of the Board of Directors (members of the AICPA)
- Public Members of the Board of Directors (non-AICPA members)

Board Committees

Board committees are comprised of members of the Board of Directors. The Chair of the Board and the President are Ex Officio Members of all Board committees. The following committees are classified as Board Committees:

- *Accounting Research Association* – Controls and manages the affairs and funds of the ARA, which is the vehicle through which the Institute seeks financial support from the accounting profession for the Government Accounting Standards Board. The officers and trustees meet as required to carry out the mission of the ARA.
- Note: The ARA is no longer active due to the change in funding of FASB under SOX.
- *Political Action Committee* – provides financial support for election campaigns of candidates for federal elective office whose views are consistent with AICPA goals.
- *Audit and Finance Committee* – Reviews with the Institute's independent auditors, their examination of the financial statements. The committee meets regularly with the Institute's internal auditor and at the time of each Board meeting.
- *Remuneration & Talent Committee* – The Remuneration & Talent Committee establishes and monitors compliance with compensation policies for the Association and its Professional Units' employees. The Committee reports to, and assists, the Association Board of Directors in carrying out its responsibilities with respect to matters relating to compensation, succession planning, employee benefit and retirement programs,

organizational goal setting and performance evaluation on delivery of the annual strategic plan.

Board of Examiners

The Board of Examiners (BOE) is responsible for the supervision and preparation of the uniform CPA examination which may be adopted by state Boards of Accountancies for examining candidates for the certified public accountant certification. The BOE is also responsible for the conduct of the grading service offered by the Institute. The BOE forms the necessary rules and regulations for the conduct of its work, but all such rules and regulations may be amended, suspended, or revoked by the Board of Directors. The BOE may delegate to members of the Institute's staff or other duly qualified persons the preparation of examination questions and the operation of the grading service conducted by the Institute.

Council

Council is the governing body of the AICPA and is comprised of approximately 265 members and representatives from every state and U.S. Territory. The Council may exercise all powers necessary for the purposes of the Institute, not inconsistent with the AICPA Bylaws or with duly enacted resolutions of the membership, including but not limited to the authority to prescribe the policies and procedures of the Institute and to enact resolutions binding upon the Board of Directors', the officers, volunteer groups, and staff.

The Council consists of the following members:

- At-Large Members of Council
- Board of Directors
- Designated Representatives of each state
- Elected Members of Council
- Ex-Officio Members (past Chairs of the Board)
- Members At Large of Council

Expert Panel

Following the AICPA's volunteer group restructuring effort in 1999, the Board of Directors' approved the establishment of Expert Panels that focus on identifying industry-specific business reporting issues with an emphasis on audit and accounting. Expert Panels have been established in areas in which the membership and the public have a high stake, and in which the AICPA can add significant value. The Expert Panels enable standards setters such as Accounting Standards Executive Committee, Auditing Standards Board, Financial Accounting Standard Board (FASB), and the General Accounting Standards Board (GASB), and to continue to leverage the AICPA membership's industry expertise, as well as provide a means for the profession to liaise with outside groups, such as regulators.

Current Expert Panels include:

- Depository Institutions Expert Panel
- Employee Benefits Plans Expert Panel
- Health Care Expert Panel
- Insurance (Life and P&L) Expert Panel
- Investment Companies Expert Panel

- Not-for-Profit Organizations Expert Panel
- State & Local Government Expert Panel
- Stockbrokerage and Investment Banking Expert Panel

Joint Trial Board

The Joint Trial Board consist of 36 members elected for a three-year term by the Nominations Committee and ratified by Council. The Joint Trial Board provides for uniform enforcement of professional standards by adjudicating disciplinary charges against state society and AICPA members. Its decisions affect both AICPA and state society memberships.

Nominations Committee

As outlined in the Bylaws of the Institute, the Nominations Committee is to be chaired by the immediate past chairman of the Institute's Board and shall consist of seven additional members serving two-year terms, elected by the Council in such manner as the Council shall prescribe.

The responsibility of the Nominations Committee is to make nominations for the following:

- At-large Members of Council
- Board of Directors
- Peer Review Board
- Joint Trial Board

Peer Review Board

The Peer Review Board is the senior technical committee governing the Peer Review Program. The primary activities of the PRB are to establish and conduct, in cooperation with state CPA societies, a Program for AICPA members engaged in the practice of public accounting.

Senior & Executive Committees and Boards

An executive committee is the standing parent group responsible for policy-setting in an area of activity.

Senior and Executive Committees are as follows: (* denotes Senior Committees)

- Accounting and Review Services Committee *
- Financial Reporting Executive Committee *
- Assurance Services Executive Committee *
- Auditing Standards Board *
- Board of Examiners
- Business and Industry Executive Committee
- Center for Audit Quality Governing Board *
- Employee Benefits Audit Quality Center Executive Committee
- Forensic and Valuation Services Executive Committee *
- Governmental Audit Quality Center Executive Committee
- Information Management and Technology Assurance Executive Committee
- Management Consulting Services Executive Committee *
- National Accreditation Commission
- Peer Review Board *
- Personal Financial Planning Executive Committee *
- PCPS Executive Committee *
- Pre-Certification Education Executive Committee
- Professional Ethics Executive Committee *

- Professional Practice Executive Committee
- Tax Executive Committee *
- Women's Initiatives Executive Committee

Note: * Indicates a senior committee authorized to make statements without clearance with the Council or the Board of Directors in matters related to its area of practice.

Subcommittee

A subcommittee is a standing group which may be entirely or partially composed of some of the members of the related executive committee or may be composed entirely of other persons. The work of a subcommittee is subject to overall review by its related committee or executive committee.

Task Force

Since the Volunteer Group restructuring effort that took place in the fall of 1999 there has been an increased emphasis on task forces rather than formal "standing" committees, panels or boards. Also, beginning in 1999 the Volunteer Services Team began tracking and maintaining information on task forces. Task forces are intended to be fast paced groups that focus on a single issue or project.

Since the definition of what constitutes a task force has varied greatly, the following definition is provided:

Task forces are working groups that typically focus on a single issue or project. They operate in support of and under the auspices of another volunteer group (committee, panel or board). While the duration of task forces may vary considerably, they should be organized to have relatively short lives, accomplishing their objectives on single issues or projects rapidly, and then being disbanded. Also, for purposes of definition the Volunteer Services Team will only track a task force with an intended working life of over three months and if the task force meets separately from the volunteer group the task force supports.

Since task forces do not follow the Volunteer appointments process the basic information on a task force must be provided to the Volunteer Services Team by the Staff Liaison as soon as the task force is created, members are added or removed, and notification must be provided when a task force disbands.

Tax Technical Resource Panel

Tax Technical Resource Panels (TRP's) act as a primary resource to the Tax Executive Committee (TEC) in representing members and the public interest by identifying issues, in developing technical and policy recommendations on those issues, and in suggesting or developing related practice aids to assist members in complying with the law; to recommend formation of task forces and assist the TEC and its constituent committees in monitoring task forces activities; and to maintain appropriate liaisons with government, industry and other professional organizations. TRP's are intended to be small and proactive, with members who are current and knowledgeable in the assigned technical areas.

Current Tax Technical Resource Panels:

- Corporations and Shareholders Taxation

- Employee Benefits Taxation
- Exempt Organizations Taxation
- Individual Income Taxation
- International Taxation
- Partnership Taxation
- S Corporation Taxation
- State and Local Taxation
- Tax Methods and Periods
- Trust, Estate and Gift Taxation

Volunteer Group

The term Volunteer Group is used as a general term to include the following types of groups; Committee, Subcommittee, Expert Panel, Technical Resource Panel, Board, Advisory Group and even Task Force (refer to their respective definitions for actual differences). The most important reason for organizing a volunteer group is the need for member guidance and representation. Volunteer groups may be needed because staff do not have the authority for actions in a given area or may be formed to ensure that appropriate member interests are represented on a given issue or activity.

Virtual Group

In some cases, members may serve on a volunteer group in a virtual capacity (i.e. never meeting in-person, but rather conducting their work within an online internet / email based environment). One type of virtual member participation has entailed the online support to one or more specific volunteer group. A second form of virtual participation involves the online participation in various online surveys to provide targeted feedback in specialized areas.

PUBLIC STATEMENT AUTHORIZATION

Most of the AICPPs Volunteer Groups are composed of Institute members, appointed by the chair of the board, for a term of one year (reappointments may bring service total to three years). Of these Volunteer Groups, 17 have been designated as Senior Committees (appointments must be approved by the Board of Directors), and 12 of these 17 (known as Technical Committees) have the authority to make public statements on matters related to their areas of practice without clearance from the Council or the Board.

The Senior Committees are as follows:

Committee Name:	YES	NO
Accounting and Review Services Committee	X	
Assurance Services Executive Committee	X	
Auditing Standards Board	X	
Board of Examiners		X
Center for Audit Quality Governing Board	X	
Employee Benefits Plans Audit Quality Center Executive Committee		X
Financial Reporting Executive Committee	X	

Forensic and Valuation Services Executive Committee	X	
Government Audit Quality Center Executive Committee		X
Information Management and Technology Assurances Executive Committee		X
Management Consulting Services Executive Committee	X	
National Accreditation Commission		X
PCPS Executive Committee		X
Peer Review Board	X	
Personal Financial Planning Executive Committee	X	
Professional Ethics Executive Committee	X	
Tax Executive Committee	X	

DEFINITIONS OF VOLUNTEER ROLES

There are currently 35 volunteer roles available within the Volunteer System as shown below. In some cases, a particular role, such as Treasurer should be self-explanatory, and therefore, no definition is provided—where appropriate details on the functions of each role are provided.

Current Roles

Administrative Support	Executive Director	Secretary
Alternate	General Counsel and Secretary	Secretary-Treasurer
Alternate Chair	Immediate Past Chair	Senior Vice President
Assist. Treasurer	Member	Staff Liaison
Board Chair	Member At Large	State Reps
Board Liaison	Non-Member	Technical Advisor
Chair	Observer	Technical Secretary
Chairman	Past Chair	Treasurer
Co-Chair	President	Unknown
Director	Primary Contact	Vice Chair
Elected Members	Project Manager	Vice President
Ex Officio	Public Member	

Board Chair

The Chairman of the Board of Directors presides at key meetings of members of the Institute, the Council, and the Board of Directors. The chairman is responsible to appoint volunteer group members as provided for in the Bylaws. The Chairman also acts as a spokesperson for the Institute and appears on its behalf before other organizations. The Vice Chair of the Board is normally appointed to be Chair of the Board during the annual meeting of the Nominations Committee (usually held in February).

Board Liaison

Acts as the ears of the Board of Directors to certain volunteer groups.

Chair

The Chair of a Volunteer Group is responsible for presiding over the meetings of the group and to provide direction over the activities of the group. With the exception of task forces, the Chair is also responsible to recommend individual's for succeeding years, evaluate members of the group, and communicate any changes in the objectives or membership of the group to the Volunteer Services Team.

Elected Members

Elected Members are members of Council who are directly elected by the membership in their respective states. The number of Elected Members is allocated in two ways, somewhat analogous to the allocation of senators and congressmen for each state whereby the first is a fixed amount and the second is based on population. First, each state by default is allowed to recommend one Elected Member of Council. Second, each state is allowed to recommend additional Elected Members, the number being based on the proportion of Institute members enrolled from each state. This second category of Elected Members based on proportion of AICPA members is set at 85 members, however the allocation of the seats is reevaluated and adjusted, if necessary, every five years.

Ex-Officio

Past Chairs of the Board of Directors and Past Presidents of the AICPA.

Member-At-Large

Seven Institute members, without regard to the states in which they reside are elected annually by the Nominations Committee to serve as Members-At-Large to serve on Council.

Member

The term member is often used in a general sense to reflect any participant on a volunteer group.

President

The president of the AICPA has the responsibility for the execution of the policies and programs of the Institute, act as a spokesperson for the Institute, and perform such other services as may be assigned to the President by the Council and the Board of Directors

Public Members

Public Members are non-CPA volunteers who sit on the Board of Directors and various other volunteer groups.

Secretary of Institute

The secretary of the Institute has the usual duties of a corporate secretary and performs such other related duties as may be assigned by the president

Staff Liaison

The staff liaison is an AICPA staff member who fully assists the volunteer group at each meeting by researching and providing background information. This includes: providing

appropriate reference materials for each meeting; identifying the elements of a problem; listing the questions that need answering; participating in the discussion; endeavoring tactfully to persuade members to adopt a sound decision; alerting the volunteer group when it is deviating from AICPA policy or exceeding its authority; and accepting whatever final decision is reached unless the issue is so important that a higher authority should be consulted.

The staff liaison is responsible for preparing the agenda, drafting the minutes or highlights (including attendance), as appropriate, with review and approval by the volunteer group chair. The staff liaison is also responsible for coordinating volunteer group activities and sharing information with other AICPA volunteer groups and staff as appropriate. The staff liaison may also be called on to help the volunteer group identify goals, for us on major issues, create new programs, draft reports, and organize and implement activities approved by the volunteer group. The staff liaison should play an active role and can lead the volunteer group in the form of guidance and assistance toward a desired end.

State Rep

Each state society designates a single Institute member to represent it on the Council for a term of one year. A Designate Representative (state rep) can be reappointed each year for a combined term of service not to exceed six consecutive years.

Vice Chairman of the Board

The Vice Chairman of the Board shall be chairman- nominee of the Board of Directors and presides in the absence of the chairman at meetings of the Institute, the Council, and the Board of Directors. The Vice Chairman is currently assigned the responsibility to recommend appointments to all volunteer groups. These recommended appointments are subject to ratification during the annual Fall Council meeting. The Vice Chair is selected during the annual meeting of the Nominations Committee, usually held in February each year. Although there are no specific requirements to become the Vice Chair normally this individual will have been a member of the Board of Directors.



Volunteer Service Agreement

Volunteering with the Association of International Certified Professional Accountants (the “Association”), American Institute of Certified Public Accountants (“AICPA”), and Chartered Institute of Management Accountants (“CIMA”) (collectively referred to as the “Entities”) provides an opportunity for you to network with your peers and serve your profession by working on various interesting and worthwhile assignments. Our Volunteers are organized into Volunteer Groups. A Volunteer Group includes but is not limited to senior committees, committees, subcommittees, boards, panels, centers, task forces, and Regional Boards or other similar body appointed by any of the Entities to act on the Entity’s behalf for a specific purpose.

We know you have many demands on your volunteer time. We appreciate your willingness to use a part of that time to serve the accounting profession. We hope you benefit as much by your volunteer service as the Entities benefit from having members willing to volunteer.

Your acceptance as a Volunteer and participation in a Volunteer Group comes with a responsibility to assist in achieving the objectives of the Volunteer Group, including but not limited to: attending and participating in meetings and deliberations, meeting preparation, and post meeting deliverables.

All Volunteers are required to review and provide their signature to this Volunteer Service Agreement (the Agreement”), by accepting their appointment electronically or via email. You may not perform any volunteer services until you have signed this Agreement.

Confidentiality and Conflict of Interest

Volunteers may have access to, or receive, information which is proprietary or confidential. For purposes of this policy, confidential information includes, but is not limited to: trade secrets, employee or the Entities’ member data, information related to the operations or plans of any of the Entities or of firms, companies or individuals or which is otherwise personal, proprietary, private or sensitive nature. Confidential information does not include information that (i) is already known to the Volunteer at the time of its disclosure; (ii) is, as of the time of its disclosure, generally available to the public, or later becomes generally available to the public through no wrongful act of the Volunteer; (iii) is received by the Volunteer without restriction as to use or disclosure by a third party not known by the Volunteer to be under a confidentiality obligation to any of the Entities or its members; (iv) is approved for release by prior written authorization of any of the Entities; (v) is furnished by the Entities to a third party without restriction on the third party’s right of disclosure or (vi) is disclosed pursuant to any judicial or governmental requirement or order; provided, however, that the Volunteer notifies the relevant Entity in writing of such required disclosure as much in advance as practicable in the circumstances and cooperates with the Entities to limit the scope of or prevent



such disclosure. Confidential information is the property of the individual Entity. Volunteer Group members must consider all information received or discussed during their service as confidential, and members may not use or disclose any such information outside of the committee's deliberations without express written permission from the Entities CEO or Counsel of the relevant Entity or as permitted elsewhere in this Agreement.

In addition, members should avoid all conflicts of interest. Specifically, where a matter is the subject of discussion that may result in a personal financial benefit/opportunity to a member or his/her firm or organization to the exclusion of the members generally, that conflict of interest should be disclosed and the member should not participate in the discussion or vote on the matter.

Communications

During recent years, the activities of the Entities have increased rapidly in scope and variety. Many of these activities are conducted with the knowledge, input, or based on recommendations of volunteer groups. To avoid overlapping or duplication of effort and to maintain consistency in general policies, it is essential for all activities to be coordinated as effectively as possible.

It is also important that statements to the press or communications with outside groups, which may result in published statements attributed to the Entity, be screened for conformity with policies implemented by the relevant Board of Directors. The Chairman of the Board, the CEO and designated members of senior management have been delegated the responsibility for this function. With limited exceptions, press releases and communications with reporters and financial writers on behalf of the relevant Entity must be channeled through or cleared with the Office of the CEO of the relevant Entity. The Association's Washington DC Office should receive advance information about statements to be made to any branch of the United States Federal Government.

Please see the respective entities bylaws to determine if a Volunteer Group is authorized to make statements, without clearance from either AICPA or CIMA Council or the Association Board of Directors, in matters related to its area of practice once adopted by the Volunteer Group.

All statements concerning policy or technical matters issued on the authority of these Volunteer Groups should be clearly identified as such.

No other Volunteer Group may issue any outside communications without clearance by the Board of Directors prior to issuance.

Actions That May Discredit the Association, AICPA or CIMA



Volunteers should not engage in, promote, or participate in any activities that can reasonably be anticipated to discredit or result in damage to the Entity's reputation or otherwise discredit the core standards and principles the relevant Entity or the profession. When participating in Volunteer activities on behalf of the relevant Entity, all Volunteers are expected to conduct themselves in a professional manner. Should a Volunteer act outside the standards set forth, he/she may be immediately removed as a member of the volunteer committee.

Meetings

Care should be exercised in the decision to call a meeting and the selection of meeting sites to ensure effectiveness and efficiency consistent with reasonable costs to the relevant Entity and to the firms and other organizations of Volunteer Group members. Meetings should be scheduled in locations that are easily accessible, conducive to serious volunteer efforts, require a minimum of travel of Volunteer Group members and staff, and require the least expenditure of non-chargeable time compatible with Volunteer Group requirements. All offsite meetings are a representation of the relevant Entity and should be reflected as such. Meeting venues should be consistent with the relevant Entity's standards by conveying a professional and modest image. Consideration should be given to use of conference calls and computer technology, such as videoconferencing in lieu of a meeting, whenever possible.

The purpose of a Volunteer Group meeting is to obtain the input of members and decisions on Volunteer matters and where appropriate, produce material for use by the Volunteer Group and others. For effective Volunteer Group deliberations, and in fairness to other Volunteer members, each member should spend whatever time is necessary to prepare for the meetings and then actively participate. Members receive volunteer credit for attending/participating in Volunteer Group meetings. Thus, it is encouraged to attend each meeting and communicate with the staff liaison in advance if a member is unable to attend a meeting. It is not appropriate for the member who is unable to attend to send a replacement. If volunteer misses more than two consecutive meetings, they may be asked to resign their position on the volunteer group. The relevant Entity reserves the right to schedule and modify virtual and/or in person meetings as they see fit based on the needs of the volunteer group and the advancement of technology.

Ownership/Assignment of Copyright

From time to time, a Volunteer may be tasked with preparing documents, guides, plans, standards and other materials, including updates and revisions thereof (the "Work"), for use by the Volunteer Group or others outside of the group.

To the extent that any Work created by a Volunteer shall constitute or contain copyrightable subject matter, the Work shall be considered a specially commissioned



“work made for hire” for the benefit of the Association, AICPA, or CIMA to the fullest extent accorded the definition of those terms under the Copyright Laws of the United States, Title 17, United States Code § 101. Without limitation of the foregoing, the Volunteer agrees to assign and hereby assigns the Work, the copyright and all other right, title and interest in and to the Work to the Association, AICPA or CIMA, and the Volunteer agrees to promptly execute any and all documents necessary or desirable to effectuate or otherwise evidence such assignment. Accordingly, all of the rights comprised in the Work and the updates to the Work shall vest in the Association, AICPA, or CIMA, and its successors and assigns, as the sole and absolute owner. the Association, AICPA, or CIMA shall have the sole right and power to apply for any and all copyrights in its name, in order that all copyrights so obtained shall vest in the Association, AICPA, or CIMA, including the copyrights for any renewed or extended terms now or hereafter authorized by law. Whenever requested by the Association, AICPA, or CIMA, Volunteer shall perform such acts and sign all documents and certificates which the Association, AICPA, or CIMA may reasonably request in order to fully carry out the intent and purposes of this Paragraph.

Verification and Agreement

As a requirement of membership in a Volunteer Group for the Entities, I, the undersigned, hereby verify and state that I have read the above Service Policy Agreement, and I fully understand its terms. By accepting my volunteer appointment, I hereby agree to be bound by all of its terms and conditions including, without limitation, the sections dealing with Confidentiality and Conflict of Interest and Ownership/Assignment of Copyright as set forth above. I acknowledge that committees may be disbanded or suspended at any time as seen fit by the relevant Entity. I confirm that the networking opportunities and professional recognition afforded by my volunteer services constitute good and valuable consideration for the undertakings made herein.

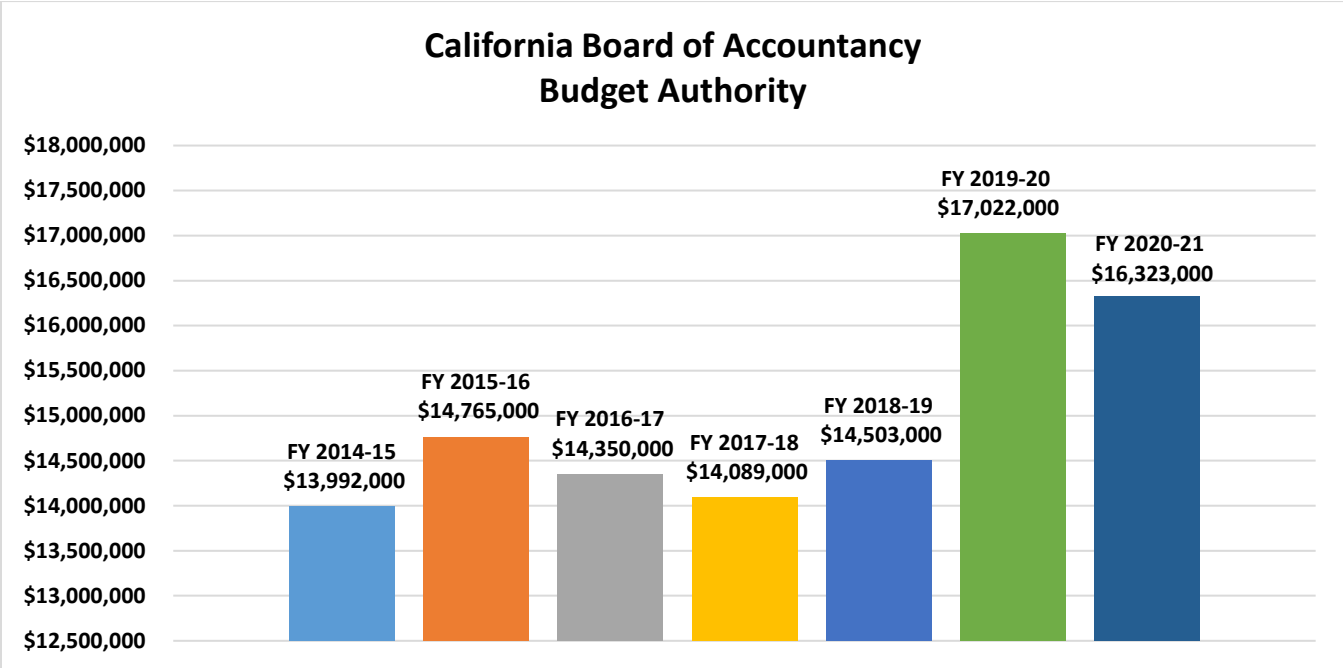
Any questions or assistance needed, please contact Heather Collins at 919.402.4846, Jamie Geary McNair at 919.402.4103, Sarah Gentry-Kanashiro at 919.402.4997 or via email at AICPAVolunteerServices@aicpa-cima.com.

**CALIFORNIA BOARD OF ACCOUNTANCY
REPORT OF THE
SECRETARY/TREASURER
MARK J. SILVERMAN, ESQ.**

Fiscal Year 2020-21
Fiscal Month 8 Financial Report

Budget Authority

The California Board of Accountancy’s (CBA) budget for fiscal year (FY) 2020-21 remains at \$16,323,000. This budget amount reflects the adjustment for the 9.23 percent reduction in staff compensation and accompanies the commensurate reduction in Department of Consumer Affairs (DCA) pro rata expenses.



Financial Statement as of Fiscal Month 8

Department of Consumer Affairs						
California Board of Accountancy						
Fiscal Year 2020-2021: Fiscal Month 8						
#	Object Description	FY 2019-20 FM 8	Governor's Budget	Year to Date: February 28	Percent Spent	Projections To Year End
	PERSONNEL SERVICES					
1	PERMANENT POSITIONS	\$2,773,157	\$6,260,000	\$4,181,311	67%	\$6,168,358
2	TEMPORARY POSITIONS	\$23,758	\$0	\$13,484	N/A	\$23,115
3	PER DIEM, OVERTIME. & LUMP SUM	\$42,019	\$63,000	\$81,780	103%	\$124,870
4	STAFF BENEFITS	\$1,554,424	\$3,688,000	\$2,351,093	64%	\$3,563,958
5	TOTAL PERSONNEL SERVICES	\$4,393,358	\$10,011,000	\$6,627,668	66%	\$9,880,301
6	OPERATING EXPENSES & EQUIPMENT					
7	GENERAL EXPENSE	\$181,622	\$58,000	\$70,429	121%	\$120,735
8	PRINTING	\$152,084	\$96,000	\$40,728	42%	\$69,819
9	COMMUNICATIONS	\$28,993	\$61,000	\$30,545	50%	\$52,363
10	POSTAGE	\$26,966	\$26,000	\$19,181	74%	\$30,000
11	INSURANCE	\$226	\$0	\$204	N/A	\$500
12	IN STATE TRAVEL	\$27,811	\$136,000	\$541	0%	\$3,000
13	OUT OF STATE TRAVEL	\$1,853	\$0	\$0	0%	\$0
14	TRAINING	\$21,340	\$29,000	\$18,120	62%	\$18,120
15	FACILITIES	\$280,917	\$628,000	\$395,657	63%	\$616,713
16	C/P SERVICES (INTERNAL)	\$939,544	\$1,899,000	\$441,989	23%	\$671,539
17	C/P SERVICES (EXTERNAL)	\$434,329	\$719,000	\$224,203	31%	\$315,267
18	DEPARTMENT PRORATA	\$1,163,000	\$2,510,000	\$2,001,000	80%	\$2,510,000
19	Division of Investigation	N/A	\$367,000	\$312,000	85%	\$367,000
20	Consumer and Client Servs Division	N/A	\$2,143,000	\$1,689,000	79%	\$2,143,000
21	DEPARTMENTAL SERVICES	\$5,478	\$1,000	\$10,159	1016%	\$11,630
22	CONSOLIDATED DATA CENTERS	\$94,184	\$41,000	\$45,986	112%	\$78,833
23	INFORMATION TECHNOLOGY	\$41,565	\$50,000	\$37,522	75%	\$45,945
24	EQUIPMENT	\$184,129	\$58,000	\$87,082	150%	\$87,082
25	OTHER ITEMS OF EXPENSE	\$0	\$0	\$0	0%	\$0
26	SPECIAL ITEMS OF EXPENSE	\$0	\$0	\$0	0%	\$0
27	OPERATING EXPENSES & EQUIPMENT	\$3,584,041	\$6,312,000	\$3,423,346	54%	\$4,631,546
28	OVERALL TOTALS	\$7,977,399	\$16,323,000	\$10,051,014	62%	\$14,511,847

Expenditures

The FY 2020-21 FM 8 Financial Statement is based on actual expenditures and encumbered amounts through February 28, 2021. Expenditures are at \$10,051,014 or 62 percent of the FY 2020-21 budget. Based on these figures the CBA is currently projected to end FY 2020-21 with a budget surplus of 11.23 percent.

Below is information regarding key budget items.

General Expense (Line 7)

Expenditures in the category of general expense include items such as office supplies, furniture, delivery services, and subscriptions. Enforcement subscriptions are annual subscriptions to online databases for accounting and tax research information, standards, and includes Investigative CPA continuing education. General Expenses for FY 2020-21 have declined by 62 percent over the same reporting period in FY 2019-20.

Printing (Line 8)

With the electronic distribution of the CBA's UPDATE publication, printing expenditures decreased over 73 percent over the same reporting period in FY 2019-20.

Postage (Line 10)

Expenditures for postage have decreased 57 percent over the same reporting period in FY 2019-20. The decrease is also attributed to the electronic distribution of the CBA's UPDATE publication.

In-State Travel (Line 12)

Attending virtual meetings, conferences and trainings, resulted in a decrease of nearly 99 percent in travel expenses within the State for the same reporting period in FY 2019-20.

Out-of-State Travel (Line 13)

There have been no expenditures for travel out of state for FY 2020-21. With the ability to attend virtual meetings, conferences and trainings, the CBA does not anticipate any expenditures from this budget item through the end of the fiscal year. The CBA has requested approval and funding for out-of-state travel for FY 2021-22 for attendance at the National Association of State Boards of Accountancy (NASBA) Legal Conference, NASBA Executive Director's Conference, and NASBA Western Regional Meeting.

C/P Services Internal (Line 16)

Items on this line include contracts and procurements with other state agencies, including services provided by the Office of the Attorney General (AG's Office) and the Office of Administrative Hearings (OAH).

C/P Services External (Line 17)

Items in this line include external contracts and procurements outside of state agencies. This includes expenses for court reporters, witness and evidence fees, credit card fees and any other external contracts.

Included in the expenditure projections, but not reflected in the Year-to-Date amounts is the anticipated costs for the Fee Analysis contract in the amount of \$21,200 and for the NASBA Uniform CPA Examination contract for testing accommodations in the amount of \$93,078.40. These contracts and costs should reflect as encumbered (in the Year-to-Date) in a future Financial Report.

Department Pro Rata (Line 18)

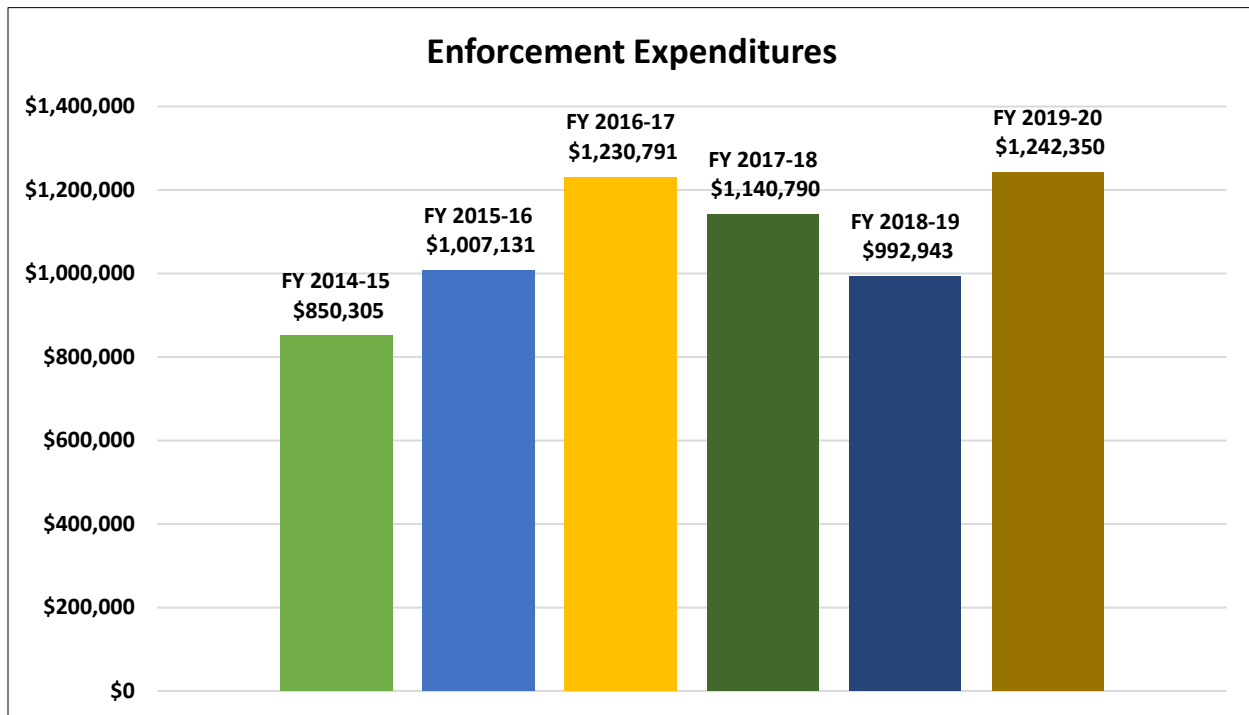
Expenses for the Division of Investigation are now grouped under this line item and consist of both internal and external investigative services.

Enforcement Expenditures

The CBA’s enforcement expenditures through February 28, 2021 total \$451,976.

- AG’s Office - \$401,753 (Invoices through February 28, 2021)
- OAH - \$39,614 (Invoices through January 30, 2021)
- Evidence and Witness Fees - \$6,827
- Court Reporters - \$3,782

The following provides an overview of the CBA’s Enforcement Expenditures for the prior six fiscal years.



Revenue

Revenues through February 28, 2021 were at \$10,520,134. This is an increase of more than 21.7 percent over revenues for FY 2019-20 for the same period due to the license renewal and initial licensing fee increases that became effective January 1, 2020. The CBA is projected to have revenues of \$15,684,334 through the end of FY 2020-21.

Revenue Projection FM 8		
Category	Year to Date	Projection To Year End
Delinquent Fees	\$168,915	\$253,373
Other Regulatory Fees	\$447,187	\$500,000
Other Regulatory License and Permits	\$2,136,552	\$3,204,827
Other Revenue	\$66,346	\$225,000
Renewal Fees	\$7,701,135	\$11,501,135
Revenue	\$10,520,134	\$15,684,334

Scheduled and Unscheduled Reimbursements

The revenue projection shown above does not take into account reimbursements. Scheduled Reimbursements consist of Fingerprint Reports and unscheduled reimbursements consist of Enforcement Cost Recovery. Reimbursements are considered revenue and are deposited into the CBA Accountancy Fund.

As of February 28, 2021, reimbursements totaled \$1,394,999.

- Fingerprint Reports - \$14,829.
- Enforcement Cost Recovery - \$1,380,170.

California Board of Accountancy Fund Condition

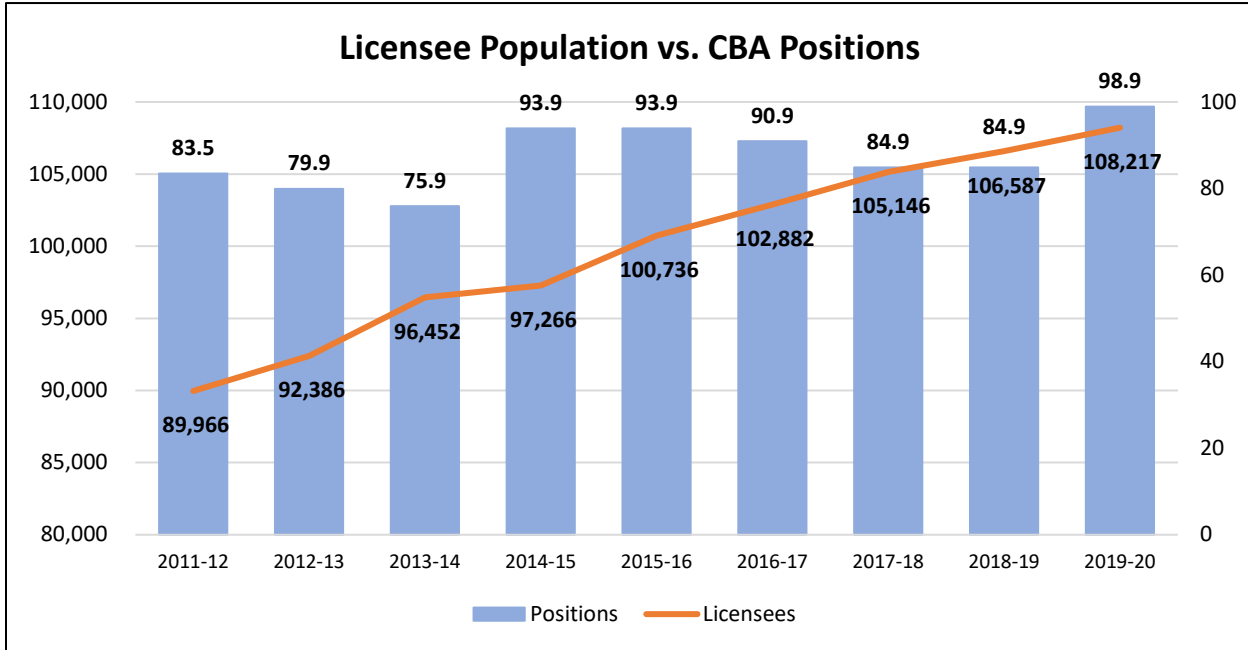
The CBA's Fund Condition statement shown below projects that the CBA will end the current fiscal year with 7.1 months in reserve. The projected figures for FY 2021-22 and beyond reflect increased revenue due to the license renewal and initial licensure fee increase to \$250 that began on January 1, 2020.

The General Fund loan for \$10 million dollars is shown under transfer to other funds, and its impact is reflected in the months in reserve at the end of FY 2020-21 and beyond. The loan is scheduled to be repaid in FY 2024-25.

0704 - California Board of Accountancy						Prepared 4.21.2021
Analysis of Fund Condition						
(Dollars in Thousands)						
2021-22 Governor's Budget						Governor's Budget
Based on FY 2019-20 Actuals and CY FM 8 Projections for FY 2020-21		PY	CY	BY	BY+1	
		2019-20	2020-21	2021-22	2022-23	
BEGINNING BALANCE		\$ 24,201	\$ 20,816	\$ 11,168	\$ 9,276	
Prior Year Adjustment		\$ -218	\$ -	\$ -	\$ -	
Adjusted Beginning Balance		\$ 23,983	\$ 20,816	\$ 11,168	\$ 9,276	
REVENUES AND TRANSFERS						
Revenues:						
4129200	Other regulatory fees	\$ 540	\$ 500	\$ 266	\$ 266	
4129400	Other regulatory licenses and permits	\$ 3,848	\$ 3,205	\$ 4,589	\$ 4,589	
4127400	Renewal fees	\$ 7,690	\$ 11,501	\$ 11,601	\$ 11,601	
4121200	Delinquent fees	\$ 157	\$ 253	\$ 444	\$ 444	
4163000	Income from surplus money investments	\$ 431	\$ 206	\$ 56	\$ 102	
4171400	Escheat of unclaimed checks and warrants	\$ 10	\$ 5	\$ -	\$ -	
4172500	Miscellaneous revenues	\$ 4	\$ 2	\$ -	\$ -	
4173500	Settlements and Judgments - Other	\$ -	\$ 12	\$ -	\$ -	
Totals, Revenues		\$ 12,680	\$ 15,684	\$ 16,956	\$ 17,002	
Transfers to Other Funds						
Loan from the Accountancy Fund (0704) to the General Fund (0001) per Item 1111-011-0704, Budget Act of 2020		\$ -	\$ -10,000	\$ -	\$ -	
Totals, Revenues and Transfers		\$ 12,680	\$ 5,684	\$ 16,956	\$ 17,002	
Totals, Resources		\$ 36,663	\$ 26,500	\$ 28,124	\$ 26,278	
EXPENDITURES						
Disbursements:						
1111	Department of Consumer Affairs Regulatory Boards, Bureaus, Divisions (State Operations)	\$ 14,707	\$ 14,227	\$ 17,315	\$ 17,834	
8880	Financial Information System for California (State Operations)	\$ -2	\$ -	\$ -	\$ -	
9892	Supplemental Pension Payments (State Operations)	\$ 390	\$ 390	\$ 390	\$ 390	
9900	Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$ 752	\$ 715	\$ 1,143	\$ 1,143	
Total Disbursements		\$ 15,847	\$ 15,332	\$ 18,848	\$ 19,367	
FUND BALANCE						
Reserve for economic uncertainties		\$ 20,816	\$ 11,168	\$ 9,276	\$ 6,911	
Months in Reserve		16.3	7.1	5.7	4.2	
NOTES:						
A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR BY+1 AND ON-GOING.						
B. ASSUMES APPROPRIATION GROWTH OF 3% PER YEAR IN BY+1 AND ON-GOING..						
C. ASSUMES INTEREST RATE OF 1.5%						

License Population vs. Staff Level

The CBA presently has 98.9 authorized positions.





California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

phone: (916) 263-3680 *fax:* (916) 263-3675 *web:* www.cba.ca.gov



CBA Item VII.A.
May 13-14, 2021

Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 12.5 – Attest Experience Form for Experience Under Business and Professions Code Section 5095

Presented by: Deanne Pearce, Assistant Executive Officer

Purpose of the Item

The purpose of this agenda item is twofold:

1. To provide the California Board of Accountancy (CBA) the opportunity to consider any public comments and provide responses, and
2. To provide the CBA an opportunity to adopt proposed amendments to Title 16, California Code of Regulations (CBA Regulations) section 12.5.

Consumer Protection Objectives

Ensuring the CBA maintains updated forms to document the experience necessary for CPA Licensure is consistent with the CBA's mission of consumer protection.

Action(s) Needed

The CBA will be asked to consider and adopt positions on whether to accept or reject (including in whole or in part) any public comments received and to adopt proposed amendments to CBA Regulations section 12.5.

Background

Overview of Proposed Regulatory Changes

In October 2014, the American Institute of Certified Public Accountants' (AICPA) issued Statement on Standards for Accounting and Review Services (SSARS) No. 21, which created a new level of accounting and auditing service for engagements to prepare financial statements. The new standards apply when an accountant is engaged to prepare financial statements but is not engaged to perform an audit, review, or compilation on those financial statements. The new engagement is commonly referred to as a preparation engagement.

The AICPA SSARS No. 21 and AR-C Section 70, which identifies preparation engagements as a non-attest function, necessitated revisions to the language on the certificate of attest experience (CAE) forms that are required from applicants applying for CPA licensure with the authority to sign attest reports. Sections V. and VI. on the CAE forms contain clarifying language to ensure proper reporting in those sections.

Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 12.5 – Attest Experience Form for Experience Under Business and Professions Code Section 5095

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The proposed changes would also make minor and non-substantive edits to the Personal Information and Collection and Access notice on the CAEs.

Rulemaking Process

California requires that a state agency follow the Administrative Procedure Act (APA) (Government Code section 11340 *et. seq.*) when adopting a regulation. This is commonly referred to as the rulemaking process.

The California Legislature created and entrusted the Office of Administrative Law (OAL) with ensuring that a state agency complies with the rulemaking procedures and standards required by the APA. The rulemaking process provides:

- The public a meaningful opportunity to participate, and
- Ensures that the state agency creates an adequate record for OAL and judicial review.

Provided OAL determines that a state agency has satisfied the basic requirements of the APA, it will approve the regulation(s). Regulations properly adopted through the APA and approved by OAL have the same force as law.

There are several steps that make up the rulemaking process, many of which are time sensitive. Additionally, for the CBA, there are various state agencies that must review and sign off on various stages for any regulations the CBA seeks to adopt or amend.¹

One of the primary purposes of the rulemaking process is to provide the public an opportunity to participate in a state agency's consideration and adoption of a regulation. One of the steps included in the APA is that a state agency must file a Notice of Proposed Action (Notice) with the OAL. The Notice contains various information regarding the purpose and nature of the proposed regulation. It also has important information for the public, including:

- Deadlines for submitting comments,
- Date, time, and location of a public hearing,
- Where to locate and obtain copies of supporting information for the proposed regulation, and
- Point of contact for the state agency.

Once the Notice is filed, OAL will publish the Notice in its weekly publication *The California Regulatory Notice Register*. The publication of the Notice in *The California Regulatory Notice Register* begins the required 45-day written public comment period. During this period, individuals of the public may submit written comments regarding the proposed rulemaking.

¹ Department of Consumer Affairs, Business, Consumer Services and Housing Agency, and Department of Finance

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According to OAL:

Effective comments are based on an understanding of the statutes and factual material the agency relies on in proposing the regulation, on an understanding of what the proposed regulation is intended to do, and on an understanding of the standards the regulation must satisfy. Comments should be directed at the proposed regulation provisions and/or procedures followed by the agency in proposing the regulations. One of the primary purposes of providing the opportunity for public comment is to allow interested persons to present ways of improving the regulations.

The CBA filed the necessary documents with OAL to allow the 45-day public comment period to occur, which concluded on May 3, 2021. The CBA conducted the public hearing at its office on May 4, 2021.

Comments

As part of the rulemaking process, the CBA will now need to consider any public comments and whether to amend and adopt the proposed regulatory text. To assist the CBA in evaluating public comments received during the public comment phase of the rulemaking process, staff have attached the following documents:

- Notice of Proposed Action (**Attachment 1**)
- Initial Statement of Reasons (**Attachment 2**)
- Proposed Regulatory Text and Changes to Experience Forms (**Attachment 3**)

OAL published the Notice of Proposed Action in the *California Regulatory Notice Register*, while staff posted all three documents to its website noting proposed regulatory action.

Consideration of Public Comments

As part of the finalization of the rulemaking activities, the CBA must address all public comments (written or oral) by either accepting or rejecting the comments. The CBA must include the responses to the comments in the Final Statement of Reasons, which is included in the completed rulemaking materials for OAL's consideration in the approval/disapproval of the rulemaking file.

As of the date these meeting materials were prepared, the CBA had not received any written comments regarding the proposed regulations. Any comments received after the meeting materials are mailed or any comments received at the public hearing will be provided to the CBA under separate cover prior to the CBA meeting on May 13-14, 2021.

Adoption of Proposed Regulatory Text

The CBA has two options for a motion to adopt the proposed changes to CBA Regulations section 12.5.

**Discussion and Possible Action to Amend Title 16, California Code of Regulations
Section 12.5 – Attest Experience Form for Experience Under Business and
Professions Code Section 5095**

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Option 1: If no additional changes are to be made after consideration of any public comment, the following motion is suggested:

- Adopt the regulatory text in Title 16, California Code of Regulations section 12.5,
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL, and
- Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

Option 2: If substantive changes are to be made after review and acceptance in whole or in part of any public comments, the following motion is suggested:

- Approve the modified regulatory text to Title 16, California Code of Regulations section 12.5, 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 Executive Officer to make any non-substantive changes to the proposed regulations and adopt the proposed regulations as described in the modified notice; and
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL.

Fiscal/Economic Impact Considerations

The proposed regulations will not have a fiscal or economic impact.

Recommendation

Adoption of Proposed Regulatory Text

Staff recommend that the CBA adopt the motion identified in *Option 1*, as follows:

- Adopt the regulatory text in Title 16, California Code of Regulations section 12.5,
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL, and
- Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

Attachments

1. Notice of Proposed Action
2. Initial Statement of Reasons
3. Proposed Regulatory Text and Changes to Certificate of Attest Experience Forms

STATE OF CALIFORNIA – DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS
TITLE 16. DIVISION 1. CALIFORNIA BOARD OF ACCOUNTANCY
REGARDING ATTEST EXPERIENCE FORM FOR CPA LICENSURE

NOTICE IS HEREBY GIVEN that the California Board of Accountancy (CBA) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at:

**California Board of Accountancy
2450 Venture Oaks Way, Suite 420
Sacramento, CA 95833
May 4, 2021
10:00 a.m.**

Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the CBA at its office no later than **May 3, 2021**, or must be received by the CBA at the hearing. The CBA, upon its own motion or at the request of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference:

Pursuant to the authority vested by sections 5010 and 5095 of the Business and Professions Code¹ (BPC) and to implement, interpret, or make specific sections 5092, 5093, and 5095 of the BPC, the CBA is considering changes to Division 1 of Title 16 of the California Code of Regulations² (CCR), as described herein.

INFORMATIVE DIGEST

A. Informative Digest

The CBA is a board within the Department of Consumer Affairs (DCA) responsible for regulation of the public accounting practice in California. The CBA proposes to amend section 12.5 related to attest experience for licensure.

¹ Unless otherwise specified, all sections refer to the Business and Professions Code.

² Unless otherwise specified, all California Code of Regulations sections refer to title 16.

Pursuant to BPC section 5010, the CBA may adopt, repeal, or amend such regulations as may be reasonably necessary and expedient for the orderly conduct of its affairs and for the administration of the Accountancy Act. Additionally, BPC section 5095 authorizes the CBA to adopt regulations to implement this section, including, but not limited to, a procedure for applicants under Section 5092 or Section 5093 to qualify under this section.

This proposal seeks to update and improve the Certificate of Attest Experience (CAE) forms (public/non-public) used to document satisfactory completion by applicants for CPA licensure of meeting the requirements of BPC section 5095 and Title 16, California Code of Regulations (CCR), section 12.5.

The CBA has adopted Title 16, CCR, section 12.5 to effectuate the requirements listed in BPC section 5095 and provide for direction on how to satisfactorily qualify for completion of the attest experience requirement, including incorporating two forms by reference.

The CBA currently maintains two types of CAE forms. If the attest experience was obtained at a public accounting firm, the applicant's employer must complete the CAE – Public Accounting Form. If the attest experience was obtained at a private industry company or government agency, the applicant's employer must complete the CAE – Non-Public Accounting Form.

The CBA proposes the following amendments to Form 11A-6 Certificate of Attest Experience (Private Accounting) and Form 11A-6A Certificate of Attest Experience (Public Accounting), which are incorporated by reference in 16 CCR section 12.5:

Additionally, the form will update the section related to Personal Information Collection and Access.

Section V – Qualifying Experience

It is proposed that Section V. should include clarifying language that specifically excludes preparation engagements from qualifying attest experience. Specifically adding “as part of the Audit or other Attest Services? This does not include experience earned through the performance of preparation engagements in accordance with the provisions of the Statements on Standards for Accounting and Review Services (SSARS).”

Section VI – Number of Hours

It is proposed that in order to maintain consistency within the CAE forms, the area of Section VI. that summarizes the hours corresponding with Section V. should also include additional clarifying language. Specifically adding “and in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)” and “as part of the Audit or Other Attest Services (V. above)”.

The proposed revisions ensure that the attest experience obtained by applicants and reported on the CAE forms is in compliance with the definition of accounting and auditing practice as presented in CBA Regulations sections 39 and 42.

The CBA also proposes to modify an area of Section VI. of the CAE to combine the reporting field for experience earned as it relates to both preparation of working papers and preparation of written explanations. Section VI. identifies the hours of work performed corresponding with Sections III. and IV., while it was still appropriate to have separate questions regarding the preparation of working papers and the preparation of written explanations, these tasks are often conducted concurrently. As a result, the corresponding hours reported for completing these two tasks would be more appropriately reported as one allotment of hours instead of two.

Personal Information Collection and Access

As part of the proposed revisions to the CAE forms, additional minor and non-substantive changes to the Personal Information and Collection and Access notice, which includes reference to the California Board of Accountancy as the “CBA,” as well as the CBA’s new office address, specifically “2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833.”

As the CAE forms are incorporated by reference in CBA Regulations section 12.5, the proposed changes to the forms will necessitate a change to the revision dates, specifically to “Rev 7/17.”

B. Policy Statement Overview/Anticipated Benefits of Proposal

The California Legislature established the California Board of Accountancy (CBA) with the regulation of the accounting profession, with an express purpose to protect consumers. This is reflected in the CBA’s mission statement: “To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.”

Ensuring individuals licensed with the authority to sign reports on attest engagements have met a minimum understanding of the professional standards is in concert with protecting the consumers of California. To ensure only those who are authorized sign reports on attest engagements, it is necessary to prohibit preparation engagement experience from qualifying as attest experience.

C. Consistency and Compatibility with Existing State Regulations

During the process of developing these regulations and amendments, the CBA has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

INCORPORATION BY REFERENCE

- Form 11A-6 Rev. 4/20 Certificate of Attest Experience (Private Accounting)
- Form 11A-6A Rev. 4/20 Certificate of Attest Experience (Public Accounting)

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: The cost is insignificant as the requirement is to provide added clarification and direction on the qualifying hours and services that encompass meeting the attest experience requirement for licensure. Any cost will be absorbable within existing resources.

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement: None

Business Impact: The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

The following studies/relevant data were relied upon in making the above determination:

- This proposal impacts Certified Public Accountant (CPA) and accountancy firms, including partnerships and corporations. The CBA presently has authority over approximately 108,000 licensees.
- The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.
- Title 16, CCR section 12.5 contains proposed regulatory requirements that licensees must follow to obtain CPA licensure with the authority to sign reports on attest engagements reporting attest experience.

The proposed regulatory changes are considerably consistent with SSARS 21.

Cost Impact on Representative Private Person or Business:

The CBA is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS

The CBA has determined that the proposed regulations would not affect small businesses because the impact is on individuals seeking to demonstrate satisfactory completion of an experience requirement for CPA licensure.

RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

Impact on Jobs/Businesses:

The CBA has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California because the impact is on individuals seeking to demonstrate satisfactory completion of an experience requirement for CPA licensure.

Benefits of Regulation:

The CBA has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents, worker safety, and state's environment:

This regulatory proposal benefits California residents by clarifying the attest experience requirements in line with the CBA's mission to protect consumers by ensuring only qualified individuals are granted license to practice public accountancy with the attest authority. This proposal allows the CBA to better protect consumers by specifying that applicants must follow regulatory requirements to obtain CPA licensure with the authority to sign reports on attest engagements.

This regulatory proposal does not affect worker safety because it has nothing to do with worker safety.

This regulatory proposal does not affect the state's environment because it has nothing to do with the environment.

CONSIDERATION OF ALTERNATIVES

The CBA must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposal described

in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the CBA at 2450 Venture Oaks Way, Suite 300, Sacramento, California 95833.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After holding any hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulations substantially as described in this notice. If the Board makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before the Board adopts the regulations as revised. Please send requests for copies of any modified regulations to the attention of the contact person named below. The Board will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Deanne Pearce
Address: 2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Telephone No.: 916-561-1740
Fax No.: 916-263-3673
E-Mail Address: Deanne.Pearce@cba.ca.gov

The backup contact person is:

Name: Peter Renevitz
Address: 2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Telephone No.: 916-561-1742
Fax No.: 916-263-3673
E-Mail Address: peter.renevitz@cba.ca.gov

Website Access: Materials regarding this proposal can be found at:
<https://www.dca.ca.gov/cba/about-cba/laws-and-rules.shtml>.

**CALIFORNIA BOARD OF ACCOUNTANCY
INITIAL STATEMENT OF REASONS**

Hearing Date: May 4, 2021

Subject Matter of Proposed Regulations: Attest Experience Form for CPA Licensure

Section(s) Affected: 12.5

Introduction

The California Board of Accountancy (CBA) is mandated, pursuant to Business and Professions Code (BPC) section 5000.1, to ensure that the protection of the public is its highest priority in exercising its licensing, regulatory, and disciplinary authority. In achieving this mandate, the CBA regulates the accounting profession for the protection of the public. The CBA currently regulates approximately 108,000 licensees, including individual Certified Public Accountants/Public Accountants (CPAs/PAs), accountancy partnerships and accountancy corporations.

Pursuant to BPC section 5010, the CBA may adopt, repeal, or amend such regulations as may be reasonably necessary and expedient for the orderly conduct of its affairs and for the administration of the Accountancy Act. Additionally, BPC section 5095 authorizes the CBA to adopt regulations to implement this section including, but not limited to, a procedure for applicants under Section 5092 or Section 5093 to qualify under this section.

This proposal seeks to update and improve the Certificate of Attest Experience (CAE) forms (public/non-public) used to document satisfactory completion by applicants for CPA licensure of meeting the requirements of BPC section 5095 and Title 16, California Code of Regulations (CCR), section 12.5. Additionally, the form will update the section related to Personal Information Collection and Access.

Specific Purpose of each adoption, amendment, or repeal:

Problem being addressed:

In October 2014, the American Institute of Certified Public Accountants' (AICPA) issued Statement on Standards for Accounting and Review Services (SSARS) No. 21, which created a new level of accounting and auditing service for engagements to prepare financial statements. The new standards apply when an accountant is engaged to prepare financial statements but is not engaged to perform an audit, review, or compilation on those financial statements. The new engagement is commonly referred to as a preparation engagement.

At the May 28-29, 2015 CBA meeting, the CBA initiated a rulemaking process and directed staff to finalize regulatory language to amend California Code of Regulations (CCR) section 42, which references exclusions to section 39, to include preparation engagements. This amendment took effect January 1, 2017.

A previous Qualifications Committee (QC) Chair suggested because the changes to the AICPA SSARS No. 21 and AR-C Section 70, which identifies preparation engagements as a non-attest function, it may be appropriate to review and determine whether revisions to the language on the CAE forms are necessary.

The CBA directed the QC to review the CAE forms for any necessary revisions as it pertains to the changes surrounding preparation engagements and return with its recommendation. The QC reviewed the CAE forms at its April 26, 2017 meeting. During the discussion, it identified Sections V. and VI. on the CAE forms as areas that could benefit from clarifying language to ensure proper reporting in those sections.

Lastly, the proposed text would make minor and non-substantive changes to the Personal Information and Collection and Access notice, which includes reference to the California Board of Accountancy as the “CBA,” as well as the CBA’s new office address, specifically “2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833.”

Anticipated benefits from this regulatory action:

This regulatory proposal both clarifies the attest experience reporting requirements for signers of the CAE forms who report attest experience to the CBA on behalf of applicants for CPA licensure and also upholds the CBA’s mission to protect consumers by ensuring only qualified individuals are granted licenses to practice public accountancy with the attest authority.

Factual Basis/Rationale

The factual basis and rationale for the proposed amendments are as follows:

1. Amend Section 12.5 of Title 16 of the California Code of Regulations

Applicants for licensure are required to complete a 12-month general experience requirement. The general experience requirement requires an applicant complete, to the satisfaction of the CBA, s/he has had one year of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills.

To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

An applicant issued a license under the general experience requirement will be issued a license that allows him/her to perform all related services of a CPA, with the exception

that s/he cannot sign reports on attest reports. The CBA defines attest engagements/reports (Title 16, CCR, section 2) to include an audit, a review of financial statements, or an examination of prospective financial information. It excludes the issuance of compiled financial statements as an attest engagement/report.

To qualify to sign attest reports, BPC section 5095 requires an applicant for licensure to complete a minimum of 500 hours, to the satisfaction of the CBA, in attest services. BPC section 5095 authorizes the CBA to adopt regulations to implement this section, including, but not limited to, a procedure for applicants under Section 5092¹ or Section 5093 to qualify under this section.

The CBA has adopted Title 16, CCR, section 12.5 to effectuate the requirements listed in BPC section 5095 and provide for direction on how to satisfactorily qualify for completion of the attest experience requirement, including incorporating two forms by reference.

The CBA currently maintains two types of CAE forms. If the attest experience was obtained at a public accounting firm, the applicant's employer must complete the CAE – Public Accounting Form. If the attest experience was obtained at a private industry company or government agency, the applicant's employer must complete the CAE – Non-Public Accounting Form.

