



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



**CALIFORNIA BOARD OF ACCOUNTANCY
PUBLIC MEETING NOTICE FOR THE LEGISLATIVE COMMITTEE, COMMITTEE ON
PROFESSIONAL CONDUCT, AND CALIFORNIA BOARD OF ACCOUNTANCY MEETINGS**

**California Board of Accountancy
2450 Venture Oaks Way, Suite 420
Sacramento, CA 95833
Telephone: (916) 263-3680**

**Legislative Committee Meeting
Thursday, May 18, 2023, 9:00 a.m.**

**Committee on Professional Conduct Meeting
Thursday, May 18, 2023, 9:30 a.m.
Or Upon Adjournment of the Legislative Committee Meeting**

**California Board of Accountancy Meeting
Thursday, May 18, 2023, 10:30 a.m.
Or Upon Adjournment of the Committee on Professional Conduct Meeting**

The California Board of Accountancy will hold a public meeting via in-person and WebEx pursuant to the provisions of Government Code section 11133.

Enclosed for your information is a copy of the agendas for the Legislative Committee, Committee on Professional Conduct, and California Board of Accountancy meetings on May 18, 2023.

The committee and California Board of Accountancy meetings will commence at 9:00 a.m. or later. The order, start times, or both, of the committee meetings and the California Board of Accountancy meeting are subject to change without notice. Agenda items may be discussed and action taken out of order at the discretion of the California Board of Accountancy President or Committee Chair for convenience, to accommodate speakers, or to maintain a quorum. Identified presenters are subject to change.

INSTRUCTIONS FOR PARTICIPATING VIRTUALLY:

If joining the Thursday, May 18, 2023 meetings:

Event address for attendees: <https://dca-meetings.webex.com/dca-meetings/j.php?MTID=mbff56fb4e93b3352ec6f2eb8c56cf0c6>

Webinar number:

2494 558 6260

Webinar password:

CBA518 (222518 from phones and video systems)

CBA Meeting May 18, 2023

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Join by phone:

+1-415-655-0001 US Toll

Access code:

249 455 86260

Passcode:

222518

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 a 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](#).

Public comments will be limited to five minutes per person unless, in the discretion of the California Board of Accountancy President or Committee Chair, 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 meetings are 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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CBA MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

**CALIFORNIA BOARD OF ACCOUNTANCY
 LEGISLATIVE COMMITTEE**

MEETING AGENDA

Thursday, May 18, 2023, 9:00 a.m.

**California Board of Accountancy
 2450 Venture Oaks Way, Suite 420
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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 Legislative 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](#).

**Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks
 (Joseph Rosenbaum, CPA, Chair).**

	<u>Agenda Item</u>	<u>CBA Item #</u>
I.	Public Comments for Items not on the Agenda.*	
II.	Approve Minutes of the March 23, 2023 Legislative Committee Meeting.	IX.B.
III.	California Board of Accountancy 2023 Legislative Tracking Chart, 2023 Legislative Calendar and Considerations for Taking Positions on Legislation (Written Report Only) .	XI.A.2.

	<u>Agenda Item</u>	<u>CBA Item #</u>
IV.	Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position (David Hemphill, Information and Planning Officer).	XI.A.3.
	A. Senate Bill 887 – Consumer Affairs.	XI.A.3.a.
V.	Review and Consideration of Possible Positions on Legislation (David Hemphill, Information and Planning Officer).	XI.A.4.
	A. Assembly Bill 883 – Business Licenses: United States Department of Defense SkillBridge Program.	XI.A.4.a.
	B. Senate Bill 372 – Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.	XI.A.4.b.
	C. Senate Bill 544 – Bagley-Keene Open Meeting Act: Teleconferencing.	XI.A.4.c.
	D. Senate Bill 802 – Licensing Boards: Disqualification from Licensure: Criminal Conviction.	XI.A.4.d.
VI.	Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring (David Hemphill, Information and Planning Officer).	XI.A.5.
	A. Assembly Bill 469 – California Public Records Act Ombudsperson.	XI.A.5.a.
	B. Assembly Bill 477 – Legislative Review of State Boards.	XI.A.5.b.
	C. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.	XI.A.5.c.
	D. Senate Bill 259 – Reports Submitted to Legislative Committees.	XI.A.5.d.
	E. Senate Bill 279 – Administrative Regulations: Public Participation: Comment Process.	XI.A.5.e.
	F. Senate Bill 702 – Gubernatorial Appointments: Report.	XI.A.5.f.

Agenda Item

CBA Item #

G. Senate Bill 816 – Professions and Vocations.

XI.A.5.g.

VII. Agenda Items for Next Meeting.

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**

MEETING AGENDA

**Thursday, May 18, 2023, 9:30 a.m.
 Or Upon Adjournment of the Legislative Committee Meeting**

**California Board of Accountancy
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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 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](#).

**Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks
 (Kristian Latta, CPA, Chair).**

<u>Agenda Item</u>	<u>CBA Item #</u>
I. Public Comments for Items Not on the Agenda.*	
II. Approve Minutes of the March 23, 2023 Committee on Professional Conduct Meeting.	IX.C.

<u>Agenda Item</u>	<u>CBA Item #</u>
III. Discussion and Possible Action Regarding the American Institute of Certified Public Accountants' Reporting of Peer Review Information and Documentation to the California Board of Accountancy (Sarah Benedict, Manager, License Renewal and Continuing Competency Unit).	XI.B.2.
IV. Information on the Proposal of Amnesty by the National Association of State Boards of Accountancy (Suzanne Gracia, Project Specialist, Licensing Division).	XI.B.3.
V. Agenda Items for Next Meeting.	

Adjournment.

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*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the Committee on Professional Conduct prior to the Committee on Professional Conduct taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Committee on Professional Conduct, but the Committee on Professional Conduct Chair may, at their discretion, apportion available time among those who wish to speak. Individuals may appear before the Committee on Professional Conduct to discuss items not on the agenda; however, the Committee on Professional Conduct 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 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.

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

MEETING AGENDA

Thursday, May 18, 2023, 10:30 a.m.

Or upon adjournment of the Committee on Professional Conduct Meeting

**California Board of Accountancy
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Thursday,
 May 18, 2023

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Katrina L. Salazar, CPA, President).

Agenda Item

- 10:30 a.m. – 10:35 a.m.** I. Public Comments for Items Not on the Agenda.*
- 10:35 a.m. – 12:00 p.m.** II. Report of the President.
- A. Update Regarding the Recruitment for the California Board of Accountancy’s Executive Officer.
- B. American Institute of Certified Public Accountants Committee Interest For the 2024-25 Volunteer Year.

Agenda Item

- C. Discussion and Review of the California Board of Accountancy 2024 Sunset Review Report (**Deanne Pearce, Assistant Executive Officer**).
- D. Discussion and Possible Action Regarding the Students Understanding the Requirements for a Certified Public Accountant Project (**Michelle Center, Chief, Licensing Division**).
- E. Discussion and Possible Action Regarding the National State Boards of Accountancy's Changes to the *Uniform Accountancy Act Model Rules* (**Eulalio Ortega, Manager, Examination Unit**).
- F. Department of Consumer Affairs Director's Report on Departmental Activities (**Representative, Department of Consumer Affairs**).

12:00 p.m. –
12:15 p.m.

- III. Report of the Vice President (**Yen C. Tu, 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.

12:15 p.m. –
12:30 p.m.

- IV. Report of the Secretary/Treasurer (**Joseph Rosenbaum, CPA, Secretary/Treasurer**).
 - A. Discussion of the Fiscal Year 2022-23 Third Quarter Financial Report.
 - B. Discussion and Possible Action to Consider Changes to a Previously Approved Legislative Proposal to Amend Business and Professions Code Section 5134 – Fees (**Deanne Pearce, Assistant Executive Officer**).

12:30 p.m. –
1:30 p.m.

Lunch.

1:30 p.m. –
1:50 p.m.

- V. Report of the Executive Officer (**Dominic Franzella, Acting Executive Officer**).
 - A. Administration Activity Report (**Christy Abate, Manager, Administrative Services**).

Agenda Item

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

**1:50 p.m. –
2:10 p.m.**

- VI. 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 4, 2023 Enforcement Advisory Committee Meeting.

- B. Qualifications Committee (**Michael L. Williams, CPA, Chair**).

There is no report on this agenda item.

- C. Peer Review Oversight Committee (**Laura L. Ross, CPA, Chair**).

- 1. Report of the May 12, 2023 Peer Review Oversight Committee Meeting.

**2:10 p.m. –
2:25 p.m.**

- VII. Report of the Enforcement Chief (**Kari O'Connor, Deputy Chief, Enforcement Division**).

- A. Enforcement Activity Report.

**2:25 p.m. –
2:40 p.m.**

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

- A. Licensing Activity Report (**Matthew Parsons, Coordinator, License Renewal and Continuing Competency Unit**).

**2:40 p.m. –
2:45 p.m.**

- IX. Meeting Minutes (**Katrina L. Salazar, CPA, President**).

- A. Adoption of the Minutes of the March 23-24, 2023 California Board of Accountancy Meeting.

- B. Acceptance of the Minutes of the March 23, 2023 Legislative Committee Meeting.

- C. Acceptance of the March 23, 2023 Committee on Professional Conduct Meeting.

- D. Acceptance of the Minutes of the October 6, 2022 Enforcement Advisory Committee Meeting.

Agenda Item

2:45 p.m. –
3:00 p.m.

- X. 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. Board of Examiners (**Katrina L. Salazar, CPA**).
 - b. 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 Director-at-Large (**Katrina L. Salazar, CPA**).
 - 2. Report of the National Association of State Boards of Accountancy Pacific Regional Director (**Nancy J. Corrigan, CPA**).
 - 3. Report on Activities of Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member.
 - a. Education Committee (**Nancy J. Corrigan, CPA, Chair**).
 - b. Relations With Member Boards Committee (**Nancy J. Corrigan, CPA**).
 - c. Communications Committee (**Yen C. Tu**).
 - d. Diversity Committee (**Katrina L. Salazar, CPA, Chair**).
 - e. Nominating Committee (**Michael M. Savoy, CPA**).

There is no report on this agenda item.

3:00 p.m. –
3:15 p.m.

Afternoon Break.

3:15 p.m. –
3:55 p.m.

- XI. Report on the Legislative Committee and Committee on Professional Conduct.
 - A. Legislative Committee (**Joseph Rosenbaum, CPA, Chair**).

Agenda Item

1. Report of the May 18, 2023 Legislative Committee Meeting.
2. California Board of Accountancy 2023 Legislative Tracking Chart, 2023 Legislative Calendar and Considerations for Taking Positions on Legislation.
3. Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position.
 - a. Senate Bill 887 – Consumer Affairs.
4. Review and Consideration of Possible Positions on Legislation.
 - a. Assembly Bill 883 – Business Licenses: United States Department of Defense SkillBridge Program.
 - b. Senate Bill 372 – Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.
 - c. Senate Bill 544 – Bagley-Keene Open Meeting Act: Teleconferencing.
 - d. Senate Bill 802 – Licensing Boards: Disqualification From Licensure: Criminal Conviction.
5. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring.
 - a. Assembly Bill 469 – California Public Records Act Ombudsperson.
 - b. Assembly Bill 477 – Legislative Review of State Boards.
 - c. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.
 - d. Senate Bill 259 – Reports Submitted to Legislative Committees.
 - e. Senate Bill 279 – Administrative Regulations: Public Participation. Comment Process.
 - f. Senate Bill 702 – Gubernatorial Appointments. Report.
 - g. Senate Bill 816 – Professions and Vocations.

Agenda Item

B. Committee on Professional Conduct (**Kristian Latta, CPA, Chair**).

1. Report of the May 18, 2023 Committee on Professional Conduct Meeting.
2. Discussion and Possible Action Regarding the American Institute of Certified Public Accountants' Reporting of Peer Review Information and Documentation to the California Board of Accountancy.
3. Information on the Proposal of Amnesty by the National Association of State Boards of Accountancy.

3:55 p.m. –
4:00 p.m.

XII. Closing Business (**Katrina L. Salazar, CPA, President**).

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

4:00 p.m. –
5:00 p.m.

XIII. 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. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.
- B. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.

XIV. 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.

Adjournment.

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CBA Item II.B.
May 18, 2023

American Institute of Certified Public Accountants Committee Interest for the 2024-25 Volunteer Year

Presented by: Katrina L. Salazar, 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 certified public accountants to educate the public on a range of financial topics.

At this time, the CBA has two members that will be participating on AICPA committees for the 2023-24 volunteer year beginning on May 24, 2023 through May 2024.

- Board of Examiners – Katrina L. Salazar, CPA
- State Board Committee – Nancy J. Corrigan, CPA

American Institute of Certified Public Accountants Committee Interest for the 2024-25 Volunteer Year

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Comments

The AICPA will accept applications between June 1, 2023 and October 1, 2023 for the 2024-25 Volunteer Year. The 2024-25 AICPA volunteer term will be a 12-month term that will begin May 2024 and run through May 2025. CBA members interested in volunteering can complete an application and upload a resume at <https://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 <https://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 is 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 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 2021, 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. DCA’s 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
- Content Committee
- Financial Accounting and Reporting Committee
- Information Systems and Controls Subcommittee
- Regulation Subcommittee

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

American Institute of Certified Public Accountants Committee Interest for the 2024-25 Volunteer Year

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CBA members with specific questions or needing further information regarding AICPA volunteer groups may contact Rebecca Reed by telephone at (916) 956-1869 or email at rebecca.reed@cba.ca.gov.

Attendance while participating on a national committee can occur via teleconference or in-person, based on how AICPA schedules the event. There is presently a Governor's Executive Order limiting travel to that which is mission critical. In some instances, if the participation on the committee involves voting or if there is an invitation for a CBA member to provide a presentation at an in-person event, those requests for out-of-state travel may receive a more favorable response. However, virtual attendance is preferred and must be explored.

Should CBA members be requested to attend an in-person 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.

Further, beginning January 1, 2017, the 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: Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Montana, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, and West Virginia.

Fiscal/Economic Impact Considerations

If in-person travel is necessary, 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. 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 the Volunteer Services Team at:
AICPAVolunteerServices@aicpa-cima.com.



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CBA Item II.C.
May 18, 2023

Discussion and Review of the California Board of Accountancy 2024 Sunset Review Report

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) an opportunity to consider proposed content for inclusion in the CBA's 2024 Sunset Review Report (Sunset Report).

Consumer Protection Objectives

The Sunset Review process helps ensure that boards and bureaus within the Department of Consumer Affairs (DCA) meet the goals and objectives of the Legislature as they pursue their consumer protection mission.

Action(s) Needed

The CBA is asked to provide feedback to staff on the proposed responses to the following sections:

- Section 1 – Background and Description of the Board and Regulated Profession
- Section 2 – Performance Measures and Customer Satisfaction Surveys
- Section 3 – Fiscal and Staff
- Section 6 – Public Information Policies
- Section 8 – Workforce Development and Job Creation
- Section 9 – Current Issues

The final Sunset Report will be submitted to the Joint Legislative Sunset Review Committee (Sunset Committee) by the end of 2023.

Background

To ensure the CBA has sufficient time to review and provide feedback on the Sunset Report, staff developed the following schedule for presentation at future CBA meetings:

March 2023

- Section 11 – Board Response to Prior Issues
- Section 12 – New Issues

Discussion and Review of Board Action and Response to Prior Issues and New Issues for Inclusion in the California Board of Accountancy 2024 Sunset Review Report Page 2 of 4

May 2023

Section 1 – Background and Description of the Board and Regulated Profession

Section 2 – Performance Measures and Customer Satisfaction Surveys

Section 3 – Fiscal and Staff

Section 6 – Public Information Policies

Section 8 – Workforce Development and Job Creation

Section 9 – Current Issues

July 2023

Draft Sunset Review Report

September 2023

Draft Sunset Review Report

November 2023

Final Approval of Draft Sunset Review Report

Consistent with this schedule, Section 11 – CBA Responses to Prior Issues, and Section 12 – New Issues, were reviewed at the March 2023 CBA meeting.

Comments

Each section for CBA review is included as a separate attachment. The information for the current fiscal year (2022-23) has been included in selective sections and is current as of March 31. Once the fiscal year concludes, all tables and related narrative will be updated with end-of-year information. As identified in the schedule, the CBA will have the July, September, and November 2023 meetings to review the final information.

There are topics that will be incorporated into the report, however, the location is still being finalized. Those topics include: the Department of Consumer Affairs Occupational Analysis, CPA Evolution and the changes to the Uniform CPA Examination, and the Students Understanding the Requirements for a CPA (or SURE CPA) Project.

Additionally, staff will be working with the Department of Consumer Affairs' design team on the layout and formatting after the CBA has reviewed all sections. This will ensure there is consistency in terminology, tables, etc.

Section 1 – Background and Description of the Board and Regulated Profession (Attachment 1)

Section 1 covers a wide variety of information from an overview of the CBA and CBA member attendance at meetings, to information regarding the Uniform CPA Examination.

Discussion and Review of Board Action and Response to Prior Issues and New Issues for Inclusion in the California Board of Accountancy 2024 Sunset Review Report Page 3 of 4

Section 2 – Performance Measures and Customer Satisfaction Surveys **(Attachment 2)**

Section 2 provides information regarding the CBA and DCA satisfaction surveys. The CBA Stakeholder Satisfaction Survey requests feedback on a variety of areas specific to the CBA; whereas the DCA survey is specific to enforcement and is only provided to those who have filed a complaint with the CBA. The survey is sent at the conclusion of the complaint.

Section 3 – Fiscal and Staff **(Attachment 3)**

Section 3 provides an overview of the CBA's fiscal status, including budget authority, budget augmentations, and fee change history, amongst other topics. With the exception of one table, none of the current fiscal year information is included, but will be provided at the July CBA meeting.

Section 6 – Public Information Policies **(Attachment 4)**

Section 6 describes the tools the CBA uses to keep the public informed and gives an overview of the information provided regarding its meetings (agendas, webcasts, meeting minutes, etc.). One critical part of this section discusses what information is provided about CBA licensees and the CBA's consumer outreach efforts.

Section 8 – Workforce Development and Job Creation **(Attachment 5)**

Section 8 provides information on workforce development, outreach to schools, and workforce data gathered from the Bureau of Labor Statistics and the California Employment Development Department.

Section 9 – Current Issues **(Attachment 6)**

Section 9, which is titled "Current Issues," discusses a variety of topics, including a dynamic overview of the CBA's current Business Modernization Project. As with the other sections, this will be updated as more successes are achieved in the CBA's goal to automate and enhance its online functionality.

Fiscal/Economic Impact Considerations

Each of the sections presented may have a fiscal and/or economic impact, however, the impact would have likely already been incurred.

Recommendation

Staff recommend the CBA provide feedback on the proposed responses to each of the sections presented in **Attachments 1-6**.

Discussion and Review of Board Action and Response to Prior Issues and New Issues for Inclusion in the California Board of Accountancy 2024 Sunset Review Report Page 4 of 4

Attachments

1. Section 1 – Background and Description of the Board and Regulated Profession
2. Section 2 – Performance Measures and Customer Satisfaction Surveys
3. Section 3 – Fiscal and Staff
4. Section 6 – Public Information Policies
5. Section 8 – Workforce Development and Job Creation
6. Section 9 – Current Issues

CALIFORNIA BOARD OF ACCOUNTANCY

BACKGROUND INFORMATION AND OVERVIEW OF THE CURRENT REGULATORY PROGRAM

As of June 30, 2023

SECTION 1

BACKGROUND AND DESCRIPTION OF THE BOARD AND REGULATED PROFESSION

Provide a short explanation of the history and function of the California Board of Accountancy. Describe the occupations/profession that are licensed and/or regulated by the California Board of Accountancy (Practice Acts vs. Title Acts).

For over 120 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 115,000 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.

1. Describe the make-up and functions of each of the CBA's committees (cf., Section 12).

The CBA uses a combination of committees, some legislatively established, and some CBA established, to aid in achieving its legislative mandate of consumer protection. Presently, the CBA has four legislatively established and four CBA established committees focused on furthering its efforts with consumer protection.

As a matter of standing business, the CBA reads into the record its mission statement at the start of all meetings, and places it on every meeting agenda. The CBA began this in 2016 to ensure the public and members attending the meetings recognize the decisions reached by the CBA are in furtherance of meeting its consumer protection mandate.

Legislatively Established Committees

For the CBA's legislatively established committees (except for the Mobility Stakeholder Group, which has its membership composition established in statute), the CBA draws from volunteers throughout the licensee population. For all appointments to a committee, the CBA works with the current committee chair to discuss knowledge and skills to ensure that the appointee will contribute to the committee's function and enable it to carry out its mandated activities.

Enforcement Advisory Committee

The California Legislature established the Enforcement Advisory Committee to assist the CBA in serving in a technical advisory capacity to the CBA Executive Officer and Enforcement Program. The Enforcement Advisory Committee is comprised of 13 licensees, with broad-ranging experience in all areas of practice.

The Enforcement Advisory Committee reviews open investigations to provide the Enforcement Program with technical assistance, including assisting with possible next steps in an investigation. Additionally, the Enforcement Advisory Committee reviews closed investigations to evaluate the sufficiency of the investigation and, if any, areas where the investigation could have been improved. Lastly, the committee serves a critical role in participating in investigative hearings conducted with staff and counsel from the Attorney General's Office.

Qualifications Committee

The California Legislature established the Qualifications Committee to assist the CBA in an advisory capacity with its licensure activities. The Qualifications Committee is comprised of 13 licensees, with a background in performing audit-related services.

The Qualifications Committee interviews applicants and employers and conducts and evaluates work paper reviews to ensure that applicants meet California's experience requirements. Additionally, the committee performs audits of approved CPA applications.

Peer Review Oversight Committee

The California Legislature established the Peer Review Oversight Committee to ensure the effectiveness of California's Peer Review Program. The Peer Review Oversight Committee is comprised of seven licensees, with a background in attestation services.

The primary function of the committee centers on evaluating the administration of the American Institute of CPAs (the sole CBA-recognized peer review program provider) to ensure that it meets the requirements prescribed by the CBA in regulation. The Peer Review Oversight Committee performs a broad range of oversight functions including performing an annual site visit of the administering entity, conducting sample reviews of completed peer reviews, monitor out-of-state administering entities that operate under the CBA-recognized Peer Review Program Provider, the AICPA, to ensure that they are held to the same regulatory standards as in California, and attending peer reviewer training courses.

Annually, the committee submits a report to the CBA describing the oversight functions it performed and making a recommendation to the CBA regarding the continued recognition of the American Institute of CPAs as a CBA-recognized peer review program provider.

Mobility Stakeholder Group

The California Legislature established the Mobility Stakeholder Group with the express purpose of determining whether California's practice privilege (more commonly referred to as mobility) provisions meet the CBA's duty to protect the public, and whether the provisions satisfy the objectives of stakeholders of the accounting profession, including consumers.

The Mobility Stakeholder Group is comprised of two members of the CBA, two representatives of the accounting profession, two consumer representatives, and one CBA Enforcement Program staff member. All seven members are appointed by the CBA President.

The final meeting of the MSG was held in November 2019. Should any additional work be required relative to California's mobility provisions, it can be undertaken by the CBA, one of its committees (e.g. Committee on Professional Conduct) or a taskforce, as necessary. Elimination of the Mobility Stakeholder Group is included in Section 12 of this report as a proposed statutory change.

CBA Established Committees

The CBA established committees are comprised of seven CBA Members, all of which are appointed by the CBA President. The CBA President takes care

to ensure appointments to these committees are inclusive of the makeup of the CBA (having both public and licensee members), and that CBA Members rotate through the committees to provide their respective perspectives during their tenures.

Committee on Professional Conduct

The CBA established the Committee on Professional Conduct to consider and develop recommendations on issues that affect consumers and that apply to the practice of public accountancy. The committee also considers, formulates, and proposes policies and procedures related to emerging and unresolved issues.

Enforcement Program Oversight Committee

The CBA established the Enforcement Program Oversight Committee to assist the CBA in considering issues related to the CBA Enforcement Program. The committee provides oversight of the enforcement goals and objectives. It also serves as the primary body for reviewing and proposing revisions to the CBA’s Disciplinary Guidelines and Model Orders.

Legislative Committee

The CBA established the Legislative Committee to review, recommend, and advance legislation relating to consumer protection and the practice of public accountancy. The committee also coordinates the need for and use of CBA Members to testify before the Legislature.

Legend	
P	Present
A	Absent
-	Not Yet Appointed
*	Termed Off
P/A	Present 1 st Day/Absent 2 nd Day
A/P	Absent 1 st Day/Present 2 nd Day
C	Meeting Canceled Due to COVID-19

Fiscal Year 2022-23 – CBA Meeting Attendance

	07/21/2022 – Sacramento	09/22/2022 – Sacramento	11/17/2022 – Sacramento	1/26-27/2023 – Sacramento	03/23-24/2023 – Sacramento	05/18-19/2023 – Sacramento
CBA Members	CBA Meeting Date Attendance					
Nancy J. Corrigan, CPA	P	P	P	P	P	
Karriann Farrell Hinds, Esq.	A	P	A	P	P/A	
Dan Jacobson, Esq.	P	P	A	P	P	
Kristian Latta, CPA	P	P	P	P	P	
Xochitl A. León	A	*	*	*	*	*
Tong “Tony” Lin	-	-	-	-	P	
Luz Molina Lopez	P	A	P	*	*	*
Zuhdia Owens, CPA	P	P	P	P	A	
Ariel Pe	P	P	P	A	P	
Deidre Robinson	A	*	*	*	*	*
Joseph Rosenbaum, CPA	P	P	P	P	P	
Katrina L. Salazar, CPA	P	A	P	P	P	
Michael M. Savoy, CPA	P	P	P	P	P	
Yen Tu	P	A	P	A/P	P	
Evangeline Ward	P	P	A	P	P	

Fiscal Year 2021-22 – CBA Meeting Attendance

	07/22-23/2021 – Virtual	09/23-24/2021 – Virtual	11/18-19/2021 – Virtual	1/20-21/2022 – Virtual	03/24-25/2022 – Virtual	05/19-20/2022 – Sacramento
CBA Members	CBA Meeting Date Attendance					
Nancy J. Corrigan, CPA	P	P	P	P	P	P
George Famalett, CPA	P	*	*	*	*	*
Mary M. Geong, CPA	P	A	P	A	A	*
Karriann Farrell Hinds, Esq.	P	P	P	P	P	P
Dan Jacobson, Esq.	P	P	P	P	P	P
Kristian Latta, CPA	-	-	-	-	-	P
Xochitl A. León	P	P	P	A	A	A
Luz Molina Lopez	P	P	P	P	A	P
Zuhdia Owens, CPA	P	P	P	P	P	P/A
Ariel Pe	P	A	P	P	A	A
Deidre Robinson	P	P	A/P	P	A	A
Joseph Rosenbaum, CPA	-	-	-	-	-	A
Katrina L. Salazar, CPA	A	P	P	P	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Mark J. Silverman, Esq.	P	P	P	P	P	*
Yen Tu	P	P	P/A	P	P	P
Evangeline Ward	-	-	-	-	-	P/A

Fiscal Year 2020-21 – CBA Meeting Attendance

	07/25/2020 – Virtual	09/26/2020 – Virtual	11/19/2020 – Virtual	1/14/2021 – Virtual	03/25-26/2021 – Virtual	05/13-14/2021 – Virtual
CBA Members	CBA Meeting Date Attendance					
Nancy J. Corrigan, CPA	P	P	P	P	P	P
George Famalett, CPA	P	P	P	P	A	P
Mary M. Geong, CPA	P	P	P	P	A	A
Karriann Farrell Hinds, Esq.	P	P	P	P	P	P
Dan Jacobson, Esq.	P	P	P	P	P	P
Xochitl A. León	P	P	P	A	P	P
Luz Molina Lopez	P	P	P	P	P	P
Carola Nicolson, CPA	P	P	P	*	*	*
Zuhdia Owens, CPA	P	P	P	P	P	P
Ariel Pe	P	P	P	P	P	P
Deidre Robinson	A	P	A	P	P/A	A
Katrina L. Salazar, CPA	P	P	P	P	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Mark J. Silverman, Esq.	P	P	P	P	P	P
Yen Tu	P	P	P	P	P	P

Fiscal Year 2019-20 – CBA Meeting Attendance ¹						
	07/25/2019 – Los Angeles	09/26-27/2019 Pomona	11/21/2019 - Sacramento	1/16/2020	03/26/2020 – San Diego	05/17/2020 – Sacramento
CBA Members	CBA Meeting Date Attendance					
Alicia Berhow	P	P/A	*	*	*	*
Jose A. Campos, CPA	P	P	P	P	C	C
Nancy J. Corrigan, CPA	P	P	P	P	C	C
George Famalett, CPA	A	P	P	A	C	C
Mary M. Geong, CPA	A	P	P	A	C	C
Karriann Farrell Hinds, Esq.	P	A	A	P	C	C
Dan Jacobson, Esq.	P	P	P	A	C	C
Xochitl León	P	A	P	P	C	C
Luz Molina Lopez	P	P	P	P	C	C
Carola A. Nicholson, CPA	P	A	P	A	C	C
Ariel Pe	-	-	P	P	C	C
Deidre Robinson	A	A	P	P	C	C
Katrina L. Salazar, CPA	P	P	P	A	C	C
Michael M. Savoy, CPA	P	P	P	P	C	C
Mark Silverman, Esq.	A	P/A	P	P	C	C

¹ The March 2020 and May 2020 CBA meetings were canceled due to the COVID-19 pandemic.

TABLE 1B. BOARD MEMBER ROSTER

Member Name (Include Vacancies)	Date First Appointed	Date Re- Appointed	Date Term Expires	Appointing Authority	Type (Public or Professional)
Current					
Nancy J. Corrigan, CPA	08/17/18	05/05/22	11/26/25	Governor	Professional
Karriann Farrell Hinds, Esq.	01/27/16	02/22/23	1/1/2027	Governor	Public
Dan Jacobson, Esq.	09/01/17	11/29/21	01/01/25	Speaker	Public
Kristian Latta, CPA	05/05/22	N/A	11/26/25	Governor	Professional
Tong “Tony” Lin	02/22/23	N/A	11/26/26	Governor	Public
Zuhdia “Dee Dee” Owens, CPA	07/07/20	N/A	11/26/23	Governor	Professional
Ariel Pe	10/10/19	3/03/23	01/01/27	Speaker	Public
Joseph Rosenbaum, CPA	05/05/22	2/22/23	01/01/27	Governor	Professional
Katrina L. Salazar, CPA	12/14/12	11/25/20	11/26/23	Governor	Professional
Michael M. Savoy, CPA	12/21/10	12/12/18	11/26/22	Governor	Professional
Yen Tu	02/19/20	N/A	01/01/24	Senate	Public
Evangeline Ward	05/05/22	N/A	01/01/26	Governor	Public
Three vacancies.					
Past					
Alicia Berhow	02/15/11	04/13/15	01/01/19	Speaker	Public
Jose A. Campos, CPA	12/14/12	01/15/16	11/26/19	Governor	Professional
George Famalett, CPA	11/23/15	01/02/19	01/01/23	Governor	Professional
Mary M. Geong, CPA	08/17/18	N/A	11/26/21	Governor	Professional
Xochitl A. León	01/07/15	01/30/19	01/01/23	Senate	Public
Luz Molina Lopez	10/09/17	01/14/21	11/26/24	Governor	Public
Carola A. Nicholson, CPA	07/24/17	N/A	01/01/20	Governor	Professional
Sunny Youngsun Park, Esq.	01/11/17	N/A	01/01/20	Senate	Public
Deidre Robinson	06/26/15	N/A	11/26/22	Governor	Public
Mark J. Silverman, Esq.	01/15/14	N/A	01/01/22	Governor	Public
Herschel Elkins, Esq.	09/19/08	01/13/16	01/01/20	Senate	Public

2. In the past four years, was the CBA unable to hold any meetings due to lack of quorum? If so, please describe. Why? When? How did it impact operations?

No. The CBA has not missed any of its meetings due to lack of quorum. It's the Qualifications Committee, however, had to cancel three meetings as a result of quorum issues. The CBA has faced recruitment issues for its committees and has taken several steps to advertise and recruit to ensure all vacancies are filled. Additionally, the CBA is working with the current committee leadership and members to ensure they understand the significance of their role, the critical nature of the committee, and identifying expectations to address members with attendance-related issues and believe this will not occur in the future.

3. Describe any major changes to the CBA since the last Sunset Review, including, but not limited to:

- **Internal changes (i.e., reorganization, relocation, change in leadership, strategic planning)**
- **All legislation sponsored by the CBA and affecting the CBA since the last sunset review.**
- **All regulations changes approved by the CBA since the last sunset review. Include the status of each regulatory change approved by the board.**

Strategic Planning

The CBA's 2022-2024 Strategic Plan contains a mission, vision, values, goals and objectives which all serve as a roadmap to guide future CBA priorities and activities. The CBA's goal areas include: Enforcement, Licensing, Customer Service, Outreach, Laws and Regulations, Emerging Technologies, and Organizational Effectiveness.

The CBA's 2022-2024 Strategic Plan included a new value: "Diversity, Equity, and Inclusion – The CBA supports and encourages a variety of perspectives, backgrounds, and experience that benefit its operation to meet its consumer protection mandate."

The Strategic Plan has 25 objectives that are assigned to staff who serve as project managers by identifying the steps and resources necessary to complete each objective. Including all levels of staff in the Strategic Planning process allows employees to take ownership in the future of the CBA and deepen their contribution to the CBA's consumer protection mission.

The CBA's 2022-2024 Strategic Plan was developed through a collaborative process between the CBA and the Department of Consumer Affairs and included input from CBA Members, Committee members, CBA Stakeholders, and staff. The Strategic Plan was developed to further CBA's goals of supporting and encouraging a variety of perspectives, backgrounds, and experience that benefit its operation to meet its consumer protection mandate.

In developing the Strategic Plan, the CBA sought to identify factors that could impact its success in carrying out its duties by conducting an environment scan of the internal and external environments in which CBA operates. The external survey consisted of an online survey, sent in June 2021, which received 3,161 responses. Internal results were gathered by conducting telephone surveys and interviews with CBA Members, Advisory Committee Members, and Executive Staff.

Succession Planning

Appropriate succession planning is central to the CBA's ability to continue providing effective consumer protection and service to its stakeholders. The CBA takes proactive steps to address succession issues that may develop in the future. The CBA's Succession Plan was updated in 2021 to continue guiding this process.

The Succession Plan is an invaluable document that identifies specific steps to take during the recruitment of staff in key positions. The recent Succession Plan was updated to address the recruitment of the new Licensing Division Chief position. Another valuable part of the Succession Plan provides a snapshot of the number of staff who are at or near the retirement age, shedding light on possible upcoming vacancies. As identified in the Succession Plan, but also to foster an environment of learning and career advancement, the CBA routinely cross trains staff in all areas to ensure that during an absence or extended leave there is no interruption of service to consumers.

Leadership Changes

Each year, the CBA votes to elect three leadership positions to serve for a 12-month period: President, Vice-President, and Secretary/Treasurer. CBA Leadership guides the priorities of the CBA during their term. This includes conducting board meetings, attending legislative meetings, testifying at legislative hearings, and giving presentations at various outreach events. Those three CBA Members collaborate with the Executive Officer, Assistant Executive Officer, the Enforcement Chief, and Licensing Chief to identify

priorities and accomplish goals for the upcoming year. Some of the priorities in recent years include:

- Outreach to a wide audience, grow audience diversity, and increase consumer protection.
- Implement leading technologies to provide excellent customer service.
- Increase authority to combat unlicensed activity.
- Identify potential barriers to entry into the CPA profession.
- Maintain an appropriate fee structure to support CBA operations.
- Revise and update continuing education requirements.

Staff Leadership

Patti Bowers, the CBA's long-time Executive Officer, is retiring in 2023. CBA Enforcement Chief Dominic Franzella was selected as the Acting Executive Officer role beginning in January 2023. The CBA's Assistant Executive Officer remains unchanged since the prior Sunset Review.

In January 2020 a new Licensing Chief, Michelle Center, was hired. She has an extensive background in policy development, significant program management experience and has worked closely with board members, elected officials and other stakeholders. Her most recent role prior to coming to the CBA was as the assessment director at the California Department of Education where she led the successful transition to computer-based testing and served as the chair over the multi-state Smarter Balanced Assessment consortium.

Upon joining the CBA, she immediately acted to develop process improvements within the Licensing Division to ensure applications were processed timely and to enhance automation.

Since leading the Licensing Program, she has guided the CBA to many accomplishments, including:

- Developed a process to accept official college/university transcripts electronically.
- Launched the online license renewal platform (CBA Connect).
- Developed comprehensive desk manuals designed to communicate expectations and provide useful training tools.
- Implemented a process to provide select exam applicants early feedback on their education as it relates to licensure requirements.
- Developed processes related to data quality to increase data consistency.
- Launched an online licensure application system, and acceptance of credit card payment.

- Reduced processing timelines for applicants.
- Established a designated military and asylee applicant facilitator.

There have been two different Information Officers hired since the prior Sunset Review. Patrick Ibarra held the role from October 2020 through December 2022, and David Hemphill was selected for the position in February 2023.

Mr. Hemphill has an extensive background in broadcast media and before ascending to the Information Officer position, Mr. Hemphill had been an integral part of the Communications and Outreach Program since joining the CBA in 2020. Since that time, he has guided the CBA to many accomplishments, including:

- Producing and hosting CBA virtual outreach events.
- Creating the CBA’s new “Accounting for California Podcast” series.
- Increasing the CBA social media footprint.
- Editing the CBA’s UPDATE newsletter.

Legislation

2022

Bill Number: **Senate Bill 731, Durazo (Chapter 814, Statutes of 2022)**

Subject Matter: Criminal Records: Relief.

Effective Date: January 1, 2023

Summary: This bill requires the Department of Justice to expand the provisions regarding criminal record relief, without requiring a petition or motion by a party for that relief, to include an arrest and a conviction of a felony, if specified conditions are met.

Bill Number: **Senate Bill 1443, Roth (Chapter 625, Statutes of 2022)**

Subject Matter: Professions and Vocations.

Effective Date: January 1, 2023

Summary: This bill extends the sunset date of specified boards, bureaus, and commissions within the Department of Consumer Affairs for an additional year from January 1, 2024 to January 1, 2025. This extension also applies that extension to the authority for boards and commissions to designate an executive officer. Among the boards, bureaus, and commissions impacted by this measure is the CBA,

2021

Bill Number: **Assembly Bill 107, Salas (Chapter 693, Statutes of 2021)**

Subject Matter: Licensure: Veterans and Military Spouses

Effective Date: January 1, 2022

Summary: This bill requires a board within the Department of Consumer Affairs to, after appropriate investigation, issue a temporary license to practice a profession or vocation to an applicant who meets specified requirements

This section does not apply to a board, including the 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 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 or is able to receive an expedited license by endorsement with no additional requirements as specified.

Bill Number: **Assembly Bill 298, Irwin (Chapter 300, Statutes of 2021)**

Subject Matter: Accountancy: California Board of Accountancy

Effective Date: January 1, 2022

Summary: This bill contained CBA requested provisions pertaining to examination admissions, ethics requirements, and email confidentiality, specifically:

1. Authorized applicants to apply to take the Uniform Certified Public Accountant Examination (CPA Exam) prior to completing the necessary educational requirements if the applicants meet specified conditions.
2. Updated the ethics education requirements to allow auditing and fraud.
3. Made clarifying changes regarding email confidentiality.
4. Expanded what CBA members are eligible to preside over CBA meetings.

Bill Number: **Senate Bill 607, Min and Roth (Chapter 367, Statutes of 2021)**

Subject Matter: Professions and Vocations.
Effective Date: January 1, 2022
Summary: This bill was the Senate Business Professions and Economic Development Committee Chairman's omnibus bill and contained several provisions pertaining to the Department of Consumer Affairs.

Among other proposals, the bill required all boards within the Department of Consumer Affairs, including the CBA, to waive 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, under official active duty military orders, and who holds a current license in another United States jurisdiction for which the applicant seeks a license from the board. Corrected a minor inaccuracy in the name of one credentials evaluation organization by changing one word from singular to plural, and updating the name of another credentials evaluation organization to reflect its current name.

2020

Bill Number: **Assembly Bill 1525, Jones-Sawyer (Chapter 270, Statutes of 2020)**

Subject Matter: Cannabis: Financial Institutions

Effective Date: January 1, 2021

Summary: This bill established that an individual or firm that practices public accounting pursuant to Chapter 1 of Division 3 of the Business and Professions Code "does not commit a crime under California law solely for providing professional accounting services" to persons licensed to engage in commercial cannabis activity.

Further, AB 1525 established that authorized persons or businesses do not commit a crime, under California law, if they receive deposits or provide specified transportation or financial services to persons licensed to engage in commercial cannabis activity. Provides that a state or local

licensing authority may disclose that information necessary to facilitate commercial banking for the licensee.

In addition, the bill authorized cannabis businesses to request the licensing entity to share specified data with financial institutions.

Bill Number: **Assembly Bill 2113, Low (Chapter 186, Statutes of 2020)**

Subject Matter: Refugees, Asylees, and Immigrants: Professional Licensing

Effective Date: January 1, 2021

Summary: This bill requires licensing boards under the Department of Consumer Affairs to expedite the initial licensure process for an applicant who supplies satisfactory evidence to the board that they have been admitted to the United States as a refugee, granted asylum, or have a special immigrant visa, as specified. The bill specifies that nothing in the bill will be construed as changing any existing licensure requirements, and that any person applying for an expedited license must meet all statutory and regulatory licensure requirements.

Bill Number: **Senate Bill 878, Jones (Chapter 131, Statutes of 2020)**

Subject Matter: Department of Consumer Affairs: License: Application: Processing Timeframes.

Effective Date: July 1, 2021

Summary: This bill authorized require each board within the Department of Consumer Affairs that issues licenses to prominently display on its website, on at least a quarterly basis, the following:

1. Prominently display on its internet website one of the following: a) The current average timeframes for processing initial and renewal license applications, or b) The combined current average timeframe for processing both initial and renewal license applications.
2. Prominently display on its internet website one of the following: a) The current average timeframes for processing each license type that the board administers, or b) The combined current average timeframe for processing all license types that the board administers.

2019

- Bill Number:** **Assembly Bill 1076, Eggman (Chapter 578, Statutes of 2019)**
- Subject Matter: Criminal Records: Automatic Relief
- Effective Date: January 1, 2020
- Summary: This bill required the court to permit a defendant, who was granted deferred entry of judgment on or after January 1, 1997, and who has performed satisfactorily during the period in which deferred entry of judgment was granted and for whom the criminal charge or charges were dismissed, to withdraw his or her plea and enter a plea of not guilty.
- Bill Number:** **Assembly Bill 1521, Low (Chapter 359, Statutes of 2015)**
- Subject Matter: Accountancy: California Board of Accountancy.
- Effective Date: January 1, 2020
- Summary: This bill extended the sunset date for the CBA from January 1, 2020 to January 1, 2024. Also, the bill revises the license renewal and initial license fees by establishing that \$250 is the minimum, and \$280 is the maximum amounts the CBA may charge for those fees.
- Bill Number:** **Senate Bill 601, Morrell (Chapter 854, Statutes of 2019)**
- Subject Matter: State agencies: Licenses: Fee Waiver
- Effective Date: January 1, 2020
- Summary: This bill authorizes state agencies that issues business licenses to establish a process for a person or business, displaced or is experiencing economic hardship as a result of an emergency, as defined, to submit an application for reduction or waiver fees. This shall apply to fees required to obtain a license, renew or activate a license, or replace a physical license for display.

Regulations

2023

Title 16, California Code of Regulations, Section	Subject	Status
87, 88, 88.1, 88.2, 89, 90	Continuing Education - Nano Learning, Blended Learning, and Adaptive Self-Study	Approved by Office of Administrative Law February 2023
12, 12.5	Second Signature Removal from Experience Form	Approved by Office of Administrative Law February 2023

2022

Title 16, California Code of Regulations, Section	Subject	Status
2.8	Definition of Satisfactory Evidence – Transcripts	Approved by Office of Administrative Law September 2022
43, 45	Peer Review Reporting Form (PR-1) Non-Substantive Changes (Section 100)	Approved by Office of Administrative Law September 2022
26, 27, 28, 29, 31, 32, 33, 34, 35, 35.1	Repeal of Article 4 – Outdated Practice Privilege Regulations	Approved by Office of Administrative Law September 2022
70	Initial and Renewal Permit Fees	Approved by Office of Administrative Law July 2022

2021

Title 16, California Code of Regulations, Section	Subject	Status
12.5	Attest Experience Form	Approved by Office of Administrative Law October 2021
98, 99, 99.1, 99.2	Assembly 2138 – Disciplinary Guidelines	Approved by Office of Administrative Law February 2021

2020

Title 16, California Code of Regulations, Section	Subject	Status
7.1, 8, 70, 75.5, 87.6, 89.1	Outdated and Obsolete Regulations	Approved by Office of Administrative Law April 2020
15.1, 16, 19, 20	Applicant and Licensee Email Requirement (Section 100)	Approved by Office of Administrative Law January 2020

Title 16, California Code of Regulations, Section	Subject	Status
45	Peer Review Reporting (Firms) Amend PR-1	Approved by Office of Administrative Law July 2019

4. Describe any major studies conducted by the CBA (cf. Section 12, Attachment #).

Consideration of the CPA Experience Requirements Taskforce

The CBA established the Consideration of the CPA Experience Requirements Taskforce in 2022 to evaluate the experience requirements for CPA licensure. The CBA specifically tasked CERT with answering the question: "Is the present attest experience requirement necessary and sufficient to support the CBA mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with professional standards?"

Throughout the year, the Consideration of the CPA Experience Requirements Taskforce conducted several meetings exploring numerous topics surrounding this question. At its November 2022 meeting, the CBA adopted CERT's first recommendation, that the attest experience requirement was necessary for the authority to sign reports on attest engagements.

At its January 2023 meeting, CERT discussed the sufficiency of the current attest experience requirement. The CBA proceeded to adopt CERT's recommendation that the present attest experience requirement was sufficient.

CERT also provided, and the CBA adopted, the following recommendations:

- Create a pathway to allow for accounting firm owners to obtain qualifying attest experience.
- Explore how current regulations may be amended to more thoroughly define reciprocity requirements for applicants obtaining a license with the authority to sign reports on attest engagements.
- Expand outreach to better inform consumers regarding the difference in services performed by CPAs who maintain a license with or without the authority to sign reports on attest engagements.

The CBA's adoption of CERT's recommendations concluded the work the taskforce was assigned.

5. List the status of all national associations to which the CBA belongs.

- **Does the CBA's membership include voting privileges?**
- **List committees, workshops, working groups, task forces, etc., on which the CBA participates.**
- **How many meetings did CBA representative(s) attend? When and where?**
- **If the CBA is using a national exam, how is the CBA involved in its development, scoring, analysis, and administration?**

National Associations

There are two primary national associations that the CBA is affiliated with: the American Institute of CPAs and the National Association of State Boards of Accountancy.

The American Institute of CPAs is the world's largest member association that serves the public interest. The American Institute of CPAs sets ethical and auditing standards for the public accounting profession and develops and grades the CPA Examination. The American Institute of CPAs has several volunteer committees that members may participate on to discuss national issues impacting the profession and consumer protection. The CBA votes on matters when an individual CBA member is present at the meeting.

The National Association of State Boards of Accountancy, which the CBA is a member of, is an association dedicated to enhancing the effectiveness of the country's 55 state boards of accountancy.

The National Association of State Boards of Accountancy, whose mission is to "Enhance the effectiveness and advance the common interests of the Boards of Accountancy," accomplishes its mission by creating a forum for accounting regulators and practitioners to address issues relevant to the viability of the accounting profession. The National Association of State Boards of Accountancy offers its member boards various products and services designed to effectively aid boards in their goal to protect the public.

The CBA may vote on any matter brought before the National Association of State Boards of Accountancy, while in attendance at a meeting requiring such vote.

California's participation in and attendance at various committee and national meetings allows it to represent the consumers of California and allows the CBA to learn from and share valuable expertise in the areas it regulates. California's voice and input are crucial and influential in sharing its experiences with colleagues from around the country. This interchange of valuable information allows the CBA to leverage the experience and lessons learned from its peers to further its legislative mandate of consumer protection.

Each year, CBA members have the opportunity to submit an application for appointment to a committee with the National Association of State Boards of Accountancy and American Institute of CPAs. The CBA has been fortunate to have members serving in a leadership role with the National Association of State Boards of Accountancy.

As of June 30, 2023, the following members hold a leadership position:

Katrina L. Salazar, CPA

Position: Director-at-Large

The Directors-at-large attend National Association of State Boards of Accountancy Board meetings, one regional meeting (Eastern or Western), and Chair a committee of the National Association of State Boards of Accountancy.

Position: Diversity Committee Chair

The National Association of State Boards of Accountancy Diversity Committee develops a diversity program that ensures the National Association of State Boards of Accountancy provides opportunities, encouragement and support to people of color (African-Americans and Hispanics/Latinos) and women to participate in National Association of State Boards of Accountancy service and leadership roles.