The CBA proposes the following amendments to Form 11A-6 Certificate of Attest Experience (Private Accounting) and Form 11A-6A Certificate of Attest Experience (Public Accounting), which are incorporated by reference in CCR section 12.5:

Section V – Qualifying Experience

It is proposed that Section V. should include clarifying language that specifically excludes preparation engagements from qualifying attest experience. Specifically adding “as part of the Audit or other Attest Services? This does not include experience earned through the performance of preparation engagements in accordance with the provisions of the Statements on Standards for Accounting and Review Services (SSARS).”

Section VI – Number of Hours

It is proposed that in order to maintain consistency within the CAE forms, the area of Section VI. that summarizes the hours corresponding with Section V. should also include additional clarifying language. Specifically adding “and in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)” and “as part of the Audit or Other Attest Services (V. above)”

The proposed revisions ensure that the attest experience obtained by applicants and reported on the CAE forms, is in compliance with the definition of accounting and auditing practice as presented in CBA Regulations sections 39(a) and 42(a)(2). A

¹ Effective January 1, 2014, Business and Professions Code section 5092 became inoperative.

preparation engagement is not an attest service; however, there are other experience types with terminology similar that are considered part of an attest function. The additional language in Section V. provides added clarity to avoid confusion (for the applicant and the supervisor) regarding the types of services that count towards the 500 hour of attest experience necessary for licensure with the authority to sign attest reports.

The CBA also proposes to modify an area of Section VI. of the CAE to combine the reporting field for experience earned as it relates to both preparation of working papers and preparation of written explanations. Section VI. identifies the hours of work performed corresponding with Sections III. and IV., while it was still appropriate to have separate questions regarding the preparation of working papers and the preparation of written explanations, these tasks are often conducted concurrently. As a result, the corresponding hours reported for completing these two tasks would be more appropriately reported as one allotment of hours instead of two.

Personal Information Collection and Access

As part of the proposed revisions to the CAE forms, additional minor and non-substantive changes to the Personal Information and Collection and Access notice, which includes reference to the California Board of Accountancy as the “CBA,” as well as the CBA’s new office address, specifically “2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833.”

As the CAE forms are incorporated by reference in CBA Regulations section 12.5, the proposed changes to the forms will necessitate a change to the revision dates, specifically to “Rev 4/20.”

Underlying Data

Technical, theoretical, or empirical studies, reports, or documents relied upon:

- AICPA Statements on Standards for Accounting and Review Services – AR-C Section 70, Preparation of Financial Statements – Effective for the preparation of financial statements for periods ending on or after December 15, 2015, unless otherwise indicated.
- Minutes of the March 17-18, 2016 CBA Meeting
- Minutes of the July 20-21, 2017 CBA’s Meeting
- July 20-21, 2017, CBA Item XIII.C.3. – Discussion and Possible Action to Initiate a Rulemaking to Amend Title 16, California Code of Regulations Section 12.5 – Attest Experience and Experience Forms (11A-6 and 11A-6A) Under Business and Professions Code Section 5095

Business Impact

The CBA has made an initial determination that the proposed regulatory action would not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

This regulation will not have a significant adverse economic impact on businesses. This initial determination is based on the following facts or evidence/documents/testimony:

- This proposal impacts Certified Public Accountant (CPA) and accountancy firms, including partnerships and corporations. The CBA presently has authority over approximately 108,000 licensees.
- The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. The proposed amendments 1) make the attest experience forms clear and consistent with existing law that preparation engagements are not an attest function and, therefore, cannot be included in the 500-hour experience requirement for CPA licensure with the authority to sign reports on attest engagements; and 2) add clarity to the attest experience forms to assist applicants and licensees, which will not impact how accounting firms conduct their business.
- Title 16, CCR section 12.5 contains proposed regulatory requirements that licensees must follow to obtain CPA licensure with the authority to sign reports on attest engagements reporting attest experience.
- The proposed regulatory changes are considerably consistent with SSARS 21.

Economic Impact Assessment

This regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California. The experience requirements for CPA licensure are not changing. The proposed amendments only provide added clarity that 1) make the attest experience forms clear and consistent with existing law that preparation engagements are not an attest function and, therefore, cannot be included in the 500-hour experience requirement for CPA licensure with the authority to sign reports on attest engagements; and 2) add clarity to the attest experience forms to assist applicants and licensee supervisors, which will not impact how accounting firms conduct their business or influence the competitiveness between businesses.
- It will not create new businesses or eliminate existing businesses within the State of California because licensees must follow regulatory requirements when to obtain CPA licensure with the authority to sign reports on attest engagements reporting attest experience.

- It will not affect the expansion of businesses currently doing business within the State of California because licensees must follow regulatory requirements when to obtain CPA licensure with the authority to sign reports on attest engagements reporting attest experience.
- This regulatory proposal benefits the health and welfare of California residents because the proposal would allow the CBA to better protect consumers by specifying licensees must follow regulatory requirements when to obtain CPA licensure with the authority to sign reports on attest engagements reporting attest experience.
- This regulatory proposal does not affect worker safety because it has nothing to do with worker safety.
- This regulatory proposal does not affect the state's environment because it has nothing to do with the environment.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

The only alternative considered was to maintain the status quo. The CBA rejected this alternative because maintaining the status quo would not specify the regulatory requirements licensees must follow when to obtain CPA licensure with the authority to sign reports on attest engagements reporting attest experience.



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Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



Proposed Regulatory Language

Attachment 3

California Board of Accountancy Regulations Section 12.5

Legend: Added text is indicated with an underline.
Deleted text is indicated by ~~strikeout~~.

12.5. Attest Experience Under Business and Professions Code Section 5095.

(a) To be authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095, an applicant for a California Certified Public Accountant license pursuant to Business and Professions Code Sections 5087, 5092, or 5093 or holder of an unexpired, valid, active California Certified Public Accountant license issued pursuant to Business and Professions Code Sections 5087, 5092, or 5093 shall show to the satisfaction of the Board that he or she meets the requirements of this section and Business and Professions Code Section 5095.

(1) Some or all of the experience required by Section 5095 and this section may be completed prior to issuance of the California Certified Public Accountant license. Any experience that would be qualifying for purposes of Section 5095 and this section may also serve as qualifying experience for purposes of Sections 5092 or 5093. To be qualifying for purposes of Section 5095 and this section, any experience obtained after issuance of the California Certified Public Accountant license must be obtained while the license is held in active status.

(2) A holder of an active California Certified Public Accountant license may commence signing reports on attest engagements upon receipt of notification from the Board that he or she has met the requirements of this section and Business and Professions Code Section 5095. A holder of an inactive California Certified Public Accountant license may apply under this section, but must convert the license to active status before commencing to sign reports on attest engagements.

(3) An applicant for the California Certified Public Accountant license who has met the requirements of this section and Business and Professions Code Section 5095 may commence signing reports on attest engagements upon license issuance.

(b) In order to meet the attest experience requirements of Section 5095 an applicant for or holder of a California Certified Public Accountant license shall show to the satisfaction of the Board that the applicant has completed a minimum of 500 hours of attest experience. This experience shall include all of the

California Board of Accountancy Regulations

Sections 12.5

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following:

- (1) Experience in the planning of the audit including the selection of the procedures to be performed.
- (2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements.
- (3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.
- (4) Experience in the preparation of written explanations and comments on the work performed and its findings.
- (5) Experience in the preparation of and reporting on full disclosure financial statements.

(c) Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is not qualifying.

(d) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised by a person holding a valid active license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3)(A) All verifications shall be submitted to the Board on Form 11A-6A (~~44/47~~ 4/20) for public accounting experience or on Form 11A-6 (~~44/47~~ 4/20) for private industry or governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (d)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (d)(3)(A).

(e) In order to demonstrate the completion of qualifying experience, an applicant for or holder of a California Certified Public Accountant license may be required to appear before the Qualifications Committee to present work papers, or other evidence, substantiating that his or her experience meets the requirements of Section 5095 of the Business and Professions Code and of subsection (b) of this section.

California Board of Accountancy Regulations

Sections 12.5

Page 3 of 3

(f) The applicant who is applying with attest experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of subsection (b) and generally accepted auditing standards. Alternatively, the applicant may acquire a minimum of 500 hours of United States experience which meets the requirements of Business and Professions Code Section 5095 and subsection (b).

(g) An applicant who is applying with experience obtained five (5) or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period shall be required to complete 80 hours of continuing education, which shall meet the following requirements:

(1) The 80 hours must be completed in the two years preceding approval of the application by the Board.

(2) All 80 hours must meet the requirements as described in Section 88.

(3) The 80 hours must include, at a minimum, the following:

(A) 16 hours in financial accounting standards.

(B) 16 hours in auditing standards.

(C) 8 hours in compilation and review.

(D) 8 hours in other comprehensive basis of accounting.

(E) 8 hours in the prevention, detection, and/or reporting of fraud affecting financial statements.

(F) 24 hours in courses that meet the requirements of Section 87(a)(2) or Section 87(a)(3).

(4) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas for which the applicant may claim credit.

(h) The experience required by Section 5092, 5093, or 5095 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

NOTE: Authority cited: Sections 5010 and 5095, Business and Professions Code.
Reference: Section 5023, 5092, 5093 and 5095, Business and Professions Code.

CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

This Form is to be COMPLETED and MAILED directly to the California Board of Accountancy (CBA) by the Employer

PRINT OR TYPE

FULL NAME OF APPLICANT: (No Initials) (First) _____ (Middle) _____ (Last) _____	SOCIAL SECURITY # (Last 4 only) XXX-XX-____
---	--

PERIOD OF EMPLOYMENT

List the dates applicant was under your supervision and obtained qualifying experience, as defined below.

FULL TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	PART-TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	TOTAL PART-TIME HOURS
	/ /	/ /		/ /	/ /	

The experience required by Section 5095 of the California Accountancy Act (Accountancy Act) should be fulfilled primarily by financial statement audits and, secondarily, by other attest services (see Instructions, Section 2). Section 12.5 of the CBA Regulations establishes the attest experience requirement. **To be considered as qualifying, experience is that which enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements (see Instructions, Sections 1 and 2).**

Check either yes or no for each of the following items (A and B) to identify the experience of the applicant, while under your supervision, for purposes of qualifying the applicant for a CPA license.

QUALIFYING EXPERIENCE

		Yes	No
I.	A. Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?		
	B. In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?		
II.	A. Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
	B. In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
III.	A. Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?		
	B. In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
IV.	A. Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?		
	B. In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
V.	A. Does the applicant have experience in the preparation of and reporting on full disclosure financial statements <u>as part of the Audit or other Attest Services?</u> This does not include experience earned through the performance of preparation engagements in accordance with the provisions of the Statements on Standards for Accounting and Review Services (SSARS).		
	B. In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?		

NUMBER OF HOURS

VI. SUMMARY OF ATTEST EXPERIENCE HOURS (see Instructions, Section 3).	Audit	Other Attest	Review Services	Compilation
Experience in Planning the Audit or Other Attest Services (I. above)				
Experience in Applying a Variety of Audit Procedures and Techniques on the Audit or Other Attest Services Procedures (II. above)				
Experience in the Preparation of Working Papers on the Audit or Other Attest Services (III. above) and in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)				
Experience in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)				
Experience in the Preparation of Full Disclosure Financial Statements as part of the Audit or Other Attest Services (V. above)				
Compilation Hours Obtained Prior to January 1, 2008				
Total				

VII.	Is the applicant related to anyone in your firm?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	(If yes, explain relationship)
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**NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Private Industry or Government).
See Instructions Sections 1, 2, and 3.**

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500** hours of qualifying attest experience.

Section 69 of CBA Regulations provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Private Industry or Government) and/or may inspect the documentation relating to the applicant's fulfillment of the experience requirement.

Section 12.5 of the California Code of Regulations requires that private industry or government accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the private industry company or government agency. If the owner of the private industry company signing the verification is also the person supervising the experience, no second signature is required. **Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.**

I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been employed by me or my business/agency for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Certificate of Attest Experience (Private Industry or Government).

BUSINESS/AGENCY NAME	BUSINESS TELEPHONE:	Area Code ()
ADDRESS (INCLUDING CITY, STATE AND ZIP CODE)		

SIGNATURE #1 (Supervisor) (DO NOT USE BLACK INK)	LICENSEE SUPERVISOR – (Must be a licensee who supervised applicant) CERTIFICATE NO. _____ CPA <input type="checkbox"/> PA <input type="checkbox"/>
PRINTED NAME	U.S. STATE OF ISSUANCE _____
DATE	ARE YOU THE OWNER? YES <input type="checkbox"/> NO <input type="checkbox"/> If you are not the owner, Signature #2 section must be completed.
SIGNATURE #2 (DO NOT USE BLACK INK)	Must have a higher level of responsibility in the business/agency than signer #1.
PRINTED NAME	CERTIFICATE NO. (if applicable) _____ CPA <input type="checkbox"/> PA <input type="checkbox"/>
TITLE	U.S. STATE OF ISSUANCE _____
DATE	

PERSONAL INFORMATION COLLECTION AND ACCESS

The information provided in this form will be used by the ~~California Board of Accountancy~~CBA, to determine qualifications for a Certified Public Accountant License. Sections 5080 through 5095 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the application as being incomplete.

Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the ~~Board~~CBA or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24.

Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act.

The Executive Officer of the ~~California Board of Accountancy~~CBA is responsible for maintaining the information in this application, and may be contacted at ~~2000 Evergreen Street, Suite 250, Sacramento, CA 95815~~2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833, telephone number (916) 263-3680 regarding questions about this notice or access to records.

CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

This Form is to be COMPLETED and MAILED directly to the California Board of Accountancy (CBA) by the Employer

PRINT OR TYPE

FULL NAME OF APPLICANT: (No Initials) (First) _____ (Middle) _____ (Last) _____	SOCIAL SECURITY # (Last 4 only) XXX-XX-____
---	--

PERIOD OF EMPLOYMENT

List the dates applicant was under your supervision and obtained qualifying experience, as defined below.

FULL TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	PART-TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	TOTAL PART-TIME HOURS
	/ /	/ /		/ /	/ /	

The experience required by Section 5095 of the California Accountancy Act (Accountancy Act) should be fulfilled primarily by financial statement audits and, secondarily, by other attest services (see Instructions, Section 2). Section 12.5 of the CBA Regulations establishes the attest experience requirement. **To be considered as qualifying, experience is that which enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements (see Instructions, Sections 1 and 2).**

Check either yes or no for each of the following items (A and B) to identify the experience of the applicant, while under your supervision, for purposes of qualifying the applicant for a CPA license.

QUALIFYING EXPERIENCE

		Yes	No
I.	A. Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?		
	B. In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?		
II.	A. Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
	B. In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
III.	A. Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?		
	B. In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
IV.	A. Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?		
	B. In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
V.	A. Does the applicant have experience in the preparation of and reporting on full disclosure financial statements <u>as part of the Audit or other Attest Services</u> ? This does not include experience earned through the performance of preparation engagements in accordance with the provisions of the Statements on Standards for Accounting and Review Services (SSARS).		
	B. In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?		

NUMBER OF HOURS

VI. SUMMARY OF ATTEST EXPERIENCE HOURS (see Instructions, Section 3).	Audit	Other Attest	Review Services	Compilation
Experience in Planning the Audit or Other Attest Services (I. above)				
Experience in Applying a Variety of Audit Procedures and Techniques on the Audit or Other Attest Services Procedures (II. above)				
Experience in the Preparation of Working Papers on the Audit or Other Attest Services (III. above) and in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)				
Experience in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)				
Experience in the Preparation of Full Disclosure Financial Statements as part of the Audit or Other Attest Services (V. above)				
Compilation Hours Obtained Prior to January 1, 2008				
Total				
VII. Is the applicant related to anyone in your firm?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	(If yes, explain relationship) _____	

NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Public Accounting).
See Instructions Sections 1, 2, and 3.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500** hours of qualifying attest experience.

Section 69 of the CBA Regulations provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Public Accounting) and/or may inspect the documentation relating to the applicant's fulfillment of the experience requirement.

Section 12.5 of the CBA Regulations requires that public accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm. The second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm signing the verification is also the person supervising the experience, no second signature is required. **Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.**

I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been employed by me or my firm for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Certificate of Attest Experience (Public Accounting).

FIRM NAME	BUSINESS TELEPHONE:	Area Code ()
ADDRESS: (INCLUDING City, State and Zip Code)		

SIGNATURE #1 (Supervisor) (DO NOT USE BLACK INK)	SOLE PROPRIETOR <input type="checkbox"/>
PRINTED NAME	PARTNER <input type="checkbox"/>
DATE	SHAREHOLDER <input type="checkbox"/>
	OTHER (Second signature required) <input type="checkbox"/>
	CERTIFICATE NO. _____ CPA <input type="checkbox"/> PA <input type="checkbox"/>
	U.S. STATE OR OTHER AUTHORITY OF ISSUANCE _____
SIGNATURE #2 (DO NOT USE BLACK INK)	SOLE PROPRIETOR <input type="checkbox"/>
PRINTED NAME	PARTNER <input type="checkbox"/>
DATE	SHAREHOLDER <input type="checkbox"/>
	CERTIFICATE NO. _____ CPA <input type="checkbox"/> PA <input type="checkbox"/>
	U.S. STATE OR OTHER AUTHORITY OF ISSUANCE _____

OFFICE USE ONLY	
Date of last Section 69 Review _____	
_____ APPROVED	
_____ REAPPEARANCE	
_____ NO RECORD	
Verified by: _____	
Date: _____	

OFFICE USE ONLY	
Date of last Section 69 Review _____	
_____ APPROVED	
_____ REAPPEARANCE	
_____ NO RECORD	
Verified by: _____	
Date: _____	

PERSONAL INFORMATION COLLECTION AND ACCESS

The information provided in this form will be used by the ~~California Board of Accountancy~~ CBA, to determine qualifications for a Certified Public Accountant License. Sections 5080 through 5095 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the application as being incomplete.

Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the ~~Board~~ CBA, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24.

Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act.

The Executive Officer of the ~~California Board of Accountancy~~ CBA is responsible for maintaining the information in this application, and may be contacted at ~~2000 Evergreen Street, Suite 250, Sacramento, CA 95815~~ 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833, telephone number (916) 263-3680 regarding questions about this notice or access to records.



California Board of Accountancy
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Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



CBA Item VII.B.
May 13-14, 2021

Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 19 – Practice Privilege Forms for Individuals

Presented by: Deanne Pearce, Assistant Executive Officer

Purpose of the Item

The purpose of this agenda item is twofold:

1. To provide the California Board of Accountancy (CBA) the opportunity to consider any public comments and provide responses, and
2. To provide the CBA an opportunity to adopt proposed amendments to Title 16, California Code of Regulations (CBA Regulations) section 19.

Consumer Protection Objectives

Ensuring a practice privilege notification form is available for individuals to complete who reside in a state where the CBA has made a determination that prior notification is required ensures consumer protection as the CBA will have a record of the individual exercising the practice privilege in California.

Action(s) Needed

The CBA will be asked to consider and adopt positions on whether to accept or reject (including in whole or in part) any public comments received and to adopt proposed amendments to CBA Regulations section 19.

Background

Overview of Proposed Regulatory Changes

Individuals whose principal place of business is not in California and who hold a valid and current license, certificate, or permit to practice public accountancy from another state, subject to certain conditions and limitations, may engage in the practice of public accountancy in California under a practice privilege without obtaining a certificate or license. To qualify, individuals must meet any of the following:

- Continually practiced public accountancy as a certified public accountant issued by any state for at least four of the last 10 years,
- Have a license, certificate, or permit from a state that the CBA has determined to have education, examination, and experience qualifications for licensure substantially equivalent to California's qualifications under Business and Professions Code (BPC) section 5093, or

Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 19 – Practice Privilege Forms for Individuals

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- Possesses education, examination, and experience qualifications for licensure that the CBA has determined to be substantially equivalent to California's qualifications under BPC section 5093.2

As part of the enabling statutes (Senate Bill 1405, Chapter 411 of the Statutes of 2012) that enacted the majority of the present practice privilege statutes, BPC section 5096.21 required the CBA to evaluate other states to determine whether allowing individuals from a particular state pursuant to a practice privilege violated the CBA's duty to protect the public. If so, the CBA would, through a majority vote at a regularly scheduled meeting, require individuals from that state to submit the notification form. The CBA's determinations found that all states had met the criteria outlined in BPC section 5096.21.

Although all states were found to have met the criteria outlined in BPC section 5096.21, this regulatory proposal seeks to update CBA Regulations section 19 by adding a new form for individuals to submit and incorporating said form by reference. This will ensure that the CBA has a mechanism as required by BPC sections 5096.21 and 5096.22 for individuals to submit the required notification form should one become necessary.

Rulemaking Process

California requires that a state agency follow the Administrative Procedure Act (APA) (Government Code section 11340 *et. seq.*) when adopting a regulation. This is commonly referred to as the rulemaking process.

The California Legislature created and entrusted the Office of Administrative Law (OAL) with ensuring that a state agency complies with the rulemaking procedures and standards required by the APA. The rulemaking process provides:

- The public a meaningful opportunity to participate, and
- Ensures that the state agency creates an adequate record for OAL and judicial review.

Provided OAL determines that a state agency has satisfied the basic requirements of the APA, it will approve the regulation(s). Regulations properly adopted through the APA and approved by OAL have the same force as law.

There are several steps that make up the rulemaking process, many of which are time sensitive. Additionally, for the CBA, there are various state agencies that must review and sign off on various stages for any regulations the CBA seeks to adopt or amend.¹

One of the primary purposes of the rulemaking process is to provide the public an opportunity to participate in a state agency's consideration and adoption of a regulation. One of the steps included in the APA is that a state agency must file a Notice of

¹ Department of Consumer Affairs, Business, Consumer Services and Housing Agency, and Department of Finance

Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 19 – Practice Privilege Forms for Individuals

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Proposed Action (Notice) with the OAL. The Notice contains various information regarding the purpose and nature of the proposed regulation. It also has important information for the public, including:

- Deadlines for submitting comments,
- Date, time, and location of a public hearing,
- Where to locate and obtain copies of supporting information for the proposed regulation, and
- Point of contact for the state agency.

Once the Notice is filed, OAL will publish the Notice in its weekly publication *The California Regulatory Notice Register*. The publication of the Notice in *The California Regulatory Notice Register* begins the required 45-day written public comment period. During this period, individuals of the public may submit written comments regarding the proposed rulemaking.

According to OAL:

Effective comments are based on an understanding of the statutes and factual material the agency relies on in proposing the regulation, on an understanding of what the proposed regulation is intended to do, and on an understanding of the standards the regulation must satisfy. Comments should be directed at the proposed regulation provisions and/or procedures followed by the agency in proposing the regulations. One of the primary purposes of providing the opportunity for public comment is to allow interested persons to present ways of improving the regulations.

The CBA filed the necessary documents with OAL to allow the 45-day public comment period to occur, which concluded on May 3, 2021. The CBA conducted the public hearing at its office on May 4, 2021.

Comments

As part of the rulemaking process, the CBA will now need to consider any public comments and whether to amend and adopt the proposed regulatory text. To assist the CBA in evaluating public comments received during the public comment phase of the rulemaking process, staff have attached the following documents:

- Notice of Proposed Action (**Attachment 1**)
- Initial Statement of Reasons (**Attachment 2**)
- Proposed Regulatory Text and Practice Privilege Notification and Acknowledgement Form (**Attachment 3**)

OAL published the Notice of Proposed Action in the *California Regulatory Notice Register*, while staff posted all three documents to its website noting proposed regulatory action.

Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 19 – Practice Privilege Forms for Individuals

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Consideration of Public Comments

As part of the finalization of the rulemaking activities, the CBA must address all public comments (written or oral) by either accepting or rejecting the comments. The CBA must include the responses to the comments in the Final Statement of Reasons, which is included in the completed rulemaking materials for OAL's consideration in the approval/disapproval of the rulemaking file.

As of the date these meeting materials were prepared, the CBA had not received any written comments regarding the proposed regulations. Any comments received after the meeting materials are mailed or any comments received at the public hearing will be provided to the CBA under separate cover prior to the CBA meeting on May 13-14, 2021.

Adoption of Proposed Regulatory Text

The CBA has two options for a motion to adopt the proposed changes to CBA Regulations section 19.

Option 1: If no additional changes are to be made after consideration of any public comment, the following motion is suggested:

- Adopt the regulatory text in Title 16, California Code of Regulations section 19,
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL, and
- Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

Option 2: If substantive changes are to be made after review and acceptance in whole or in part of any public comments, the following motion is suggested:

- Approve the modified regulatory text to Title 16, California Code of Regulations section 19, 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 Executive Officer to make any non-substantive changes to the proposed regulations and adopt the proposed regulations as described in the modified notice; and
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL.

Fiscal/Economic Impact Considerations

The proposed regulations will not have a fiscal or economic impact.

Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 19 – Practice Privilege Forms for Individuals

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Recommendation

Adoption of Proposed Regulatory Text

Staff recommend that the CBA adopt the motion identified in *Option 1*, as follows:

- Adopt the regulatory text in Title 16, California Code of Regulations section 19,
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL, and
- Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

Attachments

1. Notice of Proposed Action
2. Initial Statement of Reasons
3. Proposed Regulatory Text and Practice Privilege Notification and Acknowledgement Form

STATE OF CALIFORNIA – DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS
TITLE 16. DIVISION 1. CALIFORNIA BOARD OF ACCOUNTANCY
CONCERNING PRACTICE PRIVILEGE FORM

NOTICE IS HEREBY GIVEN that the California Board of Accountancy (CBA) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at:

**California Board of Accountancy
2450 Venture Oaks Way, Suite 420
Sacramento, CA 95833
May 4, 2021
10:30 a.m.**

Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the CBA at its office by **Monday, May 3, 2021**, or must be received by the CBA at the hearing. The CBA, upon its own motion or at the request of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by sections 5010 and 5096.9 of the Business and Professions Code (BPC), and to implement, interpret or make specific sections 5096, 5096.2, 5096.21, and 5096.22 of the BPC, the CBA is considering changes to Division 1 of Title 16, Article 1, Section 19 of the California Code of Regulations (CCR) as follows:

INFORMATIVE DIGEST

A. Informative Digest

BPC section 5010 authorizes the CBA to adopt regulations as may be reasonably necessary and expedient for the orderly conduct of its affairs and for the administration of this chapter. The regulations are in existence to establish the notification requirements for select current requirements that must be met for examination, licensing, license renewal, and enforcement. These regulations are referenced by CBA staff, stakeholders, licensees, consumers, as well as other government organizations to determine various regulatory requirements regarding the accounting profession in California.

BPC section 5096.9 authorizes the CBA to adopt regulations to implement, interpret, or make specific the provisions of Article 5.1 of the Accountancy Act – Practice Privileges.

BPC sections 5096.21 authorizes that if the CBA determines that allowing individuals from a particular state¹ to practice in California pursuant to a practice privilege violates the CBA’s duty to protect the public, it shall require individuals licensed from that state to submit a notification form and pay the applicable fees as required by BPC section 5096.22. The CBA is required to make this determination through a majority vote at a regularly scheduled meeting. Additionally, the individual cannot exercise a practice privilege in California prior to submitting the notification form in these instances.

BPC section 5096.22 requires individuals to notify the CBA prior to practicing and the notification shall be on a form in a manner prescribed by the CBA in regulation. Further, it states that a practice privilege subject to notification shall commence when the individual submits a properly completed form (with the CBA receiving the fee within 30 days), and that the CBA shall permit individuals to submit the notification form to the CBA electronically. BPC section 5096.22 allows for two safe harbor provisions related to notification:

1. That the individual files the notification form within five business days of the date practice begins, and
2. That the individual (presumably already practicing in California) submits the notification form within 60 days of the CBA action pursuant to BPC section 5096.21.

The regulatory proposal is as follows:

Amend Title 16, CCR Section 19

Title 16, CCR, Division 1, Article 3 includes regulations to implement, interpret, or make specific the provisions of Article 5.1 of the Accountancy Act – Practice Privileges. Included in Article 3, the CBA adopted Title 16, CCR section 19, which includes various forms that individuals use when they must submit certain notifications to the CBA.

The CBA proposes amending Title 16, CCR section 19 to include a new subsection, specifically subsection (e). This section will require individuals whose principal place of business is in a state subject to action by the CBA pursuant to BPC section 5096.21 to use the Practice Privilege Notification and Agreement Form (PP-16 (11/19)) prior to practicing.

¹ BPC section 5032 defines “state” when not specifically referring to California, “means any state, territory or insular possession of the United States, or the District of Columbia.”

INCORPORATION BY REFERENCE

The form incorporated by reference in Title 16, CCR section 19 would be cumbersome, unduly expensive, and otherwise impractical to publish in the CCRs. This form will be available on the CBA website and from the CBA upon request.

Practice Privilege Notification and Agreement Form (PP-16 (11/19))

The proposed form to be incorporated by reference contains the following five sections: (A) Contact Information, (B) State of Licensure, (C) Safe Harbor, (D) Acknowledgement, (E) Penalty of Perjury Statement.

Section A: Contact Information

This section includes necessary personal information regarding the individual seeking to notify the CBA. This includes their name, address information for purposes of contacting the individual in writing and for serving any notices or subpoenas as necessary, telephone and fax number to provide additional options for making contact with individuals, and email.²

Section B: State of Licensure

Individuals using this form are only required to do so if the CBA takes action pursuant to BPC section 5096.21. Requesting that individuals provide the licensure information will allow the CBA to determine if individuals were required to submit the form or if they notified the CBA in error.

Section C: Safe Harbor

BPC section 5096.21 requires individuals to notify the CBA prior to exercising the practice privilege, with the notification to occur in accordance with BPC section 5096.22. This section, in addition to restating that the notification shall occur prior to exercising the practice privilege, provides for two safe harbors:

1. BPC section 5096.22, subdivision (c), provides that individuals do not violate this section solely because individuals practice public accounting in California prior to notifying the CBA provided the notice is given within five business days of the date practice began.
2. BPC section 5096.22, subdivision (d), provides that if notification was the result of action taken by the CBA under BPC section 5096.21, individuals do not violate the notification requirement of this section provided they notify the CBA within 60 days of the date of the CBA's action.

The form will allow individuals to select under what period they are notifying the CBA and for the two safe harbors listed above, the dates they began practice. This will allow the CBA the opportunity to evaluate whether individuals complied with the safe harbor.

² AB 1521 (Chapter 359 of the Statutes of 2019) requires individuals to provide an email if they have one.

The CBA is including a fourth option of “Other” should an individual’s specific circumstances not apply to the other three options. They will need to provide a start date of when the individual began practice and require that the individual attach a written explanation as to why the other options do not apply.

Section D: Acknowledgement

This section provides important information regarding exercising a practice privilege in California. It is included to direct individuals completing the notification form on where to obtain information on the BPC sections or forms referenced in the acknowledgement section.

Section E: Penalty of Perjury Statement

This section requires individuals to ensure that they are providing accurate and complete information to the CBA. This will allow the CBA to evaluate the form to determine compliance with BPC section 5096.22.

Notice of Personal Information Collection and Access

Per California Civil Code section 1798.17 any form used by a state agency to collect personal information must contain a notice with collecting specified information.

The Notice of Personal Information Collection and Access contains a statement advising the party filling out the form certain information provided may be disclosed to a member of the public upon request under the California Public Records Act.

Collectively, these advisories comply with statutorily-mandated standards and notify parties filling out the form of their rights, the purposes and uses their information may be put to, and the authority under which personal information may be collected, accessed, or disclosed. These advisories promote government transparency and ensure the responsible collection and use of personal information.

B. Policy Statement Overview/Anticipated Benefits of Proposal

The proposed regulatory language will allow the CBA to comply with BPC section 5096.22 to develop a form by which individuals may notify the CBA, if required. Individuals will, therefore, have a consistent form to use when needing to notify the CBA should the CBA ever determine individuals exercising a practice privilege should be required to provide notification.

C. Consistency and Compatibility with Existing State Regulations

During the process of developing these regulations and amendments, the CBA has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

The CBA does not have sufficient data to predict the number of Practice Privilege Notification and Agreement Forms to be submitted per year but anticipates the volume to be minimal. The CBA will be posting the form on its website and will be allowing the form to be submitted either electronically or through regular mail. Additionally, the CBA will be installing automated features into the form to prevent submission of an incomplete form. The CBA estimates one-time information technology (IT) costs of \$5,000 to create and maintain the form on its website.

Forms will be submitted and stored digitally and no additional workload or costs are anticipated. Forms submitted and received through regular mail will need to be filed by an Office Technician with costs of no more than \$5 per form. However, because the CBA expects applicants to submit the form digitally, manual filing costs are not anticipated to materialize in the future.

The CBA notes under this proposal, there is no fee associated with the Practice Privilege Notification and Agreement Form, and therefore no revenues will be collected.

There are no other costs or savings to any other state agency, nor are there any costs or savings in federal funding to the state.

Nondiscretionary Costs/Savings to Local Agencies:

None

Local Mandate:

None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement:

None

Business Impact:

The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

Cost Impact on Representative Private Person or Business:

The CBA is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. The CBA notes out-of-state individuals opting to submit the Practice Privilege Notification and Agreement Form may incur minimal costs associated with time to complete the form and postage costs.

Effect on Housing Costs:

None

EFFECT ON SMALL BUSINESS

The CBA has determined that the proposed regulations would not affect small businesses. Submission of the form itself can be done via electronic methods or by mail with the only associated costs being postage.

RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS

Impact on Jobs/Businesses:

The CBA has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Benefits of Regulation:

The CBA has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents, worker safety, and state's environment:

The Practice Privilege Notification and Agreement Form (PP-16 (11/19)) is the mechanism to allow the CBA to meet its consumer protection mandate related to having individuals from a particular state notify the CBA prior to practicing pursuant to a practice privilege.

CONSIDERATION OF ALTERNATIVES

The CBA must determine no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons that the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to

the hearing upon request from the CBA at 2450 Venture Oaks Way, Ste. 300, Sacramento, California, 95833.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Deanne Pearce
Address: 2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Telephone No.: 916-561-1740
Fax No.: 916-263-3675
E-Mail Address: deanne.pearce@cba.ca.gov

The backup contact person is:

Name: Peter Renevitz
Address: 2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Telephone No.: 916-561-1742
Fax No.: 916-263-3678
E-Mail Address: peter.renevitz@cba.ca.gov

Website Access:

Materials regarding this proposal can be found at <http://www.dca.ca.gov/cba/about-cba/laws-and-rules.shtml>.

CALIFORNIA BOARD OF ACCOUNTANCY

INITIAL STATEMENT OF REASONS

Hearing Date: May 4, 2021

Subject Matter of Proposed Regulations: Notification Forms – Practice Privilege Forms
for Individuals

Section Affected: 19

Problem being addressed

The California Board of Accountancy (CBA) is mandated, pursuant to Business and Professions Code (BPC) section 5000.1, to ensure that the protection of the public is its highest priority in exercising its licensing, regulatory, and disciplinary authority. In achieving this mandate, the CBA regulates the accounting profession for the protection of the public. The CBA currently regulates over 108,000 licensees, including individual Certified Public Accountants/Public Accountants (CPAs/PAs), accountancy partnerships, accountancy corporations and out-of-state registered firms.

Pursuant to BPC section 5010, the CBA may adopt, repeal, or amend such regulations as may be reasonably necessary and expedient for the orderly conduct of its affairs and for the administration of the Accountancy Act. BPC section 5096.6 authorizes the CBA to adopt regulations to implement, interpret, or make specific the provisions of Article 5.1 of the Accountancy Act – Practice Privileges.

BPC section 5096.21 authorizes that if the CBA determines that allowing individuals from a particular state¹ to practice in California pursuant to a practice privilege violates the CBA's duty to protect the public, it shall require individuals licensed from that state to submit a notification form and pay the applicable fees as required by BPC section 5096.22. The CBA is required to make this determination through a majority vote at a regularly scheduled meeting. Additionally, the individual cannot exercise a practice privilege in California prior to submitting the notification form in these instances.

BPC section 5096.22 requires individuals to notify the CBA prior to practicing and the notification shall be on a form in a manner prescribed by the CBA in regulation. Further, it states that a practice privilege subject to notification shall commence when the individual submits a properly completed form (with the CBA receiving the fee within 30 days), and that the CBA shall permit individuals to submit the notification form to the CBA electronically. BPC section 5096.22 allows for two safe harbor provisions related to notification:

1. That the individual files the notification form within five business days of the date practice begins, and
2. That the individual (presumably already practicing in California) submits the notification form within 60 days of the CBA action pursuant to BPC section 5096.21.

¹ BPC section 5032 defines "state" when not specifically referring to California, "means any state, territory or insular possession of the United States, or the District of Columbia."

This regulatory proposal seeks to update Title 16, California Code of Regulations section 19 by adding a new form for individuals to submit and incorporating said form by reference. This will ensure that the CBA has a mechanism as required by BPC sections 5096.21 and 5096.22 for individuals to submit the required notification form should one become necessary.

Individuals whose principal place of business is not in California and who hold a valid and current license, certificate, or permit to practice public accountancy from another state, subject to certain conditions and limitations, may engage in the practice of public accountancy in California under a practice privilege without obtaining a certificate or license.

To qualify, individuals must meet any of the following:

- Continually practiced public accountancy as a certified public accountant issued by any state for at least four of the last 10 years,
- Have a license, certificate, or permit from a state that the CBA has determined to have education, examination, and experience qualifications for licensure substantially equivalent to California's qualifications under BPC section 5093, or
- Possesses education, examination, and experience qualifications for licensure that the CBA has determined to be substantially equivalent to California's qualifications under BPC section 5093.²

Individuals who qualify for a practice privilege may engage in the practice of public accountancy without notification, with limited exceptions,³ and payment of a fee.

As part of the enabling statutes (Senate Bill (SB) 1405, Chapter 411 of the Statutes of 2012) that enacted the majority of the present practice privilege statutes, BPC section 5096.21 required the CBA to evaluate other states to determine whether allowing individuals from a particular state pursuant to a practice privilege violated the CBA's duty to protect the public. If so, the CBA would, through a majority vote at a regularly scheduled meeting, require individuals for that state to submit the notification form that was required under BPC section 5096 as added by Chapter 921 of the Statutes of 2004.

The CBA was required to make these determinations on or after January 1, 2016. The CBA was required to provide a preliminary report to the Legislature, Department of Consumer Affairs Director, and the public by July 1, 2015. The CBA was required to provide a final report to the Legislature, Department of Consumer Affairs Director, and the public by January 1, 2018 related to various criteria, of which the CBA provided its final determinations on the states. The CBA's original determinations found that all states had met the criteria outlined in 5096.21.

² The CBA adopted Title 16, CCR section 5.5 – Substantial Equivalency to address the two qualifications related to substantial equivalency.

³ BPC section 5096, subdivision (e)(6), subparagraphs (6)-(9), inclusive, requires certain individuals to notify the CBA of their intent to exercise a practice privilege and receive written notification from the CBA prior to exercising the privilege. The CBA requires these individuals to submit a Pre-Notification form that the CBA has promulgated in Title 16, CCR section 19, subdivision (a).

SB 1405 codified a sunset provision of January 1, 2019 for the practice privileges (for no notice, no fee). The Legislature required the report referenced above so it could be used as a basis for evaluating the overall provisions.

The Legislature removed the sunset provisions associated with the practice privilege provisions with the passage of SB 795 (Chapter 447 of the Statutes of 2018). As part of the amendments to the practice privilege provisions, SB 795 revised the notification requirements made under BPC section 5096.21 and adopted BPC section 5096.22 that outlines the notification requirements.

BPC section 5096.21, as amended by SB 795, no longer requires individuals to notify the CBA using the notification form that that was required under BPC section 5096 as added by Chapter 921 of the Statutes of 2004; rather, individuals must notify as required under BPC section 5096.22. BPC section 5096.22 requires the CBA to adopt a form via regulation. This proposal seeks to amend Title 16, CCR section 19 to include a new form that the CBA will incorporate by reference to comply with BPC section 5096.22.

Anticipated benefits from this regulatory action

The proposed regulatory language will allow the CBA to comply with BPC section 5096.22 to develop a form by which individuals may notify the CBA, if required. Individuals will, therefore, have a consistent form to use when needing to notify the CBA should the CBA ever determine individuals exercising a practice privilege should be required to provide notification.

Specific Purpose/Factual Basis/Rationale

The CBA proposes the following amendment to Section 19:

Section 19

Title 16, CCR, Division 1, Article 3 includes regulations to implement, interpret, or make specific the provisions of Article 5.1 of the Accountancy Act – Practice Privileges. Included in Article 3, the CBA adopted Title 16, CCR section 19, which includes various forms that individuals use when they must submit certain notifications to the CBA.

The CBA proposes amending Title 16, CCR section 19 to include a new subdivision, specifically subdivision (e). This section will require individuals whose principal place of business is in a state subject to action by the CBA pursuant to BPC section 5096.21 to use the Practice Privilege Notification and Agreement Form (PP-16 (11/19)) prior to practicing.

The form incorporated by reference in Title 16, CCR section 19 would be cumbersome, unduly expensive, and otherwise impractical to publish in the CCRs. This form will be available on the CBA website and from the CBA upon request.

Practice Privilege Notification and Agreement Form (PP-16 (11/19))

The proposed form to be incorporated by reference contains the following five sections:

(A) Contact Information, (B) State of Licensure, (C) Safe Harbor, (D) Acknowledgement, (E) Penalty of Perjury Statement.

Section A: Contact Information

This section includes necessary personal information regarding the individual seeking to notify the CBA. This includes their name, address information for purposes of contacting the individual in writing and for serving any notices or subpoenas as necessary, telephone and fax number to provide additional options for making contact with individuals, and email.⁴ This section also contains an instruction informing the party filling out the form all information in Section A of the form is required unless otherwise noted. This instruction will prevent confusion about which information is required, and will prevent incomplete forms from being submitted, promoting better compliance with BPC section 5096.22 requiring the submission of notices.

Section B: State of Licensure

Individuals are only required to use this form if the CBA takes action pursuant to BPC section 5096.21. Requesting that individuals provide licensure information (which includes an individual's state of admission, license number, and the date of issuance and expiration of the license) will allow the CBA to determine if individuals were required to submit the form or if they notified the CBA in error. A form submitted in error will be identified based on action by the CBA pursuant to BPC section 5096.21 and comparing it to the state of admission listed on the form.

Section B of the proposed form also contains an instruction to the party filling out the form to "provide the state of licensure that has required you to notify the CBA prior to exercising a practice privilege." This instruction clarifies which state licensing information the CBA is requesting, which will prevent confusion for parties with licenses in more than one state, or parties who otherwise are unclear about which state to report. This instruction thereby promotes better compliance with BPC section 5096.22 requiring the submission of notices for practitioners based in states subject to an action arising out of a determination by the CBA made pursuant to BPC section 5096.21.

Section C: Safe Harbor

Individuals are required to notify the CBA prior to exercising the practice privilege, in accordance with BPC section 5096.22. BPC section 5096.22, in addition to restating that the notification shall occur prior to exercising the practice privilege, provides for two safe harbors:

1. BPC section 5096.22, subdivision (c), provides that individuals do not violate this section solely because individuals practice public accounting in California prior to notifying the CBA provided the notice is given within five business days of the date practice began.
2. BPC section 5096.22, subdivision (d), provides that if notification was the result of action taken by the CBA under BPC section 5096.21, individuals do not violate the notification requirement of this section provided they notify the CBA within 60 days of the date of the CBA's action.

⁴ AB 1521 (Chapter 359 of the Statutes of 2019) requires individuals to provide an email if they have one.

The form will allow individuals to select under what period they are notifying the CBA and for the two safe harbors listed above, if applicable, the dates they began practice. This will allow the CBA the opportunity to evaluate whether individuals complied with the safe harbor.

The CBA is including a fourth option of “Other” should an individual’s specific circumstances not apply to the other three options. They will need to provide a start date of when the individual began practice and require that the individual attach a written explanation as to why the other options do not apply.

Section C of the form also contains an instruction to the party filling out the form to check the appropriate box regarding the Safe Harbor option and to identify, if requested, the date the licensee began or will begin practicing in the State of California. This instruction clarifies that the individual must check a box to identify when they intend to, or began, practicing public accountancy in California.

Section D: Acknowledgement

An acknowledgement section is necessary as it provides important information regarding exercising a practice privilege in California. It is included to direct individuals completing the notification form on where to obtain information on the BPC sections referenced in the acknowledgement section and to inform the individual that by submission of the form, they are aware of the provisions it contains. The Board has determined an affirmative acknowledgement of a listing of relevant practice privilege provisions along with an internet link to those provisions is an effective way of ensuring parties engaging the practice privilege are informed and will be compliant with the relevant laws, because they will have attested to having read them prior to submitting the form. The proposed acknowledgement text also contains references to each of these provisions to ensure parties filling out the form are aware of which requirements come from which laws.

The acknowledgement contains statements the licensee is adhering to, which are based on requirements established in BPC section 5096 and 5096.5 as follows:

BPC section 5096(a)(1-3) identifies the criteria an individual must meet prior to exercising a practice privilege in California. Additionally, BPC section 5096.5 requires individuals seeking a practice privilege that will afford them the right to sign reports on attestation engagements to meet the requirements of BPC section 5095.

BPC section 5096(i)(1) requires individuals to obtain CBA approval prior to exercising a practice privilege in California. CCR section 19 incorporates by reference the form that the individual uses to notify the CBA of any pre-notification or disqualifying conditions that require CBA approval prior to exercising a practice privilege.

BPC section 5096(e)(1) states that an individual exercising a practice privilege is subject to CBA laws and the courts of California.

BPC section 5096(e)(2) identifies the criteria for being deemed to have met the continuing education and ethics examination requirements in California.

BPC section 5096(e)(3) states that individuals exercising a practice privilege in California cannot have an office located in this state.

BPC section 5096(e)(4) identifies the agent of service for any notices, subpoenas, or other documents as the state that issued the individuals certificate, license, or permit.

BPC section 5096(e)(5) requires that the individual must cooperate in any proceeding held or conducted by the CBA.

BPC sections 5096(e)(6-9) identifies the instances in which an individual who is exercising a practice privilege in California must cease.

BPC section 5096(f) requires individuals to notify the CBA within 15 days of when they ceased practice. CCR section 19 incorporates by reference the form that the individual uses to notify the CBA when they must cease practice.

Section E: Penalty of Perjury Statement

This section requires individuals to ensure that they are providing accurate and complete information to the CBA. This will allow the CBA to evaluate the form to determine compliance with BPC section 5096.22.

The Penalty of Perjury Statement requires the individuals to provide their signature, printed name, and the date the form was completed. Each of these will assist the CBA in identifying who completed the form, when the form was completed and that they are acknowledging that the information is accurate and complete.

Notice of Personal Information Collection and Access

Per California Civil Code section 1798.17 any form used by a state agency to collect personal information must contain a notice with:

- a) The name of the agency and the division within the agency that is requesting the information.
- b) The title, business address, and telephone number of the agency official who is responsible for the system of records and who shall, upon request, inform an individual regarding the location of his or her records and the categories of any persons who use the information in those records.
- c) The authority, whether granted by statute, regulation, or executive order which authorizes the maintenance of the information.
- d) With respect to each item of information, whether submission of such information is mandatory or voluntary.
- e) The consequences, if any, of not providing all or any part of the requested information.
- f) The principal purpose or purposes within the agency for which the information is to be used.

- g) Any known or foreseeable disclosures which may be made of the information pursuant to subdivision (e) or (f) of Section 1798.24.
- h) The individual's right of access to records containing personal information which are maintained by the agency.

Here, the proposed Notice of Personal Information Collection and Access satisfies this statutory requirement by:

- a) Describing the agency as the CBA,
- b) Describing by title, business address, and telephone number the Executive Officer of the CBA is responsible for the information in this form and may be contacted regarding the location of the records and the categories of any persons who use the information in those records.
- c) Describing BPC sections 5096 through 5096.22 as authorizing the maintenance of the information,
- d) Declaring the submission of all requested information is mandatory,
- e) Describing the consequences of not providing all or any part of the requested information as being grounds for rejection of the form as being incomplete,
- f) Declaring the principal purposes of the information as to determine whether the party filling out the form qualifies for practice privilege in California,
- g) Describing known or foreseeable disclosures by stating:

Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in California Civil Code section 1798.24.

- h) Noting the right of the party filling out the form to access the records containing the personal information maintained by the agency by stating:

Each individual has the right to review his or her file, except as otherwise provided by the California Information Practices Act.

The Notice of Personal Information Collection and Access contains a statement advising the party filling out the form certain information provided may be disclosed to a member of the public upon request under the California Public Records Act.

Collectively, these advisories comply with statutorily-mandated standards and notify parties filling out the form of their rights, the purposes and uses their information may be put to, and the authority under which personal information may be collected, accessed, or disclosed. These advisories promote government transparency and ensure the responsible collection and use of personal information.

Consumer Protection Benefits Anticipated

BPC section 5096.21 mandates that the CBA take action to require individuals to notify the CBA prior to exercising a practice privilege when the CBA determines that allowing

individuals from a particular state to practice in California without notification violates the CBA's consumer protection mandate.

The Practice Privilege Notification and Agreement Form (PP-16 (11/19)) is the mechanism to allow the CBA to meet its consumer protection mandate related to having individuals from a particular state notify the CBA prior to practicing pursuant to a practice privilege.

Underlying Data

Technical, theoretical, or empirical studies, reports, or documents relied upon:

- Minutes of the November 21, 2019 CBA Meeting
- Minutes of the November 21, 2019 Mobility Stakeholder Group Meeting
- CBA Agenda Item XIII.A.2

Business Impact

The CBA has made an initial determination that the proposed regulatory action would not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

- This regulation will not have a significant adverse economic impact on businesses.
- This proposal impacts individuals seeking to exercise a practice privilege should the CBA take action pursuant to BPC section 5096.21. The practice privilege provisions include in the Accountancy Act do not require notification, except in very limited circumstances. As a result, the CBA cannot calculate the number individuals from a particular state may be impacted by filing a notice.
- The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.
- Title 16, CCR section 19 incorporates a form by reference and will only be needed should the CBA take action pursuant to BPC section 5096.21.

Economic Impact Assessment

This regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California because the requirement does not prohibit individuals from a particular state from exercising a practice privilege simply that in those instances where notification is required they must complete the notification form, and, therefore, cost impact to individuals is considered negligible.

- It will not create new businesses or eliminate existing businesses within the State of California because out-of-state licensed individuals must follow regulatory requirements associated with practice privilege.
- It will not affect the expansion of businesses currently doing business within the State of California because out-of-state licensed individuals must follow regulatory requirements associated with practice privilege.
- This regulatory proposal benefits the health and welfare of California residents because the proposal creates the notification form required pursuant to an action taken by the CBA in compliance with BPC section 5096.21.
- This regulatory proposal does not affect worker safety because it has nothing to do with worker safety.
- This regulatory proposal does not affect the state's environment because it has nothing to do with the environment.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

Maintain status quo – Presently, the CBA does not have a form to address the scenario provided for in BPC section 5096.21 or the form required under BPC section 5096.22. As the Administrative Procedure Act requires forms be properly promulgated via the rulemaking process, the CBA must take action to initiate and adopt regulations to incorporate the form by reference.



California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



Attachment 3

CALIFORNIA BOARD OF ACCOUNTANCY **Title 16, California Code of Regulations Section 19**

§19. – Practice Privilege Forms for Individuals

- (a) An individual who is required to provide notification to the Board pursuant to Section 5096(i)(1) of the Business and Professions Code shall do so on the Practice Privilege Pre-Notification of Listed Events Form (PP-10 (11/17)), which is hereby incorporated by reference.
- (b) An individual who is required to provide notification to the Board pursuant to Section 5096(f) of the Business and Professions Code shall do so on the Notification of Cessation of Practice Privilege Form (PP-11 (11/17)), which is hereby incorporated by reference.
- (c) An individual applying for reinstatement of a practice privilege under Section 5096.2(c) of the Business and Professions Code shall do so on the Application for Reinstatement of Practice Privilege (PP-12 (11/17)), which is hereby incorporated by reference.
- (d) An individual who is required to provide notification to the Board pursuant to Section 5096(e)(10) of the Business and Professions Code shall do so on the Practice Privilege Notification of Pending Criminal Charges (PP-15 (11/17)) form, which is hereby incorporated by reference.
- (e) An individual whose principal place of business is in a state subject to an action of the Board pursuant to Section 5096.21 of the Business and Professions Code shall, prior to practicing, submit the Practice Privilege Notification and Agreement Form (PP-16 (11/19)), which is hereby incorporated by reference.

NOTE: Authority cited: Sections 5010 and 5096.9, Business and Professions Code.
Reference: Sections 5096, ~~and~~ 5096.2, 5096.21, and 5096.22, Business and Professions Code.

PRACTICE PRIVILEGE NOTIFICATION AND ACKNOWLEDGEMENT FORM

Section A: Contact Information

Instructions: Unless otherwise noted, all of the below information is required.

Name

<u>Address of Principal Place of Business (Mailing Address)</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>
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<u>Address of Record (If different than above)</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>
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<u>Telephone Number</u>	<u>Fax Number</u>
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E-mail

Section B: State of Licensure

Instructions: Please provide the state of licensure that has required you to notify the CBA prior to exercising a practice privilege.

State: _____ License #: _____ Date Issued: _____ Expiration Date: _____

Section C: Safe Harbor

Instructions: Check the appropriate box and, if requested, identify the date you began or will begin practicing in the State of California.

- I am submitting this notice to the CBA before I begin the practice of public accountancy in the State of California.
- I am submitting this notice within five business days of the date I began the practice of public accountancy in the State of California. Please include the date: / /
- I am submitting this notice to the CBA within 60 days of the action taken by the CBA to require licensees of a particular state to submit this notification form.
- Other: If none of the options above apply please provide the date you began practice in California and attach a written explanation as to why the options above do not apply. Please include the date: / /

Practice Privilege Notification and Acknowledgement Form

Page 2 of 3

Section D: Acknowledgement

Instructions: By submitting this form, you are acknowledging the information below. You can find information on the Business and Professions Code sections referenced below on the CBA website at www.cba.ca.gov.

- You meet the qualifications to exercise a practice privilege pursuant to Business and Professions Code section 5096, or 5096.5 should you want to sign reports on attestation engagements (Business and Professions Code sections 5096(a) and 5096.5).
- If you have any pre-notification or disqualifying conditions as outlined in Business and Professions Code section 5096, subdivision (i)(1), that you will not begin exercising a practice privilege until such time you have received written permission from the CBA (Business and Professions Code section 5096(i)). If you have any pre-notification or disqualifying conditions that require CBA approval prior to exercising a practice privilege, complete and attach the Practice Privilege Pre-Notification of Listed Events Form (Form PP-10 (1/19)) (California Code of Regulations Title 16, Section 19).
- You are subject to the personal and subject matter jurisdiction and disciplinary authority of the CBA and the courts of the State of California (Business and Professions Code section 5096(e)(1)).
- You shall comply with the provisions of California Accountancy Act (Business and Professions Code section 5000 *et seq.*), CBA Regulations (California Code of Regulations, Title 16, Division 1), other laws, regulations and professional standards of the practice of public accountancy by the licensees of this state and to any other laws and regulations applicable to individuals practicing under practice privileges in this state, except that you are deemed, solely for the purpose of engaging in the practice of public accountancy in California under a practice privilege without obtaining a certificate or license to practice under the California Accountancy Act, to have met the continuing education requirements and ethics examination requirements of the State of California when you have met the examination and continuing education requirements of the state in which you hold the valid license, certificate, or permit on which the substantial equivalency is based (Business and Professions Code section 5096(e)(2)).
- You shall not provide public accountancy services in the State of California from any offices located in the State of California, except as an employee of a firm registered in this state. This does not apply to public accountancy services provided to a client at the client's place of business or residence (Business and Professions Code section 5096(e)(3)).
- You are deemed to have appointed the regulatory agency of the state that issued your certificate, license, or permit upon which substantial equivalency is based as your agent on whom notices, subpoenas, or other process may be served in any action or proceeding by the CBA against you (Business and Professions Code section 5096(e)(4)).
- You shall cooperate with any CBA investigation or inquiry and shall timely respond to a CBA investigation, inquiry, request, notice, demand, or subpoena for information or documents and timely provide to the CBA the identified information and documents (Business and Professions Code section 5096(e)(5)).
- You shall cease exercising the practice privilege in the State of California if the regulatory agency in the state in which your certificate, license, or permit was issued takes disciplinary

Practice Privilege Notification and Acknowledgement Form

Page 3 of 3

action resulting in the suspension or revocation, including stayed suspension, stayed revocation, or probation of your certificate, license, or permit, or takes other disciplinary action against your certificate, license, or permit for any of the reasons listed in Business and Professions Code section 5096, subdivision (e)(6) to (9), inclusive (Business and Professions Code sections 5096(e)(6) through (e)(9)).

If you are required to cease practice pursuant to Business and Professions Code section 5096, subdivision (e)(6) to (9), inclusive, you shall notify the CBA within 15 calendar days and shall not practice public accountancy in the State of California pursuant a practice privilege until you have received written permission from the CBA (Business and Professions Code section 5096(f)). Such notification to the CBA shall be made pursuant to the Notification of Cessation of Practice Privilege Form (PP-11 (1/19)) (California Code of Regulations Title 16, section 19).

Section E: Penalty of Perjury Statement

I hereby certify, under penalty of perjury under the laws of the State of California, that all statements, answers, and representations on this form and any accompanying attachments are true, complete, and accurate.

Signature

Date

Printed Name

NOTICE OF PERSONAL INFORMATION COLLECTION AND ACCESS: The information provided in this form will be used by the California Board of Accountancy to determine whether you qualify for practice privilege in California. Sections 5096 through 5096.22 of the California Business and Professions Code authorize the collection of this information. Submission of all requested information is mandatory, unless otherwise specified. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in California Civil Code section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the California Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833, telephone number (916) 263-3680 regarding the location of the records and the categories of any persons who use the information in those records.



California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

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CBA Item VIII.A.
May 13-14, 2021

Discussion Regarding the Development of the California Board of Accountancy 2022-2024 Strategic Plan

Presented by: Patrick Ibarra, Information and Planning Officer

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an overview of the upcoming activities to develop its 2022-2024 Strategic Plan.

Consumer Protection Objectives

This agenda item helps ensure that the CBA develops a strategic plan with goals and objectives in line with its consumer protection mission.

Action(s) Needed

No specific action is required, but staff welcome any feedback CBA members may have.

Background

Strategic planning is a systematic process of envisioning a desired future, and translating this vision into defined goals that include a sequence of objectives to achieve the goals. Strategic planning builds a foundation for making state government programs and operations more efficient and effective. Strategic planning produces fundamental decisions and actions that shape and guide an organization's purpose and goals.

The California Department of Finance (DOF) found agencies that have seriously engaged in strategic planning demonstrated better organization management and better service delivery to their customers. The DOF uses agency strategic plans in setting priorities and providing budgetary allocations of limited resources. All state agencies, departments, programs, commissions, and offices are required by DOF to complete a strategic plan.

The Department of Consumer Affairs (DCA), in its oversight capacity, is required to ensure its programs complete a strategic plan and the public receives responsive, efficient, and effective services.

The CBA's 2022-2024 Strategic Plan will contain goals and objectives for the next three years.

Discussion Regarding the Development of the California Board of Accountancy 2022-2024 Strategic Plan

Page 2 of 3

Comments

In February 2021, staff, working collaboratively with the DCA Strategic Organizational Leadership and Individual Development (SOLID) Planning Solutions, initiated work to develop the CBA's 2022-2024 Strategic Plan.

Environmental Scan

Significant work will be completed this year to gather information as part of an Environmental Scan¹ that will be used during a Strategic Planning Workshop scheduled to occur at the CBA's September 2021 meeting. The following provides an overview of activities to be undertaken in order to develop the Environmental Scan:

- DCA SOLID will conduct telephone interviews with CBA members between July 5, and July 16, 2021.
- An online survey will be sent to all members of the CBA's statutory committees.
- A survey will be sent to CBA stakeholders, including individuals on the CBA's E-News list.
- DCA SOLID will hold an interview with the CBA's Senior Management.
- DCA SOLID will conduct a focus group with CBA managers.

The information collected during these activities will assist in identifying the CBA's strengths and weaknesses. Additionally, input will be requested on any trends or changes that could impact the CBA, as well as any opportunities and threats the CBA should consider.

Workshop

A workshop will be conducted at the CBA's September 2021 meeting. During the workshop, DCA SOLID will facilitate the discussion, which will include a review of the Environmental Scan to determine what, if any, changes may be necessary to the CBA's current mission, vision, values, and goals. Additionally, the CBA will, based on identified future priorities, develop objectives for each goal.

Draft Strategic Plan

Following the workshop, DCA SOLID will prepare a Draft 2022-2024 Strategic Plan, which will be presented for review and possible approval at the November 2021 CBA meeting.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff do not have a recommendation for this item.

¹ An Environmental Scan compiles and analyzes the data from the completed interviews and surveys.

**Discussion Regarding the Development of the California Board of Accountancy
2022-2024 Strategic Plan**

Page 3 of 3

Attachment

California Board of Accountancy Strategic Plan 2019-2021



CALIFORNIA BOARD
OF ACCOUNTANCY
STRATEGIC PLAN
2019-2021

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Members of the California Board of Accountancy

George Famalett, CPA, President

Mark J. Silverman, Esq., Vice-President

Nancy J. Corrigan, CPA, Secretary/Treasurer

Alicia Berhow

Jose A. Campos, CPA

Mary M. Geong, CPA

Karriann Farrell Hinds, Esq.

Dan Jacobson, Esq.

Xochitl A. León

Luz Molina Lopez

Carola A. Nicholson, CPA

Deidre Robinson

Katrina L. Salazar, CPA

Michael M. Savoy, CPA

Gavin Newsom, Governor

Alexis Podesta, Secretary, Business, Consumer Services, and Housing Agency

Dean R. Grafilo, Director, Department of Consumer Affairs

Patti Bowers, Executive Officer, California Board of Accountancy

About the Board

For over 100 years, the California Legislature has entrusted the California Board of Accountancy (CBA) with protecting the public related to the practice of public accountancy in California. The CBA's mission evokes this charge: "To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards."

The breadth of the CBA's influence in the regulatory environment stretches beyond California's borders. The CBA regulates over 105,000 licensees, including individuals (certified public accountants and public accountants) and accounting firms (partnerships and corporations). Many of the accounting firms that the CBA regulates have national footprints and some with footprints worldwide. Certified Public Accountants (CPAs) work in a wide range of areas including, accounting firms, private industry, government, and academia, and provide services to clients of all sizes and needs.

The CBA recognizes the scope of its regulatory influence. With stakeholders ranging from consumers needing accounting services; lenders, shareholders, and investors that rely on services rendered by CPAs; and businesses – large and small – that use CPAs to establish internal accounting controls (to name a few), the protection of the public shapes the policies, regulations, and enforcement decisions reached by the CBA.

Mission

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

Vision

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

Values

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

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

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

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

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

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

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

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

2019-2021 Strategic Plan Goals

Goal 1: Enforcement

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

- 1.1 Inform stakeholders on enforcement efforts being performed regarding unlicensed practice.
- 1.2 Maintain adequate staffing to support efficient case management.
- 1.3 Acquire leading technologies for case management and simplify the process to reduce case completion timeframes.
- 1.4 Reduce the average number of days to complete the enforcement process for those matters resulting in formal discipline, consist with Department of Consumer Affairs' Formal Enforcement Performance Measures.

Goal 2: Licensing

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

- 2.1 Review and amend, if necessary, licensing requirements to accommodate evolving education methodologies used by colleges and universities.
- 2.2 Obtain adequate staffing resources to process examination, licensure, and renewal applications within 30 days.
- 2.3 Update the content on the CBA website, including the use of videos and interactive tools, to provide clear guidance to applicants and licensees.

Goal 3: Customer Service

Deliver the highest level of customer service.

3.1 Use the CBA Stakeholder Survey and Department of Consumer Affairs' Consumer Survey to identify areas of improvement to provide the highest level of service.

3.2 Improve online stakeholder services that will increase operational efficiency and customer access.

Goal 4: Outreach

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

- 4.1 Increase communications to stakeholders to better inform them regarding CBA activities including, but not limited to, succession planning and information security.
- 4.2 Maintain partnerships with professional organizations, academic organizations, colleges, universities, and other regulatory bodies to share information regarding the CBA and its consumer protection mandate.
- 4.3 Leverage social media resources to engage and inform stakeholders.
- 4.4 Educate licensees on common violations of the Accountancy Act and CBA Regulations via the CBA's UPDATE publication.
- 4.5 Collaborate with state and national organizations regarding the peer reviewer population and ensure the peer review program is maintained and continues to protect consumers.
- 4.6 Formulate a communication strategy surrounding the mission of the CBA to improve stakeholders' understanding of its public policy efforts.

Goal 5: Laws and Regulations

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

- 5.1 Work with the Department of Consumer Affairs to develop more frequent access to staff training on the rulemaking process.
- 5.2 Work with the Department of Consumer Affairs and other control agencies to reduce the time required to complete the rulemaking process.

Goal 6: Emerging Technologies

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

- 6.1 Collaborate with the Department of Consumer Affairs to build and implement an Information Technology solution that will provide automated and on-line services to CBA stakeholders.
- 6.2 Monitor compliance with Department of Consumer Affairs' and California Department of Technology's policies to ensure the security of electronic information.

Goal 7: Organizational Effectiveness

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

7.1 Analyze and identify professional development and training opportunities for staff to preserve institutional knowledge and retain staff.

Prepared by SOLID Planning Solutions
Department of Consumer Affairs
California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Phone: (916) 263-3680
www.cba.ca.gov



Communications and OUTREACH

CBA Item VIII.B.
May 13-14, 2021

www.cba.ca.gov

May 2021

OUTREACH EVENTS

The California Board of Accountancy (CBA) is having a busy spring with three virtual outreach events happening over the span of three weeks.

San Jose State University

On April 14, the CBA took part in an outreach event with San Jose State University attended by approximately 80 students. CBA President Nancy J. Corrigan, CPA, spoke about the role of the CBA and the value of the CPA title, including how it made a difference in her career. Presenting with President Corrigan were CBA Examination Unit Manager Suzanne Gracia and Initial Licensing Unit Coordinator Jennifer Huddy, who covered the topics of the qualifications and application process for the Uniform CPA Examination (CPA Exam) and CPA licensure, along with a mention of changes coming to the CPA Exam in 2024. CBA staff also answered a variety of student questions after the presentations.



California State Polytechnic University, Pomona

Following a successful outreach event with California State Polytechnic University, Pomona (Cal Poly) in fall 2020, Cal Poly staff invited the CBA to partner with staff for a similar event in the spring. The event, which featured an hour of presentations and four hours of one-on-one student educational assessments, occurred on April 21, and was watched by over 100 students. President Corrigan, Ms. Gracia, and CBA Initial Licensing Manager



Ramona Bermudez, were joined by CBA staff member David Hemphill for the presentation portion of the afternoon, speaking about a similar slate of topics as at San Jose State University. Thirty Cal Poly students met individually with CBA staff members Ms. Huddy, Jennifer Jackson, Diane Edwards, and Delia Tomas to discuss their coursework, and where the students stand in fulfilling the education requirements to sit for the CPA Exam and apply for CPA licensure.

California State University, San Bernardino

The third event of the spring will happen on May 4. In addition to President Corrigan, Ms. Bermudez, and Mr. Hemphill's usual presentations, California State University, San Bernardino alumni members of the Inland Empire chapter of California Society of CPAs (CalCPA) will give opening remarks and discuss their CPA career journeys from graduation to today.



Upcoming Statewide Outreach Event

In addition to the outreach events produced with California universities, the CBA is also planning to host an event in 2021 open to anyone who is interested. The transition from in-person to virtual allows the CBA to think bigger with audience reach for these events. Topics to cover, and which CBA members or CBA staff may give presentations, is all being discussed. Staff look forward to providing more specific information as these events get closer.

ONLINE LICENSING APPLICATION

Increasing awareness of the CBA's new Online Licensing Application was an important task beginning with its soft launch on April 20. The front page of the CBA website was updated with a prominent link to the Online Licensing Application. Changes to language were necessary on many pages of the website to reflect the new ability to apply online. A social media push began in tandem with the official launch. Multiple messages across all of our platforms, Facebook, Twitter, and LinkedIn, announced the big news. This included new banners displayed at the top of each of the social media pages.



PODCASTING

The CBA is beginning preliminary work on podcasting. This audio medium is one of the fastest growing modes of communications, and one that gives the CBA another avenue to spread our message and share important information with stakeholders. Staff will keep the CBA updated as it pursues this new opportunity.

CALIFORNIA'S REOPENING

Governor Gavin Newsom announced that the reopening of California's economy will be June 15, contingent upon COVID-related public health data continuing to improve. A small number of CBA staff are in the office performing vital operations and maintaining physical distancing, while the majority of staff are still teleworking. The health and safety of staff and public is a top priority. The CBA anticipates a new directive regarding teleworking in the near future.

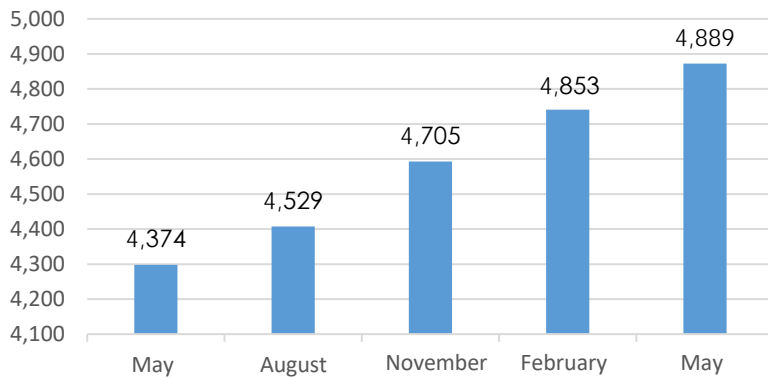
E-NEWS

E-News Subscriptions	Total
Consumer Interest	5,187
Examination Applicant	3,285
Licensing Applicant	4,007
California Licensee	11,039
Out-of-State Licensee	2,764
Statutory/Regulatory	8,922
CBA Meeting Information & Agenda Materials	4,386
UPDATE Publication	8,902
Total Subscriptions	48,492
Total Subscribers	104,865

SOCIAL MEDIA

In addition to the announcement of the new Online Licensing Application, the CBA social media platforms have been busy posting about a variety of topics such as the CBA military liaison, expedited license application processing for refugees/asylees/special immigrant visa holders, processing dates calendars, an UPDATE newsletter release announcement, and vaccination messaging coming from the Governor’s office. Another 100 followers were added since the March meeting, with the CBA’s total following rapidly approaching 10,000, a benchmark that will be reached later this year.

12-month Facebook Growth

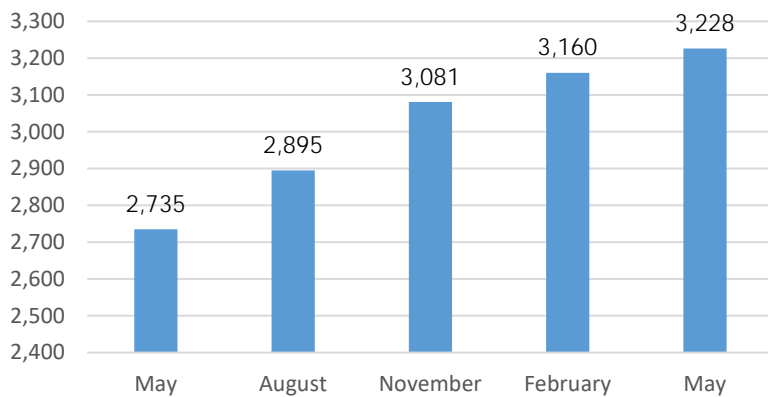


Total followers: 4,889

Growth last 3 mos.: +36, +0.7%

Growth last 12 mos.: +515, +11.8%

12-month Twitter Growth

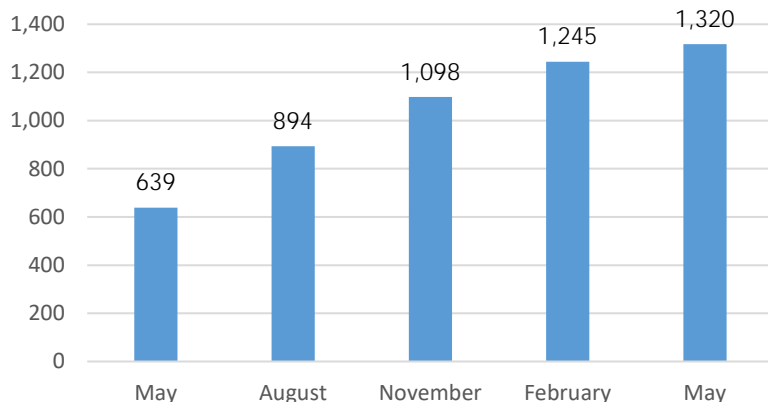


Total followers: 3,228

Growth last 3 mos.: +68, +2.2%

Growth last 12 mos.: +493, +18.0%

12-month LinkedIn Growth



Total followers: 1,320

Growth last 3 mos.: +75, +6.0%

Growth last 12 mos.: +681, +106.6%



California Board of Accountancy

ENFORCEMENT ACTIVITY REPORT

www.cba.ca.gov

As of March 31, 2021

COMPLAINTS RECEIVED

The California Board of Accountancy’s (CBA) Enforcement Division receives complaints from both internal and external sources. Complaints received are issued complaint numbers and assigned a Complaint Type (CT) based on the initial matter identified. The CT may change as the case investigation proceeds and may result in multiple violations.

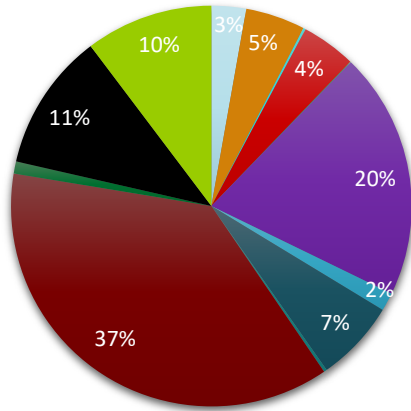
Complaints/Records of Convictions Received

FY 2020/21 (9 months of data)	2,040 Received – Internal 1,046 – External 994
FY 2019/20	2,295 Received – Internal 1,506 – External 789
FY 2018/19	3,060 Received – Internal 1,941 – External 1,119

- For the first nine months of fiscal year (FY) 2020/21, the CBA received 2,040 complaints, with 51 percent of these complaints being internal referrals. The total number of complaints received has decreased by three percent compared to the same period in FY 2019/20.

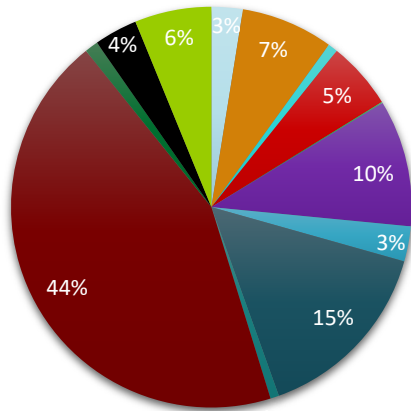
COMPLAINT TYPES RECEIVED

Fiscal Year 2020/2021



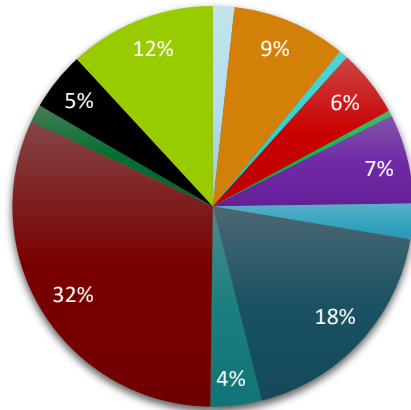
- Accountancy Licensee Database (57, 3%)
- Applications (98, 5%)
- Audit (4, >0%)
- Convictions and Subsequent Arrest (90, 4%)
- Employee Benefit Plan Audit (1, >0%)
- Other (407, 20%)
- PCAOB/SEC and Out-of-State (30, 2%)
- Peer Review Related (134, 7%)
- Practice Privilege (5, >0%)
- Renewal Deficiency (757, 37%)
- Reportable Events (20, 1%)
- Tax (227, 11%)
- Unlicensed Activity (210, 10%)

Fiscal Year 2019/2020



- Accountancy Licensee Database (58, 3%)
- Applications (171, 7%)
- Audit (18, 1%)
- Convictions and Subsequent Arrest (125, 5%)
- Employee Benefit Plan Audit (2, >0%)
- Other (235, 10%)
- PCAOB/SEC and Out-of-State (65, 3%)
- Peer Review Related (348, 15%)
- Practice Privilege (16, 1%)
- Renewal Deficiency (1,010, 44%)
- Reportable Events (25, 1%)
- Tax (80, 4%)
- Unlicensed Activity (142, 6%)

Fiscal Year 2018/2019



- Accountancy Licensee Database (53, 2%)
- Applications (282, 9%)
- Audit (22, 1%)
- Convictions and Subsequent Arrest (166, 6%)
- Employee Benefit Plan Audit (14, >0%)
- Other (221, 7%)
- PCAOB/SEC and Out-of-State (88, 3%)
- Peer Review Related (564, 18%)
- Practice Privilege (126, 4%)
- Renewal Deficiency (972, 32%)
- Reportable Events (44, 1%)
- Tax (145, 5%)
- Unlicensed Activity (363, 12%)

“Other” may include cases involving: Breach of Confidential Relationship, Advertising, Record Retention, and Fiscal Dishonesty. The volumes of these cases are low, and do not warrant individual categorization.

INVESTIGATIONS

The number of complaints assigned for investigations and closed.

Investigations	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Investigations Assigned	3,060	2,295	2,040
Investigations Closed	3,688	2,199	1,925
Average Days to Close	127	82	118

- The average number of days to close slightly decreased from the last report, from 123 to 118.

Investigations Closed	FY 2020/21 9 months of data
Total Closed FY 2020/21	1,925
Closed within 0-6 Months	1,426
Closed within 6-12 Months	389
Closed within 12-18 Months	87
Closed within 18-21 Months	11
Closed within 21-24 Months	5
Closed >24 Months	7

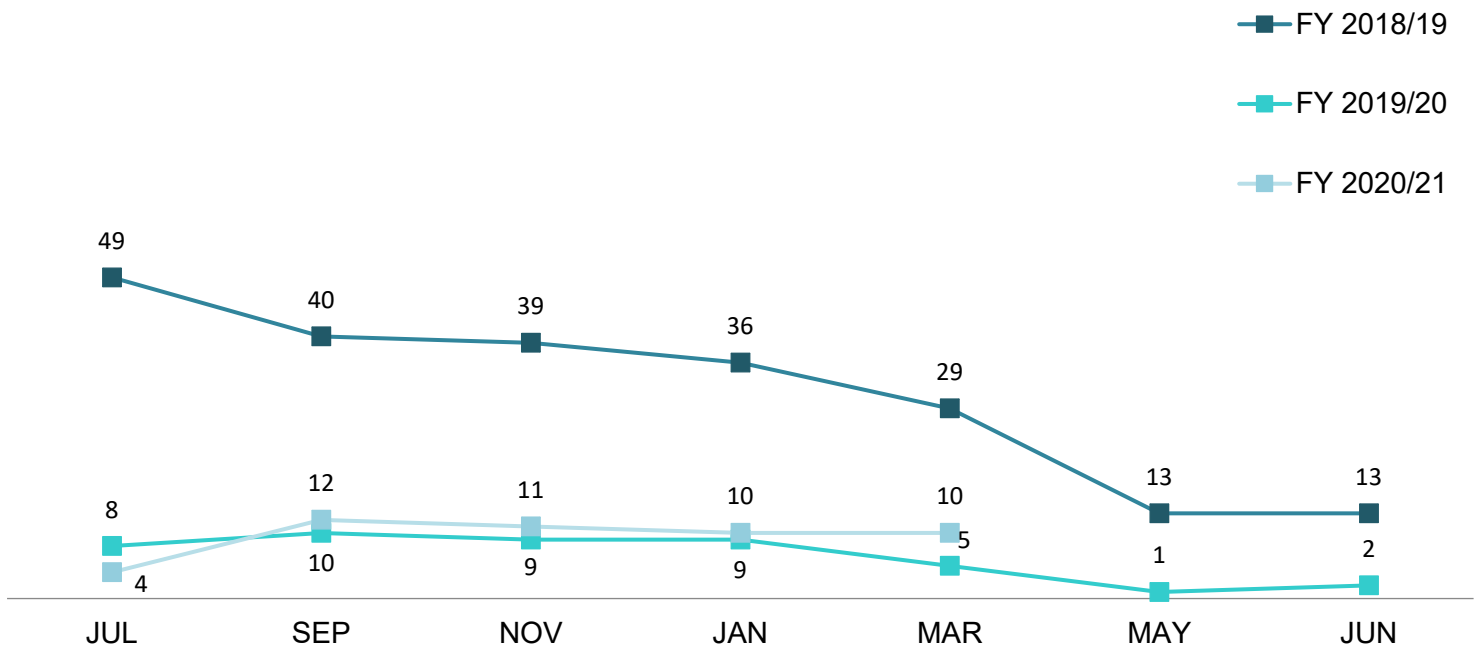
- Of the total 1,925 investigations closed during FY 2020/21, 1,426 or 74 percent were closed within six months from the initial complaint investigation date. Further, 1,815 investigations or 94 percent were closed within one year.

INVESTIGATIONS PENDING

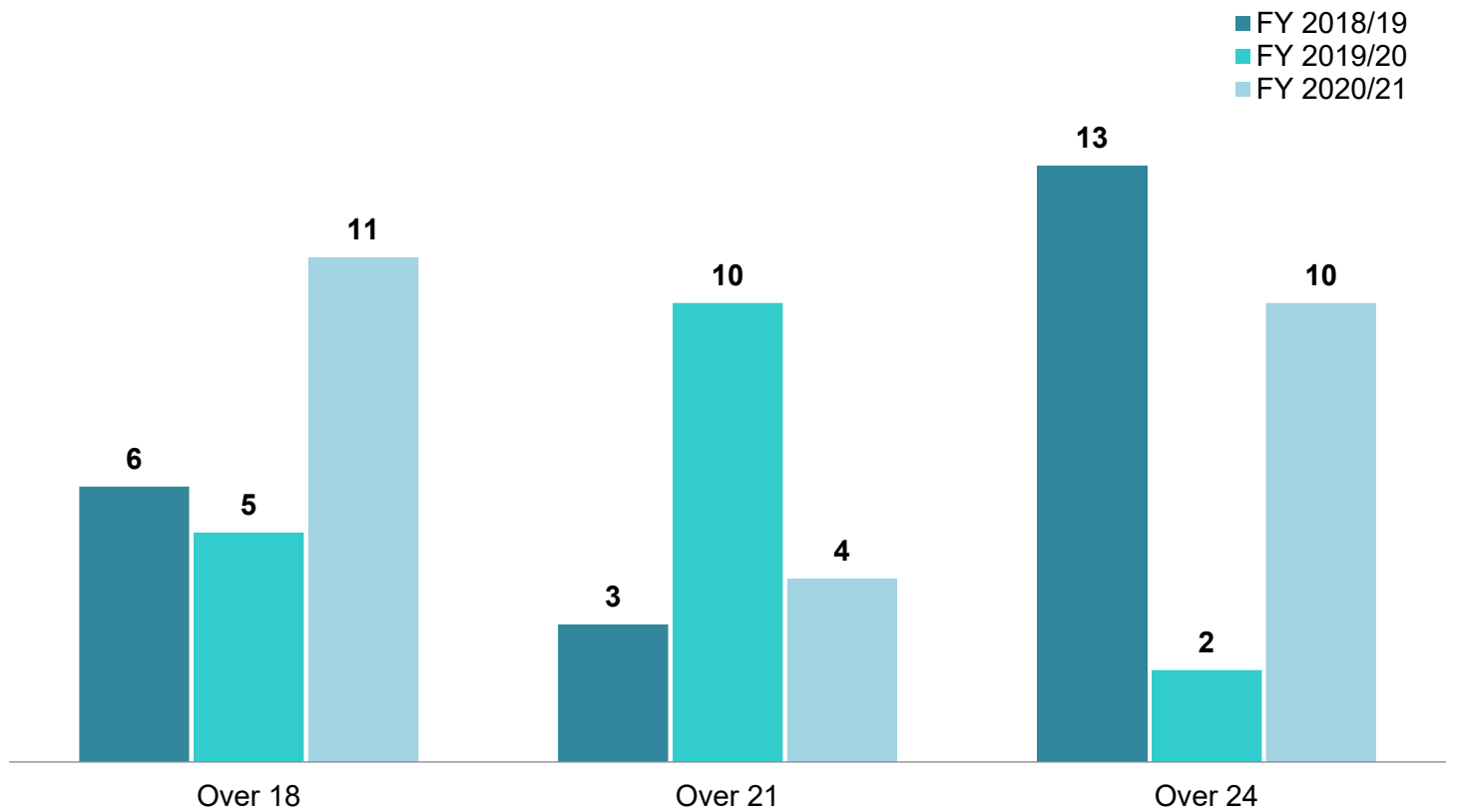
Investigations Pending	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Total Investigations Pending	550	684	823
0-6 Months	447	446	709
6-12 Months	64	189	59
12-18 Months	17	32	30
18-21 Months	6	5	11
21-24 Months	3	10	4
>24 Months	13	2	10
Average Age of Open Cases (days)	125	169	112

- Of the total 823 pending cases as of March 31, 2021 86 percent were less than six months old and approximately 93 percent were less than one year old.
- Staff worked diligently at the onset of the pandemic to handle the cases over 24 months. This focus created some cases in the 21-24 month category to age over 24 months. As a result, the number of cases over 24 months as of March 31, 2021 is 10.
- Of the 10 investigations pending over 24 months, staff have completed the investigation report for five cases, and the cases will be referred to the Attorney General's (AG) Office or closed prior to the next report. One case is pending an Investigative Hearing, which is scheduled to take place on May 6, 2021.

INVESTIGATIONS PENDING | OVER 24 MONTHS



INVESTIGATIONS PENDING | OVER 18, 21, and 24 MONTHS



DISCIPLINE

As part of its mission of consumer protection, the CBA referred matters to the AG's Office for imposition of discipline.

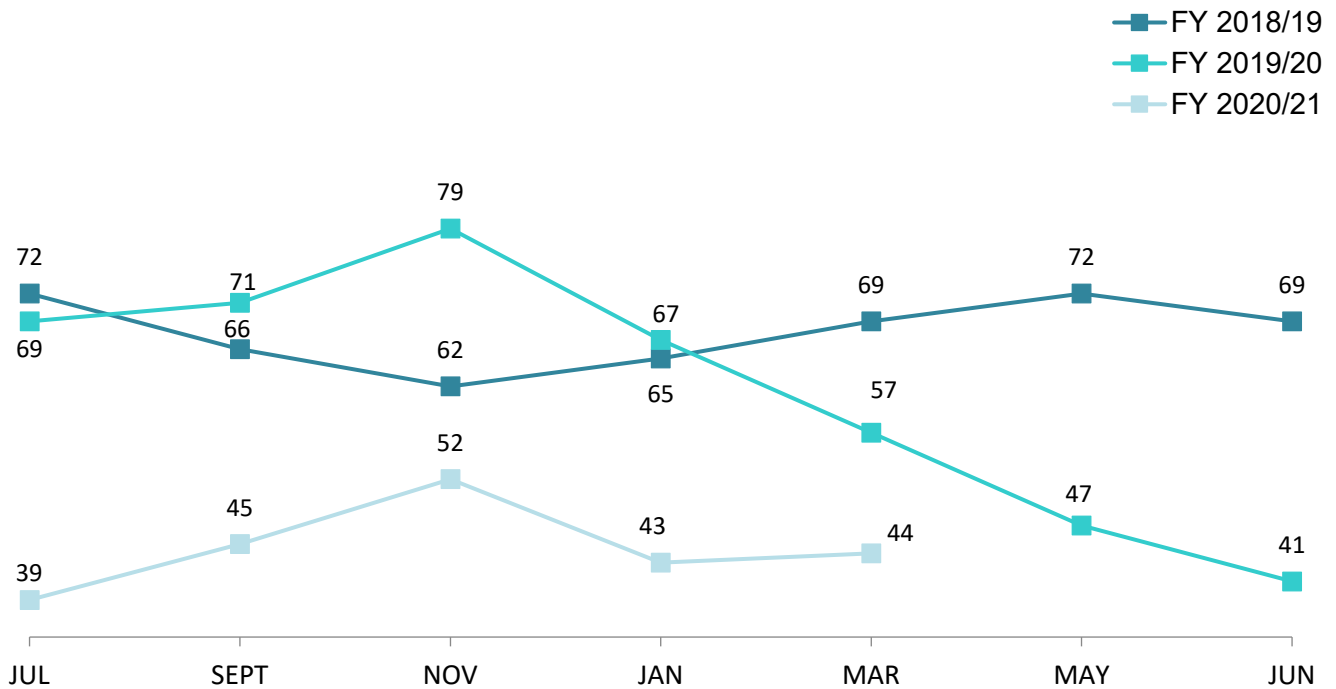
Discipline	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Attorney General Referrals	79	51	40
Accusations Filed	68	53	33
Statement of Issues Filed	1	1	2
Petitions for Revocation Filed	6	4	1

DISCIPLINE | AGE of COMPLAINTS PENDING at ATTORNEY GENERAL'S OFFICE

Pending at AG	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
<i>Total Pending at AG's Office</i>	69	41	44
0-6 Months	37	12	18
6-12 Months	23	17	21
12-18 Months	3	8	4
18-21 Months	1	3	0
21-24 Months	2	0	0
>24 Months	3	1	1

- Of the 44 cases at the AG's Office approximately 89 percent are less than 12 months old.
- The sole case over 24 months has a Decision and Order that is set to take effect at the beginning of May.

DISCIPLINE | COMPLAINTS PENDING AT ATTORNEY GENERAL'S OFFICE



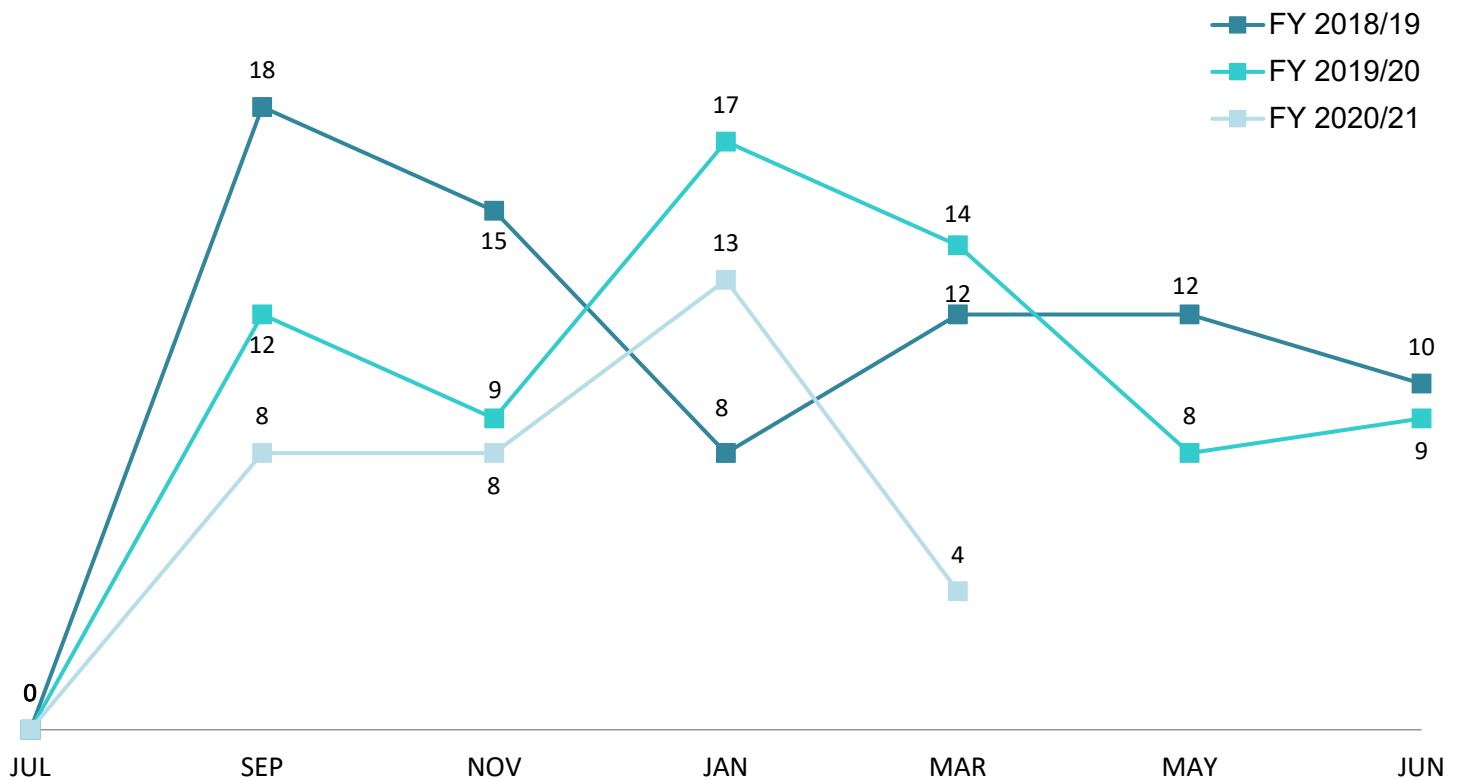
- As of March 31, 2021, there were 44 complaints pending at the AG's Office. Staff work diligently to address aging disciplinary cases by actively monitoring for the filing of a Notice of Defense (NOD). If no NOD is received, staff request that the AG's Office prepare a default decision. When an NOD is received, staff work quickly to offer settlement terms and if a settlement cannot be reached, to set the matter for hearing.

DISCIPLINE | FINAL ORDERS

Disciplinary Actions	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Final Decision Orders	75	69	33
– <i>Stipulated Settlement</i>	48	57	24
– <i>Proposed Decision</i>	6	6	5
– <i>Default Decision</i>	21	6	4

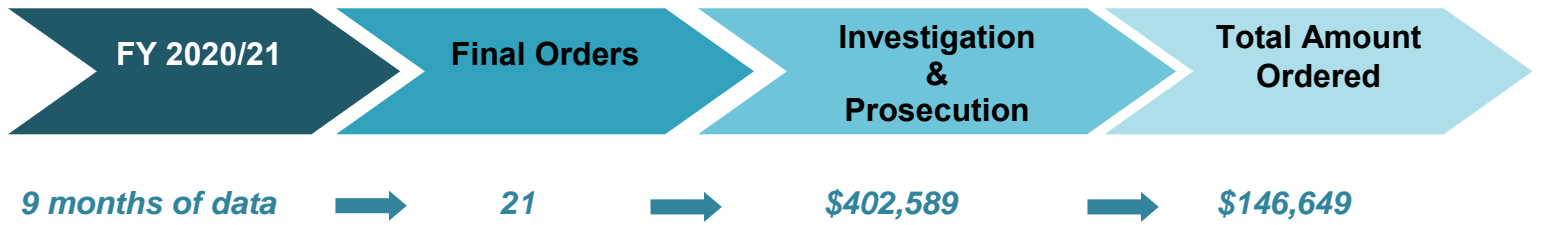
- As of March 31, 2021 the CBA took action on 33 matters, the majority of which were through stipulated settlements.

DISCIPLINE | FINAL ORDER TREND



DISCIPLINE | COST ORDERS

Pursuant to Business and Professions Code section 5107, the Legislature authorizes the CBA to recover investigation and prosecution costs. These costs include the time spent by staff to conduct the investigation and the time spent by the AG's Office to prosecute each case.



- Cost Recovery ordered has amounted to 36 percent of total investigation and prosecution cost.

COST RECOVERY

Cost Recovery	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Amount Ordered	\$321,110	\$630,538	\$146,649
– Number of Decisions	46	42	21
Amount Collected	\$315,253	\$227,756	\$165,999

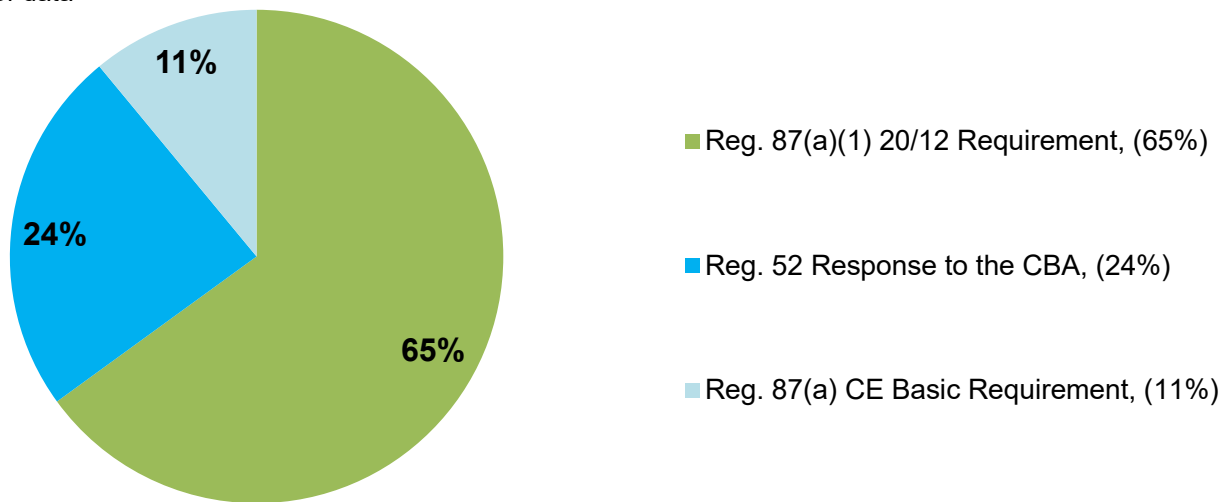
- Disciplinary cases resulting in ordered cost recovery are generally the result of a licensee placed on probation. Licensees typically pay cost recovery in monthly payments throughout the term of probation. Therefore, the costs are paid within a two to two-and-one-half year timeframe.
- The “Amount Collected” referenced above includes payments on cost recovery amounts ordered from both prior and current years. The “Amount Ordered” reflects only the amount ordered in FY 2020/21 and will never reconcile with the “Amount Collected.”

CITATIONS AND FINES

Citations	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Total Citations Issued	517	174	281
Total Fines Assessed	\$155,950	\$49,275	\$89,950
Fine Average	\$302	\$286	\$320
Average Number of Days from Receipt of Complaint to Issuance of Citation	163	110	198

CITATIONS AND FINES | FY 2020/21 TOP 3 VIOLATIONS

9 months of data



- The fine amount assessed varies from \$100 to \$5,000 and is determined on a case-by-case basis. Factors that may increase or decrease the fine amount include aggravating or mitigating circumstances, and length of time the violation occurred.
- The total number of citations issued for FY 2020/21 as of March 31, 2021 is 281. The average number of days from receipt of a complaint to issuance of a citation has decreased since the last report, from 222 to 198.

Citation and Fine Appeals and Outcomes	FY 2020/21
Citation and Fine Appeals Received	49
Citations Modified	2
Citations Withdrawn	36
Citations Affirmed/Upheld	8

- The number of outcomes (modified, withdrawn, affirmed/upheld) does not reconcile with the amount of citations and fine appeals received, as some appeals were received in the previous fiscal year, and the outcome did not occur until the present fiscal year.
- A citation may be withdrawn for reasons such as financial hardship, health-related matters, or submission of mitigating evidence to prove compliance.

UNLICENSED ACTIVITY

Complaints received and initially identified to be “Unlicensed” CTs have matters involving CPAs or firms operating with an expired license, individuals without a CPA license, or unregistered accounting firms.

Complaints Received	FY 2019/20	FY 2020/21 9 months of data
Practice without Permit	57	153
Individuals without a CPA License	41	34
Unregistered Firms	44	22
Total	142	209
Investigations	FY 2019/20	FY 2020/21 9 months of data
Investigations Pending	65	96
<i>-Referred to Division of Investigation</i>	10	2
Total	75	98
Outcomes	FY 2019/20	FY 2020/21 9 months of data
Citations Issued	11	9
Closed for Compliance	173	190
Referred to District Attorney / Local Law Enforcement	2	2
Total	186	201

FRANCHISE TAX BOARD | INTERCEPT PROGRAM

In FY 2015/16 the CBA began using the Franchise Tax Board (FTB) Intercept Program in an effort to collect unpaid administrative fines associated with the issuance of citations. The initial collection amount submitted to the FTB was significant and the pool of unpaid administrative fines dated back to FY 2011/12.

Between FY 2015/16 and FY 2020/21, the CBA referred to FTB a total of \$353,500 of uncollected fees associated with the issuance of citations. By the end of third quarter of FY 2020/21, the FTB retrieved \$83,081 of uncollected fees, resulting in a current balance of \$270,419 of uncollected fees.

FTB Intercept Program	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data	BALANCE
Referred to FTB	\$21,050	\$18,500	\$2,300	\$353,500
Collected by FTB	\$7,480	\$4,872	\$250	\$83,081
Uncollected				\$270,419

PROBATION MONITORING

Monitoring Activity	FY 2020/21
Number of Licensees on Probation as of Last Report	128
New Probationers Since the Last Report	3
Number of Probationers Off Probation	9
Total Number of Probationers	122
Out-of-State Probationers	15
Probation Orientations Held Since Last Report	3
Total Probation Orientations Completed	19
Number of Practice Investigations Completed	0
Number of Scheduled Probation Orientations to Occur	6
Number of Work Samples Reviewed in FY 2020/21	0
Referrals to Revoke Probation	1

PROBATION MONITORING | VIOLATIONS DETECTED

CPAs disciplined for various violations may be placed on probation for an ordered amount of time with required terms. To ensure probationers successfully fulfill their probationary terms, the CBA Probation Monitoring Unit continuously reviews individual probation files and identifies violations, notifies probationers, records all monitoring activities, and communicates with the probationers to obtain compliance with probation terms.

Violations detected for FY 2020/21 as of March 31, 2021 include:

Probation Violation(s) Types	Detected
Cost Reimbursement	15
Obey All Laws	1
Submit Written Quarterly Report	28
Active License Status	3
Restricted Practice	0
Regulatory Review Course	0
Peer Review	0
Continuing Education	9
Administrative Penalty	4
Violation of Citation	2
TOTAL	62

DIVISION HIGHLIGHTS AND RECRUITMENT EFFORTS

The CBA Enforcement Division is recruiting for the following positions:

- Three full-time Investigative CPAs for the Technical Investigations Unit
- One full-time Supervising Investigative CPA for the Technical Investigations Unit

CALIFORNIA BOARD OF ACCOUNTANCY LICENSING ACTIVITY REPORT

July 1, 2020 – March 31, 2021

Licensing Division Snapshot

Table 1: Fiscal Year (FY) 2020/21 (July 1 – March 31, 2021)

Applications Received	Count
First Time Exam	4,521
Repeat Exam	10,950
CPA License	2,754
Accounting Firms	378
Renewal	34,079
TOTAL	52,682

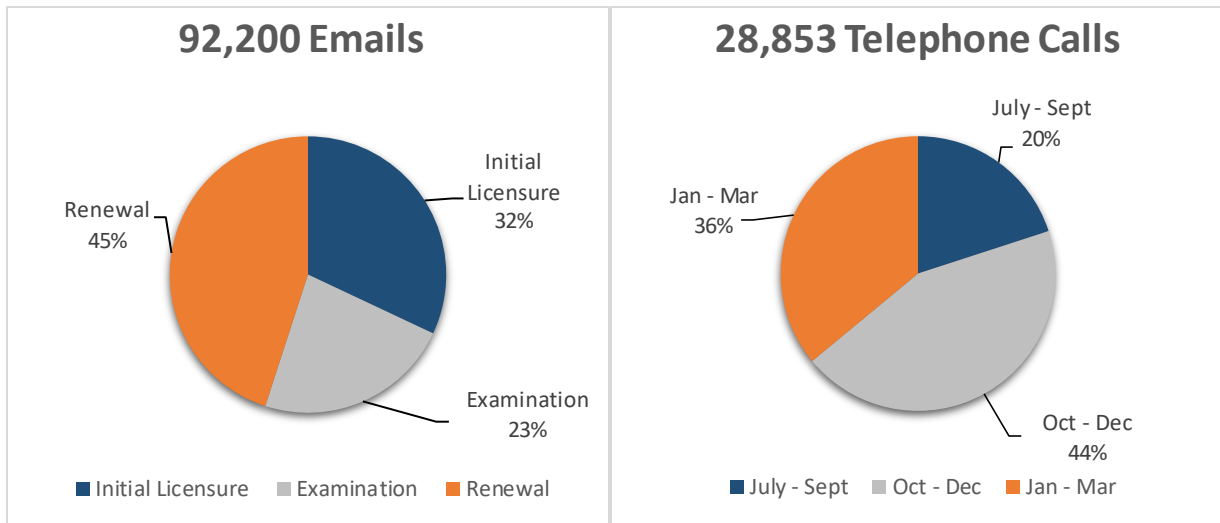
Highlights

- The online application for initial CPA licensure launched in mid-April.
- The Department of Consumer Affairs issued a new continuing education extension waiver on March 30, 2021. The new waiver supersedes all previous waivers. All licenses expiring between March 2020 and May 2021 have until September 30, 2021 to complete their continuing education requirements.
- CBA Staff participated in a virtual outreach event with San Jose State University. CBA President Nancy Corrigan provided opening remarks and CBA Staff presented on the CPA Exam and Licensure Process.
- Additionally, CBA President Nancy Corrigan and CBA Staff participated in a virtual outreach event with California State Polytechnic University, Pomona (Cal Poly). This event included student assessment sessions where CBA staff provided one-on-one guidance regarding education requirements. This was the third time CBA Staff have been invited to Cal Poly.
- CBA Staff will be participating in an upcoming virtual outreach event with the California State University, San Bernardino in the near future.
- CPA Exam changes will be launched July 2021. The changes focus on the impact of technology in the profession. The content of the exam is documented in the exam blueprint that can be found on the American Institute of Certified Public

Accountants' website. (<https://future.aicpa.org/resources/download/learn-what-is-tested-on-the-cpa-exam> - copies available upon request)

- The Licensing Division is currently recruiting to fill the following vacancies: one Associate Governmental Program Analyst, one Office Assistant, and two Seasonal Clerks.

Stakeholder Inquiries



Uniform CPA Examination Statistics

Table 2: CPA Exam Statistics by Fiscal Year

Approved to Test	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-Mar
First-Time Sitter	6,927	5,211	5,017
Repeat Sitter	15,742	13,640	10,950
Approved to Test	22,669	18,851	15,967

- As of March 31, 2021, the Examination Unit is currently processing first-time CPA Exam applications within 20 days of receipt.¹
- As of March 31, 2021, there are 468 first-time CPA Exam applications with a deficiency where additional documentation is required from the applicant to approve their application. Deficiencies may include, but are not limited to, a

¹ Processing is defined as an initial review of an application where applicants either receive an approval to test or a deficiency letter identifying any outstanding items

shortage of accounting units or not including the conferral date of a bachelor's degree.

Table 3: CPA Exam Statistics as of March 31 by Fiscal Year

Examination Request	FY 2018/19 July-Mar	FY 2019/20 July-Mar	FY 2020/21 July-Mar
Received	4,696	4,611	4,521
Approved to Test	5,600	4,665	5,017

- For the first nine months of FY 2020/21, the total number of first-time applications received decreased by nearly two percent compared to the same period in FY 2019/20, from 4,611 to 4,521.
- For the first nine months of FY 2020/21, the total number of first-time applications approved has increased by greater than seven percent compared to the same period in FY 2019/20, from 4,665 to 5,017.
- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

Initial Licensing Statistics

- As of March 31, 2021, the Initial Licensing Unit is processing initial CPA license applications and accounting firm applications within 41 days of receipt.²
- As of March 31, 2021, there are 821 initial CPA applications with a deficiency where additional documentation is required from the applicant to approve the application. Deficiencies may include, but are not limited to, shortage of education units, inaccurate information reflected on experience forms, fingerprint clearance results not received from Department of Justice, and incomplete applications.

² Processing is defined as an initial review of an application and other licensure requirements to ensure all applicants meet all qualifications.

Table 4: Initial CPA Licensure Statistics as of March 31 by Fiscal Year

Initial Licensure Application	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
Received	2,781	2,733	2,771
Approved	3,352	2,438	2,965

- For the first nine months of FY 2020/21, the total number of CPA applications received has increased by over one percent compared to the same period in FY 2019/20, from 2,733 to 2,771.
- For the first nine months of FY 2020/21, the total number of CPA applications approved has increased by twenty-one percent compared to the same period in FY 2019/20, from 2,438 to 2,965.
- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

Table 5: Initial CPA License Approvals by Fiscal Year

License Type	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-March
Attest Authority	1,132	659	934
General Authority	3,268	1,936	2,031
Total Approved	4,400	2,595	2,965

- For the two previous fiscal years, approximately 26 percent of the licenses approved were with attest authority. For the current fiscal year through March 31, 2021, it is approximately 32 percent.

Table 6: Initial Firm License Approvals by Fiscal Year

License Type	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-March
Corporation	173	279	191
Partnership	48	66	46
Fictitious Name Permit	84	169	87
Out-of-State Firm	49	82	54
Total Approved	354	596	378

- The number of firms approved in FY 2020/21 may be less than approved in FY 2019/20 given that firm applications may not be approved until the following fiscal year.

License Renewal Statistics

Table 7: License Renewal Statistics as of March 31 by Fiscal Year

License Type	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
CPA/PA	33,496	34,326	32,793
Accounting Firms	2,715	2,015	1,961
Total Approved³	36,211	36,341	34,754

- The total number of renewals in FY 2020/21 is slightly less than the number of renewals at the same point in time in FYs 2018/19 and 2019/20.

³ Approved is defined as successful payment of the renewal fee.

Table 8: License Renewal Application Reviews as of March 31 by Fiscal Year

Review Outcome	FY 2018/19 July-March	FY 2019-20 July-March	FY 2020/21 July-March
Deficient ⁴ Applications	1,963	1,609	2,660
Non-Deficient Applications	17,446	45,526	11,495
Total Reviewed	19,409	47,135	14,155

- License Renewal Application Review is the process where staff examine continuing education worksheets that list self-reported courses at time of license renewal to determine fulfillment of all continuing education requirements. Staff also review the Peer Review Reporting Form for firms, which includes sole proprietors, update shareholders and partners in the database when appropriate, and check to confirm that fingerprints are on file for CPAs.

Table 9: Deficiency Outcomes as of March 31 by Fiscal Year

Deficiency Outcome	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
Resolved Deficiencies	1,901	1,542	2,005
Outstanding Deficiencies	62	67	655
Total Deficiencies	1,963	1,609	2,660

- Of the 2,660 deficiencies identified in Table 8, 2,005 have been resolved. A total of 655 remain outstanding. This includes licensees who have been given extra time to fulfill their continuing education requirements due to the COVID-19 extensions granted by DCA.

⁴ Deficient applications include those who were granted an extension to complete continuing education in response to the Governor's COVID-19 CE Waivers.

Table 10: Top 3 Reasons for Enforcement Referral as of March 31 by Fiscal Year

Enforcement Referrals	FY 2020/21 July-March
20/12 ⁵ First Year	71%
Non-Response – Deficiency Letter	13%
Peer Review ⁶	5%
Other ⁷	11%

- The Renewal and Continuing Competency Unit referred 697 cases to the Enforcement Division. The majority of the referrals were for failure to complete the 20/12 continuing education requirement the first year of the license renewal cycle.

Table 11: Continuing Education Audits by Fiscal Year

Review Outcome	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-March
Pending Audits	0	0	142
Compliant Audits	629	114	54
Deficient Audits	N/A ⁸	N/A	4
Enforcement Referrals	N/A ⁹	N/A	0

⁵ A failure to meet the CE requirement of completing at least 20 hours of CE each year of the renewal cycle with at least 12 of those 20 hours being in a technical subject matter.

⁶ Peer Review Deficiencies include substandard peer reviews, failure to complete a peer review, or an outdated peer review.

⁷ Other Enforcement Referrals include reporting a conviction or discipline, second year 20/12 violations, operating with an unlicensed firm, and discrepancies between the application and the peer review form regarding services performed.

⁸ Deficient audits were not previously tracked.

⁹ Enforcement referrals for audits were not previously tracked.

- The CBA conducts continuing education audits by randomly selecting licensees to submit documentation substantiating the completion of the continuing education they reported at the time of license renewal. Once the CBA receives all required documentation, staff confirm that the continuing education was accurately reported, completed, and conformed to all laws and rules. In totality, staff review of continuing education takes the form of continuing education audits as well as license renewal application reviews (Table 8).
- Between July 1, 2020 and March 31, 2021, a total of 200 licensees were selected for a continuing education audit.
- A deficient audit receives a deficiency letter and an opportunity to correct the deficiency.

Table 12: Retired Status Applications as of March 31 by Fiscal Year

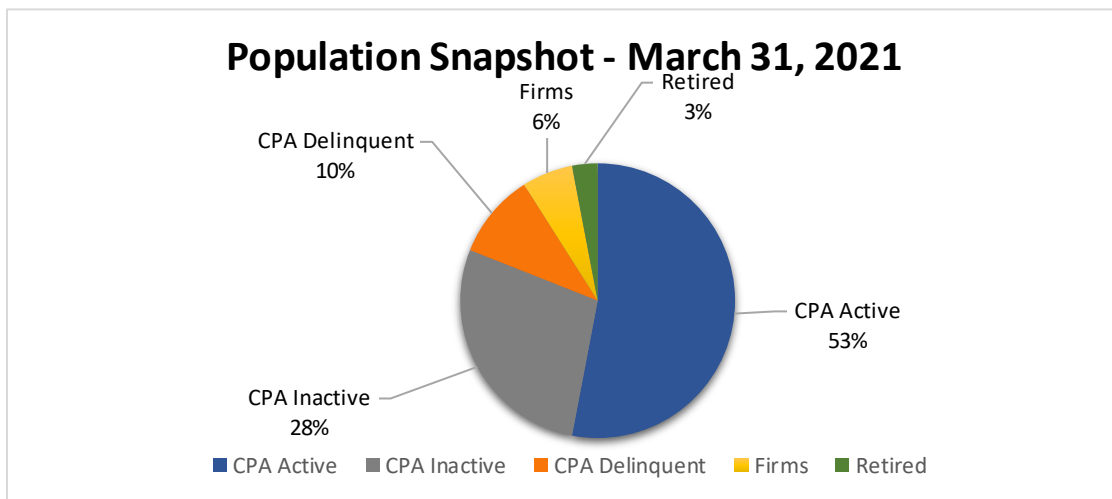
Status	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
Applications Approved	298	355	476
Applications Denied ¹⁰	6	7	24
Total Received	304	362	500

¹⁰ Retired Status Applications are most often denied because the licensee does not meet the qualifications set forth in CBA Regulation section 15.1.

Population Statistics

Table 13: Population Statistics as of March 31 by Fiscal Year

License Type	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
Active CPA/PA	57,746	57,162	58,014
Inactive CPA	30,629	30,658	30,601
Delinquent CPA	9,333	10,973	11,519
CPA Retired	2,453	3,112	3,568
Total CPA/PA	100,161	101,905	103,702
Accountancy Corporations	4,358	4,242	4,338
Accountancy Partnerships	1,393	1,349	1,350
Out-of-State Firm Registrations	675	721	821
Total Accountancy Firms	6,426	6,312	6,509
Grand Total	106,587	108,217	110,211



Military and Refugee/Asylee/Special Immigrant Visa Holders Statistics

The CBA provides assistance programs for past and present military personnel and their spouses/domestic partners, as well as refugees, asylees, and special immigrant visa holders, collectively referred to as “refugee.”

The CBA began tracking this data as of January 2021; therefore, historical data is unavailable.

Table 14: Military and Refugee Inquiries as of March 31 by Fiscal Year

Inquiries	FY 2020/21 Jan-March
Email (Military)	41
Telephone Calls (Military)	4
Email (Refugee)	0
Telephone Calls (Refugee)	0

Table 15: Military Applications Received and Approved as of March 31 by Fiscal Year

Application Type	Received FY 2020/21 Jan-March	Approved FY 2020/21 Jan-March
CPA Exam	1	1
CPA License	11	5
CPA Renewal	1	1

- As of March 31, 2021, the CBA is processing military applications within 16 days of receipt. This processing time is below all applications processing time and is expected to decrease over time as procedures for expediting applications are more fully implemented.

- The processing time for refugee applications are calculated by received date to when the initial license fee letter was issued. Due to deficiencies applicants have not yet been approved.

Table 16: Refugee Applications Received and Approved as of March 31 by Fiscal Year

Application Type	Received FY 2020/21 Jan-March	Approved FY 2020/21 Jan-March
CPA Exam	0	0
CPA License	2	0
CPA Renewal	N/A	N/A

- As of March 31, 2021, the CBA is processing refugee applications within 20 days of receipt. This processing time is below all applications processing time and is expected to decrease over time as procedures for expediting applications are more fully implemented.
- The processing time for refugee applications are calculated by received date to when the initial license fee letter was issued. Due to deficiencies applicants have not yet been approved.



California Board of Accountancy
 2450 Venture Oaks Way, Suite 300
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



CBA Item XII.A.
 May 13-14, 2021
DRAFT

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

**MINUTES OF THE
 March 25-26, 2021
 CALIFORNIA BOARD OF ACCOUNTANCY
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President Nancy J. Corrigan, CPA, called the meeting to order at 10:04 a.m. on Thursday, March 25, 2021. The CBA held the meeting via teleconference, consistent with the provisions of Governor Newsom’s Executive Order N-29-20 dated March 17, 2020. The CBA recessed at 12:43 p.m. The CBA reconvened at 1:39 p.m. until 4:38 p.m. The CBA convened into closed session from 4:48 p.m. until 5:38 p.m. The CBA reconvened into open session on Friday, March 26, 2021 at 10:03 a.m. until 11:14 a.m. The meeting reconvened into closed session at 11:25 a.m. until 12:20 p.m. President Corrigan adjourned the meeting at 12:21 p.m.

President Corrigan read the following into the record:

“The CBA’s mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.”

CBA Members

Nancy J. Corrigan, CPA, President
 Michael M. Savoy, CPA, Vice-President
 Mark J. Silverman, Esq., Secretary/Treasurer
 George Famalett, CPA
 Mary M. Geong, CPA
 Karriann Farrell Hinds, Esq.

March 25, 2021

10:04 a.m. to 5:38 p.m.
 10:04 a.m. to 5:38 p.m.
 11:10 a.m. to 5:13 p.m.
 Absent
 Absent
 10:04 a.m. to 11:30 a.m.
 1:30 p.m. to 5:38 p.m.

CBA Members

Dan Jacobson, Esq.
Xochitl A. León
Luz Molina Lopez
Zuhdia "Dee Dee" Owens, CPA
Ariel Pe
Deidre Robinson
Katrina L. Salazar, CPA
Yen Tu

March 25, 2021

10:04 a.m. to 5:38 p.m.
10:04 a.m. to 5:38 p.m.
10:04 a.m. to 5:38 p.m.
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10:04 a.m. to 5:38 p.m.