Nancy J. Corrigan, CPA

Position: Pacific Regional Director

National Association of State Boards of Accountancy Regional Directors are responsible for communications with the boards of accountancy in the regions which they represent, presiding over regional meetings, and voting on matters presented during the NASBA Board of Director meetings

Position: Education Committee Chair

The National Association of State Boards of Accountancy Education Committee support the Boards of Accountancy by representing the National Association of State Boards of Accountancy in the academic

community and serving as an advisory resource on education matters related to the accounting profession.

The following information identifies the meetings CBA members and staff attended, including the date and location.

**2023
(Through June 30, 2023)**

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Conference for Legal Counsel	Feb. 27 – March 1, 2023 / Tucson, AZ	Dominic Franzella (Virtual attendance)
National Association of State Boards of Accountancy – Executive Directors and Board Staff	Feb. 27 – March 1, 2023 / Tucson, AZ	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy – Western Regional Meeting	June 27-29, 2023 / Kansas City, MO	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA Joseph Rosenbaum, CPA- Pending Approval Tony Lin-Pending Approval
National Association of State Boards of Accountancy – Board of Directors Meeting	January 19-20, 2023 / Scottsdale, AZ April 20-21, 2023 / Santa Fe, NM	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy – Communication Committee	Jan. 26, 2023 / Virtual March 24, 2023 / Virtual	Yen C. Tu
National Association of State Boards of Accountancy – Diversity Committee	January 2023	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Education Committee	February 6, 2023	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy – Relations with Member Boards	December 2022/January 2023	Nancy J. Corrigan, CPA

Committee		
American Institute of Certified Public Accountants – Board of Examiners		Katrina L. Salzar, CPA
American Institute of Certified Public Accountants – State Board Committee	January 10, 2023	Katrina L. Salazar, CPA
American Institute of Certified Public Accountants – State Board Committee	Conducted via teleconference	Nancy J. Corrigan, CPA

2022

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Annual Meeting	Oct. 30 – Nov. 2, 2022 / San Diego, CA	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA Joseph Rosenbaum, CPA Michael M. Savoy, CPA Luz Molina Lopez Yen C. Tu Kristian Latta, CPA
National Association of State Boards of Accountancy – Western Regional Meeting	June 7-9, 2022 / Colorado Springs, CO	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA Michael M. Savoy, CPA
National Association of State Boards of Accountancy – Conference for Legal Counsel	April 25-27, 2022 / Clearwater Beach, FL	Patti Bowers Dominic Franzella (Virtual attendance)
National Association of State Boards of Accountancy – Board of Directors Meeting	January 17-18, 2022 – Key West, FL May 5-6, 2022 – Hilton Head Island, SC July 21-22, 2022 – Rancho Palos Verdes, CA October 27-28, 2022 – San Diego, CA	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – CBT Committee	January 2022-March 2022 May 2022 – July 2022 July 27, 2022 Aug. 2, 2022 Aug. 31, 2022	Nancy J. Corrigan, CPA

	September 30, 2022	
National Association of State Boards of Accountancy – CPE Committee	April 2022 June 29, 2022 July 13, 2022 October 2022	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Relations with Member Boards Committee	December 2021/January 2022 March 8, 2022 May 5, 2022 October 30-November 2, 2022 – San Diego, CA	Nancy J. Corrigan, CPA
American Institute of Certified Public Accountants – State Board Committee	April 12, 2022 June 9, 2022 September 13, 2022	Katrina L. Salazar, CPA
American Institute of Certified Public Accountants – Board of Examiners	May 25, 2022 August 3, 2022 October 27, 2022 December 1, 2022	Katrina L. Salazar, CPA

2021

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Annual Meeting	Nov. 2-3, 2021 / Virtual	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Western Regional Meeting	June 22-23, 2021	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Board of Directors Meeting	January 14-15, 2021 / Virtual April 22-23, 2021 / Virtual July 22-23, 2021 – Portland, OR October 28-29, 2021 – Nashville, TN	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – CBT Committee	December 7, 2021	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy –	January 14, 2021 February/March 2021 April 22, 2021	Katrina L. Salazar, CPA

Relations with Member Boards Committee	June/July 2021	
American Institute of Certified Public Accountants – State Board Committee	January 12, 2021 May 6, 2021 September 28, 2021	Katrina L. Salazar, CPA
American Institute of Certified Public Accountants – Business Environment & Concepts Subcommittee	January 8, 2021	Nancy J. Corrigan, CPA

2020

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Annual Meeting	Nov. 2-4, 2020 / Virtual	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Western Regional Meeting	June 3, 2020 / Virtual	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Board of Directors Meeting	January 2020 – Indian Wells, CA April 23-24, 2020 October 29-30, 2020	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Bylaws Committee	August/September 2020	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – CPE Committee	September 11, 2020 December 15, 2020	Nancy J. Corrigan, CPA
American Institute of Certified Public Accountants – State Board Committee	October 21, 2021	Katrina L. Salazar, CPA
American Institute of Certified Public Accountants – Business Environment	July 30, 2020 August 12, 2020 August 26, 2020 September 9, 2020	Nancy J. Corrigan, CPA

& Concepts Subcommittee	October 7, 2020 December 17, 2020	
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2019

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Annual Meeting	October 27-30, 2019 – Boston, MA	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA Dominic Franzella
National Association of State Boards of Accountancy – Western Regional Meeting	June 18-20, 2019 – Salt Lake City, UT	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Board of Directors Meeting	July 25-26, 2019 – Colorado Springs, CO October 24-25, 2019 – Boston, MA	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Bylaws Committee	October/November 2019	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – CPE Committee	December 16, 2019	Nancy J. Corrigan, CPA
American Institute of Certified Public Accountants – State Board Committee	October 2, 2019	Katrina L. Salazar, CPA

National Examination

Structure and Administration

The CBA has a contract with the National Association of State Boards of Accountancy, who participates in a tri-party agreement with the American Institute of CPAs and Prometric Testing Centers for the national examination, referred to as the CPA Examination. Each entity, including the CBA, participates in various ways for the development, administration, scoring, and analysis of the CPA Examination.

The CBA, and all other state boards of accountancy, require applicants to pass the CPA Examination, and meet education and experience requirements to make important determinations of qualification for licensure as a CPA.

The CPA Examination is a criterion-referenced examination, which means that it rests upon pre-determined standards. Every candidate's performance is measured against established standards to determine whether the candidate has demonstrated the level of knowledge and skills represented by the passing score. Every candidate is judged against the same standards, and every score is an independent result.

The American Institute of CPAs and its Board of Examiners has primary responsibility for the development, scoring, and analysis of the CPA Examination, with consultation from all state boards of accountancy. At appropriate intervals, the American Institute of CPAs initiates a comprehensive practice analysis to ensure that the CPA Examination continues to test the minimum competencies needed to become a licensed CPA.

Practice Analysis

During a practice analysis, the American Institute of CPAs issues an Exposure Draft and seeks input from a wide range of stakeholders, including state boards of accountancy. The most recent practice analysis was initiated in July 2021 and at its September 2022 meeting the CBA conducted an in-depth overview and provided feedback via a comment letter.

CPA Evolution

The practice analysis exposed significant changes to the CPA Examination in alignment with a national initiative referred to as CPA Evolution. The CPA Evolution initiative is transforming the CPA licensure model to recognize the rapidly changing skills and competencies the practice of accounting requires today and will require in the future. The feedback from the CBA,

and other stakeholders, assisted in the finalization of the next iteration of the CPA Examination that will launch in January 2024.

The new CPA Examination under CPA Evolution will feature three Core sections and three Discipline sections. The Core sections will focus on Accounting, Auditing, and Taxation with a recognition of the impact technology has on each of the three areas. In addition, the CPA Examination will have three Discipline sections from which candidates must choose and pass one. The choices include Business Analysis and Reporting (BAR), Information Systems and Controls (ISC), and Tax Compliance and Planning (TCP).

CBA Member Representation

The CBA is fortunate to have one of its members, President, Katrina L. Salazar, CPA, serve on American Institute of CPAs' State Board Committee. The State Board Committee serves as a communication link between the Board of Examiners and state boards of accountancy. It is responsible for communicating state board concerns regarding the CPA Examination to the Board of Examiners. In addition, the CBA is also fortunate to have one of its members, Nancy J. Corrigan, CPA, serving on the National Association of State Boards of Accountancy's Education Committee who can assist in communicating CBA's issues with regarding the CPA Examination and educational requirements at the national level.

Requirements to take the CPA Examination

Prior to an individual taking the CPA Examination, they must first apply to, and be approved by, the CBA to ensure minimum educational qualifications are met. The CBA maintains full authority and responsibility for establishing and enforcing the minimum qualifications a candidate must meet prior to being granted admittance to the CPA Examination, which provides a minimum competency assessment of all prospective CPA licensees. The CBA provides oversight of CPA Examination administration through various security measures that are enforced, including site inspections and secret shoppers.

Although the scoring of the CPA Examination is primarily handled by the American Institute of CPAs, the CBA receives the scores and is responsible for issuing them to each candidate. The CBA also approves exam passage following the receipt, verification, and issuance of passing test scores for each section of the CPA Examination.

SECTION 2

PERFORMANCE MEASURES AND CUSTOMER SATISFACTION SURVEYS

6. Provide each quarterly and annual performance measure report for the CBA as published on the DCA website.

The links to each Department of Consumer Affairs' annual report that contains enforcement-related performance measures for the CBA are provided below.

DCA Annual Reports

[Fiscal Year 2021-2022 \(see pages 20-21\)](#)

[Fiscal Year 2020-2021 \(see pages 13-14\)](#)

[Fiscal Year 2019-2020 \(see pages 13-14\)](#)

[Fiscal Year 2018-2019 \(see pages 14-15\)](#)

The Department of Consumer Affairs ceased publishing quarterly reports with enforcement-related data to their website with the issuance of the December 2017 report. The Department of Consumer Affairs now provides quarterly information on its website through an interactive spreadsheet which contains information on all enforcement-related performance measures. This spreadsheet can be located at:

<https://www.dca.ca.gov/data/enforcement.shtml>

7. Provide results for each question in the CBA's customer satisfaction survey broken down by fiscal year. Discuss the results of the customer satisfaction surveys.

One way the CBA seeks to assess and, where appropriate, improve its customer service is from information received through two surveys – the Department of Consumer Affairs' Consumer Satisfaction Survey and CBA Stakeholder Satisfaction Survey. The CBA Stakeholder Satisfaction Survey covers all services provided by CBA staff. The Department of Consumer Affairs' Consumer Satisfaction Survey focuses solely on enforcement activities and addresses consumer satisfaction after the conclusion of a complaint.

The surveys help the CBA gain insight and recommendations to improve operations throughout the CBA. The CBA carefully reviews all comments and suggestions received and makes a concerted effort to continually improve its programs based on respondents' feedback.

CBA Stakeholder Satisfaction Survey

The CBA prides itself on providing the highest level of customer service possible and measures satisfaction throughout all CBA operations, regardless of what program is contacted or the magnitude of the question or comment posed. The CBA strives to deliver exceptional customer service to all stakeholders – consumers, licensees, and applicants – and the topic of customer service is one of seven goals included in the CBA's Strategic Plan.

The CBA believes providing consistent high-level customer service is essential to ensuring that its consumer protection mission is met. A foundational understanding of customer service is paramount in the day-to-day operations of the CBA.

Through the CBA Stakeholder Satisfaction Survey, any stakeholder (including consumers, licensees, and applicants) may provide feedback on their interactions with the CBA. Positive comments received were generally complimentary of the helpfulness and professionalism of the CBA's staff, and mainly focused on the quality and speed of the services received. These positive comments are regularly shared with CBA staff to promote a positive working environment and to show appreciation for a job well done.

An effort was begun in 2021 to increase interaction with the CBA Stakeholder Satisfaction Survey, as the number of responses had been dropping for several years. This campaign resulted in a large spike in total responses from fiscal year 2021-22 to 2022-23 of more than five times the previous year. Having such a higher volume of feedback coming in, whether prompted answers or written comments, gave the CBA an even better measure of the thoughts and opinions of its stakeholders. Many tangible ideas which led to operational improvements sprouted from some of these comments, one of which will be described shortly.

Fiscal year 2022-23 saw the highest positive response to the question of staff responding to their inquiry in a timely manner. A full 71% of respondents answered that this was true. Also in 2022-23, two-thirds of respondents, or 67%, said that CBA staff was knowledgeable when answering their inquiries, the highest since the previous Sunset Review.

Numbers did decline, however, for overall satisfaction, and how stakeholders felt about how information was presented on the website. Satisfaction with CBA service reached a low in fiscal year 2020-21, which can largely be attributed to the challenges surrounding the global pandemic, which had an impact on CBA operations. The metric ticked up slightly the following year, and held steady in 2022-23.

The satisfaction percentage regarding how information is organized and presented on the CBA website requires a bit of explanation. The CBA redesigned its website since the last Sunset Review, giving it a more contemporary appearance and highlighted important and heavily-visited pages making them simpler to locate and navigate to. The expectation was that the CBA Stakeholder Satisfaction Survey responses about the website would begin trending more positive due to the changes made in the fall of 2022. In actuality, the result was just the opposite. The amount of website users telling the CBA they were “not satisfied” rose in fiscal year 2022-23.

A closer look at the comments attached to the unsatisfactory ratings illuminates the reason why. Earlier in 2022, the CBA launched CBA Connect, its new online license renewal platform. The functionality of entering continuing education in the original version of this new platform was described as cumbersome by many licensees, with many comments to this effect shared in the CBA Stakeholder Satisfaction Survey. These licensees chose to share their frustration with a “not satisfied” answer to the question of how information is organized and prepared on the CBA website, when their disapproval really laid with one particular feature of CBA Connect, not the website as a whole.

Staff took these comments into consideration and developed an entirely new way to enter continuing education into CBA Connect, which will be detailed later in this report. The positive to be taken from this experience is that the survey behaved just as it was intended. Feedback received spurred new ideas which culminated in an improvement to CBA operations, in this case, the CBA Connect platform. The enhancement was well received by licensees, according to their more recent comments. With the original issue now solved, the CBA expects the percentage of satisfied website users to increase in the years to come.

CBA STAKEHOLDER SATISFACTION SURVEY								
Questions	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Which of the following best describes you?								
CPA Exam Candidate	30	22%	14	14%	0	0%	84	24%
CPA Licensure Applicant	27	19%	34	34%	0	0%	61	18%
California-Licensed CPA	65	47%	36	36%	36	59%	170	49%
CPA Licensed Outside California	7	5%	1	1%	4	7%	2	1%
Consumer	5	4%	8	8%	11	18%	8	2%
Other	5	4%	7	7%	10	16%	22	6%
TOTAL	139	100%	100	100%	61	100%	347	100%
By which method did you communicate with the CBA?								
Telephone	28	26%	2	3%	13	26%	30	9%
Email	58	54%	36	46%	23	46%	254	73%
Mail	5	5%	3	4%	6	12%	24	7%
Social Media	0	0%	13	17%	2	4%	3	1%
Other	17	16%	24	31%	6	12%	36	10%
TOTAL	108	100%	78	100%	50	100%	347	100%
Which unit at the CBA assisted you?								
Examination Unit	32	23%	13	13%	0	0%	87	25%
Initial Licensing Unit	33	24%	37	38%	1	2%	61	18%
License Renewal & Continuing Competency Unit	38	28%	20	20%	15	25%	133	38%
Practice Privilege Unit	1	1%	0	0%	1	2%	1	0%
Enforcement Unit	12	9%	9	9%	17	28%	10	3%
Administration Unit	9	7%	2	2%	11	18%	4	1%
Social Media Team	0	0%	0	0%	0	0%	2	1%
Other	13	9%	17	17%	16	26%	49	14%
TOTAL	138	100%	98	100%	61	100%	347	100%

CBA STAKEHOLDER SATISFACTION SURVEY								
Questions	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
CBA staff responded to my inquiry in a timely manner.								
True	74	65%	44	54%	33	66%	214	71%
False	29	26%	32	40%	10	20%	88	29%
Not Applicable	10	9%	5	6%	7	14%	0	0%
TOTAL	113	100%	81	100%	50	100%	302	100%
CBA staff was knowledgeable in answering my question.								
True	71	63%	48	59%	24	48%	200	67%
False	32	28%	29	35%	17	34%	97	33%
Not Applicable	10	9%	5	6%	9	18%	0	0%
TOTAL	113	100%	82	100%	50	100%	297	100%
How satisfied are you with how information is organized/presented on the CBA website?								
Very Satisfied	34	30%	29	35%	12	25%	89	28%
Satisfied	40	35%	20	24%	17	36%	78	25%
Not Satisfied	27	24%	28	34%	14	29%	140	44%
Haven't Used Website	12	11%	6	7%	5	10%	10	3%
TOTAL	113	100%	83	100%	48	100%	317	100%
Overall, how satisfied were you with the service you received from the CBA?								
Very Satisfied	51	47%	30	39%	20	45%	105	36%
Satisfied	19	17%	14	18%	6	13%	64	22%
Not Satisfied	36	33%	29	38%	17	38%	122	42%
Not Applicable	3	3%	4	5%	2	4%	0	0%
TOTAL	109	100%	77	100%	45	100%	291	100%
Overall, how satisfied were you with the service you received from CBA staff?								
Very Satisfied	57	50%	36	43%	12	38%	This question no longer asked, it is redundant with the prior questions.	
Satisfied	18	16%	16	19%	5	16%		
Not Satisfied	30	27%	28	33%	8	25%		
Not Applicable	8	7%	4	5%	7	22%		
TOTAL	113	100%	84	100%	32	100%		

Department of Consumer Affairs Consumer Satisfaction Survey

The Consumer Satisfaction Survey is a Department of Consumer Affairs-developed and managed survey used to measure satisfaction among consumers who file a complaint with a board or bureau.

Since the prior Sunset Review, satisfaction numbers have held fairly even, with the exception of a downturn in some metrics in fiscal year 2021-22.

The Department of Consumer Affairs Consumer Satisfaction Survey is only focused on the CBA's enforcement program and therefore does not speak to other areas of the CBA's operations. In addition, this survey is only directed at individuals who filed a complaint or had a case opened against them by the CBA. Due to its narrow focus, this survey receives a small number of responses from a limited portion of the CBA's stakeholder population. Further, the hardcopy format and regular mail distribution of the survey likely contributes to the low response rates.

DEPARTMENT OF CONSUMER AFFAIRS CONSUMER SATISFACTION SURVEY

Questions	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
How well did we explain the complaint process to you?								
Very Good	8	53%	1	33%	5	36%		
Good	3	20%	1	33%	3	21%		
Poor	1	7%	0	0%	2	14%		
Very Poor	3	20%	1	33%	4	29%		
TOTAL	15	100%	3	100%	14	100%		
How clearly was the outcome of your complaint explained to you?								
Very Good	8	53%	1	33%	5	36%		
Good	3	20%	1	33%	1	7%		
Poor	2	13%	1	33%	2	14%		
Very Poor	2	13%	0	0%	6	43%		
TOTAL	15	100%	3	100%	14	100%		
How well did we meet the timeframe provided to you?								
Very Good	5	33%	1	33%	5	38%		
Good	4	27%	1	33%	1	8%		
Poor	0	0%	1	33%	2	15%		
Very Poor	6	40%	0	0%	5	38%		
TOTAL	15	100%	3	100%	13	100%		
How courteous and helpful was staff?								
Very Good	5	36%	2	67%	5	36%		
Good	6	43%	1	33%	1	7%		
Poor	1	7%	0	0%	5	36%		
Very Poor	2	14%	0	0%	3	21%		
TOTAL	14	100%	3	100%	14	100%		

DEPARTMENT OF CONSUMER AFFAIRS CONSUMER SATISFACTION SURVEY

Questions	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Overall, how well did we handle your complaint?								
Very Good	6	43%	2	67%	5	36%		
Good	3	21%	0	0%	0	0%		
Poor	2	14%	0	0%	1	7%		
Very Poor	3	21%	1	33%	8	57%		
TOTAL	14	100%	3	100%	14	100%		
If we were unable to assist you, were alternatives provided to you?								
Good	0	0%	0	0%	0	0%		
Poor	4	67%	1	100%	7	88%		
Very Poor	2	33%	0	0%	1	13%		
TOTAL	6	100%	1	100%	14	100%		
Did you verify the provider's license prior to service?								
Yes	5	36%	1	33%	5	36%		
No	5	36%	1	33%	6	43%		
Not Applicable	4	29%	1	33%	3	21%		
TOTAL	14	100%	3	100%	14	100%		

**SECTION 3
FISCAL AND STAFF**

The CBA's statutory mandate and highest priority is to protect the public. To achieve its mission, the CBA operates in a fiscally responsible manner to ensure its funds are spent exclusively to support its consumer protection mandate. Through diligent monitoring and oversight of its budget, the CBA has remained fiscally solvent so appropriate resources are available to carry out its licensure and enforcement-related activities.

Pursuant to Executive Order S-02-06, [D-43-01](#), and Military and Veterans Code section [999.2](#), each department shall have an annual statewide participation goal in state procurement and contracting of not less than 25% for Small Business/Micro Business participation and not less than 3% for Disabled Veteran Business Enterprises participation. As such, the CBA continues to plan procurement and contract awards to ensure that the participation goals are achieved by the end of each fiscal year. For fiscal year 2022-23 the CBA's procurement and contract activity for Small Business/Micro Business was 99% and for Disabled Veteran Business Enterprises was 27%.

Fiscal Issues**8. Is the CBA's fund continuously appropriated? If yes, please cite the statute outlining this continuous appropriation.**

The CBA's fund is not continuously appropriated. It is developed annually and subject to legislative approval.

9. Describe the CBA's current reserve level, spending, and if a statutory reserve level exists.

The CBA's reserve level at the end of fiscal year 2022-23 is projected to be \$8,606,000, which is 5.2 months in reserve. There is no CBA-specific reserve level requirement in statute. The CBA complies with Business and Professions Code section 128.5(a), which limits its fund balance to no more than two years of expenditures, or 24 months in reserve.

The CBA operates within its legislatively established budget and ensures that spending does not exceed its authorized amount. The CBA reverts any unspent monies to its reserve. The reversion varies from year to year and is primarily dependent upon enforcement expenditures.

In fiscal year 2022-23, the CBA set aside \$550,000 to establish an Architectural Revolving Fund to pay for office relocation expenses, which is anticipated to occur in fiscal year 2023-24.

A portion of the CBA’s budget is paid to the Department of Consumer Affairs for various support services, which are provided by two primary divisions: Consumer and Client Services Division, and Division of Investigation. The following provides a brief description of the services and the cost methodology.

- 1) Consumer and Client Services Division consists of:
 - Administrative and Information Services, Equal Employment Opportunity Office, legal affairs, SOLID Training, budgets, accounting, cashiering and personnel: *Costs are based on authorized position count.*
 - Office of Information Services, which include telecom, PC support, LAN/WAN, and Web services: *Costs are based on service center usage.*
 - Communications Division, which includes Public Affairs and Publications, Design and Editing: *Costs are based on authorized position count.*
 - Consumer Information Center and Correspondence Unit: *Costs are based on clients’ past year workload.*

- 2) Division of Investigation consists of:
 - Investigative services
Fee for service is based on a two-year roll-forward methodology. This methodology uses a client’s actual workload/costs in the prior year to determine the client’s budget in budget year, which will cover the budget year estimated workload, plus any credit or debit for services already provided.
 - Investigations and Services Team: *Costs are based on authorized position count.*

PRO RATA PAID TO DCA				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Budget Amount	\$17,022,000	\$16,323,000	\$18,084,000	\$18,558,000
Pro Rata:				
Client Services	\$2,086,462	\$2,126,358	\$2,599,165	\$2,847,000
Division of Investigation	\$355,314	\$326,470	\$118,977	\$56,000
Percentage of Budget	14.3%	15.0%	16.0%	15.0%

The percentage of the CBA’s budget paid to pro rata is below the Department’s average of 21%.

10. Describe if/when a deficit is projected to occur and if/when fee increase or reduction is anticipated. Describe the fee changes (increases or decreases) anticipated by the CBA.

The CBA operates within its legislatively established budget; however, the CBA has in prior years operated in a negative cash flow. This results in the CBA drawing from its reserve level to fund its yearly operating budget.

As part of its Sunset Review, the CBA changed its fee structure to establish a minimum fee level of \$250 (an increase from \$120) and increased the statutory maximum from \$250 to \$280 (Assembly Bill 1521, Low, Chapter 359, Statutes of 2019). Although the increase had a positive impact on the CBA's reserve, the CBA was still operating in a negative cash flow. As a result, in October 2022, the CBA increased its license renewal and initial licensure fees to the statutory maximum of \$280; however, even at the \$280 level, the CBA's authorized expenditures continue to outpace its revenues.

The CBA is at \$8,606 or 5.2 months in reserve as of the end of fiscal year 2022-23 with a projected deficit by fiscal year 2029-30 if the CBA does not take any action to increase its fees. In December 2022, the CBA completed a fee analysis of the Accountancy Fund and fee level structure. The analysis was a joint effort between an outside contractor who conducted preliminary work and the Department of Consumer Affairs' Budget Office who finalized the analysis and presented the results. The results of the CBA's Fee Analysis reflects that current fee levels do not align with the cost of performing the related CBA services.

Based on the outcome of the fee analysis a proposal to increase fees was discussed and voted on during the January 2023 CBA Meeting.

The chart on page # reflects the proposed fee and percentage increase.

California Board of Accountancy			
Fee Type	Current Fee Level	Proposed Fee Level	Fee Increase %
Examination – Initial Application Review	\$100	\$100	0%
Examination – Repeat Application Review	\$50	\$50	0%
CPA Application Review	\$250	\$250	0%
Corporation/Partnership Application Review	\$150	\$600	300%
Certification Request	\$25	\$35	40%
Renewal License - CPA	\$280	\$400	43%
Renewal License – Corporation/Partnership	\$280	\$520	86%
Retired License – Application Review	\$75	\$75	0%
Retired License – Reinstatement to Active Status	\$50	\$200	300%

TABLE 2. FUND CONDITION (DOLLARS IN THOUSANDS)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Beginning Balance	24,203	20,816	12,880			
Prior Year Adjustments	-220	17	403			
Adjusted Beginning Balance	23,293	20,833	13,283			
Revenues and Transfers (Revenue +Operating Fund + General Fund Loan Transfers)	12,680	17,821	15,269			
Interest Income Revenue	0	84	52			
Total Revenue	12,680	17,905	15,321			
Budget Authority	17,022,000	16,323,000	18,084,000			
Actual Expenditures	14,707	14,754	16,320			
Disbursements to Other State Agencies	1,140	1,104	1,533			
Loans to General Fund	0	10,000	0			
Accrued Interest, Loans to General Fund	0	0	N/A			
Loans Repaid from General Fund	0	0	0			
Fund Balance	20,816	12,880	10,751			
Months in Reserve	14.0	8.7	6.7			

11. Describe the history of general fund loans. When were the loans made? When have payments been made to the CBA? Has interest been paid? What is the remaining balance?

Since Fiscal year 2002-03 the CBA made seven loans to the General Fund totaling \$41,270,000. The interest rate is determined at the time the General Fund Loan is made. Interest is repaid as simple interest and is computed at the time the loan repayment is authorized by the Executive Order and then is repaid by the State Controller's Office. The chart below reflects the loan and interest amounts.

Fiscal Year	Loan Amount	Interest	Interest Accrued	Fiscal Year Repaid
2002-03	\$6,000,000	2.640%	\$2,077,449	2015-16
2003-04	\$270,000	1.640%	\$49,451	2015-16
2008-09	\$4,000,000	2.780%	\$825,033	2015-16
2008-09	\$10,000,000	2.780%	\$2,325,414	2016-17
2010-11	\$10,000,000	0.515%	\$319,824.65	2016-17
2011-12	\$1,000,000	.0389%	\$21,828.32	2016-17
2020-21	\$10,000,000	TBD	TBD	Scheduled for 2023-24
TOTAL	\$41,270,000		\$5,618,999.67	

The loans to the General Fund were taken from boards that had a healthy reserve balance and that would not experience any impact to their operations should a loan be taken. During 2010, the CBA's reserve level was approaching 17 months. At the time, the CBA had a statutory provision to keep only nine months of expenditures in its Reserve. Given the CBA's reserve level several loans were provided to the General Fund. These loans plus interest were paid back by the end of 2016-17.

In 2020 Governor Gavin Newsom authorized a \$10 million loan from the Accountancy Fund to the General Fund as a result of the fiscal crisis in California caused by the COVID-19. The Government Code authorizes the Governor to borrow money from special funds, such as the Accountancy Fund, to address the states budgetary short falls in emergency or crisis situations.

The loan is scheduled for repayment with interest at the end of fiscal year 2023-24. The Department of Finance has not yet published what the interest rate on this loan will be.

12. Describe the amounts and percentages of expenditures by program component. Use Table 3. Expenditures by Program Component to provide a breakdown of the expenditures by the CBA in each program area. Expenditures by each component (except for pro rata) should be broken out by personnel expenditures and other expenditures.

The CBA is comprised of the Executive Office and three programs: Administration, Licensing, and Enforcement. There are approximately 100 staff members who serve throughout the CBA in various capacities. The CBA's heaviest expenditures are in its Enforcement Program.

TABLE 3. EXPENDITURES BY PROGRAM COMPONENT (DOLLARS IN THOUSANDS)								
	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	Personnel Services	OE&E ³	Personnel Services	OE&E ³	Personnel Services	OE&E ³	Personnel Services	OE&E ³
Enforcement	2,243	756	4,129	544	4,632	643		
Examination	576	72	594	72	802	86		
Initial Licensing	641	172	823	153	853	140		
Licensing Renewal	771	306	981	176	1,081	118		
Executive¹	467	2,594	477	2,566	474	2,842		
Administration²	2,263	1,048	2,284	884	2,485	1,110		
DCA Pro Rata	N/A	2,442	N/A	2,453	N/A	2,718	N/A	2,903
TOTALS	6,961	7,390	9,288	6,848	10,327	7,657		

1. Executive expenditure includes costs for executive staff and CBA members

2. Administration expenditures include costs for administrative staff, support, and fiscal services

3. OE&E includes reimbursements

13. Describe the amount the CBA contributed to the BreEZe program. What are the anticipated BreEZe costs the CBA has received from DCA?

The CBA began contributing to the BreEZe project in fiscal year 2009-10. Over nine fiscal years, the CBA has paid \$889,248. As of FY 2017-18 and ongoing the CBA was no longer assessed costs associated with BreEZe.

CBA BREZE COSTS	
Fiscal Year	Amount
2009-10	\$7,322
2010-11	\$23,127
2011-12	\$119,884
2012-13	\$26,523
2013-14	\$212,092
2014-15	\$113,117
2015-16	\$110,130
2016-17	\$277,053
2017-18	\$0

The CBA is collaborating with Department of Consumer Affairs on a Business Modernization project to implement significant automation internally and externally for stakeholders. The project began in fiscal year 2019-20. More information on Business Modernization can be found in Section 9 on page #.

14. Describe license renewal cycles and history of fee changes in the last 10 years. Give the fee authority (Business and Professions Code and California Code of Regulations citation) for each fee charged by the CBA.

License Renewal Cycles

CPA

CPA licensees renew on a biennial cycle based on the month and year of their birth.

Accounting Firms

Accounting firm licensees (corporations and partnerships) renew on a biennial cycle based on the month and year the original license was issued.

Fictitious Name Registration

Fictitious name permits renew on a five-year cycle based on the month and year the original permit was issued (no fee Renewal).

Out-of-State Firm Registration

Out-of-State Firm Registrations renew on a biennial cycle based on the month and year the original registration was issued (no fee Renewal).

History of Fee Changes

During the last 10 years, CBA fees have been reduced twice and increased twice. The fee reduction timeframes, fee changes, and present fees, are as follows:

In fiscal year 2011-12, the CBA implemented a four-year temporary fee reduction that took effect July 1, 2011 and was scheduled to end June 30, 2015. The following fees were reduced:

- Initial license: \$200 to \$120
- Prorated license: \$100 to \$60
- License renewal: \$200 to \$120
- Delinquent fee for late license renewal: \$100 to \$60

In July 2012, following the first year of lowered renewal fees, the CBA determined that the reduction did not have the anticipated impact to the reserve level because of several unanticipated cuts in spending and hiring freezes, mandated by the Governor due to the economic downturn. Therefore, the CBA initiated another fee reduction in January 2013 that became effective July 2014.

This reduction was for a two-year timeframe and lowered the license renewal and initial license fee to \$50. The CBA also reduced several other fees associated with applications to ease entry into the practice of accountancy. The following fees were reduced:

- License application: \$250 to \$50
- CPA Examination application: \$100 to \$50 for first-time exam applicants; \$50 to \$25 for repeat examination applicants
- Initial license: \$120 to \$50
- Prorated license: \$60 to \$25
- License renewal: \$120 to \$50
- Delinquent fee for late license renewal: \$60 to \$25

In fiscal year 2014-15, the CBA conducted an analysis of the Accountancy Fund and fee level structure and initiated a rulemaking to restore the license renewal and initial license fee to \$200. This was done to increase the CBA reserve, which at the time was projected to be at approximately six months. The Department of Finance disapproved the regulatory proposal and, as a result, the license renewal fee of \$120 was reinstated. Beginning July 1, 2016, the following fees were in place:

- License application: \$250
- CPA Examination application: \$100 for first-time exam applicants; \$50 for repeat examination applicants
- Initial license: \$120
- Prorated license: \$60
- License renewal: \$120

- Delinquent fee for late license renewal: \$60

In fiscal year 2017-18, the CBA initiated a rulemaking to increase the license renewal and initial license fees to the statutory maximum (that existed at that time) of \$250. Based on the information available at that time, the increased fee would more closely align revenues and expenditures, provide sufficient resources in the Reserve for future CBA operations, and progress towards a 24 month in reserve level, as recommended by the Legislature during its 2015 Sunset Review.¹ The CBA referenced the rulemaking for the increased fee in its 2018 Sunset Review Report.

In 2019, as the CBA was undergoing its Sunset Review, it began pursuing a change to increase the statutory maximum for license renewal and initial license fees. Working with stakeholders and the Chair of the Assembly Business and Professions Committee, the CBA was successful at creating a new fee structure that established a statutory minimum fee level of \$250 and a statutory maximum level of \$280. Specifically, Assembly Bill 1521 (Low, Chapter 359, Statutes of 2019) established the following fees effective January 1, 2020:

- Initial License: \$250
- License renewal \$250
- Delinquent fee for late license renewal: \$125

Although this created a significant increase in CBA revenue, the CBA's authorized expenditures continued to outpace its revenues. As a result, the CBA continued pursuing a regulatory fee increase to the new statutory maximum of \$280. This fee increase was approved and the following fees were effective October 1, 2022:

- Initial License: \$280
- License renewal \$280
- Delinquent fee for late license renewal: \$140

During the Sunset Review hearings that occurred in 2019, it was agreed that the CBA would conduct a fee analysis to determine if the present fee levels were adequate to cover the cost of providing specified services. Based on the outcome of this analysis, the CBA could take steps, if necessary, to pursue changes to its fee structure in statute, regulation, or both.

In fiscal year 2022-23, the CBA concluded a fee analysis of the Accountancy Fund and fee level structure. Based on the outcome of the fee analysis, the CBA approved statutory changes to increase the license renewal and initial license fees.

The need for fee increases is threefold: (1) to more closely align fees with the cost of performing the related service; (2) to eliminate the negative annual cash flow, where

¹ During the CBA's 2015 Sunset Review, the Legislature recommended that the Reserve remain at, or near, 24 MIR, which would position the CBA to handle large enforcement matters.

authorized expenditures outpace revenues; and (3) to increase the CBA Reserve, which is currently projected to be at \$8,606,000 or 5.2 months at the end of fiscal year 2022-23.

Absent any fee increase CBA reserves are projected to steadily decline and the fund will have a deficit by FY 2029-30 of -1.8 months.

FEE AUTHORITY		
	Business and Professions Code Section 5134 (subdivisions listed below)	Title 16, California Code of Regulations, Division 1, Article 10, Section 70 (subdivisions listed below)
CPA Application	(c), (d)	(b)
Accountancy Firm Application	(e)	(c)
CPA Examination	(a), (b)	(a)
Initial License	(j)	(d)
Biennial Renewal	(f)	(e)
Delinquent Biennial Renewal	(i)	N/A
Retired Status	(g)	(i)(1)
Certifications	(l)	(f)

Fee	Current Fee Amount	Statutory Limit	FY 2019 20 Revenue	FY 2020 21 Revenue	FY 2021 22 Revenue	FY 2022 23 Revenue
Renewal Fees ¹	\$280	\$280	\$7,690	\$11,299	\$11,203	
Delinquent Renewal Fees ²	\$140	\$140	\$157	\$255	\$292	
Other Regulatory Fees ³			\$540	\$1,788	\$174	
Other Regulatory Licenses & Permits ⁴			\$3,848	\$4,454	\$4,354	
Income from Surplus Money Investments			\$431	\$84	\$52	
Escheat of Unclaimed Warrants ⁵			\$10	\$10	\$7	
Miscellaneous Revenues			\$4	\$2	\$2	
Settlements and Judgements - Other			\$0	\$12	\$0	
		Total:	\$12,680	\$17,984	\$16,084	

1. Renewal fees are paid biennially.

2. Delinquent renewal fees are paid biennially.

3. This category includes name changes, certifications, duplicate certificates, citations and fines.

4. This category includes examination fees and initial permits.

5. This category includes escheats of unclaimed checks, cancelled warrants, and other miscellaneous income

15. Describe Budget Change Proposals (BCPs) submitted by the CBA in the past four fiscal years.

The CBA takes extensive internal assessments prior to initiating a request for additional staffing resources to determine if existing resources can address the workload needs. This assessment process includes:

- Each program manager monitors processes, streamlines tasks, assesses staff allocation, and reviews volume of workload.
- Each program manager, in conjunction with the Division Chief, works to explore whether program efficiencies and priority adjustments can meet the workload need.
- Each program manager explores the use of overtime (for short term use)
- Division Chiefs explore a temporary redirection of staff from other program areas within the Division.
- The Division Chief works with other Division Chiefs and the Executive Officer to assess the staffing resources throughout the CBA and determines if redirection between Divisions can be achieved without compromising the program activities, expectations for processing timeframes, and existing level of customer service.
- Explore the option of a budget change proposal to address long term needs.

Overview of the Budget Change Proposals

Fiscal Year 2019-20

Business Modernization – Approved

To ensure the CBA had sufficient resources to support its Business Modernization activities, two Associate Governmental Program Analysts were obtained for a one-year limited term. This enabled two seasoned staff to be redirected (one each from Licensing and Enforcement) to assist in the planning activities for Business Modernization.

CBA Workload and CPA Examination Funding

The CBA obtained 10 permanent positions to replace temporary staff. The permanent positions were needed to address ongoing workload that had been previously handled by temporary staff (seasonal clerks and permanent intermittent staff).

The CBA also obtained permanent funding for its CPA Examination contract for services related to Americans with Disabilities accommodation costs.

Regulatory Analyst

The CBA requested one full time Associate Governmental Program Analyst position to serve as its Regulatory Analyst to process rulemakings initiated by the CBA.

TABLE 5. BUDGET CHANGE PROPOSALS								
BCP ID#	Fiscal Year	Description of Purpose of BCP	Personnel Services				OE&E	
			# Staff Requested (include Classification)	# Staff Approved (include classification)	\$ Requested	\$ Approved	\$ Requested	\$ Approved
1111-001-BCP-2019-GB	2019-20	Business Modernization	2 AGPA, 1 year	2 AGPA, 1 year	\$251	\$251		
1111-002-BCP-2019-GB	2019-20	Board & Bureau Workload & CPA Exam	10 (4 OA, 2 PTII, 1 SSA, 3 AGPA)	10 (4 OA, 2 PTII, 1 SSA, 3 AGPA)	\$490	\$490	\$78	\$78
1111-029-BCP-2023-GB	2023-24	Regulatory Analyst	1 AGPA	1 AGPA	\$162	pending		

16. Describe any CBA staffing issues/challenges, i.e., vacancy rates, efforts to reclassify positions, staff turnover, recruitment and retention efforts, succession planning.

The CBA leverages its existing resources to meet new mandates, implement and maintain its Licensing Programs, and most importantly ensure the Enforcement Program has the tools necessary to ensure licensees practice public accountancy in accordance with established professional standards.

The CBA recognizes the need to initiate proactive steps to address specific succession issues that may develop in the future and to retain institutional knowledge. The CBA's Workforce Succession Plan addresses "workforce planning" related to key CBA staff. Currently, the CBA is recruiting for a new Executive Officer which is integral to the CBA's daily functions.

Investigative Certified Public Accountant and Supervising Investigative Certified Public Accountant Recruitment Issues

The CBA relies on highly qualified, specialized Investigative Certified Public Accountants and Supervising Investigative Certified Public Accountants to perform its most technical and complex investigations. The CBA has previously and continues to experience problems in recruitment in these classifications due to noncompetitive compensation associated with the series. The CBA presently has five Investigative Certified Public Accountant vacancies and one Supervising Investigative Certified Public Accountant vacancy. If the positions are not adequately filled, investigations are not completed timely and effectively.

Investigative Certified Public Accountant Recruitment Challenges

September 2017 was the last time the CBA had all 12 Investigative Certified Public Accountant positions filled. By the end of 2018, the CBA had four Investigative Certified Public Accountant vacancies resulting from three retirements and one resignation². In January 2022 an Investigative Certified Public Accountant was hired but shortly after, the incumbent resigned in March 2022.

Supervising Investigative Certified Public Accountant Recruitment Challenges

Direct oversight of the Investigative Certified Public Accountants is performed by Supervising Investigative Certified Public Accountants. One of the SICPA positions has been vacant since December 2020. The CBA has experienced challenges in filling the position as under the current Pay Differential 347 language, an individual who accepts a Supervising Investigative Certified Public Accountant promotion would be required to forfeit the prior retention bonus.³ This has deterred internal qualified candidates from accepting or applying for a Supervising Investigative Certified Public Accountant position. The vacant position has impacted case review timeframes resulting in delays in pursuing enforcement action.

Below is an overview of the activities pursued for addressing the recruitment challenges and the present status.

Recruitment Activities

The CBA advertises for vacant specialized Investigative Certified Public Accountants and Supervising Investigative Certified Public Accountants positions through continuous filing recruitment, which allows for candidates to apply on a continuous basis, as opposed to setting a final filing date which limits the candidate pool. However despite these efforts, the CBA has been unsuccessful in recruiting for these positions. To help promote the vacancies, the CBA has also posted articles regarding the job opportunities and examinations in the CBA's UPDATE newsletter publication.

In the spring of 2021, the CBA sent out a mass email to 40,000 active CPAs to solicit interest in its Investigative Certified Public Accountant positions. The email had a link to

² An ICPA was hired in October 2018; however, another retired in December 2019, extending the number of vacancies to four.

³ Employees in the Investigative Certified Public Accountant classification who have been at the maximum of the salary rate for twelve (12) consecutive qualifying pay periods are eligible for an annual payment of 15% of their current annual base salary payable thirty (30) days following the completion of every twelve (12) consecutive qualifying pay periods up to twenty-four (24) consecutive qualifying pay periods.

Employees remaining in the Investigative Certified Public Accountant classification longer than twenty-four (24) consecutive qualifying pay periods will be eligible for an annual payment of 20% of their current annual base salary payable thirty (30) days following the completion of every twelve (12) consecutive qualifying pay periods.

the Investigative Certified Public Accountant recruitment brochure which can also be found on the CBA website. The brochure provides information about the qualifications required for the job and benefits offered, as well as instructions on how to apply for the position online.

From this mass email only three individuals applied for the vacant Investigative Certified Public Accountant positions one of which was hired in January 2022 and later resigned in March of 2022. Additionally, the CBA has promoted the vacancies on its various social media platforms and is exploring the use of using an outside vendor to help with marketing and recruitment.

The CBA has been working with the Department of Consumer Affairs on the Supervising Investigative Certified Public Accountants retention bonus for several years. The CBA has submitted requests to the Department of Consumer Affairs' Office of Human Resources and subsequently to the California Department of Human Resources to make revisions to the pay differential language that would allow internal candidates to retain their bonus when promoting to the Supervising Investigative Certified Public Accountant classification. In early December 2022, the CBA was notified that the proposal to modify the pay differential language will be submitted for consideration in the upcoming 2023 bargaining negotiations between the California Department of Human Resources and the Service Employees International Union.

17. Describe the CBA's staff development efforts and total spent annually on staff development.

The success of the CBA is largely dependent upon having well-qualified, motivated, and trained staff. Therefore, staff development is a key area of focus for the CBA so it may achieve and maintain high levels of customer service and stakeholder satisfaction.

The CBA fosters an environment of staff growth and career development. Provided below are highlights of CBA activities that occur to both promote and support upward mobility for staff.

Individual Development Plan

Annually, CBA management meets with staff to review and implement an Individual Development Plan, which is a document that guides a staff member's future learning objectives and goals for advancement. During these discussions, management works collaboratively with staff to determine training opportunities that may assist that employee in his/her job training and upward mobility.

Grow Your Career

The CBA maintains an internal website called “Grow Your Career,” to assist staff in their development efforts. The Grow Your Career site is a “one-stop-shop” that contains significant resources to assist staff to further their state career. Information available includes:

- Job opportunities
- Training resources
- Resume writing
- Interviewing techniques and questions
- Exam study guides
- Sample in-basket assignments

Customer Service Training

In 2022, all staff completed the Department’s Exceptional Customer Service Training. The training highlighted that every interaction is an opportunity to provide stellar customer service and staff were taught new skills to assist them in ensuring that all CBA stakeholders are met with positive experiences. This is consistent with the CBA’s 2022-24 Strategic Plan that includes the goal to deliver the highest level of customer service.

Training Opportunities

CBA management provides staff with information on available training, including formal classroom and webinar-based training. The trainings range from customer service and program management to more focused training on topics such as contracts, personnel, and rulemaking.

CBA staff are encouraged to sign up for training courses through the Department’s SOLID Training Unit as well as explore training offered by external agencies, such as, the California Department of Human Resources and other external training vendors.

Additionally, the CBA provides cross-training opportunities which allows staff to build their knowledge, skills and experience.

Upward Mobility Program

Upward Mobility is the planned development and advancement of employees from positions in low-paying occupations to entry technical, professional, and administrative positions. The CBA posts information regarding the Departments upward mobility program on the CBA Intranet in the “Grow Your Career” section.

Specialized Training

The CBA pays for specialized staff training for those whose job duties require it, which the Department of Consumer Affairs and California Department of Human Resources are unable to provide. This is most applicable to the CBA’s Investigative Certified Public Accountants, who must take various continuing education courses on a biennial basis to

maintain their CPA license. Other examples include Information Technology training and budget/financial management training.

Training Costs

The following are the CBA’s annual training expenditures:

CBA TRAINING EXPENDITURES	
Fiscal Year	Amount
2018-19	\$7,180
2019-20	\$6,348
2020-19	\$2,496
2021-22	\$11,339
2022-23	

A significant amount of training is offered at no cost through the Department of Consumer Affairs. This includes self-paced tutorials, webinars, participatory virtual sessions that allow for interactions with the instructors and other participants, as well as in person classes.

52. How does the CBA use the internet to keep the public informed of CBA activities? Does the CBA post CBA meeting materials online? When are they posted? How long do they remain on the CBA's website? When are draft meeting minutes posted online? When does the CBA post final meeting minutes? How long do meeting minutes remain available online?

The CBA leverages three internet-based resources to keep the public informed of CBA activities: the CBA website, email, and social media.

CBA Website

The CBA's website is the focal point of its public and stakeholder communications. The website was revamped in October 2022 to enhance the availability of the most accessed resources and to create a more interactive and productive visit. Some of the changes include a rotating carousel with the current information, Information boxes to guide the user to frequently used resources, and organizational changes based on the individual (consumer, applicant, licensee, etc.).

Any visitor to the CBA website may access a wealth of information about the CBA's activities, including:

- Verify a license.
- CBA enforcement actions (including how to file a complaint against a licensee or report unlicensed activity).
- Current, and updates to the, Accountancy Act and CBA Regulations.
- Webcasts of CBA meetings (which are closed captioned) and archived outreach events.
- CBA meeting agendas and related materials.
- Subscribe to receive news and updates via email.
- Links to the CBA's Facebook, Twitter, and LinkedIn accounts.
- Listen to the CBA's podcast "Accounting for California."

Email

The CBA maintains an email list serve, E-News, that consumers and other stakeholders may sign-up for and that distributes information based upon subscribers' interests. The CBA uses E-News to share CBA meeting agendas and materials, information about law changes, the CBA's UPDATE newsletter, and other items of interest to applicants, licensees, and consumers.

Social Media

The CBA maintains accounts on Facebook, Twitter, and LinkedIn. These platforms provide consumers and other stakeholders a convenient option to get updates from the CBA and ask questions.

The CBA's social media presence has significantly grown in recent years and was a critical resource during the COVID-19 pandemic to share information with stakeholders.