CBA Members

Nancy J. Corrigan, CPA, President
Michael M. Savoy, CPA, Vice-President
Mark J. Silverman, Esq., Secretary/Treasurer
George Famalett, CPA
Mary M. Geong, CPA
Karriann Farrell Hinds, Esq.
Dan Jacobson, Esq.
Xochitl A. León
Luz Molina Lopez
Zuhdia "Dee Dee" Owens, CPA
Ariel Pe
Deidre Robinson
Katrina L. Salazar, CPA
Yen Tu

March 26, 2021

10:03 a.m. to 12:21 p.m.
10:03 a.m. to 12:21 p.m.
10:03 a.m. to 12:21 p.m.
Absent
Absent
10:03 a.m. to 12:21 p.m.
10:03 a.m. to 12:21 p.m.
10:03 a.m. to 11:51 a.m.
10:03 a.m. to 12:21 p.m.
10:03 a.m. to 12:21 p.m.
10:03 a.m. to 12:21 p.m.
Absent
10:03 a.m. to 12:21 p.m.
10:03 a.m. to 12:21 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Melissa Alcalde, Section Chief, Business Integration and Project Management Office,
Department of Consumer Affairs (DCA)
Rich Andres, Information Technology (IT) Staff
Michelle Center, Chief, Licensing Division
Victoria Cesar, Office of Public Affairs, DCA
Elizabeth Coronel, Strategic Business Analyst, DCA
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Emmanuel Estacio, IT Support Analyst
Dominic Franzella, Chief, Enforcement Division
Helen Geoffroy, Legal Counsel, DCA
Patrick Ibarra, Information and Planning Officer
Amir Larian, Website Analyst
Heidi Lincer, Chief, Office of Professional Examination Services (OPES), DCA
Tracy Montez, Chief, Division of Programs and Policy Review, DCA
Sean O'Connor, Chief, Project Delivery and Administrative Services, DCA
Danielle Owens, Trainer, DCA
Ryan Perez, Board and Bureau Relations, DCA
Rebecca Reed, Board Relations Analyst

Committee Chairs and Members

Douglas Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)

Kathy Johnson, CPA, Vice-Chair, EAC

Renee Graves, CPA, Chair, Peer Review Oversight Committee (PROC)

Other Participants

Wen Chen, Petitioner

Colleen Conrad, Vice-President and Chief Operating Officer, National Association of State Boards of Accountancy (NASBA)

Patricia D

Jason Fox, Vice President of Government Relations, California Society of CPAs (CalCPA)

Kimberly Johnson

Pat Joyce, KP Public Affairs

Hamid Kabani, Petitioner

Stephanie Perkins, Esq.

Wim van Rooyen, Administrative Law Judge, Office of Administrative Hearings

Ryan Sanjeet, Diamond Court Reporters

Amber Setter

Seth Weinstein, Esq.

I. Public Comments for Items Not on the Agenda.

Public comment was received from Amber Setter, inactive certified public accountant, requesting the CBA to consider continuing education (CE) related to personal growth courses be an acceptable form of CE.

II. Report of the President.

A. Discussion Regarding the California Board of Accountancy's Business Modernization Project.

Sean O'Connor, DCA's Chief of Project Delivery and Administrative Services, stated the CBA is one of 17 programs currently going through the business modernization process to improve their services.

Mr. O'Connor stated depending upon the requirements or process of the program, the scope of the modernization efforts are different. He stated each program goes through planning steps first, including business process mapping and functional requirements identification, which the CBA has already completed. The next step is starting the California Department of Technology's (CDT) Project Approval Lifecycle (PAL). He stated PAL is a process that all medium to large projects go through, which is a set of predetermined check points that the CDT looks at in order to assess whether it seems like a project has everything in order before final contracts are put into place and a base-line for costs and project schedule is established.

Mr. O'Connor stated the CBA is currently completing market research to move forward with a direction on software and system integrators that can be supported by the CBA's budget.

Mr. O'Connor stated by design, this is a business driven initiative. He stated the Organizational Improvement Office wants to make sure it is scaling and providing the types of solutions that makes sense for the CBA from both a requirements and regulation standpoint as well as a staffing and feasibility standpoint. He stated on the information technology side, we have no interest in moving forward in a direction that is not going to be something that the CBA can afford or support on a staffing or feasibility side.

Mr. O'Connor stated DCA has had success with this approach with business modernization projects. He stated an example of a larger scope modernization project would be the Business Modernization Cohort 1's implementation of on-line applications, back office workflows, and enforcement functionality for these boards. He stated they have also been successful with smaller scope modernization efforts, including online renewal transactions that leverage "in house" solutions that don't require significant implementation or software solutions.

Mr. O'Connor stated the CBA is now working on stage two of the modernization project. He stated that in fall 2021 the CBA has a unique opportunity to look at a small pilot-type project where one or two key areas of the business process are used with some of DCA's existing software to see if it will meet the needs of the CBA. He stated the benefit to this is so the CBA can determine whether it can implement a pilot without needing to significantly impact the CBA's budget. He stated if the functionality works, the CBA can then look at scaling it out to other areas of the business process during the following fiscal year.

Mr. O'Connor stated one of the key changes that occurred with implementing the PAL process is that cost baselines or project schedules aren't established until all of the planning is complete and contracts are signed. He stated this is important because it establishes a real cost baseline and project schedule and is the reason why so many of the projects described have been able to come in on-schedule and within or under budget.

Mr. O'Connor stated the old way of rolling out software and implementing changes was to work on a project for three years and to implement everything all at once. He stated this caused major staff disruption and included high intensity retraining. He stated this process did not work well for DCA.

Mr. O'Connor stated this new process of rolling out software in increments allows the CBA to target specific areas of business function that can be carved out. He stated the CBA can focus on those areas and roll that out to production as opposed to waiting for three years and then doing everything at

once. He stated the benefits to this is there is less disruption over time. He stated we can look at certain areas of the board from a licensing perspective, specific applications, specific units, workflows, and roll those out in a strategic manner so we are training staff in a more manageable way. He stated the larger benefit to this is that we are able to achieve and get functionality out to production much quicker.

Mr. O'Connor stated an effective way to control vendor quality and vendor costs is through contracts that use a Work Order Authorization (WOA) process. He stated when doing a large-scale software implementation, we need to bring on a system integrator which is a group of individuals who are familiar with implementing the software that was selected. He stated that the CBA and DCA will identify a scope of work, a set of tasks of deliverables, and then break this down into chunks and create mini contracts or WOAs, within the larger contract. He stated WOAs provide a way to break up work into 30-45 day sections. He stated this allows the CBA to have the ability to pause with the vendor and let the vendor know that the tasks are not working and not to include the tasks in the next WOA. He stated this enables the project to remain on the time-frame and control costs.

Ms. Owens inquired regarding the timeline of the CBA's business modernization project.

Mr. O'Connor stated that implementation for the pilot project is scheduled for the fall of 2021. He stated the exact timeline is not yet set. He stated after the pilot is implemented, CBA and DCA will evaluate it and then determine whether to move forward with the software vendor for a large scope of the project. He stated the larger scope project would likely begin in fiscal year 2022-23.

B. Report on the Department of Consumer Affairs' President's Training.

President Corrigan reported she and Vice-President Savoy attended DCA's President's Training on February 2, 2021. She stated DCA developed the training to assist board presidents in understanding the scope of a President's role, board member management and administrative duties, managing relationships with the Executive Officer, and understanding how to run an effective board meeting.

President Corrigan stated DCA discussed the scope of a President's role, which included the skills that are necessary to the effectiveness of any board president.

President Corrigan indicated part of her role as President is board member management, which ensures that board members are in compliance with required trainings and are performing their duties as a member of the board.

President Corrigan stated there was also discussion regarding the importance of managing the relationship with the Executive Officer to ensure she is effective in her oversight of daily operations. She stated it is the daily operations of the CBA that effectuate the decisions made by the CBA and implement our vision.

President Corrigan stated the final item discussed at the training was understanding how to run an effective board meeting. She stated some of the steps in conducting an effective meeting include:

- Providing sufficient time for board member deliberation
- Ensuring public comment is requested and considered
- Dealing with difficult topics and varying opinions
- Deciding when to call a vote
- Keeping the meeting running

President Corrigan stated it is important to ensure all members have uninterrupted time to share their comments, which during our WebEx meetings involves extreme organization and reliance on members to use the “hand raise” feature so they can be fully heard.

President Corrigan encouraged any CBA member serving as President or Vice-President in the future to participate in the President’s Training.

- C. Resolution for Retired California Board of Accountancy Member, Carola Ana Nicholson, CPA.

It was moved by Ms. Salazar and seconded by Ms. Hinds to approve the resolution for Carola Ana Nicholson, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Mr. Silverman.

Abstain: None.

- D. Resolution for Retiring Qualifications Committee Member, Kristian George, CPA.
- E. Resolution for Retired Qualifications Committee Member, Charles W. Hester, Sr., CPA.
- F. Resolution for Retired Qualifications Committee Member,

Cliff J. Leiker, Jr., CPA.

- G. Resolution for Retiring Enforcement Advisory Committee Member, Thomas Gilbert, CPA.
- H. Resolution for Retiring Peer Review Oversight Committee Member, Jeffrey De Lyser, CPA.
- I. Resolution for Retired Peer Review Oversight Committee Member, Iryna Oreshkova, CPA.

It was moved by Ms. Robinson and seconded by Ms. Tu to approve the following resolutions:

- **Kristian George, CPA**
- **Charles W. Hester, Sr., CPA**
- **Cliff J. Leiker, Jr., CPA**
- **Thomas Gilbert, CPA**
- **Jeffrey De Lyser, CPA**
- **Iryna Oreshkova, CPA**

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Mr. Silverman.

Abstain: None.

- J. Discussion Regarding the Proposed California Board of Accountancy and Committee Meeting Format and Announcement of the New Committee and Liaison Assignments.

President Corrigan stated due to provisions of Governor Gavin Newsom's Executive Order N-29-20 as a result of the COVID-19 pandemic, travel restrictions and social distancing requirements necessitated CBA meetings be conducted by way of video conference. She stated as a result of the change, there have been no committee meetings and all committee business has been conducted under the President's report as part of the CBA meeting agenda. She stated now that the CBA, stakeholders, and members of the public have become acclimated to the virtual meeting format, it is important to resume the standing committee meetings.

President Corrigan stated beginning in May 2021, the standing committees will resume meetings in conjunction with the CBA meeting. She stated the

committee and CBA meetings will be conducted over a two-day format, with committee meetings held on Thursdays, followed by any scheduled petition hearings at 1:30 p.m., and closed session being conducted just after the hearings. She stated the CBA public meeting portion will be conducted on Fridays starting in the morning.

President Corrigan stated the change in the meeting format will allow sufficient time for consumers, members, and staff to transition between committee meetings in the video conference format. She stated this would also provide sufficient time for staff to prepare talking points for the committee Chairpersons to assist in their committee reports during the Friday CBA meeting.

President Corrigan stated no appointments are being made to the Mobility Stakeholder Group (MSG). She stated the MSG's purpose was to assist the CBA with the implementation of its mobility program, which has concluded. She stated additional work, if any, can be conducted within one of the standing committees or at a future CBA meeting. She stated staff will be providing a presentation on a proposed statutory change to disband the MSG at a future meeting.

Ms. Molina Lopez inquired if the meeting is only a one-day meeting, when will the committee reports be provided to committee chairs.

President Corrigan stated starting in May, the CBA meetings will be two-day meetings.

Ms. Hinds inquired if there has been any updates on when the CBA will be able to resume in-person meetings.

Ms. Bowers stated there have been no indication when in-person meetings will resume.

K. National Association of State Boards of Accountancy Committee Interest Form.

President Corrigan stated members interested in serving on a NASBA committee should submit an application by the deadline of May 7, 2021.

L. Discussion and Possible Action on the Acceptance of Scores from the Pilot Administration of the Uniform Certified Public Accountant Examination by Remote Proctor.

Ms. Center provided an overview of this agenda item.

Ms. Center stated from March 18 through April 30, 2020 Prometric testing centers shut down due to COVID-19 and reopened in May 2020 with

additional safety measures and limited capacity. She stated the COVID-19 pandemic experience has identified the need for an alternate approach to ensure testing continues in times of emergency. She stated NASBA and the American Institute of Certified Public Accountants (AICPA) agreed that it is prudent to perform a small-scale live test of the Uniform CPA Examination (CPA Exam) remote proctoring before it may be needed for emergency use.

Ms. Center stated at the January 2021 CBA meeting, NASBA presented on Prometric's ProProctor product and the phased pilot approach it is undertaking.

Ms. Center stated NASBA, AICPA, and Prometric released a White Paper titled *Proposed Pilot of Remote Proctoring of the CPA Examination: Update and FAQs for Boards of Accountancy*. She stated the remote proctor pilot is being structured to test a true remote proctored production environment that will test software, systems, interfaces, and processes while also reducing risk by restricting the exam content, candidates, and testing window.

Ms. Center stated the piloting with actual CPA candidates is anticipated to begin in the second quarter of 2021 and is a vital aspect of the approach to test and analyze the feasibility of the implementation of ProProctor in support of remote proctoring. She stated the remote proctor pilot will include a small number of volunteer candidates from selected boards of accountancy. She stated candidates will not be required to participate in the remote proctor pilot.

Ms. Center stated while the remote proctor pilot will not include California candidates, it is possible that candidates from other states who do participate may seek licensure in California. She stated these candidates would be required to transfer their CPA Exam scores to California as a requirement of the CPA licensure application process.

Ms. Center stated NASBA sent a letter to all boards requesting them to determine if they have authority to not accept scores from the remote proctor pilot. She stated after review of California statutes, CBA legal counsel did not find any statute that would provide the CBA authority to not accept scores determined by AICPA to be valid.

It was moved by Ms. Robinson and seconded by Mr. Pe to submit a letter to NASBA informing them that California will accept valid scores from candidates participating in the remote proctor pilot for licensure in California.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Mr. Silverman.

Abstain: None.

M. Review and Consideration of Possible Positions on Legislation.

1. Assembly Bill 29 – State Bodies: Meetings.

Mr. Ibarra stated Assembly Bill (AB) 29 would require that any public meeting notice issued pursuant to the Bagley-Keene Open Meeting Act must also include all writings or materials in connection with a matter subject to discussion or consideration at that meeting. He stated these writings or materials are to be made available on the state body's internet website, and to any person who requests the writings or materials in writing, on the same day they are distributed to members of the state body or at least 72 hours in advance of the meeting, whichever is earlier.

Mr. Ibarra stated AB 29 would prohibit a state body from distributing or discussing materials that do not comply with this requirement. He stated although it is possible the provisions could impact CBA discussions, the ultimate goal is transparency, which is the focus of the Open Meeting Act.

Ms. Hinds inquired if the author's office is accepting any comments on AB 29 or have staff considered submitting any comments. She stated it seems like there should be some kind of exception or a way to allow meeting materials to be distributed and discussed but maybe not acted upon. She stated while the CBA continues to operate under the pandemic and current circumstances there should be a way for state bodies to have last minute items up for discussion.

Ms. Pearce stated the reason staff were focusing on a Watch position on AB 29 is because the CBA is not being precluded from taking action on anything. She stated it is being precluded from providing any more written materials past the 72-hour timeframe. She stated staff can provide information to the CBA within a verbal update. She stated one of the things it would impact the most is legislation. She stated staff receive frequent updates regarding legislation and often just before a meeting.

Ms. Hinds requested further discussions regarding AB 29. She stated it puts the CBA at a disadvantage to properly review and consider information that staff receive within that 72-hour time-frame, especially as it pertains to legislative items.

Ms. Pearce inquired if Ms. Hinds wanted the CBA to pursue some sort of exemption from the 72-hour requirement for legislative type meeting items.

Ms. Hinds stated that is one of the exemptions she would like staff to pursue with the author's office.

Ms. Molina Lopez stated her concerns are AB 29 would slow down board business and the CBA would not be able to conduct business in an efficient manner.

Ms. Molina Lopez inquired on how AB 29 would affect the receipt of meeting materials for closed session.

Ms. Pearce stated AB 29 would not impact closed session materials.

Mr. Jacobson stated transparency is very important, however, AB 29 seems to require staff to be so involved with transparency that staff may not be able to complete other work. He stated he might support AB 29 if the materials were just required to be posted to the website.

Ms. Salazar stated that she understands a verbal report on additional items would impact the brevity of a meeting. She requested in conjunction with the verbal report, members be provided written report. She stated some learners are visual, verbal and some may need to take time with translations. She stated presenting information with full transparency might be a way to compromise by allowing multiple modes.

It was moved by Ms. Hinds and seconded by Ms. Salazar to adopt a Watch position on AB 29 with the request that staff report back to the CBA after discussions with the author's office.

Yes: Ms. Corrigan, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: Mr. Jacobson.

Absent: Mr. Famalett and Ms. Geong.

Abstain: None.

2. Assembly Bill 107 – Licensure: Veterans and Military Spouses.

Mr. Ibarra stated AB 107 would expand the existing provisions for the granting of temporary licenses to include the California Board of Accountancy, as well as seven other Department of Consumer Affairs boards, and requires the issuance of that license within 30 days.

Mr. Ibarra stated for boards which currently do not offer temporary licensure, this bill would require them to issue a regular license after appropriate investigation, if the applicant meets specified requirements.

Mr. Ibarra stated the provisions requiring the issuance of a temporary license would not apply to a board that has a process in place by which an out-of-state licensed applicant in good standing who meets the veteran or military spouse criteria identified in the bill and is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year.

Mr. Ibarra stated AB 107 also makes other provisions for the Department of Consumer Affairs and the Department of Veterans Affairs that does not directly impact the CBA.

Mr. Ibarra stated the CBA would be excluded from the provisions of the bill as there is a process in place by which an individual who meets the specified qualifications can receive expedited licensure or qualify to practice under the current mobility provisions.

Mr. Ibarra stated AB 107 has passed the Assembly Business and Professions Committee, and is now scheduled for a hearing in the Assembly Military and Veterans Affairs Committee.

Mr. Jacobson inquired how AB 107 relates to AB 225.

Ms. Pearce stated there are similarities with AB 107 and AB 225. She stated AB 107 would require the issuance of a temporary license and AB 225 would require issuance of a permanent license that can be withdrawn at a later time.

Ms. Tu inquired if there is a sunset on AB 107.

Ms. Pearce stated the CBA would be excluded from AB 107 because the CBA has a provision in place that allows for expedited licensure or for an individual to practice under mobility provisions.

Ms. Molina Lopez stated the language in AB 107 identifies a 30-day period for the issuance of these temporary licenses. She inquired if the CBA's process falls within a 30-day time-frame.

Ms. Pearce stated the CBA's expedited process for military individuals takes about 1-2 days for licensure. She stated under the mobility provision there are no fees and those practice rights are immediate.

It was moved by Ms. Molina Lopez and seconded by Ms. Owens to adopt a Support position on AB 107.

Yes: Ms. Corrigan, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: Mr. Jacobson.

Absent: Mr. Famalett and Ms. Geong.

Abstain: None.

Ms. Tu's vote was not captured due to technical issues.

3. Assembly Bill 225 – Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.

Ms. Pearce stated AB 225 would require the CBA, and several other boards within DCA who do not presently offer a temporary license, to issue a license to an applicant who meets specified criteria.

Ms. Pearce stated the CBA has provisions that enable immediate practice rights and provisions that require expedited licensure for military-related individuals who seek a CPA license.

Ms. Pearce stated because of these existing provisions, staff have been working with the author's office on amendments to exclude boards and bureaus that can facilitate immediate practice rights. She stated the author's office seemed amenable to our proposed amendments and staff are awaiting for additional information.

It was moved by Ms. Molina Lopez and seconded by Mr. Jacobson to adopt a Support if Amended position on AB 225.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett and Ms. Geong.

Abstain: None.

4. Assembly Bill 298 – Accountancy: California Board of Accountancy.

Ms. Pearce stated AB 298, a bill that is sponsored by the CBA, contained the following provisions:

- Authorizes an applicant to take the CPA Exam prior to completing the necessary educational requirements.
- Provides specific authority for the secretary-treasurer to preside at meetings of the CBA and authorizes the CBA President to designate a non-officer board member to preside if all officers of the board are absent or unable to act at that meeting.
- Clarifies that email addresses provided by applicants and licensees are not to be considered a public record and not disclosed under the Public Records Act.

Ms. Pearce stated working with stakeholders, staff have identified amendments to AB 298 for CBA consideration.

Ms. Pearce stated the first amendments relate to the CPA Exam before education completion proposal. She stated the proposed amendments provide more detail, including the timeframe for submission of an application for the CPA Exam and the timeframe for the submission of transcripts documenting completion of the educational requirements.

Ms. Pearce stated the second proposed amendment relates to the ethics education requirement for CPA licensure, specifically the provision that requires a minimum of three semester units or four quarter units in courses devoted to accounting ethics or accountants' professional responsibilities.

Ms. Pearce stated based on feedback from stakeholders, this requirement may be creating a barrier for out-of-state applicants to complete their education.

Ms. Pearce stated working with stakeholders, staff is proposing to include two additional course options that would meet this specific requirement which are Auditing and Fraud. She stated these additional courses still maintain a strong foundation in ethics education that applicants must meet before CPA licensure.

Ms. Pearce stated staff are also proposing to make some non-substantive edits to provisions that are outdated.

Mr. Fox stated CalCPA supports both of the changes to continuing education requirements and the changes are going to be very helpful to a lot of candidates coming through the pipeline.

Mr. Joyce stated he also supports the changes as the changes are very important to accounting firms in terms of removing barriers.

It was moved by Ms. Robinson and seconded by Mr. Jacobson to:

- **Maintain the CBA’s Sponsor position on AB 298**
- **Approve the proposed new language for Business and Professions Code section 5093.5 regarding taking the CPA Exam prior to completion of the education requirements**
- **Approve the proposed language in Business and Professions Code section 5094.3 regarding the ethics education requirement**
- **Direct staff to work with the author’s office to have both proposals amended into AB 298**

Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.

Abstain: None.

5. Assembly Bill 646 – Department of Consumer Affairs: Boards: Expunged Convictions.

Mr. Ibarra stated AB 646 would require a licensing board under DCA, including the CBA, to update information on its website regarding licensees who have had their licenses revoked due to criminal convictions that are subsequently expunged, pursuant to Penal Code section 1203.4.

Mr. Ibarra stated AB 646 raises various implementation concerns that need to be addressed with the author’s office. He stated potential amendments the CBA may seek to pursue include:

- Consider requesting the author amend the bill to clarify that the terms “reapplies” and “relicensed” have the same meaning as “petition” and “reinstated.”
- Clarify that the actions required of a DCA board or bureau only apply in situations where all criminal convictions associated with the revocation are expunged pursuant to PC section 1203.4.
- Clarify that a revocation that includes both criminal and non-criminal violations of the law is excluded from the requirements of AB 646.
- Clarify how a board/bureau should reference the status of a license displayed through the online License Lookup search tool under these circumstances.

Mr. Ibarra stated AB 646 has passed the Assembly Business and Professions Committee, and is now scheduled for a hearing in the Assembly Appropriations Committee.

Mr. Ibarra stated as AB 646 presently exists, there could be a fiscal impact and staff are continuing to work on that analysis. He stated that there is a fee for an individual to pursue this option, which may offset some costs.

Mr. Jacobson requested additional information regarding the criminal and non-criminal issues with the potential amendments to AB 646. He inquired how a non-criminal issue would be involved if it involves expungement of criminal issues.

Mr. Franzella stated there are certain board accusations and final decisions that result in dispositions that charge not only criminal actions but also charge other violations that would be non-criminal in nature. He stated there could be final disposition with both elements. He stated AB 646 does not provide clarity when a situation like this exists.

Mr. Jacobson inquired if this bill was introduced in 2020 as a two-year bill and if so, did the CBA take a watch position.

Mr. Franzella stated staff were planning to present the bill at the March 2020 meeting which was cancelled due to COVID-19. He stated that was the end of the two-year session so the bill has been reintroduced as part of the new two-year bill cycle.

It was moved by Mr. Jacobson and seconded by Ms. Robinson to adopt a Watch position on AB 646.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, and Mr. Silverman.

No: Ms. Salazar and Ms. Tu.

Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.

Abstain: None.

6. Assembly Bill 1026 – Business Licenses: Veterans.

Mr. Ibarra stated AB 1026 would require DCA and any board within DCA, to grant a 50 percent fee reduction for an initial license to applicants who provide satisfactory evidence that they have served as an active duty member of the United States Armed Forces or the California National Guard and were honorably discharged.

Ms. León inquired if the CBA currently provides any fee reductions for licensees.

Ms. Pearce stated that this would be the first piece of legislation that staff have seen that is proposing this type of fee reduction. She stated that the CBA does have a provision in place for license renewal that does allow for waiver of fees for a military individual.

Ms. León stated there are many communities that have been impacted recently by COVID-19, including people with disabilities and low to moderate income areas. She stated there are many that could use a reduction in fees so we can remove any financial barriers.

Ms. Robinson requested this bill include other communities that may be as impacted as the military. She inquired if it would be appropriate for staff to talk with the author's office regarding including additional communities within AB 1026.

Ms. Salazar requested staff not request the author's office to include additional communities within AB 1026. She stated we are in the beginning of the legislative session and additional bills could be addressing this. She stated with other legislation regarding the military often it was a specific reaction to the movement that is forced upon members of the military and not necessarily a financial issue.

It was moved by Ms. Tu and seconded by Ms. León to adopt a Support position on AB 1026.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.

Abstain: None.

7. Assembly Bill 1386 – License Fees: Military Partners and Spouses.

Mr. Ibarra stated AB 1386 would prohibit a board within DCA from charging an initial or original license fee to an applicant who meets the existing expedited licensing requirements for spouses, domestic partners, or other legal partners of members of the armed forces with an assigned duty station in California.

Mr. Ibarra stated AB 1386 has been referred to the Assembly Business and Professions Committee and is awaiting a hearing date.

It was moved by Mr. Jacobson and seconded by Ms. Owens to adopt a Support position on AB 1386.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.

Abstain: None.

8. Senate Bill 772 – Professions and Vocations: Citations: Minor Violations.

Mr. Ibarra stated Senate Bill (SB) 772 would prohibit any board, bureau, or commission within DCA from assessing an administrative fine for a violation of the applicable licensing act or any adopted regulation if the violation is a minor violation.

Mr. Ibarra stated the bill defines a minor violation as one in which specified conditions are met.

Mr. Ibarra stated according to SB 772, one of the conditions is a violation is minor if there is no evidence that the violation was willful. He stated the language in SB 772 does not define what willful would entail.

Mr. Ibarra stated historically, for administrative matters, the courts do not view willful as intentional; rather, the typical standard for willful is an act where a violator knew or should have known of the violation and have chosen to ignore the rule of law. He stated accordingly, by committing the violation, the act is willful. He stated this would appear to run contrary to the author's intentions.

Mr. Ibarra stated SB 772 also does not clearly define what constitutes "notice." He stated is a notice, for this purpose, the initial letter informing the licensee that there is a potential violation, or is the notice the citation itself, which is issued when a violation occurs and is accompanied by the fine assessment. He stated under existing law, there appears to be no ability to separately issue the citation and the accompanying fine.

Mr. Ibarra stated the CBA's largest number of citations are issued for failing to comply with the minimum yearly continuing education requirement. He stated since this violation is not one that can be corrected

and would not meet the last condition previously mentioned in SB 772, if this measure were to pass, there would likely be a minimal fiscal impact to the CBA, which staff are presently working on and will be presented at the May CBA meeting.

It was moved by Ms. Molina Lopez and seconded by Ms. Robinson to adopt a Watch position on SB 772 and directed staff to send a letter to the author identifying concerns regarding the lack of a definition for the term “notice” and “willful.”

Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.

Abstain: None.

9. Assembly Bill 339 – State and Local Government: Open Meetings.

Ms. Pearce stated AB 339 would make changes to the three primary Open Meeting Acts in California, which apply to state agencies, local governmental entities and the Legislature. She stated the CPA operates under the Bagley-Keene Open Meeting Act.

Ms. Pearce stated in addition to the existing provisions of the Bagley-Keene Open Meetings Act, AB 339:

- Revises the definition of a “meeting” of a state body under the Bagley-Keene Act to include a virtual congregation of a majority of members of a state body using teleconference technology.
- Requires that all meetings include an opportunity for all persons to attend via a call-in option or an internet-based service option that provides closed captioning services. Both a call-in and an internet-based service option shall be provided to the public.
- Requires that at least one member of the state body shall be physically present at the location specified in the notice of the meeting to ensure that members of the public are able to give public comment in person. This location must be publicly accessible and able to accommodate a reasonable amount of people, given the circumstances.
- Requires that instructions on how to attend the meeting of the state body via call-in or internet-based service will be posted online along with the meeting agenda at least 72 hours before all regular meetings and at least 24 hours before all special meetings.

- Requires that, consistent with the Dymally-Alatorre Bilingual Services Act, the posted meeting instructions shall be translated into all languages of which 5 percent of the population of the state body's jurisdiction speaks.

Ms. Pearce stated as proposed, there may be some minor impacts to the CBA, however, all are focused on increased transparency and public participation.

Ms. Pearce stated the author's office has informed DCA that this bill may undergo amendments, which may remove impacts to state agencies. She stated if AB 339 is not amended, staff will provide further analysis for consideration at the May CBA meeting.

Ms. Pearce stated staff recommend the CBA monitor AB 339 and not take a formal position. She stated staff will continue to monitor AB 339 for amendments that may exclude state entities.

Ms. Molina Lopez inquired on how monitoring a bill is different from a Watch position.

Ms. Pearce stated that staff monitoring the bill is internal and taking a Watch position is on the record.

Ms. Salazar stated the CBA should weigh in on critical items in the bill. She stated she would support staff monitoring the AB 339.

There was no position taken on AB 339 and staff will monitor AB 339 for amendments.

N. Review and Consideration of Possible Positions on Legislation the California Board of Accountancy is Monitoring.

1. Assembly Bill 2 – Regulations: Legislative Review: Regulatory Reform.
2. Assembly Bill 54 – COVID-19 Emergency Order Violation: License Revocation.
3. Assembly Bill 69 – State of Emergency: Termination After 60 Days: Extension by the Legislature.
4. Assembly Bill 343 – California Public Records Act Ombudsperson.
5. Assembly Bill 473 – California Public Records Act.
6. Assembly Bill 587 – Consumers.

7. Assembly Bill 703 – Open Meetings: Local Agencies: Teleconferences.
8. Assembly Bill 770 – Business.
9. Assembly Bill 821 – Local Government: Open Meetings.
10. Assembly Bill 830 – Department of Consumer Affairs: Director: Powers and Duties.
11. Assembly Bill 884 – State Agencies: Audits.
12. Assembly Bill 1291 – State Bodies: Open Meetings.
13. Senate Bill 102 – COVID-19 Emergency Order Violation: License Revocation.
14. Senate Bill 209 – State of Emergency: Termination After 7 Days. Extension by the Legislature.
15. Senate Bill 534 – Department of Consumer Affairs.
16. Senate Bill 600 – Administrative Procedure Act.

Mr. Ibarra stated CBA Item II.N.1-16. are bills that staff are monitoring and will bring to the CBA for consideration if any develop into a proposal that is relevant to the CBA.

- O. Legislative Items for Future Meetings. The California Board of Accountancy may discuss other items of legislation in sufficient detail to determine whether such items should be on a future Legislative Committee agenda and/or whether to hold a special meeting of the Legislative Committee to discuss such items pursuant to Government Code section 11125.4.

There was no report on this agenda item.

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

Mr. Perez reported COVID-19 has effected every aspect of our work. He stated DCA offices remain open with preventative measures in place to safeguard the health and safety of staff and visitors. He stated DCA boards and bureaus maximizing telework to help reduce the transmission risk to all employees.

Mr. Perez stated on January 12, 2021 Monica Vargas was appointed as DCA's Deputy Director of Communications and on February 2, 2021 Sara Murillo was appointed as DCA's Deputy Director of Administrative Services.

Mr. Perez stated one of the top priorities of Board and Bureau Relations (BBR) is appointments. He stated the CBA currently has one vacancy which was previously held by Carola Nicholson, CPA. He stated CBA member Dan Jacobson is currently serving his grace period, which will end on January 1, 2022, unless Mr. Jacobson is reappointed. He stated information for anybody interested in serving on a board can be found on DCA's website under board member resources.

Mr. Perez stated 2021 is a mandatory Sexual Harassment Prevention training year. He stated all DCA board members and employees are required to take the training this year. He stated the Form 700 filings are due by April 1, 2021.

Mr. Perez stated BBR recently held a Brown Bag training on the topic of stakeholder engagement for board leadership. He stated the purpose of the training was to discuss the most effective ways to include all members' voices while maintaining appropriate boundaries and keeping focus on consumer protection. He stated the DCA Executive Office, Legal, Legal Affairs Division, and Communications Division joined in the discussion of transparency, perceptions, and the legal requirements for interacting with industry associations, advocates, licensees, and the public.

Mr. Perez stated the DCA Executive Office also recently hosted a meeting for board leadership. He stated Director Kimberly Kirchmeyer and Deputy Director Christine Lally provided updates on a variety of topics, including licensing compacts, COVID-19 related issues, and reappointment guidance. He stated the department has received positive feedback relating to these sessions and there will be more to come.

Mr. Perez reported on two new initiatives launched by DCA. He stated the first is the Executive Officer Cabinet. He stated this group of board and bureau executives will maintain regular communication, provide feedback and information to DCA, and assist with special projects that will impact all boards and bureaus. He stated the second initiative is the Enlighten Licensing Project. He stated this group is being formed to utilize licensing subject matter experts within the entire department. He stated the group will help individual boards and bureaus streamline and make their licensing process more effective and efficient by utilizing best practices, information technology, and other cost-saving measures.

Mr. Jacobson inquired on his grace period end date. He stated he was appointed on September 1, 2017 by the Speaker of the Assembly. He inquired if his full term would end on September 1, 2021, not including his grace period.

Mr. Perez stated his records do show that Mr. Jacobson was appointed on September 1, 2017 with an expiration of January 1, 2021. Staff will check Mr. Jacobson's term expiration date and grace period.

President Corrigan stated she, along with Vice-President Savoy, attended the Brown Bag training that was held on March 19, 2021. She stated the topic of the session was consumer protection. She stated DCA plans to continue having brown bag sessions. She stated the sessions are very valuable.

President Corrigan stated she and Vice-President Savoy also attended a meeting on March 23, 2021. She stated they received updates on what was happening within DCA. She stated CBA Licensing Chief, Michelle Center will be representing the CBA for the Enlightening Licensing Project.

Vice-President Savoy stated the meetings were very enlightening and it was good to hear from other members within DCA.

III. Report of the Vice-President.

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

It was moved by Mr. Savoy and seconded by Mr. Jacobson to:

- **Reappoint Doug Aguilera, CPA**
- **Reappoint David L. Kral, CPA**
- **Reappoint Chris V. Tegtmeyer, CPA**
- **Appoint Nathan Cowley, CPA**
- **Appoint Jennifer E. Ziegler, CPA**

Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.

Abstain: None.

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

It was moved by Mr. Savoy and seconded by Ms. Tu to reappoint Angela Honzik, CPA and José Palma, CPA.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.

Abstain: None.

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

It was moved by Mr. Savoy and seconded by Ms. Salazar to reappoint Sharon Selleck, CPA and Kevin Harper, CPA.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.

Abstain: None.

- D. Update on Activities for Committee Recruitment.

Mr. Savoy stated staff have been actively recruiting to fill several vacancies on the advisory committees; however, the CBA has received very little interest. He stated currently the EAC, PROC, and QC have one or more vacancies within each committee.

Mr. Savoy stated current recruitment efforts include:

- Maintaining a permanent page on the CBA's website that focuses on volunteering and serving on a CBA advisory committee and enhancing the visibility of the committee information on the homepage.
- Providing committee interest information in the *UPDATE* publication and the Monthly Report of the Executive Officer.
- CalCPA sharing the information with their membership.
- Direct emails to current and recently retired committee members seeking assistance with committee recruitment.

Mr. Savoy stated for future recruitment efforts, staff are working on the following:

- Creating a video regarding serving on an advisory committee
- Creating a brochure for distribution at meetings and events
- An email campaign
- Social Media
- Including information on the insert with the CPA renewal applications

Mr. Savoy stated although staff are increasing recruitment efforts, any assistance that CBA members can provide by sharing information with colleagues on this opportunity would be welcomed.

Ms. Tu stated trying to recruit during tax season may be difficult as it is a busy time for CPAs. She requested staff send an email out with information regarding the committee information and time constraints.

Ms. Robinson inquired if there was a specific staff member that is responsible for committee recruitment. She stated usually when there is such difficulty when doing recruitment, there needs to be one person that may be leading the process.

Ms. Bowers stated she is the primary contact for those interested in serving on a committee. She stated she has a team of staff that assist with the recruitment.

Ms. Robinson inquired on what type of information has been received from the recruitment effort. She inquired if staff are expanding recruitment efforts to be included in outreach events. She inquired on how she could assist with recruitment.

Ms. Bowers stated interest has been minimal. She stated staff have started to include recruitment efforts during outreach events. She stated she welcomes any suggestions from members regarding recruitment.

Ms. Salazar suggested a long view effort for recruitment. She stated the members volunteer their time to participate on the committees. She inquired if there could be more recognition for these members or if members can be highlighted within the *UPDATE* publication. She stated this would help others be aware of the opportunity to serve on a committee.

Mr. Savoy requested committee members speak at the next few CBA meetings regarding their service on a committee.

Mr. Pe suggested the CBA go a little bit granular with committee recruitment. He suggested the CBA utilize an app in which licensees could submit their committee interest.

Ms. Tu inquired if staff reach out to any of the large CPA firms for committee recruitment.

Ms. Bowers stated staff do reach out to firms and there are committee members and past board members that staff have worked with to reach out to their colleges within the large firms.

Mr. Fox stated CalCPA is committed to assisting the CBA with committee recruitment.

IV. Report of the Secretary/Treasurer.

A. Discussion of the Fiscal Year 2020-21 Mid-Year Financial Statement.

Mr. Silverman reported the CBA budget authority for the current fiscal year is now set at \$16,323,000. He stated the budget reflects adjustments made for the 9.23 percent reduction in staff compensation and the accompanying reduction in pro rata expenses.

Mr. Silverman stated actual expenditures and encumbrances as of December 31, 2020 were nearly \$8.1 million and represent about 49.4 percent of the CBA budget. He stated based on these figures, the CBA is currently projected to end fiscal year 2020-21 with a budget surplus of 7.88 percent. He stated enforcement expenditures through December 31, 2020 totaled \$390,134.

Mr. Silverman stated revenue through fiscal month six totaled approximately \$9.1 million, which is an increase of almost 64 percent over revenues for the same period in the previous fiscal year. He stated the increase was due to the license renewal and initial licensing fee increases that became effective January 1, 2020. He stated revenue projections through the end of fiscal year 2020-21 are over \$17.7 million.

Mr. Silverman stated the projections reflect that the CBA will end the current fiscal year with 8.2 months in reserve. He stated the projection for future fiscal years indicates increased revenue due to the license renewal and initial licensure fee increase to \$250 that was implemented January 1, 2020.

Mr. Silverman stated all state agencies will assume a permanent 5 percent reduction to their operating budget beginning in fiscal year 2021-22. He stated following the January CBA meeting, DCA informed the CBA that its 5 percent reduction target was modified from \$190,000 to \$53,000. He stated the reduction plan is currently undergoing review by the Department of Finance.

Mr. Silverman reported work is resuming on the Fee Analysis that is being conducted by Crowe, LLP. He stated this analysis of CBA business processes is necessary in order to insure that the CBA's fees are appropriately structured. He stated an initial meeting was held in early March 2021 and progress updates will be presented to the board and the results of the analysis are expected to be presented at the November CBA meeting.

V. Petition Hearings.

A. Wen Chen, CPA 137781 – Petition for Reinstatement of Surrendered Certificate.

The CBA heard Wen Chen's petition for reinstatement of surrendered certificate.

- B. Hamid Kabani, CPA 58074/Kabani & Company, Inc., COR 4710 – Petition for Reinstatement of Surrendered Certificates.

The CBA heard Hamid Kabani's petition for reinstatement of surrendered certificates.

- VI. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy will Convene into Closed Session to Deliberate on the Above Petitions.
- VII. Report of the Executive Officer.
 - A. Discussion and Possible Action Regarding the California Board of Accountancy 2021 Communications and Outreach Plan (2021 Plan).

Mr. Ibarra stated the goal of the Communications and Outreach Plan is to provide a framework that discusses the CBA's strategic communication goals and how it intends to increase the volume and effectiveness of its activities in pursuit of those goals.

Mr. Ibarra stated while many priorities set out in the California Board of Accountancy 2020 Communications and Outreach Plan were accomplished last year, not all that were identified were achieved. He stated of those that are still outstanding, most have been included as a priority for 2021.

Mr. Ibarra stated many aspects of the 2021 Plan are consistent with the CBA-approved 2020 Plan, including target audiences, messaging goals, and priorities. He stated the 2021 Plan also discusses the role of partnerships and communication assets enlisted by the CBA to reach target audiences, including the *UPDATE* newsletter, the CBA website, social media, and both virtual and possibly in-person outreach events in 2021.

Mr. Ibarra stated staff identified new priorities for consideration in the 2021 Plan, including developing new partnerships with educational institutions and consumer protection organizations; an increased number of outreach events this year, including one hosted by the CBA; video and audio-based opportunities, such as a video series and podcast; enhanced social media engagement and website updates; and increased military support and assistance to refugees, asylees, and special immigrant visa holders.

Mr. Ibarra stated staff are on track to publish three *UPDATE* newsletters. He stated the redesigned look, which was a priority task from 2020, has been well received and provides more interactive links. He stated to further

enhance the readability, staff will continue exploring online publishing options this year.

Mr. Ibarra stated outreach events continue to be an ongoing priority in 2021, as many are already planned for spring and beyond. He stated the CBA participated in five outreach events in 2020, with a mixture of in-person and virtual events due to COVID-19 adjustments. He stated there have already been two outreach event in 2021 and three more scheduled through May. He stated staff also plan to explore the CBA hosting its own statewide virtual event this year.

Mr. Ibarra stated the CBA will resume its effort to accomplish a video series in collaboration with CalCPA that would explain to applicants and consumers the examination, education and experience requirements for licensure. He stated this was originally planned for 2020, but ultimately rescheduled production of that series for 2021.

Mr. Ibarra stated staff will continue to pursue enhancements to the CBA's website to provide new resources and clear information for our web visitors. He stated staff will continue work on the consumer pages and will also add information and resources to the website on how to help prevent elder financial abuse, as well as provide quick access to information about expedited licensing opportunities through the CBA's Military and Refugee Liaison.

Mr. Ibarra stated the CBA's social media channels continue to increase in followers on channels like Facebook, Twitter, LinkedIn, and YouTube. He stated the CBA will continue to use these channels to increase its messaging reach about CBA meetings, licensing requirements, and other items of interest to stakeholders.

Mr. Ibarra stated information regarding application processing times was added to the CBA's website as a weekly update in 2020 and that will continue, to provide transparency regarding application processing timeframes. He stated staff are also finding new ways to use social media channels, such as promoting open positions with Investigative CPA and committee member recruitment messaging.

Ms. Salazar stated that the CBA may wish to comment on the multilingual outreach options on the CBA website. She stated it does compliment the Communications and Outreach Plan by adding more information regarding multilingual resources.

It was moved by Mr. Silverman and seconded by Ms. Hinds to approve the 2021 Communications and Outreach Plan.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León,

Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.

Abstain: None.

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

Mr. Ibarra reported the CBA participated in two virtual outreach events in the first two months of the year, with three more on the calendar in the next two months.

Mr. Ibarra stated on January 25, 2021 the CBA teamed up with Golden Gate University (GGU) for an event titled "CPA – Game Changer!" He stated President Corrigan spoke about the role of the CBA and value of the CPA title, and CBA Managers Suzanne Gracia and Ramona Bermudez explained the qualifications and application process for the CPA Exam and licensure. He stated GGU staff was highly appreciative and said the event was valuable to their students.

Mr. Ibarra stated CalCPA invited the CBA to speak at an event with San Francisco State University on February 11 titled, "Pathways to Success in Accounting." He stated President Corrigan again represented the CBA along with Ms. Gracia and Ms. Bermudez, who spoke about the upcoming changes to the CPA Exam in 2024, in addition to the topics presented at the January event.

Mr. Ibarra stated future events included events with San Jose State University on April 14, 2021, California State Polytechnic University, Pomona on April 21, 2021, and California State University, San Bernardino on May 4, 2021.

Mr. Ibarra stated the CBA website was updated to reflect new resources available to our military members and their spouses, as well as refugees, asylees, and special immigrant visa holders.

Mr. Ibarra stated the CBA was increasing recruitment efforts to fill the CBA's vacant Investigative CPA positions and promoting service on the three CBA advisory committees. He stated an email was sent to a targeted group of approximately 40,000 licensees informing them of the openings in both areas. He stated additional communications are being developed to increase awareness of the committee openings, including the creation of a flyer, and reaching out directly to licensees who participated in outreach events the CBA was involved with, at the suggestion of President Corrigan.

Ms. Molina Lopez inquired if there were any plans to update the CBA website to make it more visually appealing.

Ms. Pearce stated staff are in the process of developing a new template for the CBA website. She stated there would be some reorganization of some items to enhance user functions.

Ms. Molina Lopez requested staff recognize members of the CBA's advisory committees in either the *UPDATE* publication or the Executive Officer's monthly report.

Ms. Pearce stated in the past, staff have highlighted various committee members in the CBA's *UPDATE* publication. She stated the upcoming *UPDATE* will highlight former CBA member, Jose Campos, CPA. She stated staff have done several interviews that have been included in past issues of the *UPDATE* publication.

Ms. Pearce stated staff are presently working on a brochure for the CBA's committee recruitment activities. She stated one of the ideas that staff came up with was to include quotes from different committee members who have served on committees, as part of the brochure.

Mr. Fox recognized CBA staff and the partnership with CalCPA staff on the outreach efforts. He stated CalCPA is happy and willing to assist the CBA in future outreach efforts.

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

A. Enforcement Advisory Committee.

1. Report of the February 4, 2021 Enforcement Advisory Committee Meeting.

Mr. Aguilera reported the EAC successfully conducted two off-cycle Investigative Hearings via WebEx and plan to conduct more hearings at the next EAC meeting.

B. Qualifications Committee.

There was no report on this agenda item.

C. Peer Review Oversight Committee.

1. Report of the February 12, 2021 Peer Review Oversight Committee Meeting.

Ms. Center reported the PROC discussed and provided feedback regarding the approval of the December 11, 2020 meeting minutes and discussed PROC oversight activities for 2021. She stated the PROC also reviewed, provided edits, and approved the 2020 PROC Annual Report.

2. Presentation and Possible Adoption of the Peer Review Oversight Committee 2020 Annual Report.

Ms. Center stated the 2020 PROC Annual Report included information on various activities and accomplishments, information on the oversight functions performed by the PROC, and various statistical information.

Ms. Center stated at the February 12, 2021 PROC meeting, the PROC reviewed and approved the PROC 2020 Annual Report. She stated the following sections and sub-sections were added to the report:

- PROC Observed Oversight Activities Conclusion
- Peer Review Report and Publication Review Conclusion
- Statistical Monitoring and Reporting on California Peer Review Statistics

Ms. Center stated the PROC 2020 Annual Report had a slightly new format in order to make it compliant with the Americans with Disabilities Act. She stated most notably, the tables have been updated to remove merged cells, the graphs have been updated to include different line styles instead of relying solely on color, and headings are no longer fully capitalized.

Ms. Center stated based on the PROC's oversight, it concluded that the AICPA Peer Review Program functioned effectively in accordance with the standards adopted by the CBA.

It was moved by Ms. Hinds and seconded by Mr. Silverman to adopt the PROC's 2020 Annual Report.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.

Abstain: None.

IX. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this agenda item.

Ms. Molina Lopez inquired if the CBA has received any requests for relief on citations or fines.

Mr. Franzella stated a licensee has the option to appeal a citation or fine. He stated staff review appeals for citations and fines on a case-by-case basis. He stated information regarding appeal requests can be provided in a future report.

X. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Center provided an overview of this agenda item.

Mr. Fox recognized Ms. Center and CBA staff on the work they have done to address the backlog due to COVID-19. He stated he is excited for the CBA's Business Modernization Project to streamline and create more efficient processes.

XI. Meeting Minutes.

A. Adoption of the Minutes of the January 14, 2021 California Board of Accountancy Meeting.

It was moved by Mr. Silverman and seconded by Mr. Pe to adopt the minutes of the January 14, 2021 California Board of Accountancy meeting, which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Ms. Hinds, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.

Abstain: Mr. Jacobson and Ms. León.

B. Adoption of the Minutes of the November 21, 2019 Mobility Stakeholder Group Meeting.

It was moved by Ms. Salazar and seconded by Mr. Silverman to adopt the minutes of the November 21, 2019 Mobility Stakeholder Group meeting minutes.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.

Abstain: None.

- C. Acceptance of the Minutes of the December 3, 2020 Enforcement Advisory Committee Meeting.
- D. Acceptance of the Minutes of the December 11, 2020 Peer Review Oversight Committee Meeting.

It was moved by Ms. Owens and seconded by Mr. Silverman to accept items IX.C. and IX.D., which include non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.

Abstain: None.

XII. Other Business.

A. American Institute of Certified Public Accountants.

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

Ms. Salazar reported the next State Board Committee meeting will be in May 2021.

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Salazar reported a regional call was held on February 16, 2021. She stated the regional calls happen two times a year and enable neighboring states to discuss issues, updates, and concerns.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

- a. Continuing Professional Education Committee.

There was no report on this agenda item.

- b. Relations With Member Boards Committee.

Ms. Salazar reported this is the NASBA committee that help develop and lead some of the summertime programming.

Ms. Salazar announced NASBA will conduct new board member orientation virtually on June 8, 2021.

Ms. Salazar stated the NASBA Eastern and Western Regional Meeting will be held virtually as a single combined meeting on June 22-23, 2021. She stated there will be subsequent communications from NASBA when registration is open.

Ms. Salazar stated CPA Evolution continues to move forward. She stated there is a NASBA webcast that's available to CBA members regarding CPA Evolution. She stated CPA Evolution is creating changes with what is needed in terms of education so universities and academia are working to navigate what that means for them. She stated NASBA and AICPA have completed an accounting program curriculum gap Analysis Report.

Ms. Salazar reported AICPA is highlighting the new Ethics Exposure Draft on non-compliance with laws and regulation, which is also referred to as NOCLAR. She stated there are distinctions being made between members in industry and those in public practice.

Ms. Salazar stated she is in her last year as NASBA Regional Director for the Pacific Region. She stated the Pacific Region will be looking to elect a new Regional Director at the NASBA Annual Meeting. She stated that members have an opportunity to participate in the

discussion to elect the new Regional Director at the NASBA Annual Meeting which will be held October 31 through November 3, 2021.

Ms. Molina Lopez thanked Ms. Salazar for her representation at NASBA meetings. She also encouraged new members to participate in the NASBA new member orientation. She stated when she attended the new member orientation it was very informative and the discussions were robust.

c. Strategic Planning Task Force.

There was no report on this agenda item.

3. Discussion and Approval of Staff Responses to the National Association of State Boards of Accountancy's Focus Questions.

Ms. Reed reported the purpose of this item was to provide the CBA with staff proposed responses to the NASBA Focus Questions.

It was moved by Mr. Silverman and seconded by Ms. Owens to approve staff responses to the NASBA Focus Questions.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Silverman, and Ms. Tu.

No: None.

Absent: Mr. Famalett, Ms. Geong, Ms. Robinson, and Mr. Savoy.

Abstain: None.

XIII. Closing Business.

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

Mr. Jacobson requested a discussion regarding what is substantially related to the practice of public accounting be placed on a future agenda.

Ms. Molina Lopez requested a discussion of allowing personal growth courses as allowable continuing education be placed on a future agenda.

Ms. León requested a discussion related to equality and inclusion in licensing be placed on a future agenda.

Ms. Hinds requested the discussion regarding equality and inclusion also include a discussion regarding the effect of COVID-19 on female licensees and how better to recruit women into the CPA profession.

- XIV. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene Into Closed Session to Receive Advice From Legal Counsel on Litigation.
- A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.
 - B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.
 - C. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.
- XV. Closed Session: Pursuant to Government Code Section 11126(c) (3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Enforcement Matters.

President Corrigan adjourned the meeting at 12:21 p.m. on Friday, March 26, 2021.

_____ Nancy J. Corrigan, CPA, President

_____ Mark J. Silverman, Esq., Secretary/Treasurer

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



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DRAFT
LC Item II.
CBA Item XII.B.
 May 13-14, 2021

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
January 16, 2020
LEGISLATIVE COMMITTEE MEETING

California Board of Accountancy
 2450 Venture Oaks Way, Suite 420
 Sacramento, CA 95833
 Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Acting Chair Luz Molina Lopez called the meeting of the California Board of Accountancy's (CBA) Legislative Committee (LC) to order at 9:27 a.m. on Thursday, January 16, 2020 at the California Board of Accountancy. Ms. Molina Lopez requested that the roll be called.

LC Members

January 16, 2020

Carola A. Nicholson, CPA, Chair	Absent
Dan Jacobson, Esq., Vice-Chair	Absent
Mary M. Geong, CPA	Absent
Karriann Farrell Hinds, Esq.	9:27 a.m. to 10:32 a.m.
Luz Molina Lopez (Acting Chair)	9:27 a.m. to 10:32 a.m.
Ariel Pe	9:27 a.m. to 10:32 a.m.
Michael M. Savoy, CPA	9:27 a.m. to 10:32 a.m.

CBA Members Observing

Nancy J. Corrigan, CPA, President
 Jose A. Campos, CPA
 Mark J. Silverman, Esq., Vice-President

CBA Committee Chairs and Members Observing

Doug Aguilera, CPA, Chair, Enforcement Advisory Committee
 Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer

Deanne Pearce, Assistant Executive Officer
Dominic Franzella, Chief, Enforcement Division
Paul Fisher, Enforcement Supervising ICPA
Aaron Bone, Information and Planning Officer
Ileana Butu, Legal Counsel, Department of Consumer Affairs
Rebecca Reed, Board Relations Analyst
Rich Andres, Information Technology Staff
Peter Renevitz, Legislative Analyst
Wayne Wilson, Special Projects Analyst
Alegra Keith, Assistant Human Relations Liaison
Theodore Drcar, Deputy Attorney General, Department of Justice

Other Participants

Jason Fox, Division Director, California Society of CPAs (CalCPA)
Pilar Oñate-Quintana, The Oñate Group
Jon Ross, KP Public Affairs
Tom Burke, Center for Public Interest Law

- I. Approve Minutes of the November 21, 2019 LC Meeting.

It was moved by Mr. Savoy and seconded by Mr. Pe to approve the minutes of the November 21, 2019 LC meeting, as amended to adjust meeting times.

Yes: Ms. Molina Lopez, Mr. Pe, Mr. Savoy.

No: None.

Abstain: Ms. Hinds.

Absent: Mr. Jacobson, Ms. Nicholson, Ms. Geong.

The motion passed.

- II. Overview of the California Legislative Process and the Legislative Committee's Role.

This was a written report.

- III. Update, Discussion and Possible Action on Legislation which the California Board of Accountancy Has Taken a Position.

Mr. Bone provided an update on two measures introduced in 2019, which passed out of their respective policy committees on January 13 and 14, 2020. Assembly Bill (AB) 535 (Low) passed out of the Assembly Revenue and Taxation Committee to the Assembly Appropriations Committee. AB 1525 (Jones-Sawyer), which passed out of the Assembly Business and Professions Committee with amendments to address CBA concerns, was referred to the Assembly Appropriations Committee.

The LC did not take action on this item.

IV. Agenda Legislative Items for Future Meeting. The California Board of Accountancy may discuss other items of legislation in sufficient detail to determine whether such items should be on a future Legislative Committee meeting agenda and/or whether to hold a special meeting of the Legislative Committee to discuss such items pursuant to Government Code section 11125.4.

None.

V. Public Comments

None.

VI. Agenda Items for Next Meeting

None.

There being no further business to be conducted, the meeting was adjourned at 10:32 a.m.



California Board of Accountancy
 2450 Venture Oaks Way, Suite 300
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DRAFT
CPC Item II.
CBA Item XII.C.
 May 13-14, 2021

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
January 16, 2020
COMMITTEE ON PROFESSIONAL CONDUCT MEETING

California Board of Accountancy
 2450 Venture Oaks Way, Suite 420
 Sacramento, CA 95833
 Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Kariann Farrell Hinds, Esq., Chair, called the meeting of the California Board of Accountancy's (CBA) Committee on Professional Conduct (CPC) to order at 9:00 a.m. on Thursday, January 16, 2020 at the California Board of Accountancy. Ms. Hinds requested that the roll be called.

CPC Members

Kariann Farrell Hinds, Esq., Chair
 Mark J. Silverman, Esq., Vice-Chair
 Jose A. Campos, CPA
 Nancy J. Corrigan, CPA
 Dan Jacobson, Esq.
 Ariel Pe
 Michael M. Savoy, CPA

January 16, 2020

9:00 a.m. to 9:25 a.m.
 9:00 a.m. to 9:25 a.m.
 9:00 a.m. to 9:25 a.m.
 9:00 a.m. to 9:25 a.m.
 Absent
 9:00 a.m. to 9:25 a.m.
 9:00 a.m. to 9:25 a.m.

CBA Members Observing

Luz Molina Lopez

CBA Committee Chairs and Members Observing

Doug Aguilera, CPA, Chair, Enforcement Advisory Committee
 Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
 Deanne Pearce, Assistant Executive Officer

Dominic Franzella, Chief, Enforcement Division
Paul Fisher, Enforcement Supervising ICPA
Aaron Bone, Information and Planning Officer
Ileana Butu, Legal Counsel, Department of Consumer Affairs
Rebecca Reed, Board Relations Analyst
Rich Andres, Information Technology Staff
Peter Renevitz, Legislative Analyst
Wayne Wilson, Special Projects Analyst
Amir Larian, Website Analyst
Alegra Keith, Assistant Human Relations Liaison
Theodore Dracar, Deputy Attorney General, Department of Justice

Other Participants

Jason Fox, Division Director, California Society of CPAs
Pilar Oñate-Quintana, The Oñate Group
Jon Ross, KP Public Affairs
Thomas Burke, Center for Public Interest Law (CPIL)

I. Approve Minutes of the November 21, 2019 CPC Meeting.

It was moved by Mr. Campos and seconded by Mr. Silverman to adopt the minutes of the November 21, 2019 CPC meeting.

Yes: Mr. Campos, Mr. Pe, and Mr. Silverman.

No: None.

Abstain: Ms. Hinds, Ms. Corrigan.

Absent: Mr. Jacobson

The motion passed.

II. Discussion and Possible Action Regarding CPA Firm Mobility.

Mr. Franzella provided an overview of this item. He noted that the Uniform Accountancy Act (UAA) provides requirements for complete CPA firm mobility. California has CPA firm mobility, with the exception of one narrow requirement for CPA firms performing select services for California-headquartered entities. He noted that this item provided the opportunity for the CPC to discuss and potentially take action, if the CBA wishes to seek a statutory change in order to move towards a full CPA firm mobility.

The CPC did not take any action on this item.

III. Discussion and Possible Action Regarding Accounting Firms Providing Attest Services with Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement.

Mr. Franzella provided an overview of this item. He stated the purpose of this agenda item was to provide the CPC the opportunity to consider possible enhancements to requirements for licensees who have not completed the attest experience requirement who are sole owners of accounting firms that provide attest services.

It was moved by Mr. Campos and seconded by Ms. Corrigan for the CPC to recommend the CBA to direct staff to explore possible statutory changes, regulatory changes, or both associated with requiring accounting firms to:

- **Include in their engagement letters for attest services, a notification to the client of the name and license number of the CPA that the firm has authorized to sign the attest report on behalf of the accounting firm.**
- **Require accounting firms to disclose to their peer reviewers that no owner is authorized to sign reports on attest engagements.**
- **Require ownership take the same responsibilities as accounting firms or as if they were the licensees who performed the engagement.**
- **Require accounting firms to make available the working papers to the licensee who signed the report on the attest engagement should the licensee no longer be employed with the accounting firm for purposes of any investigation conducted by the CBA.**

Yes: Ms. Hinds, Mr. Campos, Mr. Pe, and Mr. Silverman.

No: Mr. Savoy.

Abstain: None.

Absent: Mr. Jacobson.

The motion passed.

IV. Discussion and Possible Action to Initiate a Rulemaking to Amend sections of Title 16, Division 1, Article 12, California Code of Regulations Regarding Continuing Education Rules, including but not limited to Sections 80.1 – Continuing Education Requirements for Renewing an Expired License, 87 – Basic Requirements, 87.6 – Records Review Continuing Education Requirements, 87.8 – Regulatory Review Course, 87.9 – Offering a Regulatory Review Course, 88 – Programs Which Qualify, 88.1 – Provider Requirements, 88.2 – Program Measurements, 89 – Control and Reporting, and 90 – Exceptions and Extensions.

This item was deferred to a later meeting.

V. Public Comments.

None.

VI. Agenda Items for Next Meeting.

None.

There being no further business, the meeting was adjourned at 9:25 a.m.



California Board of Accountancy
 2450 Venture Oaks Way, Suite 300
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DRAFT
EPOC Item II.
CBA Item XII.D.
 May 13-14, 2021

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
November 21, 2019
ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE MEETING

California Board of Accountancy
 2450 Venture Oaks Way, Suite 420
 Sacramento, CA 95833
 Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Nancy J. Corrigan, CPA, Chair, called the meeting of the California Board of Accountancy's (CBA) Enforcement Program Oversight Committee (EPOC) to order at 9:38 a.m. on Thursday, November 21, 2019 at the CBA Office in Sacramento. Ms. Corrigan requested that the roll be called.

EPOC Members

Nancy J. Corrigan, CPA, Chair
 Karriann Farrell Hinds, Esq.
 Dan Jacobson, Esq.
 Katrina L. Salazar, CPA
 Michael M. Savoy, CPA
 Mark J. Silverman, Esq.

November 21, 2019

9:38 a.m. – 9:54 a.m.
 Absent
 9:38 a.m. – 9:54 a.m.
 9:38 a.m. – 9:54 a.m.
 9:38 a.m. – 9:54 a.m.
 9:38 a.m. – 9:54 a.m.

CBA Members Observing

Jose A. Campos, CPA
 Mary M. Geong, CPA
 Xochitl Leon
 Luz Molina Lopez
 Carola A. Nicholson, CPA
 Ariel Pe
 Deidra Robinson

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Rebecca Reed, Board Relations Analyst
Alegra Keith, Assistant Human Resources Liaison
Rich Andres, Information Technology Staff
Aaron Bone, Information and Planning Officer
Paul Fisher, CPA, Supervising Investigative CPA
Dominic Franzella, Chief, Enforcement Division
Christine Baker, Office Technician
Ben Simcox, Deputy Chief, Enforcement Division
Corey Faiello- Riordan, Enforcement Manager
Melissa Winchell, Enforcement Manager
Peter Renevitz, Legislation Analyst
Wayne Wilson, Special Projects Analyst
Roberto Mendoza, Enforcement Analyst
Shauna Palacios, Enforcement Analyst
Ileana Butu, Legal Counsel, Department of Consumer Affairs
Ted Drcar, Deputy Attorney General, Department of Justice

Other Participants

Jason Fox, California Society of Certified Public Accountants
Pilar Oñate-Quintana, The Oñate Group
Jeff De Lyser, Peer Review Oversight Committee Chair

- I. Approve Minutes of the July 25, 2019 Enforcement Program Oversight Committee Meeting.

It was moved by Mr. Savoy and seconded by Mr. Silverman to approve the minutes of the July 25, 2019 EPOC meeting.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: Ms. Farrell Hinds.

The motion passed.

- II. Discussion and Possible Action Regarding Revisions to the Petition Form.

Ms. Palacios provided the EPOC an overview of the agenda item.

Ms. Palacios explained that the Petition Form Cover Letter has been updated with information to assist petitioners with completing the Petition Form with the most accurate information.

Ms. Palacios also stated that boxes and sections were added to the Petition Form to clearly identify petition requests and information was also provided regarding the need to write a narrative explanation.

Ms. Palacios finally noted that the *California Board of Accountancy Petition Hearings* manual was added as an informative attachment to the Petition Form.

- III. Discussion and Possible Action to Amend the Proposed Regulatory Text for Title 16, California Code of Regulations Section 98, Disciplinary Guidelines and Model Orders, and Section 99.1 Rehabilitation Criteria for Denials, Suspensions, Revocations, Restorations, Reduction of Penalty.

Mr. Franzella provided the EPOC an overview of proposed modifications to the previously adopted text associated with rehabilitation criteria. He noted that the text was under review at the Department of Consumer Affairs and the Legal Office requested some structural changes to the language.

Mr. Franzella noted a revised subsection (b) and (c) have been created to address how the CBA will evaluate certain criteria as it pertains to individuals who are applying for initial licensure.

Mr. Franzella stated that a new subsection (d) has been added to explain how the CBA will evaluate the completion of a criminal sentence when considering the suspension, revocation, and petition for reinstatement of a license, or petition of reduction of penalty.

It was moved by Mr. Silverman and seconded by Mr. Jacobson to:

- **Approve the proposed modifications to the regulatory text for CBA Regulations section 98, and the accompanying Disciplinary Guidelines and Model Orders, and section 99.1; and**
- **Direct staff to submit the proposed changes to the existing rulemaking file under review by the Department of Consumer Affairs and Business, Consumer Services, and Housing Agency**

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: Ms. Farrell Hinds.

The motion passed.

- IV. Public Comments.

None.

V. Agenda for Next Meeting.

None.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at 9:54 a.m.

Executive Directors and Board Staff Virtual Conference



April 12-14, 2021

Agenda

MONDAY, APRIL 12, 2021

All times are central time zone

12:00 – 12:15 pm

Welcome

Presiding: **Kent Absec, Executive Director**
Idaho State Board of Accountancy

12:15 – 12:45 pm

NASBA Report

Speakers: **Carlos Barrera, CPA, 2020-2021 Chair**
NASBA
Ken L. Bishop, President & CEO
NASBA

12:45 – 1:15 pm

Legislative Update/Anti-Regulation & ARPL

Speakers: **John Johnson Director, Legislative and Governmental Affairs**
NASBA
**Marta Zaniewski, Vice President, State Regulatory
and Legislative Affairs**
AICPA

.....
1:15 – 1:30 pm

Break
.....

1:30 – 2:30 pm

Succession Planning for CPA Firms

Speakers: **Bill Pirolli, Vice Chair**
AICPA
David Nance, Deputy Director
North Carolina State Board of CPA Examiners
Jim R. Titus, Esq., Legal Counsel
Nebraska State Board of Public Accountancy

2:30 – 3:15 pm

Investigations

Speaker: **Peter DelVecchia, CPA**
Peter DelVecchia, CPA, PLLC

.....
3:15 – 3:30 pm

Break
.....

MONDAY, APRIL 12, 2021 continued

All times are central time zone

3:30 – 4:00 pm

Disciplinary Action

Speakers: **Frank Trainor, Esq., Staff Attorney**
North Carolina State Board of CPA Examiners

Taylor Shahon, Investigator
Washington State Board of Accountancy

4:00 – 4:30 pm

Legal Cases and Other Developments Impacting the Profession

Speaker: **Elizabeth Wolfe, Esq., Regulatory Counsel**
NASBA

TUESDAY, APRIL 13, 2021

10:00 – 11:00 am

Digital Accessibility: A Civil Right for Disabled Test-takers and Others in the CPA Community

Speaker: **Lainey Feingold, Esq.**
Law Office of Lainey Feingold
Author, *Structured Negotiations: A Winning Alternative to Lawsuits*

11:00 – 11:45 am

CPA Examination Update

Speakers: **Colleen Conrad, CPA, Executive Vice President & COO**
NASBA

Michael Decker, Vice President, Examinations
AICPA

11:45 am – 12:00 pm

Break

12:00 – 12:45 pm

CPA Evolution

Speakers: **Daniel J. Dustin, CPA, Vice President State Board Relations**
NASBA

Carl Mayes, CPA, Senior Technical Manager
AICPA

12:45 – 1:15 pm

Ramifications of Waiving Requirements Due to Emergency/COVID-19

Speakers: **John Patterson, Esq., Executive Director**
Accountancy Board of Ohio

Jennifer Nelson, Executive Director
Wyoming Board of CPAs

Russ Friedewald, Executive Director
Illinois Board of Examiners

1:15 – 1:45 pm

Break

1:45 – 2:15 pm

Cyber Security – Ransomware

Speaker: **Michael French, Special Agent**
Federal Bureau of Investigations

TUESDAY, APRIL 13, 2021 continued

All times are central time zone

2:15 – 2:45 pm

Peer Review Update

Speakers: **Beth Thoresen, Director, Peer Review Operations**
AICPA

Wendy Garvin, Executive Director
Tennessee State Board of Accountancy

Viki Windfeldt, Executive Director
Nevada State Board of Accountancy

2:45 – 3:30 pm

Substantial Equivalency

Speaker: **Stephanie Saunders, CPA**
Saunders & Saunders PC

3:30 – 4:00 pm

Raffle

WEDNESDAY, APRIL 14, 2021

10:00 am – 12:00 pm

Q & A Session with NASBA Leadership (Closed Session)

Executive Directors only

Presiding: **Kent Absec, Executive Director**
Idaho State Board of Accountancy

11:00 am – 12:00 pm

Government by Algorithm: Artificial Intelligence in Federal Administrative Agencies

(This session is part of the 26th Annual Conference for Board of Accountancy Legal Counsel. Executive Directors and Board Staff are invited to attend.)

Speaker: **Professor Catherine M. Sharkey**
Segal Family Professor of Regulatory Law and Policy
New York University School of Law

.....
12:00 – 1:00 pm

Break

.....

1:00 – 2:00 pm

Administrative Proceedings: Order Preparation and Deliberation

(This session is part of the 26th Annual Conference for Board of Accountancy Legal Counsel. Executive Directors and Board Staff are invited to attend.)

Speaker: **Judge Steve Darnell**
Administrative Law Judge
State of Tennessee, Administrative Hearings Division

Legal Counsel Virtual Conference

April 12-14, 2021

Agenda

MONDAY, APRIL 12, 2021

All times are central time zone

12:00 – 12:15 pm **Welcome** **(All of Monday will be Joint Sessions using the ED link)**
Presiding: **Kent Absec, Executive Director**
Idaho State Board of Accountancy

12:15 – 12:45 pm **NASBA Report**
Speakers: **Carlos Barrera, CPA, 2020-2021 Chair**
NASBA
Ken L. Bishop, President & CEO
NASBA

12:45 – 1:15 pm **Legislative Update/Anti-Regulation & ARPL**
Speakers: **John Johnson Director, Legislative and Governmental Affairs**
NASBA
Marta Zaniewski, Vice President, State Regulatory and
Legislative Affairs
AICPA

.....
1:15 – 1:30 pm **Break**
.....

1:30 – 2:30 pm **Succession Planning for CPA Firms**
Speakers: **Bill Pirolli, Vice Chair**
AICPA
David Nance, Deputy Director
North Carolina State Board of CPA Examiners
Jim R. Titus, Esq., Legal Counsel
Nebraska State Board of Public Accountancy

2:30 – 3:15 pm **Investigations**
Speaker: **Peter DelVecchia, CPA**
Peter DelVecchia, CPA, PLLC

.....
3:15 – 3:30 pm **Break**
.....

MONDAY, APRIL 12, 2021 continued

All times are central time zone

3:30 – 4:00 pm

Disciplinary Action

Speakers: **Frank Trainor, Esq., Staff Attorney**
North Carolina State Board of CPA Examiners
Taylor Shahon, Investigator
Washington State Board of Accountancy

4:00 – 4:30 pm

Legal Cases and Other Developments Impacting the Profession

Speaker: **Elizabeth Wolfe, Esq., Regulatory Counsel**
NASBA

TUESDAY, APRIL 13, 2021

10:00 – 11:00 am

Digital Accessibility: A Civil Right for Disabled Test-takers and Others in the CPA Community (Will begin using ED Link for Joint Sessions)

Speaker: **Lainey Feingold, Esq.**
Law Office of Lainey Feingold
Author, *Structured Negotiations: A Winning Alternative to Lawsuits*

11:00 – 11:45 am

CPA Examination Update (Joint Session ED Link)

Speakers: **Colleen Conrad, CPA, Executive Vice President & COO**
NASBA
Michael Decker, Vice President, Examinations
AICPA

11:45 am – 12:00 pm

Break

12:00 – 12:45 pm

CPA Evolution (Joint Session ED Link)

Speakers: **Daniel J. Dustin, CPA, Vice President, State Board Relations**
NASBA
Carl Mayes, Senior Technical Manager
AICPA

12:45 – 1:15 pm

Ramifications of Waiving Requirements Due to Emergency/COVID-19 (Joint Session ED Link)

Speakers: **John Patterson, Esq., Executive Director**
Accountancy Board of Ohio
Jennifer Nelson, Executive Director
Wyoming Board of CPAs
Russ Friedewald, Executive Director
Illinois Board of Examiners

1:15 – 1:45 pm

Break

1:45 – 2:45 pm

IRS Office of Professional Responsibility Session (Ethics)

(Begin Legal Link)
Speaker: **Sharyn M. Fisk, Director, Office of Professional Responsibility**
Internal Revenue Service

TUESDAY, APRIL 13, 2021 continued

All times are central time zone

2:45 – 3:45 pm

Lawyer Well-Being Session (Legal Link)

Speaker: **Bree Buchanan, Esq., Senior Advisor**
Krill Strategies, LLC

3:45 – 5:00 pm

Roll Call (Legal Only)

Moderators: **Elizabeth Wolfe, Esq., Regulatory Counsel**
NASBA

**Maria L. Caldwell, Esq., Chief Legal Officer and
Director, Compliance Services**
NASBA

WEDNESDAY, APRIL 14, 2021

10:00 – 11:00 am

Roll Call (Legal Only - Legal Link)

Moderators: **Elizabeth Wolfe, Esq., Regulatory Counsel**
NASBA

**Maria Caldwell, Esq., Chief Legal Officer and
Director, Compliance Services**
NASBA

11:00 am – 12:00 pm

Government by Algorithm: Artificial Intelligence in Federal Administrative Agencies (Executive Directors and Board Staff are invited to attend this Legal Conference session.)

Speaker: **Professor Catherine M. Sharkey**
Segal Family Professor of Regulatory Law and Policy
New York University School of Law

.....
12:00 – 12:30 pm

Break
.....

12:30 – 1:00 pm

Roll Call (Legal Only - Legal Link)

Moderators: **Elizabeth Wolfe, Esq., Regulatory Counsel**
NASBA

**Maria Caldwell, Esq., Chief Legal Officer and
Director, Compliance Services**
NASBA

1:00 – 2:00 pm

Administrative Proceedings: Order Preparation and Deliberation

(Executive Directors and Board Staff are invited to attend this Legal Conference session.)

Speaker: **Judge Steve Darnell, Administrative Law Judge**
State of Tennessee, Administrative Hearings Division

.....
2:00 – 2:15 pm

Break
.....

2:15 – 3:30 pm

Roll Call/Q&A/Wrap Up/Adjourn (Legal Counsel only)

Moderators: **Elizabeth Wolfe, Esq., Regulatory Counsel**
NASBA

**Maria L. Caldwell, Esq., Chief Legal Officer and
Director, Compliance Services**
NASBA



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LC Item III.
CBA Item XIV.A.2.
 May 13-14, 2021

California Board of Accountancy 2021 Legislative Tracking Chart

Bill #	Author	Topic	Version	CBA Position	Location/Status (As of April 21, 2021)
AB 29	Cooper	State Bodies: Meetings	12/07/20	Watch	Assembly Appropriations Committee
AB 107	Salas	Licensure: Veterans and Military Spouses	4/20/21	Support	Assembly Military and Veterans Affairs Committee
AB 225	Gray	Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses	4/20/21	Support, if Amend	Assembly Military and Veterans Affairs Committee
AB 298	Irwin	Accountancy: California Board of Accountancy	3/30/21	Sponsor	Assembly Floor
AB 646	Low	Department of Consumer Affairs: Boards: Expunged Convictions	4/14/21	Watch	Assembly Appropriations Committee
AB 1026	Smith	Business Licenses: Veterans	2/18/21	Support	Assembly Appropriations Committee
AB 1386	Cunningham	License Fees: Military Partners and Spouses	2/19/21	Support	Assembly Business and Professions Committee
SB 772	Ochoa Bogh	Professions and Vocations: Citations: Minor Violations.	2/19/2021	Watch	Senate Business, Professions and Economic Development Committee

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 29**

Subject:	State Bodies: Meetings.	CBA Position:	Support
Version:	December 7, 2020	Author:	Cooper
Status:	Assembly Appropriations Committee	Sponsor:	Author

Summary

Assembly Bill (AB) 29 (**Attachment 1**) would require that any public meeting notice issued pursuant to the Bagley-Keene Open Meeting Act (Bagley-Keene) must also include all writings or materials in connection with a matter subject to discussion or consideration at that meeting. The bill prohibits a state body from distributing or discussing materials that do not comply with this requirement.

Recommendation

Maintain Watch Position. Staff recommend the California Board of Accountancy (CBA) maintain its Watch position on this bill. The bill has not been amended since the March CBA meeting.

Following the March CBA meeting, CBA staff have been in discussions with the author's staff regarding a possible exception to the 72-hour deadline as it would pertain to legislative materials. Language has been proposed for the author's consideration.

Background

Bagley-Keene

The Bagley-Keene was created on the premise that public agencies exist to aid in the conduct of the people's business and that the proceedings of public agencies should be conducted openly so that the public may remain informed. Therefore, the concepts of transparency in decision making and public access to information are given priority.

Whenever a state body meets, the Bagley-Keene requires those bodies to take certain actions prior to, during, and after a meeting, including:

- Issue a public notice at least 10 days in advance
- Prepare formal agendas
- Conduct meetings in public
- Accept public testimony
- Record the meeting
- Publish meeting minutes

Existing Notice Requirements

Presently, the Bagley-Keene requires a state body to publish a public meeting notice on its website, and to any person who requests it in writing, at least 10 days prior to that meeting. The notice shall include, among other items, a specific agenda for the meeting and a brief description of the items of business to be transacted or discussed in either open or closed session.

Analysis

According to the fact sheet (**Attachment 2**), the author's office states that:

The bill will ensure the public has access to all information associated with an agenda item prior to a meeting of a state agency, board or commission. Additionally, the measure ensures the public has sufficient time to review all documents and materials prior to the meeting in order to provide substantive, efficient, and informed comments.

Provisions of the Bill

AB 29 would provide that the notice for a meeting of a state body issued pursuant to the Bagley-Keene must include all writings or materials provided for the noticed meeting to a member of the state body by the staff of a state agency, board, or commission, or another member of the state body that are in connection with a matter subject to discussion or consideration at the meeting.

These writings or materials are to be made available on the state body's internet website, and to any person who requests the writings or materials in writing, on the same day as the dissemination of the writings and materials to members of the state body or at least 72 hours in advance of the meeting, whichever is earlier.

A state body may not distribute or discuss writings or materials, or take action on an item to which those writings or materials pertain, at a meeting of the state body unless the state body has complied with this requirement.

Impacts to California Board of Accountancy (CBA) and Consumers

Under this bill, the CBA loses the ability to include new materials or edit materials already distributed following the 72-hour deadline. This could result in the CBA not receiving timely written information, staff may have to verbally detail and read any updated information during the presentation, or items may have to be deferred to a future meeting. This could hinder the CBA's ability to make decisions on key issues that impact its consumer protection mission.

Particularly for complex and detailed items, the lack of having written materials at a meeting could inhibit the CBA's ability to make an informed decision, impacting the public's understanding of that item.

For example, CBA analyses of legislation are often subject to last-minute changes to accommodate amendments or new information unavailable prior to the 72-hour public

AB 29

Page 3 of 3

agenda notice deadline. This bill could prevent staff from effectively analyzing and informing the CBA and the public of the late amendments or other relevant information.

Although the provisions could impact CBA discussions, the ultimate goal is transparency, which is the focus of the Bagley-Keene.

Fiscal Estimate

The bill places limitations on the timing of material distribution; however, it does not require an additional work load on CBA staff. The existing personnel and infrastructure exists to comply with this bill should it become enacted. Any costs to CBA should be absorbable within existing resources.

Support/Opposition

Support: California Association of Realtors
California Municipal Utilities Association
California Senior Legislature
California Sportsman's Lobby, INC.bv
California Taxpayers Association (CALTAX)
Health Access California
Oakland Privacy
Outdoor Sportsmen's Coalition of California
Safari Club International - California Chapters.

Opposition: None.

Effective/Operative Date

January 1, 2022.

Related Bills

- AB 2028 (Aguiar-Curry), 2019-2020 Legislative Session. Would have required that the meeting notice must also include all writings or materials in connection with a matter subject to discussion or consideration at that meeting. The bill prohibits a state body from distributing or discussing materials that do not comply with this requirement.

Attachments

1. AB 29
2. AB 29 Fact sheet

ASSEMBLY BILL**No. 29**

**Introduced by Assembly Member Cooper
(Coauthor: Assembly Member Blanca Rubio)**

December 7, 2020

An act to amend Section 11125 of the Government Code, relating to public meetings.

LEGISLATIVE COUNSEL'S DIGEST

AB 29, as introduced, Cooper. State bodies: meetings.

Existing law, the Bagley-Keene Open Meeting Act, requires that all meetings of a state body, as defined, be open and public, and that all persons be permitted to attend any meeting of a state body, except as otherwise provided in that act. Existing law requires the state body to provide notice of its meeting, including specified information and a specific agenda of the meeting, as provided, to any person who requests that notice in writing and to make that notice available on the internet at least 10 days in advance of the meeting.

This bill would require that notice to include all writings or materials provided for the noticed meeting to a member of the state body by the staff of a state agency, board, or commission, or another member of the state body that are in connection with a matter subject to discussion or consideration at the meeting. The bill would require those writings or materials to be made available on the state body's internet website, and to any person who requests the writings or materials in writing, on the same day as the dissemination of the writings and materials to members of the state body or at least 72 hours in advance of the meeting, whichever is earlier. The bill would prohibit a state body from discussing those writings or materials, or from taking action on an item to which

those writings or materials pertain, at a meeting of the state body unless the state body has complied with these provisions.

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

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

1 SECTION 1. Section 11125 of the Government Code is
 2 amended to read:

3 11125. (a) The state body shall provide notice of its meeting
 4 to any person who requests that notice in writing. Notice shall be
 5 given and also made available on the ~~Internet~~ *state body's internet*
 6 *website* at least 10 days in advance of the ~~meeting~~, *meeting* and
 7 shall include the name, address, and telephone number of any
 8 person who can provide further information ~~prior to~~ *before* the
 9 ~~meeting~~, *meeting* but need not include a list of witnesses expected
 10 to appear at the meeting. The written notice shall additionally
 11 include the address of the ~~Internet site~~ *internet website* where
 12 notices required by this article are made available.

13 (b) The notice of a meeting of a body that is a state body shall
 14 include a specific agenda for the meeting, containing a brief
 15 description of the items of business to be transacted or discussed
 16 in either open or closed session. A brief general description of an
 17 item generally need not exceed 20 words. A description of an item
 18 to be transacted or discussed in closed session shall include a
 19 citation of the specific statutory authority under which a closed
 20 session is being held. No item shall be added to the agenda
 21 subsequent to the provision of this notice, unless otherwise
 22 permitted by this article.

23 (c) (1) *A notice provided pursuant to subdivision (a) shall*
 24 *include all writings or materials provided for the noticed meeting*
 25 *to a member of the state body by the staff of a state agency, board,*
 26 *or commission, or another member of the state body that are in*
 27 *connection with a matter subject to discussion or consideration*
 28 *at the meeting.*

29 (2) *The writings or materials described in paragraph (1) shall*
 30 *be made available on the state body's internet website, and to any*
 31 *person who requests the writings or materials in writing, on the*
 32 *same day as the dissemination of the writings and materials to*

1 *members of the state body or at least 72 hours in advance of the*
2 *meeting, whichever is earlier.*

3 *(3) A state body may not distribute or discuss writings or*
4 *materials described in paragraph (1), or take action on an item*
5 *to which those writings or materials pertain, at a meeting of the*
6 *state body unless the state body has complied with this subdivision.*

7 ~~(e)~~

8 *(d) Notice of a meeting of a state body that complies with this*
9 *section shall also constitute notice of a meeting of an advisory*
10 *body of that state body, provided that the business to be discussed*
11 *by the advisory body is covered by the notice of the meeting of*
12 *the state body, provided that the specific time and place of the*
13 *advisory body's meeting is announced during the open and public*
14 *state body's meeting, and provided that the advisory body's*
15 *meeting is conducted within a reasonable time of, and nearby, the*
16 *meeting of the state body.*

17 ~~(d)~~

18 *(e) A person may request, and shall be provided, notice pursuant*
19 *to subdivision (a) for all meetings of a state body or for a specific*
20 *meeting or meetings. In addition, at the state body's discretion, a*
21 *person may request, and may be provided, notice of only those*
22 *meetings of a state body at which a particular subject or subjects*
23 *specified in the request will be discussed.*

24 ~~(e)~~

25 *(f) A request for notice of more than one meeting of a state body*
26 *shall be subject to the provisions of Section 14911.*

27 ~~(f)~~

28 *(g) The notice shall be made available in appropriate alternative*
29 *formats, as required by Section 202 of the Americans with*
30 *Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal*
31 *rules and regulations adopted in implementation thereof, upon*
32 *request by any person with a disability. The notice shall include*
33 *information regarding how, to whom, and by when a request for*
34 *any disability-related modification or accommodation, including*
35 *auxiliary aids or services may be made by a person with a disability*
36 *who requires these aids or services in order to participate in the*
37 *public meeting.*

Assembly Bill 29

State Bodies: Increasing Public Access

Assemblymember Jim Cooper

SUMMARY

AB 29 will ensure the public has adequate access and sufficient time to review all documents, information and agendas prior to the meeting of a state agency, board or commission. Specifically, the bill requires all *materials* and *writings* associated with an agenda item to be publicly available at least 72 hours prior to any meeting.

large amounts of information which are not always available in advance of a meeting. As a result, public participation can suffer and lead to important decisions being made lacking sufficient public input and transparency.

AB 29 expands Bagley-Keene open meeting requirements to apply to agenda *writings* and *materials* and provides state entities the same timeframe provided to the Legislature by Proposition 54 - 72 hours.

BACKGROUND

In 2016 California voters overwhelmingly passed Proposition 54, the California Legislature Transparency Act, which established the 72-hour in print rule; requiring all bills in the California Legislature to be in print 72-hours before final passage by the body.

The bill will ensure the public has access to all information associated with an agenda item prior to a meeting of a state agency, board or commission. Additionally, the measure ensures the public has sufficient time to review all documents and materials prior to the meeting in order to provide substantive, efficient, and informed comments.

The impetus behind Proposition 54 was to increase government transparency and provide the public with adequate time to review, analyze and voice their opinions on legislative proposals prior to receiving a final vote.

Increasing the public's access to information in a timely manner will result in both greater public participation and transparency of all state decision making bodies.

Currently, under the Bagley-Keene Open Meeting Act (Bagley-Keene), a state body must disclose their agenda ten days prior to holding a meeting. Additionally the state body must make the agenda available on the internet ten days prior to the meeting.

STATUS

Assembly Governmental Organization
Committee

CONTACT

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While agendas are required to be produced and posted on the internet ten days in advance, the disclosure requirement does not extend to *writings* and *materials* associated with agenda items. Agenda items can range simple to complex and sometimes contain

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 107**

Subject:	Licensure: Veterans and Military Spouses.	CBA Position:	Support
Version:	April 20, 2021	Author:	Salas
Status:	Assembly Business and Professions Committee	Sponsor:	Author

Summary

Assembly Bill (AB) 107 (**Attachment 1**) requires a board within the Department of Consumer Affairs (DCA) to, after appropriate investigation, issue a temporary license to practice a profession or vocation to an applicant who meets the following requirements:

1. Is married to, or in a domestic partnership or other legal union with, an active duty member of the United States (U.S.) Armed Forces assigned to a duty station in California
2. Has a current, active, and unrestricted license to practice their profession in another state or U.S. jurisdiction
3. Submits a signed affidavit attesting to the fact that they meet all requirements for a temporary license and that all information submitted in the application is accurate. It shall also include written verification from the applicant's original licensing jurisdiction stating that the applicant's license is in good standing
4. Has not committed an act, in any jurisdiction, that would have constituted grounds for denial, suspension, or revocation of the license issued by the board
5. Has not been disciplined by a licensing entity in another jurisdiction and shall not be the subject of an unresolved complaint, review procedure, or disciplinary proceeding conducted by a licensing entity in another jurisdiction
6. The applicant shall furnish fingerprints for the purposes of conducting a criminal background check

The bill requires boards to issue a temporary license pursuant to this section within 30 days following receipt of the specified documentation, if the results of the criminal background check do not show grounds for denial.

The temporary licensure provisions of this bill shall not apply to a board that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces is able to:

- Receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year, or

- Is able to receive an expedited license by endorsement with no additional requirements.

It requires DCA, the Commission on Teacher Credentialing, the Department of Real Estate, and the State Department of Public Health to compile information on military, veteran, and spouse licensure into an annual report for the Legislature.

Recommendation

Maintain Support Position. Staff recommend the California Board of Accountancy (CBA) maintain its Support position on this bill. The bill has not been amended in a manner that would impact the CBA.

Background

Business and Professions Code (BPC) section 5087 authorizes the CBA, as specified, to issue a certified public accountant (CPA) license to applicants who hold a current, active, and unrestricted CPA license issued by another jurisdiction.

Pursuant to CBA Regulations section 36.1, which implements BPC section 5087, applicants licensed in another U.S. jurisdiction will be considered to have met the education, examination, and experience requirements to be issued a California CPA license if they have practiced as a licensed CPA in another state for four of the 10 years preceding the application date.

Those applicants may be considered to have met the attest experience requirement if they show satisfactory evidence they have been authorized to provide attest services and was practicing in another state during the same timeframe.

Under BPC sections 5096 to 5096.22, the CBA's mobility program allows qualified out-of-state CPAs to practice public accountancy in California without obtaining a California CPA license. Pursuant to BPC section 5088, if CPAs otherwise qualify to practice in this state pursuant to that program, but their principal place of business is in California, the CBA allows them to continue to practice if they submit an application for a CBA license.

Expedited Licensure for Military Spouses

Currently, under BPC section 115.5, all DCA boards shall expedite the licensure process for an applicant who:

- Supplies evidence satisfactory that the applicant is married to, or in a legal union with, an active duty member of the U.S. Armed Forces who is assigned to a duty station under orders; and
- Holds a current license in another state or jurisdiction in the profession or vocation for which he or she seeks a license from the board.

BPC section 115.6 currently requires nine DCA boards to issue temporary licenses to qualified applicants and permits boards to adopt regulations to implement this requirement.

Analysis

Temporary Licensure Expansion

AB 107 would expand provisions regarding the issuance of temporary licenses by specified boards within the Department of Consumer Affairs (DCA) to all boards.

The bill specifies that:

- Boards shall issue a temporary license within 30 days following receipt of the required documentation from an applicant, if results of a criminal background check do not show grounds for denial.
- Temporary licenses shall expire 12 months after issuance, upon issuance of a standard license, upon issuance of a license by endorsement, or upon issuance of an expedited license.
- Boards, if necessary, would be required to submit to DCA for approval draft regulations to administer the temporary license provisions by June 15, 2022.

Impact to the California Board of Accountancy

The bill's provisions would not apply to a board, such as CBA, that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year.

Reporting

DCA, along with three other state agencies, would be required to compile information on military, veteran, and spouse licensure into an annual report for the Legislature, including the following information:

- number of applications
- licenses issued and denied
 - reason for any denials
- licenses suspended or revoked
- applications for waived renewal fees received
- fee waivers issued
- average length of time between application and license issuance

Fiscal Estimate

There are no known costs at this time.

Support/Opposition

Support: California Board of Accountancy (**Attachment 2**)
California Association for Health Services At Home
San Diego Military Advisory Council
United States Department of Defense

Opposition: None.

Effective/Operative Date

January 1, 2022.

Related Bills

- AB 225 (Muratsuchi) of 2021. Would expand the eligibility for a temporary license under certain boards to individuals who are: 1) a veteran of the Armed Forces of the United States who within six months separated under an other-than-dishonorable discharge; 2) an active duty member of the Armed Forces of the United States with official orders to separate within 90 days with an other-than-dishonorable discharge; and 3) has a current, active, and unrestricted license to practice their profession in another jurisdiction. (CBA Position: Support, if Amended)
- SB 607 (Roth) of 2021. This bill would, in part, require all boards within DCA to waive all fees charged by the board associated with the application and initial license for applicants who are married to, in a domestic partnership or other legal union with an active duty member of the United States Armed Forces assigned to a duty station in California, and who holds a current license in another United States jurisdiction for which the applicant seeks a license from the board.
- AB 2045 (Salas) of 2020. Would have added the CBA and three other boards within DCA to a list of boards required to issue a 12-month, temporary license to qualified applicants within 30 days. The bill would have exempted boards with a process for out-of-state licensed applicants in good standing, who are married to or in a legal union with an active duty member of the U.S. Armed Forces to receive expedited, temporary authorization to practice while meeting state-specific standards for a least one year.

Attachments

1. AB 107
2. California Board of Accountancy Support Position Letter
3. AB 107 Fact Sheet

AMENDED IN ASSEMBLY APRIL 20, 2021
 AMENDED IN ASSEMBLY MARCH 24, 2021
 AMENDED IN ASSEMBLY FEBRUARY 25, 2021
 CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL**No. 107**

Introduced by Assembly Member Salas

December 16, 2020

An act to amend Sections 115.6 and 5132 ~~of of~~, and to add Section 115.8 to, the Business and Professions Code, and to add Section 95 to the Military and Veterans Code, relating to licensure, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 107, as amended, Salas. Licensure: veterans and military spouses.
 (1) ~~Under~~

Under existing law, the Department of Consumer Affairs (department), under the control of the Director of Consumer Affairs, is comprised of various boards that license and regulate various professions and vocations. Existing law requires an applicant seeking a license from a board within the department to meet specified requirements and to pay certain licensing fees. Existing law requires a board within the department to issue, after appropriate investigation, certain types of temporary licenses to an applicant if the applicant meets specified requirements, including that the applicant supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders and the applicant submits an

application to the board that includes a signed affidavit attesting to the fact that the applicant meets all of the requirements for a temporary license and that the information submitted in the application is accurate, to the best of the applicant's knowledge. Under existing law, some of the funds within the jurisdiction of a board consist of revenue from fees that are continuously appropriated. Existing law authorizes a board to adopt regulations necessary to administer these provisions.

This bill would expand the requirement to issue temporary licenses to practice a profession or vocation to include licenses issued by any board within the department, except as provided. The bill would require a board to issue a temporary license within 30 days of receiving the required documentation if the results of a criminal background check do not show grounds for denial. The bill would specifically direct revenues from fees for temporary licenses issued by the California Board of Accountancy to be credited to the Accountancy Fund, a continuously appropriated fund. The bill would require, if necessary to implement the bill's provisions, a board to submit to the department for approval draft regulations necessary to administer these provisions by June 15, 2022. The bill would exempt from these provisions a board that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one ~~year~~ *year or is able to receive an expedited license by endorsement with no additional requirements superseding those for a temporary license, as described above.* The bill would make conforming changes. By expanding the scope of the crime of perjury, the bill would impose a state-mandated local program. The bill's expansion of the requirement to issue temporary licenses would result in revenues from fees for certain licenses being deposited into continuously appropriated funds. By establishing a new source of revenue for those continuously appropriated funds, the bill would make an appropriation.

~~(2) Existing law requires the Department of Veterans Affairs to develop a transition assistance program for veterans who have been discharged from the Armed Forces of the United States designed to assist them in successfully transitioning from military to civilian life in California. Existing law requires the program to include, among other topics, higher education benefits, vocational training assistance, small business resources and information, and housing information. Existing~~

~~law establishes the Department of Consumer Affairs in the Business, Consumer Services, and Housing Agency to, among other things, ensure that certain businesses and professions that have potential impact upon the public health, safety, and welfare are adequately regulated. Existing law establishes the Commission on Teacher Credentialing to establish professional standards, assessments, and examinations for entry and advancement in the education profession. Existing law makes it unlawful for a person to engage in the business of, act in the capacity of, advertise as, or assume to act as a real estate broker or real estate salesperson without first obtaining a real estate license from the Department of Real Estate. Under existing law, the State Department of Public Health is responsible for issuing licenses for the operation of health facilities, clinics, and other facilities, as specified.~~

Existing law provides that these temporary licenses shall expire 12 months after issuance, upon issuance of an expedited license, or upon denial of the application for expedited licensure by the board, whichever occurs first.

This bill would instead provide that these temporary licenses shall expire 12 months after issuance, upon issuance of a standard license, upon issuance of a license by endorsement, or upon issuance of an expedited license, whichever occurs first.

~~This bill would require the Department of Consumer Affairs, the Commission on Teacher Credentialing, the Department of Real Estate, and the State Department of Public Health to each place a prominently displayed military licensure icon or hyperlink on the home page of its internet website that is linked to information about each occupational board or program for licensure or certification that it administers along with additional information relating to the professional licensure of veterans, service members, and their spouses, as specified. The bill requires the Department of Veterans Affairs to have a prominently displayed military licensure icon or hyperlink at an appropriate location on its internet website that links to those websites. The bill would *also* require an annual report to the Legislature containing specified information relating to the professional licensure of veterans, service members, and their spouses.~~

~~(3) The~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

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

1 ~~SECTION 1. The Legislature finds and declares the following:~~
2 ~~(a) If active duty military personnel, veterans, service members~~
3 ~~separating from military service, and their spouses are able to~~
4 ~~maintain careers through frequent moves and key transitions, they~~
5 ~~are able to help support their families while providing critical~~
6 ~~services to their communities. Yet, if a military spouse is~~
7 ~~transferred to California, or a service member leaves the Armed~~
8 ~~Forces of the United States and returns to or remains in California,~~
9 ~~these professionals may face difficulty transporting their~~
10 ~~professional licenses obtained in another state.~~
11 ~~(b) The process for transferring licenses for professional careers~~
12 ~~can be long, burdensome, redundant, and expensive and can prevent~~
13 ~~some military spouses, veterans, and separating service members~~
14 ~~from obtaining employment in their field.~~
15 ~~(c) Removing barriers to license transfers for spouses of active~~
16 ~~duty service members, separating service members, and veterans~~
17 ~~would ease the burden of relocation and transition and provide~~
18 ~~vital stability to military families and the communities they serve.~~
19 ~~(d) Prioritizing military spouses as part of state economic~~
20 ~~recovery efforts must be viewed proactively in a way that~~
21 ~~recognizes their preexisting challenge of substantially higher~~
22 ~~unemployment and underemployment than their civilian~~
23 ~~counterparts and with broader goals, such as bridging gender gaps~~
24 ~~in wage earning, reducing military and veteran financial insecurity,~~
25 ~~ensuring successful transitions into veteran life, and fostering~~
26 ~~successful community participation and sense of belonging.~~
27 ~~SEC. 2.~~
28 ~~SECTION 1. Section 115.6 of the Business and Professions~~
29 ~~Code is amended to read:~~
30 ~~115.6. (a) (1) Except as provided in subdivision (i), a board~~
31 ~~within the department shall, after appropriate investigation, issue~~
32 ~~a temporary license to practice a profession or vocation to an~~
33 ~~applicant who meets the requirements set forth in subdivision (c).~~

1 (2) Revenues from fees for temporary licenses issued by the
2 California Board of Accountancy shall be credited to the
3 Accountancy Fund in accordance with Section 5132.

4 (b) The board may conduct an investigation of an applicant for
5 purposes of denying or revoking a temporary license issued
6 pursuant to this section. This investigation may include a criminal
7 background check.

8 (c) An applicant seeking a temporary license pursuant to this
9 section shall meet the following requirements:

10 (1) The applicant shall supply evidence satisfactory to the board
11 that the applicant is married to, or in a domestic partnership or
12 other legal union with, an active duty member of the Armed Forces
13 of the United States who is assigned to a duty station in this state
14 under official active duty military orders.

15 (2) The applicant shall hold a current, active, and unrestricted
16 license that confers upon the applicant the authority to practice,
17 in another state, district, or territory of the United States, the
18 profession or vocation for which the applicant seeks a temporary
19 license from the board.

20 (3) The applicant shall submit an application to the board that
21 shall include a signed affidavit attesting to the fact that the
22 applicant meets all of the requirements for the temporary license,
23 and that the information submitted in the application is accurate,
24 to the best of the applicant's knowledge. The application shall also
25 include written verification from the applicant's original licensing
26 jurisdiction stating that the applicant's license is in good standing
27 in that jurisdiction.

28 (4) The applicant shall not have committed an act in any
29 jurisdiction that would have constituted grounds for denial,
30 suspension, or revocation of the license under this code at the time
31 the act was committed. A violation of this paragraph may be
32 grounds for the denial or revocation of a temporary license issued
33 by the board.

34 (5) The applicant shall not have been disciplined by a licensing
35 entity in another jurisdiction and shall not be the subject of an
36 unresolved complaint, review procedure, or disciplinary proceeding
37 conducted by a licensing entity in another jurisdiction.

38 (6) The applicant shall, upon request by a board, furnish a full
39 set of fingerprints for purposes of conducting a criminal
40 background check.

1 (d) A board shall issue a temporary license pursuant to this
2 section within 30 days following receipt of the documentation
3 specified in subdivision (c) if the results of the criminal background
4 check do not show grounds for denial.

5 (e) A temporary license issued pursuant to this section may be
6 immediately terminated upon a finding that the temporary
7 licenseholder failed to meet any of the requirements described in
8 subdivision (c) or provided substantively inaccurate information
9 that would affect the person's eligibility for temporary licensure.
10 Upon termination of the temporary license, the board shall issue
11 a notice of termination that shall require the temporary
12 licenseholder to immediately cease the practice of the licensed
13 profession upon receipt.

14 (f) An applicant seeking a temporary license as a civil engineer,
15 geotechnical engineer, structural engineer, land surveyor,
16 professional geologist, professional geophysicist, certified
17 engineering geologist, or certified hydrogeologist pursuant to this
18 section shall successfully pass the appropriate California-specific
19 examination or examinations required for licensure in those
20 respective professions by the Board for Professional Engineers,
21 Land Surveyors, and Geologists.

22 (g) A temporary license issued pursuant to this section shall
23 expire 12 months after issuance, upon issuance of *a standard*
24 *license, upon issuance of a license by endorsement, or upon*
25 *issuance of an expedited license pursuant to Section 115.5, a license*
26 ~~by endorsement, or upon denial of the application for expedited~~
27 ~~licensure by the board,~~ whichever occurs first.

28 (h) A board shall submit to the department for approval, if
29 necessary to implement this section, draft regulations necessary
30 to administer this section by June 15, 2022. These regulations shall
31 be adopted pursuant to the Administrative Procedure Act (Chapter
32 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
33 Title 2 of the Government Code).

34 (i) (A) This section shall not apply to a board that has a process
35 in place by which an out-of-state licensed applicant in good
36 standing who is married to, or in a domestic partnership or other
37 legal union with, an active duty member of the Armed Forces of
38 the United States is able to receive expedited, temporary
39 authorization to practice while meeting state-specific requirements
40 for a period of at least one ~~year~~. *year or is able to receive an*

1 *expedited license by endorsement with no additional requirements*
2 *superseding those described in subdivision (c).*

3 (B) This section shall apply only to the extent that it does not
4 amend an initiative or violate constitutional requirements.

5 SEC. 2. *Section 115.8 is added to the Business and Professions*
6 *Code, to read:*

7 *115.8. The Department of Consumer Affairs, the Commission*
8 *on Teacher Credentialing, the Department of Real Estate, and the*
9 *State Department of Public Health shall compile information on*
10 *military, veteran, and spouse licensure into an annual report for*
11 *the Legislature, which shall be submitted in conformance with*
12 *Section 9795 of the Government Code. The report shall include*
13 *all of the following:*

14 (a) *The number of applications for a temporary license*
15 *submitted by active duty service members, veterans, or military*
16 *spouses per calendar year, pursuant to Section 115.6.*

17 (b) *The number of applications for expedited licenses submitted*
18 *by veterans and active duty spouses pursuant to Sections 115.4*
19 *and 115.5.*

20 (c) *The number of licenses issued and denied per calendar year*
21 *pursuant to Sections 115.4, 115.5, and 115.6.*

22 (d) *The number of licenses issued pursuant to Section 115.6*
23 *that were suspended or revoked per calendar year.*

24 (e) *The number of applications for waived renewal fees received*
25 *and granted pursuant to Section 114.3 per calendar year.*

26 (f) *The average length of time between application and issuance*
27 *of licenses pursuant to Sections 115.4, 115.5, and 115.6 per board*
28 *and occupation.*

29 SEC. 3. *Section 5132 of the Business and Professions Code is*
30 *amended to read:*

31 5132. (a) *All moneys received by the board under this chapter*
32 *from any source and for any purpose and from a temporary license*
33 *issued under Section 115.6 shall be accounted for and reported*
34 *monthly by the board to the Controller and at the same time the*
35 *moneys shall be remitted to the State Treasury to the credit of the*
36 *Accountancy Fund.*

37 (b) *The secretary-treasurer of the board shall, from time to time,*
38 *but not less than once each fiscal year, prepare or have prepared*
39 *on their behalf, a financial report of the Accountancy Fund that*

1 contains information that the board determines is necessary for
 2 the purposes for which the board was established.

3 (c) The report of the Accountancy Fund, which shall be
 4 published pursuant to Section 5008, shall include the revenues and
 5 the related costs from examination, initial licensing, license
 6 renewal, citation and fine authority, and cost recovery from
 7 enforcement actions and case settlements.

8 ~~SEC. 4. Section 95 is added to the Military and Veterans Code,~~
 9 ~~to read:~~

10 ~~95. (a) The Department of Veterans Affairs shall place a~~
 11 ~~prominently displayed military licensure icon or hyperlink on its~~
 12 ~~internet website, in an appropriate location pertaining to licensure~~
 13 ~~and employment opportunities for veterans, service members, and~~
 14 ~~spouses, that links to the internet websites identified in this section.~~

15 ~~(b) The Department of Consumer Affairs, the Commission on~~
 16 ~~Teacher Credentialing, the Department of Real Estate, and the~~
 17 ~~State Department of Public Health shall place a prominently~~
 18 ~~displayed military licensure icon or hyperlink on the home page~~
 19 ~~of their internet websites, linked to information for each~~
 20 ~~occupational board or program for licensure or certification that~~
 21 ~~it administers. In addition to general licensure or certificate~~
 22 ~~information, the following information shall be displayed:~~

23 ~~(1) Each licensing agency's process for expediting applications~~
 24 ~~for service members, veterans, and spouses, including the average~~
 25 ~~processing times for expedited applications and the number of~~
 26 ~~expedited applications requested in the calendar year.~~

27 ~~(2) The availability of temporary or provisional licensure,~~
 28 ~~specific requirements needed to obtain a temporary or provisional~~
 29 ~~license, and how long the provisional or temporary license is valid.~~

30 ~~(c) (1) The Department of Consumer Affairs shall establish a~~
 31 ~~specific gateway aligned with the existing "Board and Bureau~~
 32 ~~Military Contact Information," "Expedited Licensure," and~~
 33 ~~"Renewal Fee Waivers" gateways on their Military Member~~
 34 ~~Resources page, including a list of all boards that provide~~
 35 ~~temporary or provisional licensure, with hyperlinks linking to each~~
 36 ~~board's military licensure data.~~

37 ~~(2) The Department of Consumer Affairs shall establish a~~
 38 ~~"Licensure by Endorsement" section on its internet website listing~~
 39 ~~all boards that offer an option for licensure by endorsement,~~

1 accompanied by a hyperlink to each board's military licensure
2 data:

3 ~~(d) The Department of Consumer Affairs, the Commission on
4 Teacher Credentialing, the Department of Real Estate, and the
5 State Department of Public Health shall compile information on
6 military, veteran, and spouse licensure into an annual report for
7 the Legislature, which shall be submitted in conformance with
8 Section 9795 of the Government Code. The report shall include
9 all of the following:~~

10 ~~(1) The number of applications for a license submitted by active
11 duty service members, separating service members, veterans, or
12 military spouses per calendar year.~~

13 ~~(2) The number of licenses issued and denied, including reason
14 for denial, to active duty service members, separating service
15 members, veterans, and military spouses per calendar year.~~

16 ~~(3) The number of licenses of active duty service members,
17 separating service members, veterans, or military spouses that
18 were suspended or revoked per calendar year.~~

19 ~~(4) The number of applications for waived renewal fees received
20 from active duty service members and military spouses per calendar
21 year.~~

22 ~~(5) The number of fee waivers issued to active duty service
23 members and military spouses per calendar year.~~

24 ~~(6) The average length of time between application and issuance
25 of licenses for active duty service members, separating service
26 members, veterans, or military spouses per board and occupation.~~

27 ~~SEC. 5.~~

28 *SEC. 4.* No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 the only costs that may be incurred by a local agency or school
31 district will be incurred because this act creates a new crime or
32 infraction, eliminates a crime or infraction, or changes the penalty
33 for a crime or infraction, within the meaning of Section 17556 of
34 the Government Code, or changes the definition of a crime within
35 the meaning of Section 6 of Article XIII B of the California
36 Constitution.

O

**California Board of Accountancy**2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833*phone:* (916) 263-3680 *fax:* (916) 263-3675 *web:* www.cba.ca.gov

April 12, 2021

The Honorable Rudy Salas, Jr.
State Capitol, Room 4016
Sacramento, CA 95814**Bill: AB 107**
Position: Support

Dear Assemblymember Salas:

At its March 25, 2021 meeting, the California Board of Accountancy (CBA) voted to take a Support position on Assembly Bill (AB) 107, as introduced on February 25, 2021.

The bill would expand the existing provisions for the granting of temporary licenses to include the California Board of Accountancy (CBA), as well as seven other Department of Consumer Affairs boards. For boards which currently do not offer temporary licensure, this bill would require them to issue a regular license after appropriate investigation, if the applicant meets specified requirements.

The provisions requiring the issuance of a temporary license would not apply to a board that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the United States Armed Forces is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year.

Although this bill would not apply to the CBA as there are provisions in place to allow immediate practice rights and expedited licensing, the CBA has taken a Support position consistent with its continued practice of assisting members of the military and their families. Further, the CBA has established a military liaison to provide individual assistance to these individuals as they navigate their options to practice as a CPA in California.

If you have questions, please contact CBA Assistant Executive Officer Deanne Pearce at (916) 561-1740 or deanne.pearce@cba.ca.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA
President

- c: Members, California Board of Accountancy
Patti Bowers, Executive Officer, California Board of Accountancy
Members, Assembly Business and Professions Committee
Members, Senate Business, Professions and Economic Development Committee



Assemblymember Rudy Salas, 32nd District

ASSEMBLY BILL 107 – MILITARY SPOUSAL LICENSING

FACT SHEET

BACKGROUND

Military families face many challenges as they navigate through deployments, relocations, and the costs associated with frequent, unexpected lifestyle changes. The financial burden of moving can be a huge setback for a military family. There may be a need for new child care services in short order, they must pay for the delivery of all their possessions, or they may have to rent vehicles. All of these costs add up quickly, and could even occur multiple times in a single year.

In 2019, the Blue Star Families' annual military family survey found that service members and their spouses ranked financial stress as their greatest concern, even over deployment. A separate 2019 report from the National Foundation for Credit Counseling found that almost 90 percent of service members and 84 percent of spouses or partners have worries about their personal finances.

The gender wage gap between women and men also has a significant impact on the income of military families. Women make up 93 percent of active duty military spouses, and 74 percent have children at home. The Blue Star Families' survey found that 49 percent of male military spouses worked full time, compared to only 27 percent of female military spouses. On top of this, 44 percent of male military spouses earned more than \$50,000 in 2016, while only 19 percent of female military spouses earned the same or more.

ISSUE

Every financial obstacle that a military family faces is compounded when a spouse struggles to find employment. A 2017 Department of Defense survey showed that 24 percent of military spouses were unemployed, compared with 9 percent unemployment nationally. These unemployed spouses on average search for work for 4 months. Employment itself is not always the issue, many military spouses suffer from underemployment as they transition into a new state.

Importantly, almost 35 percent of military spouses work in a profession that requires a license in order to be employed. The process of transferring a license or applying for a new California license can be time consuming and take months for approval, time that many military families don't have. In light of this, AB 186 (Maienschein, 2014) created a temporary license program for military spouses that allows a military spouse to quickly receive a California license that expires after 12 months or after an expedited license is issued. This program currently covers registered nursing licenses, medical licenses, veterinarian licenses, and others.

There are, however, some professions that are left out of this program that stand to benefit many military spouses. A 2012 Department of Defense report found that jobs such as accountants, auditors, and dental assistants rank among the top occupations for military spouses, yet these licenses are not covered by the program that AB 186 created. AB 107 expands the amount of licenses that

military spouses are likely to benefit from in order to increase the efficacy of this program and ease the burdens placed on military spouses and military families.

EXISTING LAW

AB 186 (Maienschein, 2014) added Section 115.6 to the Business and Professions Code, which established a temporary licensure process for specified licensed professions for military spouses. Section 115.6 also prescribes requirements for applicants to be issued a temporary license, including holding a current, active, and unrestricted license in another jurisdiction.

SUPPORT

United States Department of Defense

THIS BILL

AB 107 amends Sections 115.6 of the Business and Professions Code to add all licenses issued by the Dental Board, the Dental Hygiene Board, the Board of Pharmacy, the Board of Accountancy, the Veterinary Medical Board, the Board of Barbering and Cosmetology, the Board of Psychology, the Board of Occupational Therapy, and the Physical Therapy Board. AB 107 also requires that these boards issue temporary licenses to qualified applicants within 30 days of receiving the required documentation. Boards who already have a process in place to provide expedited, temporary licenses for military spouses are exempt from this bill. AB 107 also requires boards not listed Section 115.6 to issue a license to a military spouse applicant if they satisfy certain requirements, such as holding a current license in another state and have not been previously disciplined. Finally, AB 107 requires various state departments to prominently display links for military spouses licensure on their websites and report data on military spouse licensure applicants to the Legislature. This bill will help ensure that military spouses can seamlessly become employed in some of the most commonly held jobs and continue to support their families.

FOR MORE INFORMATION

Michael Dyar
 P: (916) 319-2032
 F: (916) 319-2132
Michael.Dyar@asm.ca.gov

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 225**

Subject:	Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.	CBA Position:	Support, if Amended
Version:	April 20, 2021	Author:	Gray
Status:	Assembly Business and Professions Committee	Sponsor:	Author

Summary

Assembly Bill (AB) 225 (**Attachment 1**) would require some boards within the Department of Consumer Affairs (DCA) to issue a temporary license to an applicant who meets specified requirements.

Recommendation

Move to Monitor List. Staff recommend the CBA discontinue its position and instead move this item to our list of bills to monitor. Following discussions with the author's office, the bill was amended to remove any application to the CBA.

Background

Not applicable.

Analysis

During the March meeting, the CBA took a support if amended position on AB 225. At that time, staff was working with the author to amend the proposal to provide an exemption to the CBA as we have a process in place to provide immediate practice rights to individuals without the need for a temporary license and without creating a new application process.

Since that time, AB 225 was amended to not apply to the CBA and only apply to temporary licenses issued by the Board of Registered Nursing, the Board of Vocational Nursing and Psychiatric Technicians of the State of California, the Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board, the Veterinary Medical Board, the Board for Professional Engineers, Land Surveyors, and Geologists, the Medical Board of California, and the Podiatric Medical Board of California.

Fiscal Estimate

There are no costs to the CBA.

Support/Opposition

Support: Beale Military Liaison Council, Inc.

AB 225

Page 2 of 2

California Defense Community Alliance
City of Camarillo
County of Ventura
San Diego Military Advisory Council
Solano County Board of Supervisors
South Bay Aerospace Alliance
Travis Community Consortium.

Opposition: None.

Effective/Operative Date

January 1, 2022.

Related Bills

- AB 107 (Salas) of 2021. Would expand the existing provisions granting temporary licenses to honorably discharged veterans, their spouses, and domestic partners, to include the CBA, as well as seven other boards. Would require boards which do not currently offer temporary licenses to issue a regular license after appropriate investigation if the applicant is an honorably discharged veteran, or in a legal union with an active duty member of the Armed Forces currently assigned to a duty station in California, who hold an unrestricted license in good standing in another jurisdiction. Establishes requirements for website postings and reports to the Legislature.
- AB 3045 (Gray), 2020 Legislative Session. AB 225 is a reintroduction of AB 3045 from last session.

Attachments

1. AB 225
2. AB 225 Fact Sheet

AMENDED IN ASSEMBLY APRIL 20, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL**No. 225****Introduced by Assembly Members Gray, Gallagher, and Patterson**

January 11, 2021

An act to amend Section 115.6 ~~of, and to add Section 115.7 to,~~ of the Business and Professions Code, relating to professions and vocations, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 225, as amended, Gray. Department of Consumer Affairs: boards: veterans: military spouses: licenses.

Under existing law, the Department of Consumer Affairs, under the control of the Director of Consumer Affairs, is comprised of various boards that license and regulate various professions and ~~vocations, including healing arts licensees:~~ *vocations*. Existing law requires an applicant seeking a license from a board within the department to meet specified requirements and to pay certain licensing fees. Existing law requires specified boards within the department to issue, after appropriate investigation, certain types of temporary licenses to an applicant if the applicant meets specified requirements, including that the applicant supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders and the applicant holds a current, active, and unrestricted license that confers upon the applicant the authority to practice, in another state, district, or territory of the United States, the profession or vocation for which the applicant seeks a temporary license from the

board. Existing law requires these temporary licenses to expire 12 months after issuance. Under existing law, some of the funds within the jurisdiction of a board consist of revenue from fees that are continuously appropriated.

This bill would require the temporary licenses described above to expire ~~30~~ 18 months after issuance. The bill would ~~require boards not responsible for the licensure and regulation of healing arts licensees and not subject to the temporary licensing provisions described above to issue licenses to an applicant if the applicant meets specified requirements, including that the~~ *expand the eligibility for a temporary license to an applicant who meets the specified criteria and who supplies evidence satisfactory to the board that the applicant is* ~~an honorably discharged a veteran of the Armed Forces of the United States within 6 months of separation from active duty under other-than-dishonorable conditions, and an applicant who supplies evidence satisfactory to the board that the applicant is~~ *or is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States, as provided. States with official orders for separation within 90 days under other-than-dishonorable conditions.* The bill would require an application for a license to include a signed affidavit attesting to the fact that the applicant meets all requirements for a license. The bill would authorize the immediate termination of a license issued pursuant to these provisions upon a finding that the licenseholder failed to meet specified requirements or provided substantively inaccurate information that would affect the person's eligibility for licensure, ~~as provided.~~ By expanding the scope of the crime of perjury, the bill would impose a state-mandated local program. The bill's expansion of the requirement to issue *temporary* licenses would result in revenues from fees for certain licenses being deposited into continuously appropriated funds. By establishing a new source of revenue for those continuously appropriated funds, the bill would make an appropriation.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. Section 115.6 of the Business and Professions
2 Code is amended to read:

3 115.6. (a) A board within the department shall, after
4 appropriate investigation, issue the following eligible temporary
5 licenses to an applicant if the applicant meets the requirements set
6 forth in subdivision (c):

7 (1) Registered nurse license by the Board of Registered Nursing.

8 (2) Vocational nurse license issued by the Board of Vocational
9 Nursing and Psychiatric Technicians of the State of California.

10 (3) Psychiatric technician license issued by the Board of
11 Vocational Nursing and Psychiatric Technicians of the State of
12 California.

13 (4) Speech-language pathologist license issued by the
14 Speech-Language Pathology and Audiology and Hearing Aid
15 Dispensers Board.