Board Meeting Materials and Minutes

The CBA, including all advisory and statutory committees, posts all meeting agendas and materials on the CBA website at least 10 days in advance of its meetings. Those materials are not removed from the website and continue to be accessible in perpetuity.

Draft meeting minutes are posted as part of the next meeting's materials. Once approved, the final minutes are posted to the CBA website within 10 days. Meeting minutes are not removed from the website and are accessible indefinitely.

53. Does the CBA webcast its meetings? What is the CBA's plan to webcast future CBA and committee meetings? How long do webcast meetings remain available online?

Yes. All CBA meetings are webcast through the CBA website. Like the CBA meeting materials, those webcasts are archived and available online permanently. Each webcast provides closed caption.

During the COVID-19 pandemic the CBA transitioned to holding CBA and committee meetings via the WebEx meeting platform. WebEx is a multi-functional desktop video/audio conference call application that allows meetings to occur anywhere, in real time, using Internet access.

The CBA used this platform to initially hold meetings remotely, with members and consumers logged in at their location. It provided the opportunity for consumer interaction and was expertly moderated by staff from the Department of Consumer Affairs.

The CBA transitioned its meetings back to in-person in January 2022 and most of its committees also began meeting in-person, with a few exceptions. Though the CBA has primarily transitioned back to in-person meetings, it continues to use the WebEx platform to facilitate consumer engagement and participation in meetings as they can do so via the internet, eliminating the need for consumers to travel to CBA meetings.

54. Does the CBA establish an annual meeting calendar, and post it on the CBA's web site?

Yes. The calendar of all CBA meetings, including all committee meetings, is accessible on the CBA website.

55. Is the CBA's complaint disclosure policy consistent with DCA's *Recommended Minimum Standards for Consumer Complaint Disclosure*? Does the CBA post accusations and disciplinary actions consistent with DCA's *Web Site Posting of Accusations and Disciplinary Actions (May 21, 2010)*?

The Department of Consumer Affairs developed its *Recommended Minimum Standards for Consumer Complaint Disclosure* as a model for how to handle disclosure. These standards contemplate and recognize that boards may have their own respective disclosure practices, which the CBA does. The CBA maintains the confidentiality of complaints and investigations, as allowed for by the Public Records Act. If the CBA takes enforcement action, either through formal discipline or citation, the public enforcement documents are placed on the CBA website.

56. What information does the CBA provide to the public regarding its licensees (i.e., education completed, awards, certificates, certification, specialty areas, disciplinary action, etc.)?

On its website, the CBA provides the public a significant amount of information regarding its licensees, including:

- Status (e.g. clear, delinquent, revoked) of a license for California CPAs and accountancy firms.
- Access to CPAVerify, a national database of licensed CPAs and CPA firms.
- Pending and final enforcement actions taken by the CBA.
- Date of initial licensure and most recent renewal.
- Whether a licensee is authorized to sign reports on attest engagements.
- Address of record.

This information helps a consumer understand key aspects of a licensee's experience, authority to practice, and whether that licensee has been disciplined by the CBA. Posted disciplinary actions contain a detailed account of the CBA's investigation, its findings, and the discipline imposed (e.g. probation, practice restriction).

In addition, on the CBA website, consumers may access guidance to help them choose a CPA appropriate to their needs or file a complaint. This, and

other helpful information is included in the CBA's *Consumer Assistance Booklet*

57. What methods are used by the CBA to provide consumer outreach and education?

As the direct beneficiary of the CBA's mission and vision, consumers are a primary audience for the CBA's communication and outreach activities.

The term consumer refers generally to individuals and businesses that directly or indirectly use or rely on the services of a CPA or accounting firm. This audience is broad and diverse, and may be segmented into various sub-groups (e.g. general public, small businesses).

The CBA embraces many methods to provide consumer outreach and education. To have a successful communication and outreach program, the CBA must employ a variety of assets appropriate to the intended audience and support the desired message. An asset is a resource that the CBA has either direct or indirect control over.

The CBA employs the following assets to provide consumer outreach and education:

- CBA website
- UPDATE Newsletter
- Social media accounts (Facebook, Twitter, LinkedIn, YouTube)
- Email (E-News)
- Accounting for California Podcast
- Videos
- Surveys to gather feedback
- Handbooks
- In-person and virtual events
- Partnerships
- Executive Officer's Report

Messaging and education goals for consumers include:

- Awareness of the CBA and its role.
- Knowledge of the complaint and enforcement process.
- Seeing the CBA as a trusted, supportive, and competent organization.
- Understanding of the services provided by CPAs and accounting firms.
- License lookup and public enforcement document searches.
- Guidance to choose a CPA suitable for their needs.
- Understanding qualified vs. authorized.
- How to identify and report unlicensed activity.

- Providing excellent customer service through timely and thorough responses to consumer inquiries.

Two key resources the CBA develops to guide its outreach and education are the Communications and Outreach Plan (which is updated annually) and the Strategic Plan (which identifies overall goals and objectives to meet its consumer protection mandate).

**SECTION 8
WORKFORCE DEVELOPMENT**

59. What actions has the CBA taken in terms of workforce development?

The CBA believes that contributing toward the development of the CPA workforce directly relates to achieving its consumer protection mission, including its vision that “[a]ll consumers are well-informed and receive quality accounting services from licensees they can trust.”

The CBA’s workforce development actions include timely application processing and educational outreach events to potential applicants.

Timely Application Processing

The CBA has established targeted timeframes for processing applications for examination and initial licensure that enable a qualified individual to quickly enter the profession.

The CBA’s goal is to process these applications within 30 days.

Educational Outreach Events

The CBA’s outreach program educates applicants on the examination, education, and experience requirements for licensure. In addition, this program helps licensees understand the requirements to maintain their practice rights, including their continuing education requirements and recent CBA enforcement activity.

The CBA uses the following communication channels to educate applicants and licensees:

- The CBA website
- UPDATE newsletter (published tri-annually)
- Conduct virtual and in-person licensing educational events.
- Social media engagement through Facebook, Twitter, and LinkedIn.
- CBA Podcast “Accounting for California”
- E-news (Email list serve for various topics).

60. Describe any assessment the CBA has conducted on the impact of licensing delays.

[TO BE COMPLETED FOR JULY CBA MEETING. INFORMATION NEEDS TO BE CONSISTENT WITH SECTION 2 – LICENSING]

61. Describe the CBA's efforts to work with schools to inform potential licensees of the licensing requirements and licensing process.

The CBA maintains its focus to build relationships with California colleges and universities and conducts outreach events with those campuses as often as possible. At college/university outreach events (both virtual and in-person), CBA staff explain the requirements for licensure and the CBA's application review process.

To provide further assistance, CBA staff will meet one-on-one with students at these events to review their transcripts and answer questions about their individual circumstances.

Additionally, CBA members have served as ambassadors of information regarding different areas of practice, the rewards of obtaining a CPA license, and offering guidance and feedback to attendees at events on what to expect as they continue the path of becoming a CPA.

When feasible, these events are webcast and available for later viewing online.

62. Describe any barriers to licensure and/or employment the CBA believes exist.

The CBA believes timely processing of applications is crucial to minimizing barriers to licensure and employment. The CBA has established targeted timeframes for processing applications for examination and initial licensure that enable a qualified individual to quickly enter the profession.

The CBA's goal is to process these applications within 30 days.

63. Provide any workforce development data collected by the CBA, such as:

- a. Workforce shortages**
- b. Successful Training Programs**

To monitor the CPA workforce, the CBA periodically collects workforce development and outlook data from the Bureau of Labor Statistics¹.

The most recent findings include:

- The percent of projected job growth for accountants and auditors between 2021 and 2031 is 6%.
- The number of new accounting and auditing jobs that will need to be filled annually 136,400.

¹ Data from Bureau of Labor Statistics as of September 2022.

- The national median accountant and auditors' Salary is \$77,250, annually.
- The California mean CPA Salary is \$95,607, annually².

As the pathway to CPA licensure is formal education, and the CBA relies on accreditation agencies and the Department of Education for accreditation, there are no formal training programs that the CBA oversees or monitors data.

Applicants do, however, have many CPA Examination Preparatory Courses to choose from to add to their formal training and preparation for taking the CPA Examination. These courses can be classrooms, computer courses, videos, self-tests, and even podcasts are available to students, normally for a fee.

CPA Examination Preparatory Courses are just one way for students to prepare. For example, as the American Institute of CPAs This Way to CPA website recommends students:

- Find a study style
- Develop a plan
- Use free resources and tools found online through American Institute of CPAs.
- Manage their social calendar
- Read success stories of others who passed the CPA Examination.

Although there is not current data as to the success rates of CPA Examination Preparatory Courses, the American Institute of CPAs oversees a website, CPA Exam Prep Course Reviews, that allows students to research the course format, rate the course, and write reviews.

² Data from the California Employment Development Department

**SECTION 9
CURRENT ISSUES**

64. What is the status of the CBA's implementation of the Uniform Standards for Substance Abusing Licensees?

As a non-health board, the CBA does not have a diversion program and has not adopted the Uniform Standards for Substance Abusing Licensees.

65. What is the status of the CBA's implementation of the Consumer Protection Enforcement Initiative (CPEI) regulations?

While as a non-health board, the CBA has not adopted regulations associated with the Consumer Protection Enforcement Initiative, the CBA has proactively implemented many of the Consumer Protection Enforcement Initiatives to improve its overall Enforcement Program. Some examples include:

- Adopted the Department of Consumer Affairs Enforcement Performance Measures.
- Reviewed internal enforcement processes to identify process improvements to reduce cycle and investigation times.
- Posted accusations (along with all publicly available enforcement documents) to the CBA website.
- Delegated subpoena powers to the Executive Officer and Chief of Enforcement.
- Require investigators (and seek opportunities to send all Enforcement Program staff) to the Department of Consumer Affairs Enforcement Academy, with select CBA staff having participated in the development of various modules associated with the academy.
- Implemented mandatory fingerprinting regulations.
- Submitted budget change proposals to ensure that the CBA has sufficient staffing resources to meet its consumer protection mandate.

66. Describe how the CBA is participating in development of BreEZe and any other secondary IT issues affecting the CBA.

- a. **Is the CBA utilizing BreEZe? What Release was the CBA included in? What is the status of the CBA's change requests?**
- b. **If the CBA is not utilizing BreEZe, what is the CBA's plan for future IT needs? What discussion has the CBA had with DCA about IT needs and options? What is the CBA's understanding of Release 3 boards? Is the CBA currently using a bridge or workaround system?**

The CBA was scheduled for BreEZe Release 3 that evolved into the Business Modernization Project. With the support of, and collaboration with, the

Department of Consumer Affairs, the CBA developed a Business Modernization Project beginning in July 2019 that would provide the ability to select an information technology solution to fit its specific needs.

In collaboration with the Department of Consumer Affairs Organizational Improvement Office, the CBA completed business process mapping and functional requirements identification in September 2020 and then proceeded to start the California Department of Technology's Project Approval Lifecycle.

In April 2021, the CBA launched an online application for CPA licensure. This option provided the ability to submit licensing applications, upload necessary documents, and pay the licensing application and initial licensee fees entirely on the CBA website. In conjunction with the online licensing application, licensing applicants were also able to access a personal dashboard to monitor the review process of their application. This was a major improvement in the overall initial licensure experience for applicants.

In October 2021, the CBA began a Business Modernization Pilot Project to focus on a subset of the modernization effort and leveraged the Connect platform, powered by InLumon software, successfully used by the Board of Professional Engineers, Land Surveyors, and Geologists, the California Acupuncture Board, the Board of Chiropractic Examiners, and the Bureau for Private and Post-Secondary Education to meet their online licensing and enforcement requirements.

CBA Connect was launched in April 2022 allowing licensees to renew and pay for the current renewal cycle, enter continuing education information which will be validated by the system, and handle correspondence (such as deficiency notifications) between the licensee and CBA staff. Shortly after in May 2022, CBA Connect included the submission of online complaints and intake. The pilot project was completed in October 2022.

In November 2022, the CBA entered into a new contract for the Business Modernization Project to include an Enforcement Case Management System and enhancements to the existing online renewal system. After discussions with the Department of Consumer Affairs' Office of Information Services and InLumon, the CBA decided to continue market research for the enforcement module, not ruling out InLumon, but to confirm if CBA Connect will meet the specific needs of the Enforcement Division. This Business Modernization Project is scheduled to conclude in July 2025.

The CBA continues to rely on the Department of Consumer Affairs' antiquated database, Consumer Affairs System or CAS, and several internal stand-alone databases as workarounds to address workload demands.



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CBA Item II.D.
May 18, 2023

Discussion and Possible Action Regarding the Students Understanding the Requirements for a Certified Public Accountant Project

Presented by: Michelle Center, Chief, Licensing Division

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an update on and opportunity to discuss the Students Understanding the Requirements for a Certified Public Accountant (SURE CPA) project.

Consumer Protection Objectives

Requiring applicants for CPA licensure meet specified requirements, including educational requirements, assists the CBA in meeting its consumer protection mission by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

Action(s) Needed

No specific action is required on this agenda item.

Background

At its January 2023 meeting, CBA Leadership announced the 2023 priority projects, including a project related to educational requirements for licensure that was later named SURE CPA.

At its March 2023 meeting, the CBA approved the SURE CPA goal, which is to clarify the educational requirements by implementing solutions that will provide future CPA applicants, educational institutions, professional associations and other stakeholders with straightforward educational requirements for CPA licensure.

SURE CPA is a multi-year project inclusive of the following phases:

Phase 1 – Information Gathering

Outreach to stakeholders, a state scan of educational requirements, review of the *Uniform Accountancy Act Model Rules (Model Rules)* and a review of how other boards review educational requirements. This agenda item addresses select parts of this phase.

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Phase 2 – Develop and Adopt Initiatives

An analysis of the information gathered during Phase 1 in order to propose and adopt initiatives (e.g., outreach materials, regulations and legislation) consistent with the goals of SURE CPA. As needed, piloting and outreach may be conducted.

Phase 3 – Implement Initiatives

Implementation of the initiatives identified in Phase 2. It is important to note that some initiatives may take longer to reach this phase than others. For example, the development of outreach materials would take significantly less time than the adoption of legislative and/or regulatory changes, and all of these may be necessary to reach the project goal.

Phase 4 – Collect Feedback

Measure the success of the project by collecting stakeholder feedback.

Comments

Staff has completed a review of the *Model Rules* and a scan of state education requirements, both aspects of Phase 1. Additionally, staff developed a stakeholder outreach survey and welcomes member feedback.

Review of the Model Rules and Scan of State Education Requirements

California's educational requirements are found in Business and Professions Code (BPC) sections 5093, 5094 and 5094.3 (**Attachment 1**) and California Code of Regulations (CCR) section 11 (**Attachment 2**). The requirements are met when an applicant shows evidence of the conferral of a baccalaureate or higher degree from an accredited university, college, or other institution with a minimum of 150 semester units¹. The applicant's transcript must demonstrate that they have completed:

- 24 units in accounting subjects
- 24 units in business-related subjects
- 20 units in accounting study
- 10 units in ethics study

Further detail on acceptable courses and minimum/maximum units can be found in the Educational Requirements for CPA Licensure (**Attachment 3**).

The National Association of State Boards of Accountancy (NASBA) developed the *Model Rules* in 2004 in an effort to promote uniformity in the regulatory scheme governing the practice of public accountancy in various licensing jurisdictions. NASBA's most recent version of the *Model Rules* was published in November 2020. While some jurisdictions use all or substantial portions of the *Model Rules* to regulate the practice of public accountancy, California maintains regulatory provisions that draw guidance from

¹ All references to units in this agenda item are in semester units.

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the *Model Rules* but retains its own framework for regulating the practice of public accountancy.

The *Model Rules* address the education requirements in rule 5-2 and indicates the intent of the requirement is to provide a foundation in accounting and business.

According to the *Model Rules*, the educational requirements are satisfied when the applicant has earned a graduate or baccalaureate degree from an accredited college or university with a minimum of 150 semester units. Additionally, the applicant's transcript must demonstrate that they have completed:

- Six undergraduate units or three graduate units in principles or introductory accounting.
- 24 units in accounting subject matter.
- 24 units in business courses.
- Two units in communication (may be cross-listed as accounting or business).
- Three units in ethics (may be cross-listed as accounting or business).
- Maximum of six units earned for internships or independent studies (three for accounting and three for business).

California exceeds the requirements of the *Model Rules* in the areas of accounting study and ethics. Additionally, California provides more flexibility in its acceptance of credits earned through internships and independent studies. While only four units earned from internships and/or independent studies may be applied toward the accounting study requirements, there is no unit limit pertaining to accounting or business-related subject requirements.

In comparison to the requirements of the *Model Rules* in reference to accounting, business and ethics studies:

- 10 jurisdictions match the requirements.
- Nine jurisdictions exceed the requirements.
- 16 jurisdictions require accounting and business courses but lack an ethics study requirement.
- 20 jurisdictions have lower requirements.

Currently, all jurisdictions require 150 units though a few states have, or plan to develop, alternative pathways. For example, Minnesota has pending legislation to approve alternative pathways that allows for less than 150 units. One proposed pathway would allow applicants to complete 120 units, and at least two years of experience. The other proposed pathway would allow applicants to complete 120 units, at least one year of professional experience, and 120 hours of professional education within one year of applying for licensure. Furthermore, New York has a legacy pathway based solely on

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experience. Lastly, Ohio has waived the 150-unit requirement if a candidate achieves a total score of 670 on the Graduate Management Admission Test (GMAT).

The 10 jurisdictions that have educational requirements matching those listed in the *Model Rules* are Guam, Idaho, Iowa, Louisiana, Minnesota, Montana, Nevada, Utah, Virgin Islands and Wisconsin.

The nine jurisdictions that have educational requirements exceeding the *Model Rules* are Alabama, Arkansas, California, Colorado, Nebraska, Puerto Rico, Rhode Island, Texas and West Virginia.

For instance, Alabama requires 33 units in accounting courses and 27 units in business-related courses with three units in business ethics. While, Nebraska requires 30 units in accounting that must include three units in auditing courses and 30 units in business related courses that must include three units in business ethics. However, Rhode Island requires a minimum of 30 units in accounting and 27 units in business-related courses with three or more units in auditing.

The 16 jurisdictions that have the accounting and business educational requirements of the *Model Rules* but do not have a separate ethics requirement are Arizona, Connecticut, Florida, Georgia, Hawaii, Indiana, Massachusetts, Missouri, New Hampshire, New Jersey, New York, Oregon, South Carolina, Tennessee, Virginia and Washington.

For instance, Hawaii requires 24 units in accounting and business. New Hampshire and Tennessee requires 30 units in accounting and 24 units in business.

The 20 jurisdictions that have educational requirements less than those found in the *Model Rules* are Alaska, Commonwealth of Marina Islands, Delaware, District of Columbia, Illinois, Kansas, Kentucky, Maine, Maryland, Michigan, Mississippi, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Vermont and Wyoming.

For instance, Alaska requires 24 units in accounting and nine units in business. The District of Columbia and Kentucky require a bachelor's degree with a concentration in accounting. New Mexico requires a bachelor's degree with 30 units in accounting.

Stakeholder Outreach Survey

Staff has developed a Stakeholder Outreach Survey (**Attachment 4**) with the goal of seeking stakeholder feedback on the educational requirements for CPA licensure in California. The survey will focus tailored questions depending on if the audience is either 1) a current college student, recent graduate, or new licensee (less than one year), or 2) a licensed CPA (more than a year).

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Generally, the questions to college students and those individuals newly licensed are designed to gather information on sources they used to find information during their examination and licensure process, the format(s) they prefer for accessing this information, and their thoughts related to the different educational requirements for licensure.

In general, the questions to CPAs licensed more than one year are designed to gather information on how the current educational requirements prepare new CPAs for their career.

The survey results will be the foundation for conversations going forward, allowing for focused discussions in areas identified as opportunities for improvement. This information will assist the CBA and staff related to the development of Phases 2, 3 and 4 of the SURE CPA project.

Fiscal/Economic Impact Considerations

At this time, there are no fiscal/economic impacts to consider. Staff will provide potential fiscal/economic impacts for CBA recommendations in future items, as appropriate.

Recommendation

Staff does not have a recommendation on this agenda item but welcomes member feedback on the Stakeholder Outreach Survey.

Attachments

1. Business and Professional Code Sections 5093, 5094 and 5094.3
2. California Code of Regulations Sections 11 and 11.1
3. Educational Requirements for CPA Licensure
4. SURE CPA Survey



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Attachment 1

Business and Professions Code Section 5093

(a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d), or otherwise prescribed pursuant to this article. The board may adopt regulations as necessary to implement this section.

(b) (1) An applicant for admission to the certified public accountant examination under this section shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a degree-granting university, college, or other institution of learning accredited by a regional or national accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the federal Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 et seq.), or meeting, at a minimum, the standards described in subdivision (c) of Section 5094. The total educational program shall include a minimum of 24 semester units in accounting subjects and 24 semester units in business-related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(A) An applicant enrolled in a program at an institution as described in this paragraph that grants conferral of a baccalaureate degree upon completion of the 150 semester units required by paragraph (2) of this subdivision may satisfy the requirements of this paragraph if the applicant's institution mails the applicant's official transcript or its equivalent together or separately with a letter signed by the institution's registrar, or its equivalent, directly to the board pursuant to subdivision (c) of Section 5094. The letter shall include all of the following:

(i) A statement that the applicant is enrolled and in good standing in a program that will result in the conferral of a baccalaureate degree upon completion of either a master's degree or the 150 semester units required by paragraph (2) of this subdivision.

(ii) A statement that the applicant has completed all requirements, including general education and elective requirements, for a baccalaureate degree and the only reason the college or university has yet to confer the degree is because the applicant is enrolled in a program that confers a baccalaureate degree upon completion of either a master's degree or the 150 semester units required by paragraph (2) of this subdivision.

(iii) The date on which the applicant met all of the college's or university's requirements for conferral of a baccalaureate degree.

(B) The total educational program for an applicant described in subparagraph (A) shall include a minimum of 24 semester units in accounting subjects and 24 semester units in business-related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(2) An applicant for issuance of the certified public accountant license under this section shall present satisfactory evidence that the applicant has completed at least 150 semester units of college education, including a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects, 24 semester units in business-related subjects, and, after December 31, 2013, shall also include a minimum of 10 units of ethics study consistent with the requirements set forth in Section 5094.3 and 20 units of accounting study consistent with the regulations promulgated under subdivision (c) of Section 5094.6. This evidence shall be presented at the time of application for the certified public accountant license. Nothing in this paragraph shall be deemed inconsistent with Section 5094 or 5094.6. Nothing in this paragraph shall be construed to be inconsistent with prevailing academic practice regarding the completion of units.

(c) An applicant for the certified public accountant license shall pass an examination prescribed by the board.

(d) (1) The applicant shall show, to the satisfaction of the board, that the applicant 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.

(2) 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.

(3) Notwithstanding paragraph (2), the board may, by regulation, allow experience in academia to be qualifying under this section.

(e) Applicants completing education at a college or university located outside of this state, meeting, at a minimum, the standards described in Section 5094, shall be deemed to meet the educational requirements of this section if the board determines that the education is substantially equivalent to the standards of education specified under this chapter.

(f) An applicant who has successfully passed the examination requirement specified under Section 5082 on or before December 31, 2013, may qualify for the certified public accountant license without satisfying the 10 semester units of study set forth in Section 5094.3 or 20 semester units of accounting study consistent with the regulations promulgated under Section 5094.6, if the applicant completes all other requirements for the issuance of a license on or before December 31, 2015.

(Amended by Stats. 2014, Ch. 400, Sec. 5. (SB 1467) Effective January 1, 2015.)

Business and Professions Code Section 5094

(a) In order for education to be qualifying, it shall meet the standards described in subdivision (b) or (c) of this section.

(b) At a minimum, education shall be from a degree-granting university, college, or other institution of learning accredited by a regional or national accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 et seq.).

(c) Education from a college, university, or other institution of learning located outside the United States may be qualifying provided it is deemed by the board to be equivalent to education obtained under subdivision (b). The board may require an applicant to submit documentation of his or her education to a credential evaluation service approved by the board for evaluation and to cause the results of this evaluation to be reported to the board in order to assess educational equivalency.

(d) The board shall adopt regulations specifying the criteria and procedures for approval of credential evaluation services. These regulations shall, at a minimum, require that the credential evaluation service (1) furnish evaluations directly to the board, (2) furnish evaluations written in English, (3) be a member of the American Association of Collegiate Registrars and Admissions Officers, NAFSA: Association of International Educators, or the National Association of Credential Evaluation Services, (4) be used by accredited colleges and universities, (5) be reevaluated by the board every five years, (6) maintain a complete set of reference materials as specified by the board, (7) base evaluations only upon authentic, original transcripts and degrees and have a written procedure for identifying fraudulent transcripts, (8) include in the evaluation report, for each degree held by the applicant, the equivalent degree offered in the United States, the date the degree was granted, the institution granting the degree, an English translation of the course titles, and the semester unit equivalence for each of the courses, (9) have an appeal procedure for applicants, and (10) furnish the board with information concerning the credential evaluation service that includes biographical information on evaluators and translators, three letters of references from public or private agencies, statistical information on the number of applications processed annually for the past five years, and any additional information the board may require in order to ascertain that the credential evaluation service meets the standards set forth in this subdivision and in any regulations adopted by the board.

(Amended by Stats. 2017, Ch. 573, Sec. 26. (SB 800) Effective January 1, 2018.)

Business and Professions Code Section 5094.3

- (a) An applicant for licensure as a certified public accountant shall, to the satisfaction of the board, provide documentation of the completion of 10 semester units or 15 quarter units of ethics study, as set forth in paragraph (2) of subdivision (b) of Section 5093, in the manner prescribed in this section.
- (b) Beginning January 1, 2017, an applicant shall complete 10 semester units or 15 quarter units in courses described in subdivisions (c), (d), (e), and (f).
- (c) A minimum of three semester units or four quarter units in courses at an upper division level or higher devoted to accounting ethics, accountants' professional responsibilities, auditing, or fraud unless the course was completed at a community college, in which case it need not be completed at the upper division level or higher.
- (d) A maximum of 7 semester units or 11 quarter units, in the following subjects relating to ethics:
- (1) Business, government, and society.
 - (2) Business law.
 - (3) Corporate governance.
 - (4) Corporate social responsibility.
 - (5) Ethics.
 - (6) Fraud.
 - (7) Human resources management.
 - (8) Business leadership.
 - (9) Legal environment of business.
 - (10) Management of organizations.
 - (11) Morals.
 - (12) Organizational behavior.
 - (13) Professional responsibilities.
 - (14) Auditing.

(e) (1) A maximum of three semester units or four quarter units in courses taken in the following disciplines:

(A) Philosophy.

(B) Religion.

(C) Theology.

(2) To qualify under this subdivision, the course title shall contain one or more of the terms "introduction," "introductory," "general," "fundamentals of," "principles," "foundation of," or "survey of," or have the name of the discipline as the sole name of the course title.

(f) A maximum of one semester unit of ethics study for completion of a course specific to financial statement audits.

(g) An applicant who has successfully passed the examination requirement specified under Section 5082 on or before December 31, 2013, is exempt from this section unless the applicant fails to obtain the qualifying experience as specified in Section 5092 or 5093 on or before December 31, 2015.

(Amended by Stats. 2021, Ch. 300, Sec. 6. (AB 298) Effective January 1, 2022.)



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Attachment 2

Title 16 California Code of Regulations

Section 11. Education Required to Apply for Certified Public Accountant License

(a) An applicant for certified public accountant licensure after December 31, 2013, shall meet all of the following requirements:

(1) completion of 24 semester units, or the equivalent in quarter units, of accounting subjects as described in Section 9.2(b),

(2) completion of 24 semester units, or the equivalent in quarter units, of business-related subjects as described in Section 9.2(c),

(3) completion of 20 semester units, or the equivalent in quarter units, of accounting study as described in Section 11.1; and

(4) completion of 10 semester units, or the equivalent in quarter units, of ethics study as described in Business and Professions Code Section 5094.3.

(b) An applicant shall present satisfactory evidence that he or she has completed the units required in subsection (a).

NOTE: Authority cited: Sections 5010, 5093 and 5094.6, Business and Professions Code.
Reference: Sections 5093, 5094, 5094.3 and 5094.6, Business and Professions Code

Title 16 California Code of Regulations
Section 11.1 Accounting Study

(a) For an applicant to satisfy the accounting study requirement described in Section 11(a)(3), he or she shall meet either of the following requirements:

(1) conferral of a Master of Accounting, Master of Taxation, or Master of Laws in Taxation degree, or;

(2) completion of 20 semester units, or the equivalent in quarter units, that satisfy the following requirements:

(A) a minimum of six semester units, or the equivalent in quarter units, shall be completed in accounting subjects as described in Section 9.2(b),

(B) a maximum of 14 semester units, or the equivalent in quarter units, may be completed in business-related subjects as described in Section 9.2(c),

(C) a maximum of nine semester units, or the equivalent in quarter units, may be completed in other academic work relevant to accounting and business; and

(D) a maximum of four semester units, or the equivalent in quarter units, may come from internships or independent studies courses which meet the subject matter requirements of Section 11.1(a)(2)(A) or (B).

(b) For the purposes of this section, "other academic work relevant to accounting and business" means:

(1) a maximum of three semester units, or the equivalent in quarter units, in courses that increase an applicant's oral, verbal, written, and presentation skills, as well as increase his or her ability to gather, critically analyze and assess, and reach conclusions. Courses counted towards this requirement shall be completed in any of the following disciplines: English, Communications, Journalism, or the Physical, Life, Natural, and Social Sciences;

(2) a maximum of three semester units, or the equivalent in quarter units, in courses in foreign languages, which may include sign language, or in courses containing the word "culture," "cultural," or "ethnic" in the course title; and,

(3) a maximum of three semester units, or the equivalent in quarter units, in courses that provide applicants with information on the business, economic, or financial market within which a particular industry operates. Courses shall either include the word "industry" or "administration" in the course title, or be completed in one of the following disciplines: Engineering, Architecture, or Real Estate.

NOTE: Authority cited: Sections 5010, 5093 and 5094.6, Business and Professions Code.
Reference: Sections 5093 and 5094.6, Business and Professions Code.



EDUCATIONAL REQUIREMENTS FOR CPA LICENSURE

BACCALAUREATE DEGREE & 150 SEMESTER UNITS

24 SEMESTER UNITS – ACCOUNTING SUBJECTS

- Accounting
- Auditing
- Taxation
- Financial Reporting
- Financial Statement Analysis
- External & Internal Reporting

24 SEMESTER UNITS – BUSINESS-RELATED SUBJECTS

- Business Administration
- Business Management
- Business Communications
- Economics
- Finance
- Business Law
- Marketing
- Statistics
- Mathematics
- Computer Science & Information Systems
- Business-related law courses offered at an accredited law school
- Any accounting subjects in excess of the 24 units needed to fulfill the accounting requirement

20 SEMESTER UNITS – ACCOUNTING STUDY

- Minimum 6 semester units in accounting subjects (see above)
- Maximum 14 semester units in business-related subjects (see above)
- Maximum 9 semester units in other academic work relevant to business and accounting (maximum 3 units from any one area)
 - Skills-based courses – Courses completed in the following disciplines: English, Communications, Journalism, and the Physical, Life, Natural, & Social Sciences
 - Foreign Languages/Cultural & Ethnic Studies – Courses in foreign languages (including sign language) and courses with the terms culture, cultural, or ethnic in the titles
 - Industry-based courses – Courses with the words “industry” or “administration” in the title or courses completed in the following disciplines: Engineering, Architecture, and Real Estate
- Maximum 4 semester units in internships/independent studies in accounting and/or business-related subjects
- Completion of a Master of Accounting, Taxation, or Laws in Taxation is equivalent to 20 semester units of accounting study

10 SEMESTER UNITS – ETHICS STUDY

- Minimum 3 semester or 4 quarter units in accounting ethics, accountants’ professional responsibilities, auditing or fraud.
 - The course(s) must be completed at an upper division level or higher, unless it was completed at a community college.
- Maximum 7 semester or 11 quarter units in courses in any of the following subject areas:
 - Auditing
 - Business Leadership
 - Corporate Governance
 - Ethics
 - Human Resources Management
 - Management of Organizations
 - Organizational Behavior
 - Business, Government & Society
 - Business Law
 - Corporate Social Responsibility
 - Fraud
 - Legal Environment of Business
 - Morals
 - Professional Responsibilities
- Maximum 3 semester or 4 quarter units in courses from the following disciplines:
 - Philosophy
 - Religion
 - Theology
 - Course title must contain one of the following words or terms, or the sole name in the course title is the name of the discipline.
 - Introduction
 - General
 - Fundamentals of
 - Survey of
 - Introductory
 - Principles of
 - Foundations of

SURE CPA Survey

Note: this survey uses the following acronyms:

- CBA: California Board of Accountancy
- CPA: Certified Public Accountant
- CPA Exam: Uniform Certified Public Accountant Examination

Questions denoted with an “*” are optional.

1. I am currently a:
 - a. Student interested in or already taking courses toward a CPA license
 - b. Recent college graduate pursuing a CPA license
 - c. Licensed as a CPA for a year or less
 - d. Licensed as a CPA for more than 1 year
 - e. Non-licensed stakeholder

If they answer **a. Student**

- I am at the following stage in becoming a CPA:
 - Interested in becoming a CPA, but not sure what classes I should take
 - Currently taking courses toward becoming a CPA
 - Applied for/am currently taking the CPA Exam

If they answer **b. Recent college graduate**

- I am at the following stage in becoming a CPA:
 - Applied for/am currently taking the CPA Exam
 - Still taking courses to fulfill my 150 units requirement
 - Passed the CPA Exam but have not yet applied for my license
 - Passed the CPA Exam and have submitted my licensure application

If they answer **a. or b. Student or Recent college graduate**

- I have looked for information related to the CPA educational requirements from: (select all that apply)
 - CBA website
 - NASBA (National Association of State Boards of Accountancy)
 - AICPA (American Institute of Certified Public Accountants)
 - CalCPA (California Society of CPAs)
 - Beta Alpha Psi
 - My professors/instructors
 - My college/university
 - Fellow students
 - Other (please list)

- Rank these resources in the order of how likely you would be to use them to find out more about the educational requirements:
 - Information on CBA website
 - Outreach Event on your campus
 - Podcast
 - Video
 - Webinar Event

- I am familiar with the following CBA resources: (select all that apply)
 - Exam Quick Tips
 - Educational Requirements for CPA Licensure Tip Sheet
 - Self-Assessment Worksheet for CPA Licensure Educational Requirements
 - Accounting Study Guidelines
 - Ethics Study Guidelines
 - None of the above

- I have reached out to CBA staff with questions regarding the educational requirements (email, phone, social media, at an outreach event).
 - Yes
 - No

- *I clearly understand what courses would qualify toward the *accounting subjects* requirement.
5-pt Likert scale – strongly agree to strongly disagree

- *I clearly understand what courses would qualify toward the *accounting study* requirement.
5-pt Likert scale – strongly agree to strongly disagree

- *I clearly understand what courses would qualify toward the *business-related* requirement.
5-pt Likert scale – strongly agree to strongly disagree

- *I clearly understand what courses would qualify toward the *ethics* requirements.
5-pt Likert scale – strongly agree to strongly disagree

- What can the CBA do to increase your understanding of the educational requirements? (comment box)

If they answer **c.** Licensed CPA with a year or of experience

- I got information related to the CPA educational requirements from: (select all that apply)
 - CBA website

- NASBA (National Association of State Boards of Accountancy)
 - AICPA (American Institute of Certified Public Accountants)
 - CalCPA (California Society of CPAs)
 - Beta Alpha Psi
 - My professors/instructors
 - My college/university
 - Fellow students
 - Other (please list)
-

If they answer **c.** or **d.** CPA

- After receiving a bachelor's degree, did you have to take additional coursework to meet the education requirements necessary for licensure?
 - Yes
 - No

If they answer "Yes" to the above

- What additional education did you need post-graduation? (select all that apply)
 - Additional units to complete 150
 - Specific core accounting/business courses,
 - Ethics requirement
 - Other
- How did you meet the additional educational requirements?
 - Individual courses at a community college
 - Through a college/university with a non-degree program specifically tailored to the additional education necessary for CPA licensure
 - Through a graduate degree program at college/university (e.g., a masters in accounting or a masters in taxation)
 - Through an additional bachelor's degree at a 4-year college/university
 - Other (please list)
- Where is the academic institution that you took the additional education located?
 - Primarily in-person program at a California based institution
 - Primarily online through a California based institution
 - Primarily in-person at an out-of-state based institution
 - Primarily online through an out-of-state based institution

*Were there any parts of the educational requirements you found unclear while you were pursuing your CPA license?

- Yes

- No

If they answer “Yes” to the above

- Please tell us specifically what you found unclear: (comment box)

If they answer **c. d. or e.** CPA or Non-licensed stakeholder

- My primary workplace is at:
 - An accounting firm
 - A college/university
 - Other (please list)

If they answer “An accounting firm” to the above

- How do you feel the educational requirements for CPA licensure prepared you to enter the workforce:
 - Very prepared
 - Somewhat prepared
 - Not adequately prepared

All respondents answer the following:

2. I believe the educational requirements for CPA licensure are an important aspect of consumer protection.
5-pt Likert scale – strongly agree to strongly disagree
3. I believe the CBA requires:
 - too little education to become a CPA
 - the right amount of education to become a CPA
 - too much education to become a CPA.
4. I clearly understand/understood the educational requirements for admittance to the CPA Exam in California.
5-pt Likert scale – strongly agree to strongly disagree
5. I clearly understand/understood the education requirements to become a licensed CPA in California.
5-pt Likert scale – strongly agree to strongly disagree
6. The CBA provides useful, easy to interpret resources to understand the CPA educational requirements.
5-pt Likert scale – strongly agree to strongly disagree
7. *Do you have any suggestions for possible changes to the educational requirements for CPA licensure? (comment box)

8. *Which educational requirements do you feel should be maintained? (comment box)
9. The CBA is planning events to gather more information about this topic. If you would be interested in attending such an event, please provide your name and email address: (comment box)



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CBA Item II.E.
May 18, 2023

Discussion and Possible Action Regarding the National Association of State Boards of Accountancy's Changes to the *Uniform Accountancy Act Model Rules*

Presented by: Eulalio Ortega, Examination Manager

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) the opportunity to discuss the National Association of State Boards of Accountancy's (NASBA) adoption of the *Uniform Accountancy Act Model Rules (Model Rules)* to extend the conditional credit period from 18 months to 30 months.

Consumer Protection Objectives

Requiring applicants for Certified Public Accountant (CPA) licensure to meet specified requirements, including passing the Uniform Certified Public Accountant Examination (CPA Exam), assists the CBA in meeting its consumer protection mission by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

Action(s) Needed

CBA members will be asked to discuss and provide feedback on the newly adopted *Model Rules* to extend the conditional credit period.

Background

NASBA developed the *Model Rules* in 2004 in an effort to promote uniformity in the regulatory scheme governing the practice of public accountancy in various licensing jurisdictions. While some jurisdictions use all or substantial portions of the *Model Rules* for regulation of the CPA Exam, California maintains regulatory provisions that draw guidance from the *Model Rules* but retains its own framework for regulating the practice of public accountancy.

At its September 2022 meeting, the CBA approved initiating a rulemaking to amend applicable regulatory sections to address the launch of the 2024 CPA Exam aligned with the CPA Evolution initiative. The CPA Evolution initiative is a joint effort of NASBA and the American Institute of Certified Public Accountants aimed to transform the licensure model in recognition of the rapidly changing skills and competencies the practice requires today.

Discussion and Possible Action Regarding the National Association of State Boards of Accountancy's Changes to the *Uniform Accountancy Act Model Rules*

Page 2 of 3

In October 2022, NASBA released proposed amendments to the *Model Rules*. The primary catalyst for the amendments was CPA Evolution and the changes to the CPA Exam that will be launched in January 2024.

At its November 2022 meeting, the CBA reviewed the proposed *Model Rules* and sent a letter of support to NASBA. Additionally, the CBA asked staff to continue monitoring the proposed amendments to the *Model Rules* as they relate to the proposed changes to the California Code of Regulations (CCR).

At its January 2023 meeting, the NASBA Board of Directors voted unanimously to support further amendments to the *Model Rules* to increase the length of conditional credit from 18 months to 24 months and clarify a state board of accountancy's authority to allow additional time, beyond the 24 months, to candidates. The NASBA Uniform Accountancy Act Committee met and developed the additional clarifying language. The NASBA Board of Directors approved the proposed amendments for re-exposure on February 15, 2023.

At its March 2023 meeting, the CBA reviewed the February 15, 2023 version of the proposed amendments and sent a letter to NASBA during the comment period in support of the proposal to increase the length of conditional credit.

Comments

In April 2023, NASBA issued a press release (**Attachment 1**) announcing the adoption of the amendment to *Model Rule 5-7* (**Attachment 2**).

The amendment:

- Increases the length of conditional credit from 18 months to 30 months.
- Establishes that the calculation of conditional credit begins on the date the scores are released for passed sections of the CPA Exam.
- Provides greater clarity regarding boards of accountancy authority when considering the extension of conditional credit.

In its letter to NASBA following the March meeting, the CBA sought additional information to determine how the increased conditional credit period will affect reciprocity among jurisdictions and how many states were anticipated to adopt the then 24-month conditional credit period (subsequently increased to a 30-month conditional credit period). Additionally, NASBA's Computer Based Testing (CBT) Administration Committee is scheduled to meet May 18, 2023 to develop recommendations on how boards may implement these changes and will provide their recommendations following this meeting.

The CBA previously approved proposed regulations (**Attachment 3**) that will grant an 18-month credit extension to applicants that have credit for passed sections of the CPA

Discussion and Possible Action Regarding the National Association of State Boards of Accountancy's Changes to the *Uniform Accountancy Act Model Rules*

Page 3 of 3

Exam in December 2023. The proposed regulations are currently under review and are anticipated to be noticed for public comment shortly.

In order to facilitate the CBA decision-making process, staff will present an agenda in July 2023 to provide the CBA with information following the NASBA CBT Administration Committee meeting on May 18, 2023. At that time, the CBA will be asked to make a determination regarding extending the 18-month conditional credit period. If CBA elects to extend the conditional credit period, staff will present an agenda item in September 2023, to amend CCR sections 7.1(a) and 7.1(b) and initiate a second public comment period.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff recommends the CBA delegate authority to the CBA President to issue a letter to NASBA in support of an extension to the conditional credit period.

Attachments

1. National Association of State Boards of Accountancy Press Release
2. Letter from National Association of State Boards, February 15, 2023
3. California Code of Regulations, Section 7.1



FOR IMMEDIATE RELEASE

Contact:
Thomas Kenny
Chief Communications Officer
tkenny@nasba.org

NASBA ANNOUNCES HISTORIC CPA EXAM MODEL RULE AMENDMENT

NASHVILLE, TENN (April 24, 2023) – The National Association of State Boards of Accountancy (NASBA) announces the adoption of an eagerly anticipated amendment to the Uniform Accountancy Act (UAA) Model Rules pertaining to the Uniform CPA Examination (Exam).

For nearly 20 years, since the launch of the computer-based Exam in early 2004, candidates have had 18 months from the date of passing the first section of the Exam to complete the remaining three sections without losing credit (the “conditioning” rule). All 55 U.S. states and territories adopted that rule. With the disruptions of the COVID pandemic, the reduction of candidates in the pipeline, and the increased workload of firms, there has been increasing interest in providing candidates and firms relief by extending the conditioning period.

On April 21, 2023, the NASBA Board of Directors voted to adopt an amendment to UAA Model Rule 5-7. The amendment increases the length of conditional credit from 18 months to 30 months, bases the calculation of conditional credit for Exam sections passed on the date that scores are released, and adds descriptive language to provide greater clarity for when Boards of Accountancy may extend conditional credit.

The UAA Model Rules have no immediate effect on state board rules. As the membership organization of the 55 U.S. Boards of Accountancy, NASBA, through its Uniform Accountancy Act Committee, provides the Model Rules as recommendations to boards for adoption whereby uniform adoption is encouraged. As such, each individual board may consider the amendment to the Model Rule 5-7 and, if so choose, commence a process to change the rules at the state level. Current Exam candidates remain under existing rules until, if and when, the board to which they applied makes changes.

The approved amendments cover the granting of credit requirements for sections passed on the Exam for those who wish to enter the CPA profession. The revised rule provides that once a candidate has successfully passed one section of the Exam, they will then be provided with a rolling 30-month period to pass the remaining three sections of the Exam. The exposure draft proposed a six-month extension of the credit period to 24 months, but based on further consideration and input, the NASBA Board of Directors elected to approve a 12-month extension to 30 months.

“Providing an additional year of conditional credit to candidates for Exam sections passed provides more flexibility to those seeking licensure as a CPA. The additional time also provides greater latitude to firms and candidates as they negotiate the demands of today’s complex career environment,” said NASBA President and CEO Ken L. Bishop.

In addition, recent revisions to the Exam indicate that score delays may occur when significant updates are made to Exam content and structure. The approved rule seeks to provide uniformity among jurisdictions on the timing of granting Exam credits, which also has the benefit of providing relief to candidates when such delays happen.

-more-

“On behalf of the NASBA Board of Directors, we would like to thank the Uniform Accountancy Act Committee and the many stakeholders who provided valuable input to the rule making process,” said Richard N. Reisig, CPA, 2023-24 NASBA Chair. “We believe this amendment made to the UAA Model Rules will support the best interests of the candidates in their journey to entering the profession.”

Over a 60-day comment period leading up to the adoption of the new rule, more than 850 respondents provided input to the exposure draft, which was issued by NASBA’s [Uniform Accountancy Act Committee](#). Comments were received from a broad representation of stakeholders, including State Boards of Accountancy, State CPA Societies, CPA firms, licensed CPAs, educators, and students. NASBA would like to thank all who responded.

At the same April meeting, the NASBA Board of Directors expressed continued support for the development of a recommended policy for state board consideration that would allow CPA Exam candidates who lost credits because of conditions beyond their control resulting from economic disruptions of the pandemic to come back into the process of completing the Exam and obtaining a license. The Board also discussed developing an additional pathway to allow candidates to achieve 150 hours through an academically qualified experience that could allow up to 30 hours of college credit.

[CLICK HERE](#) for more information on the UAA.

About NASBA

Since 1908, the National Association of State Boards of Accountancy (NASBA) has served as a forum for the nation’s Boards of Accountancy, which administer the Uniform CPA Examination, license more than 665,600 certified public accountants and regulate the practice of public accountancy in the United States.

NASBA’s mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy in meeting their regulatory responsibilities. The Association promotes the exchange of information among accountancy boards, serving the needs of the 55 U.S. jurisdictions.

NASBA is headquartered in Nashville, TN, with an International Computer Testing and Call Center in Guam and operations in San Juan, PR. To learn more about NASBA, visit www.nasba.org.

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National Association of State Boards of Accountancy

February 15, 2023

TO: State Boards of Accountancy and other interested parties

FROM: Nicola Neilon, Chair – NASBA Uniform Accountancy Act Committee

As approved by the NASBA Board of Directors, we are releasing for a 60-day comment period, a revised exposure draft incorporating additional proposed amendments to the Uniform Accountancy Act's Model Rules that pertain to the examination. The original amendments were developed by the NASBA CBT Administration Committee and reviewed by the NASBA Uniform Accountancy Act Committee, which recommended them to the NASBA Board for public comment at its October 11, 2022, meeting.

At its January 2023, meeting, NASBA's Board of Directors voted unanimously to support further amendments to Rule 5-7 that would increase the length of conditional credit from 18 months to 24 months and to request a review of the proposed language in Rule 5-7(e) to determine if greater clarity as to a Board's authority to allowing additional time to candidates could be gained by adding descriptive language. In February, NASBA's Uniform Accountancy Act committee met and developed the additional clarifying language. NASBA's Board of Directors approved both additional changes for exposure at its February 14, 2023, meeting.

The changes being proposed cover the granting of credit requirements for sections passed on the Uniform CPA Examination (Exam) for those wishing to enter the CPA profession. The revised exposure draft provides that once a candidate has successfully passed one section of the Exam, all jurisdictions provide candidates with a rolling twenty-four (24) month period to successfully pass the remaining sections of the examination. The date from which credit is calculated varies among the jurisdictions. In addition, recent revisions to the Exam indicate that score delays may occur when updates are made to Exam content and structure. The Committees' recommendation seeks to provide uniformity among the jurisdictions on how the granting of credit is calculated and to address possible future score delays when Exam content or structure changes occur.

As proposed, Rule 5-7 Retake and granting of credit requirements would be deleted and re-written to include:

- Rule 5-7(a) provides that a candidate may take the required Test Sections individually in any order and that credit for any Test Section passed shall be valid for twenty-four (24) months from the date the passing score was released by NASBA to the candidate or the Board.
- Rule 5-7(a)(1) provides a candidate must pass all Test Sections within a rolling twenty-four (24) month period that begins with the date the first passing score(s) are released by NASBA to the candidate or the Board. The rolling window would conclude with the sit date of the final Test Section passed, regardless of when the score is released by NASBA for the final Test

Section. If all Test Sections are not passed within twenty-four (24) months, credit for any Test Section passed outside the twenty-four (24) month period shall expire.