16 (5) Audiologist license issued by the Speech-Language
17 Pathology and Audiology and Hearing Aid Dispensers Board.

18 (6) Veterinarian license issued by the Veterinary Medical Board.

19 (7) All licenses issued by the Board for Professional Engineers,
20 Land Surveyors, and Geologists.

21 (8) All licenses issued by the Medical Board of California.

22 (9) All licenses issued by the Podiatric Medical Board of
23 California.

24 (b) The board may conduct an investigation of an applicant for
25 purposes of denying or revoking a temporary license issued
26 pursuant to this section. This investigation may include a criminal
27 background check.

28 (c) An applicant seeking a temporary license pursuant to this
29 section shall meet the following requirements:

30 (1) The applicant shall supply evidence satisfactory to the board
31 that the applicant is ~~married~~ *one of the following:*

32 (A) *Married* to, or in a domestic partnership or other legal union
33 with, an active duty member of the Armed Forces of the United
34 States who is assigned to a duty station in this state under official
35 active duty military orders.

36 (B) *A veteran of the Armed Forces of the United States within*
37 *six months of separation from active duty under*
38 *other-than-dishonorable conditions.*

1 (C) *An active duty member of the Armed Forces of the United*
2 *States with official orders for separation within 90 days under*
3 *other-than-dishonorable conditions.*

4 (2) The applicant shall hold a current, active, and unrestricted
5 license that confers upon the applicant the authority to practice,
6 in another state, district, or territory of the United States, the
7 profession or vocation for which the applicant seeks a temporary
8 license from the board.

9 (3) The applicant shall submit an application to the board that
10 shall include a signed affidavit attesting to the fact that the
11 applicant meets all of the requirements for the temporary license
12 and that the information submitted in the application is accurate,
13 to the best of the applicant's knowledge. The application shall also
14 include written verification from the applicant's original licensing
15 jurisdiction stating that the applicant's license is in good standing
16 in that jurisdiction.

17 (4) The applicant shall not have committed an act in any
18 jurisdiction that would have constituted grounds for denial,
19 suspension, or revocation of the license under this code at the time
20 the act was committed. A violation of this paragraph may be
21 grounds for the denial or revocation of a temporary license issued
22 by the board.

23 (5) The applicant shall not have been disciplined by a licensing
24 entity in another jurisdiction and shall not be the subject of an
25 unresolved complaint, review procedure, or disciplinary proceeding
26 conducted by a licensing entity in another jurisdiction.

27 (6) The applicant shall, upon request by a board, furnish a full
28 set of fingerprints for purposes of conducting a criminal
29 background check.

30 (d) A board may adopt regulations necessary to administer this
31 section.

32 (e) A temporary license issued pursuant to this section may be
33 immediately terminated upon a finding that the temporary
34 licenseholder failed to meet any of the requirements described in
35 subdivision (c) or provided substantively inaccurate information
36 that would affect the person's eligibility for temporary licensure.
37 Upon termination of the temporary license, the board shall issue
38 a notice of termination that shall require the temporary
39 licenseholder to immediately cease the practice of the licensed
40 profession upon receipt.

1 (f) An applicant seeking a temporary license as a civil engineer,
2 geotechnical engineer, structural engineer, land surveyor,
3 professional geologist, professional geophysicist, certified
4 engineering geologist, or certified hydrogeologist pursuant to this
5 section shall successfully pass the appropriate California-specific
6 examination or examinations required for licensure in those
7 respective professions by the Board for Professional Engineers,
8 Land Surveyors, and Geologists.

9 (g) A temporary license issued pursuant to this section shall
10 expire ~~30~~ 18 months after issuance, upon issuance of *a standard*
11 *license, a license by endorsement, or an expedited license* pursuant
12 to Section 115.5, ~~or upon denial of the application for expedited~~
13 ~~licensure by the board, whichever occurs first.~~

14 ~~SEC. 2. Section 115.7 is added to the Business and Professions~~
15 ~~Code, to read:~~

16 ~~115.7. (a) A board not specified in Division 2 (commencing~~
17 ~~with Section 500) or subdivision (a) of Section 115.6 shall, after~~
18 ~~appropriate investigation, issue a license to an applicant if the~~
19 ~~applicant meets all of the following requirements:~~

20 ~~(1) The applicant shall supply evidence satisfactory to the board~~
21 ~~that the applicant is an honorably discharged veteran of the Armed~~
22 ~~Forces of the United States or is married to, or in a domestic~~
23 ~~partnership or other legal union with, an active duty member of~~
24 ~~the Armed Forces of the United States who is assigned to a duty~~
25 ~~station in this state under official active duty military orders.~~

26 ~~(2) The applicant shall hold a current, active, and unrestricted~~
27 ~~license that confers upon the applicant the authority to practice,~~
28 ~~in another state, district, or territory of the United States, the~~
29 ~~profession or vocation for which the applicant seeks a license from~~
30 ~~the board.~~

31 ~~(3) The applicant shall submit an application to the board that~~
32 ~~shall include a signed affidavit attesting to the fact that the~~
33 ~~applicant meets all of the requirements for the license and that the~~
34 ~~information submitted in the application is accurate, to the best of~~
35 ~~the applicant's knowledge. The application shall also include~~
36 ~~written verification from the applicant's original licensing~~
37 ~~jurisdiction stating that the applicant's license is in good standing~~
38 ~~in that jurisdiction.~~

39 ~~(4) The applicant shall not have committed an act in any~~
40 ~~jurisdiction that would have constituted grounds for denial,~~

1 suspension, or revocation of the license under this code at the time
2 the act was committed. A violation of this paragraph may be
3 grounds for the denial or revocation of a license issued by the
4 board.

5 ~~(5) The applicant shall not have been disciplined by a licensing
6 entity in another jurisdiction and shall not be the subject of an
7 unresolved complaint, review procedure, or disciplinary proceeding
8 conducted by a licensing entity in another jurisdiction.~~

9 ~~(6) The applicant shall, upon request by a board, furnish a full
10 set of fingerprints for purposes of conducting a criminal
11 background check.~~

12 ~~(b) A board may adopt regulations necessary to administer this
13 section.~~

14 ~~(c) A license issued pursuant to this section may be immediately
15 terminated pursuant to the board's procedural due process
16 requirements, upon a finding that the licenseholder failed to meet
17 any of the requirements described in subdivision (a) or provided
18 substantively inaccurate information that would affect the person's
19 eligibility for licensure. Upon termination of the license, the board
20 shall issue a notice of termination that shall require the
21 licenseholder to immediately cease the practice of the licensed
22 profession or vocation upon receipt.~~

23 ~~SEC. 3.~~

24 *SEC. 2.* No reimbursement is required by this act pursuant to
25 Section 6 of Article XIII B of the California Constitution because
26 the only costs that may be incurred by a local agency or school
27 district will be incurred because this act creates a new crime or
28 infraction, eliminates a crime or infraction, or changes the penalty
29 for a crime or infraction, within the meaning of Section 17556 of
30 the Government Code, or changes the definition of a crime within
31 the meaning of Section 6 of Article XIII B of the California
32 Constitution.



FACT SHEET

AB 225 (Gray, Gallagher, and Patterson)
Veterans and Military Spouse Licensure

SUMMARY

With some exemptions, AB 225 requires licensing boards at the Department of Consumer Affairs, to issue professional licenses to veterans and military spouses of active duty service members if they possess a valid and unrestricted license in that profession from another state. The bill also extends from 12 months to 30 months the validity of temporary licenses for military spouses already required under current law.

PROBLEM

Over the last 60 years, the number of jobs requiring an occupational license, or government approval to practice a profession, has grown from about 1-in-20 to almost 1-in-4. Licensing laws are implemented to protect the health and safety of consumers, but excessively onerous requirements can create barriers to employment for many individuals without any demonstrated public benefit.

Military families are disproportionately affected by occupational licensing barriers especially as it relates to licensing portability. The military trains veterans in skills applicable to 962 civilian licensed occupations and more than a third of military spouses are employed in a field that requires licensure. Challenges to finding a job exacerbated by licensing regulations contributes to the 70% of veterans who report difficulty making the transition back to civilian life and the 22% of military spouses who report their greatest challenge for employment is the inability to transfer

professional licenses to another location. Military families move 2.4 times as often as civilian families, and this fact is at odds with the trend among licensed professionals to move between states nearly 40% less often than average, in part because of the difficult licensing process. Failure to recognize our veterans' unique experiences can discourage them from entering or remaining in the labor market and has led to unemployment rates among military spouses nearly four times that of the general population.

California routinely lags behind other states in our treatment and accommodation of veterans and their families despite being home to more veterans than any other state. The US Department of Labor ranks California's military spouse licensure recognition in the bottom third of states, while California is one of the least veteran-friendly states as measured by veterans' economic conditions (46th), veteran homelessness (48th), and affordable housing (50th).

SOLUTION

AB 225 requires licensing boards under the Department of Consumer Affairs to honor the out-of-state professional license of a veteran or activity duty military spouse. The bill exempts the healing arts, most of which are already required to grant temporary licenses to military spouses under current law. AB 225 requires these temporary licenses to be valid for a minimum of 30 months, up from 12 months, to conform with the average length of military deployment.



FACT SHEET

AB 225 (Gray, Gallagher, and Patterson)
Veterans and Military Spouse Licensure

Thirty-seven other states have license recognition laws more veteran-friendly than California and fifteen other states, including Oregon, Utah, and Michigan have laws requiring even greater license portability than AB 225 proposes. The reforms created by this bill will make California a more desirable place for military families to live during and after their service to this country.

The National Defense Authorization Act (NDAA) now requires the Department of Defense to consider a state's military family readiness policies, including interstate licensure portability for military families, in determining whether to proceed with any basing decisions or establishing major headquarters in the US. If California does not improve our policies around veteran and military spouse licensure, the state may be vulnerable to additional base closures and be ineligible for future base expansions.

California is home to 1.8 million veterans, 162,000 active duty military personnel, 57,000 reserve service members, and more than 500,000 full-time jobs created as a result of military investments in the state. National security activities contribute \$181.2 billion annually, producing \$23.2 billion in tax revenue for the state and local governments. There is no other state in the nation that has as much to lose as California under the military readiness provisions of the NDAA.

AB 225 is a major step in the right direction to ensure California becomes a leading family readiness state.

STAFF CONTACT

Adam Capper
(916) 319-2021

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 298**

Subject:	Accountancy: California Board of Accountancy.	CBA Position:	Sponsor
Version:	March 30, 2021	Author:	Irwin
Status:	Assembly Floor	Sponsor:	California Board of Accountancy

Summary

Assembly Bill (AB) 298 (**Attachment 1**) contains the following provisions as requested by the California Board of Accountancy (CBA):

- To authorize applicants to take the Uniform Certified Public Accountant Examination (CPA Exam) prior to completing the necessary educational requirements if the applicants meet specified conditions.
- The bill also updates the ethics education requirements, makes clarifying changes regarding email confidentiality and who is eligible to preside over CBA meetings.

Recommendation

Maintain Sponsor Position. Staff recommend the CBA maintain its Sponsor position on this bill.

Background

In 2020, the CBA sponsored AB 2267 (Irwin) that included the following provisions as approved by the CBA during its November 2019 meeting:

- Allow applicants to sit for the CPA Exam prior to degree conferral
- Authorize the CBA Secretary/Treasurer or another CBA member, as specified, to preside over CBA meetings
- Clarify existing provisions of the Accountancy Act related to the privacy of applicant and licensee email addresses

Because of the abbreviated legislative year due to the COVID-19 pandemic, AB 2267 did not move forward in the legislative process.

Assemblymember Jacqui Irwin reintroduced the provisions included in AB 2267 in 2020 in AB 298 and, again, made the CBA the sponsor.

At the March meeting, the CBA approved proposed amendments to the provisions of the bill relating to taking the CPA Exam prior to completion of the educational requirements. Additionally, the CBA approved expanding the available courses to meet the ethics study requirement.

Analysis

According to the author's fact sheet (**Attachment 2**):

"This bill will streamline the process for applicants to complete the Uniform CPA Exam, support the CBA's authority to conduct its board meetings, and clarify the privacy of CBA licensee and applicant email addresses."

Under the March 30, 2021 version of the bill, applicants can apply for the CPA Exam 180 days before they will complete the educational requirements typically required for the CPA Exam, which includes:

- A baccalaureate degree or higher conferred by a degree-granting college or university accredited by a United States regional institutional accrediting agency or national accrediting agency, (or foreign equivalent evaluated by a CBA-approved foreign academic credentials evaluation service).
- 24 semester units of accounting subjects
- 24 semester units of business-related subjects

The bill also requires that within 240 days from the submission of the application for the CPA Exam, they must submit documents (transcripts) reflecting completion of the requirements. For an applicant applying 180 days prior to their anticipated completion date, this would provide roughly 60 days after they have completed their education to submit the required documents (transcripts) to the CBA.

Further, to address the concerns identified by stakeholders, prevent any unintended barriers, and continue to uphold strong ethics education requirements for California CPA licensure, the ethics language in Business and Professions Code section 5094.3(c), specific to the three semester or four quarter units, now reflects language to include "auditing" and "fraud."

The provisions relating to email privacy and who is authorized to preside over CBA meetings have not changed. The bill:

- Provides specific authority for the secretary-treasurer to preside at meetings of the CBA. It authorizes the CBA president to designate a non-officer board member to preside if all officers of the board are absent or unable to act at that meeting.

- Clarifies that electronic mail (email) addresses provided by applicants and licensees are not to be considered a public record and not disclosed under the Public Records Act, unless required pursuant to court order.

Fiscal Estimate

CBA costs are minor and absorbable within existing resources. There will be initial set-up costs utilizing existing staff of \$16,016. There will be no on-going costs.

Support/Opposition

Support: California Board of Accountancy (Sponsor) (**Attachment 3**)
California Society of CPAs (CalCPA)
California State Treasurer

Opposition: None.

Effective/Operative Date

January 1, 2022.

Related Bills

- **AB 2267** (Irwin, 2020). Proposed the following: permit the CBA to authorize an applicant to take the CPA Exam prior to completing the necessary educational requirements; provide specific authority for the secretary-treasurer to preside at meetings of the CBA, authorize the CBA president to designate a non-officer board member to preside if all officers of the board are absent or unable to act at that meeting; and clarify that electronic mail (email) addresses provided by applicants and licensees are not to be considered a public record and not disclosed under the Public Records Act, unless required pursuant to court order.
- **SB 773** (Negrete-McLeod) Chap. 344 of 2011. Required, after December 31, 2013, the total educational program required for licensure as a CPA to include a minimum of 10 units of ethics study as specified by this bill and 20 units of accounting study consistent with regulations to be adopted by the CBA by January 1, 2012.

Attachments

1. AB 298
2. AB 298 Fact Sheet
3. California Board of Accountancy Sponsor Position Letter

AMENDED IN ASSEMBLY MARCH 30, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL**No. 298****Introduced by Assembly Member Irwin**

January 25, 2021

An act to amend Sections 5007, 5070, ~~and 5070.5~~ 5070.5, and 5094.3 of, and to add Sections 5009.5 and 5093.5 to, the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 298, as amended, Irwin. Accountancy: California Board of Accountancy.

Existing law establishes the California Board of Accountancy in the Department of Consumer Affairs for the purpose of licensing and regulating the practice of accountancy and provides that the officers of the board are a president, vice president, and a secretary-treasurer. Existing law requires the president to preside at all meetings of the board, and in the event of the president's absence or inability to act, requires the vice president to preside.

This bill would require the secretary-treasurer to preside at meetings of the board if both the president and vice president are absent or unable to act. The bill would authorize the president to designate a board member who is not an officer to preside at a meeting of the board if all officers of the board are absent or unable to act at that meeting.

Existing law prohibits a person from engaging in the practice of public accountancy in this state unless the person holds a valid permit issued by the board or a practice privilege, as specified. Existing law requires an applicant to report to the board a valid email address if the applicant has one, at the time of application for, or renewal of, a public accountant

license. Existing law provides that these email addresses are not considered public records and prohibits these email addresses from being disclosed pursuant to specified provisions of law, unless required pursuant to a court order.

This bill would recast these provisions to, in the interest of protecting the privacy of applicants and licensees, prohibit from disclosure all email addresses provided by applicants or licensees, and would make conforming changes.

Existing law sets forth the requirements for an applicant to qualify for the certified public accountant license and requires an applicant for admission to the examination to present evidence to the board that the applicant has completed specified education requirements.

This bill would, instead, authorize the board to admit an applicant to the certified public accountant examination before the applicant completes those education requirements if the applicant ~~satisfies the conditions specified by the board. The bill would authorize the board to withhold the release of an applicant's examination scores if an applicant fails to timely complete the education requirements or comply with the board's regulations.~~ *is enrolled in a degree-granting university, college, or other institution of learning and is within 180 days of completing the educational requirements to qualify for the certified public accountant license, as specified. The bill would require an applicant for licensure to provide documentation of completion of specified coursework, including coursework in ethics or accountants' professional responsibilities, auditing, or fraud.*

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

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

- 1 SECTION 1. Section 5007 of the Business and Professions
- 2 Code is amended to read:
- 3 5007. The president shall preside at all meetings of the board,
- 4 and in the event of the president's absence or inability to act, the
- 5 vice president shall preside. If both the president and vice president
- 6 are absent or unable to act, the secretary-treasurer shall preside at
- 7 meetings of the board. The president may designate a board
- 8 member who is not an officer to preside at a meeting of the board
- 9 if all officers of the board are absent or unable to act at that
- 10 meeting. Other duties of the president, vice president, and the

1 duties of the secretary-treasurer, shall be such as the board may
2 prescribe.

3 SEC. 2. Section 5009.5 is added to the Business and Professions
4 Code, to read:

5 5009.5. In the interest of protecting the privacy of applicants
6 and licensees, an email address provided by applicants or licensees
7 to the board pursuant to this chapter shall not be considered a
8 public record and shall not be disclosed pursuant to Section 27 or
9 pursuant to a request under the California Public Records Act
10 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
11 Title 1 of the Government Code), unless required pursuant to a
12 court order by a court of competent jurisdiction.

13 SEC. 3. Section 5070 of the Business and Professions Code is
14 amended to read:

15 5070. (a) Permits to engage in the practice of public
16 accountancy in this state shall be issued by the board only to
17 holders of the certificate of certified public accountant issued under
18 this chapter and to those partnerships, corporations, and other
19 persons who, upon application approved by the board, are
20 registered with the board under this chapter. Notwithstanding any
21 other law, the board may register an entity organized and authorized
22 to practice public accountancy under the laws of another state for
23 the purpose of allowing that entity to satisfy the registration
24 requirement set forth in Section 5096.12, if (1) the certified public
25 accountants providing services in California qualify for the practice
26 privilege, and (2) the entity satisfies all other requirements to
27 register in this state, other than its form of legal organization.

28 (b) All applicants for registration shall furnish satisfactory
29 evidence that the applicant is entitled to registration and shall pay
30 the fee as provided in Article 8 (commencing with Section 5130).
31 Every partnership, corporation, and other person to whom a permit
32 is issued shall, in addition to any other fee that may be payable,
33 pay the initial permit fee provided in Article 8 (commencing with
34 Section 5130).

35 (c) Each applicant who has a valid email address shall report to
36 the board that email address at the time of application or
37 registration.

38 (d) Each partnership, corporation, and other person issued a
39 permit by the board to practice as a certified public accountant or

1 as a public accountant shall be furnished with a suitable certificate
 2 evidencing that registration.

3 SEC. 4. Section 5070.5 of the Business and Professions Code
 4 is amended to read:

5 5070.5. (a) (1) A permit issued under this chapter to a certified
 6 public accountant or a public accountant expires at 12 midnight
 7 on the last day of the month of the legal birthday of the licensee
 8 during the second year of a two-year term if not renewed.

9 (2) To renew an unexpired permit, a permitholder shall, before
 10 the time at which the permit would otherwise expire, apply for
 11 renewal on a form prescribed by the board, pay the renewal fee
 12 prescribed by this chapter, and give evidence satisfactory to the
 13 board that the permitholder has complied with the continuing
 14 education provisions of this chapter.

15 (3) Each applicant for renewal who has a valid email address
 16 shall report that email address to the board on the renewal form
 17 described in paragraph (1).

18 (b) A permit to practice as an accountancy partnership or an
 19 accountancy corporation expires at 12 midnight on the last day of
 20 the month in which the permit was initially issued during the
 21 second year of a two-year term if not renewed. To renew an
 22 unexpired permit, the permitholder shall, before the time at which
 23 the permit would otherwise expire, apply for renewal on a form
 24 prescribed by the board, pay the renewal fee prescribed by this
 25 chapter, and provide evidence satisfactory to the board that the
 26 accountancy partnership or accountancy corporation is in
 27 compliance with this chapter.

28 (c) On or before July 1, 2020, each permitholder who has a valid
 29 email address shall provide that email address to the board.

30 (d) A permitholder shall notify the board within 30 days of any
 31 change to their email address on file with the board. The board
 32 may periodically, as it determines necessary, require permitholders
 33 to confirm that their email address on file with the board is current.

34 SEC. 5. Section 5093.5 is added to the Business and Professions
 35 Code, to read:

36 5093.5. (a) Notwithstanding subdivision (b) of Section 5093,
 37 the board may admit an applicant to the certified public accountant
 38 examination before the applicant completes the education
 39 requirements set forth in ~~Section 5093~~. 5093, *if the applicant is*
 40 *enrolled in a degree-granting university, college, or other*

1 institution of learning, as defined in Section 5094, and is within
2 180 days of completing the educational requirements set forth in
3 paragraph (1) of subdivision (b) of Section 5093.

4 (b) Within 240 days of submitting an application pursuant to
5 subdivision (a), the applicant shall provide the board with
6 satisfactory evidence that they have completed the educational
7 requirements set forth in paragraph (1) of subdivision (b) of Section
8 5093.

9 (c) Failure to comply with subdivision (b) may result in the loss
10 of any credit received for passage of any part of the certified public
11 accountant examination before the requirement described in
12 subdivision (b) was met.

13 ~~(b) The board shall adopt regulations pursuant to this section
14 that shall specify, at a minimum, both of the following:~~

15 ~~(1) The timeframe in which an applicant must complete their
16 education following submission of the application for admission
17 to the examination.~~

18 ~~(2) The manner in which an applicant shall provide satisfactory
19 evidence of their education requirements.~~

20 ~~(c) The board may withhold the release of an applicant's
21 examination scores if an applicant fails to timely complete the
22 education requirements or comply with the regulations adopted
23 by the board pursuant to this section.~~

24 *SEC. 6. Section 5094.3 of the Business and Professions Code
25 is amended to read:*

26 5094.3. (a) An applicant for licensure as a certified public
27 accountant shall, to the satisfaction of the board, provide
28 documentation of the completion of 10 semester units or 15 quarter
29 units of ethics study, as set forth in paragraph (2) of subdivision
30 (b) of Section 5093, in the manner prescribed in this section.

31 ~~(b) (1) Between January 1, 2014, and December 31, 2016,
32 inclusive, an applicant shall complete 10 semester units or 15
33 quarter units in courses described in subdivisions (d), (e), and (f).~~

34 ~~(2)~~

35 (b) Beginning January 1, 2017, an applicant shall complete 10
36 semester units or 15 quarter units in courses described in
37 subdivisions (c), (d), (e), and (f).

38 (c) A minimum of three semester units or four quarter units in
39 courses at an upper division level or higher devoted to accounting
40 ethics or accountants' professional responsibilities, *auditing, or*

1 *fraud* unless the course was completed at a community college, in
2 which case it need not be completed at the upper division level or
3 higher.

4 ~~(d) Between January 1, 2014, and December 31, 2016, inclusive,~~
5 ~~a maximum of 10 semester units or 15 quarter units, and on and~~
6 ~~after January 1, 2017, a~~ A maximum of 7 semester units or 11
7 quarter units, in the following subjects relating to ethics:

8 (1) Business, government, and society.

9 (2) Business law.

10 (3) Corporate governance.

11 (4) Corporate social responsibility.

12 (5) Ethics.

13 (6) Fraud.

14 (7) Human resources management.

15 (8) Business leadership.

16 (9) Legal environment of business.

17 (10) Management of organizations.

18 (11) Morals.

19 (12) Organizational behavior.

20 (13) Professional responsibilities.

21 (14) Auditing.

22 (e) (1) A maximum of three semester units or four quarter units
23 in courses taken in the following disciplines:

24 (A) Philosophy.

25 (B) Religion.

26 (C) Theology.

27 (2) To qualify under this subdivision, the course title shall
28 contain one or more of the terms “introduction,” “introductory,”
29 “general,” “fundamentals of,” “principles,” “foundation of,” or
30 “survey of,” or have the name of the discipline as the sole name
31 of the course title.

32 (f) A maximum of one semester unit of ethics study for
33 completion of a course specific to financial statement audits.

34 (g) An applicant who has successfully passed the examination
35 requirement specified under Section 5082 on or before December
36 31, 2013, is exempt from this section unless the applicant fails to
37 obtain the qualifying experience as specified in Section 5092 or
38 5093 on or before December 31, 2015.

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AB 298 (Irwin) California Board of Accountancy

SUMMARY

AB 298 makes various, non-controversial changes to the California Board of Accountancy (CBA or Board) and their regulation of licensees.

BACKGROUND

Established in 1901, the CBA is charged with regulating the accounting profession for the public interest. The Board establishes licensure for entry into the profession and oversees the professional conduct of over 107,000 licensees in the state.

Existing law requires accountant licensee applicants to meet certain educational requirements, such as a conferral of a Bachelor's degree, prior to being authorized by the CBA to sit for the official Certified Public Accountant (CPA) Exam. The CBA has found that some applicants must wait several weeks for their college or university to produce an official transcript that reflects degree conferral. Upon submission of the licensee's application, the CBA then requires up to 30 days to review and authorize qualified applicants to sit for the CPA Exam. Due to these timeframes, applicants must often wait three months or longer, thereby delaying their passage of the CPA Exam and entry into the CPA profession.

The Business and Professions Code also provides for the election of the CBA officers and provides authority for the President, or the Vice-President in his/her absence, to preside at CBA meetings. However, as currently written, there is no provision in statute to permit an individual other than the President or Vice-President including the Secretary/Treasurer, to preside over meetings. An occurrence could arise when all three of the board officers are unable to act as chair, while the other members have gathered for a noticed meeting.

Lastly, pursuant to AB 1521 (2019), beginning January 1, 2020, the CBA began collecting email addresses from all applicants and licensees. This requirement also extends to out-of-state CPAs required to receive written permission from the CBA prior to practicing in California under the mobility program. The new requirement did not include the pre-existing language exempting that information from public disclosure, leaving all the private email addresses collected by the Board visible to the public and jeopardizing privacy.

THIS BILL

AB 298 makes the following three changes:

- Permits the CBA to authorize an applicant to take the CPA Exam prior to the completion of the educational requirements necessary for licensure.
- Clarifies the authority for the CBA to conduct its business, in the unlikely event that the officers are unable to attend, unable to act, or have to recuse themselves from a particular agenda item.
- Safeguards the confidentiality of a CBA's applicant and licensee email addresses by ensuring that the information will not be considered a public record subject to disclosure pursuant to a California Public Records Act (PRA) request or posted on the internet pursuant to BPC section 27, unless required by a court order.

This bill will streamline the process for applicants to apply and complete the CPA Exam, allow for the Board to continue to conduct its consumer protection mission in the event of a special circumstance, and protect the privacy of CBA licensees and applicants.

SUPPORT

California Board of Accountancy (Sponsor)

OPPOSITION

None registered.

CONTACT

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phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



April 12, 2021

The Honorable Jacqui Irwin
State Capitol, Room 5119
Sacramento, CA 95814**Bill: AB 298**
Position: Sponsor

Dear Assemblymember Irwin:

On behalf of the California Board of Accountancy (CBA), thank you for introducing Assembly Bill (AB) 298. The CBA is pleased to Sponsor this bill.

AB 298 authorizes the CBA to admit an applicant to the Uniform Certified Public Accountant Examination (CPA Exam) if they are within 180 days of completing the necessary educational requirements. Early entry to the CPA Exam could reduce the timeframe for applicants to obtain a CPA license by several weeks, or longer, without changing the requirements for licensure.

The bill would also clarify additional provisions of existing law, including confidentiality of licensee email addresses provided to the CBA and who may preside over CBA meetings.

Additionally, AB 298 would add two additional courses that would meet California's ethics education requirements, resolving potential barriers out-of-state applicants face to meet the CPA licensure requirements. These two courses continue to support the CBA's strong foundation in ethics.

Thank you again for your support of the CBA and its consumer protection mission.

If you have questions, please contact Patti Bowers, Executive Officer, at (916) 561-1711 or patti.bowers@cba.ca.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA
President

c: Members, California Board of Accountancy
Patti Bowers, Executive Officer, California Board of Accountancy
Members, Assembly Business and Professions Committee
Members, Senate Business, Professions and Economic Development Committee

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 646**

Subject:	Department of Consumer Affairs: Boards: Expunged Convictions.	CBA Position:	Watch
		Author:	Low
Version:	April 14, 2021	Sponsor:	Author
Status:	Assembly Appropriations Committee		

Summary

Assembly Bill (AB) 646 (**Attachment 1**) would require a licensing board under the Department of Consumer Affairs (DCA), including the California Board of Accountancy (CBA), to update information on its website regarding licensees who have had their licenses revoked due to criminal convictions that are subsequently expunged, pursuant to Penal Code (PC) section 1203.4.

Recommendation

Maintain Watch Position. Staff recommend the CBA maintain its Watch position on this bill, which has not had any substantive edits that impact the CBA.

Staff has been in contact with the author's office regarding the implementation concerns identified in the analysis and they have been acknowledged. It is possible as the bill moves through the legislative process that further discussions may be held.

Background

Criminal Record Relief

Various provisions of the PC allow or require eligible individuals convicted of certain crimes to have their records dismissed or expunged following completion of their sentences, subject to specified conditions.

PC section 1203.4, which is the expungement statute referenced in AB 646, states an individual sentenced to probation may petition the Superior Court to change their plea or have a guilty verdict set aside if the individual meets all of the following conditions:

- Not serving a sentence for any offense
- No longer on probation for any offense
- Currently not charged with committing any offense
- Fulfilled the conditions for probation for the entire period of probation, or was discharged prior to the termination of probation, or the court agrees that relief should be granted in the interest of justice

Under PC section 17(b), individuals previously sentenced to a felony may be eligible to have their sentence later classified as a misdemeanor, subject to certain conditions.

Requirement to Post Enforcement Documents Online

Business and Professions Code (BPC) section 27 requires the CBA, and other DCA boards and bureaus, to publish certain information about its licensees, including accusations and disciplinary decisions, on its website.

BPC section 2027 requires the California Medical Board (CMB) to post certain licensee information on its website, including felony convictions, and misdemeanor convictions that result in a disciplinary action or accusation not subsequently withdrawn or dismissed. If the CMB receives an expungement order pursuant to PC section 1203.4 for the felony or misdemeanor conviction of one of its licensees, BPC section 2027 requires CMB to post notification of the order, and the date of the order, to its website within six months of receipt.

Analysis

According to the author's fact sheet (**Attachment 2**):

For rehabilitated individuals that were convicted of a crime, the permanent nature of a criminal record can create challenges in finding employment and stability after incarceration. While an expungement does not eliminate the person's record, it provides a potential opportunity for a rehabilitated individual to secure employment through state licensure. If the individual agrees to not seek to practice in the profession for which the license was revoked, it is fair, provided expungement, to give the individual a chance for a new start.

AB 646 requires DCA boards and bureaus to take certain actions related to licensees who were revoked due to a criminal conviction.

Under the bill, if the CBA is provided a certified copy of an expungement order pursuant to PC section 1203.4 pertaining to a criminal offense that led to revocation of a license, the CBA shall do either of the following:

- Post notification of the expungement order on its website, if the person reapplies for licensure or is relicensed
- Remove the initial posting on its website that the person's license was revoked, if the person is not currently licensed and does not reapply for licensure

AB 646 requires a board/bureau to take action within 90 days of receiving the expungement order, unless otherwise prohibited by law or other terms or conditions. The board may charge a fee to the licensee in question, that does not exceed the reasonable administrative costs. Further, the bill states that if it conflicts with the similar CMB statute, that the CMB's statute will prevail.

Implementation Questions and Concerns

The bill proposes to enable an individual with a prior criminal conviction to provide the individual a new start. While the goal is laudable, AB 646 raises various implementation questions and concerns, as discussed below.

Certain Terms Do Not Reflect CBA Licensure Practice

The actions required in AB 646 hinge upon whether the licensee “reapplies” or has been “relicensed,” following their revocation. Under BPC section 5115, if a revoked licensee wishes to resume the practice of public accounting, that person must “petition” to have their license “reinstated.” The CBA may wish to consider requesting the author amend the bill to clarify that the terms “reapplies” and “relicensed” have the same meaning as “petition” and “reinstated,” respectively.

Revoked License due to a Criminal Conviction

The bill addresses circumstances when a licensee has been revoked due to a criminal conviction that is later expunged. AB 646, however, does not address the following situations (involving an expunged conviction) that may occur:

- Revocations involving multiple convictions, but not all are expunged pursuant to PC section 1203.4
- Revocations involving a criminal conviction and violations of the Accountancy Act or CBA Regulations related to the underlying criminal conviction (e.g. failure to conform to professional standards)
- Revocations involving a criminal conviction, including violations of the Accountancy Act or CBA Regulations unrelated to the underlying criminal conviction (e.g. unprofessional conduct)

The CBA may wish to request the author amend the bill to clarify that:

1. The actions required of a DCA board/bureau only apply in situations where all criminal convictions associated with the revocation are expunged pursuant to PC section 1203.4
2. A revocation that includes both criminal and non-criminal violations of the law is excluded from the requirements of AB 646

License Status on CBA Website

Pursuant to BPC section 27, the CBA must post the status of every license on its website, including accusations filed, citations, and final disciplinary orders.

Presently, when the CBA revokes a license, the status of the license displayed on License Lookup is “Revoked.” If an individual with a revoked license qualifies under AB 646 and has not petitioned for reinstatement, the CBA would be required to “remove the initial posting” that the person’s license was revoked. To comply with AB 646, the CBA would remove the licensee’s disciplinary order and no longer display a revoked licensure status.

AB 646

Page 4 of 4

By removing reference to the licensee's revocation, but otherwise allowing other information about the licensee to remain online, the bill does not indicate how a board/bureau should reference the status of a license displayed through the online License Lookup search tool under these circumstances.

The bill does not indicate whether the CBA would have to use a different license status or remove the revoked licensee from License Lookup.

Fiscal Estimate

Unknown at this time, but likely offset by fee revenue.

Support/Opposition

Support: California Psychological Association
Contractors State License Board

Opposition: None.

Effective/Operative Date

January 1, 2022.

Related Bills

- AB 1616 (Low) of 2020. Would have required a licensing board under DCA to update information on its website related to licensees who are revoked due to criminal convictions that are subsequently expunged, pursuant to a specified PC section. (Died in Senate Business, Professions and Economic Development Committee.)
- AB 2138 (Chiu/Low, Chapter 995, Statutes of 2018) limits the grounds for a DCA board/bureau to deny an applicant for licensure who has a history of criminal or unprofessional conduct.

Attachments

1. AB 646
2. AB 646 Fact Sheet

AMENDED IN ASSEMBLY APRIL 14, 2021

AMENDED IN ASSEMBLY APRIL 12, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL

No. 646

Introduced by Assembly Members Low, Cunningham, and Gipson
(Coauthor: Senator Roth)

February 12, 2021

An act to add Section 493.5 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 646, as amended, Low. Department of Consumer Affairs: boards: expunged convictions.

Existing law establishes the Department of Consumer Affairs, which is composed of various boards, and authorizes a board to suspend or revoke a license on the ground that the licensee has been convicted of a crime substantially related to the qualifications, functions, or duties of the business or profession for which the license was issued. Existing law, the Medical Practice Act, provides for the licensure and regulation of the practice of medicine by the Medical Board of California and requires the board to post certain historical information on current and former licensees, including felony and certain misdemeanor convictions. Existing law also requires the Medical Board of California, upon receipt of a certified copy of an expungement order from a current or former licensee, to post notification of the expungement order and the date thereof on its internet website.

This bill would require a board within the department that has posted on its internet website that a person's license was revoked because the

person was convicted of a crime, within 90 days of receiving an expungement order for the underlying offense from the person, if the person reapplies for licensure or is relicensed, to post notification of the expungement order and the date thereof on the board’s internet website. The bill would require the board, on receiving an expungement order, if the person is not currently licensed and does not reapply for licensure, to remove within the same period the initial posting on its internet website that the person’s license was revoked and information previously posted regarding arrests, charges, and convictions. The bill would authorize the board to charge a fee to the ~~person in an amount up to \$50;~~ *person*, not to exceed the cost of administering the bill’s provisions. The bill would require the fee to be deposited by the board into the appropriate fund and would make the fee available only upon appropriation by the Legislature.

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

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

- 1 SECTION 1. Section 493.5 is added to the Business and
- 2 Professions Code, to read:
- 3 493.5. (a) A board within the department that has posted on
- 4 its internet website that a person’s license was revoked because
- 5 the person was convicted of a crime, upon receiving from the
- 6 person a certified copy of an expungement order granted pursuant
- 7 to Section 1203.4 of the Penal Code for the underlying offense,
- 8 shall, within 90 days of receiving the expungement order, unless
- 9 it is otherwise prohibited by law, or by other terms or conditions,
- 10 do either of the following:
- 11 (1) If the person reapplies for licensure or has been relicensed,
- 12 post notification of the expungement order and the date thereof on
- 13 its internet website.
- 14 (2) If the person is not currently licensed and does not reapply
- 15 for licensure, remove the initial posting on its internet website that
- 16 the person’s license was revoked and information previously posted
- 17 regarding arrests, charges, and convictions.
- 18 (b) A board within the department may charge a fee to a person
- 19 described in subdivision ~~(a) in an amount up to fifty dollars (\$50);~~
- 20 *(a)*, not to exceed the reasonable cost of administering this section.

- 1 The fee shall be deposited by the board into the appropriate fund
- 2 and shall be available only upon appropriation by the Legislature.
- 3 (c) For purposes of this section, “board” means an entity listed
- 4 in Section 101.
- 5 (d) If any provision in this section conflicts with Section 2027,
- 6 Section 2027 shall prevail.

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OFFICE OF ASSEMBLYMEMBER

Evan Low

TWENTY-EIGHTH ASSEMBLY DISTRICT
 CHAIR, BUSINESS & PROFESSIONS COMMITTEE

ASSEMBLY BILL 646: Department of Consumer Affairs: Boards: Expunged Convictions

SUMMARY

AB 646 requires professional licensing boards under the Department of Consumer Affairs (DCA) that post information on their internet website about a revoked license due to a criminal conviction to update or remove information about the revoked license should the board receive an expungement order related to the conviction.

releases a person convicted of a crime from the negative consequences of a conviction by setting aside a guilty verdict or permit withdrawal of the guilty or nolo contendere plea and dismissing the accusation or complaint.

BACKGROUND

Boards under the jurisdiction of DCA exercise the authority to take disciplinary action against a current licensee. Under California Business and Profession Code section 490, boards may suspend or revoke a license if the licensee has been convicted of a crime that is substantially related to the qualifications, functions, or duties of the professions.

In order to be eligible for an expungement, a person must have completed the term of their probation in its entirety. In addition, they must not be serving a sentence nor be charged with another criminal offence. Expungement cannot be granted if a person is convicted for specified sex crimes or Vehicle Code violations.

For rehabilitated individuals that were convicted of a crime, the permanent nature of a criminal record can create challenge in finding employment and stability after incarceration.

In 2018, the Legislature enacted AB 2138, which, among other provisions, reduces barriers to licensure, enumerates what criteria the boards must consider to determine whether a crime is substantially related to the profession. Effective July 1, 2020, boards will need to examine factors such as the nature and gravity of the offense, the number of years elapsed since the offense, and evidence of rehabilitation.

SOLUTION

AB 646 requires DCA boards to update its required website posting for a person whose license was revoked because they were convicted of a crime, upon receiving a certified copy of an expungement order for that offense.

While an expungement does not eliminate the person's record, it provides a potential opportunity for a rehabilitated individual to secure employment through state licensure.

If the individual agrees to not seek to practice in the profession for which the license was revoked, it is fair, provided expungement, to give the individual a chance for a new start.

PROBLEM

To allow for consumer transparency, certain boards under the DCA are required to post on their internet website disciplinary information on a licensee. Members of the public can access information online and check the validity of a license, its issuance and expiration date, and if it has faced disciplinary action from the board.

The California Penal Code grants judicial courts discretionary authority to issue expungements – a process also known as a dismissal. An expungement generally

SUPPORT

None on file.

CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 1026

Subject:	Business Licenses: Veterans.	CBA Position:	Support
Version:	February 18, 2021	Author:	Smith
Status:	Assembly Appropriations Committee	Sponsor:	Author

Summary

Assembly Bill (AB) 1026 (**Attachment 1**) would require the Department of Consumer Affairs (DCA) and any board within DCA to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the United States (U.S.) Armed Forces or the California National Guard and was honorably discharged.

Recommendation

Maintain Support Position. Staff recommend the CBA maintain its Support position on this bill, which has not been amended since the March CBA meeting.

Background

Under Business and Professions Code section 115.4, any board within DCA is required to expedite, and may also assist with, the initial licensure process for an applicant who supplies satisfactory evidence to the board that the applicant has served as an active duty member of the U.S. Armed Forces and were honorably discharged.

Analysis

According to the fact sheet (**Attachment 2**), the author's office states that:

Reducing initial licensing fees for boards within DCA by 50 percent would help remove the financial barrier for veterans looking to enter licensed professions. ... Veterans often gain valuable job skills during military service, which can be used upon entering the civilian workforce. Easing this financial barrier will bring skilled labor into California and help chip away at the growing issue of veteran homelessness in the state.

Provisions of the Bill

AB 1026 would require the DCA and any board within DCA to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the U.S. Armed Forces or the California National Guard and was honorably discharged.

The bill defines "satisfactory evidence" as a copy of a current and valid driver's license or identification card with the word "Veteran" printed on its face.

Fiscal Estimate

The initial fee for a certified public accountant license is \$250, or \$125 if the timeframe between the issuance of the license and the first expiration date is 12 months or less. In 2020, there were 27 applicants who applied with military credentials. If the volume is consistent in future years, staff estimate the fiscal impact would be a possible revenue loss of \$3,400 annually.

Support/Opposition

Support: American Legion – Department of California
Amvets – Department of California
California State Commanders Veterans Council
California Board of Accountancy.

Opposition: None.

Effective/Operative Date

January 1, 2022.

Related Bills

- AB 2631 (Cunningham) of the 2020 Legislative Session. Would have prohibited a board within the DCA from charging an initial or original license fee to an applicant who meets the existing expedited licensing requirements for spouses of members of the armed forces with an assigned duty station in California.
- SB 1226 (Correa), Ch. 657 of 2014. Requires the DCA boards and bureaus to expedite applications from honorably discharged veterans, and permits a person registered and hired as a proprietary private security officer to submit a verification of military training in lieu of completing a course in security officer skills, as specified.

Attachments

1. Assembly Bill 1026
2. Assembly Bill 1026 Fact Sheet
3. California Board of Accountancy Support Position Letter

ASSEMBLY BILL**No. 1026**

Introduced by Assembly Member SmithFebruary 18, 2021

An act to amend Section 115.4 of the Business and Professions Code, relating to business licenses.

LEGISLATIVE COUNSEL'S DIGEST

AB 1026, as introduced, Smith. Business licenses: veterans.

Existing law establishes the Department of Consumer Affairs under the direction of the Director of Consumer Affairs and sets forth its powers and duties relating to the administration of the various boards under its jurisdiction that license and regulate various professions and vocations.

Existing law requires an applicant seeking a license from a board to meet specified requirements and to pay certain licensing fees. Existing law requires a board to expedite, and authorizes a board to assist, in the initial licensure process for an applicant who supplies satisfactory evidence to the board that the applicant has served as an active duty member of the Armed Forces of the United States and was honorably discharged. Existing law authorizes a board to adopt regulations necessary to administer those provisions.

This bill would require the department and any board within the department to grant a 50% fee reduction for an initial license to an applicant who provides satisfactory evidence, as defined, the applicant has served as an active duty member of the United States Armed Forces or the California National Guard and was honorably discharged. This bill would authorize a board to adopt regulations necessary to administer these provisions.

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

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

1 SECTION 1. Section 115.4 of the Business and Professions

2 Code is amended to read:

3 115.4. (a) Notwithstanding any other law, on and after July 1,
4 2016, a board within the department shall expedite, and may assist,
5 the initial licensure process for an applicant who supplies
6 satisfactory evidence to the board that the applicant has served as
7 an active duty member of the Armed Forces of the United States
8 and was honorably discharged.

9 (b) *The department and any board within the department shall*
10 *grant a 50-percent fee reduction for an initial license to an*
11 *applicant who provides satisfactory evidence the applicant has*
12 *served as an active duty member of the United States Armed Forces*
13 *or the California National Guard and was honorably discharged.*

14 (c) *Satisfactory evidence, as referenced in this section, shall be*
15 *a copy of a current and valid driver’s license or identification card*
16 *with the word “Veteran” printed on its face.*

17 ~~(b)~~

18 (d) A board may adopt regulations necessary to administer this
19 section.

O



Assembly Bill 1026 – Reduced Licensing Fees for Veterans

SUMMARY

AB 1026 would require every board within the Department of Consumer Affairs to grant a 50 percent fee reduction for an initial license to an applicant who has served as an active duty member of the California National Guard or the United States Armed Forces and was honorably discharged.

PROBLEM

Veterans face numerous challenges when transitioning from active duty to the civilian workforce. Initial licensing fees for boards within the Department of Consumer Affairs (DCA) can prove burdensome, especially for lower income veterans. In 2017, the National Conference of State Legislatures published “The State of Occupational Licensing: Research, State Policies, and Trends” which asserted that strict licensing negatively impacts those seeking economic mobility through licensed professions, including veterans. These financial barriers to licensing may ultimately result in veterans choosing to move out of state to enter licensed professions.

SOLUTION

Reducing initial licensing fees for boards within DCA by 50 percent would help remove the financial barrier for veterans looking to enter licensed professions. A reduction in initial licensing fees would ease the burden for veterans currently residing in California to apply for licenses. Veterans often gain valuable job skills during military service which can be used upon entering the civilian workforce. Easing this financial barrier will bring skilled labor into California and help chip away at the growing issue of veteran homelessness in the state.

STAFF CONTACT INFORMATION

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California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



April 12, 2021

The Honorable Thurston "Smitty" Smith
State Capitol, Room 4015
Sacramento, CA 95814

Bill: AB 1026
Position: Support

Dear Assemblymember Smith:

At its March 25, 2021 meeting, the California Board of Accountancy (CBA) voted to take a Support position on Assembly Bill (AB) 1026, as introduced on February 18, 2021.

This bill would require the Department of Consumer Affairs, and any of its boards, to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the United States Armed Forces or the California National Guard and was honorably discharged.

The CBA has taken a Support position on AB 1026, consistent with its continued practice of assisting members of the military and their families, which includes expediting licensure and providing individual assistance via the CBA's military liaison.

If you have questions, please contact CBA Assistant Executive Officer Deanne Pearce at (916) 561-1740 or deanne.pearce@cba.ca.gov.

Sincerely,

A handwritten signature in cursive script that reads 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA
President

c: Members, California Board of Accountancy
Patti Bowers, Executive Officer, California Board of Accountancy
Members, Assembly Business and Professions Committee
Members, Senate Business, Professions and Economic Development Committee

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 1386**

Subject:	License Fees: Military Partners and Spouses.	CBA Position:	Support
Version:	April 27, 2021	Author:	Cunningham
Status:	Assembly Business and Professions Committee	Sponsor:	Author

Summary

Assembly Bill (AB) 1386 (**Attachment 1**) would prohibit a board within the Department of Consumer Affairs (DCA) from charging an initial application fee, an initial license issuance fee, or an initial examination fee to an applicant who meets the existing expedited licensing requirements for spouses, domestic partners, or other legal partners of members of the United States (U.S.) Armed Forces with an assigned duty station in California. The initial examination fee shall only be waived if the examination is administered by the board.

Recommendation

Maintain Support Position. Staff recommend the California Board of Accountancy (CBA) maintain its Support position on this bill, which has been amended to also prohibit the collection of certain examination fees.

Background

Existing law provides, under Business and Professions Code section 115.5, for an expedited licensure process for applicants who:

- Supply evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces assigned to a duty station under orders.
- Hold a current license in another state or jurisdiction in the profession or vocation for which he or she seeks a license from the board.

Analysis

According to the fact sheet (**Attachment 2**), the author indicates that:

[A] recent study found that spouses of active military members earned 14% less than their counterparts during the year of a move due to transitional job costs (Burke & Miller, 2016). [This bill] seeks to ease some of the burden placed on military families who move so frequently to serve our country.

Provisions of the Bill

AB 1386 would prohibit a board from charging an initial or original license fee, or an initial examination fee from applicants who meet the expedited licensing requirements.

Since the implementation of the expedited licensing of military spouses, the number of actual applicants applying under those provisions have been minimal. The CBA does not anticipate that this measure will have a significant impact on CBA revenues. In addition, this measure is consistent with the CBA's desire to aid the families of those who serve.

As the CBA does not administer its own examination, the amendment relating to examination fees would not apply.

Fiscal Estimate

In 2020, there were 27 applicants who applied with military-related credentials. The application fee and initial license fee are both \$250. If this volume is consistent in future years, the CBA could realize a revenue loss of approximately \$13,000 annually.

Support/Opposition

Support: California Board of Accountancy (**Attachment 2**)

Opposition: None.

Effective/Operative Date

January 1, 2022.

Related Bills

- AB 1026 (Smith) of 2021, would require DCA and any board within DCA to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the U.S. Armed Forces or the California National Guard and was honorably discharged. (CBA Position: Support)
- AB 2631 (Cunningham) of the 2020 Legislative Session. Would have prohibited a board within the DCA from charging an initial or original license fee to an applicant who meets the existing expedited licensing requirements for spouses of members of the U.S. Armed Forces with an assigned duty station in California.
- AB 1904 (Block, Chapter 399, Statutes of 2012). Requires a board under DCA to issue an expedited license to the spouse or domestic partner of a military member on active duty.

Attachments

1. Assembly Bill 1386
2. California Board of Accountancy Support Position Letter
3. Assembly Bill 1386 Fact Sheet

ASSEMBLY BILL**No. 1386****Introduced by Assembly Member Cunningham**

February 19, 2021

An act to amend Section 115.5 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1386, as introduced, Cunningham. License fees: military partners and spouses.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law requires a board to expedite the licensure process for an applicant who holds a current license in another jurisdiction in the same profession or vocation and provides evidence that they are married to or in a domestic partnership or other legal union with an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders.

This bill would prohibit a board from charging an initial or original license fee to an applicant who meets these expedited licensing requirements.

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

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

- 1 SECTION 1. Section 115.5 of the Business and Professions
- 2 Code is amended to read:

1 115.5. (a) A board within the department shall expedite the
2 licensure process for an applicant who meets both of the following
3 requirements:

4 (1) Supplies evidence satisfactory to the board that the applicant
5 is married to, or in a domestic partnership or other legal union
6 with, an active duty member of the Armed Forces of the United
7 States who is assigned to a duty station in this state under official
8 active duty military orders.

9 (2) Holds a current license in another state, district, or territory
10 of the United States in the profession or vocation for which the
11 applicant seeks a license from the board.

12 *(b) A board shall not charge an applicant who meets the*
13 *requirements in subdivision (a) an initial or original license fee.*

14 ~~(b)~~

15 (c) A board may adopt regulations necessary to administer this
16 section.

**California Board of Accountancy**2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833*phone:* (916) 263-3680 *fax:* (916) 263-3675 *web:* www.cba.ca.gov

April 12, 2021

The Honorable Jordan Cunningham
State Capitol, Room 4102
Sacramento, CA 95814**Bill: AB 1386**
Position: Support

Dear Assemblymember Cunningham:

At its March 25, 2021 meeting, the California Board of Accountancy (CBA) voted to take a Support position on Assembly Bill (AB) 1386, as introduced on February 19, 2021.

This bill would prohibit a board within the Department of Consumer Affairs, including the CBA, from charging an initial or original license fee to an applicant who meets the existing expedited licensing requirements for spouses, domestic partners, or other legal partners of members of the United States Armed Forces with an assigned duty station in California.

The CBA has taken a Support position on AB 1386, consistent with its continued practice of assisting members of the military and their families, which includes expediting licensure and providing individual assistance via the CBA's military liaison.

If you have questions, please contact CBA Assistant Executive Officer Deanne Pearce at (916) 561-1740 or deanne.pearce@cba.ca.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA
President

c: Members, California Board of Accountancy
 Patti Bowers, Executive Officer, California Board of Accountancy
 Members, Assembly Business and Professions Committee
 Members, Senate Business, Professions and Economic Development Committee



JORDAN CUNNINGHAM

REPRESENTING THE 35TH ASSEMBLY DISTRICT



AB 1386: Military Spouse Licensing Fees

BACKGROUND

Military families move significantly more often than their civilian counterparts; on average they relocate every 2 to 3 years. Having to constantly relocate can have lasting effects on the earnings of military spouses. In fact, a recent study found that spouses of active military members earned 14% less than their counterparts during the year of a move due to transitional job costs (Burke & Miller, 2016). Assembly Bill 1386 seeks to ease some of the burden placed on military families who move so frequently to serve our country.

SUMMARY

AB 1386 will waive licensure fees from the Department of Consumer Affairs (DCA) for spouses of active military members if they (1) already hold a license in another state and (2) have been relocated due to their spouse's military duties.

CURRENT LAW

Currently, the Department of Consumer Affairs expedites licenses for spouses of active military members that have been relocated (Chap. 640, Stats 2014). This bill simply adds on to existing law and prohibits the Department from charging an original licensing fee during that process.

SUPPORT

None on file

OPPOSITION

None on file

STAFF CONTACT

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**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 772**

Subject:	Professions and Vocations: Citations: Minor violations.	CBA Position:	Watch
Version:	February 19, 2021	Author:	Ochoa Bogh
Status:	Senate Business, Professions and Economic Development Committee	Sponsor:	Author

Summary

Senate Bill (SB) 772 (**Attachment 1**) would prohibit any board, bureau, or commission within the Department of Consumer Affairs (DCA), including the California Board of Accountancy (CBA), from assessing an administrative fine for a violation of the applicable licensing act or any adopted regulation if the violation is a minor violation, as specified.

The bill defines a minor violation as one in which all of the following conditions are met:

- The violation did not pose a serious health or safety threat.
- There is no evidence that the violation was willful.
- The licensee was not on probation at the time of the violation.
- The licensee does not have a history of committing the violation.
- The licensee corrects the violation within 30 days from the date notice of the violation is sent to the licensee.

Recommendation

Maintain Watch Position. Staff recommend the CBA maintain its Watch position on this bill, which has not been amended since the March CBA meeting.

The author's office has been provided with the implementation concerns expressed in the analysis and they have relayed that this may turn into a two-year bill.

Background

Citation Authority for Boards and Bureaus

Business and Professions Code (BPC) section 125.9 provides that any board, bureau, or commission within DCA may by regulation establish citations including the orders of abatement, or the assessment of an administrative fine for violation of the applicable licensing act or regulation.

Citations are required to be in writing and shall describe, in detail, the nature of the violation, including specific reference to the provision of law determined to have been violated. When appropriate, the citation shall contain an order of abatement fixing a reasonable time for abatement of the violation.

Flexibility of Citation Authority

Existing law provides for flexibility in fixing citations:

- A citation may be issued without the assessment of an administrative fine.
- Assessment of administrative fines may be limited to only particular violations of the applicable licensing act.
- Notwithstanding any other provision of law, if a fine is paid to satisfy an assessment based on the finding of a violation, payment of the fine and compliance with the order of abatement, if applicable, shall be represented as satisfactory resolution of the matter for purposes of public disclosure.
- Administrative fines collected pursuant to this section shall be deposited in the special fund of the particular board, bureau, or commission.

Statute also provides that no assessed administrative fine shall exceed \$5,000 for each inspection or each investigation made with respect to the violation. In assessing a fine, the board, bureau, or commission shall give due consideration to the appropriateness of the amount of the fine with respect to factors such as the gravity of the violation, the good faith of the licensee, and the history of previous violations.

Availability of Hearing

A board or bureau will inform licensees that they may seek a hearing to contest the finding of the underlying violation. Such a hearing shall be requested by the licensee in writing to the board, bureau or commission within 30 days of the date of issuance of the citation or assessment. If a hearing is not requested, payment of any fine will not constitute an admission of the violation.

Failure to Pay a Fine

Licensees who fail to pay a fine or comply with an order of abatement, or both, within 30 days of the date of assessment or order, unless the citation is being appealed, may be subject to a disciplinary action being taken by the board, bureau, or commission. Where a citation is not contested and a fine is not paid, the full amount of the assessed fine will be added to the fee for renewal of the license. A license shall not be renewed without payment of the renewal fee and fine.

Analysis

According to the fact sheet (**Attachment 2**), the author's stated intent for this bill is that:

[Many business] owners [are left] in the precarious position of making minor mistakes due to misinterpretation or lack of awareness, rather than outright disregard for the law, simply because they do not possess a law degree or legal team. These mistakes, although minor, result in costly penalties. Creating a business environment in the state that is conducive to growth, especially after the damaging effects the COVID-19 shutdowns have had on small businesses, will be integral to economic recovery. Providing financial relief, at a time when many business owners and licensed professionals are facing the decision of closing their doors permanently, is inherent to restoring confidence for current and prospective businesses in California.

Provisions of the Bill

SB 772 would prohibit any board, bureau, or commission within the DCA, including the CBA, from assessing an administrative fine for a violation of the applicable licensing act or any adopted regulation if the violation is a minor violation.

The bill defines a minor violation as one in which all of the following conditions are met:

- The violation did not pose a serious health or safety threat.
- There is no evidence that the violation was willful.
- The licensee was not on probation at the time of the violation.
- The licensee does not have a history of committing the violation.
- The licensee corrects the violation within 30 days from the date notice of the violation is sent to the licensee.

Willful Violations

According to the bill (condition 2), a violation is minor if there is no evidence that the violation was willful. The language does not define what willful would entail. Historically, for administrative matters, the courts do not view willful as intentional; rather, typical standard for willful is an act where a violator knew or should have known of the violation and have chosen to ignore the rule of law. Thus, by committing the violation, the act is willful. This would appear to run contrary to the author's intentions.

Violation Correction

According to the bill (condition 5), a violation is minor if the licensee corrects the violation within 30 days from the date the notice of the violation is sent to the licensee. The bill does not define what constitutes "notice." Is the notice the initial letter informing the licensee that there is a potential violation or is the notice the citation itself? If it is the former (that is the initial notice of a potential violation), for the CBA, there is, generally, an opportunity to correct a violation (for example, complete outstanding continuing education or respond to a written request by the CBA) prior to a citation and fine being issued.

If, however, it is the latter (the notice being the citation itself), the administrative fine accompanies the citation. Under current law, there appears to be no ability to separately issue the citation and the accompanying fine. Further, for the CBA, there are certain violations that are not correctable and, thus, would not qualify for the proposed definition of a minor violation.

The citation most issued by the CBA is for failing to complete the minimum yearly Continuing Education requirement of 20 hours per licensure year, with 12 hours in technical subject matter (commonly referred to as 20/12). Looking to the present fiscal year (FY) 2020-21, of the 204 citations issued, 61 percent were issued to licensees for failing to complete the 20/12 requirement. Looking back to FY 2019-20, of the 174 citations issued, 82 percent were issued to licensees for failing to complete the 20/12 requirement.

Fiscal Estimate

The costs to the CBA are unknown at this time. However, it should be noted that the CBA issued 174 citations in FY 2019-2020 in the amount of \$49,275.

Support/Opposition

Support: National Federation of Independent Business
Professional Beauty Federation of California
Southwest California Legislative Council

Opposition: None.

Effective/Operative Date

January 1, 2022.

Related Bills

- **SB 960 (Morrell)** Chap. 247 of 2014. Authorized the Board of Pharmacy (BOP) to issue a letter of admonishment to applicants for licensures who have committed violations of law that BOP deems does not merit license denial or probationary status.
- **AB 1005 (Calderon)** of 2017. Would have provided for non-healing arts boards under DCA to issue a citation for a violation of any provision of the BPC also include the authority to issue an abatement order, in lieu of a fine. It would have provided that a person who is issued such an order 30 days in which to correct the violation before being issued a fine.

Attachments

1. Senate Bill 772
2. Senate Bill 772 Fact Sheet

SENATE BILL**No. 772**

**Introduced by Senator Ochoa Bogh
(Coauthor: Senator Borgeas)**February 19, 2021

An act to amend Section 125.9 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 772, as introduced, Ochoa Bogh. Professions and vocations: citations: minor violations.

Existing law authorizes the State Board of Chiropractic Examiners, the Osteopathic Medical Board of California, and any board within the Department of Consumer Affairs to issue a citation to a licensee, which may contain an order of abatement or an order to pay an administrative fine assessed by the board.

This bill would prohibit the assessment of an administrative fine for a minor violation, and would specify that a violation shall be considered minor if it meets specified conditions, including that the violation did not pose a serious health or safety threat and there is no evidence that the violation was willful.

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

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

- 1 SECTION 1. Section 125.9 of the Business and Professions
- 2 Code is amended to read:
- 3 125.9. (a) Except with respect to persons regulated under
- 4 Chapter 11 (commencing with Section 7500), any board, bureau,
- 5 or commission within the department, the State Board of

1 Chiropractic Examiners, and the Osteopathic Medical Board of
2 California, may establish, by regulation, a system for the issuance
3 to a licensee of a citation which may contain an order of abatement
4 or an order to pay an administrative fine assessed by the board,
5 bureau, or commission where the licensee is in violation of the
6 applicable licensing act or any regulation adopted pursuant thereto.

7 (b) The system shall contain the following provisions:

8 (1) Citations shall be in writing and shall describe with
9 particularity the nature of the violation, including specific reference
10 to the provision of law determined to have been violated.

11 (2) Whenever appropriate, the citation shall contain an order of
12 abatement fixing a reasonable time for abatement of the violation.

13 (3) In no event shall the administrative fine assessed by the
14 board, bureau, or commission exceed five thousand dollars (\$5,000)
15 for each inspection or each investigation made with respect to the
16 violation, or five thousand dollars (\$5,000) for each violation or
17 count if the violation involves fraudulent billing submitted to an
18 insurance company, the Medi-Cal program, or Medicare. In
19 assessing a fine, the board, bureau, or commission shall give due
20 consideration to the appropriateness of the amount of the fine with
21 respect to factors such as the gravity of the violation, the good
22 faith of the licensee, and the history of previous violations.

23 (4) A citation or fine assessment issued pursuant to a citation
24 shall inform the licensee that if the licensee desires a hearing to
25 contest the finding of a violation, that hearing shall be requested
26 by written notice to the board, bureau, or commission within 30
27 days of the date of issuance of the citation or assessment. If a
28 hearing is not requested pursuant to this section, payment of any
29 fine shall not constitute an admission of the violation charged.
30 Hearings shall be held pursuant to Chapter 5 (commencing with
31 Section 11500) of Part 1 of Division 3 of Title 2 of the Government
32 Code.

33 (5) Failure of a licensee to pay a fine or comply with an order
34 of abatement, or both, within 30 days of the date of assessment or
35 order, unless the citation is being appealed, may result in
36 disciplinary action being taken by the board, bureau, or
37 commission. Where a citation is not contested and a fine is not
38 paid, the full amount of the assessed fine shall be added to the fee
39 for renewal of the license. A license shall not be renewed without
40 payment of the renewal fee and fine.

- 1 (c) The system may contain the following provisions:
2 (1) A citation may be issued without the assessment of an
3 administrative fine.
4 (2) Assessment of administrative fines may be limited to only
5 particular violations of the applicable licensing act.
6 (d) Notwithstanding any other provision of law, if a fine is paid
7 to satisfy an assessment based on the finding of a violation,
8 payment of the fine and compliance with the order of abatement,
9 if applicable, shall be represented as satisfactory resolution of the
10 matter for purposes of public disclosure.
11 (e) Administrative fines collected pursuant to this section shall
12 be deposited in the special fund of the particular board, bureau, or
13 commission.
14 (f) *A licensee shall not be assessed an administrative fine for a*
15 *violation of the applicable licensing act or any regulation adopted*
16 *pursuant to the act if the violation is a minor violation. A violation*
17 *shall be considered minor if all of the following conditions are*
18 *satisfied:*
19 (1) *The violation did not pose a serious health or safety threat.*
20 (2) *There is no evidence that the violation was willful.*
21 (3) *The licensee was not on probation at the time of the*
22 *violation.*
23 (4) *The licensee does not have a history of committing the*
24 *violation.*
25 (5) *The licensee corrects the violation within 30 days from the*
26 *date notice of the violation is sent to the licensee.*

SB 772: Abatement of Minor Business Violation Fees

Senator Rosilic Ochoa Bogh

IN BRIEF

SB 772 will provide financial relief to businesses and licensed professionals by allowing them to correct minor violations without being subject to a monetary penalty.

THE ISSUE

Small businesses make up over 99%¹ of all businesses in California and they employ over 7 million employees. That is why they are the cornerstone of our economy. These businesses, however, are facing an increasingly difficult business environment in the state.

Without the legal resources of their corporate counterparts, many small business owners are left to navigate and interpret the extremely nuanced Business and Professions Code on their own. This leaves many owners in the precarious position of making minor mistakes due to misinterpretation or lack of awareness, rather than outright disregard for the law, simply because they do not possess a law degree or legal team. These mistakes, although minor, result in costly penalties.

Overregulation has become a barrier to entry, especially among lower-income households.² It deters entrepreneurship through the fear of costly lawsuits accompanied by state penalty fees. This can be detrimental, particularly among women and communities of color who are already less likely to become entrepreneurs³ compared to their white, male counterparts. Overregulation not only drives current business owners out of business, but it also disincentivizes new businesses from entering the market.

Additionally, as small businesses leave the market due to infeasible regulatory conditions, larger corporations, who are able to maneuver the complex regulatory environment, will be able to gain a monopolistic-like share of the market. This ultimately results in higher prices, lower quality, and less choice⁴ for the consumer.

Creating a business environment in the state that is conducive to growth, especially after the damaging effects the COVID-19 shutdowns have had on small businesses,⁵ will be integral to economic recovery. Providing financial relief, at a time when many business owners and licensed professionals are facing the decision of closing their doors permanently, is inherent to restoring confidence for current and prospective businesses in California.

EXISTING LAW

Currently, Business and Professions Code Section 125.9 authorizes boards and bureaus that fall under the Department of Consumer Affairs (DCA) to issue citations without assessing an accompanying administrative fine. This, however, is at the discretion of the licensing entity.

In Fiscal Year 2014-2015, the Bureau of Household Goods and Services implemented the \$0 citation abatement program to take initial action against a business without imposing a monetary penalty. This allowed the bureau to provide outreach and education to the business to achieve long-term compliance. Any subsequent violations by the business would warrant the assessment of a monetary fine.⁶

THE SOLUTION

SB 772 would require all boards and bureaus within the DCA to adopt a program that allows licensees and business owners to correct minor violations before being subject to a monetary penalty.

This bill would also direct boards and bureaus to adopt regulations to identify what types of violations are considered to be minor and would qualify for the \$0 citation program.

FOR MORE INFORMATION

Staff: Alessandra Magnasco
(916) 651-4023
(916) 651-4923[Fax]
Alessandra.Magnasco@sen.ca.gov

Bill text and status can be found at:
<http://leginfo.legislature.ca.gov/>

¹<https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142641/2019-Small-Business-Profiles-CA.pdf>

²https://www.pacificresearch.org/wp-content/uploads/2019/10/Barriers_Pathways_finalWeb.pdf

³<https://www.entrepreneur.com/article/312943>

⁴<https://www.bbc.com/news/business-34666150>

⁵<https://www.ppic.org/blog/the-economic-toll-of-covid-19-on-small-business/>
⁶https://bhgs.dca.ca.gov/forms_pubs/sunset_2017.pdf

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 885**

Subject:	Bagley-Keene Open Meeting Act: Teleconferencing.	Author:	Quirk
Version:	March 24, 2021	Sponsor:	Author
Status:	Assembly Governmental Organization Committee		

Summary

Assembly Bill (AB) 885 (**Attachment 1**) revises the Bagley-Keene Open Meeting Act (Bagley-Keene) to encourage greater accessibility for both the public and members of a state body, when state bodies elect to use teleconferencing technology. The bill would define teleconferencing as participation in a meeting both audibly and visually. Under provisions of the bill, members of a state body participating remotely would count towards a quorum and would only require public disclosure of the designated primary physical meeting location from which the public may participate.

Background

Open Meetings of State Bodies

The Bagley-Keene was created on the premise that public agencies exist to aid in the conduct of the people's business and that the proceedings of public agencies should be conducted openly so that the public may remain informed. Therefore, the concepts of transparency in decision making and public access to information are given priority. Whenever a state body meets, the Bagley-Keene requires those bodies to take certain actions prior to, during, and after a meeting, including:

- Issue a public notice at least 10 days in advance
- Prepare formal agendas
- Conduct meetings in public
- Accept public testimony
- Record the meeting
- Publish meeting minutes

Presently, the Bagley-Keene requires a state body to publish a public meeting notice on its website, and to any person who requests it in writing, at least 10 days prior to that meeting. The notice shall include, among other items, a specific agenda for the meeting and a brief description of the items of business to be transacted or discussed in either open or closed session.

Under existing law, a state body which uses teleconferencing for its meetings must provide notice to the public at least 24 hours before the meeting identifying any member

who will participate remotely by posting the notice on its website and by emailing notice to any person who has requested notice of meetings of the state body under this article. The location of a member of a state body who will participate remotely is not required to be disclosed in the public notice or email and need not be accessible to the public.

Analysis

According to the fact sheet (**Attachment 2**), the author states this bill is intended to expand the public's access to their representatives in government:

The Governor's Executive Order of suspending Bagley-Keene requirements is only temporary. Under current law, there are many barriers to conducting meetings via teleconference for state bodies that are not operating in an advisory capacity. However, the Governor's Executive Order has demonstrated that allowing for remote participations increases the public's access to their representatives. Lack of travel to a physical location provides certain advantages including the elimination of the expenses of transportation, childcare, and taking time off from work.

Provisions of the Bill

The bill would amend the Bagley-Keene with regard to state bodies that elect to use teleconferencing for their meetings. Specifically, the bill would require:

- Teleconferenced meetings held by state bodies, to be open to the public, shall be available to the public both audibly and visually at the location specified in the notice of the meeting.
- A state body that elects to conduct a meeting by teleconference, must post the meeting's agenda at the designated primary physical meeting location identified in the notice of meeting where members of the public may physically attend the meeting and participate.
- Makes provisions for the failure of remote access technology, including requiring adjournment. It would also require the state body to provide notice to the public of its adjournment, and when the meeting may reconvene.
- The definition of a state body to which the above would apply includes a board, commission, committee, subcommittee or similar multimember body that may hold an open meeting by teleconference, but does not include advisory bodies.
- When establishing a quorum of members of the state body, members participating in-person physically, via teleconference at the primary physical meeting location, or remotely would all count towards establishing a quorum.

AB 885 contains legislative findings and declarations that state by removing the requirement for meeting agendas to be placed at the location of each public official participating in a public meeting remotely, including the member's private home or hotel room, this bill protects the personal, private information of public officials and their families while preserving the public's right to access information concerning the conduct of the people's business.

Impacts to California Board of Accountancy (CBA) and Consumers

Due to the current COVID-19 circumstances, the CBA has been conducting its meetings via teleconferencing with members and participants interacting remotely, using a combined audio and visual capability.

Under the bill, the CBA would continue to have the ability to conduct its meetings via teleconferencing when the current Governor's order has expired. The bill would provide that in these circumstances meetings would need to be available to the public both audibly and visually at the location specified in the notice of the meeting.

The bill specifies that in establishing a quorum for a teleconferenced meeting, all members, whether present physically at the primary meeting site, or remotely, would be eligible to be counted in order to constitute the required attendance.

Under the bill, in the event that a means of remote access fails during a meeting, the CBA would need to end or adjourn the meeting. It would require the CBA to provide notice of the meeting's end or adjournment on its internet website and by email to any person who has requested notice of meetings of the state body.

In circumstances when the meeting will be adjourned and reconvened on the same day, the notice may be provided by an automated message on a telephone line posted on the state body's agenda, or by a similar means, that will communicate when the state body intends to reconvene the meeting and how a member of the public may observe the meeting, both audibly and visually.

AB 885 would protect member's location, and personal information, while permitting the public access to those conducting the people's business.

The CBA, for a teleconferenced meeting, would be required to post its agenda at the designated primary physical location identified in the meeting notice, as is the current practice.

Recommendation

Staff recommend the CBA adopt a **Support** position on this bill. This measure would enable the CBA to elect to continue using teleconferencing for the conduct of its meetings after the current emergency, while ensuring that the public has a maximum ability to interact with state agencies.

Fiscal Estimate

The fiscal impact of AB 885 to CBA would be minimal, and consistent with the costs currently incurred for teleconferenced meetings.

AB 885

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Support/Opposition

Support: Board for Engineers, Land Surveyors, and Geologists
California Taxpayers Association
Little Hoover Commission

Opposition: None.

Effective/Operative Date

January 1, 2022

Related Bills

- AB 339 (Lee) of 2021. Would establish additional requirements for meetings of the state Legislature, and legislative bodies of local agencies.
- AB 2958 (Quirk) Chapter 881 of 2019. Authorizes a method of holding a meeting by teleconference, provided it also complies with all other applicable requirements of the Bagley-Keene Open Meeting Act

Attachments

1. Assembly Bill 885
2. Assembly Bill 885 Fact sheet

AMENDED IN ASSEMBLY MARCH 24, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL**No. 885****Introduced by Assembly Member Quirk**

February 17, 2021

An act to amend Sections 11123 and 11123.5 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 885, as amended, Quirk. Bagley-Keene Open Meeting Act: teleconferencing.

The Bagley-Keene Open Meeting Act (Bagley-Keene Act), requires, with specified exceptions, that all meetings of a state body, as defined, be open and public, and all persons be permitted to attend any meeting of a state body, except as provided. The Bagley-Keene Act, among other things, requires a state body that elects to conduct a meeting or proceeding by teleconference to make the portion of the meeting that is required to be open to the public audible to the public at the location specified in the notice of the meeting. *The Bagley-Keene Act requires a state body that elects to conduct a meeting or proceeding by teleconference to post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and requires each teleconference location to be accessible to the public.* That law authorizes any meeting of a state body that is an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body to hold an open meeting by teleconference if the meeting complies with the requirements of the act, except as provided. Existing law requires that when a member of a multimember state advisory body

participates remotely the body provide a means by which the public may remotely hear audio of the meeting or remotely observe the meeting. Existing law requires a multimember state advisory body to end or adjourn a meeting if it discovers that a required means of remote access has failed during the meeting, and, if the meeting is to adjourn and reconvene on the same day, that law requires the body to communicate, among other things, how a member of the public may hear audio of the meeting or observe the meeting.

This bill would require a state body that elects to conduct a meeting or proceeding by teleconference to make the portion that is required to be open to the public both audibly and visually observable. *The bill would require a state body that elects to conduct a meeting or proceeding by teleconference to post an agenda at the designated primary physical meeting location in the notice of the meeting where members of the public may physically attend the meeting and participate.* The bill would extend the above requirements of meetings of multimember advisory bodies that are held by teleconference to meetings of all multimember state bodies. The bill would require a multimember state body to provide a means by which the public may both audibly and visually remotely observe a meeting if a member of that body participates remotely. The bill would further require any body that is to adjourn and reconvene a meeting on the same day to communicate how a member of the public may both audibly and visually observe the meeting. The bill would also make nonsubstantive changes to those provisions.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

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

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

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

1 11123. (a) All meetings of a state body shall be open and
2 public and all persons shall be permitted to attend any meeting of
3 a state body except as otherwise provided in this article.

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

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

12 (B) The portion of the teleconferenced meeting that is required
13 to be open to the public shall be both audibly and visually
14 observable to the public at the location specified in the notice of
15 the meeting.

16 (C) If the state body elects to conduct a meeting or proceeding
17 by teleconference, it shall ~~post agendas~~ *an agenda* at ~~all~~
18 ~~teleconference locations~~ *the designated primary physical meeting*
19 *location in the notice of the meeting where members of the public*
20 *may physically attend the meeting and participate*, and conduct
21 teleconference meetings in a manner that protects the rights of any
22 party or member of the public appearing before the state body.
23 ~~Each teleconference location shall be identified in the notice and~~
24 ~~agenda of the meeting or proceeding, and each teleconference~~
25 ~~location shall be accessible to the public.~~ The agenda shall provide
26 an opportunity for members of the public to address the state body
27 *via teleconference* directly pursuant to Section 11125.7 at each
28 teleconference location.

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

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

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

36 (2) For the purposes of this subdivision, “teleconference” means
37 a meeting of a state body, the members of which are at different
38 locations, connected by electronic means, through both audio and
39 video. This section does not prohibit a state body from providing
40 members of the public with additional locations in which the public

1 may observe or address the state body by electronic means, through
2 either audio or both audio and video.

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

6 SEC. 2. Section 11123.5 of the Government Code is amended
7 to read:

8 11123.5. (a) In addition to the authorization to hold a meeting
9 by teleconference pursuant to subdivision (b) of Section 11123,
10 any state body that is a board, commission, committee,
11 subcommittee, or similar multimember body may hold an open
12 meeting by teleconference as described in this section, provided
13 the meeting complies with all of the section's requirements and,
14 except as set forth in this section, it also complies with all other
15 applicable requirements of this article.

16 (b) A member of a state body as described in subdivision (a)
17 who participates in a teleconference meeting from a remote location
18 subject to this section's requirements shall be listed in the minutes
19 of the meeting.

20 (c) The state body shall provide notice to the public at least 24
21 hours before the meeting that identifies any member who will
22 participate remotely by posting the notice on its internet website
23 and by emailing notice to any person who has requested notice of
24 meetings of the state body under this article. The location of a
25 member of a state body who will participate remotely is not
26 required to be disclosed in the public notice or email and need not
27 be accessible to the public. The notice of the meeting shall also
28 identify the primary physical meeting location designated pursuant
29 to subdivision (e).

30 (d) This section does not affect the requirement prescribed by
31 this article that the state body post an agenda of a meeting at least
32 10 days in advance of the meeting. The agenda shall include
33 information regarding the physical meeting location designated
34 pursuant to subdivision (e), but is not required to disclose
35 information regarding any remote location.

36 (e) A state body described in subdivision (a) shall designate the
37 primary physical meeting location in the notice of the meeting
38 where members of the public may physically attend the meeting
39 and participate. A quorum of the members of the state body shall
40 be in attendance *via teleconference or in person physically* at the

1 primary physical meeting location, and members of the state body
2 participating remotely shall ~~not~~ count towards establishing a
3 quorum. All decisions taken during a meeting by teleconference
4 shall be by rollcall vote. The state body shall post the agenda at
5 the primary physical meeting location, but need not post the agenda
6 at a remote location.

7 (f) When a member of a state body described in subdivision (a)
8 participates remotely in a meeting subject to this section's
9 requirements, the state body shall provide a means by which the
10 public may remotely observe the meeting's proceedings, both
11 audibly and visually, including the members of the state body
12 participating remotely. The applicable teleconference phone
13 number or internet website, or other information indicating how
14 the public can access the meeting remotely, shall be in the 24-hour
15 notice described in subdivision (a) that is available to the public.

16 (g) Upon discovering that a means of remote access required
17 by subdivision (f) has failed during a meeting, the state body
18 described in subdivision (a) shall end or adjourn the meeting in
19 accordance with Section 11128.5. In addition to any other
20 requirements that may apply, the state body shall provide notice
21 of the meeting's end or adjournment on its internet website and
22 by email to any person who has requested notice of meetings of
23 the state body under this article. If the meeting will be adjourned
24 and reconvened on the same day, further notice shall be provided
25 by an automated message on a telephone line posted on the state
26 body's agenda, or by a similar means, that will communicate when
27 the state body intends to reconvene the meeting and how a member
28 of the public may observe the meeting, both audibly and visually.

29 (h) For purposes of this section:

30 (1) "Participate remotely" means participation in a meeting at
31 a location other than the physical location designated in the agenda
32 of the meeting.

33 (2) "Remote location" means a location other than the primary
34 physical location designated in the agenda of a meeting.

35 (3) "Teleconference" has the same meaning as in Section 11123.

36 (i) This section does not limit or affect the ability of a state body
37 to hold a teleconference meeting under another provision of this
38 article.

39 *SEC. 3. The Legislature finds and declares that Section 1 of*
40 *this act, which amends Section 11123 of the Government Code,*

1 *imposes a limitation on the public's right of access to the meetings*
2 *of public bodies or the writings of public officials and agencies*
3 *within the meaning of Section 3 of Article I of the California*
4 *Constitution. Pursuant to that constitutional provision, the*
5 *Legislature makes the following findings to demonstrate the interest*
6 *protected by this limitation and the need for protecting that*
7 *interest:*

8 *By removing the requirement for agendas to be placed at the*
9 *location of each public official participating in a public meeting*
10 *remotely, including from the member's private home or hotel room,*
11 *this act protects the personal, private information of public officials*
12 *and their families while preserving the public's right to access*
13 *information concerning the conduct of the people's business.*



Attachment 2

BACKGROUND

The Bagley-Keene Open Meeting Act of 1967 provides the public the ability to actively engage with its government and be a part of the decision-making process. Bagley-Keene mandates open meetings for California State agencies, boards, committees, and commissions and facilitates transparency of government activities to protect the rights of citizens to participate in state government proceedings.

In June of 2015, The Little Hoover Commission released a report, *Conversations for a Workable Government*, that reviewed the consequences of changes the Legislature made to the Brown Act and the Bagley-Keene Act in 2008 and 2009. The report concluded that the changes to the state’s open meeting acts has hindered government decision-making processes and created less transparency instead of more. The Commission encouraged the Legislature to find ways to modernize public participation.

The COVID-19 global pandemic has disrupted the way organizations function, just as it has disrupted daily life in general. In 2019, as California’s infection rates began to climb, California implemented stay-at-home orders and businesses (both private and public) shut down physical work sites in an attempt to reduce the spread of infection caused by the virus. The lockdown prompted Governor Newsom to issue Executive Order N-29-20, which suspended Bagley-Keene requirements and authorized any local legislative body or state body to hold public meetings via teleconference.

EXISTING LAW

Under existing law, any meeting of a state body that is an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body may hold an open meeting by teleconference if the meeting complies with the requirements of the Bagley-Keene Act. Existing law requires that when a member of a multimember state advisory body participates remotely the body provide a means by which the

public may remotely hear audio of the meeting or remotely observe the meeting.

PROBLEM

The Governor’s Executive Order of suspending Bagley-Keene requirements is only temporary. Under current law, there are many barriers to conducting meetings via teleconference for state bodies that are not operating in an advisory capacity. However, the Governor’s Executive Order has demonstrated that allowing for remote participation increases the public’s access to their representatives. Lack of travel to a physical location provides certain advantages including the elimination of the expenses of transportation, childcare, and taking time off from work.

SOLUTION

AB 885 modernizes the teleconferencing statute of Bagley-Keene to encourage more participation and engagement in public service. This bill ensures accessibility for both the public, as well as members of a state body. AB 885 maintains that public meetings remain transparent, by requiring public meetings that are conducted via teleconference to be observable to the public both audibly and visually. Additionally, AB 885 clarifies that members of a state body participating remotely shall count towards a quorum and would only require public disclosure of the designated primary physical meeting location from which the public may participate. Lastly, the reform in this bill is not replacing physical meetings, but authorizing state bodies to have the ability to have a meeting via teleconference in addition to a physical meeting location.

SUPPORT

- Board for Engineers, Land Surveyors, and Geologists
- California Taxpayers Association
- Little Hoover Commission

FOR MORE INFORMATION

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**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 607**

Subject:	Professions and vocations.	Author:	Roth
Version:	April 13, 2021		
Status:	Senate Business, Professions and Economic Development Committee	Sponsor:	Author

Summary

Senate Bill (SB) 607 (**Attachment 1**) is an omnibus bill regarding the Department of Consumer Affairs (DCA), authored by the Chair of the Senate Business, Professions and Economic Development (BPED) Committee.

The bill would, among other proposals, require all boards within DCA, including the CBA, to waive all fees charged by the board associated with the application and initial license for applicants who are married to, in a domestic partnership or other legal union with, an active duty member of the United States (U.S.) Armed Forces assigned to a duty station in California, under official active duty military orders, and who holds a current license in another U.S. jurisdiction for which the applicant seeks a license from the board.

SB 607 contains other proposals that do not impact the CBA.

Background

Expedited Licensure Process

Currently, Business and Professions Code section 115.5 requires a board within the DCA to expedite the licensure process for an applicant who meets both of the following requirements:

- Supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders.
- Holds a current license in another state, district, or territory of the United States in the profession or vocation for which the applicant seeks a license from the board.

Analysis

According to the author's background sheet (**Attachment 2**), this bill:

“Waives initial licensing fees for military spouses who are currently subject to the expedited application processing.”

Provisions Affecting CBA

The provisions of SB 607 impacting the CBA, include that in addition to providing for an expedited licensure process for specified persons, all boards within DCA shall waive all fees charged by the board associated with the application and initial license for an applicant who meets both of the following requirements:

1. Supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders.
2. Holds a current license in another state, district, or territory of the United States in the profession or vocation for which the applicant seeks a license from the board.

Recommendation

Staff recommend the CBA adopt a **Support** position on this bill to assist the families of members of the U.S. Armed Forces required to relocate on a routine basis.

Fiscal Estimate

In 2020, there were 27 applicants who applied with military-related credentials. The application and initial license fee are both \$250. If this volume is consistent in future years, the CBA could realize a revenue loss of approximately \$13,000 annually.

Support/Opposition

Support: Dental Board of California
Foundation for Allied Dental Education

Opposition: None.

Effective/Operative Date

January 1, 2022

Related Bills

- AB 1026 (Smith) of 2021, would require DCA and any board within DCA to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the U.S. Armed Forces or the California National Guard and was honorably discharged. (CBA Position: Support)
- AB 1386 (Cunningham) of 2021. Would prohibit a board from charging an initial or original license fee to an applicant who meets these expedited licensing requirements.

SB 607

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- AB 1904 (Block) Chapter 399 of 2012. Requires a board under DCA to issue an expedited license to the spouse or domestic partner of a military member on active duty.

Attachments

1. Senate Bill 607
2. Senate Bill 607 Fact Sheet

AMENDED IN SENATE APRIL 13, 2021

SENATE BILL**No. 607****Introduced by Senator Roth**

February 18, 2021

An act to amend Sections 115.5, 1724, 1753, 1753.55, 1753.6 of, to amend, repeal, and add Sections 7071.6, 7071.8, and 7071.9 of, to add Section 5650.5 to, and to repeal Section 1753.4 of, the Business and Professions Code, and to amend Section 17973 of the Health and Safety Code, relating to ~~healing arts~~: professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 607, as amended, Roth. ~~Dentistry: registered dental assistants in extended practice: clinical or practical examination.~~ Professions and vocations.

(1) Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law provides for the issuance of temporary licenses in certain fields where the applicant, among other requirements, has a license to practice within that field in another jurisdiction, as specified. Existing law requires a board within the department to expedite the licensure process for an applicant who holds a current license in another jurisdiction in the same profession or vocation and who supplies satisfactory evidence of being married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in California under official active duty military orders.

This bill would require a board to waive all fees associated with the application and initial license for an applicant who meets these expedited licensing requirements.

Existing

(2) *Existing* law, the Dental Practice Act, provides for the licensure and regulation of dentists and dental auxiliaries, including registered dental assistants in extended functions, by the Dental Board of California. Existing law requires a person who applies to the board for a license as a registered dental assistant in extended functions on and after January 1, 2010, to successfully complete a clinical or practical examination administered by the board. Existing law authorizes a registered dental assistant in extended functions who was licensed before January 1, 2010, to perform certain additional duties only if they pass the clinical or practical examination.

This bill would delete the clinical or practical examination requirement for registered dental assistants in extended functions and make related technical amendments.

The Dental Practice Act authorizes a dentist to administer or order the administration of minimal sedation on pediatric patients under 13 years of age if the dentist possesses specified licensing credentials, including holding a pediatric minimal sedation permit, and follows certain procedures. Existing law requires a dentist who desires to administer or order the administration of minimal sedation to apply to the board, as specified, and to submit an application fee.

This bill would specify that the application fee for a pediatric minimal sedation permit cannot exceed \$1,000, and the renewal fee cannot exceed \$600.

(3) *Existing* law provides for the licensure and regulation of landscape architects by the California Architects Board and the Landscape Architects Technical Committee of the California Architects Board.

This bill would authorize the board to obtain and review criminal offender record information and would require an applicant, as a condition of licensure, to furnish to the Department of Justice a full set of fingerprints for the purpose of conducting a criminal history record check and criminal offender record information search. The bill would require the Department of Justice to transmit fingerprint images and related information to the Federal Bureau of Investigation for the purposes of the background check, and would require the Department of Justice to provide a state or federal response to the board. The bill would require the applicant to pay the reasonable regulatory costs for furnishing the fingerprints and conducting the searches, and would require the applicant to certify, under penalty of perjury, whether the

applicant's fingerprints have been furnished to the Department of Justice. By expanding the crime of perjury, the bill would impose a state-mandated local program.

(4) Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board within the Department of Consumer Affairs. Existing law authorizes the issuance of contractors' licenses to individual owners, partnerships, corporations, and limited liability companies, and authorizes those persons and entities to qualify for a license if specified conditions are met. Existing law requires an applicant or licensee to file or have on file with the board a contractor's bond in the sum of \$15,000, as provided. Existing law requires an applicant or licensee who is not a proprietor, a general partner, or a joint licensee to additionally file or have on file with the board a qualifying individual's bond in the sum of \$12,500, unless an exception is met.

This bill, beginning January 1, 2023, would instead require an applicant or licensee to file or have on file with the board a contractor's bond in the sum of \$25,000, and would, if applicable, require a qualifying individual's bond in the sum of \$25,000.

(5) Existing law provides authority for an enforcement agency to enter and inspect any buildings or premises whenever necessary to secure compliance with or prevent a violation of the building standards published in the California Building Standards Code and other rules and regulations that the enforcement agency has the power to enforce. Existing law requires an inspection of exterior elevated elements and associated waterproofing elements, as defined, including decks and balconies, for buildings with 3 or more multifamily dwelling units by a licensed architect, licensed civil or structural engineer, a building contractor holding specified licenses, or an individual certified as a building inspector or building official, as specified. Existing law prohibits a contractor performing the inspection from bidding on the repair work.

This bill would eliminate the prohibition against a contractor performing the inspection from bidding on the repair work. By altering the enforcement duties for local enforcement entities, the bill would impose a state-mandated local program.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

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

1 *SECTION 1. Section 115.5 of the Business and Professions*
2 *Code is amended to read:*

3 115.5. (a) A board within the department shall expedite the
4 licensure process *and waive all fees charged by the board*
5 *associated with the application and initial license* for an applicant
6 who meets both of the following requirements:

7 (1) Supplies evidence satisfactory to the board that the applicant
8 is married to, or in a domestic partnership or other legal union
9 with, an active duty member of the Armed Forces of the United
10 States who is assigned to a duty station in this state under official
11 active duty military orders.

12 (2) Holds a current license in another state, district, or territory
13 of the United States in the profession or vocation for which the
14 applicant seeks a license from the board.

15 (b) A board may adopt regulations necessary to administer this
16 section.

17 *SEC. 2. Section 1724 of the Business and Professions Code,*
18 *as added by Section 13 of Chapter 929 of the Statutes of 2018, is*
19 *amended to read:*

20 1724. The amount of charges and fees for dentists licensed
21 pursuant to this chapter shall be established by the board as is
22 necessary for the purpose of carrying out the responsibilities
23 required by this chapter as it relates to dentists, subject to the
24 following limitations:

25 (a) The fee for an application for licensure qualifying pursuant
26 to paragraph (1) of subdivision (c) of Section 1632 shall not exceed
27 one thousand five hundred dollars (\$1,500). The fee for an
28 application for licensure qualifying pursuant to paragraph (2) of

1 subdivision (c) of Section 1632 shall not exceed one thousand
2 dollars (\$1,000).

3 (b) The fee for an application for licensure qualifying pursuant
4 to Section 1634.1 shall not exceed one thousand dollars (\$1,000).

5 (c) The fee for an application for licensure qualifying pursuant
6 to Section 1635.5 shall not exceed one thousand dollars (\$1,000).

7 (d) The fee for an initial license and for the renewal of a license
8 is five hundred twenty-five dollars (\$525). On and after January
9 1, 2016, the fee for an initial license shall not exceed six hundred
10 fifty dollars (\$650), and the fee for the renewal of a license shall
11 not exceed six hundred fifty dollars (\$650). On and after January
12 1, 2018, the fee for an initial license shall not exceed eight hundred
13 dollars (\$800), and the fee for the renewal of a license shall not
14 exceed eight hundred dollars (\$800).

15 (e) The fee for an application for a special permit shall not
16 exceed one thousand dollars (\$1,000), and the renewal fee for a
17 special permit shall not exceed six hundred dollars (\$600).

18 (f) The delinquency fee shall be 50 percent of the renewal fee
19 for such a license or permit in effect on the date of the renewal of
20 the license or permit.

21 (g) The penalty for late registration of change of place of
22 practice shall not exceed seventy-five dollars (\$75).

23 (h) The fee for an application for an additional office permit
24 shall not exceed seven hundred fifty dollars (\$750), and the fee
25 for the renewal of an additional office permit shall not exceed three
26 hundred seventy-five dollars (\$375).

27 (i) The fee for issuance of a replacement pocket license,
28 replacement wall certificate, or replacement engraved certificate
29 shall not exceed one hundred twenty-five dollars (\$125).

30 (j) The fee for a provider of continuing education shall not
31 exceed five hundred dollars (\$500) per year.

32 (k) The fee for application for a referral service permit and for
33 renewal of that permit shall not exceed twenty-five dollars (\$25).

34 (l) The fee for application for an extramural facility permit and
35 for the renewal of a permit shall not exceed twenty-five dollars
36 (\$25).

37 (m) The fee for an application for an elective facial cosmetic
38 surgery permit shall not exceed four thousand dollars (\$4,000),
39 and the fee for the renewal of an elective facial cosmetic surgery
40 permit shall not exceed eight hundred dollars (\$800).

1 (n) The fee for an application for an oral and maxillofacial
 2 surgery permit shall not exceed one thousand dollars (\$1,000), and
 3 the fee for the renewal of an oral and maxillofacial surgery permit
 4 shall not exceed one thousand two hundred dollars (\$1,200).

5 (o) The fee for an application for a general anesthesia permit
 6 shall not exceed one thousand dollars (\$1,000), and the fee for the
 7 renewal of a general anesthesia permit shall not exceed six hundred
 8 dollars (\$600).

9 (p) The fee for an onsite inspection and evaluation related to a
 10 general anesthesia or moderate sedation permit shall not exceed
 11 four thousand five hundred dollars (\$4,500).

12 (q) The fee for an application for a moderate sedation permit
 13 shall not exceed one thousand dollars (\$1,000), and the fee for the
 14 renewal of a conscious sedation permit shall not exceed six hundred
 15 dollars (\$600).

16 (r) The fee for an application for an oral conscious sedation
 17 permit shall not exceed one thousand dollars (\$1,000), and the fee
 18 for the renewal of an oral conscious sedation permit shall not
 19 exceed six hundred dollars (\$600).

20 *(s) The fee for an application for a pediatric minimal sedation*
 21 *permit shall not exceed one thousand dollars (\$1,000), and the fee*
 22 *for the renewal of a pediatric minimal sedation permit shall not*
 23 *exceed six hundred dollars (\$600).*

24 ~~(s)~~
 25 (t) The fee for a certification of licensure shall not exceed one
 26 hundred twenty-five dollars (\$125).

27 ~~(t)~~
 28 (u) The fee for an application for the law and ethics examination
 29 shall not exceed two hundred fifty dollars (\$250).

30 ~~(u)~~
 31 (v) This section shall become operative on January 1, 2022.

32 **SECTION 1.**

33 *SEC. 3.* Section 1753 of the Business and Professions Code is
 34 amended to read:

35 1753. (a) On and after January 1, 2010, the board may license
 36 as a registered dental assistant in extended functions a person who
 37 submits written evidence, satisfactory to the board, of all of the
 38 following eligibility requirements:

1 (1) Current licensure as a registered dental assistant or
2 completion of the requirements for licensure as a registered dental
3 assistant.

4 (2) Successful completion of a board-approved course in the
5 application of pit and fissure sealants.

6 (3) Successful completion of either of the following:

7 (A) An extended functions postsecondary program approved
8 by the board in all of the procedures specified in Section 1753.5.

9 (B) An extended functions postsecondary program approved
10 by the board to teach the duties that registered dental assistants in
11 extended functions were allowed to perform pursuant to board
12 regulations prior to January 1, 2010, and a course approved by the
13 board in the procedures specified in paragraphs (1), (2), (5), and
14 (7) to (11), inclusive, of subdivision (b) of Section 1753.5.

15 (4) Passage of a written examination administered by the board.
16 The board shall designate whether the written examination shall
17 be administered by the board or by the board-approved extended
18 functions program.

19 (b) A registered dental assistant in extended functions may apply
20 for an orthodontic assistant permit or a dental sedation assistant
21 permit, or both, by providing written evidence of the following:

22 (1) Successful completion of a board-approved orthodontic
23 assistant or dental sedation assistant course, as applicable.

24 (2) Passage of a written examination administered by the board
25 that shall encompass the knowledge, skills, and abilities necessary
26 to competently perform the duties of the particular permit.

27 (c) A registered dental assistant in extended functions with
28 permits in either orthodontic assisting or dental sedation assisting
29 shall be referred to as an “RDAEF with orthodontic assistant
30 permit,” or “RDAEF with dental sedation assistant permit,” as
31 applicable. These terms shall be used for reference purposes only
32 and do not create additional categories of licensure.

33 (d) Completion of the continuing education requirements
34 established by the board pursuant to Section 1645 by a registered
35 dental assistant in extended functions who also holds a permit as
36 an orthodontic assistant or dental sedation assistant shall fulfill the
37 continuing education requirement for such permit or permits.

38 ~~SEC. 2.~~

39 *SEC. 4.* Section 1753.4 of the Business and Professions Code
40 is repealed.

1 ~~SEC. 3.~~

2 *SEC. 5.* Section 1753.55 of the Business and Professions Code
3 is amended to read:

4 1753.55. (a) A registered dental assistant in extended functions
5 is authorized to perform the additional duties as set forth in
6 subdivision (b) pursuant to the order, control, and full professional
7 responsibility of a supervising dentist, if the licensee meets one of
8 the following requirements:

9 (1) Is licensed on or after January 1, 2010.

10 (2) Is licensed prior to January 1, 2010, and has successfully
11 completed a board-approved course in the additional procedures
12 specified in paragraphs (1), (2), (5), and (7) to (11), inclusive, of
13 subdivision (b) of Section 1753.5.

14 (b) (1) Determine which radiographs to perform on a patient
15 who has not received an initial examination by the supervising
16 dentist for the specific purpose of the dentist making a diagnosis
17 and treatment plan for the patient. In these circumstances, the
18 dental assistant in extended functions shall follow protocols
19 established by the supervising dentist. This paragraph only applies
20 in the following settings:

21 (A) In a dental office setting.

22 (B) In public health settings, using telehealth, as defined by
23 Section 2290.5, for the purpose of communication with the
24 supervising dentist, including, but not limited to, schools, head
25 start and preschool programs, and community clinics, under the
26 general supervision of a dentist.

27 (2) Place protective restorations, which for this purpose are
28 identified as interim therapeutic restorations, and defined as a
29 direct provisional restoration placed to stabilize the tooth until a
30 licensed dentist diagnoses the need for further definitive treatment.
31 An interim therapeutic restoration consists of the removal of soft
32 material from the tooth using only hand instrumentation, without
33 the use of rotary instrumentation, and subsequent placement of an
34 adhesive restorative material. Local anesthesia shall not be
35 necessary for interim therapeutic restoration placement. Interim
36 therapeutic restorations shall be placed only in accordance with
37 both of the following:

38 (A) In either of the following settings:

39 (i) In a dental office setting, under the direct or general
40 supervision of a dentist as determined by the dentist.

1 (ii) In public health settings, using telehealth, as defined by
2 Section 2290.5, for the purpose of communication with the
3 supervising dentist, including, but not limited to, schools, head
4 start and preschool programs, and community clinics, under the
5 general supervision of a dentist.

6 (B) After the diagnosis, treatment plan, and instruction to
7 perform the procedure provided by a dentist.

8 (c) The functions described in subdivision (b) may be performed
9 by a registered dental assistant in extended functions only after
10 completion of a program that includes training in performing those
11 functions, or after providing evidence, satisfactory to the board,
12 of having completed a board-approved course in those functions.

13 (d) No later than January 1, 2018, the board shall adopt
14 regulations to establish requirements for courses of instruction for
15 the procedures authorized to be performed by a registered dental
16 assistant in extended functions pursuant to this section using the
17 competency-based training protocols established by the Health
18 Workforce Pilot Project (HWPP) No. 172 through the Office of
19 Health Planning and Development. The board shall submit to the
20 committee proposed regulatory language for the curriculum for
21 the Interim Therapeutic Restoration to the committee for the
22 purpose of promulgating regulations for registered dental hygienists
23 and registered dental hygienists in alternative practice as described
24 in Section 1910.5. The language submitted by the board shall
25 mirror the instructional curriculum for the registered dental
26 assistant in extended functions. Any subsequent amendments to
27 the regulations that are promulgated by the board for the Interim
28 Therapeutic Restoration curriculum shall be submitted to the
29 committee.

30 (e) The board may issue a permit to a registered dental assistant
31 in extended functions who files a completed application, including
32 the fee, to provide the duties specified in this section after the board
33 has determined the registered dental assistant in extended functions
34 has completed the coursework required in subdivision (c).

35 (f) This section shall become operative on January 1, 2018.

36 ~~SEC. 4.~~

37 *SEC. 6.* Section 1753.6 of the Business and Professions Code
38 is amended to read:

39 1753.6. (a) Each person who holds a license as a registered
40 dental assistant in extended functions on the operative date of this

1 section may only perform those procedures that a registered dental
2 assistant is allowed to perform as specified in and limited by
3 Section 1752.4, and the procedures specified in paragraphs (1) to
4 (6), inclusive, until the person provides evidence of having
5 completed a board-approved course in the additional procedures
6 specified in paragraphs (1), (2), (5), and (7) to (11), inclusive, of
7 subdivision (b) of Section 1753.5:

8 (1) Cord retraction of gingiva for impression procedures.

9 (2) Take final impressions for permanent indirect restorations.

10 (3) Formulate indirect patterns for endodontic post and core
11 castings.

12 (4) Fit trial endodontic filling points.

13 (5) Apply pit and fissure sealants.

14 (6) Remove excess cement from subgingival tooth surfaces with
15 a hand instrument.

16 (b) This section shall become operative on January 1, 2010.

17 *SEC. 7. Section 5650.5 is added to the Business and Professions*
18 *Code, to read:*

19 *5650.5. (a) Pursuant to Section 144, the board has the*
20 *authority to obtain and review criminal offender record*
21 *information. The information obtained as a result of the*
22 *fingerprinting shall be used in accordance with Section 11105 of*
23 *the Penal Code to determine whether the applicant is subject to*
24 *denial, suspension, or revocation of a license pursuant to Division*
25 *1.5 (commencing with Section 475) or Section 5660, 5675, or 5676.*

26 *(b) As a condition of application for a license, each applicant*
27 *shall furnish to the Department of Justice a full set of fingerprints*
28 *for the purpose of conducting a criminal history record check and*
29 *to undergo a state- and federal- level criminal offender record*
30 *information search conducted through the Department of Justice,*
31 *as follows:*

32 *(1) The board shall electronically submit to the Department of*
33 *Justice fingerprint images and related information required by the*
34 *Department of Justice of all landscape architect license applicants*
35 *for the purpose of obtaining information as to the existence and*
36 *content of a record of state or federal arrests and state or federal*
37 *convictions and also information as to the existence and content*
38 *of a record of state or federal arrests for which the Department*
39 *of Justice establishes that the person is free on bail or on their*
40 *recognizance pending trial or appeal.*

1 (2) When received, the Department of Justice shall transmit
2 fingerprint images and related information received pursuant to
3 this section, to the Federal Bureau of Investigation for the purpose
4 of obtaining a federal criminal history records check. The
5 Department of Justice shall review the information returned from
6 the Federal Bureau of Investigation and compile and disseminate
7 a response to the board.

8 (3) The Department of Justice shall provide a state or federal
9 response to the board pursuant to subdivision (p) of Section 11105
10 of the Penal Code.

11 (4) The board shall request from the Department of Justice
12 subsequent notification service, as provided pursuant to Section
13 11105.2 of the Penal Code, for persons described in paragraph
14 (1).

15 (5) The Department of Justice shall charge the applicant a fee
16 sufficient to cover the cost of processing the request described in
17 this subdivision.

18 (c) The applicant shall certify, under penalty of perjury, when
19 applying for a license whether the applicant's fingerprints have
20 been furnished to the Department of Justice in compliance with
21 this section.

22 (d) Failure to comply with the requirements of this section
23 renders the application for a license incomplete, and the
24 application shall not be considered until the applicant demonstrates
25 compliance with all requirements of this section.

26 (e) Notwithstanding any other law, the results of any criminal
27 offender record information request by either state or federal law
28 enforcement authorities shall not be released by the board except
29 in accordance with state and federal requirements.

30 (f) As used in this section, the term "applicant" shall be limited
31 to an initial applicant who has never been registered or licensed
32 by the board or to an applicant for a new licensure or registration
33 category.

34 (g) As a condition of petitioning the board for reinstatement of
35 a revoked or surrendered license, an applicant shall comply with
36 subdivision (a).

37 SEC. 8. Section 7071.6 of the Business and Professions Code
38 is amended to read:

39 7071.6. (a) The board shall require as a condition precedent
40 to the issuance, reinstatement, reactivation, renewal, or continued

1 maintenance of a license, that the applicant or licensee file or have
2 on file a contractor's bond in the sum of fifteen thousand dollars
3 (\$15,000).

4 (b) Excluding the claims brought by the beneficiaries specified
5 in subdivision (a) of Section 7071.5, the aggregate liability of a
6 surety on claims brought against a bond required by this section
7 shall not exceed the sum of seven thousand five hundred dollars
8 (\$7,500). The bond proceeds in excess of seven thousand five
9 hundred dollars (\$7,500) shall be reserved exclusively for the
10 claims of the beneficiaries specified in subdivision (a) of Section
11 7071.5. However, nothing in this section shall be construed so as
12 to prevent any beneficiary specified in subdivision (a) of Section
13 7071.5 from claiming or recovering the full measure of the bond
14 required by this section.

15 (c) ~~No~~A bond shall *not* be required of a holder of a license that
16 has been inactivated on the official records of the board during the
17 period the license is inactive.

18 (d) Notwithstanding any other law, as a condition precedent to
19 licensure, the board may require an applicant to post a contractor's
20 bond in twice the amount required pursuant to subdivision (a) until
21 the time that the license is renewed, under the following conditions:

22 (1) The applicant has either been convicted of a violation of
23 Section 7028 or has been cited pursuant to Section 7028.7.

24 (2) If the applicant has been cited pursuant to Section 7028.7,
25 the citation has been reduced to a final order of the registrar.

26 (3) The violation of Section 7028, or the basis for the citation
27 issued pursuant to Section 7028.7, constituted a substantial injury
28 to the public.

29 (e) (1) The board shall conduct a study to obtain information
30 to evaluate whether the current fifteen-thousand-dollar (\$15,000)
31 amount of the contractor bond is sufficient, or whether an increase
32 may be necessary.

33 (2) The board shall report its findings and recommendations to
34 the appropriate policy committees of the Legislature, in accordance
35 with Section 9795 of the Government Code, by January 1, 2021.

36 (f) *This section shall remain in effect only until January 1, 2023,*
37 *and as of that date is repealed.*

38 *SEC. 9. Section 7071.6 is added to the Business and Professions*
39 *Code, to read:*

1 7071.6. (a) *The board shall require as a condition precedent*
2 *to the issuance, reinstatement, reactivation, renewal, or continued*
3 *maintenance of a license, that the applicant or licensee file or have*
4 *on file a contractor's bond in the sum of twenty-five thousand*
5 *dollars (\$25,000).*

6 (b) *Excluding the claims brought by the beneficiaries specified*
7 *in subdivision (a) of Section 7071.5, the aggregate liability of a*
8 *surety on claims brought against a bond required by this section*
9 *shall not exceed the sum of seven thousand five hundred dollars*
10 *(\$7,500). The bond proceeds in excess of seven thousand five*
11 *hundred dollars (\$7,500) shall be reserved exclusively for the*
12 *claims of the beneficiaries specified in subdivision (a) of Section*
13 *7071.5. However, nothing in this section shall be construed so as*
14 *to prevent any beneficiary specified in subdivision (a) of Section*
15 *7071.5 from claiming or recovering the full measure of the bond*
16 *required by this section.*

17 (c) *A bond shall not be required of a holder of a license that*
18 *has been inactivated on the official records of the board during*
19 *the period the license is inactive.*

20 (d) *Notwithstanding any other law, as a condition precedent to*
21 *licensure, the board may require an applicant to post a*
22 *contractor's bond in twice the amount required pursuant to*
23 *subdivision (a) until the time that the license is renewed, under*
24 *the following conditions:*

25 (1) *The applicant has either been convicted of a violation of*
26 *Section 7028 or has been cited pursuant to Section 7028.7.*

27 (2) *If the applicant has been cited pursuant to Section 7028.7,*
28 *the citation has been reduced to a final order of the registrar.*

29 (3) *The violation of Section 7028, or the basis for the citation*
30 *issued pursuant to Section 7028.7, constituted a substantial injury*
31 *to the public.*

32 (e) *This section shall become operative on January 1, 2023.*

33 **SEC. 10.** *Section 7071.8 of the Business and Professions Code*
34 *is amended to read:*

35 7071.8. (a) *This section applies to an application for a license,*
36 *for renewal or restoration of a license, an application to change*
37 *officers or members of a corporation or a limited liability company,*
38 *or for continued valid use of a license which has been disciplined,*
39 *whether or not the disciplinary action has been stayed, made by*
40 *any of the following persons or firms:*

1 (1) A person whose license has been suspended or revoked as
2 a result of disciplinary action, or a person who was a qualifying
3 individual for a licensee at any time during which cause for
4 disciplinary action occurred resulting in suspension or revocation
5 of the licensee's license, whether or not the qualifying individual
6 had knowledge or participated in the prohibited act or omission.

7 (2) A person who was an officer, director, manager, partner, or
8 member of the personnel of record of a licensee at any time during
9 which cause for disciplinary action occurred resulting in suspension
10 or revocation of the licensee's license and who had knowledge of
11 or participated in the act or omission which was the cause for the
12 disciplinary action.

13 (3) A partnership, corporation, limited liability company, firm,
14 or association of which an existing or new officer, director,
15 manager, partner, qualifying person, or member of the personnel
16 of record has had a license suspended or revoked as a result of
17 disciplinary action.

18 (4) A partnership, corporation, limited liability company, firm,
19 or association of which a member of the personnel of record,
20 including, but not limited to, an officer, director, manager, partner,
21 or qualifying person was, likewise, a manager, officer, director,
22 or partner of a licensee at any time during which cause for
23 disciplinary action occurred resulting in suspension or revocation
24 of the license, and who had knowledge of or participated in the
25 act or omission which was the cause for the disciplinary action.

26 (b) The board shall require as a condition precedent to the
27 issuance, reissuance, renewal, or restoration of a license to the
28 applicant, or to the approval of an application to change officers
29 of a corporation or a limited liability company, or removal of
30 suspension, or to the continued valid use of a license which has
31 been suspended or revoked, but which suspension or revocation
32 has been stayed, that the applicant or licensee file or have on file
33 a contractor's bond in a sum to be fixed by the registrar based upon
34 the seriousness of the violation, but which sum shall not be less
35 than fifteen thousand dollars (\$15,000) nor more than 10 times
36 that amount required by Section 7071.6.

37 (c) The bond is in addition to, may not be combined with, and
38 does not replace any other type of bond required by this chapter.
39 The bond shall remain on file with the registrar for a period of at
40 least two years and for any additional time that the registrar

1 determines. The bond period shall run only while the license is
2 current, active, and in good standing, and shall be extended until
3 the license has been current, active, and in good standing for the
4 required period. Each applicant or licensee shall be required to file
5 only one disciplinary contractor's bond of the type described in
6 this section for each application or license subject to this bond
7 requirement.

8 *(d) This section shall remain in effect only until January 1, 2023,*
9 *and as of that date is repealed.*

10 *SEC. 11. Section 7071.8 is added to the Business and*
11 *Professions Code, to read:*

12 *7071.8. (a) This section applies to an application for a license,*
13 *for renewal or restoration of a license, an application to change*
14 *officers or members of a corporation or a limited liability company,*
15 *or for continued valid use of a license which has been disciplined,*
16 *whether or not the disciplinary action has been stayed, made by*
17 *any of the following persons or firms:*

18 *(1) A person whose license has been suspended or revoked as*
19 *a result of disciplinary action, or a person who was a qualifying*
20 *individual for a licensee at any time during which cause for*
21 *disciplinary action occurred resulting in suspension or revocation*
22 *of the licensee's license, whether or not the qualifying individual*
23 *had knowledge or participated in the prohibited act or omission.*

24 *(2) A person who was an officer, director, manager, partner,*
25 *or member of the personnel of record of a licensee at any time*
26 *during which cause for disciplinary action occurred resulting in*
27 *suspension or revocation of the licensee's license and who had*
28 *knowledge of or participated in the act or omission which was the*
29 *cause for the disciplinary action.*

30 *(3) A partnership, corporation, limited liability company, firm,*
31 *or association of which an existing or new officer, director,*
32 *manager, partner, qualifying person, or member of the personnel*
33 *of record has had a license suspended or revoked as a result of*
34 *disciplinary action.*

35 *(4) A partnership, corporation, limited liability company, firm,*
36 *or association of which a member of the personnel of record,*
37 *including, but not limited to, an officer, director, manager, partner,*
38 *or qualifying person was, likewise, a manager, officer, director,*
39 *or partner of a licensee at any time during which cause for*
40 *disciplinary action occurred resulting in suspension or revocation*

1 of the license, and who had knowledge of or participated in the
2 act or omission which was the cause for the disciplinary action.

3 (b) The board shall require as a condition precedent to the
4 issuance, reissuance, renewal, or restoration of a license to the
5 applicant, or to the approval of an application to change officers
6 of a corporation or a limited liability company, or removal of
7 suspension, or to the continued valid use of a license which has
8 been suspended or revoked, but which suspension or revocation
9 has been stayed, that the applicant or licensee file or have on file
10 a contractor's bond in a sum to be fixed by the registrar based
11 upon the seriousness of the violation, but which sum shall not be
12 less than twenty-five thousand dollars (\$25,000) nor more than
13 10 times that amount required by Section 7071.6.

14 (c) The bond is in addition to, may not be combined with, and
15 does not replace any other type of bond required by this chapter.
16 The bond shall remain on file with the registrar for a period of at
17 least two years and for any additional time that the registrar
18 determines. The bond period shall run only while the license is
19 current, active, and in good standing, and shall be extended until
20 the license has been current, active, and in good standing for the
21 required period. Each applicant or licensee shall be required to
22 file only one disciplinary contractor's bond of the type described
23 in this section for each application or license subject to this bond
24 requirement.

25 (d) This section shall become operative on January 1, 2023.

26 SEC. 12. Section 7071.9 of the Business and Professions Code
27 is amended to read:

28 7071.9. (a) If the qualifying individual, as referred to in
29 Sections 7068 and 7068.1, is neither the proprietor, a general
30 partner, nor a joint licensee, ~~he or she~~ the qualifying individual
31 shall file or have on file a qualifying individual's bond as provided
32 in Section 7071.10 in the sum of twelve thousand five hundred
33 dollars (\$12,500). This bond is in addition to, and ~~may~~ shall not
34 be combined with, any contractor's bond required by Sections
35 7071.5 to 7071.8, inclusive, and is required for the issuance,
36 reinstatement, reactivation, or continued valid use of a license.

37 (b) Excluding the claims brought by the beneficiaries specified
38 in paragraph (1) of subdivision (a) of Section 7071.10, the
39 aggregate liability of a surety on claims brought against the bond
40 required by this section shall not exceed the sum of seven thousand

1 five hundred dollars (\$7,500). The bond proceeds in excess of
2 seven thousand five hundred dollars (\$7,500) shall be reserved
3 exclusively for the claims of the beneficiaries specified in
4 paragraph (1) of subdivision (a) of Section 7071.10. However,
5 nothing in this section shall be construed to prevent any beneficiary
6 specified in paragraph (1) of subdivision (a) of Section 7071.10
7 from claiming or recovering the full measure of the bond required
8 by this section. This bond is in addition to, and ~~may~~ shall not be
9 combined with, any contractor's bond required by Sections 7071.5
10 to 7071.8, inclusive, and is required for the issuance, reinstatement,
11 reactivation, or continued valid use of a license.

12 (c) The responsible managing officer of a corporation shall not
13 be required to file or have on file a qualifying individual's bond,
14 if ~~he or she~~ *the responsible managing officer* owns 10 percent or
15 more of the voting stock of the corporation and certifies to that
16 fact on a form prescribed by the registrar.

17 (d) The qualifying individual for a limited liability company
18 shall not be required to file or have on file a qualifying individual's
19 bond if ~~he or she~~ *the qualifying individual* owns at least a
20 10-percent membership interest in the limited liability company
21 and certifies to that fact on a form prescribed by the registrar.

22 (e) *This section shall remain in effect only until January 1, 2023,*
23 *and as of that date is repealed.*

24 SEC. 13. *Section 7071.9 is added to the Business and*
25 *Professions Code, to read:*

26 7071.9. (a) *If the qualifying individual, as referred to in*
27 *Sections 7068 and 7068.1, is neither the proprietor, a general*
28 *partner, nor a joint licensee, the qualifying individual shall file or*
29 *have on file a qualifying individual's bond as provided in Section*
30 *7071.10 in the sum of twenty-five thousand dollars (\$25,000). This*
31 *bond is in addition to, and shall not be combined with, any*
32 *contractor's bond required by Sections 7071.5 to 7071.8, inclusive,*
33 *and is required for the issuance, reinstatement, reactivation, or*
34 *continued valid use of a license.*

35 (b) *Excluding the claims brought by the beneficiaries specified*
36 *in paragraph (1) of subdivision (a) of Section 7071.10, the*
37 *aggregate liability of a surety on claims brought against the bond*
38 *required by this section shall not exceed the sum of seven thousand*
39 *five hundred dollars (\$7,500). The bond proceeds in excess of*
40 *seven thousand five hundred dollars (\$7,500) shall be reserved*

1 exclusively for the claims of the beneficiaries specified in
2 paragraph (1) of subdivision (a) of Section 7071.10. However,
3 nothing in this section shall be construed to prevent any beneficiary
4 specified in paragraph (1) of subdivision (a) of Section 7071.10
5 from claiming or recovering the full measure of the bond required
6 by this section. This bond is in addition to, and shall not be
7 combined with, any contractor's bond required by Sections 7071.5
8 to 7071.8, inclusive, and is required for the issuance, reinstatement,
9 reactivation, or continued valid use of a license.