- Rule 5-7(b) is being proposed to prohibit a candidate from taking a failed Test Section until the candidate has been notified of the score for the most recent attempt of that failed Test Section.
- Rule 5-7(c) provides that a candidate is deemed to have passed all required Test Sections in the rolling twenty-four (24) month period.
- Rules 5-7(d) provides a candidate shall retain credit for any and all Test Sections of the examination passed as a candidate of another state if such credit would have been given under then applicable requirements in this State.
- Rule 5-7(e) provides that the period of time to pass all Test Sections of the examination may be extended by the Board upon a showing that the credit was lost by reason of individual hardship including, but not limited to, health; military service; a disruption at the local, regional, or national level impacting the candidate; or other circumstances beyond the candidate's control.

We believe these changes will provide guidance for State Boards and candidates in the years ahead. We encourage the State Boards and other interested parties to consider these proposed changes and send any comments or recommendations to the UAA Committee via uaacomment@nasba.org by April 17, 2023.

Sincerely,

Nicola Neilon

Nicola Neilon, CPA
Chair, NASBA Uniform Accountancy Act Committee

Uniform Accountancy Act Model Rules – Conditional Credit

Rule 5-7 – Retake and granting of credit requirements.

~~(a) — A Candidate may take the required Test Sections individually and in any order. Credit for any Test Section(s) passed shall be valid for a period of eighteen (18) months and be calculated from the actual date the Candidate took that Test Section, without having to attain a minimum score on any failed Test Section(s) and without regard to whether the Candidate has taken other Test Sections.~~

~~(1) — Candidates must pass all Test Sections of the examination within a rolling eighteen (18) month period, which begins on the date that the first Test Section(s) passed is taken.~~

~~(2) — (A) — Subject to subsection 7(a)(2)(B), Candidates cannot retake a failed Test Section(s) in the same testing window. A testing window is equal to a calendar quarter (January-March, April-June, July-September, October-December). Candidates will be able to test no less than two (2) months out of each testing window.~~

~~(B) — If the Board determines that the examination system changes necessary to eliminate the test window limitations have been implemented, subsection (A) will no longer be effective, and a Candidate can retake a Test Section once their grade for a n y previous attempt of that same Test Section has been released.~~

~~(3) — In the event all Test Sections of the examination are not passed within the rolling eighteen (18) month period, credit for any Test Section(s) passed outside the eighteen (18) month period will expire and that Test Section(s) must be retaken.~~

~~(b) — A Candidate shall retain credit for any and all Test Sections of the examination passed as a candidate of another state if such credit would have been given under then applicable requirements in this State.~~

~~(c) — A Candidate shall be deemed to have passed the examination once the Candidate holds at the same time valid credit for passing each of the Test Sections of the examination. For purposes of this section, credit for passing a Test Section of the examination is valid from the actual date of the Testing Event for that Test Section, regardless of the date the Candidate actually receives notice of the passing grade.~~

~~(d) — Notwithstanding subsection (a) of this Rule, the Board may in particular cases extend the term of credit validity upon a showing that the credit was lost by reason of circumstances beyond the Candidate's control.~~

(a) A Candidate may take the required Test Sections individually and in any order. Credit for passing any Test Section shall be valid for that Test Section for twenty-four (24) months from the date the passing score for such Test Section is released by NASBA to the Candidate or the Board, as the case may be, regardless of the number of Test Sections taken or having to attain a minimum score on any failed section(s).

(1) A Candidate shall pass all required Test Sections within a rolling twenty-four (24) month period. The rolling twenty-four (24) month period begins on the date the first passing score(s) are released by NASBA to the Candidate or the Board, as the case may be. The rolling twenty-four (24) month period concludes on the date the Candidate sits for the final Test Section passed, regardless of when the score is released by NASBA for the final Test Section.

(2) A Candidate who earns initial credit on one or more Test Section(s) of the CPA examination must sit for and complete the remaining required Test Section(s) of the examination by midnight local time at the Board's main office on the last day of the twenty-four (24) month period.

- (3) If all required Test Sections are not passed within this initial twenty-four (24) month period, credit for the first Test Section(s) passed shall expire and a new rolling twenty-four (24) month period shall begin on the date the second passing score(s) were released by NASBA to the Candidate or the Board, as the case may be, and continue for twenty-four (24) months from that date. If all required Test Section(s) are not passed within this next rolling twenty-four (24) month period, credit for the second Test Section(s) passed shall expire and a new rolling twenty-four (24) month period will begin on the date the next Test Section passing score, if any, was released by NASBA to the Candidate or the Board, as the case may be, and this cycle of twenty-four (24) month rolling periods and Test Section credit expirations will continue until all Test Sections are passed within one twenty-four (24) month rolling period. Notwithstanding the foregoing, if a Candidate stops testing for a twenty-four (24) month period, then all credit for previously passed Test Sections will expire.
- (b) A Candidate shall not retake a failed Test Section until the Candidate has been notified of the score for the most recent attempt of that failed Test Section.
- (c) A Candidate shall be deemed to have passed the examination if the Candidate obtains credit for passing all required Test Sections in one rolling twenty-four (24) month period.
- (d) A Candidate shall retain credit for any and all required Test Sections of the examination passed as a Candidate of another state if such credit would have been given under then applicable requirements in this State.
- (e) Notwithstanding subsections (a), (b), and (c) of this Rule, the period of time in which to pass all required Test Sections of the examination may be extended by the Board upon a showing that the credit was lost by reason of individual hardship including, but not limited to, health; military service; a disruption at a local, regional, or national level impacting the Candidate; or other circumstances beyond the Candidate's control.



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Attachment 3

California Code of Regulations Section 7.1 – Credit Status for the Computerized Uniform CPA Examination

(a) Upon the commencement of computer-based testing in California, an applicant may sit for the four sections of the computer-based Uniform Certified Public Accountant Examination individually and in any order. An applicant who fails to pass any section of the examination may retake that section. When the applicant has credit for all four sections of the examination within an 18-month period as defined in subsection (b), the applicant shall be considered to have passed the examination.

(b) Except as provided in subsections (c) and (d), an applicant shall retain credit for any section the applicant has passed for an 18-month period beginning with the date that the section of the exam was passed. At the end of the 18-month period, credit for that section expires, and that section must be re-taken and passed to re-establish credit.

(c) A first-time applicant who passes any section of the computer-based Uniform Certified Public Accountant Examination during the six months immediately following commencement of computer-based testing in California shall retain credit for that section for a 24-month period beginning with the date the section of the exam was passed. At the end of the 24-month period, credit for that section expires. The section may be re-taken pursuant to subsection (b) of this section.

(d) A candidate may sit for any unpassed section of the examination only one time during each testing window. A testing window is a three-month period as determined by the American Institute of Certified Public Accountants during which applicants may take the exam. There are four three-month testing windows in a year. To allow for routine maintenance, the exam may be unavailable for up to one month during each testing window.

(e) Credit for passed examination sections may be extended by the Board because the applicant was prevented from sitting for an unpassed section or sections before credit for passed sections expired pursuant to subsections (b) or (c) because of one of the following events:

- (1) Death of an immediate family member. Documentation, such as a copy of the death certificate, must be submitted.
- (2) Catastrophic illness, contagious disease, or major traumatic injury to the candidate or immediate family member (spouse, child or parent). Submit an original letter on

letterhead from the physician, which includes the date(s), nature of the illness, and the physician's signature.

(3) Natural disaster (earthquake, flood, fire, etc.).

(4) Non-issuance of visa for travel to the U.S. Documentation, such as an official letter from the U.S. Embassy or a copy of the passport indicating a visa was requested, must be submitted.

(5) Other good cause.

NOTE: Authority cited: Section 5010, Business and Professions Code. Reference: Sections 5081, 5082, 5082.1, 5082.2, 5092 and 5093, Business and Professions Code.



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CBA Item III.A.1.
May 18, 2023

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

Presented by: Yen C. Tu, Vice President

Purpose of the Item

The purpose of this agenda item is to recommend that Alan M. Gittelson, CPA, (**Attachment 1**) be reappointed as a member to the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC).

Consumer Protection Objectives

This agenda item ensures that the CBA continues its mission of consumer protection by reappointing members that have the skills and knowledge to serve on the EAC.

Action(s) Needed

It is requested that the CBA adopt the recommendation.

Background

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee reviews closed investigation files, offers technical guidance on open investigations, and participates in investigative hearings. The committee also considers, formulates, and proposes policies and procedures related to the CBA Enforcement Program.

Comments

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members and areas of expertise is included as **Attachment 2**.

I also confer with the CBA Acting Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have

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

Page 2 of 2

been completed by the current Chairperson, Vice Chairperson, CBA Liaisons, and the Enforcement Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at any time, by action of the CBA.

Prior to making a decision to recommend Alan M. Gittelson, CPA, for reappointment to the EAC, I performed all the steps previously mentioned. Alan M. Gittelson, CPA, has exhibited a high level of professionalism during the performance of his duties and has demonstrated the skills and knowledge to continue to serve on the EAC, which will allow the EAC to assist the CBA with its Enforcement Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, and in consultation with Douglas Aguilera, CPA, Chairperson of the EAC, I recommend that Alan M. Gittelson, CPA, be reappointed for two years to the EAC, until May 31, 2025.

Attachments

1. Curriculum Vitae of Alan M. Gittelson, CPA
2. California Board of Accountancy Enforcement Advisory Committee Skill Matrix



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CBA Item III.B.1.
May 18, 2023

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

Presented by: Yen C. Tu, Vice President

Purpose of the Item

The purpose of this agenda item is to recommend that Hanzhao Meng, CPA, (**Attachment 1**) be reappointed as a member to the California Board of Accountancy (CBA) Qualifications Committee (QC).

Consumer Protection Objectives

This agenda item ensures that the CBA continues its mission of consumer protection by reappointing members that have the skills and knowledge to serve on the QC.

Action(s) Needed

It is requested that the CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting interviews and work paper reviews, with the applicant or employer present, to verify that the responses provided on the experience form are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, I work with the current chair to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 2**.

I also confer with the CBA Acting Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have

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

Page 2 of 2

been completed by the current Chairperson, Vice Chairperson, CBA Liaisons, and the Licensing Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at any time, by action of the CBA.

Prior to making a decision to recommend Hanzhao Meng, CPA, for reappointment to the QC, I performed all the steps previously mentioned. Hanzhao Meng, CPA, has exhibited a high level of professionalism during the performance of her duties. I believe Hanzhao Meng, CPA, has demonstrated the skills and knowledge to continue to serve on the QC, which will allow the QC to assist the CBA with its Licensing Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, and in consultation with Michael L. Williams, CPA, Chairperson of the QC, I recommend that Hanzhao Meng, CPA, be reappointed for two years to the QC, until May 31, 2025.

Attachments

1. Curriculum Vitae of Hanzhao Meng, CPA
2. California Board of Accountancy Qualifications Committee Skill Matrix

REPORT OF THE SECRETARY/TREASURER

Joseph Rosenbaum, CPA

THIRD QUARTER FINANCIAL REPORT BUDGET AUTHORITY

Fiscal Year 2022-23

The California Board of Accountancy's (CBA) budget for fiscal year (FY) 2022-23 is currently set at \$18,558,000.

Fiscal Year 2023-24

The Governor's proposed budget for FY 2023-24 was released on January 10, 2023 in the amount of \$18,763,000; however, this may be adjusted as the Legislature reviews the budget before the Governor's statutory deadline to approve the budget on June 15. Information on the final approved budget for FY 2023-24 will be presented at the July 2023 CBA Meeting.

REVENUE

CBA Revenues for FY 2022-23 through fiscal month (FM) 9 total \$13,726,073.

Revenue Description	Revenue Collected
License Renewal Fees	\$10,267,005
Initial License and Permit Fees	\$3,016,686
Delinquent Renewal Fees	\$251,833
Other Regulatory Fees (<i>name change, certifications etc.</i>)	\$71,789
Miscellaneous Revenue ¹	\$118,760
Total Revenue	\$13,726,073

Scheduled and Unscheduled Reimbursements

The revenue amount 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 FM 9, reimbursements totaled \$175,233.

- Fingerprint Reports - \$10,535
- Enforcement Cost Recovery - \$164,698

¹ Miscellaneous Revenue consists of Investment income from Surplus Money Investments, revenue from cancelled warrants and dishonored check fees.

Fiscal Month 9 Financial Statement

Department of Consumer Affairs						
California Board of Accountancy						
Fiscal Year 2022 - 2023: FM 9						
#	Object Description	FY 2021-22 FM 9	Governor's Budget	FY 2022-23 FM 9	Percent Spent	Projections to Year End
	PERSONNEL SERVICES					
1	PERMANENT POSITIONS	\$5,207,387	\$7,424,000	\$5,285,172	71%	\$7,066,372
2	TEMPORARY POSITIONS	\$114,347	\$0	\$32,780	N/A	\$43,924
3	PER DIEM, OVERTIME, & LUMP SUM	\$197,701	\$63,000	\$225,658	358%	\$565,513
4	STAFF BENEFITS	\$2,897,528	\$4,409,000	\$3,096,634	70%	\$4,140,312
5	PERSONNEL SERVICES	\$8,416,963	\$11,896,000	\$8,640,244	73%	\$11,816,121
6	OPERATING EXPENSES & EQUIPMENT					
7	GENERAL EXPENSE	\$116,018	\$58,000	\$72,932	126%	\$158,025
8	PRINTING	\$78,948	\$96,000	\$73,403	76%	\$107,087
9	COMMUNICATIONS	\$34,890	\$61,000	\$44,801	73%	\$74,997
10	POSTAGE	\$86,899	\$26,000	\$94,471	363%	\$111,206
11	INSURANCE	\$0	\$0	\$143	N/A	\$182
12	IN STATE TRAVEL	\$1,566	\$136,000	\$23,964	18%	\$100,000
13	OUT OF STATE TRAVEL	\$0	\$0	\$0	N/A	\$10,466
14	TRAINING	\$6,394	\$29,000	\$3,365	12%	\$5,873
15	FACILITIES	\$452,228	\$628,000	\$470,699	75%	\$1,231,471
16	C/P SERVICES (INTERNAL)	\$367,488	\$1,899,000	\$422,846	22%	\$658,262
17	C/P SERVICES (EXTERNAL)	\$326,875	\$641,000	\$324,735	51%	\$792,209
18	DEPARTMENT PRORATA	\$2,070,750	\$2,903,000	\$2,077,500	72%	\$2,903,000
19	Division of Investigation DOI	\$102,750	\$56,000	\$37,500	67%	\$56,000
20	Consumer Client Servs Div CCSD	\$1,968,000	\$2,847,000	\$2,040,000	72%	\$2,847,000
21	DEPARTMENTAL SERVICES	\$12,303	\$1,000	\$27,111	2711%	\$94,210
22	CONSOLIDATED DATA CENTERS	\$41,721	\$41,000	\$42,562	104%	\$126,217
23	INFORMATION TECHNOLOGY	\$6,337	\$79,000	\$24,590	31%	\$208,934
24	EQUIPMENT	\$22,675	\$64,000	\$8,083	13%	\$48,910
25	SPECIAL ITEMS OF EXPENSE	\$28,141	\$0	\$6,381	N/A	\$8,197
26	OPERATING EXPENSES & EQUIPMENTS	\$3,653,230	\$6,662,000	\$3,717,585	56%	\$6,628,780
	OVERALL TOTALS	\$12,070,193	\$18,558,000	\$12,357,829	67%	\$18,444,900
				SURPLUS/ (DEFICIT):		0.61%

Expenditures

The FY 2022-23 Third Quarter Financial Statement reflects actual expenditures through March 31, 2023. Expenditures were \$12,357,829 or 67% percent of the FY 2022-23 budget. As of FM 9, the CBA is projected to end the fiscal year with a budget surplus of \$113,100 or 0.61%; however, this will change as the year progresses and actual amounts are expended and captured. The following provides information on key budget items.

Personnel Services (Lines 1-5)

Overall expenditures for personnel services increased by \$223,281 when compared with the same period in FY 2021-22. Attributing factors to the increase, as reported in the March Mid-Year Financial, were the 2.5% salary increase (Line1) and associated Staff Benefits increase (Line 4), and an increase in overtime costs to address increased workload with license renewal processing and unlicensed activity complaints.

Another major contributing factor to the increased projection in Personnel Services, is the Department of Consumer Affairs (DCA) participation in the Leave Buy Back/Cash out Program.² A payout projection of \$234,477 is captured under Lump Sum (Line 3) and includes all possible staff who have eligible leave balances to participate in the Leave Buy-Back/Cash-Out Program.

General Expense (Line 7)

Expenditures in the category of general expense include items such as office supplies, furniture, courier services, and various annual subscriptions to online databases for accounting and tax research information, standards, Investigative CPA continuing education, and software maintenance. Spending in this area has decreased due to fewer expenditures for subscriptions when compared to the same period in FY 2021-22.

Printing (Line 8)

The year-end projection for contracted printing costs is \$107,087. This line item includes the estimated cost to print the renewal notices and costs for other contracted printing services including a notice regarding proposed regulatory

² Participating in the Excluded Employee Leave Buy-Back and Represented Employee Leave Cash-Out Program is offered annually at the discretion of the each state department based on budgetary conditions. Eligible employees may elect to buy-back or cash-out up to 80 hours of eligible leave credits (i.e. Vacation, Annual Leave, Personal Holiday etc.).

changes to professional standards that was mailed to all CBA licensees. There are no anticipated large printing expenditures projected for the remainder of FY 2022-23.

Postage (Line 10)

Expenditures for postage are slightly elevated when compared to postage expenditures through the same reporting period in FY 2021-22. The projection to year-end includes the postage cost for the mailing of all renewal notices to licenses.

In-State Travel (Line 12)

Travel expenses increased by \$22,398 from the same reporting period in FY 2021-22 due to the return of in-person attendance at CBA and committee meetings, outreach events and conferences.

Out-of-State Travel (Line 13)

Amounts for this line item include anticipated out-of-state-travel costs to attend the National Association of State Boards of Accountancy Western Regional Meeting in Kansas City, Missouri in June 2023.

Training (Line 14)

Expenditures for this line item are relatively low due to the offering of free online training by DCA's Strategic Organizational Leadership and Individual Development or SOLID office.

C/P Services Internal (Line 16)

This line item includes contracts with other state agencies, such as 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)

This line item includes contracts and services with non-state agencies, and includes expenses for court reporters, witness and evidence fees, credit card transaction fees, the Business Modernization project costs, and other external contracts.

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.

Departmental Services (Line 21)

This line item reflects this fiscal year's cost for CBA's Intra Agency contract with the Office of Professional Examination Services for the CBA's Occupational Analysis project.

Consolidated Data Centers (Line 22)

This line item contains the CBA's costs for Microsoft 365. There may be additional expenditures for services provided by the California Department of Technology by the end of the fiscal year related to its Business Modernization Project and finalizing its network consolidation with DCA.

Information Technology (IT) (Line 23)

This line item includes purchases of IT supplies such as toner and paper, software and hardware maintenance, and IT security.

Special Items of Expense (Line 26)

This line consists of DCA Digital Print Services (DPS) and includes printing services for items such as envelopes, business cards, name plates, signs and other miscellaneous printing requests that can be accommodated in-house. Printing requests that cannot be fulfilled by DPS are contracted out to external vendors and will appear under Printing (Line 8).

Relocation Project

Planning continues for the relocation of the CBA Office to a smaller space at the DCA Headquarters location.

As previously reported, the CBA has established an Architectural Revolving Fund (ARF) with the Department of General Services. The ARF account enables the CBA to set aside funds this fiscal year to pay for costs that will not be incurred until next fiscal year. Presently, the CBA has requested that \$550,000 be placed in the ARF. This amount has been factored into the projection for facilities expenditures.

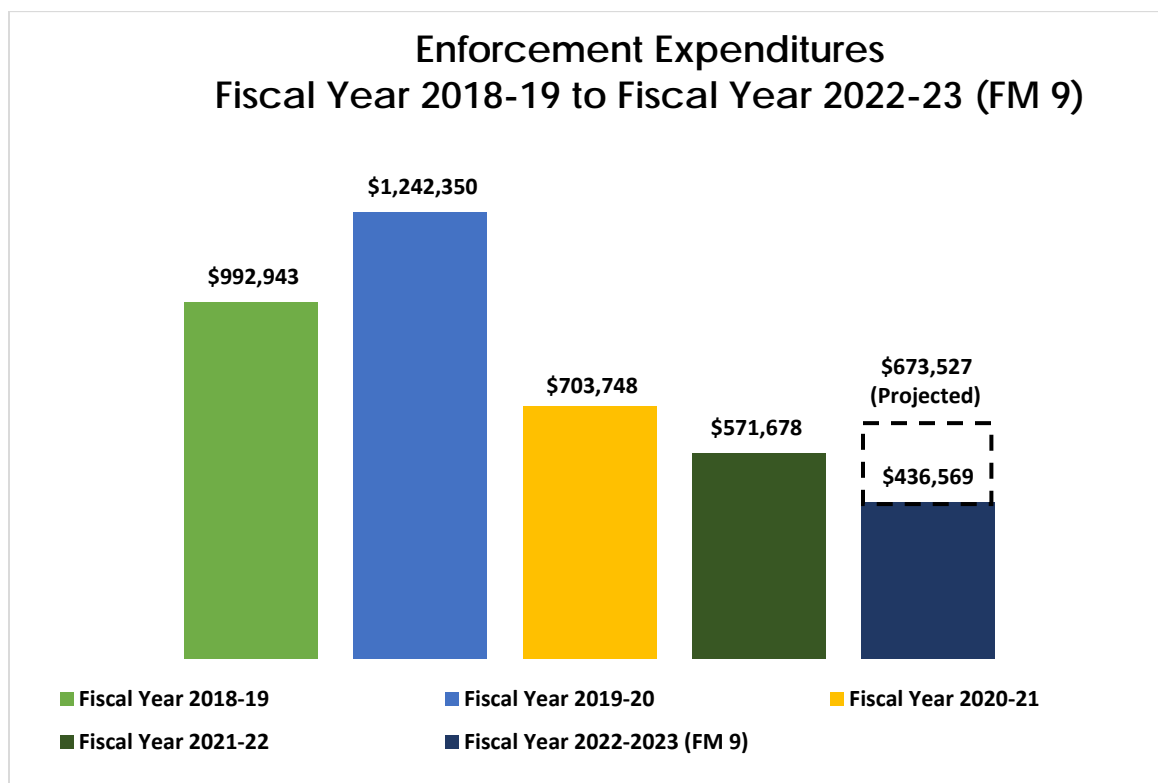
Monies in the ARF that are not used will revert back to the Accountancy Fund at the end of the project. Additional updates on the relocation and funding of expenses will be provided as they are available.

Enforcement Expenditures

The CBA's enforcement expenditures total \$436,569 through FM 9.

- AG's Office - \$376,218³
- OAH - \$46,629⁴
- Evidence and Witness Fees - \$0
- Court Reporters - \$13,722

The following provides an overview of the CBA's Enforcement Expenditures for the current fiscal year to date and prior four fiscal years.



³ AG costs are through February 28, 2023 (FM 8) due to delayed invoicing

⁴ OAH costs are through December 31, 2022 (FM 6) and do not include January, February and March 2023 due to delayed invoicing

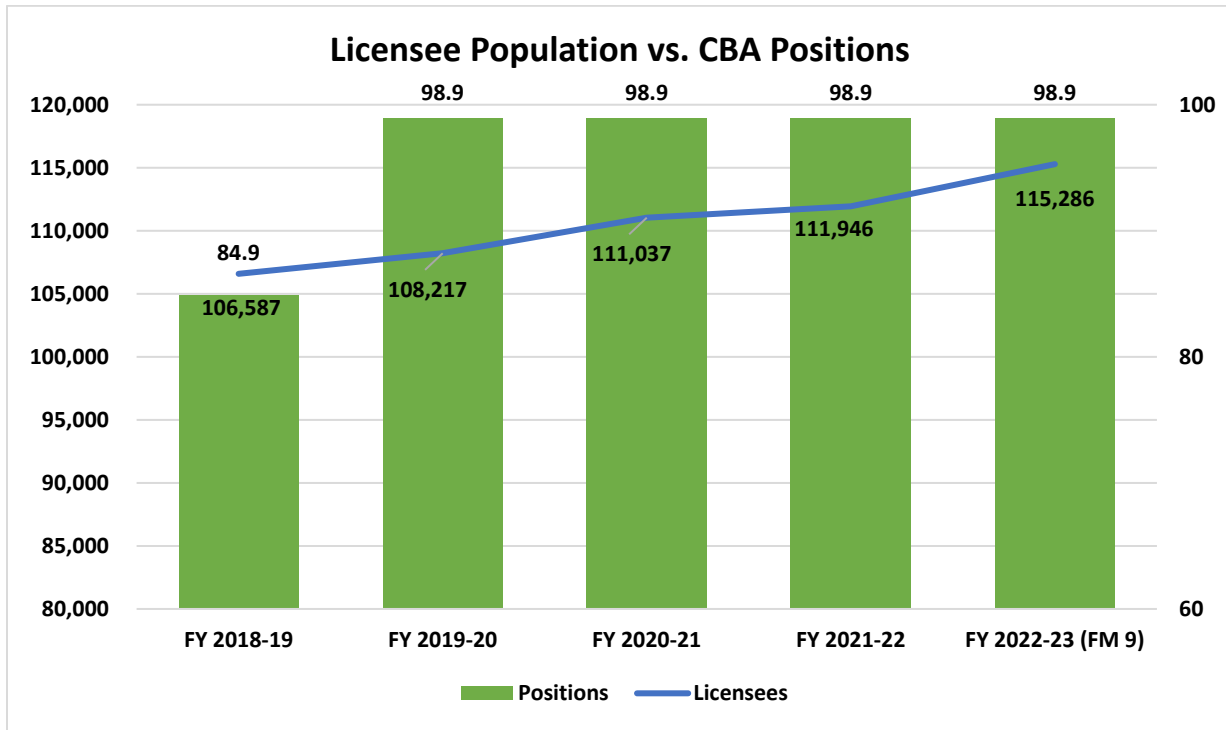
Fund Condition Statement

The CBA's Fund Condition statement on page 10 shows that the CBA is projected to end FY 2022-23 with 5.1 months in reserve. The projected figures for FY 2023-24 and beyond continue to reflect increased revenue due to the license renewal and initial licensure fee increase to \$280 that began on October 1, 2022.

The General Fund loan for \$10 million is shown under Revenues, Transfers and Other Adjustments, and its impact is reflected in the months in reserve at the end of FY 2023-24 and beyond. The General Fund loan is scheduled to be repaid in FY 2023-24.

0704 - California Board of Accountancy Fund Analysis of Fund Condition (Dollars in Thousands) 2023-24 Governor's Budget W_FM9		Prepared on 4.25.2023			
	Actual 2021-22	CY 2022-23	BY 2023-24	BY +1 2024-25	
BEGINNING BALANCE	\$ 12,880	\$ 10,750	\$ 8,628	\$ 16,939	
Prior Year Adjustment	\$ 403	\$ 0	\$ 0	\$ 0	
Adjusted Beginning Balance	\$ 13,283	\$ 10,750	\$ 8,628	\$ 16,939	
REVENUES, TRANSFERS AND OTHER ADJUSTMENTS					
Revenues					
4121200 - Delinquent fees	\$ 292	\$ 336	\$ 364	\$ 364	
4127400 - Renewal fees	\$ 11,203	\$ 12,997	\$ 13,226	\$ 13,226	
4129200 - Other regulatory fees	\$ 174	\$ 97	\$ 145	\$ 145	
4129400 - Other regulatory licenses and permits	\$ 4,354	\$ 4,068	\$ 4,625	\$ 4,625	
4163000 - Income from surplus money investments	\$ 52	\$ 155	\$ 125	\$ 218	
4171400 - Escheat of unclaimed checks and warrants	\$ 7	\$ 17	\$ 0	\$ 0	
4172500 - Miscellaneous revenues	\$ 2	\$ 2	\$ 0	\$ 0	
Totals, Revenues	\$ 16,084	\$ 17,672	\$ 18,485	\$ 18,578	
Loan repayment from the General Fund (0001) to the Accountancy Fund (0704) per Item 1111-011-0704 BA of 2020	\$ 0	\$ 0	\$ 10,000	\$ 0	
Operating Transfers To General Fund 0001 (AB84)	\$ -764	\$ 0	\$ 0	\$ 0	
Totals, Transfers and Other Adjustments	\$ -764	\$ 0	\$ 10,000	\$ 0	
TOTALS, REVENUES, TRANSFERS AND OTHER ADJUSTMENTS	\$ 15,320	\$ 17,672	\$ 28,485	\$ 18,578	
TOTAL RESOURCES	\$ 28,603	\$ 28,422	\$ 37,113	\$ 35,517	
Expenditures:					
1111 Department of Consumer Affairs Regulatory Boards, Bureaus, Divisions (State Operations)	\$ 16,320	\$ 18,229	\$ 18,763	\$ 19,326	
9892 Supplemental Pension Payments (State Operations)	\$ 390	\$ 390	\$ 390	\$ 390	
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$ 1,143	\$ 1,175	\$ 1,021	\$ 1,021	
TOTALS, EXPENDITURES AND EXPENDITURE ADJUSTMENTS	\$ 17,853	\$ 19,794	\$ 20,174	\$ 20,737	
FUND BALANCE					
Reserve for economic uncertainties	\$ 10,750	\$ 8,628	\$ 16,939	\$ 14,780	
Months in Reserve	6.5	5.1	9.8	8.5	
NOTES:					
1. Assumes workload and revenue projections are realized in BY +1 and ongoing.					
2. Expenditure growth projected at 3% beginning BY +1.					

Licensee Population⁵ vs. CBA Positions



⁵ Population stats are as of the end of FM 9 for fiscal year 2022-23.

May 2023

Item V.A

CBA by the Numbers



Office Relocation

As reported at the March 2023 CBA meeting, the CBA is working on relocating its office to a space at the Department of Consumer Affairs (DCA) headquarters. Since the March meeting, staff have worked on identifying what funds can be diverted to the Architectural Revolving Fund (ARF) to cover the costs of the relocation and have initiated work with DCA on a floorplan.

ARF

The ARF account sets asides currently budgeted monies for the construction, alteration, repair, and improvement of state buildings. The CBA will be able to use the funds from this fiscal year to pay for costs that will not be incurred until next fiscal year. The CBA is scheduled to transfer \$550,000 to the ARF.

Floorplan

The floorplan being developed will accommodate the present hybrid work environment. There will be permanent workstations for staff who are office-centric and also provide significant workstations to facilitate staff who are remote-centric but work at the CBA office as necessary.

There will be open work areas to provide flexibility in workspace. This concept is also great to facilitate team meetings and encourage collaboration amongst staff members.

Update on Regulations

Subject of Regulations	Status
Sale, Transfer, or Discontinuance of Practice	
Establish regulations regarding the sale, transfer, or discontinuance of a licensee's practice.	Staff compiling final rulemaking file following approval at the March CBA meeting
CPA Evolution/Early Entry	
Establish and amend regulations to implement CPA Evolution and Early Entry to the CPA Exam.	Rulemaking documents under review by the Business, Consumer Services and Housing Agency
Firm Responsibilities and Client Notification Regarding Attest Services	
Amend regulations regarding accounting firms providing attest services with ownership comprised solely of CPAs who have not completed the attest experience requirement.	Staff developing preliminary rulemaking documents for submission to DCA

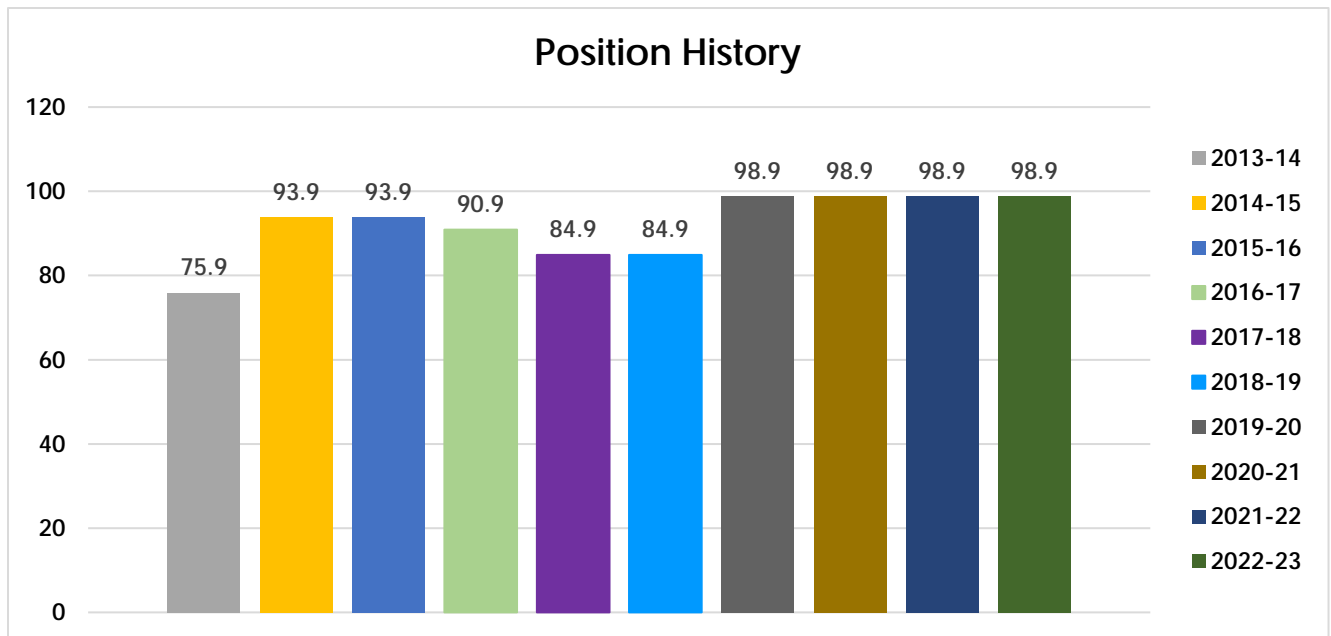
Staffing Update

Vacancy Information

The CBA currently has 13 vacant positions. Five of these positions are classified as hard to fill (Supervising Investigative CPA (SICPA) and Investigative CPA (ICPA)).

Staff continue to explore ways to increase the volume of applicants for the SICPA and ICPA positions, including an increased presence on social media with information on vacancies and how to apply with the state.

Total Number of Positions	98.9
Vacancies <ul style="list-style-type: none"> • Administration – 3 • Enforcement – 5 • Licensing – 5 	13.0
Vacancy Rate	13%



Information Technology

Network Consolidation

For almost 30 years, the CBA has maintained its own independent information technology (IT) network and systems. But, over those years, it is an understatement to say, that the IT industry has grown and changed significantly. The challenge of maintaining technological parity with the IT industry in general, and other State agencies specifically, while maintaining a safe, secure IT infrastructure has become increasingly difficult – especially, given the growing sophistication of the security threats that organizations, of all sizes, face.

As a result of these challenges, the CBA has embarked on a project to merge CBA IT systems and networks into DCA's IT infrastructure. The first step in this merger will be the replacement of the CBA's Internet/WAN connection with a high speed connection to DCA's internal network. DCA's Internet connection will become the ingress and egress point for CBA's Internet access for staff and our public web servers. This step is expected to be completed in late-May.

CBA IT staff are "reimaging" CBA laptops and desktops to use the same software environment and configuration as DCA laptops and desktops. This will ensure that staff are on the same common supported "platform" as DCA's staff, thus ensuring that our laptops and desktops are fully compatible with DCA's IT infrastructure before this first step in the merger is completed.

The second step in the CBA's merger with DCA's IT infrastructure will be the migration of CBA's Microsoft Office 365 (O365) environment and CBA's Active Directory (AD) "domain" into DCA's existing O365 environment and AD domain. This step is the final step in the merger process and is expected to be completed by the end of June. CBA members will be contacted in the coming weeks with information on any changes that will impact their access to email.

Although there is a merging of CBA IT network and systems with DCA, the CBA will maintain the independence of its IT staff. The CBA will also continue to maintain its public website and internal Intranet systems. This merger will allow CBA IT staff to better focus on supporting staff, planning and preparing for our upcoming business modernization projects, and helping to improve staff efficiencies.

As previously stated, a primary benefit that this merger will bring to the CBA is the ability to address and counter growing IT security threats. While the CBA has always achieved a positive outcome in its biennial California Military Department security audits, this merge will greatly enhance the ability to maintain a secure environment and meet the challenges of future security threats by allowing the CBA to use and interface with DCA's dedicated IT security team.

The merger will enhance the CBA's ability to execute its business continuity and business resumption plans, in case of any natural or other disasters. Further, it will provide the CBA with a more resilient network and server infrastructure supported by DCA's and the California Department of Technology's dedicated network and server support staff.

For the CBA's succession planning, this merger will help to address business continuity as CBA IT staff progress towards "retirement age."

While the CBA will gain the assistance of DCA's IT staff, it will also likely see an increase in our annual IT costs, but the aforementioned benefits of this merger greatly outweigh the financial component.

Business Modernization

Staff continues to work on the Business Modernization Project. The CBA decided to perform additional market research for the enforcement module to confirm if the software platform used for license renewal, CBA Connect, will meet the specific needs of the Enforcement Division. Enhancements to the existing online renewal process in CBA Connect remains the focus.

Some key enhancements to CBA Connect that recently went live in April 2023 are:

- Revision to the continuing education (CE) data file template to include instructions and troubleshooting tips found on the 'Read Me' tab.
- Addition of the Regulatory Review Course due date on the licensee dashboard. Licensees can find this under "PCE Due Date."
- Revision to the PDF copy of the renewal application with general cleanup and addition of the license number, license expiration date, and Regulator Review Course due date which is currently shown tiled "PCE Due Date."

Staff are also currently working on additional enhancements and development to incorporate changes to continuing CE that include the addition of nano and blended learning programs that will be effective July 1, 2023. Additional updates will be provided as the project progresses.

May 18, 2023

Item V.B.

New Look for CBA Reports

The Communications and Outreach Report has a new look! Debuting at this month's CBA meeting, readers will notice fresh designs also for the Administration Activity Report, Enforcement Activity Report, and Licensing Activity Report. The four reports now share a common appearance, while each maintains a distinct color scheme.

In-Person Outreach Returns

May: San Bernardino

For the first time since before the pandemic, the CBA is taking part in an outreach event being held in person on the campus of California State University, San Bernardino (CSUSB). The event, Beta Alpha Psi's Annual Spring Banquet, is happening on Tuesday, May 9.



CBA Member Nancy J. Corrigan, CPA, will be joined by CBA Information and Planning Officer David Hemphill and CBA Examination Coordinator Jennifer Jackson to give a presentation about the role of the CBA, requirements for examination and licensure, and the upcoming CPA Evolution changes. The event begins with time for networking, during which Ms. Jackson will be joined by CBA Examination Analyst Megan Mitchell to review students' transcripts.

The evening will conclude with a question and answer session, where, in addition to any student questions, staff will pose questions back to the students about their understanding of the requirements for examination and licensure in order to gather information for the CBA's Students Understanding the Requirements to be a CPA (SURE CPA) Project.

September: Pomona

Staff are planning outreach events to happen in conjunction with the September 21-22, 2023 CBA meeting to be held at California State Polytechnic University, Pomona.



These events are still being finalized, but may include an interactive session with CBA members discussing their careers in and out of accounting, an update on CPA Evolution, conducting transcripts reviews with students, and a town hall-style event serving as an information gathering session for SURE CPA.

Website Updates

New Licensee Page

A [new page](#) was developed for the CBA website to congratulate California's newest CPAs. It features the names of everyone who earned their CPA certificate within the past six months, grouped by month. The festive-looking page can be accessed by clicking "Welcome New CPAs" in the Quick Hits box on the Licensees page, and a screenshot is featured at right. It will be updated monthly and a social media post will announce when the latest month of new CPAs has been displayed.

Welcome To Our New CPAs!

The California Board of Accountancy congratulates all of our newest CPAs! Every month, the CBA awards hundreds of new CPA licenses. From completing the educational requirements and passing the rigorous Uniform CPA Examination, to earning a year of experience and passing an Ethics exam, these individuals have put in a lot of hard work to attain this esteemed certification. Click on a month below to see the names of everyone who earned their CPA license during that particular month.



February 2023	Congratulations to the 248 individuals who became CPAs during the month of February!	
January 2023	MICHELLE SANTOS CAPIJI	CPA152562
	TETIANA KOTENKO	CPA152561
	SHANNON CHRISTINE DURBIN	CPA152560
December 2022	CODY ALAN BEAUMONT	CPA152559
	SARA JEAN SCDONOVER	CPA152558
	EDWIN DANIEL CARABEZ	CPA152557
November 2022	HUINI LYU	CPA152556
	KARL VINCENT NONATO VILLADAREZ	CPA152555
	CIERRA NICOLE SCOTT	CPA152554
October	CHENG CHEN	CPA152553
	JUNG HWAN PARK	CPA152552

Second Signature Removed From Experience Forms

The [Certificate of General Experience](#) and the [Certificate of Attest Experience](#) forms were updated on the CBA website to reflect the regulatory change removing the requirement for a second supervisory signature. Along with this change, staff made the forms "fillable," allowing the information to be entered online. This eliminates the need to print out the form, physically write in the information, and scan it back when completed. This improvement will be a welcome change for CPA licensure applicants.

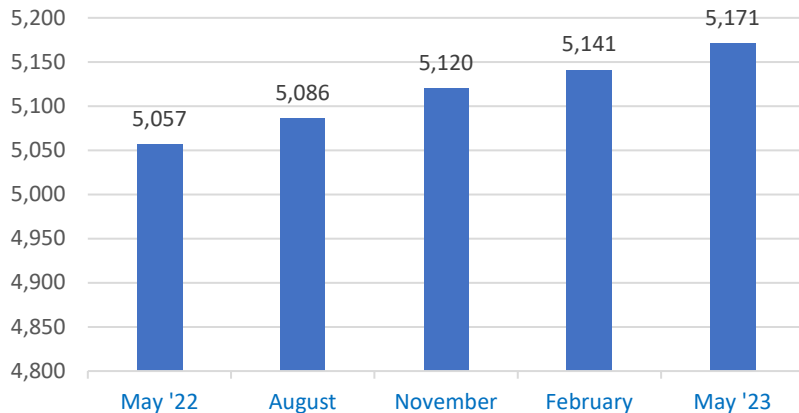
Recruitment Videos

As mentioned in the March report, CBA President Katrina L. Salazar, CPA, shot two videos to aid in recruitment efforts to fill openings on the CBA and its advisory committees. The first video, for CBA recruitment, was completed and posted on the [Opportunities to Serve page](#) of the CBA website. The second video, for Committee Recruitment, is in the final production stage, and will be posted on the same page once completed.

Social Media

The CBA Social Media accounts continue growing at a healthy rate, now approaching 12,000 total followers from the Facebook, Twitter, and LinkedIn pages. Stakeholders will begin seeing a larger volume of content posted to social media when the new members of the Communications and Outreach team are in place.

12-month Facebook Growth

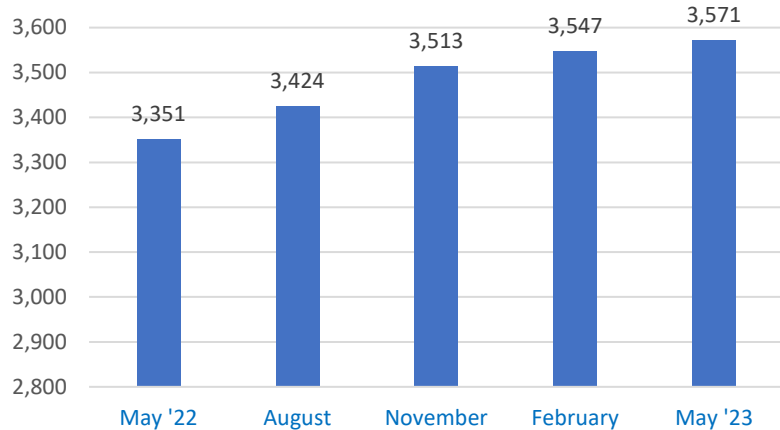


Total Followers: 5,171
 Growth Mar-May: +30, 0.6%
 Growth Dec-Feb: +21, 0.4%
 Growth Sep-Nov: +34, 0.7%
 Growth Jun-Aug: +29, 0.6%

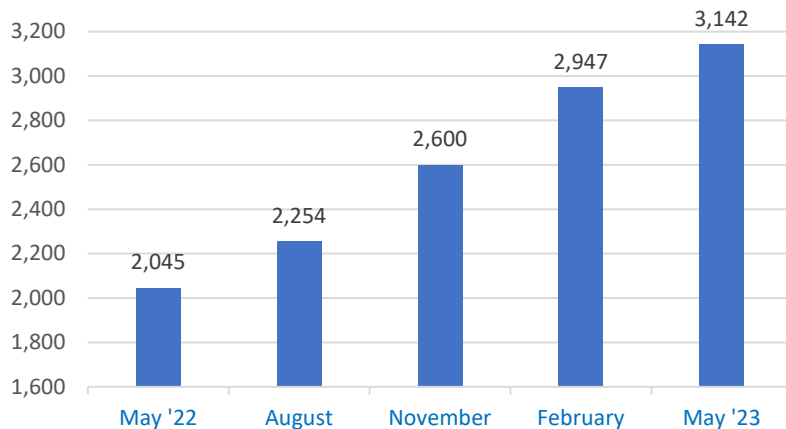


Total Followers: 3,571
 Growth Mar-May: +24, 0.7%
 Growth Dec-Feb: +34, 1.0%
 Growth Sep-Nov: +89, 2.6%
 Growth Jun-Aug: +73, 2.2%

12-month Twitter Growth



12-month LinkedIn Growth



Total Followers: 3,142
 Growth Mar-May: +195, 6.6%
 Growth Dec-Feb: +347, 13.3%
 Growth Sep-Nov: +346, 15.4%
 Growth Jun-Aug: +209, 10.2%

New Faces on Communications Team

The CBA Communications and Outreach team has been operating with vacancies throughout 2023, but that will be changing soon. Jacob Sudia and Cheri Oakman have been hired in the last few weeks, and interviews are currently taking place for a third position. Mr. Sudia specializes in video content, while Ms. Oakman will be taking on a role focused on writing. Having a full team in place will allow the CBA to expand its communications footprint, with an increased focus on digital-based outreach, as expressed in the 2023 Communications and Outreach Plan.

E-News

E News Subscriptions	Total
Consumer Interest	5,233
Examination Applicant	3,319
Licensing Applicant	4,045
California Licensee	11,142
Out-of-State Licensee	2,786
Statutory/Regulatory	8,948
CBA Meeting Information & Agenda Materials	4,454
<i>UPDATE</i> Publication	8,981
Total Subscriptions	48,908

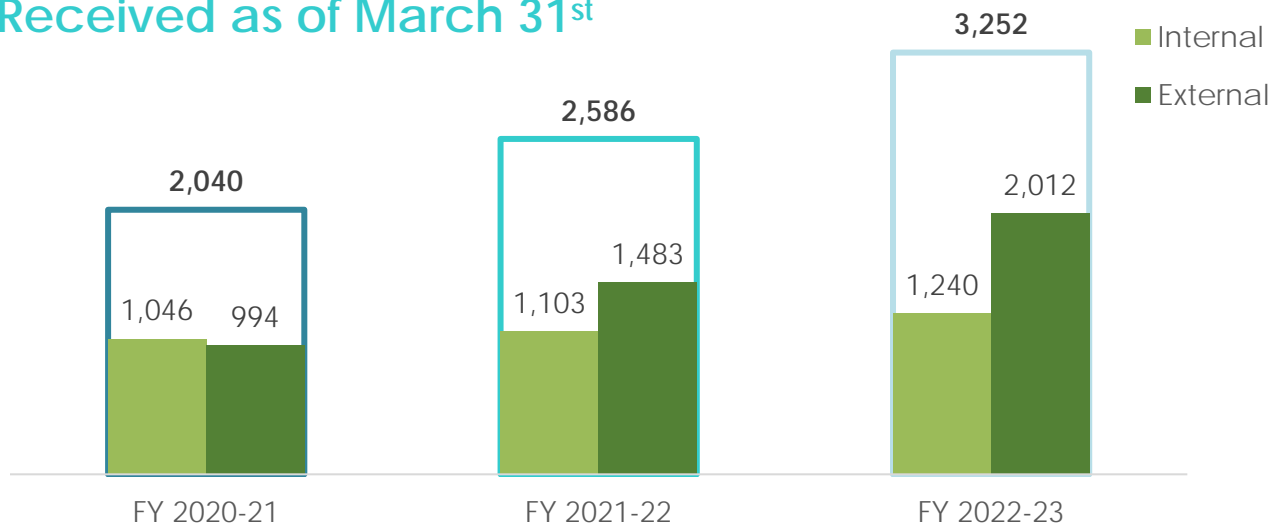
May 18, 2023

CBA Item VII.A.