10 (c) The responsible managing officer of a corporation shall not
11 be required to file or have on file a qualifying individual's bond,
12 if the responsible managing officer owns 10 percent or more of
13 the voting stock of the corporation and certifies to that fact on a
14 form prescribed by the registrar.

15 (d) The qualifying individual for a limited liability company
16 shall not be required to file or have on file a qualifying individual's
17 bond if the qualifying individual owns at least a 10-percent
18 membership interest in the limited liability company and certifies
19 to that fact on a form prescribed by the registrar.

20 (e) This section shall become operative on January 1, 2023.

21 SEC. 14. Section 17973 of the Health and Safety Code is
22 amended to read:

23 17973. (a) Exterior elevated elements that include load-bearing
24 components in all buildings containing three or more multifamily
25 dwelling units shall be inspected. The inspection shall be performed
26 by a licensed architect; licensed civil or structural engineer; a
27 building contractor holding any or all of the "A," "B," or "C-5"
28 license classifications issued by the Contractors' State License
29 Board, with a minimum of five years' experience, as a holder of
30 the aforementioned classifications or licenses, in constructing
31 multistory wood frame buildings; or an individual certified as a
32 building inspector or building official from a recognized state,
33 national, or international association, as determined by the local
34 jurisdiction. These individuals shall not be employed by the local
35 jurisdiction while performing these inspections. The purpose of
36 the inspection is to determine that exterior elevated elements and
37 their associated waterproofing elements are in a generally safe
38 condition, adequate working order, and free from any hazardous
39 condition caused by fungus, deterioration, decay, or improper
40 alteration to the extent that the life, limb, health, property, safety,

1 or welfare of the public or the occupants is not endangered. The
2 person or business performing the inspection shall be hired by the
3 owner of the building.

4 (b) For purposes of this section, the following terms have the
5 following definitions:

6 (1) “Associated waterproofing elements” include flashings,
7 membranes, coatings, and sealants that protect the load-bearing
8 components of exterior elevated elements from exposure to water
9 and the elements.

10 (2) “Exterior elevated element” means the following types of
11 structures, including their supports and railings: balconies, decks,
12 porches, stairways, walkways, and entry structures that extend
13 beyond exterior walls of the building and which have a walking
14 surface that is elevated more than six feet above ground level, are
15 designed for human occupancy or use, and rely in whole or in
16 substantial part on wood or wood-based products for structural
17 support or stability of the exterior elevated element.

18 (3) “Load-bearing components” are those components that
19 extend beyond the exterior walls of the building to deliver structural
20 loads from the exterior elevated element to the building.

21 (c) The inspection required by this section shall at a minimum
22 include:

23 (1) Identification of each type of exterior elevated element that,
24 if found to be defective, decayed, or deteriorated to the extent that
25 it does not meet its load requirements, would, in the opinion of the
26 inspector, constitute a threat to the health or safety of the occupants.

27 (2) Assessment of the load-bearing components and associated
28 waterproofing elements of the exterior elevated elements identified
29 in paragraph (1) using methods allowing for evaluation of their
30 performance by direct visual examination or comparable means
31 of evaluating their performance. For purposes of this section, a
32 sample of at least 15 percent of each type of exterior elevated
33 element shall be inspected.

34 (3) The evaluation and assessment shall address each of the
35 following as of the date of the evaluation:

36 (A) The current condition of the exterior elevated elements.

37 (B) Expectations of future performance and projected service
38 life.

39 (C) Recommendations of any further inspection necessary.

1 (4) A written report of the evaluation stamped or signed by the
2 inspector presented to the owner of the building or the owner's
3 designated agent within 45 days of completion of the inspection.
4 The report shall include photographs, any test results, and narrative
5 sufficient to establish a baseline of the condition of the components
6 inspected that can be compared to the results of subsequent
7 inspections. In addition to the evaluation required by this section,
8 the report shall advise which, if any, exterior elevated element
9 poses an immediate threat to the safety of the occupants, and
10 whether preventing occupant access or conducting emergency
11 repairs, including shoring, are necessary.

12 (d) The inspection shall be completed by January 1, 2025, and
13 by January 1 every six years thereafter. The inspector conducting
14 the inspection shall produce an initial report pursuant to paragraph
15 (4) of subdivision (c) and, if requested by the owner, a final report
16 indicating that any required repairs have been completed. A copy
17 of any report that recommends immediate repairs, advises that any
18 building assembly poses an immediate threat to the safety of the
19 occupants, or that preventing occupant access or emergency repairs,
20 including shoring, are necessary, shall be provided by the inspector
21 to the owner of the building and to the local enforcement agency
22 within 15 days of completion of the report. Subsequent inspection
23 reports shall incorporate copies of prior inspection reports,
24 including the locations of the exterior elevated elements inspected.
25 Local enforcement agencies may determine whether any additional
26 information is to be provided in the report and may require a copy
27 of the initial or final reports, or both, be submitted to the local
28 jurisdiction. Copies of all inspection reports shall be maintained
29 in the building owner's permanent records for not less than two
30 inspection cycles, and shall be disclosed and delivered to the buyer
31 at the time of any subsequent sale of the building.

32 (e) The inspection of buildings for which a building permit
33 application has been submitted on or after January 1, 2019, shall
34 occur no later than six years following issuance of a certificate of
35 occupancy from the local jurisdiction and shall otherwise comply
36 with the provisions of this section.

37 (f) If the property was inspected within three years prior to
38 January 1, 2019, by an inspector as described in subdivision (a)
39 and a report of that inspector was issued stating that the exterior
40 elevated elements and associated waterproofing elements are in

1 proper working condition and do not pose a threat to the health
2 and safety of the public, no new inspection pursuant to this section
3 shall be required until January 1, 2025.

4 (g) An exterior elevated element found by the inspector that is
5 in need of repair or replacement shall be corrected by the owner
6 of the building. ~~No recommended repair shall be performed by a~~
7 ~~licensed contractor serving as the inspector.~~ All necessary permits
8 for repair or replacement shall be obtained from the local
9 jurisdiction. All repair and replacement work shall be performed
10 by a qualified and licensed contractor in compliance with all of
11 the following:

12 (1) The recommendations of a licensed professional described
13 in subdivision (a).

14 (2) Any applicable manufacturer's specifications.

15 (3) The California Building Standards Code, consistent with
16 subdivision (d) of Section 17922 of the Health and Safety Code.

17 (4) All local jurisdictional requirements.

18 (h) (1) An exterior elevated element that the inspector advises
19 poses an immediate threat to the safety of the occupants, or finds
20 preventing occupant access or emergency repairs, including
21 shoring, or both, are necessary, shall be considered an emergency
22 condition and the owner of the building shall perform required
23 preventive measures immediately. Immediately preventing
24 occupant access to the exterior elevated element until emergency
25 repairs can be completed constitutes compliance with this
26 paragraph. Repairs of emergency conditions shall comply with the
27 requirements of subdivision (g), be inspected by the inspector, and
28 reported to the local enforcement agency.

29 (2) The owner of the building requiring corrective work to an
30 exterior elevated element that, in the opinion of the inspector, does
31 not pose an immediate threat to the safety of the occupants, shall
32 apply for a permit within 120 days of receipt of the inspection
33 report. Once the permit is approved, the owner of the building
34 shall have 120 days to make the repairs unless an extension of time
35 is granted by the local enforcement agency.

36 (i) (1) The owner of the building shall be responsible for
37 complying with the requirements of this section.

38 (2) If the owner of the building does not comply with the repair
39 requirements within 180 days, the inspector shall notify the local
40 enforcement agency and the owner of the building. If within 30

1 days of the date of the notice the repairs are not completed, the
2 owner of the building shall be assessed a civil penalty based on
3 the fee schedule set by the local authority of not less than one
4 hundred dollars (\$100) nor more than five hundred dollars (\$500)
5 per day until the repairs are completed, unless an extension of time
6 is granted by the local enforcement agency.

7 (3) In the event that a civil penalty is assessed pursuant to this
8 section, a building safety lien may be recorded in the county
9 recorder's office by the local jurisdiction in the county in which
10 the parcel of land is located and from the date of recording shall
11 have the force, effect, and priority of a judgment lien.

12 (j) (1) A building safety lien authorized by this section shall
13 specify the amount of the lien, the name of the agency on whose
14 behalf the lien is imposed, the street address, the legal description
15 and assessor's parcel number of the parcel on which the lien is
16 imposed, and the name and address of the recorded owner of the
17 building.

18 (2) In the event that the lien is discharged, released, or satisfied,
19 either through payment or foreclosure, notice of the discharge
20 containing the information specified in paragraph (1) shall be
21 recorded by the governmental agency. A safety lien and the release
22 of the lien shall be indexed in the grantor-grantee index.

23 (3) A building safety lien may be foreclosed by an action
24 brought by the appropriate local jurisdiction for a money judgment.

25 (4) Notwithstanding any other law, the county recorder may
26 impose a fee on the city to reimburse the costs of processing and
27 recording the lien and providing notice to the owner of the building.
28 A city may recover from the owner of the building any costs
29 incurred regarding the processing and recording of the lien and
30 providing notice to the owner of the building as part of its
31 foreclosure action to enforce the lien.

32 (k) The continued and ongoing maintenance of exterior elevated
33 elements in a safe and functional condition in compliance with
34 these provisions shall be the responsibility of the owner of the
35 building.

36 (l) Local enforcement agencies shall have the ability to recover
37 enforcement costs associated with the requirements of this section.

38 (m) For any building subject to the provisions of this section
39 that is proposed for conversion to condominiums to be sold to the
40 public after January 1, 2019, the inspection required by this section

1 shall be conducted prior to the first close of escrow of a separate
2 interest in the project and shall include the inspector's
3 recommendations for repair or replacement of any exterior elevated
4 element found to be defective, decayed, or deteriorated to the extent
5 that it does not meet its load requirements, and would, in the
6 opinion of the inspector, constitute a threat to the health or safety
7 of the occupants. The inspection report and written confirmation
8 by the inspector that any repairs or replacements recommended
9 by the inspector have been completed shall be submitted to the
10 Department of Real Estate by the proponent of the conversion and
11 shall be a condition to the issuance of the final public report. A
12 complete copy of the inspection report and written confirmation
13 by the inspector that any repairs or replacements recommended
14 by the inspector have been completed shall be included with the
15 written statement of defects required by Section 1134 of the Civil
16 Code, and provided to the local jurisdiction in which the project
17 is located. The inspection, report, and confirmation of completed
18 repairs shall be a condition of the issuance of a final inspection or
19 certificate of occupancy by the local jurisdiction.

20 (n) This section shall not apply to a common interest
21 development, as defined in Section 4100 of the Civil Code.

22 (o) The governing body of any city, county, or city and county,
23 may enact ordinances or laws imposing requirements greater than
24 those imposed by this section.

25 *SEC. 15. No reimbursement is required by this act pursuant*
26 *to Section 6 of Article XIII B of the California Constitution for*
27 *certain costs that may be incurred by a local agency or school*
28 *district because, in that regard, this act creates a new crime or*
29 *infraction, eliminates a crime or infraction, or changes the penalty*
30 *for a crime or infraction, within the meaning of Section 17556 of*
31 *the Government Code, or changes the definition of a crime within*
32 *the meaning of Section 6 of Article XIII B of the California*
33 *Constitution.*

34 *However, if the Commission on State Mandates determines that*
35 *this act contains other costs mandated by the state, reimbursement*
36 *to local agencies and school districts for those costs shall be made*
37 *pursuant to Part 7 (commencing with Section 17500) of Division*
38 *4 of Title 2 of the Government Code.*

O

Senate Bill 607

Professions and vocations

Senator Richard D. Roth

SUMMARY

SB 607 is an omnibus bill, which includes several changes to a number of boards under the Department of Consumer Affairs (DCA), including the Dental Board of California, the Landscape Architects Technical Committee and the California Architects Board, the Contractors State License Board, and those applicants seeking expedited licensure as authorized for military spouses, among others.

BACKGROUND

This bill is the annual omnibus bill, which consolidates a number of provisions related to various regulatory programs and professions governed by the Business and Professions Code. Consolidating the provisions in one bill is designed to relieve the various licensing Boards, bureaus, and professions, as well as the Legislature, from the necessity and burden of having separate measures for a number of minor or technical revisions.

PURPOSE

Military Licensure. BPC § 115.4 requires boards under the DCA to expedite the initial licensure process for applicants who are honorably discharged veterans.

California Landscape Architects Technical Committee. SB 608 (Glazer, Chapter 376, Statutes of 2019), provided authority for the California Architects Board and the Landscape Architects Technical Committee to require fingerprints for background check purposes of new applicants for licensure. While SB 608 included necessary implementation language for licensure for architects, due to a technical oversight, similar language was not included in statute governing landscape architects in order for the same authority to be extended to landscape architect applicants.

Contractors License Bond. SB 610 (Glazer, Chapter Statutes of 2018), required the CSLB to

conduct a study to evaluate whether the current \$15,000 amount of the contractor bond is sufficient, or whether an increase may be necessary, and report its findings and recommendations to the appropriate policy committees of the Legislature by January 1, 2021.

Inspections of Exterior Elevated Elements. SB 721 sought to increase safety and oversight of multi-family dwellings by requiring existing exterior elevated elements to be inspected at least every six years by certain licensed persons in order to determine that those exterior elements and waterproofing elements *are in* generally safe conditions, adequate working order, and free from any hazardous conditions. SB 721 required any identified repairs to be made within a designated timeframe and set penalties for building owners who do not complete the required repairs. That bill was specific as to who could provide the inspections and specifically prohibited an individual hired as the inspector from completing any repair work.

Dental Board of California. SB 501 (Glazer, Chapter 929, Statutes of 2018), created a new Pediatric Minimal Sedation Permit and stated that the application and renewal fee for the new Permit shall not exceed the maximum fees for dentistry licensing and renewals. However, BPC § 1724 was not updated to provide the Dental Board the necessary authority to require an applicant to pay fees associated with the permit and permit renewal.

The Dental Board of California has worked with DCA's Office of Professional Examination Services over the past number of years and has determined that, due to ethical and practical considerations, dental licensure examinations are moving away from patient-based assessments. This trend has been accelerated by the pandemic. The Dental Board of California previously eliminated the Registered Dental Assistant practical examination.

Specifically, this bill:

- *Waives initial licensing fees for military spouses who are currently subject to the expedited application processing.*
- *Increases the current contractor bond amount by \$10,000.*
- *Remove the requirement that two separate contractors are hired for purposes of inspecting Exterior Elevated Elements.*
- *Adds the appropriate statutory authority for the CAB to begin obtaining the fingerprints required for LATC applicants.*
- *Repeals the clinical and practical examination requirements for Registered Dental Assistants in Extended Functions.*
- *Adds a maximum fee for initial issuance and renewal of a Pediatric Minimal Sedation Permit.*

STATUS

Senate Committee on Appropriations

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LC Item VI.A-R.
CBA Item XIV.A.5.a-r.
May 13-14, 2021

Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring

Presented by: Patrick Ibarra, Information and Planning Officer

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with a list of bills being monitored by staff that may eventually impact the CBA, including spot bills and certain bills regarding the regulation of public meetings and public records.

Consumer Protection Objectives

This agenda item informs the CBA of potential bills that may impact the CBA and its consumer protection mandate.

Action(s) Needed

No specific action is required on this agenda item.

Background

A spot bill is a bill that amends a code section in a non-substantive way. A spot bill may be introduced to ensure it meets the legislative bill introduction deadline and is available for the author to amend with substantive provisions at a later date.

Comments

The following bills are being monitored by staff as they are either spot bills or legislation that pertains to the regulation of public meetings and public records or may otherwise impact the CBA. If a bill is amended in a manner that makes it relevant to the CBA, an analysis will be conducted by staff and presented to the CBA at a future meeting, along with the text of the proposed legislation.

- A. AB 2 (Fong) – Regulations: Legislative Review: Regulatory Reform.
- B. AB 54 (Kiley) – COVID-19 Emergency Order Violation: License Revocation.
- C. AB 69 (Kiley) – State of Emergency: Termination After 60 Days: Extension by the Legislature.

Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring

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- D. AB 305 (Maienschein) – Veteran Services: Notice.
- E. AB 339 (Lee) – Local Government: Open and Public Meetings.
- F. AB 343 (Fong) – California Public Records Act Ombudsperson.
- G. AB 473 (Chau) – California Public Records Act.
- H. AB 587 (Gabriel) – Social Media Companies: Terms of Service.
- I. AB 703 (Rubio, Blanca) – Open Meetings: Local Agencies: Teleconferences.
- J. AB 770 (Nguyen) – Business.
- K. AB 830 (Flora) – Business: Department of Consumer Affairs: Alarm Company Act: Real Estate Law.
- L. AB 1273 (Rodriguez) – Interagency Advisory Committee on Apprenticeship: the Director of Consumer Affairs and the State Public Health Officer.
- M. AB 1291 (Frazier) – State Bodies: Open Meetings.
- N. SB 102 (Melendez) – COVID-19 Emergency Order Violation: License Revocation.
- O. SB 209 (Dahle) – State of Emergency: Termination After 45 Days: Extension by the Legislature.
- P. SB 452 (Gonzalez) – State Government: Immigrant and Refugee Affairs Agency: Office of Immigrant and Refugee Affairs.
- Q. SB 600 (Borgeas) – Administrative Procedure Act.
- R. SB 731 (Durazo) – Criminal Records: Relief.

Fiscal/Economic Impact Considerations

A fiscal/economic impact analysis will be completed if a bill is amended in a manner that makes it relevant to the CBA.

Recommendation

Staff have no recommendation on this item.

Attachment

None.



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CPC Item III.
CBA Item XIV.B.2.
May 13-14, 2021

Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an update with respect to the American Institute of Certified Public Accountants’ (AICPA) new interpretation and revision related to staff augmentation arrangements (**Attachment 1**).

Consumer Protection Objectives

Independence is a cornerstone of the CPA profession. It is important that the CBA evaluate impacts that significantly affect the rules governing independence to determine whether they adversely affect the CBA’s mission of consumer protection.

Action(s) Needed

No specific action is required for this agenda item.

Background

The CBA has discussed the topic of staff augmentation arrangements on two previous occasions: July 2019 and November 2020. After discussions at the November 2020 meeting, the CBA issued a comment letter regarding concerns in enforceability related to the proposed revisions (**Attachment 2**).

In its December 2020 letter, the CBA stated the following:

Independence is a cornerstone of the CPA profession. The CBA realizes that the revised and reissued proposal included in the Exposure Draft seeks to provide enhanced guardrails for evaluating and mitigating independence. The safeguards remain, however, highly subjective and open to considerable interpretation. This ultimately would lead to potential issues with enforceability.

For these reasons, the CBA is not in a position to support the proposal at this time. The CBA will continue to monitor the issue and should the AICPA expose another revised proposal, the CBA

Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021

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will consider any revisions for possible comment. Should the AICPA adopt the existing proposal, the CBA will consider any outcome and evaluate whether to take action to update the California Accountancy Act, CBA Regulations, or both.

Comments

On February 9, 2021 the AICPA issued a new interpretation and related revisions to the AICPA Code of Professional Conduct adopting modifications to incorporate staffing augmentation arrangements. The official release incorporated modifications with allowances for staffing augmentation arrangements that would not be considered to impair independence under certain conditions.

These conditions include, but are not limited to (**Attachment 1**, see 1.275.007.02, subparagraphs (a)-(f)):

- The augmentation arrangement is being performed due to an unexpected situation that would create a significant hardship for the attest client to make other arrangements.
- The augmentation arrangement is not expected to reoccur.
- There is a rebuttable presumption that the augmentation arrangement would be for a short period of time not to exceed 30 days.

As with the prior exposure drafts, staff have focused its evaluation, not on the overall policy, but on the impact a revision would have to existing CBA Regulations. Staff considered the following regulations:

- CBA Regulations section 58 states “Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to, generally accepted accounting principles and generally accepted auditing standards.” The AICPA Code of Professional Conduct is a set of professional standards that licensees are required to follow when practicing public accountancy.
- CBA Regulations section 65 states “A licensee shall be independent in the performance of services in accordance with professional standards.”

The impact to California as it pertains to continued regulation, now that the AICPA adopted the proposed changes would be that the new interpretation to independence related to staff augmentation would be allowable. As previously noted during staff’s evaluations, the safeguards remain highly subjective and could prove difficult to enforce.

Given the CBA’s prior position of not supporting the proposal, staff, working with legal counsel, will begin exploring changes to the statutes, regulations, or both, which staff will bring back for CBA consideration at a future meeting. Should changes occur via the

Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021

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rulemaking process, this could take up to 24 months prior to any modifications becoming effective.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impacts to consider at this time. Staff will explore the fiscal/economic impacts for any proposed modifications and report on those at that time the changes are being considered by the CBA.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021
2. California Board of Accountancy Comment Letter – December 6, 2020



Official release

New interpretation and related revisions
Staff Augmentation Arrangements

AICPA Professional Ethics Division

Adopted February 9, 2021

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New York, NY 10036-8775*

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March 10, 2021

Ethics interpretations are promulgated by the executive committee of the Professional Ethics Division to provide guidelines about the scope and application of the rules but are not intended to limit such scope or application. Publication in the *Journal of Accountancy* constitutes notice to members.

At its February 2021 meeting, the Professional Ethics Executive Committee (PEEC) adopted a new interpretation under the “Independence Rule” (ET sec. 1.200.001): “Staff Augmentation Arrangements” (ET sec. 1.275.007).

PEEC also adopted these revised independence interpretations:

- “Client Affiliates” (ET sec. 1.224.010)
- “Agreed-Upon Procedure Engagements Performed in Accordance With SSAEs” (ET sec. 1.297.020)
- “Scope and Applicability of Nonattest Services (ET sec. 1.295.010)

The new and revised interpretations will be added to the [AICPA Code of Professional Conduct](#) with the March update. Notice of the interpretations will appear in the May print version of the *Journal of Accountancy*.

The interpretation and revisions to existing interpretations will be effective November 30, 2021.

Text of Interpretation “Staff Augmentation Arrangements”

1.275 Current Employment or Association With an Attest Client

1.275.007 Staff Augmentation Arrangements

- .01 In this interpretation, staff augmentation arrangements involve lending *firm* personnel (augmented staff) to an *attest client* whereby the *attest client* is responsible for the direction and supervision of the activities performed by the augmented staff. Under such arrangements, the *firm* bills the *attest client* for the activities performed by the augmented staff but does not direct or supervise the actual performance of the activities.
- .02 If a *partner* or professional employee of the *member’s firm* serves as augmented staff for an *attest client*, familiarity, management participation, advocacy, or self-review *threats* to the *member’s* compliance with the “[Independence Rule](#)” [1.200.001] may exist. *Threats* would not be at an *acceptable level* and *independence* would be *impaired* unless all the following *safeguards* are met:
- a. The staff augmentation arrangement is being performed due to an unexpected situation that would create a significant hardship for the *attest client* to make other arrangements.
 - b. The augmented staff arrangement is not expected to reoccur.
 - c. The augmented staff arrangement is performed for only a short period of time. There is a rebuttable presumption that a short period of time would not exceed 30 days.
 - d. The augmented staff neither participates in, nor is in a position to influence, an *attest engagement* covering any period that includes the staff augmentation arrangement.
 - e. The augmented staff performs only activities that would not be prohibited by the “Nonattest Services” subtopic [1.295] of the “Independence Rule” [1.200.001].
 - f. The *member* is satisfied that management of the *attest client* designates an individual or individuals who possess suitable skill, knowledge, and experience, preferably within senior management, to be responsible for
 - i. determining the nature and scope of the activities to be provided by the augmented staff;
 - ii. supervising and overseeing the activities performed by the augmented staff; and
 - iii. evaluating the adequacy of the activities performed by the augmented staff and the findings resulting from the activities.
- .03 Refer to the “Agreed-Upon Procedure Engagements Performed in Accordance With

SSAEs” interpretation [1. 297.020] and paragraph .02f of the “[Client Affiliates](#)” interpretation [1.224.010] of the “[Independence Rule](#)” [1.200.001] for additional guidance.

Effective Date

.04 This interpretation is effective November 30, 2021.

Text of Revised Interpretation “Client Affiliates”

(Additions appear in ***bold italic*** and deletions in ~~strikethrough~~. Defined terms appear in **bold roman**)

1.224 Affiliates, Including State and Local Government Affiliates

1.224.010 Client Affiliates

- .01 Financial interests in, and other relationships with, *affiliates* of a *financial statement attest client* may create *threats* to a *member’s* compliance with the “Independence Rule” [1.200.001].
- .02 When a *client* is a *financial statement attest client*, *members* should apply the “[Independence Rule](#)” [1.200.001] and related interpretations applicable to the *financial statement attest client* to their *affiliates*, except in the following situations:
- a. A covered *member* may have a *loan* to or from an individual who is an officer, a director, or a 10 percent or more owner of an *affiliate* of a *financial statement attest client* during the *period of the professional engagement* unless the *covered member* knows or has reason to believe that the individual is in such a position with the *affiliate*. If the *covered member* knows or has reason to believe that the individual is an officer, a director, or a 10 percent or more owner of the *affiliate*, the *covered member* should evaluate the effect that the relationship would have on the *covered member’s independence* by applying the “[Conceptual Framework for Independence](#)” [1.210.010].
 - b. A *member* or the *member’s firm* may provide prohibited nonattest services to entities described under items (c)–(l) of the definition of *affiliate* during the period of the *professional engagement* or during the period covered by the *financial statements*, provided that it is reasonable to conclude that the services do not create a self-review *threat* with respect to the *financial statement attest client* because the results of the nonattest services will not be subject to *financial statement attest* procedures. For any other *threats* that are created by the provision of the nonattest services that are not at an *acceptable level* (in particular, those relating to management participation), the *member* should apply *safeguards* to eliminate or reduce the *threats* to an *acceptable level*.
 - c. A *firm* will only have to apply the “[Subsequent Employment or Association With an Attest Client](#)” interpretation [1.279.020] of the “Independence Rule” if the former employee, by virtue of his or her employment at an entity described under items (c)–(l) of the definition of *affiliate*, is in a *key position* with respect to the *financial statement attest client*. *Individuals in a position to influence the attest engagement* and on the *attest engagement team* who are considering employment with an *affiliate* of a *financial statement attest client* will still need to report consideration of employment to an appropriate person in the *firm* and

remove themselves from the *financial statement attest engagement*, even if the position with the *affiliate* is not a *key position*.

- d. A covered member's immediate family members and close relatives may be employed in a *key position* at an entity described under items (c)–(l) of the definition of *affiliate* during the *period of the professional engagement* or during the period covered by the *financial statements*, provided they are not in a *key position* with respect to the *financial statement attest client*.
- e. A covered member who is an individual on the *attest engagement team*, an individual in a position to influence the *attest engagement*, or the *firm* may have a lease that does not meet the requirements of the "[Leases](#)" interpretation [1.260.040] under the "[Independence Rule](#)" with an entity described under items (c)–(l) of the definition of *affiliate* during the period of the professional engagement. The covered member should use the "[Conceptual Framework for Independence](#)" to evaluate whether any *threats* created by the lease are at an *acceptable level*. If the covered member concludes that *threats* are not at an *acceptable level*, the covered member should apply *safeguards* to eliminate the *threats* or reduce them to an *acceptable level*.
- f. **A member or member's firm may enter into a staff augmentation arrangement with entities described under items (c)–(l) of the definition of affiliate during the period of the professional engagement or during the period covered by the financial statements. The member should use the "[Conceptual Framework for Independence](#)" to evaluate whether any threats created by the staff augmentation arrangement are at an acceptable level. If the member concludes that threats are not at an acceptable level, the member should apply safeguards to eliminate the threats or reduce them to an acceptable level. If safeguards are not available or cannot be applied to eliminate or reduce the threats to an acceptable level, the member should not enter into the staff augmentation arrangement.**

.03 A member must expend best efforts to obtain the information necessary to identify the *affiliates* of a *financial statement attest client*. If, after expending best efforts, a member is unable to obtain the information to determine which entities are *affiliates* of a *financial statement attest client*, *threats* would be at an *acceptable level* and *independence* would not be *impaired* if the member (a) discusses the matter, including the potential impact on *independence*, with *those charged with governance*; (b) documents the results of that discussion and the efforts taken to obtain the information; and (c) obtains written assurance from the *financial statement attest client* that it is unable to provide the member with the information necessary to identify the *affiliates* of the *financial statement attest client*.

.04 This interpretation does not apply to a *financial statement attest client* that is covered by the "[Entities Included in State and Local Government Financial Statements](#)" interpretation [1.224.020] of the "[Independence Rule](#)" [1.200.001]. [Prior reference:

paragraph .20 of ET section 101]

Acquisitions and Other Business Combinations That Involve a Financial Statement Attest Client

- .05 The exception in [paragraph .06](#) would apply when (1) a *financial statement attest client* is acquired during the *period of the professional engagement* by either a nonclient or a nonattest client (acquirer), (2) the *attest engagement* covers only periods prior to the acquisition, and (3) the *member* or *member's firm* will not continue to provide *financial statement* attest services to the acquirer.
- .06 *Independence* will not be considered *impaired* with respect to the *financial statement attest client* because a *member* or *member's firm* has an interest in or relationship with the acquirer that may otherwise *impair independence* as a result of the requirements of this interpretation or the definition of "*attest client*" (as it relates to the entity or person that engages the member or member's firm to perform the *attest engagement*).
- .07 Notwithstanding [paragraph .06](#), a *member* should give consideration to the requirements of the "[Conflicts of Interest](#)" subtopic [1.110] under the "Integrity and Objectivity Rule" [1.100.001], with regard to any relationships that the *member* knows or has reason to believe exist with the acquirer, the *financial statement attest client*, or the *firm*.
- .08 A member should refer to [paragraph .03](#) of "Application of the AICPA Code" [0.200.020] for guidance on circumstances involving foreign network firms.

Text of Revised Interpretation “Agreed-Upon Procedure Engagements Performed in Accordance With SSAEs”

(Additions appear in ***bold italic*** and deletions in ~~strikethrough~~. Defined terms appear in **bold roman**)

1.297 Independence Standards for Engagements Performed in Accordance With Statements on Standards for Attestation Engagements

1.297.020 Agreed-Upon Procedure Engagements Performed in Accordance With SSAEs

- .01 For purposes of this interpretation, subject matter is as defined in the SSAEs.
- .02 When performing agreed-upon procedures (AUP) engagements in accordance with the SSAEs, the application of the “[Independence Rule](#)” [1.200.001] is modified, as described in the “[Application of the Independence Rule to Engagements Performed in Accordance With Statements on Standards for Attestation Engagements](#)” interpretation [1.297.010] of the “Independence Rule” and this interpretation.
- .03 When providing nonattest services that would otherwise *impair independence* under the *interpretations* of the “[Nonattest Services](#)” subtopic [1.295] under the “Independence Rule” [1.200.001], *threats* would be at an *acceptable level* and *independence* would not be *impaired*, provided that the nonattest services do not relate to the specific subject matter of the SSAE engagement. *Threats* would be at an *acceptable level* and *independence* would also not be *impaired* if the “[General Requirements for Performing Nonattest Services](#)” interpretation [1.295.040] of the “Independence Rule” were not applied when providing the nonattest services, provided that the nonattest services do not relate to the specific subject matter of the AUP engagement.
- .04 ***When a member or member’s firm enters into a staff augmentation arrangement as described in paragraph .01 of the “Staff Augmentation Arrangements” interpretation [1.275.007], threats would be at an acceptable level and independence would not be impaired provided that the services performed by the augmented staff are unrelated to the specific subject matter of the AUP engagement.***
- ~~.05~~ .04 In addition, when performing an AUP engagement under the SSAEs, *threats* would be at an *acceptable level* and *independence* would not be *impaired*, if the following *covered members* and their *immediate families* are independent of the responsible party(ies):
 - a. Individuals participating on the AUP engagement team
 - b. Individuals who directly supervise or manage the AUP engagement *partner* or *partner equivalent*
 - c. Individuals who consult with the attest engagement team regarding technical or industry-related issues specific to the AUP engagement
- ~~.06~~ .05 Furthermore, *threats* to compliance with the “[Independence Rule](#)” [1.200.001] would not

be at an *acceptable level* and could not be reduced to an *acceptable level* by the application of *safeguards*, and *independence* would be *impaired*, if the *firm* had a material financial relationship with the responsible party(ies) that was covered by any of the following interpretations of the “[Independence Rule](#)”:

- a. [Paragraphs .01–.02](#) of “Overview of Financial Interests” [1.240.010]
- b. “[Trustee or Executor](#)” [1.245.010]
- c. “[Joint Closely Held Investments](#)” [1.265.020]
- d. “[Loans](#)” [1.260.010] [Prior reference: paragraph .13 of ET section 101]

Text of Revised Interpretation “Scope and Applicability of Nonattest Services”

(Additions appear in ***bold italic*** and deletions in ~~strikethrough~~. Defined terms appear in **bold roman**)

1.295 Nonattest Services

1.295.010 Scope and Applicability of Nonattest Services [excerpt]

[No changes to par. .01–.07]

.08 Refer to the “Staff Augmentation Arrangements” interpretation [1.275.007] when the engagement involves lending firm personnel (augmented staff) to an attest client whereby the attest client is responsible for the direction and supervision of the activities performed by the augmented staff.



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Attachment 2

December 6, 2020

Professional Ethics Executive Committee
c/o Toni Lee-Andrews, Director
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

Via e-mail: Ethics-ExposureDraft@aicpa-cima.com

Re: **Staff Augmentation Arrangements**

Dear Ms. Lee-Andrews:

The California Board of Accountancy (CBA) appreciates the opportunity to consider and comment on the recent iteration of the American Institute of CPAs' (AICPA) Exposure Draft titled *Proposed Interpretation of the AICPA Code of Professional Conduct – Staff Augmentation Arrangements* (Exposure Draft).

The CBA discussed the Exposure Draft at its November 19, 2020 meeting. The CBA considered the practical application of how the concept of staff augmentation would affect the CBA's mission of consumer protection and whether the proposal offered in the Exposure Draft advances or detracts from this overall mission.

Independence is a cornerstone of the CPA profession. The CBA realizes that the revised and reissued proposal included in the Exposure Draft seeks to provide enhanced guardrails for evaluating and mitigating independence. The safeguards remain, however, highly subjective and open to considerable interpretation. This ultimately would lead to potential issues with enforceability.

For these reasons, the CBA is not in a position to support the proposal at this time. The CBA will continue to monitor the issue and should the AICPA expose another revised proposal, the CBA will consider any revisions for possible comment. Should the AICPA adopt the existing proposal, the CBA will consider any outcome and evaluate whether to take action to update the California Accountancy Act, CBA Regulations, or both.

Sincerely,

A handwritten signature in cursive script that reads 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA
CBA President

c: Ken Bishop, CEO and President, National Association of State Boards of Accountancy



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CPC Item IV.
CBA Item XIV.B.3.
May 13-14, 2021

Discussion and Possible Action Regarding the Fees Associated with Online Payments

Presented by: Deanne Pearce, Assistant Executive Officer

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information on the fees associated with online credit card transactions.

Consumer Protection Objectives

The fees collected by the CBA provide the necessary funding for the CBA to carry out its consumer protection mandate pursuant to Business and Professions Code (BPC) section 5000.1.

Action(s) Needed

No specific action is required unless the CBA determines that individuals should pay the fee associated with online credit card transactions.

Background

At the July 2018 CBA meeting, information was presented regarding the acceptance of credit cards for online license renewal payments to determine whether the CBA or the individual would pay the associated transaction fees. The CBA was presented with information on two models for consideration: 1) the CBA pay the fees associated with online credit card transactions, and 2) the individual pay the fee associated with online credit card transactions (referred to as the "Convenience Fee Model").

Based on guidance and past experience shared by the Department of Consumer Affairs (DCA), DCA informed staff that boards would likely have a higher usage rate if they paid the fees associated with online credit card transactions. Following deliberations, the CBA approved the model whereby it would pay the fees¹ associated with online credit card transactions for license renewal.

At the May 2019 CBA meeting, during a budget presentation regarding future costs associated with increased license renewal fees and expanding the online credit card payment option to examination and initial licensure applicants, a CBA member

¹ Processing fees at that time ranged from 2 percent to 2.9 percent.

Discussion and Possible Action Regarding the Fees Associated with Online Payments

Page 2 of 4

requested that the topic of credit card transaction fees be presented at a future meeting for CBA discussion.

At the September 2019 CBA meeting, a presentation was provided regarding the current and projected fees the CBA would pay associated with credit card transaction fees. During the meeting, staff provided information on current usage percentages for the CBA and other DCA entities. At the conclusion of the CBA's discussion, the CBA requested to discuss this topic again at a future meeting when credit card acceptance was to be expanded beyond license renewal payments.

Comments

Since implementation of an online credit card payment option for license renewal, the usage rates have increased significantly. The information below demonstrates the volumes of transactions since the CBA launched this payment method in December 2018:

Fiscal Year	Total Renewal Transactions	Credit Card Transactions	Percentage of Overall Renewals
2018-19*	28,030	3,691	13%
2019-20	48,015	21,138	44%
2020-21**	34,754	22,084	64%

*Implemented in December 2018 – seven months of fees

**Through March 31, 2021

The contract with the credit card processors (Elavon and American Express) is structured to assess a fee based on the dollar amount of the transaction. The CBA's overall costs for the online credit card transactions have grown in two ways: 1) the overall volume of transactions has increased, and 2) the license renewal fee increased on January 1, 2020, which increased the amount the CBA was paying per transaction.

The information below demonstrates the increase in costs realized by the CBA since the implementation of online license renewal payments

Fiscal Year	Contractor	Contract Totals	Invoice Totals (CBA Costs)
2018-19*	American Express	\$47,000	\$9,702
	Elavon		
2019-20**	American Express	\$93,000	\$88,238
	Elavon		
2020-21***	American Express	\$163,000	\$111,502
	Elavon		

*Implemented in December 2018 – seven months of fees

**License renewal fee increased from \$120 to \$250 effective January 1, 2020

***Through March 31, 2021

Discussion and Possible Action Regarding the Fees Associated with Online Payments

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Recognizing the increased popularity of this new payment option, the CBA developed a budget change proposal (BCP) and requested a budget augmentation for \$217,000, which was approved and funds were received in fiscal year 2019-20. The augmentation request was supported with the knowledge that license renewal fees would likely increase and the credit payment option would be expanded to candidates applying for the Uniform CPA Examination (CPA Exam) and initial CPA licensure.

On April 20, 2021 the CBA launched an online CPA application, which includes online payment for the application fee and an option to pay the initial licensee fee.

With this influx of individuals applying online and paying by credit card, the CBA will experience an additional increase in credit card processing fees. The following identifies possible future costs:

Fee	Percentage of Online Users for CPA Application and Licensure		
	50%	75%	100%
Application* \$250	1,724	2,586	3,448
Initial License** \$250	1,749	2,623	3,498
Potential Costs to CBA***	\$17,365	\$26,045	\$34,730

*Based on average number of applications in fiscal year 2018/19 and 2019/20 = 3,448

**Based on average number of initial licenses issued in fiscal year 2018/19 and 2019/20 = 3,498 (estimate includes all licenses issued at the full rate of \$250)

***Cost is based on 2 percent of the amount of each transaction.

The above information is in addition to the costs identified for license renewal and does not take into account expanding this option to CPA Exam candidates. That would be in addition to these identified costs.

The CBA is presently undergoing a fee analysis to determine if fee changes are needed. Results of the fee analysis are anticipated to be concluded in fall 2021. The outcome of this analysis could impact the associated processing fee as it is a percentage of each credit card transaction amount.

This may necessitate a request for an additional augmentation or alternatively it may require a "reverse BCP" to revert some or all of the \$217,000 credit card funding back to its Accountancy Fund Reserve. It is also possible that a statutory or regulatory change may be needed to implement this change.

Fiscal/Economic Impact Considerations

The fiscal impact would be based on what, if any, additional transaction fees are paid by the CBA.

Discussion and Possible Action Regarding the Fees Associated with Online Payments

Page 4 of 4

Recommendation

Staff do not have a recommendation.

Attachment

None.



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EPOC Item III.
CBA Item XIV.C.2.
May 13-14, 2021

Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the opportunity to discuss possible modifications to the retired status licensure approval/denial process, specifically related to individuals who have a permanent restricted practice order stemming from prior disciplinary action imposed by the CBA.

Consumer Protection Objectives

If the CBA adopts a change to the retired status license, it is important that any permanent restricted practice order previously in existence be reinstated should licensees seek to restore the license to an active status. This ensures appropriate consumer protection should licensees re-engage in the practice of public accountancy.

Action(s) Needed

The CBA is being asked to direct staff to explore necessary changes to the retired status licensure approval/denial process to allow an individual with a permanent restricted practice order to be approved for a retired status license.

Background

Prior to the implementation of the retired status license, licensees that wished to retire had three options: (1) continue to pay the license renewal fee for either an inactive or active (which would also require completion of the necessary continuing education) license, (2) allow the license to expire and go into a delinquent status until such time as it was canceled five years later, or (3) voluntarily surrender the license.

In 2011, the CBA sponsored Assembly Bill (AB) 431 (Hayashi, Statutes of 2011, Chapter 395) that established a process whereby the CBA could create a process for individuals to apply for and receive a retired status license. AB 431 became effective January 1, 2012. The Office of Administrative Law approved the CBA rulemaking

Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1

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package to implement the retired status license in late 2013, with an effective date of January 1, 2014.

As part of the CBA's sunset review process in 2015, the Legislature passed AB 467 (Hill, Statutes of 2015, Chapter 456). In addition to extending the CBA's sunset date, the Legislature included a provision at the CBA's request to allow the CBA and Administrative Law Judges (ALJ) the option of including a permanent restricted practice as part of the disciplinary process. While this option was used during the stipulated settlement process, it was not something the CBA or ALJs included as part of disciplinary orders, as the CBA lacked legislative authority to include such an order.

Comments

The passage of AB 431 allowed licensees to have the license placed in retired status, provided they met certain criteria. Additionally, the regulations adopted by the CBA allowed for licensees meeting certain criteria to apply to have the license restored to the active status, if necessary.

Recently, the CBA considered a petition request for a reduction of penalty associated with a licensee who had been on probation but was tolling as the licensee lived out of state. The disciplinary order also included a permanent restricted practice order. The licensee was requesting to have the petition granted to terminate probation and have the license placed in a retired status.

After deliberations on the matter, the CBA issued an order granting the request. The CBA order did include a provision that should the licensee ever apply to have the license restored to the active status, the previous permanent restricted practice order shall be reinstated.

One question raised regarding the ability to grant the individuals request centered on language included in the enabling statute for the retired status license found in Business and Professions Code (BPC) section 5070.1(**Attachment 1**). Specifically, subdivision (c) states "[t]he board shall deny an applicant's application to place a license in a retired status if the permit is subject to an **outstanding order of the board**, is suspended, revoked, or otherwise punitively restricted by the board, or is subject to disciplinary action under this chapter." (emphasis added)

When the CBA has enacted a disciplinary order against a license that includes a permanent restricted practice order, it, in essence, includes two orders. The primary decision and order that placed the licensee on probation with various terms and conditions (including a restricted practice during the term of probation), and a restricted practice order at the end of any probationary term.

Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1

Page 3 of 4

The disciplinary order is structured this way to allow the probationary order to run its course and that after probation has ended, the licensee can come off probation, have the license fully restored, with the exception of any restricted practice order imposed by the CBA.

Staff requested information from legal counsel regarding future approval/denial of applications for retired status license when licensees have completed the probationary process but have a permanent restricted practice order. Legal counsel informed staff, that BPC section 5070.1 would require staff to deny an application for retired status if the licensee has a permanent restricted practice order, as the order is still considered an outstanding order of the CBA.

When the CBA sponsored the retired status license provisions in 2011, the CBA was not commonly using permanent restricted practice orders as part of its stipulations, nor had the CBA sought to include statutory provisions to allow for it or ALJs to include in a disciplinary order. The primary purpose behind permanent restricted practice orders is to provide the CBA with a tool to ensure consumer protection while balancing licensees' ability to continue to practice and earn a livelihood, with continued practice in areas not deemed to put the public at continued harm.

Today, the CBA has over 100 licensees (with that number growing more over time), with a permanent restricted practice order. If these licensees ever seek to have their license placed in the retired status, the CBA will need to deny such application.

While the permanent restricted practice order is still a form of discipline, it seems reasonable that should licensees ever seek to retire the license, the CBA should be able to approve such an application; however, should these same licensees seek to restore the license to the active status any such prior permanent restricted practice order be reinstated. If these licensees wished to have the permanent restricted practice order removed, they would need to petition the CBA through its normal petition process.

Staff would like CBA direction to work with legal counsel on possible steps to make modifications to the retired license status provisions – whether via statute, regulation, or both – and present these to the CBA at a future meeting.

Fiscal/Economic Impact Considerations

There will likely be minor cost associated with any change. Staff will present more specific costing based on whether the change is performed via statute, or regulation, or both.

Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1

Page 4 of 4

Recommendation

Staff recommend that the CBA direct staff to explore necessary changes to the retired status licensure approval/denial process to allow an individual with a permanent restricted practice order to be approved for a retired status license.

Attachments

1. Business and Professions Code Section 5070.1 – Retired Status
2. Example of Restricted Practice Order - Redacted



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Attachment 1

Business and Professions Code Section 5070.1 – Retired Status

- (a) The board may establish, by regulation, a system for the placement of a license into a retired status, upon application, for certified public accountants and public accountants who are not actively engaged in the practice of public accountancy or any activity that requires them to be licensed by the board.
- (b) No licensee with a license in a retired status shall engage in any activity for which a permit is required.
- (c) The board shall deny an applicant's application to place a license in a retired status if the permit is subject to an outstanding order of the board, is suspended, revoked, or otherwise punitively restricted by the board, or is subject to disciplinary action under this chapter.
- (d) (1) The holder of a license that was canceled pursuant to Section 5070.7 may apply for the placement of that license in a retired status pursuant to subdivision (a).
- (2) Upon approval of an application made pursuant to paragraph (1), the board shall reissue that license in a retired status.
- (3) The holder of a canceled license that was placed in retired status between January 1, 1994, and January 1, 1999, inclusive, shall not be required to meet the qualifications established pursuant to subdivision (e), but shall be subject to all other requirements of this section.
- (e) The board shall establish minimum qualifications to place a license in retired status.
- (f) The board may exempt the holder of a license in a retired status from the renewal requirements described in Section 5070.5.
- (g) The board shall establish minimum qualifications for the restoration of a license in a retired status to an active status. These minimum qualifications shall include, but are not limited to, continuing education and payment of a fee as provided in subdivision (h) of Section 5134.
- (h) The board shall not restore to active or inactive status a license that was canceled by operation of law, pursuant to subdivision (a) of Section 5070.7, and then placed into retired status pursuant to subdivision (d). The individual shall instead apply for a new license, as described in subdivision (c) of Section 5070.7, in order to restore the individual's license.
- (i) At the time of application, if the applicant has a valid email address, the applicant shall provide that email address to the board.

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Attorney General of California
2 DIANN SOKOLOFF
Supervising Deputy Attorney General
3 ASPASIA A. PAPAVALASSILOU
Deputy Attorney General
4 State Bar No. 196360
1515 Clay Street, 20th Floor
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6 Telephone: (510) 879-0818
Facsimile: (510) 622-2270
7 *Attorneys for Complainant*

8
9 **BEFORE THE**
CBA
10 **DEPARTMENT OF CONSUMER AFFAIRS**
11 **STATE OF CALIFORNIA**

12
13 In the Matter of the Accusation Against:

[REDACTED]

14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

22 Respondents.

23
24 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-
25 entitled proceedings that the following matters are true:

26 **PARTIES**

27 1. Patti Bowers (Complainant) is the Executive Officer of the California Board of
28 Accountancy (CBA). She brought this action solely in her official capacity and is represented in

1 this matter by Xavier Becerra, Attorney General of the State of California, by Aspasia A.
2 Papavassiliou, Deputy Attorney General.

3 2. [REDACTED] (Respondents) are representing themselves in this
4 proceeding and have chosen not to exercise their right to be represented by counsel.

5 3. On or about May 5, 2010, the CBA issued Certified Public Accountant Certificate
6 Number CPA [REDACTED] to [REDACTED] (Respondent [REDACTED]). The Certified Public
7 Accountant Certificate was in full force and effect at all times relevant to the charges brought in
8 the Accusation and will expire on November 30, 2022, unless renewed.

9 4. On or about March 8, 2013, the CBA issued Certified Public Accountancy
10 Corporation Certificate Number COR [REDACTED] to [REDACTED] (Respondent [REDACTED]). The Certified
11 Public Accountancy Corporation Certificate was in full force and effect at all times relevant to the
12 charges brought in the Accusation and will expire on March 31, 2021, unless renewed.

13 **JURISDICTION**

14 5. Accusation No. [REDACTED] was filed before the CBA, and is currently pending
15 against Respondents. The Accusation and all other statutorily required documents were properly
16 served on Respondents on June 9, 2020. Respondents timely filed their Notices of Defense
17 contesting the Accusation.

18 6. A copy of Accusation No. [REDACTED] is attached as exhibit A and incorporated by
19 reference.

20 **ADVISEMENT AND WAIVERS**

21 7. Respondents have carefully read, and understand the charges and allegations in
22 Accusation No. [REDACTED]. Respondents have also carefully read, and understand the effects of
23 this Stipulated Settlement and Disciplinary Order.

24 8. Respondents are fully aware of their legal rights in this matter, including the right to a
25 hearing on the charges and allegations in the Accusation; the right to be represented by counsel at
26 their own expense; the right to confront and cross-examine the witnesses against them; the right
27 to present evidence and to testify on their own behalf; the right to the issuance of subpoenas to
28 compel the attendance of witnesses and the production of documents; the right to reconsideration

1 and court review of an adverse decision; and all other rights accorded by the California
2 Administrative Procedure Act and other applicable laws.

3 9. Respondents voluntarily, knowingly, and intelligently waive and give up each and
4 every right set forth above.

5 **CULPABILITY**

6 10. Respondents admit the truth of each and every charge and allegation in Accusation
7 No. [REDACTED].

8 11. Respondents agree that their Certified Public Accountant Certificate and Certified
9 Public Accountancy Corporation Certificate are subject to discipline and they agree to be bound
10 by the CBA's probationary terms as set forth in the Disciplinary Order below.

11 **CONTINGENCY**

12 12. This stipulation shall be subject to approval by the CBA. Respondents understand
13 and agree that counsel for Complainant and the staff of the CBA may communicate directly with
14 the CBA regarding this stipulation and settlement, without notice to or participation by
15 Respondents. By signing the stipulation, Respondents understand and agree that they may not
16 withdraw their agreement or seek to rescind the stipulation prior to the time the CBA considers
17 and acts upon it. If the CBA fails to adopt this stipulation as its Decision and Order, the
18 Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for this
19 paragraph, it shall be inadmissible in any legal action between the parties, and the CBA shall not
20 be disqualified from further action by having considered this matter.

21 13. The parties understand and agree that Portable Document Format (PDF) and facsimile
22 copies of this Stipulated Settlement and Disciplinary Order, including PDF and facsimile
23 signatures thereto, shall have the same force and effect as the originals.

24 14. This Stipulated Settlement and Disciplinary Order is intended by the parties to be an
25 integrated writing representing the complete, final, and exclusive embodiment of their agreement.
26 It supersedes any and all prior or contemporaneous agreements, understandings, discussions,
27 negotiations, and commitments (written or oral). This Stipulated Settlement and Disciplinary
28

1 Order may not be altered, amended, modified, supplemented, or otherwise changed except by a
2 writing executed by an authorized representative of each of the parties.

3 15. In consideration of the foregoing admissions and stipulations, the parties agree that
4 the CBA may, without further notice or formal proceeding, issue and enter the following
5 Disciplinary Order:

6 **DISCIPLINARY ORDER**

7 IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA [REDACTED]
8 issued to Respondent [REDACTED] and Certified Public Accountancy Corporation Certificate
9 No. COR [REDACTED] issued to Respondent [REDACTED] are revoked. However, the revocations are stayed
10 and Respondents are placed on probation for three (3) years on the following terms and
11 conditions:

12 **1. Obey All Laws**

13 Respondents shall obey all federal, California, other states' and local laws, including those
14 rules relating to the practice of public accountancy in California.

15 **2. Cost Reimbursement**

16 Respondents shall be jointly and severally responsible for reimbursing the CBA \$17,627.13
17 for its investigation and prosecution costs. The payments shall be made in ten (10) quarterly
18 payments (due with quarterly written reports), the final payment being due six months before
19 probation is scheduled to terminate.

20 **3. Submit Written Reports**

21 Respondents shall submit, within 10 days of completion of the quarter, written reports to
22 the CBA on a form obtained from the CBA. Respondents shall submit, under penalty of perjury,
23 such other written reports, declarations, and verification of actions as are required. These
24 declarations shall contain statements relative to Respondents' compliance with all the terms and
25 conditions of probation. Respondents shall immediately execute all release of information forms
26 as may be required by the CBA or its representatives.

27 **4. Personal Appearances**

28 Respondents shall, during the period of probation, appear in person at interviews/meetings

1 as directed by the CBA or its designated representatives, provided such notification is
2 accomplished in a timely manner.

3 **5. Comply with Probation**

4 Respondents shall fully comply with the terms and conditions of the probation imposed by
5 the CBA and shall cooperate fully with representatives of the CBA in its monitoring and
6 investigation of the Respondents' compliance with probation terms and conditions.

7 **6. Practice Investigation**

8 Respondents shall be subject to, and shall permit, a practice investigation of the
9 Respondents' professional practice. Such a practice investigation shall be conducted by
10 representatives of the CBA, provided notification of such review is accomplished in a timely
11 manner.

12 **7. Comply with Citations**

13 Respondents shall comply with all final orders resulting from citations issued by the CBA.

14 **8. Tolling of Probation for Out-of-State Residence/Practice**

15 In the event Respondents should leave California to reside or practice outside this state,
16 Respondents must notify the CBA in writing of the dates of departure and return. Periods of non-
17 California residency or practice outside the state shall not apply to reduction of the probationary
18 period, or of any suspension. No obligation imposed herein, including requirements to file
19 written reports, reimburse the CBA costs, and make restitution to consumers, shall be suspended
20 or otherwise affected by such periods of out-of-state residency or practice except at the written
21 direction of the CBA.

22 **9. Violation of Probation**

23 If Respondents violate probation in any respect, the CBA, after giving Respondents notice
24 and an opportunity to be heard, may revoke probation and carry out the disciplinary order that
25 was stayed. If an accusation or a petition to revoke probation is filed against Respondents during
26 probation, the CBA shall have continuing jurisdiction until the matter is final, and the period of
27 probation shall be extended until the matter is final.

28 The CBA's Executive Officer may issue a citation under California Code of Regulations,

1 Section 95, to a licensee for a violation of a term or condition contained in an Order placing that
2 licensee on probation.

3 **10. Completion of Probation**

4 Upon successful completion of probation, Respondents' licenses will be fully restored,
5 except as limited by the Restricted Practice Order at the end of this stipulation.

6 **11. Restricted Practice**

7 During the period of probation, Respondents shall be prohibited from engaging in and
8 performing audits, reviews, compilations, and other attestation services.

9 **12. Ethics Continuing Education**

10 Within 180 days of the effective date of this Order, Respondent [REDACTED] shall complete four
11 hours of continuing education in course subject matter pertaining to the following: a review of
12 nationally recognized codes of conduct emphasizing how the codes relate to professional
13 responsibilities; case-based instruction focusing on real-life situational learning; ethical dilemmas
14 facing the accounting profession; or business ethics, ethical sensitivity, and consumer
15 expectations. Courses must be a minimum of one hour as described in California Code of
16 Regulations Section 88.2. This shall be in addition to continuing education requirements for
17 relicensure.

18 If Respondent [REDACTED] fails to complete said courses within the time period provided,
19 Respondent [REDACTED] shall so notify the CBA and shall cease practice until Respondent [REDACTED]
20 completes said courses, has submitted proof of same to the CBA, and has been notified by the
21 CBA that he or she may resume practice. Failure to complete the required courses within the time
22 period provided shall constitute a violation of probation.

23 **13. Regulatory Review Course**

24 Within 180 days of the effective date of this Order, Respondent [REDACTED] shall complete a
25 CBA-approved course on the provisions of the California Accountancy Act and the CBA
26 Regulations specific to the practice of public accountancy in California emphasizing the
27 provisions applicable to current practice. The course also will include an overview of historic and
28 recent disciplinary actions taken by the CBA, highlighting the misconduct which led to licensees

1 being disciplined. This shall be in addition to continuing education requirements for relicensure.

2 If Respondent [REDACTED] fails to complete said courses within the time period provided,
3 Respondent [REDACTED] shall so notify the CBA and shall cease practice until Respondent [REDACTED]
4 completes said courses, has submitted proof of same to the CBA, and has been notified by the
5 CBA that he or she may resume practice. Failure to complete the required courses within the time
6 period provided shall constitute a violation of probation.

7 **14. Active License Status**

8 Respondents shall at all times maintain an active license status with the CBA, including
9 during any period of suspension. If the license or certificate is expired at the time the CBA's
10 Order becomes effective, the license or certificate must be renewed within 30 days of the
11 effective date of the Order.

12 IT IS HEREBY FURTHER ORDERED that:

13 **15. Restricted Practice Order.** After the completion of probation,

14 Respondents shall be permanently prohibited from engaging in and performing any audits,
15 reviews, compilations, or other attestation services. This condition shall continue until such time,
16 if ever, Respondents successfully petition the CBA for the reinstatement of the ability to perform
17 audits, reviews, compilations, or other attestation services. Respondents understand and agree
18 that the CBA is under no obligation to reinstate either of Respondents' ability to perform audits,
19 reviews, compilations, or other attestation services, that the CBA has made no representations
20 concerning whether any such reinstatement might occur, and that the decision to reinstate is
21 within the sole discretion of the CBA.


22 **16. Full Compliance.** Respondents understand and agree that this Stipulated



23 Settlement and Disciplinary Order as a resolution to the charges in Accusation attached hereto as
24 Exhibit A and is based upon, *inter alia*, Respondents' full compliance with the Restricted Practice
25 Order set forth above. If Respondents fail to satisfy the Restricted Practice Order, Respondents
26 agree that the CBA can file an Accusation against them for unprofessional conduct based on the
27 failure to comply with the Restricted Practice Order as an independent basis for disciplinary
28 action, pursuant to Business and Professions Code section 5100. In addition, Respondents

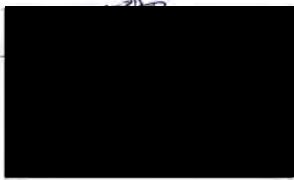
1 consent that the CBA may enforce the Restricted Practice Order in any court of competent
2 jurisdiction (including an administrative court) to enjoin them, temporarily and/or permanently,
3 from violating the Restricted Practice Order, and may seek in such proceeding all other remedies
4 as allowed by law.

5 ACCEPTANCE

6 I have carefully read the Stipulated Settlement and Disciplinary Order. I understand the
7 stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into
8 this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and
9 agree to be bound by the Decision and Order of the CBA.

10
11 DATED: 12/31/2020 

13 I have carefully read the Stipulated Settlement and Disciplinary Order. As an Officer and
14 Shareholder of Respondent  I understand the stipulation and the effect it will have
15 on  Certified Public Accountancy Corporation Certificate. I enter into this
16 Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree
17 to be bound by the Decision and Order of the CBA.

18
19 DATED: 01/06/21 

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ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the CBA.

DATED: January 6, 2021

Respectfully submitted,

XAVIER BECERRA
Attorney General of California
DIANN SOKOLOFF
Supervising Deputy Attorney General



ASPASIA A. PAPAVALASSILIOU
Deputy Attorney General
Attorneys for Complainant

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