Complaints

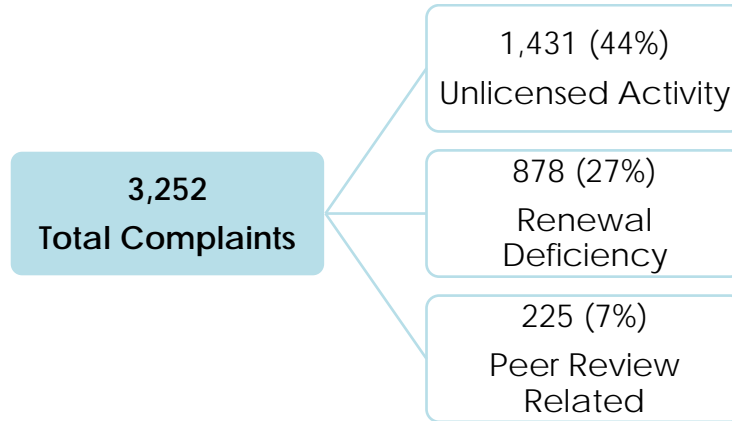
FY 2022-23 (9 months of data)	3,252 Received – Internal 1,240 – External 2,012
FY 2021-22	4,414 Received – Internal 1,384 – External 3,030
FY 2020-21	2,729 Received – Internal 1,294 – External 1,435

Received as of March 31st

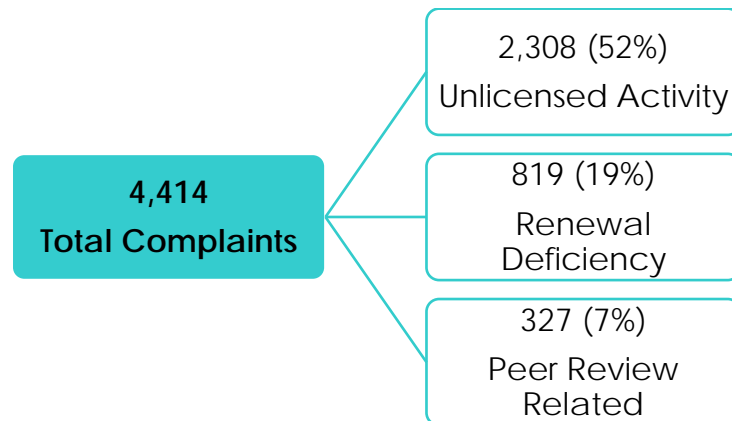


Top 3 Complaint Types Received

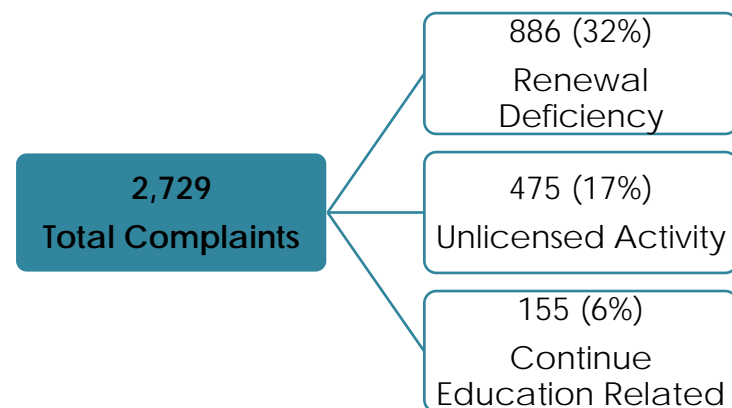
Fiscal Year 2022-23



Fiscal Year 2021-22



Fiscal Year 2020-21



Investigations

The number of complaints assigned for investigations and closed.

Investigations	FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
Investigations Assigned	2,729	4,414	3,252
Investigations Closed	2,692	3,126	3,639
Average Days to Close	113	97	128

- The average number of days to close increased slightly from the last report, from 116 to 128.

Investigations Closed	FY 2022-23 9 months of data
Total Closed FY 2021-22	3,639
Closed within 0-6 Months	2,647
Closed within 6-12 Months	969
Closed within 12-24 Months	15
Closed >24 Months	8

- Of the total 3,639 investigations closed in FY 2022-23, 2,647 or 73% were closed within six months from the initial complaint investigation date. Further, 3,616 investigations or 99% were closed within one year.

Pending

Investigations Pending	FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
Total Investigations Pending	779	2,114	1,731
0-6 Months	686	2,060	1,279
6-12 Months	56	32	416
12-24 Months	33	21	34
>24 Months	4	1	2
Average Age of Open Cases (days)	110	57	107

- Of the total 1,731 pending cases, 74% were less than six months old and approximately 98% were less than one year old.
- There are two ongoing investigations pending over 24 months.

Discipline

As part of its mission of consumer protection, the California Board of Accountancy (CBA) referred matters to the Attorney General's (AG) Office for imposition of discipline.

Discipline	FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
AG Referrals	50	34	30
Accusations Filed	44	25	20
Statement of Issues Filed	2	2	1
Petitions for Revocation Filed	3	3	2

Age of Complaints Pending at Attorney General's Office

Pending at AG	FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
Total Pending at AG's Office	39	32	36
0-6 Months	18	11	16
6-12 Months	11	14	9
12-24 Months	10	7	9
>24 Months	0	0	2

Final Orders

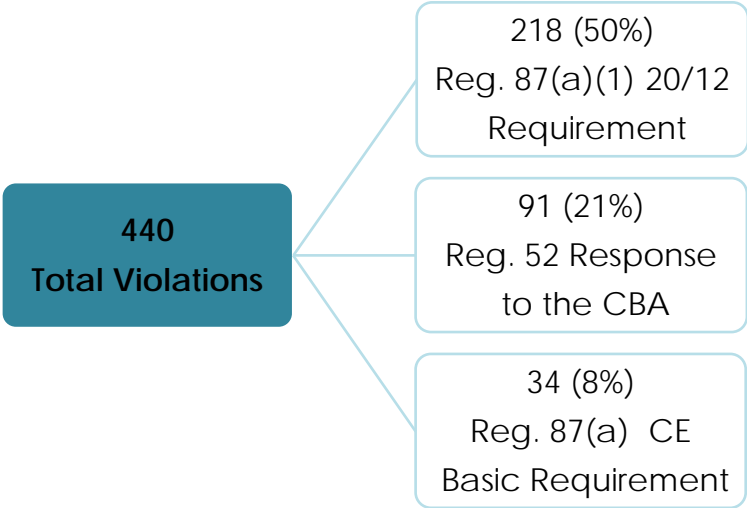
Disciplinary Action	FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
Final Decision Orders	50	32	23
Stipulated Settlement	34	25	16
Proposed Decision	7	4	4
Default Decision	9	3	3

Citations and Fines

Citations	FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
Total Citations Issued	376	459	313
Total Fines Assessed	\$117,800	\$113,825	\$120,900
Fine Average	\$313	\$248	\$330
Average Number of Days from Receipt of Complaint to Issuance of Citation	192	206	94

FY 2022-23 Top 3 Violations

9 months of data



Citation and Fine Appeals and Outcomes	FY 2022-23
Citation and Fine Appeals Received	31
Citations Modified	2
Citations Withdrawn	23
Citations Affirmed-Upheld	6

- A citation may be withdrawn for reasons such as financial hardship, health-related matters, or submission of mitigating evidence demonstrating compliance.

Unlicensed Activity

Complaints Received		FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
Internal		58	32	21
External		417	2,276	1,410
Total		475	2,308	1,431

Complaint Categories		FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
Practice without Permit		197	967	737
Individuals without a CPA License		224	1,293	673
Unregistered Firms		54	48	21
Total		475	2,308	1,431

Investigations		FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
Investigations Pending		144	1,709	1,119
-Referred to Division of Investigation		2	3	0
Total		146	1,712	1,119

Outcomes		FY 2020-21	FY 2021-22	FY 2022-23 9 months of data
Citations Issued		17	24	2
Closed for Compliance		382	727	1,931
Referred to District Attorney / Local Law Enforcement		2	3	0
Total		401	754	1,933

- Of the total 1,431 unlicensed complaints received, 94% came from one complainant. These complaints primarily involve individuals that do not have an active Certified Public Accountant (CPA) license issued in California, holding out as a CPA on a specific social media platform.

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 include:

Probation Violation(s) Types	Detected
Obey All Laws	0
Submit Written Quarterly Report	19
Active License Status	4
Restricted Practice	0
Peer Review	0
Continuing Education	4
Administrative Penalty	5
Probation Monitoring Costs	0
Personal Appearance	0
Violation of Citation	1
Tolling of Probation for Out-of-State Residence/Practice	1
TOTAL	42



LICENSING ACTIVITY REPORT

May 18, 2023

CBA Item VIII.A.

July 1, 2022 – March 31, 2023

Licensing Highlights

- The Examination and Initial Licensing Units continue to process complete applications within 30 days.
- The Office of Administrative law approved the regulations to remove the second signature requirement found on the Certificate of General Experience and the Certificate of Attest Experience and the new forms are available on the California Board of Accountancy (CBA) website.

Application Processing Snapshot

Table 1: Complete¹ Application Processing Times as of March 31, 2023

Application Type	Processing Time Complete Applications
First-Time Uniform Certified Public Accountant Examination (CPA Exam)	23 days
CPA Initial License	18 days
Corporation Initial License Application	23 days
Partnership Initial License Application	24 days
Out-of-State Firm Registration Application	2 days

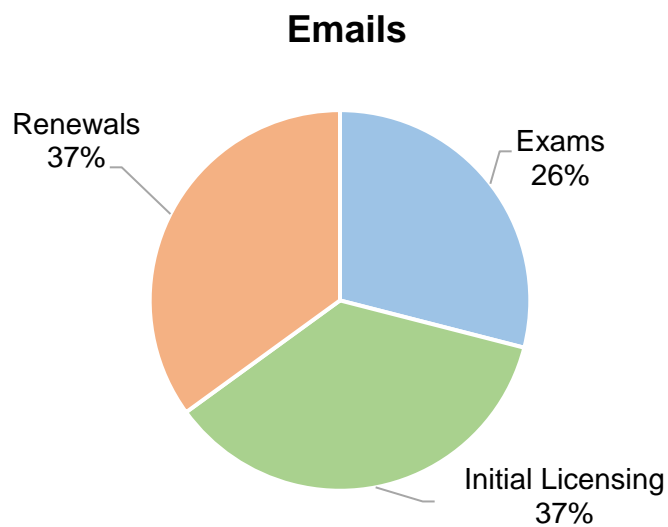
¹ Only applications deemed complete at the time of initial review (i.e., did not require additional information/documentation) are used to calculate processing times.

Inquiries

Table 2: Inquiries Received by Fiscal Year

Inquiry Type	2021-22 July-June Received	2022-23 July-Mar. Received
Telephone ²	32,286	24,570
Email	94,629	52,123
Total	126,915	76,693

Chart 1: Email Distribution by Unit



² Telephone inquiries are inclusive of those received by the Department of Consumer Affairs call center.

Uniform CPA Examination Statistics

Table 3: CPA Exam Applications by Fiscal Year

Examination Request	2020-21 Approved	2021-22 Approved	2022-23 July-Mar. Received	2022-23 July-Mar. Approved
First-Time Test	6,183	4,840	3,961	3,560
Repeat Test	15,633	13,707	10,160	10,160
First-Time Test (Early Entry)	N/A	348	442	346
Repeat Test (Early Entry)	N/A	0	86	86
Total	21,816	18,895	14,649	14,152

- Staff identified 391 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 shortage of accounting units or not including the conferral date of a bachelor's degree.
- 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

Table 4: Initial Licensure Activity by Fiscal Year

License/Registration/Permit Type	2020 21 Issued	2021 22 Issued	2022 23 July Mar. Received	2022 23 July Mar. Issued
CPA – General Accounting Experience	2,791	2,513	1,633	1,617
CPA – Attest Experience	1,255	913	658	602
<i>Subtotal CPA</i>	4,046	3,426	2,291	2,219
Partnerships	60	48	42	44
Corporations	243	223	150	152
Out-of-State Firms	67	69	36	36
<i>Subtotal Firms</i>	370	340	228	232
<i>Total Fictitious Name Registrations</i>	107	66	44	44
Total Licenses/ Registrations	4,523	3,832	2,563	2,495

- There were a total of 492 initial CPA applications with a deficiency where additional documentation was required from the applicant to approve the application. This includes active applications received in prior fiscal years.
- The number issued may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

License Renewal Statistics

Table 5: License Renewal Activity by Fiscal Year

License/Registration/Permit Type	2020 21 Renewed	2021 22 Renewed	2022 23 July Mar. Renewed
CPA	43,945	44,396	33,316
Public Accountant (PA)	2	2	0
<i>Subtotal CPA/PA</i>	43,947	44,398	33,316
Partnerships	579	631	455
Corporations	1,951	1,896	1,662
Out-of-State Firms	133	161	103
<i>Subtotal Firms</i>	2,663	2,688	2,220
<i>Total Fictitious Name Registrations</i>	376	164	162
Total Licenses/Registrations	46,986	47,250	35,698

Table 6: License Renewal Application Review by Fiscal Year (Cohort Report)³

Review Outcome	2020 21	2021 22	2022 23 July Mar.
Deficient – Resolved Deficiency	1,323	1,226	1,701
Deficient – Outstanding	0	8 ⁴	239
Enforcement Referral	240	195	50 ⁵
<i>Subtotal Deficient/Enforcement Referrals</i>	1,563	1,429	1,990
<i>Subtotal Compliant</i>	20,428	37,518	46,754
Total Reviewed	21,991	38,947	48,744

- If staff identified a deficiency that could be corrected (e.g., short continuing education (CE) hours) the renewal was counted as Deficient – Outstanding. If the deficiency is corrected, it will move to Deficient – Resolved Deficiency.
- Licensees who had a deficiency that could not be corrected were referred to Enforcement (e.g., violation of the 20-CE hour per year rule).

³ Caution should be used when comparing fiscal years in this table. CBA Connect was launched on April 4, 2022, allowing for more efficient renewal review by automating a portion of the renewal review process.

⁴ Licensees have one year to comply with renewal deficiencies pursuant to California Code of Regulations section 71(c).

⁵ CBA Connect ensures licensees meet specific renewal requirements prior to allowing the submission of the online renewal, explaining the decline in the number of renewals being referred to the Enforcement Division.

Table 7: Continuing Education Audits by Fiscal Year (Cohort Report)

Audit Outcome	2020 21	2021 22	2022 23 July Mar.
Compliant CE	623	778	529
Non-Compliant CE – Outstanding	0	0	10
Non-Compliant CE – Resolved	59	38	29
Enforcement Referral	73	61	40
Audits in Process	0	0	70
Total Audits	755	877	678

- To conduct CE audits, staff select a random sample of licensees from those who reported completion of the 80 hours on their renewal application.

Population Statistics

Table 8: Population Statistics by Fiscal Year

License/Registration Type	June 30, 2021 Count	June 30, 2022 Count	Mar. 31, 2023 Count
CPA – Active	58,525	65,966	65,200
PA – Active	4	2	2
<i>Subtotal CPA/PA – Active</i>	<i>58,529</i>	<i>65,968</i>	<i>65,202</i>
Accountancy Corporations	4,357	4,385	4,308
Accountancy Partnerships	1,357	1,326	1,311
Out-of-State Firm Registrations	790	859	891
<i>Subtotal Accountancy Firms</i>	<i>6,504</i>	<i>6,570</i>	<i>6,510</i>
<i>Total – Active CPA/PA and Firms</i>	<i>65,033</i>	<i>72,538</i>	<i>71,712</i>
CPA – Inactive	30,617	22,540	21,978
CPA – Delinquent	11,613	13,015	14,684
CPA – Retired	3,774	3,853	4,246
<i>Subtotal CPA – Inactive/Delinquent/Retired</i>	<i>46,004</i>	<i>39,408</i>	<i>40,908</i>
<i>Total Fictitious Name Registration</i>	<i>2,577</i>	<i>2,633</i>	<i>2,666</i>
<i>Grand Total Licenses/ Registrations</i>	113,614	114,579	115,286

Military and Refugee 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.”

Table 9: Military and Refugee Inquiries by Fiscal Year

Inquiries	2021 22	2022 23 July Mar.
Email (Military)	338	437
Telephone Calls (Military)	55	140
Email (Refugee)	73	87
Telephone Calls (Refugee)	13	72
Total Inquiries	479	736

Table 10: Military and Refugee Applications Received and Approved by Fiscal Year

Application Type	2020 21 Approved	2021 22 Approved	2022 23 July Mar. Received	2022 23 July Mar. Approved	Average Processing Time in Days
CPA Exam (Military)	1	13	44	44	8.9
CPA License (Military)	18	48	38	34	4
CPA Renewal (Military)	1	1	1	1	2
CPA Exam (Refugee)	0	4	15	15	13.2
CPA License (Refugee)	3	4	5	5	31



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 IX.A.
 May 18, 2023
DRAFT

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

**MINUTES OF THE
 March 23-24, 2023
 CALIFORNIA BOARD OF ACCOUNTANCY 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.

California Board of Accountancy (CBA) President Katrina L. Salazar, CPA, called the meeting to order at 10:26 a.m. on Thursday, March 23, 2023 at the CBA office in Sacramento. The CBA held the meeting in-person and provided public participation via WebEx. The CBA convened into closed session from 3:12 p.m. until 5:20 p.m. to deliberate on the petitions and closed session matters. The CBA reconvened into open session on Friday, March 24, 2023 at 9:00 a.m. until 11:57 a.m. President Salazar adjourned the meeting at 11:57 a.m.

President Salazar 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

Katrina L. Salazar, CPA, President
 Yen C. Tu, Vice President
 Joseph Rosenbaum, CPA, Secretary/Treasurer
 Nancy J. Corrigan, CPA
 Karriann Farrell Hinds, Esq.

March 23, 2023

10:26 a.m. to 5:20 p.m.
 10:26 a.m. to 5:20 p.m.
 10:26 a.m. to 5:20 p.m.
 10:26 a.m. to 5:20 p.m.
 10:26 a.m. to 5:20 p.m.

CBA Members

Dan Jacobson, Esq.
Kristian Latta, CPA
Tong "Tony" Lin
Zuhdia "Dee Dee" Owens, CPA
Ariel Pe
Michael M. Savoy, CPA
Evangeline Ward

March 23, 2023

1:30 p.m. to 5:20 p.m.-via WebEx
10:26 a.m. to 5:20 p.m.
10:26 a.m. to 5:20 p.m.
Absent.
10:26 a.m. to 5:20 p.m.
10:26 a.m. to 5:20 p.m.
10:26 a.m. to 5:20 p.m.

CBA Members

Katrina L. Salazar, CPA, President
Yen C. Tu, Vice President
Joseph Rosenbaum, CPA, Secretary/Treasurer
Nancy J. Corrigan, CPA
Karriann Farrell Hinds, Esq.
Dan Jacobson, Esq.
Kristian Latta, CPA
Tong "Tony" Lin
Zuhdia "Dee Dee" Owens, CPA
Ariel Pe
Michael M. Savoy, CPA
Evangeline Ward

March 24, 2023

9:00 a.m. to 11:57 a.m.
9:00 a.m. to 11:57 a.m.
9:00 a.m. to 11:57 a.m.
9:00 a.m. to 11:57 a.m.
Absent
9:51 a.m. to 11:57 a.m.-via WebEx
9:00 a.m. to 11:57 a.m.
9:00 a.m. to 11:57 a.m.
Absent
9:00 a.m. to 11:57 a.m.
9:00 a.m. to 11:57 a.m.
9:00 a.m. to 11:57 a.m.

Staff and Legal Counsel

Dominic Franzella, Acting Executive Officer
Christy Abate, Manager, Administrative Services
Suzanne Balkis, Budget Analyst, Department of Consumer Affairs (DCA)
Sarah Benedict, Manager, License Renewal and Continuing Competency Unit
Judie Bucciarelli, Staff Services Manager I Specialist, DCA Board and Bureau Relations
Michelle Center, Chief, Licensing Division
Elizabeth Coronel, Strategic Business Analyst, DCA
Alex Cristescu, Television Specialist, Office of Public Affairs, DCA
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Emmanuel Estacio, Information Technology Support Analyst
Corey Faiello-Riordan, Manager, Enforcement Division
Sarah Fletcher, Enforcement Analyst
Ann Fisher, Planner, DCA
Helen Geoffroy, Legal Counsel, DCA
David Hemphill, Information and Planning Officer
Amir Larian, Website Analyst
Michael Lieberman, Manager, Initial Licensing Unit
Alexander Millington, Attorney III, Regulations Unit, Legal Affairs Division, DCA
Kari O'Connor, Deputy Chief, Enforcement Division
Eulalio Ortega, Manager, Examination Unit
Matthew Parsons, Coordinator, License Renewal and Continuing Competency Unit
Katrina Pierce, Executive Analyst
Rebecca Reed, Board Relations Analyst

Committee Chairs and Members

Michael L. Williams, CPA, Chair, Qualifications Committee (QC)
Laura L. Ross, CPA, Chair, Peer Review Oversight Committee (PROC)
Jeffrey DeLyser, CPA, Member, PROC

Other Participants

Michael Ash, Member of the Public
James Brackens, CPA, CGMA, Vice President of Ethics and Practice Quality at the American Institute of CPAs (AICPA)
Dawn Brenner, CPA, Member of the Public
David Bruner, Petitioner
Joe DiBenedetto, Petitioner
Jason Fox, Vice President of Government Relations, California Society of CPAs (CalCPA)
Denise Froemming, CPA, President and Chief Executive Officer, CalCPA
Sean Gavin, Administrative Law Judge (ALJ), Office of Administrative Hearings (OAH)
Laurel Gron, Member of the Public
Pat Joyce, The Accountant's Coalition (TAC)
Thomas Parry, Member of the Public
Rich Simitian, CPA, Interim Director, CalCPA Peer Review
Diana Sosa, CPA, Member of the Public
Tammy Velasquez, Director of State Legislative & Regulatory Affairs, Office of Public Policy, Ernst & Young LLP

I. Public Comments for Items Not on the Agenda.

No public comments were received.

II. Report of the President.

A. Introduction of New California Board of Accountancy Member Tong "Tony" Lin.

President Salazar introduced new CBA member Tong "Tony" Lin. Governor Newsom appointed Mr. Lin to the CBA on February 22, 2023

B. National Association of State Boards of Accountancy Committee Interest Form.

President Salazar stated members interested in serving on a NASBA committee should submit an application by the deadline of May 5, 2023.

C. Resolution for Retiring Enforcement Advisory Committee Member, Nathan Cowley, CPA.

It was moved by Mr. Pe and seconded by Ms. Hinds to approve the resolution for Nathan Cowley, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Jacobson and Ms. Owens.

The motion passed.

- D. Resolution for Retiring Qualifications Committee Member, José Palma, CPA.

It was moved by Ms. Tu and seconded by Mr. Savoy to approve the resolution for José Palma, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Jacobson and Ms. Owens.

The motion passed.

- E. Resolution for Retired Consideration of the CPA Experience Requirements Taskforce Member, Daniel J. Dustin, CPA.

- F. Resolution for Retired Consideration of the CPA Experience Requirements Taskforce Member, David Senteney, PhD., CPA.

- G. Resolution for Retired Consideration of the CPA Experience Requirements Taskforce Member, Rich Simitian, CPA.

It was moved by Ms. Hinds and seconded by Ms. Latta to approve the resolutions for Daniel J. Dustin, CPA, David Senteney, PhD., CPA, and Rich Simitian, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Jacobson and Ms. Owens.

The motion passed.

- H. Overview of the Peer Review Oversight Committee's Annual Administrative Site Visit Process.

Ms. Center provided an overview of the PROC's Annual Site Visit (ASV) process. She stated the purpose of the ASV is to determine if the administering entity, which is CalCPA in California, is administering peer reviews in accordance with the standards adopted by the CBA. She noted the PROC conducts the ASV in accordance with California Code of Regulations, title 16, sections 47, 48, and 48.3.

- I. Discussion and Possible Action Regarding Challenges Associated with the Peer Review Program.

Ms. Center provided an overview of the challenges associated with the Peer Review Program.

Mr. Savoy provided an overview of the events that lead to his request to bring the peer review issues to the CBA.

Mr. Simitian provided additional information regarding CalCPA and the issue that occurred. He stated he was CalCPA's Interim Director at the time and reached out to the PROC chair regarding issues with a peer reviewer's performance instead of reaching out to the executive officer or staff first. He noted after a meeting with staff, CalCPA would communicate any future issues to staff.

Mr. Brackens provided additional information regarding the AICPA's peer review program. He noted the AICPA had a long history of providing information that the AICPA determined could be shared regarding peer reviews.

There was robust discussion between the members regarding possible solutions to the issues with peer review.

Members of the public, Dawn Brenner, CPA, and Dianna Sosa, CPA, voiced their support of the peer review program and the value of the peer review process for firms.

It was determined the Committee on Professional Conduct (CPC) would handle future discussions regarding the challenges associated with the Peer Review Program.

J. Discussion and Possible Action to Approve the Project to Review and Clarify Educational Requirements for Certified Public Accountant Licensure.

Mr. Lieberman provided an overview of this item. He stated the purpose of this item was to provide the CBA with an opportunity to discuss and provide feedback on the project to review and clarify educational requirements for CPA licensure, referred to as the Students Understanding the Requirements for a CPA (SURE CPA) Project.

Mr. Lieberman noted SURE CPA Project's purposed goal was to clarify the educational requirements by implementing solutions that will provide future CPA applicants, educational institutions, professional associations and other stakeholders with straightforward educational requirements for CPA licensure.

Mr. Fox stated CalCPA strongly supported the SURE CPA Project.

It was moved by Mr. Savoy and seconded by Ms. Corrigan to approve the SURE CPA Project plan, inclusive of the project goal and scope.

Yes: Ms. Corrigan, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds, Mr. Jacobson, and Ms. Owens.

The motion passed.

K. Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Draft *8-Point Plan to Address the CPA Pipeline*.

Mr. Lieberman stated the purpose of this item was to provide the CBA with an opportunity to offer the AICPA feedback on its proposed plan to address the CPA pipeline. He noted after the meeting materials were sent out, staff received an updated plan that covered the same 8 points, but was referred to as the *Draft Pipeline Acceleration Plan*.

Mr. Fox recommended the response letter to AICPA include data driven initiatives.

It was moved by Ms. Tu and seconded by Ms. Latta to authorize President Salazar to work with staff to draft and submit a letter to the AICPA expressing the CBA's appreciation with the AICPA's role in addressing the pipeline and to provide the following feedback:

- **Support of initiatives that contribute to reaching a wide audience of potential CPAs and initiatives that value diversity, equity and inclusion.**
- **Support of initiatives that align with the CPA Evolution licensure model**
- **That the CBA concurs with the concern expressed by NASBA regarding the excessive focus on regulatory reasons for a decreased pipeline.**
- **Interest in receiving additional information and providing future feedback to the AICPA following the implementation of any pilot programs.**
- **Support of discussions across the ecosystem that may lead to meaningful and comprehensive solutions to the decreased pipeline, including initiatives that address attractiveness, cost, time and reward as barriers to entry**
- **Suggestion that the *Draft Pipeline Acceleration Plan* acknowledge the important role that state boards of accountancy have in regulating entry and practice in their jurisdiction in support of consumer protection.**

Yes: Ms. Corrigan, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds, Mr. Jacobson, and Ms. Owens.

The motion passed.

L. Overview of the Uniform Certified Public Accountant Examination Blueprints.

Mr. Ortega provided an overview of the Uniform Certified Public Accountant Examination (CPA Exam) Blueprints adopted in December 2022. He noted the blueprints align with new CPA licensure model and the new CPA Exam, which will consist of three core test sections and one discipline section.

M. Discussion and Review of Board Action and Response to Prior Issues and New Issues for Inclusion in the California Board of Accountancy 2024 Sunset Review Report.

Mr. Hemphill provided an overview of the CBA's actions and responses regarding prior and new issues for inclusion in the CBA's 2024 Sunset Review Report.

It was moved by Mr. Savoy and seconded by Ms. Corrigan to reaffirm approval of items in Section 12 – New Issues, including the proposed statutory changes regarding the following:

- **Business and Professions Code Section 5096.21 – Elimination of the Mobility Stakeholder Group.**
- **Business and Professions Code Section 5071.1 – Granting of a Retired Status License.**
- **Business and Professions Code Section 5018 – Professional Conduct Standards: Mailings.**
- **Business and Professions Code Section 5093(b)(1)(A) – Certificates, Information and Records: Transmission.**
- **Business and Professions Code Section 5093 and 5094 – Update References for Educational Accreditation Agencies Consistent with the Code of Federal Regulations.**

Yes: Ms. Corrigan, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds, Mr. Jacobson and Ms. Owens.

The motion passed.

N. Discussion and Possible Adoption of the Proposed 2024 California Board of Accountancy Meeting Dates.

It was moved by Ms. Latta and seconded by Mr. Pe to adopt the 2024 CBA meeting dates.

Yes: Ms. Corrigan, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: Mr. Jacobson.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

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

This was a written report only.

III. Report of the Vice President.

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

It was moved by Ms. Tu and seconded by Ms. Corrigan to reappoint the following members to the EAC:

- **Douglas Aguilera, CPA**
- **David L. Kral, CPA**
- **Chris V. Tegtmeyer, CPA**
- **Jennifer E. Ziegler, CPA**

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

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

It was moved by Ms. Tu and seconded by Mr. Pe to reappoint Angela Honzik, CPA and appoint Anthony Gonzales II, CPA to the QC.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

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

It was moved by Ms. Tu and seconded by Ms. Ward to reappoint Sharon Selleck, CPA to the PROC.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

- IV. Report of the Secretary/Treasurer.

- A. Discussion of the Fiscal Year 2022-23 Mid-Year Financial Statement.

Mr. Rosenbaum provided an overview of the Mid-Year Financial Statement for fiscal year (FY) 2022-23. He noted the CBA's budget authority remained set at \$18,558,000. He stated CBA revenues totaled nearly \$9.4 million for the period beginning July 1 through December 31, 2022 and projected revenues were anticipated to exceed \$17.4 million by the end of FY 2022-23.

Mr. Rosenbaum stated the CBA was projected to have a budget surplus of 5.35%. A portion of this surplus would be set aside into an Architectural Revolving Fund to help fund initial costs and expenses related to the CBA Relocation Project.

- V. Petition Hearings.

- A. David Bruner, CPA 73235 – Petition for Reinstatement of a Restricted Area of Practice and Reduction of Penalty.

The CBA heard David Bruner's petition for reinstatement of a restricted area of practice and reduction of penalty.

- B. Joe DiBenedetto, CPA 73278 – Petition for Reinstatement of Revoked Certificate.

The CBA heard Joe DiBenedetto's petition for reinstatement of revoked certificate.

- 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 Petitions.

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

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

- VIII. 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.

- IX. Report of the Executive Officer.
 - A. Report of the Administration Division.

Ms. Abate provided an overview of this item.

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

This item was deferred to a future meeting.

- X. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.
 - A. Enforcement Advisory Committee.

There was no report on this agenda item.

 - B. Qualifications Committee.

There was no report on this agenda item.

 - C. Peer Review Oversight Committee.
 - 1. Report of the February 17, 2023 Peer Review Oversight Committee Meeting.

Ms. Ross reported PROC members had engaged in several oversight activities since its December 2022 meeting.

Ms. Ross stated PROC members reviewed two out-of-state administering entities: the Michigan Society of CPAs and Connecticut Society of CPAs. She noted both complied with the administrative procedures and standards in all material respects as established by the CBA.

Ms. Ross reported the PROC also reviewed and discussed the Draft 2022 Peer Review Oversight Committee Annual Report. The PROC approved the Draft 2022 Peer Review Oversight Committee Annual Report.

2. Presentation and Possible Adoption of the Proposed Peer Review Oversight Committee 2022 Annual Report.

Ms. Ross provided an overview of the PROC 2022 Annual Report.

It was moved by Ms. Ward and seconded by Mr. Jacobson to adopt the PROC 2022 Annual Report.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

XI. Regulations.

- A. Discussion and Possible Action to Consider Public Comments on and Adopt California Code of Regulations, Title 16, Section 54.3 – Sale or Transfer of Licensee’s Practice and Section 54.4 – Discontinuance of Licensee’s Practice.

Ms. Fletcher reported the purpose of this item was to provide the CBA the opportunity to consider public comments on and possibly adopt California Code of Regulations (CCR), title 16, sections 54.3 and 54.4.

Ms. Fletcher stated the AICPA Professional Ethics Executive Committee adopted new and revised interpretations of the AICPA Code of Professional Conduct. She noted pursuant to CCR section 58, the CBA requires its licensees to comply with all applicable professional standards, including the Code of Professional Conduct developed by the AICPA.

Ms. Fletcher stated the proposed regulations add two new sections to Article 9 of Division 1 of Title 16 to address new Interpretation 1.400.205 (Transfer of Files and Return of Client Records in Sale, Transfer, Discontinuance or Acquisition of a Practice) and revised Interpretation 1.700.050 (Disclosing Client Information in Connection With a Review or Acquisition of Member's Practice).

Ms. Fletcher noted CCR section 54.3 would address the sale or transfer of all or part of a licensee's practice to a successor person and CCR section 54.4 would address notification to clients when a licensee's practice is discontinued without a sale or transfer of the practice to a successor person. Both sections would establish requirements to ensure licensees are handling client records appropriately.

It was moved by Ms. Tu and seconded by Ms. Corrigan to:

- **Adopt the staff recommended responses for the comments regarding the proposed regulatory text,**
- **Adopt the regulatory text in CCR, title 16, sections 54.3 and 54.4,**
- **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 Office of Administrative Law (OAL), and**
- **Authorize the Acting Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.**

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

XII. Report of the Enforcement Chief.

A. Enforcement Activity Report.

This item was deferred to a future meeting.

XIII. Report of the Licensing Chief.

A. Licensing Activity Report.

This item was deferred to a future meeting.

B. Report on Long Term Licensing Data Trends.

Ms. Benedict provided an overview of this item. She noted the purpose of the agenda item was to provide the CBA with long-term licensing data trends that may be useful when considering the pipeline of future California CPAs.

President Salazar requested staff provide information regarding data trends on an annual basis.

XIV. Meeting Minutes.

A. Adoption of the Minutes of the January 26-27, 2023 California Board of Accountancy Meeting.

It was moved by Ms. Tu and seconded by Mr. Savoy to adopt the minutes of the January 26-27, 2023 CBA meeting, which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: Mr. Pe.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

B. Adoption of the Minutes of the January 26, 2023 Consideration of the CPA Experience Requirements Taskforce Meeting.

It was moved by Ms. Tu and seconded by Ms. Corrigan to adopt the minutes of the January 26, 2023 Consideration of the CPA Experience Requirements Taskforce meeting, which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: Mr. Pe.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

- C. Acceptance of the Minutes of the January 26, 2023 Legislative Committee Meeting.
- D. Acceptance of the Minutes of the January 26, 2023 Committee on Professional Conduct Meeting.
- E. Acceptance of the Minutes of the December 9, 2022 Peer Review Oversight Committee Meeting.

It was moved by Ms. Tu and seconded by Ms. Latta to accept items XIV.C. through XIV.E., which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: Mr. Pe.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

XV. 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. Board of Examiners.

There was no report on this agenda item.

- b. State Board Committee.

There was no report on this agenda item.

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Director-at-Large.

There was no report on this agenda item.

2. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Corrigan reported during the February regional meetings, each meeting began with a report from the Diversity Committee. She stated the following topics were discussed:

- The Center for Public Trust's ability to give board, college, and university presentations.
- Information regarding an upcoming quick poll to determine how jurisdictions collect diversity information for use in analyzing diversity information.
- The special NASBA board meeting held on February 14 regarding the CPA Exam 24-month rolling credit exposure draft.
- The 150-hour educational requirement for the CPA Exam.

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

- a. Education Committee.

Ms. Corrigan reported the Education Committee held its first meeting on February 6, 2023 and was primarily introductory. She stated as Chair, she appointed a five-member taskforce. She noted the taskforce's charge was to support the boards of accountancy by representing NASBA in the academic community and serving as an advisory resource on education matters related to the accounting profession.

- b. Relations With Member Boards Committee.

There was no report on this agenda item.

- c. Communications Committee.

Ms. Tu reported during the March meeting there was a demonstration of NASBA's outreach and communication provided on NASBA's website.

- d. Diversity Committee.

There was no report on this agenda item.

e. Nominating Committee.

There was no report on this agenda item.

f. Report of the February 27-March 1, 2023 Annual Conference for Executive Directors and Board Staff and the Annual Conference for Board of Accountancy Legal Counsel.

Mr. Franzella reported during the conference a majority of the discussions centered on the CPA pipeline issues and pipeline-related activities. He noted there were also discussions NASBA was having with the AICPA regarding amnesty related to CPA Exam sections, for individuals who potentially during the pandemic had lost CPA Exam scores, stopped testing, and lost various CPA Exam sections to have those sections reinstated.

XVI. Report on the Legislative Committee and Committee on Professional Conduct.

A. Legislative Committee.

1. Report of the March 23, 2023 Legislative Committee Meeting.
2. Review and Consideration of Possible Positions on Legislation.

Mr. Rosenbaum reported the LC discussed legislation that staff are monitoring for a possible future position and discussed and took a position on a bill that contains CBA-approved proposals. He noted Assembly Bill 996 and Senate Bill (SB) 802, are two bills that have components that could impact the CBA and staff would monitor the bills to see how they develop.

Mr. Rosenbaum stated the LC also discussed SB 887, which was introduced by the Senate Business, Professions and Economic Development (BPED) Committee on March 14. He stated SB 887 contained non-substantive changes for several boards and bureaus within DCA, including provisions approved by the CBA at the January 2023 meeting.

The LC recommended the CBA take a support position on the provisions of SB 887 relating to the CBA and direct staff to work with the Senate BPED Committee to correct the amendments to BPC 5076(m) as referenced in the analysis and other minor non-substantive terminology issues.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Pe,

Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

3. Update on Legislative Proposals for the California Board of Accountancy.

Mr. Rosenbaum reported staff provided an update on two CBA-approved legislative proposals. The first were the provisions included in Senate Bill 887 and the other item was the CBA's fee increase proposal. He noted following the January CBA meeting, staff reached out to several legislators to seek an author for this proposal; however, despite the efforts, staff were unsuccessful in doing so. He noted staff are also working with DCA regarding the CBA fee proposal, and DCA is in conversations with the Senate BPED Committee on fee increases for various DCA Boards and Bureaus, including the CBA.

Mr. Rosenbaum stated another option would be to consider the statutory fee changes as part of the CBA's Sunset Review legislation. He noted information on fee increases would be included in the New Issues portion of the CBA's Sunset Review Report.

4. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring.

- a. Assembly Bill 469 – California Public Records Act Ombudsperson.
- b. Assembly Bill 477 – Legislative Review of State Boards.
- c. Assembly Bill 820 – State Boards and Commissions: Seniors.
- d. Assembly Bill 913 – Professions and Vocations.
- e. Assembly Bill 916 – Administrative Procedure Act: Office of Administrative Law: Director.
- f. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.
- g. Assembly Bill 1070 – Department of Consumer Affairs: Vacancies.
- h. Assembly Bill 1101 – Department of Consumer Affairs.
- i. Senate Bill 24 – Department of Consumer Affairs.
- j. Senate Bill 247 – Department of Consumer Affairs.
- k. Senate Bill 259 – Reports Submitted to Legislative Committees.
- l. Senate Bill 279 – Administrative Regulations: Public Participation.
- m. Senate Bill 358 – Professional Licenses: Military Service.
- n. Senate Bill 372 – Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.

- o. Senate Bill 510 – State Government: Mailed Notice.
- p. Senate Bill 702 – Gubernatorial Appointments.
- q. Senate Bill 764 – Department of Consumer Affairs: Regulatory Boards: Removal of Board Members.
- r. Senate Bill 770 – State boards and Commissions.
- s. Senate Bill 802 – Licensing Boards: Disqualification from Licensure: Criminal Conviction.
- t. Senate Bill 812 – Tax Preparers: Notices: Social Media Accounts.
- u. Senate Bill 816 – Interior Designers.
- v. Senate Bill 820 – Consumer Complaints.

Mr. Rosenbaum noted the bills in this agenda item are being monitored, and if any are amended in a way that directly impacts the CBA, an analysis will be prepared and presented at a future meeting.

No action was taken on this agenda item.

B. Committee on Professional Conduct.

1. Report of the March 23, 2023 Committee on Professional Conduct Meeting.
2. Discussion and Possible Action to Consider Changes to Previously Proposed Text and Reauthorization of a Regular Rulemaking to Amend California Code of Regulations, Title 16, Section 41 – Firm Responsibilities and Section 50.1 – Client Notification, Regarding Accounting Firms Providing Attest Services With Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement.

Ms. Latta reported the purpose of this agenda item was to discuss proposed changes to CBA Regulations regarding accounting firms that provide attest services when the ownership is comprised solely of certified public accountants who are not authorized to sign attest documents.

Ms. Latta noted the CPC previously considered this topic in January 2020, and the CBA adopted the committee's recommendation to explore four possible policy changes. She stated two of the policy changes were discussed at the September 2021 CBA meeting, when the CBA approved proposed language for CBA Regulations sections 41 and 50.1. The remaining two changes would be addressed through statutory changes and presented at a later date.

The CPC recommended the CBA:

- **Rescind the CBA's September 2021 motion and prior approval of proposed text of CBA Regulations sections 41 and 50.1,**
- **Approve the proposed regulatory language,**
- **Direct staff to submit the text to the Director of the Department of Consumer Affairs and the Business, Consumer Services and Housing Agency for review; and**
- **If no adverse comments are received, authorize the Acting Executive Officer to take all steps necessary to initiate the rulemaking process, make any non-substantive changes to the package, and set the matter for hearing.**
- **If no adverse comments are received during the 45-day comment period or during the public hearing, authorize the Executive Officer to take all steps necessary to complete the rulemaking and adopt the proposed regulations at sections 41 and 50.1 as noticed.**

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

3. Discussion and Possible Action on the National Association of State Boards of Accountancy's Revised Proposed Amendments to the *Uniform Accountancy Act Model Rules*.

Ms. Latta reported the purpose of this agenda item was to discuss proposed feedback to NASBA on its recently re-released Proposed Amendments to the Uniform Accountancy Act Model Rules.

The members had a robust discussion regarding support to increase the length of CPA Exam conditional credit from the current amount of 18-months up to possible 36-months.

Mr. Fox stated it has been his experience that the sooner students take the CPA Exam from graduating, the more successful they have been in passing the CPA Exam.

The CPC recommended the CBA authorize President Salazar to work with staff to finalize and submit a response to NASBA on

behalf of the CBA and to include support for the 24-month rolling period, subject to answers to certain questions, in the letter.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Mr. Pe, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds and Ms. Owens.

The motion passed.

XVII. Closing Business.

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

President Salazar requested staff bring back additional information regarding NASBA's proposed Amnesty policy for exam candidates due to the COVID pandemic.

There being no further business to conduct, President Salazar adjourned the meeting at 11:57 a.m. on Friday, March 24, 2023.

Katrina L. Salazar, CPA, President

Joseph Rosenbaum, CPA, Secretary/Treasurer

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



California Board of Accountancy
 2450 Venture Oaks Way, Suite 300
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LC Item II.
CBA Item IX.B.
 May 18, 2023
DRAFT

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
March 23, 2023
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.

Legislative Committee (LC) Chair Joseph Rosenbaum, CPA, called the meeting to order at 9:00 a.m. on Thursday, March 23, 2023. The LC held the meeting in-person and provided public participation via WebEx.

Mr. Rosenbaum 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.

LC Members

Joseph Rosenbaum, CPA, Chair
 Evangeline Ward, Vice Chair
 Nancy J. Corrigan, CPA
 Dan Jacobson, Esq.
 Kristian Latta, CPA
 Tong "Tony" Lin
 Yen C. Tu

March 23, 2023

9:00 a.m. to 9:20 a.m.
 9:00 a.m. to 9:20 a.m.
 9:00 a.m. to 9:20 a.m.
 Absent
 9:00 a.m. to 9:20 a.m.
 9:00 a.m. to 9:20 a.m.
 9:00 a.m. to 9:20 a.m.

CBA Members Observing

Katrina L. Salazar, CPA, President
Karriann Farrell Hinds, Esq.
Ariel Pe
Michael M. Savoy, CPA

CBA Committee Chairs and Members Observing

Michael L. Williams, CPA, Chair, Qualifications Committee

Staff and Legal Counsel

Dominic Franzella, Acting Executive Officer
Mari Basco-Llorens, Enforcement Analyst
Judie Bucciarelli, Staff Services Manager I Specialist, Board and Bureau Relations,
Department of Consumer Affairs (DCA)
Michelle Center, Chief, Licensing Division
Elizabeth Coronel, Strategic Business Analyst, DCA
Alex Cristescu, Television Specialist, Office of Public Affairs, DCA
Theodore Drcar, Deputy Attorney General, Department of Justice
Emmanuel Estacio, Information Technology (IT) Staff
Corey Faiello-Riordan, Enforcement Manager
Sarah Fletcher, Enforcement Analyst
Helen Geoffroy, Legal Counsel, DCA
David Hemphill, Information and Planning Officer
Amir Larian, IT Staff
Michael Lieberman, Initial Licensing Unit Manager
Kari O'Connor, Deputy Chief, Enforcement Division
Eulalio Ortega, Examination Manager
Megan Mitchell, Renewal Analyst
Matthew Parsons, Renewal Coordinator
Katrina Pierce, Executive Assistant
Rebecca Reed, Board Relations Analyst
Peter Renevitz, Legislative Analyst

Other Participants

Denise Froemming, President and CEO, California Society of Certified Public
Accountants (CalCPA)
Jason Fox, Vice President of Government Relations, CalCPA
Pat Joyce, The Accountant's Coalition
Rich Simitian, CalCPA
Tammy Valegos, Ernst and Young

I. Public Comments for Items Not on the Agenda.

No public comments were received.

II. Approve Minutes of the January 26, 2023 Legislative Committee Meeting.

It was moved by Ms. Tu and seconded by Ms. Corrigan to approve the minutes of the January 26, 2023 LC meeting.

**Yes: Ms. Corrigan, Ms. Latta, Mr. Lin, Mr. Rosenbaum, Ms. Tu, Ms. Ward.
No: None.**

Abstain: None.

Absent: Mr. Jacobson.

The motion passed.

III. Review and Consideration of Possible Positions on Legislation

The LC discussed Assembly Bill 996, which would require DCA entities to establish a conflict of interest policy with regard to continuing education providers, and Senate Bill (SB) 802 that would require boards to notify a license applicant within 30 days after a decision is made if license denial is based solely on the applicant's conviction history.

These two bills have components that could impact the CBA and staff will monitor to see how they develop and present at a future meeting if necessary.

The LC also discussed SB 887, which was introduced by the Senate Business, Professions and Economic Development Committee on March 14. SB 887 contains non-substantive changes for several boards and bureaus within DCA, including provisions approved by the CBA at its January 2023 meeting.

Those CBA-approved changes included those relating to deleting language for an advisory committee no longer in use, updating peer review terminology, deleting reference to old practice privilege fees, removing outdated transitional language for the new CPA licensure requirements from 2013, and other non-substantive and grammatical changes.

It was moved by Ms. Tu and seconded by Mr. Lin to take a support position on the provisions of SB 887 relating to the CBA, and direct staff to work with the Senate Business, Professions and Economic Development Committee to correct the amendment to BPC 5076(m) as referenced in the analysis and other minor non-substantive terminology issues.

**Yes: Ms. Corrigan, Ms. Latta, Mr. Lin, Mr. Rosenbaum, Ms. Tu, Ms. Ward.
No: None.**

Abstain: None.

Absent: Mr. Jacobson.

The motion passed.

IV. Update on Legislative Proposals for the California Board of Accountancy

Staff provided an update on the CBA's fee increase proposal.

Following the January CBA meeting, staff reached out to several legislators to seek an author for the fee proposal; however, staff were unsuccessful locating an author.

Staff have also been working with DCA regarding the CBA fee proposal, and DCA is in conversations with the Senate Business, Professions and Economic Development Committee on fee increases for various DCA boards and bureaus, including the CBA.

Another option raised may be to consider the statutory fee changes as part of the CBA's Sunset Review legislation. Information on fee increases will be included in the New Issues portion of the CBA's Sunset Review Report.

CBA staff is continuing to explore a suggestion for a staggered approach to increasing the license renewal and initial permit fees, made by CalCPA at the January CBA meeting.

It was moved by Ms. Tu and seconded by Ms. Latta to authorize the President to work with staff to prepare a letter of Support if legislation with the CBA fee increase proposal is introduced prior to the May meeting.

Yes: Ms. Corrigan, Ms. Latta, Mr. Lin, Mr. Rosenbaum, Ms. Tu, Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Jacobson.

The motion passed.

V. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring

- A. Assembly Bill 469 – California Public Records Act Ombudsperson.
- B. Assembly Bill 477 – Legislative Review of State Boards.
- C. Assembly Bill 820 – State Boards and Commissions: Seniors.
- D. Assembly Bill 913 – Professions and Vocations.

- E. Assembly Bill 916 – Administrative Procedure Act: Office of Administrative Law: Director.
- F. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.
- G. Assembly Bill 1070 – Department of Consumer Affairs: Vacancies.
- H. Assembly Bill 1101 – Department of Consumer Affairs.
- I. Senate Bill 24 – Department of Consumer Affairs.
- J. Senate Bill 247 – Department of Consumer Affairs.
- K. Senate Bill 259 – Reports Submitted to Legislative Committees.
- L. Senate Bill 279 – Administrative Regulations: Public Participation.
- M. Senate Bill 358 – Professional Licenses: Military Service.
- N. Senate Bill 372 – Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.
- O. Senate Bill 510 – State Government: Mailed Notice.
- P. Senate Bill 702 – Gubernatorial Appointments.
- Q. Senate Bill 764 – Department of Consumer Affairs: Regulatory Boards: Removal of Board Members.
- R. Senate Bill 770 – State Boards and Commissions.
- S. Senate Bill 802 – Licensing Boards: Disqualification from Licensure: Criminal Conviction.
- T. Senate Bill 812 – Tax Preparers: Notices: Social Media accounts.
- U. Senate Bill 816 – Interior Designers.
- V. Senate Bill 820 – Consumer Complaints.

The LC did not take action on these items.

VI. Agenda Items for Future LC Meetings.

None.

There being no further business to be conducted, Mr. Rosenbaum adjourned the meeting at 9:20 a.m.



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CPC Item II.
CBA Item IX.C.
 May 18, 2023
DRAFT

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
March 23, 2023
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.

Committee on Professional Conduct (CPC) Chair Kristian Latta, CPA, called the meeting to order at 9:27 a.m. on Thursday, March 23, 2023. The CPC held the meeting in-person and provided public participation via WebEx.

Chair Latta 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.

CPC Members

Kristian Latta, CPA, Chair
 Nancy J. Corrigan, CPA
 Karriann Farrell Hinds, Esq.
 Dan Jacobson, Esq.
 Zuhdia "Dee" Owens, CPA
 Ariel Pe

March 23, 2023

9:27 a.m. to 10:10 a.m.
 9:27 a.m. to 10:10 a.m.
 9:27 a.m. to 10:10 a.m.
 Absent
 Absent
 9:27 a.m. to 10:10 a.m.

CBA Members Observing

Katrina L. Salazar, CPA, President
 Tong "Tony" Lin

Joseph Rosenbaum, CPA, Secretary/Treasurer
Michael M. Savoy, CPA
Yen Tu, Vice President
Evangeline Ward

CBA Committee Chairs and Members Observing

Michael L. Williams, CPA, Chair, Qualifications Committee
Laura L. Ross, CPA, Chair, Peer Review Oversight Committee
Jeff De Lyser, CPA, Member, Peer Review Oversight Committee

Staff and Legal Counsel

Dominic Franzella, Acting Executive Officer
Sarah Benedict, Manager, Renewal and Continuing Competency Unit
Judie Bucciarelli, Staff Services Manager I, Specialist, Board and Bureau Relations,
Department of Consumer Affairs (DCA)
Michelle Center, Chief, Licensing Division
Elizabeth Coronel, Strategic Business Analyst, DCA
Theodore Drcar, Deputy Attorney General, Department of Justice
Corey Faiello-Riordan, Manager, Enforcement Unit
Emmanuel Estacio, Information Technology Support Analyst
Sarah Fletcher, Enforcement Analyst
Helen Geoffroy, Legal Counsel, DCA
David Hemphill, Information and Planning Officer
Alexander Millington, Attorney III, Regulations Unit, Legal Affairs Division, DCA
Kari O'Connor, Deputy Chief, Enforcement Division
Eulalio Ortega, Manager, Examination Unit
Matthew Parsons, License Renewal Coordinator
Katrina Pierce, Executive Assistant
Rebecca Reed, Board Relations Analyst
Peter Renevitz, Legislative Analyst

Other Participants

Michael Ash, CPA, Member of the Public
Jim Brackens, Vice President of Ethics and Practice Quality at the American Institute of CPAs (AICPA)
Dawn Brener, CPA, Member of the Public
Jason Fox, Vice-President of Government Relations, California Society of Certified Public Accountants (CalCPA)
Denise Froemming, President and CEO, CalCPA
Laurel Gron, AICPA Peer Review Staff
Pat Joyce, The Accountant's Coalition
Thomas Parry, Chair, AICPA Peer Review Board
Rich Simitian, CalCPA
Diana Sosa, CPA, Member of the Public
Tammy Velasquez, CPA, Ernst and Young

I. Public Comments for items not on the Agenda.

No public comments were received.

- II. Approve Minutes of the January 26, 2023 Committee on Professional Conduct Meeting.

It was moved by Ms. Hinds and seconded by Mr. Pe to adopt the minutes of the January 26, 2023 CPC meeting.

Yes: Ms. Corrigan, Ms. Hinds, Ms. Latta, Mr. Pe.

No: None.

Absent: Mr. Jacobson, Ms. Owens.

Abstain: None.

The motion passed.

- III. Discussion and Possible Action to Consider Changes to Previously Proposed Text and Reauthorization of a Regular Rulemaking to Amend California Code of Regulations, Title 16, Section 41 – Firm Responsibilities and Section 50.1 – Client Notification, Regarding Accounting Firms Providing Attest Services With Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement (**Sarah Fletcher, Enforcement Analyst**).

The CPC discussed proposed changes to regulations regarding accounting firms that provide attest services when the ownership is comprised solely of certified public accountants who are not authorized to sign reports on attest engagements.

The CPC previously discussed this topic in January 2020 and made a recommendation to the CBA to explore possible policy changes. At the September 2021 meeting, the CBA approved proposed regulatory changes for California Code of Regulations (CCR) sections 41 and 50.1.

Subsequent to the CBA's approval, various issues were identified regarding the attest and general experience requirements, leading to the CBA pausing its efforts to complete these actions, and establishing the Consideration of the CPA Experience Requirements Taskforce, or CERT, to study the necessity and sufficiency of the attest experience requirement.

CERT completed its work and the CBA accepted CERT's recommendations that the current attest experience requirement is both necessary and sufficient for the protection of consumers. The CBA can now move forward with the previously approved changes to CCR sections 41 and 50.1.

Since the CBA made its original motion to approve the proposed changes to CCR sections 41 and 50.1 in 2021, the Department of Consumer Affairs has provided updated guidance related to motion language.

Staff recommended that the CPC rescind its prior approval for regulatory changes to CCR sections 41 and 50.1 and approve new language to once again move forward with the rulemaking process.

It was moved by Ms. Corrigan and seconded by Ms. Hinds to:

- **Rescind the CBA's September 2021 motion and prior approval of proposed text of CBA Regulations sections 41 and 50.1,**
- **Approve the proposed regulatory language presented in Revised Attachment 1 and Attachment 2,**
- **Direct staff to submit the text to the Director of the Department of Consumer Affairs and the Business, Consumer Services and Housing Agency for review; and**
- **If no adverse comments are received, authorize the Executive Officer to take all steps necessary to initiate the rulemaking process, make any non-substantive changes to the package, and set the matter for hearing.**
- **If no adverse comments are received during the 45-day comment period or during the public hearing, authorize the Executive Officer to take all steps necessary to complete the rulemaking and adopt the proposed regulations at sections 41 and 50.1 as noticed.**

Yes: Ms. Corrigan, Ms. Hinds, Ms. Latta, Mr. Pe.

No: None.

Absent: Mr. Jacobson, Ms. Owens.

Abstain: None.

The motion passed.

IV. Discussion and Possible Action on the National Association of State Boards of Accountancy's Revised Proposed Amendments to the Uniform Accountancy Act Model Rules (Michelle Center, Chief, Licensing Division).

The CPC discussed proposed feedback to National Association of State Boards of Accountancy's (NASBA) on its recently re-released Proposed Amendments to the Uniform Accountancy Act Model Rules.

Staff provided comparisons for both the current and the proposed regulatory sections of the new changes to the Model Rules and applicable California Code of Regulations. A CBA rulemaking was initiated in September 2022 for the applicable sections of the California regulations.

The primary changes are to Model Rules 5-7(a) and 5-7(c). The new proposed amendments would increase the 18-month rolling CPA Exam credit period to a 24-month period. Both current and proposed California regulations provide for an 18-month rolling period.

Staff indicated to the CPC that on March 13, 2023, the CBA had received a copy of CalCPA's comment letter to NASBA regarding the proposed Model Rules. In the letter, CalCPA expressed a preference for a rolling period of 36 months instead of 24 months. Staff noted that prior to computer-based testing, the rolling period was 36 months.

The CPC discussed extending the current 18-month rolling period. Also of concern was the possibility that inconsistencies arising from different states adopting different rolling period lengths may lead to some states being unable to accept CPA Exam scores from states that recognize a longer rolling period.

Staff stated that, while the CPC was not acting on changing the rolling period, there is information to potentially support extending the 18-month rolling period, and that any decision will need to support why a certain number of months, 24 or 36, was selected during future rulemaking. After the UAA Model Rules are adopted with a specific extension period, staff will bring a regulatory change to the CBA for consideration.

The comment period for the re-released Exposure Draft ended on April 17, 2023.

The CPC discussions recognized the importance of uniformity among the states in their examination timeframes. The CPC discussed how lengthening the timeframe might impact the profession's pipeline issues. The fact that the pipeline issue should underscore any discussions regarding extending the timeframe was agreed upon.

The CPC made two motions with regard to this item.

It was moved by Ms. Hinds and seconded by Ms. Corrigan for the CBA authorize President Salazar to work with staff to finalize and submit a response to NASBA on behalf of the CBA.

Yes: Ms. Corrigan, Ms. Hinds, Ms. Latta, Mr. Pe.

No: None.

Absent: Mr. Jacobson, Ms. Owens.

Abstain: None.

The motion passed.

It was moved by Ms. Corrigan and seconded by Ms. Hinds for the CBA response to NASBA include support for the 24-month rolling period, subject to answers to certain questions.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Pe.

No: Ms. Latta.

Absent: Mr. Jacobson, Ms. Owens.

Abstain: None.

The motion passed.

In discussing the second motion, the CPC noted several questions, including:

- Were state early-entry policies considered when proposing the 24-month timeframe (i.e., might these provisions allow applicants to sit for exam sections close to graduation while also allowing for a longer timeframe)?
- What data did NASBA rely upon when selecting 24 months, such as was information regarding the potential for improved exam performance when taken closer to graduation considered?
- Was the impact to the pipeline considered when proposing the 24-month timeframe (e.g., students dropping out of the pipeline when credits are lost, professional workload demands during peak CPA seasons)?

V. Agenda Items for Future CPC Meetings.

None.

There being no further business to be conducted, Chair Latta adjourned the meeting at 10:10 a.m. on Thursday, March 23, 2023.



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CBA Item IX.D.
May 18, 2023

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
OCTOBER 6, 2022
ENFORCEMENT ADVISORY COMMITTEE

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.

Douglas Aguilera, CPA, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC) at 9:00 a.m. on October 6, 2022. The EAC held the meeting in-person and provided public participation via WebEx.

Mr. Aguilera 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.

Members

Table with 2 columns: Member Name and Meeting Time. Includes Douglas Aguilera, Kathy Johnson, Nathan Cowley, Alan Gittelson, Jackson Johnson, Michael Johnson, David Kral, Nasi Raissian, Jason Russell, and Jim Songey.

Members

Chris Tegtmeyer, CPA
Jennifer Ziegler, CPA

Absent
9:00 a.m. – 4:24 p.m.

CBA Member Liaison

Joseph Rosenbaum, CPA

Staff and Legal Counsel

Angelita Acosta, Enforcement Analyst
Elizabeth Coronel, Strategic Business Analyst, DCA
Theodore S. Dracar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Emmanuel Estacio, Information Technology Support Analyst
Dominic Franzella, Chief, Enforcement Division
Kari O'Connor, Deputy Chief, Enforcement Division

I. Public Comments for Items not on the Agenda.

There were no comments received for this agenda item.

II. Report of the Committee Chair (Doug Aguilera, CPA).

A. Approval of the July 7, 2022 Enforcement Advisory Committee Meeting Minutes.

It was moved by Ms. Johnson and seconded by Mr. Russell to approve the minutes of the July 7, 2022 EAC meeting with minor edits.

Yes: Mr. Aguilera, Ms. K. Johnson, Mr. Russell, Ms. Ziegler.

No: None.

Abstain: Mr. Gittelson, Mr. J. Johnson, Mr. Kral, Ms. Raissian.

Absent: Mr. Cowley, Mr. M. Johnson, Mr. Songey, Mr. Tegtmeyer.

The motion passed.

There were no public comments received for this agenda item.

III. Report of the CBA Liaison (Joseph Rosenbaum, CPA, CBA Liaison)

A. Report on the July 21, 2022 and September 22, 2022 California Board of Accountancy Meetings.

Mr. Rosenbaum reported that at the July CBA meeting, Jason Fox, CalCPA's Vice President of Government Relations, provided a presentation regarding entry in the accounting profession.

Mr. Rosenbaum stated the CBA approved the Mutual Recognition Agreement to recognize the members of CPA Ireland as having satisfied California's examination requirements upon successful completion of the International Qualification Examination.

Mr. Rosenbaum reported the CBA approved multiple legislative amendments for inclusion in the Sunset Review Report.

Mr. Rosenbaum noted at the September CBA meeting, Patricia Hartman, the National Association of State Boards of Accountancy (NASBA) Director of Client Services, provided a presentation regarding the process NASBA uses for approving Mutual Recognition Agreements.

Mr. Rosenbaum stated the CBA approved a letter to the American Institute of Certified Public Accountants.

Mr. Rosenbaum reported the CBA approved a modification to the Consideration of the CPA Experience Requirements Taskforce or CERT composition to replace the member representing consumers to a member from a CBA advisory committee and confirmed the appointment of Michael L. Williams, CPA to the CERT. Mr. Williams currently serves as Chair to the Qualifications Committee.

Mr. Rosenbaum noted the CBA approved proposed regulatory changes and maintained positions on several bills discussed in prior meetings.

Mr. Rosenbaum confirmed the CBA will hold its next meeting in-person at the CBA office on November 17, 2022.

IV. Report of the Enforcement Chief (**Dominic Franzella**).

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this item.

V. Conduct Closed Hearings

Mr. Aguilera noted the committee would conduct investigative hearings.

VI. Adjournment.

The established subcommittees convened for investigative hearings from 1:00 pm to 4:00 p.m. The EAC general meeting reconvened as a quorum to vote on recommendations from the subcommittees at 4:24 p.m.

Having no further business to conduct, the EAC meeting open session adjourned at approximately 4:24 p.m.

Douglas Aguilera, CPA, Chair
Enforcement Advisory Committee

Prepared by: Angelita Acosta, Enforcement Analyst



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LC Item III.
CBA Item XI.A.2.
May 18, 2023

California Board of Accountancy 2023 Legislative Tracking Chart, 2023 Legislative Calendar, and Considerations for Taking Positions on Legislation

Presented by: Written Report Only

Purpose of the Item

The purpose of this agenda item is to provide an overview of any bills on which the California Board of Accountancy (CBA) has taken a position during the 2023 Legislative Session.

Consumer Protection Objectives

It is critical to ensure the CBA is informed regarding legislative proposals that may impact its consumer protection mission.

Action(s) Needed

No specific action is required on this agenda item.

Background

Each year, members of the Legislature introduce bills that propose wide-ranging impacts for California. Staff review the proposed legislation and present those measures to the CBA that relate to its consumer protection mission and oversight of the practice of public accountancy in California.

Comments

The Legislative Tracking Chart for May 2023 (**Attachment 1**) contains one bill, Senate Bill 887, which is currently moving through the legislative process.

Provided for CBA reference is the 2023 Legislative Calendar (**Attachment 2**) and the Considerations for Taking Positions on Legislation (**Attachment 3**).

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

**California Board of Accountancy 2023 Legislative Tracking Chart, 2023
Legislative Calendar, and Considerations for Taking Positions on Legislation**
Page 2 of 2

Recommendation

None.

Attachments

1. California Board of Accountancy 2023 Legislative Tracking Chart
2. 2023 Legislative Calendar
3. Considerations for Taking Positions on Legislation



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Attachment 1

California Board of Accountancy 2023 Legislative Tracking Chart

Bill #	Author	Topic	Version	CBA Position	Location/Status (As of April 27, 2023)
SB 887	Roth	Consumer Affairs.	4/20/2023	Support	Senate Appropriations Committee

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 11-4-22

DEADLINES

Attachment 2

JANUARY							
	S	M	T	W	TH	F	S
	1	2	3	4	5	6	7
Wk. 1	8	9	10	11	12	13	14
Wk. 2	15	16	17	18	19	20	21
Wk. 3	22	23	24	25	26	27	28
Wk. 4	29	30	31				

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 4 Legislature reconvenes (J.R. 51(a)(1)).

Jan. 10 Budget must be submitted by Governor (Art. IV, Sec. 12(a)).

Jan. 16 Martin Luther King, Jr. Day.

Jan. 20 Last day to submit **bill requests** to the Office of Legislative Counsel.

FEBRUARY							
	S	M	T	W	TH	F	S
Wk. 4				1	2	3	4
Wk. 1	5	6	7	8	9	10	11
Wk. 2	12	13	14	15	16	17	18
Wk. 3	19	20	21	22	23	24	25
Wk. 4	26	27	28				

Feb. 17 Last day for bills to be **introduced** (J.R. 61(a)(1), J.R. 54(a)).

Feb. 20 Presidents' Day.

MARCH							
	S	M	T	W	TH	F	S
Wk. 4				1	2	3	4
Wk. 1	5	6	7	8	9	10	11
Wk. 2	12	13	14	15	16	17	18
Wk. 3	19	20	21	22	23	24	25
Wk. 4	26	27	28	29	30	31	

Mar. 30 **Spring Recess** begins upon adjournment (J.R. 51(a)(2)).

Mar. 31 Cesar Chavez Day observed.

APRIL							
	S	M	T	W	TH	F	S
Wk. 4							1
Spring Recess	2	3	4	5	6	7	8
Wk. 1	9	10	11	12	13	14	15
Wk. 2	16	17	18	19	20	21	22
Wk. 3	23	24	25	26	27	28	29
Wk. 4	30						

Apr. 10 Legislature reconvenes from **Spring Recess** (J.R. 51(a)(2)).

Apr. 28 Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(a)(2)).

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 11-4-22

MAY							
	S	M	T	W	TH	F	S
Wk. 4		1	2	3	4	5	6
Wk. 1	7	8	9	10	11	12	13
Wk. 2	14	15	16	17	18	19	20
Wk. 3	21	22	23	24	25	26	27
No Hrgs.	28	29	30	31			

May 5 Last day for **policy committees** to hear and report to the Floor **nonfiscal bills** introduced in their house (J.R. 61(a)(3)).

May 12 Last day for **policy committees** to meet prior to June 5 (J.R. 61(a)(4)).

May 19 Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61(a)(5)).

Last day for **fiscal committees** to meet prior to June 5 (J.R. 61(a)(6)).

May 29 Memorial Day.

May 30-June 2 **Floor session only.** No committee may meet for any purpose except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees (J.R. 61(a)(7)).

*Holiday schedule subject to final approval by Rules Committee.

OVER

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 11-4-22

JUNE							
	S	M	T	W	TH	F	S
No Hrgs.					1	2	3
Wk. 4	4	5	6	7	8	9	10
Wk. 1	11	12	13	14	15	16	17
Wk. 2	18	19	20	21	22	23	24
Wk. 3	25	26	27	28	29	30	

June 2 Last day for each house to pass bills introduced in that house (J.R. 61(a)(8)).

June 5 Committee meetings may resume (J.R. 61(a)(9)).

June 15 Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)(3)).

JULY							
	S	M	T	W	TH	F	S
Wk. 3							1
Wk. 4	2	3	4	5	6	7	8
Wk. 1	9	10	11	12	13	14	15
Summer Recess	16	17	18	19	20	21	22
Summer Recess	23	24	25	26	27	28	29
Summer Recess	30	31					

July 4 Independence Day.

July 14 Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)).

Summer Recess begins upon adjournment, provided Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST							
	S	M	T	W	TH	F	S
Summer Recess			1	2	3	4	5
Summer Recess	6	7	8	9	10	11	12
Wk. 2	13	14	15	16	17	18	19
Wk. 3	20	21	22	23	24	25	26
Wk. 4	27	28	29	30	31		

Aug. 14 Legislature reconvenes from Summer Recess (J.R. 51(a)(3)).

SEPTEMBER							
	S	M	T	W	TH	F	S
Wk. 4						1	2
No Hrgs.	3	4	5	6	7	8	9
No Hrgs.	10	11	12	13	14	15	16
Interim Recess	17	18	19	20	21	22	23
Interim Recess	24	25	26	27	28	29	30

Sept. 1 Last day for **fiscal committees** to meet and report bills (J.R. 61(a)(11)).

Sept. 4 Labor Day.

Sept. 5-14 Floor session only. No committees may meet for any purpose, except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(a)(12)).

Sept. 8 Last day to **amend** on the Floor (J.R. 61(a)(13)).

Sept. 14 Last day for each house to pass bills. (J.R. 61(a)(14)).

Interim Recess begins upon adjournment (J.R. 51(a)(4)).

IMPORTANT DATES OCCURRING DURING INTERIM RECESS

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 11-4-22

2023

Oct. 14 Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 14 and in the Governor's possession on or after Sept. 14 (Art. IV, Sec. 10(b)(1)).

2024

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 3 Legislature reconvenes (J.R. 51(a)(4)).

*Holiday schedule subject to final approval by Rules Committee.



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Attachment 3

Considerations for Taking Positions on Legislation

As new bills are introduced or amended in the Legislature, the California Board of Accountancy (CBA) may take a variety of positions, which are outlined below. Introduced legislation rarely passes through the legislative process without amendments and those amendments may change the CBA's position. Should the CBA take a position on a bill, staff will track the legislation and update the CBA on any developments.

Positions the CBA May Take

Sponsor:

The CBA is the sponsor of a bill, meaning the CBA participated in the development of the legislation, will provide technical assistance to the author on any related policy areas, and advocate its passage.

Support:

CBA supports the bill as currently written and sends a letter of support to interested legislators. The CBA may decide to take proactive action in favor of the bill.

Support if Amended:

The CBA supports the concept, or certain portions of the bill, but requests an amendment to obtain the CBA's full support. This position would be communicated to legislators along with the requested amendment. If the CBA's amendment is accepted without further significant amendments, the CBA's position will be changed automatically to support the bill, and a letter reflecting this new position will be sent to the Legislature.

Neutral:

The bill in question may affect the CBA's interests in some way, but the CBA does not have a formal position. If the CBA adopts a Neutral position, it may wish to consider sending a letter to explain its viewpoint.

Oppose unless Amended:

The CBA opposes the bill as presently written, but if the bill were amended as requested by the CBA, the CBA's position would change to neutral. This position will be communicated to the author and other legislators, along with the

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suggested amendment. If the CBA's amendment is accepted without a significant change, a letter will be sent withdrawing the CBA's opposition and stating a new position.

Oppose:

The CBA opposes the bill. There are no reasonable or anticipated amendments that would change the CBA's position. The CBA would send a letter of opposition to the author and other legislators and may consider taking proactive action against the bill.

Watch:

The bill may develop into an item of interest for the CBA. Staff will continue to monitor the bill and update the CBA on any developments.

Discontinue Following:

The bill has changed in such a way that it is no longer of interest to the CBA. Staff will stop monitoring and providing updates on the bill.

Throughout the legislative process, staff will track the bills that the CBA takes a position on, and monitor other legislation that may be of interest to the CBA.

CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 887

Subject:	Consumer Affairs.	CBA Position:	Support
Version:	April 20, 2023	Author:	Senate Business, Professions and Economic Development Committee
Status:	Senate Appropriations Committee	Sponsor:	Author

Summary

Senate Bill (SB) 887 (**Attachment**) proposes to amend several sections of the Business and Professions Code (BPC) relating to the Department of Justice and various boards and bureaus within the Department of Consumer Affairs (DCA), including the California Board of Accountancy (CBA). This analysis focuses only on the proposed amendments relating to the CBA.

Recommendation

Maintain Support Position. Staff recommend the CBA maintain its Support position on SB 887. The bill was amended on April 20, 2023 to correct the changes the CBA did not request, as discussed at the March 2023 meeting.

Background

CBA Non-Substantive Changes

At the January 2023 meeting, the CBA approved several non-substantive edits to the BPC for submission to the Senate Business, Professions & Economic Development Committee for consideration in a Committee bill.

Analysis

CBA Non-Substantive Changes

Senate Bill 887 includes the following non-substantive changes relating to the CBA:

Advisory Committee Deletion

This bill deletes the authorization for a continuing education advisory committee under BPC section 5029. The CBA has not used and does not foresee using this advisory committee in the future.

Peer Review Changes

This bill deletes the term “substandard” contained in BPC section 5076 and replaces it with the term “fail” consistent with the American Institute of Certified Public Accountants standards.

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Additionally, the bill deletes outdated language regarding a peer review reporting requirement the CBA completed in 2014.

Practice Privilege Fees

This bill deletes the outdated authorization for the CBA to collect fees under the prior practice privilege provisions in BPC section 5134(k).

Outdated Language Relating to New CPA Licensure Requirements in 2013

This bill proposes to delete language in BPC section 5092.1 that provided a period of time for candidates who were in the pipeline to obtain their license without having to return to school to obtain the 20 hours of accounting study and 10 units of ethics study.

Other Non-substantive Changes

This bill incorporates other non-substantive changes, including gender neutral pronouns, updated terminology to reference internet website, and grammatical changes.

Fiscal Estimate

None.

Support/Opposition

Support: None

Opposition: None

Effective/Operative Date

January 1, 2024

Related Bills

None.

Attachments

1. Senate Bill 887 (Excerpt)
2. California Board of Accountancy Support Letter

AMENDED IN SENATE APRIL 20, 2023

SENATE BILL**No. 887**

Introduced by Committee on Business, Professions and Economic Development (Senators Roth (Chair), Alvarado-Gil, Archuleta, Ashby, Becker, Dodd, Eggman, Glazer, Nguyen, Niello, Smallwood-Cuevas, Wahab, and Wilk)

March 14, 2023

An act to amend Sections 115.8, 472.4, 2530.3, 2532, 2532.5, 2535.4, 2537.3, 2538.20, 2538.21, 2538.27, 2538.28, 2538.30, 2538.32, 2538.33, 2538.34, 2538.36, 2538.40, 2538.49, 2538.50, 2538.51, 2538.56, 2539.1, 2539.6, 2710, 2728, 2732, 2732.1, 2733, 2734, 2736, 2746.8, 2759, 2760, 2761, 2762, 2765, 2770.11, 2770.7, 2780, 2785.6, 2800, 2811, 2811.5, 2816, 2826, 2828, 2830.6, 2833, 2836, 2838.1, 2838.2, 2915.4, 2915.5, 4427.8, 4846, 4861, 4875.3, 4989.14, 5017.1, 5017.5, 5022, 5028, 5037, 5051, 5053, 5057, 5058.2, 5058.3, 5058.4, 5060, 5063.3, 5070.7, 5076, 5082.4, 5094, 5096.20, 5096.21, 5103.5, 5104, 5107, 5121, 5134, 5550.3, 10471, and 21638.5 of, *to amend, repeal, and add Section 7685.3 of*, to add Section 4990.11 to, and to repeal Sections 2738, 5029, and 5092.1 of, the Business and Professions Code, and to amend Sections 94874.8, 94874.9, 94878, 94897, 94902, 94905, 94910, 94910.5, 94911, 94913, 94941, 94942, and 94949.73 of the Education Code, relating to consumer affairs.

LEGISLATIVE COUNSEL'S DIGEST

SB 887, as amended, Committee on Business, Professions and Economic Development. Consumer affairs.

(1) Existing law requires the Department of Consumer Affairs to compile an annual report for the Legislature containing specified

by the Board of Behavioral Sciences and defines “educationally related mental health services” for purposes of supervising associate marriage and family therapists, associate clinical social workers, or associate professional clinical counselors.

This bill would also make the definition applicable for purposes of supervising marriage and family therapist trainees.

~~(6)~~

(9) Existing law establishes the California Board of Accountancy to license and regulate accountants, and authorizes the board to establish an advisory continuing education committee to perform specified duties, including evaluating programs and advising the board as to whether they qualify under regulations adopted by the board. Existing law requires an accounting firm to have a peer review report of its accounting and auditing practice every 3 years in order to renew its registration or convert to an active status, and requires a firm issued a substandard peer review report to submit a copy of the report to the board. Under existing law, an individual whose principal place of business is not in California and who has a valid and current license, certificate, or permit to practice public accountancy from another state may engage in the practice of public accountancy in California through a practice privilege if specified conditions are met. Existing law establishes an annual fee to be charged an individual for a practice privilege.

This bill would delete the provision authorizing the board to establish an advisory continuing education committee. The bill would require a firm issued a peer report with a rating of “fail” instead of a substandard peer report to submit a copy of the report to the board. The bill would delete the annual fee for a practice privilege.

(10) Existing law, the Architects Practice Act, establishes the California Architects Board in the Department of Consumer Affairs for the licensure and regulation of persons engaged in the practice of architecture. Existing law authorizes the board to adopt guidelines for the delegation of its authority to grade examinations of applicants for licensure to a vendor under contract to the board for provision of an architect’s registration examination, subject to specified procedures and limitations.

This bill would provide that a candidate who received full credit for all divisions of the Architect Registration Examination (ARE) before May 1, 2023, shall be deemed to have passed the ARE.

(11) Existing law, the Cemetery and Funeral Act, establishes the Cemetery and Funeral Bureau within the Department of Consumer

1 (7) Group and individualized counseling with the client and
2 family.

3 (8) Mobilizing school and community resources to enable the
4 client to learn as effectively as possible in their educational
5 program, as outlined in Section 300.34 of Title 34 of the Code of
6 Federal Regulations.

7 ~~SEC. 56.~~

8 *SEC. 60.* Section 4990.11 is added to the Business and
9 Professions Code, to read:

10 4990.11. For purposes of license and registration verification,
11 a person may rely upon the licensing and registration information
12 as it is displayed on the board's internet website that includes the
13 issuance and expiration dates of any license or registration issued
14 by the board.

15 ~~SEC. 57.~~

16 *SEC. 61.* Section 5017.1 of the Business and Professions Code
17 is amended to read:

18 5017.1. The board shall post, within 10 days of board approval,
19 the finalized minutes from meetings of the board that are open and
20 public pursuant to Section 5017 on the board's internet website.
21 The minutes shall remain on the board's internet website for at
22 least three years. Providing a link on the internet website to the
23 minutes shall satisfy this requirement.

24 ~~SEC. 58.~~

25 *SEC. 62.* Section 5017.5 of the Business and Professions Code
26 is amended to read:

27 5017.5. (a) The board shall provide a live audio or video
28 broadcast, on its internet website, of each of its board meetings
29 that are open and public.

30 (b) (1) If technical failure prevents the board from providing a
31 live broadcast as specified in subdivision (a), that failure shall not
32 constitute a violation of this section if the board exercised
33 reasonable diligence in providing a live broadcast.

34 (2) Failure to provide a live broadcast of its board meetings due
35 to technical failure shall not prohibit the board from meeting and
36 taking actions.

37 (c) The recording of the live audio or video broadcast shall
38 remain on the internet website for at least three years. Providing
39 a link on the internet website to the recording of the live audio or
40 video broadcast shall satisfy this requirement.

1 ~~SEC. 59.~~

2 *SEC. 63.* Section 5022 of the Business and Professions Code
3 is amended to read:

4 5022. The qualifications committee shall make
5 recommendations and forward its report to the board for action on
6 any matter on which it is authorized to act. An applicant for
7 registration as a certified public accountant who is aggrieved by
8 any action taken by the committee with respect to their
9 qualifications may appeal to the board in accordance with rules or
10 regulations prescribed by the board. The board on the appeal may
11 give an oral or written examination as an aid in determining
12 whether the applicant is qualified under the terms of this chapter.

13 ~~SEC. 60.~~

14 *SEC. 64.* Section 5028 of the Business and Professions Code
15 is amended to read:

16 5028. The board may, in accordance with the intent of this
17 article, make exceptions from continuing education requirements
18 for licensees not engaged in public practice, or for reasons of
19 health, military service, or other good cause. If the licensee returns
20 to the practice of public accounting, they shall meet continuing
21 education requirements as the board may determine.

22 ~~SEC. 61.~~

23 *SEC. 65.* Section 5029 of the Business and Professions Code
24 is repealed.

25 ~~SEC. 62.~~

26 *SEC. 66.* Section 5037 of the Business and Professions Code
27 is amended to read:

28 5037. (a) All statements, records, schedules, working papers
29 and memoranda made by a licensee or a partner, shareholder,
30 officer, director, or employee of a licensee, incident to, or in the
31 course of, rendering services to a client in the practice of public
32 accountancy, except the reports submitted by the licensee to the
33 client and except for records that are part of the client's records,
34 shall be and remain the property of the licensee in the absence of
35 an express agreement between the licensee and the client to the
36 contrary. No such statement, record, schedule, working paper, or
37 memoranda shall be sold, transferred, or bequeathed, without the
38 consent of the client or their personal representative or assignee,
39 to anyone other than one or more surviving partners or stockholders

1 or new partners or stockholders of the licensee, or any combined
2 or merged firm or successor in interest to the licensee.

3 (b) A licensee shall furnish to ~~a~~ *their* client or former client,
4 upon request and reasonable notice:

5 (1) A copy of the licensee's working papers, to the extent that
6 those working papers include records that would ordinarily
7 constitute part of the client's records and are not otherwise
8 available to the client.

9 (2) Any accounting or other records belonging to, or obtained
10 from or on behalf of, the client that the licensee removed from the
11 client's premises or received for the client's account. The licensee
12 may make and retain copies of documents of the client when they
13 form the basis for work done by them.

14 ~~SEC. 63.~~

15 *SEC. 67.* Section 5051 of the Business and Professions Code
16 is amended to read:

17 5051. Except as provided in Sections 5052 and 5053, a person
18 shall be deemed to be engaged in the practice of public accountancy
19 within the meaning and intent of this chapter if they do any of the
20 following:

21 (a) Hold themselves out to the public in any manner as one
22 skilled in the knowledge, science, and practice of accounting, and
23 as qualified and ready to render professional service as a public
24 accountant for compensation.

25 (b) Maintain an office for the transaction of business as a public
26 accountant.

27 (c) Offer to prospective clients to perform for compensation, or
28 does perform on behalf of clients for compensation, professional
29 services that involve or require an audit, examination, verification,
30 investigation, certification, presentation, or review of financial
31 transactions and accounting records.

32 (d) Prepare or certify for clients reports on audits or
33 examinations of books or records of account, balance sheets, and
34 other financial, accounting and related schedules, exhibits,
35 statements, or reports that are to be used for publication, for the
36 purpose of obtaining credit, for filing with a court of law or with
37 any governmental agency, or for any other purpose.

38 (e) In general or as an incident to that work, render professional
39 services to clients for compensation in any or all matters relating

1 to accounting procedure and to the recording, presentation, or
2 certification of financial information or data.

3 (f) Keep books, make trial balances, prepare statements, make
4 audits, or prepare reports, all as a part of bookkeeping operations
5 for clients.

6 (g) Prepare or sign, as the tax preparer, tax returns for clients.

7 (h) Prepare personal financial or investment plans or provide
8 to clients products or services of others in implementation of
9 personal financial or investment plans.

10 (i) Prepare management consulting services to clients.

11 The activities set forth in subdivisions (f) to (i), inclusive, are
12 “public accountancy” only when performed by a certified public
13 accountant or public accountant, as defined in this chapter.

14 A person is not engaged in the practice of public accountancy
15 if the only services they engage in are those defined by subdivisions
16 (f) to (i), inclusive, and they do not hold themselves out, solicit,
17 or advertise for clients using the certified public accountant or
18 public accountant designation. A person is not holding themselves
19 out, soliciting, or advertising for clients within the meaning of this
20 section solely by reason of displaying a CPA or PA certificate in
21 their office or identifying themselves as a CPA or PA on other
22 than signs, advertisements, letterhead, business cards, publications
23 directed to clients or potential clients, or financial or tax documents
24 of a client.

25 ~~SEC. 64.~~

26 *SEC. 68.* Section 5053 of the Business and Professions Code
27 is amended to read:

28 5053. Nothing contained in this chapter precludes a person
29 who is not a certified public accountant or public accountant from
30 serving as an employee of, or an assistant to, a certified public
31 accountant or public accountant or partnership or a corporation
32 composed of certified public accountants or public accountants
33 holding a permit to practice pursuant to this chapter if the employee
34 or assistant works under the control and supervision of a certified
35 public accountant, or a public accountant authorized to practice
36 public accountancy pursuant to this chapter and if the employee
37 or assistant does not issue any statement over their name.

38 This section does not apply to an attorney at law in connection
39 with the practice of law.

1 ~~SEC. 65.~~

2 *SEC. 69.* Section 5057 of the Business and Professions Code
3 is amended to read:

4 5057. Notwithstanding any other provision of law, an individual
5 holding a valid and current license, certificate, or permit to practice
6 public accountancy from another state shall be exempt from the
7 requirement to obtain a permit to practice public accountancy
8 issued by the board under this chapter or to secure a practice
9 privilege pursuant to Article 5.1 (commencing with Section 5096)
10 if all of the following conditions are satisfied:

- 11 (a) The individual’s client is located in another state.
- 12 (b) The individual’s engagement with the client relates to work
13 product to be delivered in another state.
- 14 (c) The individual does not solicit California clients, or have
15 their principal place of business in this state.
- 16 (d) The individual does not assert or imply that they are licensed
17 to practice public accountancy in California.
- 18 (e) The individual’s practice of public accountancy in this state
19 on behalf of the client located in another state is of a limited
20 duration, not extending beyond the period required to service the
21 engagement for the client located in another state.
- 22 (f) The individual’s practice of public accountancy in this state
23 specifically relates to servicing the engagement for the client
24 located in another state.

25 ~~SEC. 66.~~

26 *SEC. 70.* Section 5058.2 of the Business and Professions Code
27 is amended to read:

28 5058.2. The holder of an inactive license issued by the board
29 pursuant to Section 462, when lawfully using the title “certified
30 public accountant,” the CPA designation, or any other reference
31 that would suggest that the person is licensed by the board on
32 materials such as correspondence, internet websites, business cards,
33 nameplates, or name plaques, shall place the term “inactive”
34 immediately after that designation.

35 ~~SEC. 67.~~

36 *SEC. 71.* Section 5058.3 of the Business and Professions Code
37 is amended to read:

38 5058.3. The holder of a retired license issued by the board
39 pursuant to Section 5070.1, when lawfully using the title “certified
40 public accountant,” the CPA designation, or any other reference

1 that would suggest that the person is licensed by the board on
2 materials such as correspondence, internet websites, business cards,
3 nameplates, or name plaques, shall place the term “retired”
4 immediately after that title, designation, or reference.

5 ~~SEC. 68.~~

6 *SEC. 72.* Section 5058.4 of the Business and Professions Code
7 is amended to read:

8 5058.4. The holder of a permit in a military inactive status
9 issued by the board pursuant to Section 5070.2, when lawfully
10 using the title “certified public accountant,” the CPA designation,
11 or any other reference that would suggest that the person is licensed
12 by the board, on materials such as correspondence, internet
13 websites, business cards, nameplates, or name plaques, shall place
14 the term “military inactive” immediately after that title, designation,
15 or reference.

16 ~~SEC. 69.~~

17 *SEC. 73.* Section 5060 of the Business and Professions Code
18 is amended to read:

19 5060. (a) No person or firm may practice public accountancy
20 under any name which is false or misleading.

21 (b) No person or firm may practice public accountancy under
22 any name other than the name under which the person or firm
23 holds a valid permit to practice issued by the board.

24 (c) Notwithstanding subdivision (b), a sole proprietor may
25 practice under a name other than the name set forth on their permit
26 to practice, provided the name is registered by the board, is in good
27 standing, and complies with the requirements of subdivision (a).

28 (d) The board may adopt regulations to implement, interpret,
29 and make specific the provisions of this section including, but not
30 limited to, regulations designating particular forms of names as
31 being false or misleading.

32 ~~SEC. 70.~~

33 *SEC. 74.* Section 5063.3 of the Business and Professions Code
34 is amended to read:

35 5063.3. (a) No confidential information obtained by a licensee,
36 in their professional capacity, concerning a client or a prospective
37 client shall be disclosed by the licensee without the written
38 permission of the client or prospective client, except the following:

39 (1) Disclosures made by a licensee in compliance with a
40 subpoena or a summons enforceable by order of a court.

1 (2) Disclosures made by a licensee regarding a client or
2 prospective client to the extent the licensee reasonably believes it
3 is necessary to maintain or defend themselves in a legal proceeding
4 initiated by the client or prospective client.

5 (3) Disclosures made by a licensee in response to an official
6 inquiry from a federal or state government regulatory agency.

7 (4) Disclosures made by a licensee or a licensee's duly
8 authorized representative to another licensee or person in
9 connection with a proposed sale or merger of the licensee's
10 professional practice, provided the parties enter into a written
11 nondisclosure agreement with regard to all client information
12 shared between the parties.

13 (5) Disclosures made by a licensee to either of the following:

14 (A) Another licensee to the extent necessary for purposes of
15 professional consultation.

16 (B) Organizations that provide professional standards review
17 and ethics or quality control peer review.

18 (6) Disclosures made when specifically required by law.

19 (7) Disclosures specified by the board in regulation.

20 (b) In the event that confidential client information may be
21 disclosed to persons or entities outside the United States of America
22 in connection with the services provided, the licensee shall inform
23 the client in writing and obtain the client's written permission for
24 the disclosure.

25 ~~SEC. 71.~~

26 *SEC. 75.* Section 5070.7 of the Business and Professions Code
27 is amended to read:

28 5070.7. (a) A permit that is not renewed within five years
29 following its expiration may not be renewed, restored, or reinstated
30 thereafter, and the certificate of the holder of the permit shall be
31 canceled immediately upon expiration of the five-year period,
32 except as provided in subdivision (e).

33 (b) A partnership or corporation whose certificate has been
34 canceled by operation of this section may obtain a new certificate
35 and permit only if it again meets the requirements set forth in this
36 chapter relating to registration and pays the registration fee and
37 initial permit fee.

38 (c) A certified public accountant whose certificate is canceled
39 by operation of this section may apply for and obtain a new
40 certificate and permit if the applicant:

1 (1) Is not subject to denial of a certificate and permit under
2 Section 480.

3 (2) Pays all of the fees that would be required of them if they
4 were then applying for the certificate and permit for the first time.

5 (3) Takes and passes the examination that would be required of
6 them if they were then applying for the certificate for the first time.

7 The examination may be waived in any case in which the applicant
8 establishes to the satisfaction of the board that, with due regard
9 for the public interest, they are qualified to engage in practice as
10 a certified public accountant.

11 (d) The board may, by appropriate regulation, provide for the
12 waiver or refund of all or any part of the application fee in those
13 cases in which a certificate is issued without an examination under
14 this section.

15 (e) Revoked permits may not be renewed, but may be reinstated
16 by the board, without regard to the length of time that has elapsed
17 since the permit was revoked, and with conditions and restrictions
18 as the board shall determine.

19 ~~SEC. 72.~~

20 *SEC. 76.* Section 5076 of the Business and Professions Code
21 is amended to read:

22 5076. (a) In order to renew its registration in an active status
23 or convert to an active status, a firm, as defined in Section 5035.1,
24 shall have a peer review report of its accounting and auditing
25 practice accepted by a board-recognized peer review program no
26 less frequently than every three years.

27 (b) For purposes of this article, the following definitions apply:

28 (1) "Peer review" means a study, appraisal, or review conducted
29 in accordance with professional standards of the professional work
30 of a firm, and may include an evaluation of other factors in
31 accordance with the requirements specified by the board in
32 regulations. The peer review report shall be issued by an individual
33 who has a valid and current license, certificate, or permit to practice
34 public accountancy from this state or another state and is
35 unaffiliated with the firm being reviewed.

36 (2) "Accounting and auditing practice" includes any services
37 that were performed in the prior three years using professional
38 standards defined by the board in regulations.

39 (c) The board shall adopt regulations as necessary to implement,
40 interpret, and make specific the peer review requirements in this

1 section, including, but not limited to, regulations specifying the
2 requirements for board recognition of a peer review program,
3 standards for administering a peer review, extensions of time for
4 fulfilling the peer review requirement, exclusions from the peer
5 review program, and document submission.

6 (d) Nothing in this section shall prohibit the board from initiating
7 an investigation and imposing discipline against a firm or licensee,
8 either as the result of a complaint that alleges violations of statutes,
9 rules, or regulations, or from information contained in a peer review
10 report received by the board.

11 (e) A firm issued a peer reviewed report with a rating of “fail,”
12 as defined by the board in regulation, shall submit a copy of that
13 report to the board. The board shall establish in regulation the time
14 period that a firm must submit the report to the board. This period
15 shall not exceed 60 days from the time the report is accepted by a
16 board-recognized peer review program provider to the date the
17 report is submitted to the board.

18 (f) (1) A board-recognized peer review program provider shall
19 file a copy with the board of all peer review reports issued to
20 California-licensed firms with a rating of “fail.” The board shall
21 establish in regulation the time period that a board-recognized peer
22 review program provider shall file the report with the board. This
23 period shall not exceed 60 days from the time the report is accepted
24 by a board-recognized peer review program provider to the date
25 the report is filed with the board. These reports may be filed with
26 the board electronically.

27 (2) Nothing in this subdivision shall require a board-recognized
28 peer review program provider, when administering peer reviews
29 in another state, to violate the laws of that state.

30 (g) The board shall define a peer review report rating of “fail”
31 in regulation.

32 (h) Any requirements imposed by a board-recognized peer
33 review program on a firm in conjunction with the completion of
34 a peer review shall be separate from, and in addition to, any action
35 by the board pursuant to this section.

36 (i) Any peer review report with a rating of “fail” submitted to
37 the board in conjunction with this section shall be collected for
38 investigatory purposes.

39 (j) Nothing in this section affects the discovery or admissibility
40 of evidence in a civil or criminal action.

1 (k) Nothing in this section requires any firm to become a
2 member of any professional organization.

3 (l) A peer reviewer shall not disclose information concerning
4 licensees or their clients obtained during a peer review, unless
5 specifically authorized pursuant to this section, Section 5076.1, or
6 regulations prescribed by the board.

7 ~~(m) (1) By January 1, 2015, the board shall provide the~~
8 ~~Legislature and Governor with a report regarding the peer review~~
9 ~~requirements of this section that includes, without limitation:~~

10 (A) The number of peer review reports completed to date and
11 the number of reports that were submitted to the board as required
12 in subdivision (e).

13 (B) The number of enforcement actions that were initiated as a
14 result of an investigation conducted pursuant to subdivision (i).

15 (C) The number of firms that were recommended to take
16 corrective actions to improve their practice through the mandatory
17 peer review process, and the number of firms that took corrective
18 actions to improve their practice following recommendations
19 resulting from the mandatory peer review process.

20 (D) The extent to which mandatory peer review of accounting
21 firms enhances consumer protection.

22 (E) The cost impact on firms undergoing mandatory peer review
23 and the cost impact of mandatory peer review on the firm's clients.

24 (F) A recommendation as to whether the mandatory peer review
25 program should continue.

26 (G) The extent to which mandatory peer review of small firms
27 or sole practitioners that prepare nondisclosure compiled financial
28 statements on another comprehensive basis of accounting enhances
29 consumer protection.

30 (H) The impact of peer review required by this section on small
31 firms and sole practitioners that prepare nondisclosure compiled
32 financial statements on another comprehensive basis of accounting.

33 (I) The impact of peer review required by this section on small
34 businesses, nonprofit corporations, and other entities that utilize
35 small firms or sole practitioners for the purposes of nondisclosure
36 compiled financial statements prepared on another comprehensive
37 basis of accounting.

38 (J) A recommendation as to whether the preparation of
39 nondisclosure compiled financial statements on another

1 comprehensive basis of accounting should continue to be a part
2 of the mandatory peer review program.

3 ~~(2) A report to the Legislature pursuant to this section shall be~~
4 ~~submitted in compliance with Section 9795 of the Government~~
5 ~~Code.~~

6 ~~SEC. 73.~~

7 *SEC. 77.* Section 5082.4 of the Business and Professions Code
8 is amended to read:

9 5082.4. A Canadian Chartered Accountant in good standing
10 may be deemed by the board to have met the examination
11 requirements of Section 5082, 5092, or 5093 if they have
12 successfully passed the Canadian Chartered Accountant Uniform
13 Certified Public Accountant Qualification Examination of the
14 American Institute of Certified Public Accountants or the
15 International Uniform Certified Public Accountant Qualification
16 Examination referenced in subdivision (b) Section 5082.3.

17 ~~SEC. 74.~~

18 *SEC. 78.* Section 5092.1 of the Business and Professions Code
19 is repealed.

20 ~~SEC. 75.~~

21 *SEC. 79.* Section 5094 of the Business and Professions Code
22 is amended to read:

23 5094. (a) In order for education to be qualifying, it shall meet
24 the standards described in subdivision (b) or (c) of this section.

25 (b) At a minimum, education shall be from a degree-granting
26 university, college, or other institution of learning accredited by
27 a regional or national accrediting agency included in a list of these
28 agencies published by the United States Secretary of Education
29 under the requirements of the Higher Education Act of 1965 as
30 amended (20 U.S.C. Sec. 1001 et seq.).

31 (c) Education from a college, university, or other institution of
32 learning located outside the United States may be qualifying
33 provided it is deemed by the board to be equivalent to education
34 obtained under subdivision (b). The board may require an applicant
35 to submit documentation of their education to a credential
36 evaluation service approved by the board for evaluation and to
37 cause the results of this evaluation to be reported to the board in
38 order to assess educational equivalency.

39 (d) The board shall adopt regulations specifying the criteria and
40 procedures for approval of credential evaluation services. These

1 regulations shall, at a minimum, require that the credential
2 evaluation service (1) furnish evaluations directly to the board, (2)
3 furnish evaluations written in English, (3) be a member of the
4 American Association of Collegiate Registrars and Admissions
5 Officers, NAFSA: Association of International Educators, or the
6 National Association of Credential Evaluation Services, (4) be
7 used by accredited colleges and universities, (5) be reevaluated by
8 the board every five years, (6) maintain a complete set of reference
9 materials as specified by the board, (7) base evaluations only upon
10 authentic, original transcripts and degrees and have a written
11 procedure for identifying fraudulent transcripts, (8) include in the
12 evaluation report, for each degree held by the applicant, the
13 equivalent degree offered in the United States, the date the degree
14 was granted, the institution granting the degree, an English
15 translation of the course titles, and the semester unit equivalence
16 for each of the courses, (9) have an appeal procedure for applicants,
17 and (10) furnish the board with information concerning the
18 credential evaluation service that includes biographical information
19 on evaluators and translators, three letters of references from public
20 or private agencies, statistical information on the number of
21 applications processed annually for the past five years, and any
22 additional information the board may require in order to ascertain
23 that the credential evaluation service meets the standards set forth
24 in this subdivision and in any regulations adopted by the board.

25 ~~SEC. 76.~~

26 *SEC. 80.* Section 5096.20 of the Business and Professions Code
27 is amended to read:

28 5096.20. (a) To ensure that Californians are protected from
29 out-of-state licensees with disqualifying conditions who may
30 unlawfully attempt to practice in this state under a practice
31 privilege, prior to July 1, 2013, the board shall add an out-of-state
32 licensee feature to its license lookup tab of the home page of its
33 internet website that allows consumers to obtain information about
34 an individual whose principal place of business is not in this state
35 and who seeks to exercise a practice privilege in this state, that is
36 at least equal to the information that was available to consumers
37 through its home page prior to January 1, 2013, through the practice
38 privilege form previously filed by out-of-state licensees pursuant
39 to Section 5096, as added by Chapter 921 of the Statutes of 2004,

1 and the regulations adopted thereunder. At minimum, these features
2 shall include all of the following:

3 (1) The ability of the consumer to search by name and state of
4 licensure.

5 (2) The disclosure of information in the possession of the board,
6 which the board is otherwise authorized to publicly disclose, about
7 an individual exercising a practice privilege in this state, including,
8 but not limited to, whether the board has taken action of any form
9 against that individual and, if so, what the action was or is.

10 (3) A disclaimer that the consumer must click through prior to
11 being referred to any other internet website, which in plain
12 language explains that the consumer is being referred to an internet
13 website that is maintained by a regulatory agency or other entity
14 that is not affiliated with the board. This disclaimer shall include
15 a link to relevant sections of this article that set forth disqualifying
16 conditions, including, but not limited to, Section 5096.2.

17 (4) A statement in plain language that notifies consumers that
18 they are permitted to file complaints against such individuals with
19 the board.

20 (5) A link to the internet website or sites that the board
21 determines, in its discretion, provides the consumer the most
22 complete and reliable information available about the individual's
23 status as a licenseholder, permitholder, or certificate holder.

24 (6) If the board of another state does not maintain an internet
25 website that allows a consumer to obtain information about its
26 licensees including, but not limited to, disciplinary history, and
27 that information is not available through a link to an internet
28 website maintained by another entity, a link to contact information
29 for that board, which contains a disclaimer in plain language that
30 explains that the consumer is being referred to a board that does
31 not permit the consumer to obtain information, including, but not
32 limited to, disciplinary history, about individuals through the
33 internet website, and that the out-of-state board is not affiliated
34 with the board.

35 (b) The board shall biennially survey the internet websites and
36 disclosure policies of other boards to ensure that its disclaimers
37 are accurate.

38 ~~SEC. 77.~~

39 *SEC. 81.* Section 5096.21 of the Business and Professions Code
40 is amended to read:

1 5096.21. (a) (1) On and after January 1, 2016, if the board
2 determines, through a majority vote of the board at a regularly
3 scheduled meeting, that allowing individuals from a particular
4 state to practice in this state pursuant to a practice privilege as
5 described in Section 5096, violates the board's duty to protect the
6 public, pursuant to Section 5000.1, the board shall require
7 out-of-state individuals licensed from that state, as a condition to
8 exercising a practice privilege in this state, to file the notification
9 form and pay the applicable fees as required by Section 5096.22.

10 (2) A state for which the board has made a determination
11 pursuant to paragraph (1) to require individuals licensed from that
12 state to file a notification form and pay the applicable fees may
13 subsequently be redetermined by the board, by majority vote of
14 the board at a regularly scheduled meeting, to allow individuals
15 from that state to practice in this state pursuant to a practice
16 privilege as described in Section 5096.

17 (b) The board shall, at minimum, consider the following factors
18 when making a determination or redetermination pursuant to
19 subdivision (a):

20 (1) Whether the state timely and adequately addresses
21 enforcement referrals made by the board to the accountancy
22 regulatory board of that state, or otherwise fails to respond to
23 requests the board deems necessary to meet its obligations under
24 this article.

25 (2) Whether the state makes the disciplinary history of its
26 licensees publicly available through the Internet in a manner that
27 allows the board to adequately link consumers to an internet
28 website to obtain information that was previously made available
29 to consumers about individuals from the state prior to January 1,
30 2013, through the notification form.

31 (3) Whether the state imposes discipline against licensees that
32 is appropriate in light of the nature of the alleged misconduct.

33 (4) Whether the state has in place and is operating pursuant to
34 enforcement practices substantially equivalent to the current best
35 practices guidelines adopted by the National Association of State
36 Boards of Accountancy provided those guidelines have been
37 determined by the board to meet or exceed the board's own
38 enforcement practices.

39 (c) On or before July 1, 2014, the board shall convene a
40 stakeholder group consisting of members of the board, board

1 enforcement staff, and representatives of the accounting profession
2 and consumer representatives to consider whether the provisions
3 of this article are consistent with the board's duty to protect the
4 public consistent with Section 5000.1, and whether the provisions
5 of this article satisfy the objectives of stakeholders of the
6 accounting profession in this state, including consumers. The
7 group, at its first meeting, shall adopt policies and procedures
8 relative to how it will conduct its business, including, but not
9 limited to, policies and procedures addressing periodic reporting
10 of its findings to the board. The group shall provide
11 recommendations to the board on any matter upon which it is
12 authorized to act.

13 ~~SEC. 78.~~

14 *SEC. 82.* Section 5103.5 of the Business and Professions Code
15 is amended to read:

16 5103.5. (a) The board shall post on its internet website, in an
17 easily marked and identifiable location, notice of all formal
18 accusations. The notice of any formal accusation shall contain a
19 link to where a person may request and have sent to them a copy
20 of the formal accusation, and the basis for the accusation and
21 alleged violations filed by the board against a licensee.

22 (b) The link to where a person may request and have sent to
23 them a copy of the formal accusation shall be clearly and
24 conspicuously located on the same internet website page on which
25 the notice is posted and shall authorize a person to request and
26 receive the information described in subdivision (a) by regular
27 mail or electronic mail.

28 (c) The board shall develop a statement that informs any person
29 requesting a copy of a formal accusation and any person receiving
30 a copy of a formal accusation that any allegations contained in the
31 accusation are not a final determination of wrongdoing and are
32 subject to adjudication and final review by the board pursuant to
33 the Administrative Procedure Act (Chapter 3.5 (commencing with
34 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
35 Code). This statement shall be provided to a person requesting and
36 receiving a copy of a formal accusation in a manner to be
37 determined by the board.

38 ~~SEC. 79.~~

39 *SEC. 83.* Section 5104 of the Business and Professions Code
40 is amended to read:

1 5104. Any certified public accountant or public accountant
2 whose certificate, registration, or permit has been revoked or
3 suspended shall, upon request of the board, relinquish their
4 certificate or permit. However, upon the expiration of the period
5 of suspension, the board shall immediately return any suspended
6 certificate or permit that has been relinquished.

7 ~~SEC. 80.~~

8 *SEC. 84.* Section 5107 of the Business and Professions Code
9 is amended to read:

10 5107. (a) The executive officer of the board may request the
11 administrative law judge, as part of the proposed decision in a
12 disciplinary proceeding, to direct any holder of a permit or
13 certificate found to have committed a violation or violations of
14 this chapter to pay to the board all reasonable costs of investigation
15 and prosecution of the case, including, but not limited to, attorney's
16 fees. The board shall not recover costs incurred at the
17 administrative hearing.

18 (b) A certified copy of the actual costs, or a good faith estimate
19 of costs where actual costs are not available, signed by the
20 executive officer, shall be prima facie evidence of reasonable costs
21 of investigation and prosecution of the case.

22 (c) The administrative law judge shall make a proposed finding
23 of the amount of reasonable costs of investigation and prosecution
24 of the case when requested to do so by the executive officer
25 pursuant to subdivision (a). Costs are payable 120 days after the
26 board's decision is final, unless otherwise provided for by the
27 administrative law judge or if the time for payment is extended by
28 the board.

29 (d) The finding of the administrative law judge with regard to
30 cost shall not be reviewable by the board to increase the cost award.
31 The board may reduce or eliminate the cost award, or remand to
32 the administrative law judge where the proposed decision fails to
33 make a finding on costs requested by the executive officer pursuant
34 to subdivision (a).

35 (e) The administrative law judge may make a further finding
36 that the amount of reasonable costs awarded shall be reduced or
37 eliminated upon a finding that respondent has demonstrated that
38 they cannot pay all or a portion of the costs or that payment of the
39 costs would cause an unreasonable financial hardship that cannot
40 be remedied through a payment plan.

1 (f) When an administrative law judge makes a finding that costs
2 be waived or reduced, they shall set forth the factual basis for their
3 finding in the proposed decision.

4 (g) Where an order for recovery of costs is made and timely
5 payment is not made as directed by the board's decision, the board
6 may enforce the order for payment in any appropriate court. This
7 right of enforcement shall be in addition to any other rights the
8 board may have as to any holder of a permit or certificate directed
9 to pay costs.

10 (h) In a judicial action for the recovery of costs, proof of the
11 board's decision shall be conclusive proof of the validity of the
12 order of payment and the terms of payment.

13 (i) All costs recovered under this section shall be deposited in
14 the Accountancy Fund.

15 (j) (1) Except as provided in paragraph (2), the board shall not
16 renew or reinstate the permit or certificate of a holder who has
17 failed to pay all of the costs ordered under this section.

18 (2) Notwithstanding paragraph (1) or paragraph (2) of
19 subdivision (g) of Section 125.3, the board may, in its discretion,
20 conditionally renew or reinstate for a maximum of three years the
21 permit or certificate of a holder who demonstrates financial
22 hardship and who enters into a formal agreement with the board
23 to reimburse the board within that three-year period for those
24 unpaid costs.

25 (k) Nothing in this section shall preclude the board from seeking
26 recovery of costs in an order or decision made pursuant to an
27 agreement entered into between the board and the holder of a
28 permit or certificate.

29 (l) (1) Costs may not be recovered under this section as a result
30 of a citation issued pursuant to Section 125.9 and its implementing
31 language if the licensee complies with the citation.

32 (2) The Legislature hereby finds and declares that this
33 subdivision is declaratory of existing law.

34 ~~SEC. 84.~~

35 *SEC. 85.* Section 5121 of the Business and Professions Code
36 is amended to read:

37 5121. The display or uttering by a person of a card, sign,
38 advertisement or other printed, engraved or written instrument or
39 device, bearing a person's name in conjunction with the words
40 "certified public accountant" or any abbreviation thereof or the

1 words “public accountant” or any abbreviation thereof shall be
2 prima facie evidence in any prosecution, proceeding or hearing
3 brought under this article that the person whose name is so
4 displayed caused or procured the display or uttering of such card,
5 sign, advertisement or other printed, engraved or written instrument
6 or device. Any such display or uttering shall be prima facie
7 evidence that the person whose name is so displayed holds
8 themselves out as a certified public accountant, or a public
9 accountant holding a permit to practice public accountancy in this
10 State under the provisions of this chapter. In any prosecution or
11 hearing under this chapter, evidence of the commission of a single
12 act prohibited by this chapter shall be sufficient to justify a
13 conviction without evidence of a general course of conduct.

14 ~~SEC. 82.~~

15 *SEC. 86.* Section 5134 of the Business and Professions Code
16 is amended to read:

17 5134. The amount of fees prescribed by this chapter is as
18 follows:

19 (a) The fee to be charged to each applicant for the certified
20 public accountant examination shall be fixed by the board at an
21 amount not to exceed six hundred dollars (\$600). The board may
22 charge a reexamination fee not to exceed seventy-five dollars (\$75)
23 for each part that is subject to reexamination.

24 (b) The fee to be charged to out-of-state candidates for the
25 certified public accountant examination shall be fixed by the board
26 at an amount not to exceed six hundred dollars (\$600) per
27 candidate.

28 (c) The application fee to be charged to each applicant for
29 issuance of a certified public accountant certificate shall be fixed
30 by the board at an amount not to exceed two hundred fifty dollars
31 (\$250).

32 (d) The application fee to be charged to each applicant for
33 issuance of a certified public accountant certificate by waiver of
34 examination shall be fixed by the board at an amount not to exceed
35 two hundred fifty dollars (\$250).

36 (e) The fee to be charged to each applicant for registration as a
37 partnership or professional corporation shall be fixed by the board
38 at an amount not to exceed two hundred fifty dollars (\$250).

39 (f) The biennial fee for the renewal of each of the permits to
40 engage in the practice of public accountancy specified in Section

1 5070 shall not be less than two hundred fifty dollars (\$250) and
2 shall not exceed two hundred eighty dollars (\$280).

3 (g) The application fee to be charged to each applicant for a
4 retired status license, as described in Section 5070.1, shall be fixed
5 by the board at an amount not to exceed two hundred fifty dollars
6 (\$250).

7 (h) The application fee to be charged to each applicant for
8 restoration of a license in a retired status to an active status pursuant
9 to subdivision (f) of Section 5070.1 shall be fixed by the board at
10 an amount not to exceed one thousand dollars (\$1,000).

11 (i) The delinquency fee shall be 50 percent of the accrued
12 renewal fee.

13 (j) The initial permit fee is an amount equal to the renewal fee
14 in effect on the last regular renewal date before the date on which
15 the permit is issued, except that, if the permit is issued one year
16 or less before it will expire, then the initial permit fee is an amount
17 equal to 50 percent of the renewal fee in effect on the last regular
18 renewal date before the date on which the permit is issued. The
19 board may, by regulation, provide for the waiver or refund of the
20 initial permit fee where the permit is issued less than 45 days before
21 the date on which it will expire.

22 (k) The fee to be charged for the certification of documents
23 evidencing passage of the certified public accountant examination,
24 the certification of documents evidencing the grades received on
25 the certified public accountant examination, or the certification of
26 documents evidencing licensure shall be twenty-five dollars (\$25).

27 (l) The board shall fix the fees in accordance with the limits of
28 this section and any increase in a fee fixed by the board shall be
29 pursuant to regulation duly adopted by the board in accordance
30 with the limits of this section.

31 (m) It is the intent of the Legislature that, to ease entry into the
32 public accounting profession in California, any administrative cost
33 to the board related to the certified public accountant examination
34 or issuance of the certified public accountant certificate that
35 exceeds the maximum fees authorized by this section shall be
36 covered by the fees charged for the biennial renewal of the permit
37 to practice.

38 *SEC. 87. Section 5550.3 of the Business and Professions Code*
39 *is amended to read:*

**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 2**

April 10, 2023

The Honorable Richard D. Roth
1021 O Street, Room 7510
Sacramento, CA 95814

Bill: SB 887
Position: Support

Dear Senator Roth:

At its March 23-24, 2023 meeting, the California Board of Accountancy (CBA) took a Support position on Senate Bill (SB) 887, as introduced on March 14, 2023.

The CBA would like to extend our appreciation to you and the Senate Business, Professions and Economic Development (BPED) Committee for including CBA-requested amendments in SB 887 that will strengthen and clarify its statutory provisions, including:

- Deleting the authorization for a continuing education advisory committee the CBA no longer uses and does not foresee using in the future.
- Deleting the peer review term “substandard” and replacing it with the term “fail,” consistent with American Institute of Certified Public Accountants’ Standards for Performing and Reporting on Peer Review.
- Deleting the outdated authorization for the CBA to collect fees under the prior practice privilege provisions.
- Deleting language that provided a period of time for candidates who were in the pipeline in 2011 to obtain their license without having to return to school to obtain the 20 hours of accounting study and 10 units of ethics study.

SB 887 also incorporates other non-substantive changes, including gender neutral pronouns, updated terminology to reference internet website, and grammatical changes.

The CBA appreciates the opportunity to continue working with Senate BPED Committee staff to correct some minor drafting errors in Business and Professions Code sections 5037(b) and 5076(m)(1)(G), (H), (I), and (J) to ensure the bill contains accurate terminology as it relates to the CBA.

Removing outdated statutory provisions and updating the identified terminology will assist the CBA in maintaining clear and relevant laws to guide the CBA in meeting its consumer protection mission.

If you have questions, please contact Deanne Pearce, Assistant Executive Officer, at (916) 561-1740 or Deanne.Pearce@cba.ca.gov.

Sincerely,



Katrina L. Salazar, CPA
President

cc: Members, California Board of Accountancy
Dominic Franzella, Acting Executive Officer, California Board of Accountancy
Members, Assembly Business and Professions Committee
Members, Senate Business, Professions and Economic Development Committee
Elissa Silva, Consultant, Senate Business, Professions and Economic Development Committee
Kaitlin Curry, Consultant, Assembly Business and Professions Committee
Bill Lewis, Principal Consultant, Assembly Republican Caucus
Kayla Williams, Consultant, Senate Republican Caucus

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 883**

Subject:	Business Licenses: United States Department of Defense SkillBridge Program.	Author:	Mathis
Version:	March 23, 2023	Sponsor:	Author
Status:	Assembly Appropriations Committee		

Summary

Assembly Bill (AB) 883 (**Attachment 1**) would require boards within the Department of Consumer Affairs (DCA) to expedite the initial license process for an applicant who supplies satisfactory evidence that they are an active duty member of the Armed Forces of the United States (U.S.) enrolled in the U.S. Department of Defense (DOD) SkillBridge program.

Background

Existing law, under Business and Professions Code (BPC) section 115.4, requires a board within DCA to expedite, and it may assist, with the initial licensure process for an applicant supplying satisfactory evidence to the board that they have served as an active duty member of the Armed Forces of the United States and was honorably discharged.

Department of Defense SkillBridge Program

The SkillBridge program sets forth an employment skills training program to provide eligible members of the armed forces with job training and employment skills training, including apprenticeship programs, to help prepare them for employment in the civilian marketplace.

Eligible members of the armed forces are those who have completed at least 180 days on active duty in the armed forces, and are expected to be discharged or released from active duty in the armed forces within 180 days of the date from the beginning of their participation in such a program.

SkillBridge opportunities are offered through partner organizations that have been authorized by the DOD through an official memorandum of understanding to work with each of the applicable military branches and respective installation commanders to develop SkillBridge training programs for their personnel. To be approved by the DOD, partnering organizations must submit a detailed training plan that specifies, among other things, specific learning objectives, instructor qualifications, and descriptions of assessments.

Analysis

According to the fact sheet (**Attachment 2**), the author states:

The transition from active military duty to a civilian life is a stressful and isolating time for many service members. [This bill] will require state agencies to expedite applications of those who are enrolled in the Department of Defense's SkillBridge program, thus aligning existing state policy to expedite veteran applications and ensuring that every veteran is provided with the support, information and tools necessary to succeed.

Provisions of the Bill

Boards within DCA would be required to expedite, and may assist, the initial licensure process for applicants who offer satisfactory evidence that they are an active duty member of a regular branch of the Armed Forces of the United States enrolled in the U.S. Department of Defense SkillBridge program. DCA boards would be authorized to adopt regulations as necessary to administer this requirement.

Impacts to the CBA

The SkillBridge Program provides job training and employment skills training, including apprenticeship programs. Given this focus and the short duration of the program (180 days) for outbound service members, the program could not usefully aid them in ascertaining the educational requirements necessary to sit for the Uniform Certified Public Accountant Examination and would not fulfill the entirety of the accounting experience requirement.

Recommendation

CBA staff have no recommended position on this measure.

Fiscal Estimate

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
Board of Registered Nursing
California Business Properties

Opposition: None

Effective/Operative Date

January 1, 2024

Related Bills

- AB 225 (Gray, 2021) would have expanded the DCA temporary license program for spouses and registered domestic partners of active duty military members to include active duty members of the U.S. Armed Forces with active orders for separation within 90 days under other-than-dishonorable conditions. (AB 225 passed the Assembly but was never heard in the Senate.)
- Senate Bill 1226 (Correa, Chapter 657, Statutes of 2014) requires DCA boards to expedite applications from honorably discharged veterans.

Attachments

1. Assembly Bill 883
2. Assembly Bill 883 Fact Sheet

AMENDED IN ASSEMBLY MARCH 23, 2023

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

ASSEMBLY BILL**No. 883****Introduced by Assembly Member Mathis**

February 14, 2023

An act to amend Section 115.4 of the Business and Professions Code, relating to business licenses.

LEGISLATIVE COUNSEL'S DIGEST

AB 883, as amended, Mathis. Business licenses: United States Department of Defense SkillBridge program.

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 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 additionally require a board to expedite, and authorize a board to assist, in the initial licensure process for an applicant who supplies satisfactory evidence to the board that the applicant is *an active duty member of a regular component of the Armed Forces of the United States* enrolled in the United States Department of Defense SkillBridge program, ~~as specified.~~ *specified, and would provide that regulations to*

administer those provisions be adopted in accordance with the rulemaking provisions of the Administrative Procedure Act.

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 is *an active*
- 7 *duty member of a regular component of the Armed Forces of the*
- 8 *United States* enrolled in the United States Department of Defense
- 9 SkillBridge program as authorized under Section 1143(e) of Title
- 10 10 of the United States Code or has served as an active duty
- 11 member of the Armed Forces of the United States and was
- 12 honorably discharged.
- 13 (b) A board may adopt regulations necessary to administer this
- 14 ~~section.~~ *section in accordance with the provisions of Chapter 3.5*
- 15 *(commencing with Section 11340) of Part 1 of Division 3 of Title*
- 16 *2 of the Government Code.*



AB 883

ASSEMBLYMEMBER DEVON J. MATHIS

The SkillBridge Incorporation Act

SUMMARY

AB 883 will require state agencies to expedite applications of those who are enrolled in the Department of Defense's SkillBridge program, thus aligning existing state policy to expedite veteran applications.

ISSUE

The state of California has a long-held policy to expedite veterans' applications. Specifically, the state's Business, Consumer Services and Housing Agency has a [MILITARY VETERAN EXPEDITE REQUEST](#) form to accompany any application submitted by a veteran to the various licensing entities within the agency in order to expedite their application. However, those service members who are within 180 days of their separation of service are ineligible to use this form.

However, as individuals prepare for their separation orders and work to get the vital documents needed to start their civilian life, too much is lost, causing some to miss valuable career opportunities or have to wait until they receive their separation orders and then wait again for the state to fully process their application for a license. Furthermore, some state agencies take months to process an application, forcing additional financial hardship on the applicant, thus contributing to high-unemployment rate.

SOLUTION

One way to reverse the high-unemployment rate of veterans is to recognize in advance those about to separate from service and provide support to those who are actively enrolled in programs that facilitate more efficient job search.

AB 883 aligns California's existing policy of expediting veteran's applications to also include those Service members on active duty. The DOD SkillBridge program is an opportunity for Service members, any rank, enlisted or officer. SkillBridge permits Service members to use up to the last 180 days of Service to train and learn with an industry partner to gain valuable civilian work experience through specific industry training, apprenticeships, or internships during the last 180 days of service. SkillBridge connects Service members with industry partners in real-world job experiences.

SkillBridge can help Service members bridge the gap between the end of service and the beginning of their civilian careers. Commanders can greatly ease this return to civilian life by supporting their reports'

interest in SkillBridge. When mission permits, Commanders who support SkillBridge participation are helping their personnel find a civilian career with a trusted employer.

Service members can be granted up to 180 days of permissive duty to focus solely on training full-time with approved industry partners after unit commander (first O-4/Field Grade commander in chain of command) provides written authorization and approval. These industry partners offer real-world training and work experience in in-demand fields of work while having the opportunity to evaluate the Service member's suitability for the work.

There are many industry partners with opportunities in a variety of fields, such as energy, information technology, manufacturing, retail, transportation, civil service and more. These industry partners have developed SkillBridge programs for Service members because they value the expertise, dedication and service of those who serve.

SUPPORT

Board of Registered Nursing
California Association of Realtors
California Business Properties Association

OPPOSITION

None on file

CO-AUTHORS

Assemblymember Alannis
Assemblymember Davies
Assemblymember Dixon
Assemblymember Garcia
Senator Niello
Senator Seyarto

FOR MORE INFORMATION

Contact: Aaron Rice
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Email: Aaron.rice@asm.ca.gov

CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 372

Subject:	Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.	Author:	Menjivar
Version:	April 20, 2023	Sponsor:	CA Association of Marriage and Family Therapists
Status:	Senate Appropriations Committee		

Summary

Senate Bill (SB) 372 (**Attachment 1**) would require boards within the Department of Consumer Affairs (DCA) to update a licensee’s legal name or gender in its online license verification system if the board receives government-issued documentation from the licensee demonstrating that they have been changed. The board would also be required to remove a licensee’s former name or gender from its online license verification system and treat this information as confidential. The board would be required to establish a process to allow a person to request and obtain a licensee’s current name or enforcement action record linked to a former name of a licensee.

Background

Existing law under Business and Professions Code (BPC) section 27 requires specified boards within DCA to provide information on the internet regarding the status of every license issued by that entity in accordance with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).

The public information to be provided on the internet must include information on suspensions and revocations of licenses issued by the entity and other related enforcement actions, including accusations filed pursuant to the Administrative Procedure Act. Each entity is required to disclose a licensee’s address of record.

Analysis

According to the fact sheet (**Attachment 2**), the author states, “SB 372 would work to protect the privacy and ensure the safety of transgender and non-binary Californians by eliminating the use of deadnames¹ at the Department of Consumer Affairs (DCA) for licensed professionals who have changed their legal names.”

¹ Per the fact sheet, deadnaming occurs when someone intentionally or unintentionally refers to a trans or non-binary person by the name they previously used.

Provisions of the Bill

This measure would add BPC section 27.5 to require a DCA board to update their records, including any records contained within an online license verification system, to include the updated legal name or gender following receipt of government-issued documentation. Boards would further be required to remove the licensee's former name and gender from the online license verification system and keep the former name confidential.

The board shall establish a process for providing a former name or enforcement action upon request. The process shall ensure that the request is completed within 10 business days and is in compliance with the California Public Records Act. In establishing a process to provide a licensee's former name and gender, the board must consider respect for the licensee's privacy and safety.

If requested by the licensee or registrant, the board shall reissue any documents conferred upon the licensee or registrant with the licensee's or registrant's updated legal name or gender. The board may not charge a higher fee for reissuing a document with a corrected or updated legal name or gender than the fee it charges for reissuing a document with other corrected or updated information.

The following government-issued documentation is sufficient for a licensee to demonstrate a legal name or gender change:

- 1) State-issued driver's license or identification card
- 2) Birth certificate
- 3) Passport
- 4) Social security card
- 5) Court order indicating a name change or a gender change

This measure does not require a board to modify records that the licensee or registrant has not requested for modification or reissuance.

Legislative Findings and Declarations

The Legislature finds and declares that this measure imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

In order to protect the privacy rights and safety of individuals, it is necessary that this act limit the public's right of access to that information.

CBA Impact

Policy

The concept of the bill, specifically addressing the practice of deadnaming, is commendable and consistent with current diversity, equity, access, and inclusion directives. However, there may be a potential consumer impact depending on how the legislation, if passed, is implemented.

The CBA does not collect gender identifying information from licensees or applicants.

Current Tools and Resources

Presently, the CBA website features two critical tools to assist consumers in their due diligence search for a CPA or accounting firm.

The first is License Lookup, which provides a simple search by name, business (firm) name, or license number. The following information is provided:

- Name
- License Type
- License Status
- Experience Completed
- License Issuance
- License Expiration Date
- Address of Record

For licensees who have disciplinary action against their license, it also contains a “Public Documents” section with a link to obtain additional information, including:

- Disciplinary Action/License Restriction
- Violations
- Effective Date
- Accusation and Decision in the matter

The second resource is the CBA's Public Enforcement Documents search tool. It provides a direct link to the information provided under “Public Documents” in the License Lookup tool, as referenced above. Or, if the matter is a citation against a licensee, a link to the final citation is provided.

Name Change Process

The CBA routinely receives name changes from licensees. Once supporting documents are received (court order, marriage or dissolution of marriage, or naturalization), staff will update the licensee database referred to as the Consumer Affairs System, or CAS. The updated name reflects on the online License Lookup feature, however, the prior name of the licensee is still searchable.

A name change does not impact the public's access to any enforcement action taken against a licensee as this information is associated by the license number.

Implementation Questions and Concerns

This bill as currently drafted may, depending on how the implementation is interpreted, create an additional step for consumers to access enforcement-related information against a licensee who requests a name change. According to the bill, it would require individuals to submit a Public Records Act (PRA) request in order to obtain information about a licensee who has a former name, including any related enforcement or disciplinary action. PRA requests must be completed within 10 days of receipt.

Additionally, the legislation does not contemplate boards who may have other enforcement-related information on their website (not contained in an online license verification system), such as the CBA. If consumers use the CBA's public enforcement documents search tool and locate information on a licensee who has subsequently changed their name, they may be unable to locate the licensee when searching for that name using License Lookup to verify licensure.

The provisions of this bill would apply to all licensees requesting a name change – not just those who are transgender and non-binary and want to prevent possible deadnaming. It does not take into consideration licensees who may want to retain their former name in an online database. For example, it's possible a licensee who changes their name as a result of dissolution of marriage may want their prior name accessible for business purposes.

The CBA also transfers licensee information to the National Association of State Boards of Accountancy's CPAverify database. Should this legislation progress, impacts to this process will need to be further explored.

Under this measure, the CBA will have to develop policies and procedures to properly address the following:

- 1) Identifying on License Lookup a way to alert consumers that a former name and enforcement action may exist for a licensee.²
- 2) Creating a process for consumers to request information on a licensee to determine if there is a former name and related prior enforcement action.
- 3) Eliminating a reference to a former name in DCA's online licensee management system (CAS), addressing privacy concerns raised by bill.
- 4) Handling requests for access to former name and enforcement information.

² If consumers do not have a way of identifying that a name change may have occurred, then a possibility could exist that a consumer would need to submit a request for information every time they did a search of a licensee. This could have a dramatic impact on staff workload for PRA requests and also have the unintended consequence of lessening the reliability of the License Lookup tool.

Possible Amendments

There are some possible amendments that could provide the flexibility necessary to implement the bill, while still addressing the intent of eliminating deadnaming:

- Provide an option for the licensee to decide whether to remove a former/prior last name.
- For licensees who submit a name change and have an enforcement-related matter, redact the name from the associated documents. This will provide continued consumer access to the information for the licensee (while only containing a license number).

DCA-Wide Implications

The online License Lookup database and internal system CAS are maintained by DCA, and any changes to these systems to implement the bill would fall upon DCA.

Recommendation

Staff do not have a recommendation for a position, however, staff do recommend the CBA prepare a letter to share its concerns related to consumer access and provide possible amendments for consideration.

Fiscal Estimate

There will be a workload impact to the CBA to update information on the CBA website and create processes and procedures to facilitate the release of information to consumers. If the legislation passes as presently proposed, it's possible that the volume of PRA requests could increase significantly.

Support/Opposition

Support: CA Association of Marriage and Family Therapists (Co-Sponsor)
CA State Association of Psychiatrists (Co-Sponsor)
CA Association of Social Rehabilitation Agencies (Co-Sponsor)
CA Council of Community Behavioral Health Agencies (Co-Sponsor)
CA Psychological Association (Co-Sponsor)
CA Association for Licensed Professional Clinical Counselors (Co-Sponsor)
National Association of Social Workers – CA (Co-Sponsor)
Psychiatric Physicians Alliance of California (Co-Sponsor)
AFSCME
Asian Americans for Community Involvement
California Access Coalition
California Council of Community Behavioral Health Agencies (CHBA)
California Dental Association
Equality California
PathPoint

Opposition: None

SB 372

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Effective/Operative Date

January 1, 2024

Related Bills

- Assembly Bill (AB) 2315 (Arambula, Chapter 932, Statutes of 2022) requires the governing board of each community college district to implement a system by which students, staff, and faculty can declare an affirmed name, gender, or both, to be used and to be updated, in certain records.
- AB 421 (Ward, Chapter 40, Statutes of 2022) updates procedures for changing gender and sex identifiers on official documents, addressing internal inconsistencies from AB 218 of 2021.
- AB 218 (Ward, Chapter 577, Statutes of 2021) creates, as of January 1, 2023, a process for a petitioner seeking a change of gender to also request that their marriage license and certificate and their children's birth certificates be reissued with updated information about the petitioner.

Attachments

1. Senate Bill 372
2. Senate Bill 372 Fact Sheet

AMENDED IN SENATE APRIL 20, 2023

AMENDED IN SENATE MARCH 20, 2023

SENATE BILL

No. 372

Introduced by Senator Menjivar
(Coauthors: Senators Cortese and Wiener)
(Coauthors: Assembly Members Lee, Pellerin, and Wallis)

February 9, 2023

An act to add Section 27.5 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 372, as amended, Menjivar. Department of Consumer Affairs: licensee and registrant records: name and gender changes.

Existing law establishes in the Business, Consumer Services, and Housing Agency the Department of Consumer Affairs. Existing law establishes various boards within the department for the licensure, regulation, and discipline of various professions and vocations. Existing law defines "board" for purposes of the Business and Professions Code to include bureau, commission, committee, department, division, examining committee, program, and agency, unless otherwise expressly provided.

This bill would require a board to update a licensee's or registrant's records, including records contained within an online license verification system, to include the licensee's or registrant's updated legal name or gender if the board receives government-issued documentation, as described, from the licensee or registrant demonstrating that the licensee or registrant's legal name or gender has been changed. The bill would require the board to remove the licensee's or registrant's former name or gender from its online license verification system and treat this

information as confidential. The board would be required to establish a process to allow a person to request and obtain ~~this information, a licensee’s or registrant’s current name or enforcement action record linked to a former name~~, as prescribed. The bill would require the board, if requested by a licensee or registrant, to reissue specified documents conferred upon, or issued to, the licensee or registrant with their updated legal name or gender. The bill would prohibit a board from charging a higher fee for reissuing a document with a corrected or updated legal name or gender than the fee it charges for reissuing a document with other corrected or updated information.

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 27.5 is added to the Business and
 2 Professions Code, to read:
 3 27.5. (a) (1) Notwithstanding any other law, if a board receives
 4 government-issued documentation, as described in subdivision
 5 (b), from a licensee or registrant demonstrating that the licensee’s
 6 or registrant’s legal name or gender has been changed, the board
 7 shall update their records, including any records contained within
 8 an online license verification system, to include the updated legal
 9 name or gender.
 10 (2) (A) If the board operates an online license verification
 11 system, it shall remove the licensee’s or registrant’s former name
 12 upon receipt of government-issued documentation, as described
 13 in subdivision (b). The licensee’s or registrant’s former name and
 14 gender shall be deemed confidential.
 15 (B) The board shall establish a process for providing a licensee’s
 16 or registrant’s ~~former name and gender upon receipt of a request~~
 17 ~~that is related to a complaint against the licensee or registrant.~~
 18 *current name or enforcement action record linked to a former*
 19 *name upon receipt of a request that is related to an enforcement*

1 *action against the licensee or registrant or a search of a licensee*
2 *by a previous name. The process shall ensure that the request is*
3 *completed within 10 business days. This subparagraph shall be*
4 *implemented in compliance with the California Public Records*
5 *Act (Division 10 (commencing with Section 7920.000) of Title 1*
6 *of the Government Code).*

7 (C) In establishing a process to provide a licensee's or
8 registrant's former name and gender, the board shall consider
9 respect for the licensee's or registrant's privacy and safety.

10 (3) If requested by the licensee or registrant, the board shall
11 reissue any documents conferred upon the licensee or registrant
12 with the licensee's or registrant's updated legal name or gender.
13 A board shall not charge a higher fee for reissuing a document
14 with a corrected or updated legal name or gender than the fee it
15 charges for reissuing a document with other corrected or updated
16 information.

17 (b) The documentation of a licensee or registrant sufficient to
18 demonstrate a legal name or gender change includes, but is not
19 limited to, any of the following:

20 (1) State-issued driver's license or identification card.

21 (2) Birth certificate.

22 (3) Passport.

23 (4) Social security card.

24 (5) Court order indicating a name change or a gender change.

25 (c) This section does not require a board to modify records that
26 the licensee or registrant has not requested for modification or
27 reissuance.

28 SEC. 2. The Legislature finds and declares that Section 1 of
29 this act, which adds Section 27.5 to the Business and Professions
30 Code, imposes a limitation on the public's right of access to the
31 meetings of public bodies or the writings of public officials and
32 agencies within the meaning of Section 3 of Article I of the
33 California Constitution. Pursuant to that constitutional provision,
34 the Legislature makes the following findings to demonstrate the
35 interest protected by this limitation and the need for protecting
36 that interest:

- 1 In order to protect the privacy rights and safety of individuals,
- 2 it is necessary that this act limit the public's right of access to that
- 3 information.

O

Senate Bill 372

RESPECT FOR NAMES ACT

Senator Caroline Menjivar (D – San Fernando Valley)

SUMMARY

SB 372 would work to protect the privacy and ensure the safety of transgender and non-binary Californians by eliminating the use of deadnames at the Department of Consumer Affairs (DCA) for licensed professionals who have changed their legal names.

PROBLEM

Deadnaming occurs when someone intentionally or unintentionally refers to a trans or non-binary person by the name they previously used. Currently, when a licensed professional has legally changed their name, their original or deadname still appears in the DCA's BreEZe online license verification system. This practice can both negatively impact the mental health as well as the physical safety of all licensees under DCA who are identified by their deadname online.

BACKGROUND

Transgender people experience high rates of discrimination, especially if they are known or believed to be trans. The National Center for Transgender Equality found in their 2015 US Trans Survey that 46% of people surveyed had been verbally harassed and 9% had been physically assaulted for their trans identity. Additionally, 30% reported experiencing discrimination in the workplace or with prospective employers. The UCLA Williams Institute found that trans adults have a suicidal ideation rate 12 times higher and a suicide attempt rate 18 times higher than the general population.¹

When transgender or non-binary people transition or come out, they may choose a new name to affirm their identity. Research has shown that referring to someone using their chosen name can reduce depressive symptoms and even suicidal ideation and behavior for transgender people.²

The DCA licenses professionals ranging from mental health service providers to chiropractors to nurses. It is imperative that the state take every step to uplift and

¹ Suicide Thoughts and Attempts Among Transgender Adults - Williams Institute (ucla.edu)

² <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6165713/>

protect trans and non-binary Californians. DCA can help protect its over 3.4 million licensed professionals by ensuring that trans and non-binary licensees who have legally changed their names have their identities reflected on their online system.

SOLUTION

SB 372 takes a simple step to protect the safety and privacy of trans and non-binary licensees by requiring DCA to update the BreEZe online license verification system to limit the online display only to the licensee's legal name. It will also direct DCA to create a process by which a licensee with a former name can be identified for purposes of accessing an enforcement action under a prior name..

STATUS

Amended March 20th - 2023

SUPPORT

CA Association of Marriage and Family Therapists (Co-Sponsor)
 CA State Association of Psychiatrists (Co-Sponsor)
 CA Association of Social Rehabilitation Agencies (Co-Sponsor)
 CA Council of Community Behavioral Health Agencies (Co-Sponsor)
 CA Psychological Association (Co-Sponsor)
 CA Association for Licensed Professional Clinical Counselors (Co-Sponsor)
 National Association of Social Workers – CA (Co-Sponsor)
 Psychiatric Physicians Alliance of California (Co-Sponsor)
 AFSCME
 Asian Americans for Community Involvement
 California Access Coalition
 California Council of Community Behavioral Health Agencies (CHBA)
 California Dental Association
 Equality California
 PathPoint

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**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 544**

Subject:	Bagley-Keene Open Meeting Act: Teleconferencing.	Author:	Laird
Version:	April 27, 2023	Sponsor:	California Commission on Aging
Status:	Senate Appropriations		

Summary

Senate Bill (SB) 544 (**Attachment 1**) would amend the Bagley-Keene Open Meeting Act (Bagley-Keene) related to how a state body conducts a meeting by teleconference. The bill would require state bodies to provide an opportunity for the public to address the state body, ensure the state body implements procedures to accommodate and resolve requests from individuals with disabilities, cease or recess meetings when technical issues are identified, and provide transparency for those participating remotely by requiring the disclosure of other individuals 18 years of age and older who are present.

Background

Existing law (Government Code (GC) section 11120) establishes the Bagley-Keene Open Meeting Act, which requires state bodies to conduct their business in open public meetings, except as provided in Bagley-Keene, and establishes requirements and procedures for such meetings.

At the outset of the pandemic in March 2020, Governor Newsom issued Executive Order N-29-20, which stated:

Notwithstanding any other provision of state or local law (including, but not limited to, the Bagley-Keene Act or the Brown Act), and subject to the notice and accessibility requirements set forth below, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body or state body. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting, are hereby waived.

Assembly Bill (AB) 361 (Rivas, Chapter 165, Statutes of 2021) amended GC section 11133 to provide that until January 31, 2022, meetings of state bodies may be conducted via teleconference.

On January 5, 2022, Governor Newsom signed a new executive order extending the sunset of the teleconference provisions of AB 361. Under Executive Order N-1-22, state bodies were permitted to continue holding public meetings via teleconference through March 31, 2022.

AB 189 (Committee on Budget, Chapter 48, Statutes of 2022), authorized through July 1, 2023, state bodies to hold public meetings through teleconferencing and to make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and address the state body.

Analysis

According to the fact sheet (**Attachment 2**), the author states:

Senate Bill 544 updates teleconferencing requirements in the Bagley-Keene Act, which governs how state boards and commissions conduct open meetings, to promote equity and public participation through virtual meetings while safeguarding the personal safety of board and commission members.

Provisions of the Bill

SB 544 would require that, beginning January 1, 2024, if a state body elects to conduct a meeting by teleconference, it must provide a means by which the public may remotely hear, remotely observe, or attend the meeting by providing on the posted agenda a teleconference telephone number, a website or other online platform, and a physical address for at least one site with access equivalent to that of a member of the state body participating remotely.

The specified teleconference telephone number, website or other online platform, and physical address indicating how the public can access the meeting remotely and in person shall be identified in any required meeting notice.

The bill requires that if a state body holds a meeting through teleconference, and allows a member of the public to observe and address the meeting, the state body must: 1) implement a procedure to receive and swiftly resolve requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990; and 2) advertise that procedure each time notice is given when members of the public may observe the meeting or offer public comment.

SB 544 would prohibit the meeting notice and agenda from disclosing remote location information from which a member is participating. Under this bill, members of the public would be entitled to exercise their right to directly address the state body during the teleconferenced meeting without being required to submit public comments prior to the meeting or in writing.

In the event that a state body discovers a means of remote participation has failed during a meeting and cannot be restored, the state body must end or adjourn the meeting in accordance with the prescribed adjournment and notice provisions, including information about reconvening.

If a member of a state body attends a meeting by teleconference from a remote location, this bill would require that member to disclose whether any other individuals 18 years or older are present in the room at the remote location, and the general nature of the member's relationship to that individual.

The bill makes legislative findings and declarations, stating that during the COVID-19 emergency, audio and video teleconferencing were widely used to conduct public meetings in lieu of physical meetings, that those meetings have been productive, increased public participation by all members of the public regardless of their location, increased the pool of people of those who are able to serve on these bodies, protected the health and safety of civil servants and public, and have reduced travel costs incurred by members of state bodies and reduced work hours traveling to and from meetings.

Potential Impacts to the CBA

The overall goal of this measure is to establish permanent changes in the Bagley-Keene Act that would facilitate teleconference meetings in nearly the same manner as they have been conducted under the Governor's executive orders resulting from the COVID-19 pandemic and codified in AB 189.

Below is an overview of steps the CBA would need to take to implement the provisions of SB 544:

- The CBA would be required to have at least one physical meeting location where members of the public can attend and address members (any members that are present and those participating remotely). This would eliminate a prior requirement that teleconference meeting agendas include all physical meeting locations for all members participating remotely.
- If a member participates remotely, they would need to disclose if another individual, who is 18 years of age or older, is present at their location and the general nature of the relationship with the individual.
- Identify a process to notify interested persons if technical issues occur that require a meeting to end or be adjourned and reconvened on the same day.
- Implement procedures to quickly resolve requests for reasonable modifications or accommodations from individuals with disabilities consistent with the federal Americans with Disabilities Act. (Note: the CBA presently has a designated staff member to address requests for accommodations).

This measure does not provide a specific exemption from the existing requirement for boards within DCA to meet at least once in southern California and once in northern California each calendar year, as required by BPC section 101.7.

As drafted, this bill would require CBA and other state bodies to operate under pre-pandemic meeting rules, as it relates to teleconference meetings, between July 2, 2023 and December 31, 2023, since AB 189 (Committee on Budget, Chapter 48, Statutes of 2022) is only effective through July 1, 2023, and SB 544 would not take effect until January 1, 2024.

Recommendation

Staff recommend the CBA adopt a Support position on SB 544. The CBA could consider directing staff to include in the letter a request that consideration be given to amending BPC section 101.7 to eliminate the requirement that at least one meeting be held in southern California and one in northern California.

Fiscal Estimate

If the CBA were to meet primarily by teleconference, in accordance with the provisions of SB 544, it would result in cost savings to the CBA. The savings would fluctuate based on the number of members who participate via teleconference versus those who would attend in person. The pre-pandemic costs for in-person CBA meetings in 2019 was \$158,105.

Support/Opposition

Support: California Commission on Aging (Sponsor)
Little Hoover Commission
California Acupuncture Board
California Association of Area Agencies on Aging
California Senior Legislature
Health Officers Association of California

Opposition: ACLU California Action
Cal Aware
California Broadcasters Association
California News Publishers Association
First Amendment Coalition
Howard Jarvis Taxpayers Association

Effective/Operative Date

January 1, 2024

Related Bills

- AB 189 (Committee on Budget, Chapter 48, Statutes of 2022). Authorized a state body to hold public meetings through teleconferencing and to make public meetings accessible telephonically, or otherwise electronically, to all members of the public

seeking to observe and to address the state body through July 1, 2023. The bill maintained the existing meeting notice and agenda posting requirements.

- AB 1733 (Quirk, 2022) would have permitted state bodies to meet via teleconference, permit state body members to participate either remotely or in-person, and require state bodies to permit members of the public to directly address the state body during a teleconferenced meeting. The bill would have required members who participate remotely with another adult present at their location to report that presence. In the event of a known connection failure, the state body would have been required to adjourn the meeting (never heard in Assembly Governmental Organization Committee).
- AB 361 (Robert Rivas, Chapter 165, Statutes of 2021) allowed, until January 31, 2022, state bodies to use teleconferencing without complying with specified Bagley-Keene requirements in certain state emergencies, and provides similar authorizations for legislative bodies subject to the Gloria Romero Open Meetings Act of 2000.

Attachments

1. Senate Bill 544
2. Senate Bill 544 Fact Sheet

AMENDED IN SENATE APRIL 27, 2023

AMENDED IN SENATE MARCH 20, 2023

SENATE BILL

No. 544

Introduced by Senator Laird

February 15, 2023

An act to amend Section 11123 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 544, as amended, Laird. Bagley-Keene Open Meeting Act: teleconferencing.

Existing law, the Bagley-Keene Open Meeting Act, requires, with specified exceptions, that all meetings of a state body be open and public and all persons be permitted to attend any meeting of a state body. The act authorizes meetings through teleconference subject to specified requirements, including, among others, that the state body post agendas at all teleconference locations, that each teleconference location be identified in the notice and agenda of the meeting or proceeding, that each teleconference location be accessible to the public, that the agenda provide an opportunity for members of the public to address the state body directly at each teleconference location, and that at least one member of the state body be physically present at the location specified in the notice of the meeting.

Existing law, until July 1, 2023, authorizes, subject to specified notice and accessibility requirements, a state body to hold public meetings through teleconferencing and suspends certain requirements of the act, including the above-described teleconference requirements.

This bill would amend existing law that will remain operative after July 1, 2023, to remove indefinitely the teleconference requirements

that a state body post agendas at all teleconference locations, that each teleconference location be identified in the notice and agenda of the meeting or proceeding, and that each teleconference location be accessible to the public. The bill would require a state body to provide a means by which the public may remotely hear audio of the meeting, remotely observe the meeting, or attend the meeting by providing on the posted agenda a teleconference telephone number, an internet website or other online platform, and a physical address for at least one site, including, if available, access equivalent to the access for a member of the state body participating remotely. The bill would require any notice required by the act to specify the applicable teleconference telephone number, internet website or other online platform, and physical address indicating how the public can access the meeting remotely and in person. The bill would revise existing law to no longer require that members of the public have the opportunity to address the state body directly at each teleconference location, but would continue to require that the agenda provide an opportunity for members of the public to address the state body directly. The bill would require a member or staff to be physically present at the location specified in the notice of the meeting.

This bill would provide that it does not affect prescribed existing notice and agenda requirements and would require the state body to post an agenda on its internet website and, on the day of the meeting, at any physical meeting location designated in the notice of the meeting. The bill would prohibit the notice and agenda from disclosing information regarding any remote location from which a member is participating and define “remote location” for this purpose. The bill would provide that members of the public shall be entitled to exercise their right to directly address the state body during the teleconferenced meeting without being required to submit public comments prior to the meeting or in writing.

This bill would require a state body, upon discovering that a means of remote participation required by the bill has failed during a meeting and cannot be restored, to end or adjourn the meeting in accordance with prescribed adjournment and notice provisions, including information about reconvening.

This bill would require a state body that holds a meeting through teleconferencing pursuant to the bill and allows members of the public to observe and address the meeting telephonically or otherwise electronically to implement and advertise, as prescribed, a procedure

for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990.

This bill would require a member of a state body who attends a meeting by teleconference from a remote location to disclose whether any other individuals 18 years of age or older are present in the room at the remote location with the member and the general nature of the member's relationship with any such individuals.

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:

3 11123. (a) All meetings of a state body shall be open and
4 public and all persons shall be permitted to attend any meeting of
5 a state body except as otherwise provided in this article.

6 (b) (1) This article does not prohibit a state body from holding
7 an open or closed meeting by teleconference for the benefit of the
8 public and state body. The meeting or proceeding held by
9 teleconference shall otherwise comply with all applicable
10 requirements or laws relating to a specific type of meeting or
11 proceeding, including the following:

12 (A) The teleconferencing meeting shall comply with all
13 requirements of this article applicable to other meetings.

14 (B) The portion of the teleconferenced meeting that is required
15 to be open to the public shall be audible to the public at the location
16 specified in the notice of the meeting.

17 (C) If the state body elects to conduct a meeting or proceeding
18 by teleconference, it shall conduct teleconference meetings in a
19 manner that protects the rights of any party or member of the public
20 appearing before the state body. The state body shall provide a
21 means by which the public may remotely hear audio of the meeting,

1 remotely observe the meeting, or attend the meeting by providing
2 on the posted agenda a teleconference telephone number, an
3 internet website or other online platform, and a physical address
4 for at least one site, including, if available, access equivalent to
5 the access for a member of the state body participating remotely.
6 The applicable teleconference telephone number, internet website
7 or other online platform, and physical address indicating how the
8 public can access the meeting remotely and in person shall be
9 specified in any notice required by this article.

10 (D) The agenda shall provide an opportunity for members of
11 the public to address the state body directly pursuant to Section
12 11125.7.

13 (E) All votes taken during a teleconferenced meeting shall be
14 by rollcall.

15 (F) The portion of the teleconferenced meeting that is closed to
16 the public may not include the consideration of any agenda item
17 being heard pursuant to Section 11125.5.

18 (G) At least one member or staff of the state body shall be
19 physically present at the location specified in the notice of the
20 meeting.

21 *(H) This section does not affect the requirement prescribed by*
22 *this article that the state body post an agenda of a meeting in*
23 *accordance with the applicable notice requirements of this article,*
24 *including Section 11125, requiring the state body to post an agenda*
25 *of a meeting at least 10 days in advance of the meeting, Section*
26 *11125.4, applicable to special meetings, and Sections 11125.5 and*
27 *11125.6, applicable to emergency meetings. The state body shall*
28 *post the agenda on its internet website and, on the day of the*
29 *meeting, at any physical meeting location designated in the notice*
30 *of the meeting. The notice and agenda shall not disclose*
31 *information regarding any remote location from which a member*
32 *is participating.*

33 *(I) Members of the public shall be entitled to exercise their right*
34 *to directly address the state body during the teleconferenced*
35 *meeting without being required to submit public comments prior*
36 *to the meeting or in writing.*

37 *(J) Upon discovering that a means of remote participation*
38 *required by this section has failed during a meeting and cannot*
39 *be restored, the state body shall end or adjourn the meeting in*
40 *accordance with Section 11128.5. In addition to any other*

1 *requirements that may apply, the state body shall provide notice*
2 *of the meeting's end or adjournment on the state body's internet*
3 *website and by email to any person who has requested notice of*
4 *meetings of the state body by email under this article. If the meeting*
5 *will be adjourned and reconvened on the same day, further notice*
6 *shall be provided by an automated message on a telephone line*
7 *posted on the state body's agenda, internet website, or by a similar*
8 *means, that will communicate when the state body intends to*
9 *reconvene the meeting and how a member of the public may hear*
10 *audio of the meeting or observe the meeting.*

11 (2) For the purposes of this subdivision, “teleconference” both
12 of the following definitions shall apply:

13 (A) “Teleconference” means a meeting of a state body, the
14 members of which are at different locations, connected by
15 electronic means, through either audio or both audio and video.
16 This section does not prohibit a state body from providing members
17 of the public with additional locations in which the public may
18 observe or address the state body by electronic means, through
19 either audio or both audio and video.

20 (B) “Remote location” means a location from which a member
21 of a state body participates in a meeting other than any physical
22 meeting location designated in the notice of the meeting. Remote
23 locations need not be accessible to the public.

24 (c) If a state body holds a meeting through teleconferencing
25 pursuant to this section and allows members of the public to
26 observe and address the meeting telephonically or otherwise
27 electronically, the state body shall also do both of the following:

28 (1) Implement a procedure for receiving and swiftly resolving
29 requests for reasonable modification or accommodation from
30 individuals with disabilities, consistent with the federal Americans
31 with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and
32 resolving any doubt whatsoever in favor of accessibility.

33 (2) Advertise that procedure each time notice is given of the
34 means by which members of the public may observe the meeting
35 and offer public comment.

36 (d) The state body shall publicly report any action taken and
37 the vote or abstention on that action of each member present for
38 the action.

39 (e) *If a member of a state body attends a meeting by*
40 *teleconference from a remote location, the member shall disclose*

1 *whether any other individuals 18 years of age or older are present*
2 *in the room at the remote location with the member, and the*
3 *general nature of the member’s relationship with any such*
4 *individuals.*

5 (e)

6 (f) For purposes of this section, “participate remotely” means
7 participation in a meeting at a location other than the physical
8 location designated in the agenda of the meeting.

9 SEC. 2. The Legislature finds and declares that Section 1 of
10 this act, which amends Section 11123 of the Government Code,
11 imposes a limitation on the public’s right of access to the meetings
12 of public bodies or the writings of public officials and agencies
13 within the meaning of Section 3 of Article I of the California
14 Constitution. Pursuant to that constitutional provision, the
15 Legislature makes the following findings to demonstrate the interest
16 protected by this limitation and the need for protecting that interest:

17 (a) By removing the requirement for agendas to be placed at
18 the location of each public official participating in a public meeting
19 remotely, including from the member’s private home or hotel
20 room, this act protects the personal, private information of public
21 officials and their families while preserving the public’s right to
22 access information concerning the conduct of the people’s business.

23 (b) During the COVID-19 public health emergency, audio and
24 video teleconference were widely used to conduct public meetings
25 in lieu of physical location meetings, and those public meetings
26 have been productive, increased public participation by all
27 members of the public regardless of their location and ability to
28 travel to physical meeting locations, increased the pool of people
29 who are able to serve on these bodies, protected the health and
30 safety of civil servants and the public, and have reduced travel
31 costs incurred by members of state bodies and reduced work hours
32 spent traveling to and from meetings.

33 (c) Conducting audio and video teleconference meetings
34 enhances public participation and the public’s right of access to
35 meetings of the public bodies by improving access for individuals
36 that often face barriers to physical attendance.

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California State Senate

SENATOR
JOHN LAIRD

SEVENTEENTH SENATE DISTRICT



Senate Bill 544 – State Boards and Commissions: Personal Safety and Public Access to Remote Hearings

SUMMARY

Senate Bill 544 updates teleconferencing requirements in the Bagley-Keene Act, which governs how state boards and commissions conduct open meetings, to promote equity and public participation through virtual meetings while safeguarding the personal safety of board and commission members.

BACKGROUND

The Bagley-Keene Open Meeting Act, initially passed in 1967, establishes the rules for meetings of state bodies. These rules are intended to ensure public access and allow input on meetings of state boards and commissions. In response to the COVID-19 pandemic, Governor Newsom issued an executive order in March 2020 permitting state bodies to hold meetings virtually, without requiring a physical location or the posting of the addresses of the teleconference location of attending board members as currently required under the Bagley-Keene Act.

What started as an experiment to promote health and safety during the COVID-19 pandemic has proven to be successful and enhances public participation while still ensuring sufficient access to state hearings. Virtual meetings have improved access for Californians that face barriers to physical attendance, such as those living in different areas of the state, individuals with limited mobility, caretakers, and more. Members of the public without the economic means to travel could still provide public comment.

In surveying state boards and commissions, the Little Hoover Commission found that over 90% of reported costs decreased due to virtual meetings, and

that roughly half of state bodies had better attendance from their members.

The Governor's executive order waiver is set to expire on June 30, 2023. Beginning in July, state bodies holding virtual meetings will again be required to post the physical location of all attending board and commission members. This poses personal safety concerns since remote attendance of board and commission members is often a private residence or hotel room, and members would also be required to provide the public with physical access to the remote meeting location. In addition, private residences may not meet Americans with Disabilities Act (ADA) requirements.

THIS BILL

Senate Bill 544 promotes public access at state board and commission meetings by requiring a method for the public to remotely participate and observe the meeting via teleconference or an online platform, and a physical address for at least one site be provided on the posted agenda. Additionally, the bill requires state bodies to implement a procedure for accommodating accessibility requests consistent with the Americans with Disabilities Act of 1990.

Senate Bill 544 also safeguards the personal safety of state board and commission members by eliminating the requirement for state bodies to post the physical address of each member participating remotely in a meeting.

SPONSOR

California Commission on Aging

CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 802

Subject:	Licensing Boards: Disqualification From Licensure: Criminal Conviction.	Author:	Roth
Version:	February 17, 2023	Sponsor:	Author
Status:	Assembly Rules Committee (Awaiting Referral)		

Summary

Senate Bill (SB) 802 (**Attachment 1**) would require a board within the Department of Consumer Affairs (DCA) that denies a license application based solely, or in part, on the applicant's conviction history, to notify the applicant in writing within 30 days after a decision is made.

Background

Denial of Licensure Authority

Existing law, Business and Professions Code (BPC) section 480, authorizes a DCA board to deny a license on the grounds that the applicant has been convicted of a crime or has been subject to formal discipline only if either of the following conditions are met:

1. The crime which the applicant has been convicted of occurred within the preceding seven years from the date of the application, and is substantially related to the qualifications, functions, or duties of the profession for which the application is made; or has been convicted of a serious felony or convicted of a felony financial crime.
2. The applicant has been subjected to formal discipline by a licensing board inside or outside California within the preceding seven years from the application date, and it is based on professional misconduct that would have been cause for discipline before the board for which the application is made. However, prior disciplinary action by a licensing board within the preceding seven years may not be the basis for the denial if that disciplinary action was a conviction that has been dismissed.

BPC section 5100.2, has two carve outs to BPC section 480, as follows:

1. Regardless of the seven-year lookback period provided for in BPC section 480, pursuant to BPC section 5100.2, subdivision (a)(1), the CBA may deny an applicant for a license if the applicant was convicted of a financial crime currently classified as a felony that is directly and adversely related to the qualifications, functions, or duties of a certified public accountant, pursuant to regulations adopted by the CBA (which the CBA adopted under Title 16, California Code of Regulations, section 99.2).

2. Pursuant to BPC section 5100.2, subdivision (a)(2), the CBA may deny an applicant if, within the preceding seven years from the date of application, the applicant was subjected to a disciplinary action taken by an agency of the federal government, the Public Company Accounting Oversight Board, or another country for any act substantially related to the functions, qualifications, or duties of a certified public accountant.

Notification of Denial

Currently, under BPC section 480, if a board decides to deny an application for licensure based solely, or in part, on the applicant's conviction history, the board must notify the applicant in writing of all of the following:

1. The denial or disqualification of licensure.
2. Any existing procedure the board has for the applicant to challenge the decision or to request reconsideration.
3. That the applicant has the right to appeal the board's decision.
4. The processes for the applicant to request a copy of the applicant's complete conviction history and question the accuracy or completeness of the record (pursuant to Sections 11122 to 11127 of the Penal Code).

Posting of Criteria

Additionally, BPC section 481 requires each board to post on its website a summary of the criteria used to consider whether a crime is considered to be substantially related to the qualifications, functions, or duties of the profession it regulates.

Analysis

According to the fact sheet (**Attachment 2**), the author states: "SB 802 ensures that applicants for licensure by a program within the Department of Consumer Affairs are made aware within 30 days if their license is denied based on a prior criminal conviction."

This bill would amend BPC section 480 pertaining to the notification of denial by stating that if a board denies a license application based solely, or in part, on the applicant's conviction history, the board must notify the applicant in writing within 30 days after that decision is made.

SB 802 would not impact the CBA, as under the current process any notification of denial is sent immediately following the decision.

Recommendation

Staff recommend the CBA adopt a Support position on this measure.

Fiscal Estimate

None.

Support/Opposition

Support: California Orthopaedic Association

Opposition: None

Effective/Operative Date

January 1, 2024

Related Bills

- Assembly Bill (AB) 1521 (Low, Chapter 359, Statutes of 2019) extended the Sunset of the CBA to 2024. Allowed the CBA to deny an applicant for initial licensure if that person, within the preceding seven years, was subjected to discipline by the federal government, the Public Company Accounting Oversight Board, or another country for any act substantially related to the functions, qualifications, or duties of a certified public accountant.
- AB 2138 (Chiu, Chapter 995, Statutes of 2018) limited a regulatory board's discretion to deny a new license application to cases where the applicant was formally convicted of a substantially related crime or subjected to formal discipline by a licensing board, with offenses older than seven years no longer eligible for license denial, with several enumerated exemptions.
- AB 2396 (Bonta, Chapter 737, Statutes of 2014) prohibits a board from denying a license based solely on a conviction that has been dismissed.

Attachments

1. Senate Bill 802
2. Senate Bill 802 Fact Sheet

SENATE BILL

No. 802

Introduced by Senator Roth

February 17, 2023

An act to amend Section 480 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 802, as introduced, Roth. Licensing boards: disqualification from licensure: criminal conviction.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law authorizes a board to deny a license on the grounds that the applicant or licensee has been subject to formal discipline, as specified, or convicted of a crime substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, as specified. Existing law requires a board to notify the applicant in writing, as specified, if a board decides to deny an application for licensure based solely or in part on the applicant's conviction history.

If a board decides to deny an application for licensure based solely or in part on the applicant's conviction history, this bill would require a board to notify the applicant in writing within 30 days after a decision is made, as specified.

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 480 of the Business and Professions Code
- 2 is amended to read:

1 480. (a) Notwithstanding any other provision of this code, a
2 board may deny a license regulated by this code on the grounds
3 that the applicant has been convicted of a crime or has been subject
4 to formal discipline only if either of the following conditions are
5 met:

6 (1) The applicant has been convicted of a crime within the
7 preceding seven years from the date of application that is
8 substantially related to the qualifications, functions, or duties of
9 the business or profession for which the application is made,
10 regardless of whether the applicant was incarcerated for that crime,
11 or the applicant has been convicted of a crime that is substantially
12 related to the qualifications, functions, or duties of the business or
13 profession for which the application is made and for which the
14 applicant is presently incarcerated or for which the applicant was
15 released from incarceration within the preceding seven years from
16 the date of application. However, the preceding seven-year
17 limitation shall not apply in either of the following situations:

18 (A) The applicant was convicted of a serious felony, as defined
19 in Section 1192.7 of the Penal Code or a crime for which
20 registration is required pursuant to paragraph (2) or (3) of
21 subdivision (d) of Section 290 of the Penal Code.

22 (B) The applicant was convicted of a financial crime currently
23 classified as a felony that is directly and adversely related to the
24 fiduciary qualifications, functions, or duties of the business or
25 profession for which the application is made, pursuant to
26 regulations adopted by the board, and for which the applicant is
27 seeking licensure under any of the following:

28 (i) Chapter 6 (commencing with Section 6500) of Division 3.

29 (ii) Chapter 9 (commencing with Section 7000) of Division 3.

30 (iii) Chapter 11.3 (commencing with Section 7512) of Division
31 3.

32 (iv) Licensure as a funeral director or cemetery manager under
33 Chapter 12 (commencing with Section 7600) of Division 3.

34 (v) Division 4 (commencing with Section 10000).

35 (2) The applicant has been subjected to formal discipline by a
36 licensing board in or outside California within the preceding seven
37 years from the date of application based on professional misconduct
38 that would have been cause for discipline before the board for
39 which the present application is made and that is substantially
40 related to the qualifications, functions, or duties of the business or

1 profession for which the present application is made. However,
2 prior disciplinary action by a licensing board within the preceding
3 seven years shall not be the basis for denial of a license if the basis
4 for that disciplinary action was a conviction that has been dismissed
5 pursuant to Section 1203.4, 1203.4a, 1203.41, 1203.42, or 1203.425
6 of the Penal Code or a comparable dismissal or expungement.
7 Formal discipline that occurred earlier than seven years preceding
8 the date of application may be grounds for denial of a license only
9 if the formal discipline was for conduct that, if committed in this
10 state by a physician and surgeon licensed pursuant to Chapter 5
11 (commencing with Section 2000) of Division 2, would have
12 constituted an act of sexual abuse, misconduct, or relations with
13 a patient pursuant to Section 726 or sexual exploitation as defined
14 in subdivision (a) of Section 729.

15 (b) Notwithstanding any other provision of this code, a person
16 shall not be denied a license on the basis that the person has been
17 convicted of a crime, or on the basis of acts underlying a conviction
18 for a crime, if that person has obtained a certificate of rehabilitation
19 under Chapter 3.5 (commencing with Section 4852.01) of Title 6
20 of Part 3 of the Penal Code, has been granted clemency or a pardon
21 by a state or federal executive, or has made a showing of
22 rehabilitation pursuant to Section 482.

23 (c) Notwithstanding any other provision of this code, a person
24 shall not be denied a license on the basis of any conviction, or on
25 the basis of the acts underlying the conviction, that has been
26 dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, 1203.42,
27 or 1203.425 of the Penal Code, or a comparable dismissal or
28 expungement. An applicant who has a conviction that has been
29 dismissed pursuant to Section 1203.4, 1203.4a, 1203.41, or 1203.42
30 of the Penal Code shall provide proof of the dismissal if it is not
31 reflected on the report furnished by the Department of Justice.

32 (d) Notwithstanding any other provision of this code, a board
33 shall not deny a license on the basis of an arrest that resulted in a
34 disposition other than a conviction, including an arrest that resulted
35 in an infraction, citation, or a juvenile adjudication.

36 (e) A board may deny a license regulated by this code on the
37 ground that the applicant knowingly made a false statement of fact
38 that is required to be revealed in the application for the license. A
39 board shall not deny a license based solely on an applicant's failure

1 to disclose a fact that would not have been cause for denial of the
2 license had it been disclosed.

3 (f) A board shall follow the following procedures in requesting
4 or acting on an applicant's criminal history information:

5 (1) A board issuing a license pursuant to Chapter 3 (commencing
6 with Section 5500), Chapter 3.5 (commencing with Section 5615),
7 Chapter 10 (commencing with Section 7301), Chapter 20
8 (commencing with Section 9800), or Chapter 20.3 (commencing
9 with Section 9880), of Division 3, or Chapter 3 (commencing with
10 Section 19000) or Chapter 3.1 (commencing with Section 19225)
11 of Division 8 may require applicants for licensure under those
12 chapters to disclose criminal conviction history on an application
13 for licensure.

14 (2) Except as provided in paragraph (1), a board shall not require
15 an applicant for licensure to disclose any information or
16 documentation regarding the applicant's criminal history. However,
17 a board may request mitigating information from an applicant
18 regarding the applicant's criminal history for purposes of
19 determining substantial relation or demonstrating evidence of
20 rehabilitation, provided that the applicant is informed that
21 disclosure is voluntary and that the applicant's decision not to
22 disclose any information shall not be a factor in a board's decision
23 to grant or deny an application for licensure.

24 (3) If a board decides to deny an application for licensure based
25 solely or in part on the applicant's conviction history, the board
26 shall notify the applicant in ~~writing~~ *writing, within 30 days after*
27 *a decision is made*, of all of the following:

28 (A) The denial or disqualification of licensure.

29 (B) Any existing procedure the board has for the applicant to
30 challenge the decision or to request reconsideration.

31 (C) That the applicant has the right to appeal the board's
32 decision.

33 (D) The processes for the applicant to request a copy of the
34 applicant's complete conviction history and question the accuracy
35 or completeness of the record pursuant to Sections 11122 to 11127
36 of the Penal Code.

37 (g) (1) For a minimum of three years, each board under this
38 code shall retain application forms and other documents submitted
39 by an applicant, any notice provided to an applicant, all other

1 communications received from and provided to an applicant, and
2 criminal history reports of an applicant.

3 (2) Each board under this code shall retain the number of
4 applications received for each license and the number of
5 applications requiring inquiries regarding criminal history. In
6 addition, each licensing authority shall retain all of the following
7 information:

8 (A) The number of applicants with a criminal record who
9 received notice of denial or disqualification of licensure.

10 (B) The number of applicants with a criminal record who
11 provided evidence of mitigation or rehabilitation.

12 (C) The number of applicants with a criminal record who
13 appealed any denial or disqualification of licensure.

14 (D) The final disposition and demographic information,
15 consisting of voluntarily provided information on race or gender,
16 of any applicant described in subparagraph (A), (B), or (C).

17 (3) (A) Each board under this code shall annually make
18 available to the public through the board's internet website and
19 through a report submitted to the appropriate policy committees
20 of the Legislature deidentified information collected pursuant to
21 this subdivision. Each board shall ensure confidentiality of the
22 individual applicants.

23 (B) A report pursuant to subparagraph (A) shall be submitted
24 in compliance with Section 9795 of the Government Code.

25 (h) "Conviction" as used in this section shall have the same
26 meaning as defined in Section 7.5.

27 (i) This section does not in any way modify or otherwise affect
28 the existing authority of the following entities in regard to
29 licensure:

30 (1) The State Athletic Commission.

31 (2) The Bureau for Private Postsecondary Education.

32 (3) The California Horse Racing Board.

Senate Bill 802

Licensing boards: disqualification from licensure: criminal conviction.

Senator Richard D. Roth

SUMMARY

SB 802 ensures that applicants for licensure by a program within the Department of Consumer Affairs are made aware within 30 days if their license is denied based on a prior criminal conviction.

BACKGROUND

Concerns were raised in the past number of years that statutory authority for boards and bureaus within the Department of Consumer Affairs (DCA) to deny a license to an individual who has "done any act involving honesty, fraud, or deceit" for self-benefit or harm to other was too broad, and could potentially go beyond criminal convictions. Interested parties argued that this authority opened the door for many licensure applications to be denied based purely on alleged misconduct that has not been determined to have occurred through standard due process.

The discretion for boards and bureaus to deny licensure to applicants with criminal histories has also been criticized, despite the guarantee of due process afforded to these applicants prior to a crime being reflected on their record.

In response to various reports and continued concerns, AB 2138 (Chiu and Low; Chapter 995, Statutes of 2018) was signed into law, making substantial reforms to the license application process for individuals with criminal records. Under AB 2138, an application may only be denied based on prior misconduct if the applicant was formally convicted of a substantially related crime or was subject to formal discipline by a licensing board. Further, prior conviction and discipline histories are ineligible for disqualification of applications after seven years, with the exception of serious and registerable felonies, as well as financial crimes for certain boards. Among other provisions, the bill additionally requires each board to report data on license denials, publish its criteria on determining if

a prior offense is substantially related to licensure, and provide denied applicants with information about how to appeal the decision and how to request a copy of their conviction history.

PURPOSE

SB 802 makes clarifying changes to ensure timely communication with applicants for licensure to provide more certainty in their path toward employability and participating in the economic marketplace.

STATUS

Senate Committee on Business, Professions, and Economic Development

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LC Item VI.A-G.
CBA Item XI.A.5.a-g.
May 18, 2023

Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring

Presented by: David Hemphill, 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.

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 may be of interest to the CBA or could be amended in the future to impact the CBA. If any 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. Assembly Bill 469 – California Public Records Act Ombudsperson.
- B. Assembly Bill 477 – Legislative Review of State Boards.
- C. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.
- D. Senate Bill 259 – Reports Submitted to Legislative Committees.

Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring

Page 2 of 2

E. Senate Bill 279 – Administrative Regulations: Public Participation: Comment Process.

F. Senate Bill 702 – Gubernatorial Appointments: Report.

G. Senate Bill 816 – Professions and Vocations.

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 XI.B.2.
May 18, 2023

Discussion and Possible Action Regarding the American Institute of Certified Public Accountants' Reporting of Peer Review Information and Documentation to the California Board of Accountancy

Presented by: Sarah Benedict, License Renewal and Continuing Competency Manager

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an opportunity to discuss and take action on the challenges CBA has identified with the American Institute of Certified Public Accountants' (AICPA) Peer Review Program.

Consumer Protection Objectives

The California Peer Review Program is a component of the CBA's mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards.

Action(s) Needed

The CBA is asked to consider the staff recommendations outlined in **Attachment 1** and **Attachment 2**.

Background

At its January 2022 meeting, CBA Leadership identified the following as a priority project for the year: review of Peer Review Oversight Committee (PROC) materials including the procedure manual, orientation materials and annual site visit checklists with a focus on ensuring access to peer review information and clarify of member roles and responsibilities. As part of the priority project, CBA management discussed the following concerns with the California Society of Certified Public Accountants (CalCPA) and AICPA on numerous occasions in 2022:

1. Ensuring all documents are provided to the CBA upon request.
2. Ensuring all failed peer review reports are filed with the CBA.
3. Selection of attendees associated with oversight activities.
4. Timeliness and thoroughness of responses from CalCPA to CBA.

Discussion and Possible Action Regarding the American Institute of Certified Public Accountants' Reporting of Peer Review Information and Documentation to the California Board of Accountancy

Page 2 of 3

5. Firms dropped from peer review because they indicated they no longer perform accounting and auditing engagements.

The CBA and CalCPA worked together to successfully resolve:

4. Timeliness and thoroughness of responses from CalCPA to CBA.
5. Firms dropped from peer review because they indicated they no longer perform accounting and auditing engagements.

At its January 2023 meeting, the CBA discussed the concerns noted above and directed staff to work with President Salazar to send a letter to the AICPA detailing the CBA's concerns. On February 17, 2023, the CBA sent a letter to the AICPA outlining the CBA's concerns related to peer review (**Attachment 3**). The letter expressed the need for resolution in order for the CBA to effectively use the AICPA Peer Review Program while carrying out its mandate of consumer protection. The AICPA responded to the CBA's letter on March 10, 2023 (**Attachment 4**).

At its March meeting, the CBA determined that the three remaining peer review issues should be further discussed by the Committee on Professional Conduct (CPC), including the following:

1. Ensuring all documents are provided to the CBA upon request.
2. Ensuring all failed peer review reports are filed with the CBA.
3. Selection of attendees associated with oversight activities.

Comments

The following two issues are presented for CPC consideration. For ease of reading and discussion, each issue identified is included in a separate attachment, as indicated:

- Issue #1 – Ensuring all Documents are Provided to the CBA Upon Request (**Attachment 1**).
- Issue #2 – Ensuring all Substandard (Fail) Peer Review Reports are Filed With the CBA (**Attachment 2**).

The remaining item related to selection of attendees associated with oversight activities is scheduled for discussion at the July 2023 CPC meeting.

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendation

Staff recommendations are included in the attachments.

Discussion and Possible Action Regarding the American Institute of Certified Public Accountants' Reporting of Peer Review Information and Documentation to the California Board of Accountancy

Page 3 of 3

Attachments

1. Issue #1: Ensuring all Documents are Provided to the CBA Upon Request
2. Issue #2: Ensuring all Substandard (Fail) Peer Review Reports are Filed With the CBA
3. Letter from the CBA to the AICPA, dated February 17, 2023
4. Letter from the AICPA to the CBA, dated March 10, 2023
5. California Code of Regulations, Title 16, Section 48.3
6. Business and Professions Code Section 5076



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Attachment 1

Issue #1: Ensuring All Documents are Provided to the California Board of Accountancy Upon Request

Prior Board Actions

At its May 2022 meeting, the California Board of Accountancy (CBA) approved a staff recommendation to include a new issue in the CBA's upcoming Sunset Review Report (Sunset Report) that addresses the CBA's lack of access to peer review documentation (e.g., letters, reports, written communications) and information (e.g., data, dates or time periods). Specifically, the recommendation included the direction to include draft legislative language that would require firms to:

- Opt in to Facilitated State Board Access (FSBA)
- Require the CBA-approved peer review program provider to produce all peer-review related documents and information upon the request of the CBA, even in instances where permission from the firm is not granted.

At its March 2023 meeting, the CBA determined that the issue should be further discussed by the Committee on Professional Conduct (CPC).

Background

The AICPA uses the Peer Review Integrated Management Application (PRIMA) as its peer review administration system. Firms use PRIMA for various activities during their peer review (e.g., designation of technical specialty and uploading of work papers and system controls). Firms also use PRIMA to opt in to sharing "objective information" with a state board of accountancy (SBOA) via the AICPA's FSBA web tool. A SBOA may use PRIMA to access firms peer review report ratings.

The FSBA web tool allows for the sharing of "objective information" with a SBOA. Firms have the option to allow basic documentation to be shared or to allow expanded access. The basic documentation includes the acceptance letter, the peer review report, and the letter of response. If corrective action was required, it may contain a letter of completion once the corrective action is complete. For firms that allow expanded access, a SBOA receives the following documents and information:

- Enrollment letter
- Date of enrollment
- Original enrollment date
- Peer review due date
- Type of practice

- Due date and extensions
- Review scheduled date
- Estimated commencement date
- Corrective action extension letter
- Peer review acceptance date
- Period covered by peer review
- Report rating
- Acceptance letter, Report, and Letter of Response
- Completion letter if corrective action was taken

Without firms providing a SBOA FSBA access, a SBOA is only privy to the peer review report rating via PRIMA. If a SBOA needs access to additional documents and information for oversight or investigations and it is beyond that available in FSBA (*i.e.*, what AICPA determines to be non-objective), the AICPA requests permission from the firm prior to fulfilling a SBOA request.

Analysis

As of 2020, 14 states require firms to opt in to FSBA. Currently, California-licensed firms are not required to opt in to the FSBA system. Requiring the participation of firms in FSBA would provide the CBA with additional objective data that could be used for oversight of the peer review program. To enact such a requirement would necessitate regulatory or legislative action.

While the objective information available via FSBA provides greater access to documents for oversight, additional information is sometimes necessary when conducting investigations. The AICPA will not give the CBA the requested information unless firms give the AICPA permission to share the information with the CBA.

This policy is problematic as it allows firms to control what information the CBA has access to and could impede CBA investigations. Staff believes the California Code of Regulations (CCR), Title 16, section 48.3 (**Attachment 5**) provides the CBA with access to this information; however, the CBA could choose to further clarify this by enacting a regulatory or statutory change.

Possible Solutions

Option 1

Re-affirm the action taken by the CBA in May 2022 to include *Increased Access to Peer Review Information* as a new issue in the 2024 Sunset Report. In addition to describing the issue within the Sunset Report, it would also include draft legislative language to:

- Require all California-licensed firms, including sole proprietors, to opt in to the sharing of all available objective information with the CBA via FSBA.
- Require the CBA-approved peer review program provider to produce all peer review-related information upon request of the CBA, even in instances where permission from the firm is not provided.

This option would provide the CBA with access to peer review information necessary for oversight and investigative functions. While the CBA believes CCR section 48.3 already provides the CBA with access to all peer review-related documents, this option would provide the AICPA with additional information it could use when communicating to firms regarding CBA access to information.

Option 2

Re-affirm the inclusion of *Increased Access to Peer Review Information* as a new issue in the 2024 Sunset Report. In addition to describing the issue within the Sunset Report, also include draft legislative language to:

- Require all California-licensed firms, including sole proprietors, to opt in to the sharing of all available objective information with the CBA via FSBA.

This option would provide the CBA with increased access to peer review information necessary for oversight by ensuring that the CBA obtains all available objective peer review information for California-licensed firms via FSBA. This option would not include proposed legislative language requiring the AICPA to produce all peer review-related information upon request of the CBA. The AICPA would most likely continue to assert its position that firms must grant permission for the AICPA to produce peer review-related information not already shared via FSBA.

Staff Recommendation

Staff recommends Option 1 and that the CBA directs staff to include *Increased Access to Peer Review Information* as a new issue in the 2024 Sunset Report. In addition to describing the issue within the Sunset Report, also include draft legislative language to:

- Require all California-licensed firms, including sole proprietors, to opt in to the sharing of all available objective information with the CBA via FSBA.
- Require the CBA-approved peer review program provider to produce all peer review-related documents upon request of the CBA, even in instances where permission from the firm is not provided.



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Attachment 2

Issue #2: Ensuring all Substandard (Fail) Peer Review Reports are Filed with the California Board of Accountancy

Background

On February 17, 2023, the California Board of Accountancy (CBA) sent a letter to the American Institute for Certified Public Accountants (AICPA) addressing several concerns, including the CBA's lack of access to failed peer reviews for firms operating in California (**Attachment 3**).

Pursuant to Business and Professions Code (BPC) section 5076 (**Attachment 6**), a CBA-approved peer review provider shall file an electronic copy of all substandard peer reviews issued to California-licensed firms within 60 days of the report being accepted. The CBA believed that the FSBA system was programmed to ensure CBA received access to all substandard peer review reports for California-licensed firms, but the CBA discovered that California-licensed firms who are headquartered outside of California, and do not use California Society of Certified Public Accountants (CalCPA) as their administering entity, may not be reported to the CBA.

The AICPA responded to the CBA in a letter dated March 10, 2023 (**Attachment 4**). The AICPA stated that its technology provided firms the ability to “expand access” to their peer review reports to other state boards of accountancy (SBOA). The AICPA indicated that the expanded access functionality of FSBA provides an adequate means for the CBA to receive substandard peer review reports for California-licensed firms headquartered outside the state. The letter further stated that some states recognize the AICPA's confidentiality requirements and without receiving permission from each firm headquartered in such a state, the AICPA would be in violation of that state's laws and regulations. The AICPA offered the following suggestions for a potential resolution:

1. Require California-licensed firms to attest that they have provided or will provide home state access or expanded access to the CBA via their Peer Review Information Form within PRIMA, and/or
2. CBA may provide a list of California-licensed firms headquartered elsewhere so that the AICPA may determine the feasibility of using the list to assist those firms with substandard peer review reports in complying with BPC section 5076.

At its March 2023 meeting, the CBA discussed the ongoing issues with the AICPA's peer review program, including the potential gap in receiving all substandard peer reviews for California-licensed firms.

Jim Brackens, CPA, CGMA, Vice President of Ethics and Practice Quality at the AICPA, was present and reiterated that some states prohibit peer review information from being shared with the CBA without firm permission and that firms may provide permission by choosing to expand access to California in PRIMA.

The following possible solutions were identified:

- The CBA may wish to identify which firms may fall into the gap and provide a list to the AICPA with a request that AICPA provide information on those firms.
- The CBA may wish to identify which firms may fall into the gap and notate the lack of peer review information on the CBA website.
- The CBA may wish to determine what states prohibit the sharing of peer review information and work with those states to enter into a Memorandum of Understanding (MOU) that would allow the CBA to receive peer review-related information for California-licensed firms.

Analysis

Staff reviewed the various suggestions for addressing this issue and the solutions either involve the CBA identifying the firms that may fall into the gap or require the granting of permissions from a firm or state.

CBA Identifying Firms That May Fall Into the Gap

The CBA does license firms that maintain headquarters outside of California. This could include individual licensees operating as sole practitioners. In California, sole proprietors are not required to register, unless they opt to practice under a name different than the one under which the individual license was issued.

The CBA can produce a list of California-licensed firms, including sole practitioners, that do not have a California address; however, the CBA cannot establish which firms are required to undergo peer review. A firm is required to undergo a peer review if they perform any accounting and auditing services using the following professional standards:

- Statements on Auditing Standards (SASs)
- Statements on Standards for Accounting and Review Services (SSARS)
- Statement on Standards on Attestation Engagements (SSAEs)
- Government Auditing Standards
- Audits of non-Securities

The CBA has approximately 6,000 firms, which includes sole proprietors, with out-of-state addresses. Without knowing which firms are subject to peer review, the CBA is unable to identify which out-of-state firms may fall into the reporting gap.

Requiring Firms to Grant Access

Firms undergoing peer review must register using the AICPA's PRIMA system. When firms register, they have the option to identify other states that should receive

information on their peer review. Currently, the CBA does not require California-licensed firms headquartered outside of California to give the AICPA permission to share peer review information with the CBA, nor does staff believe this is necessary given BPC section 5076. Regardless, the CBA could add additional information that would seek a legislative change to clarify that all California-licensed firms that are headquartered outside of California must give the AICPA permission to share their peer review information with the CBA.

Requiring firms to provide expanded access may resolve a portion of the gap, but there is no backstop to ensure that firms required to provide access are properly doing so when registering for a peer review.

Requesting States Provide Access

In their March 10, 2023 letter, the AICPA asserted that some states recognize the AICPA's Peer Review Program in their laws and regulations, which includes the confidentiality requirement of the program thus prohibiting the sharing of peer review information with the CBA. Staff was able to do a preliminary search but was unable to locate such a state. Locating and interpreting individual state rules and regulations would be a significant workload. Additionally, interpreting other states rules and regulations would likely require the involvement of legal counsel.

Possible Solutions

Option 1

Direct staff to work with President Salazar to draft a letter to the AICPA directing them to report all substandard peer review reports of California-licensed firms, regardless of where they are headquartered.

This option asserts the CBA's position that the language in BPC section 5076 is sufficiently detailed and that the onus is on the AICPA to find a solution and meet the requirements set forth in California statute.

Option 2

If the CBA adopts the staff recommendation in **Attachment 1**, the CBA may wish to include language specifying that all California-licensed firms that are not headquartered in California must allow the AICPA to share their peer review information with the CBA.

This option would put the reporting responsibility on the firms. If the AICPA continues to allow the expanded access to be optional, it may result in reporting gaps if firms fail to opt in to the expanded access option.

Staff Recommendation

Staff recommends Option 1, and to direct staff to work with President Salazar to draft a letter to the AICPA directing them to report all substandard peer review reports of California-licensed firms, regardless of where they are headquartered.



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February 17, 2023

Attachment 3

Via Email and US Mail

Barry C. Melancon, CPA, President and Chief Executive Officer
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Re: Peer Review Concerns

Dear Mr. Melancon:

This letter is to inform you of the ongoing challenges the California Board of Accountancy (CBA) has faced with the American Institute of Certified Public Accountants' (AICPA) peer review program. The CBA has worked diligently with the AICPA and its administering entity the California Society of Certified Public Accountants (CalCPA) to resolve these issues; however, they remain outstanding.

The following is a list of issues that need resolution by the AICPA immediately:

Access to Peer Review-Related Confidential Information

On several occasions, the CBA has requested AICPA to submit the entire catalog of peer review documents (e.g., reports, letters, data and correspondence) for a specific firm under investigation. In response, the AICPA has informed the CBA they will not provide access to such documentation without specific permission from the firm in accordance with their confidentiality policy. This policy is problematic as it could allow firms to prevent the CBA from obtaining peer review-related data and documentation and could impede CBA investigations.

Further, this policy erroneously restricts the CBA's ability to perform oversight of the AICPA peer review program. For example, AICPA's policies prohibit staff from observing the PROC's most comprehensive oversight activity, the annual Administrative Site Visit (ASV) as staff had done in 2021. At the January 2023 CBA meeting, Jim Bracken, CPA, Vice President of Ethics and Practice Quality at the AICPA, misinformed the CBA by stating that the AICPA was not made aware of CBA staff's intent to attend the ASV. Contrary to the statement made by Mr. Brackens, staff was informed that the CalCPA made AICPA aware of CBA's intent to have staff observe the 2021 ASV.

Barry C. Melancon
February 17, 2023

AICPA's Communication with Peer Review Oversight Committee (PROC) Members

In early 2021, the CBA had a PROC member who was an active peer reviewer in California. The AICPA determined that the PROC member was not performing their peer reviews in a timely manner. The PROC member was contacted directly by the AICPA and advised that a conflict of interest existed and that they were not to perform any oversight of the AICPA's Peer Review Program as part of their duties as a PROC member. Additionally, CalCPA contacted the PROC Chair directly, and advised them of the same. Both the PROC member and the PROC Chair indicated they were asked to keep the communications confidential and not to share them with the CBA.

In response to this situation, CBA sent a letter to the AICPA dated August 19, 2021 informing them that the responsibility of determining the qualifications and potential conflicts of interest of PROC members is not the responsibility of the AICPA. Neither the AICPA nor CalCPA have the authority to make these determinations. The letter also stated that CBA PROC members are not authorized to speak on behalf of the CBA and withholding important information from the CBA undermines the effectiveness and integrity of the oversight process.

On September 10, 2021, the AICPA responded to the CBA letter. While the letter indicated there was not an intent to keep information from the CBA, the letter also stated that "PROCs are an important mechanism in maintaining confidentiality while still providing state boards of accountancy assurance that the Program is administered effectively."

At this time, the CBA is reiterating that the PROC is not authorized to speak on behalf of the CBA but instead the PROC acts as an advisory body to the CBA. Additionally, if the AICPA has reason to believe services are being performed unsatisfactorily by a CBA licensee who is also a peer reviewer, this should be communicated to the CBA so that appropriate action may be taken by the CBA.

Lack of Access to Failed Peer Reviews for Firms Operating in California

Pursuant to Business and Professions Code (BPC) section 5076, the AICPA shall file an electronic copy of all substandard peer reviews issued to California-licensed firms within 60 days of the report being accepted. The CBA was informed by the CalCPA that California-licensed firms that are headquartered outside of California, do not have their peer review done by CalCPA, and receive a substandard peer review are not submitted to the CBA as required unless the firm gives the AICPA permission to share their result with all states in which they are licensed. This creates a gap in ensuring that the CBA receives the full universe of substandard peer review reports. At this time, the CBA does not know if the programming has resulted in the CBA not receiving a substandard peer review as required by BPC 5076. The AICPA is in direct violation of BPC 5076 by allowing some California firms to decide if their peer review information may be shared with the CBA.

Barry C. Melancon
February 17, 2023

Lack of Access to Peer Review Related Data

Currently, the CBA must request statistical data from CalCPA or AICPA and wait for a response. The CBA is unable to pull relevant statistical data (e.g., total peer reviews completed by rating, total number of peer reviewers, number of firms with system vs engagement reviews, firms with required follow-up actions) related to California licensees or peer reviewers directly from the AICPA online application system. Relying on CalCPA or AICPA to provide such data impedes the CBA's ability to quickly access data that may be required for peer review oversight and prevents the CBA from obtaining full transparency of the CBA-recognized peer review program provider. Further, the CBA often does not receive timely and complete answers and must engage in multiple emails before the required information is obtained.

While the AICPA has stated the peer review program is intended to be remedial in nature; in California, state law has mandated the peer review program as a condition of license renewal. The unresolved issues previously mentioned have created a significant barrier for CBA to carry out its statutory requirement of consumer protection. As such, the CBA will be discussing these issues at the March 2023 CBA meeting and requests a response to this letter by March 10, 2023.

Respectfully,



Katrina L. Salazar, CPA
President

c: California Society of Certified Public Accountants



March 10, 2023

Ms. Katrina L. Salazar, President
California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833-3291

Dear Ms. Salazar,

Thank you for conveying the ongoing challenges the California Board of Accountancy (CBA) has encountered with the American Institute of CPAs (AICPA) Peer Review Program (Program). As you know, we share your deep commitment to protecting consumers. In the long history of our working relationship, we have developed strategies and procedures to accommodate the unique legislative and regulatory environment in which the CBA operates. We look forward to continuing our collaboration to resolve these challenges, while recognizing we must continue to abide by the Program's confidentiality requirements.

Background

In 1977, the Program began as a voluntary firm-on-firm review of a firm's attest practice. Recognizing the value of its remedial nature in improving quality, in 1988, AICPA members voted to mandate enrollment as a requirement for AICPA membership, with confidentiality as a foundational requirement. Shortly after peer review became mandatory for AICPA membership, state boards of accountancy (SBOAs), realizing the benefits of peer review, began changing their statutes and regulations to require peer review for licensure.

Visibility to all aspects of a firm's operations is a critical and fundamental component to the Program as it is key to a peer reviewer's ability to identify areas where firms require remediation. The assurance of confidentiality encourages firms to be fully transparent with their peer reviewers, knowing any deficiencies noted during the review will result in required remedial and corrective actions versus punitive enforcement. In addition, a primary motivator for quality peer reviewers has been, and continues to be, the ability to serve the public by enhancing the quality of a firm's performance without the peer reviewer's fear of being drawn into a subsequent civil suit or regulatory enforcement action. Thus, it is vital for the Program to maintain an environment where firms are fully transparent with their practices – both to raise the level of audit quality through remediation and to attract and maintain a viable pool of peer reviewers.

Our success is dependent on open and transparent communication between firms and their peer reviewers, which is enhanced by the promise of confidentiality. Thus, maintaining the confidentiality of the process is foundational to the Program. Accordingly, the AICPA Peer Review Board (PRB) and the peer review administering entities (AEs) must abide by the confidentiality requirements in the Clarified Peer Review Standards as well as the Code of Professional Conduct.

Access to Peer Review-Related Confidential Information

In 2004, the AICPA's Governing Council (Council) approved a resolution in support of increased transparency in the peer review process, allowing any AICPA member firm to voluntarily make their peer review results available to consumers via the public file. The resolution also authorized a member awareness campaign to inform members about peer review and related transparency issues as well as the creation of a state regulatory file that would provide peer review information only to regulators.

Between 2007 and 2009, the AICPA implemented Facilitated State Board Access (FSBA), the state regulatory web-based file authorized by the 2004 Council resolution. The goal was to create a nationally

uniform system for firms to satisfy SBOA peer review information submission requirements by granting permission for SBOAs to access their results. If the CBA were to require all firms to provide the results of their peer reviews to you, we would populate such reports in FSBA and you would have access to letters and reports such as those you referenced in your February 17 letter.

In addition, the AICPA recognizes the need of SBOAs to have assurance that the Program is effective and operating as designed. Accordingly, we have worked closely with NASBA and numerous SBOAs to develop and encourage Peer Review Oversight Committees (PROCs). Through their oversight procedures, including performing administrative site visits (ASV), PROC members have full access to the California Society of CPAs (CalCPA) peer review data, including confidential information. Though we cannot permit CBA staff access to confidential information, much (if not most) of the ASV does not require such access. We suggest a collaborative effort to review the checklist the PROC follows during the ASV with the goal of reorganizing the procedures such that both PROC members and staff participate until the point where confidential information is disclosed, at which time staff recuse themselves.

We recognize and fully support the CBA's charge to investigate firms suspected of violating attest standards. We are aware of only one instance in the past few years when we have been asked to provide peer review documents for such a situation. In that instance, once we were served with a subpoena, we readily supplied all documents requested.

AICPA's Communication with Peer Review Oversight Committee (PROC) Members

As previously indicated in our letter of September 10, 2021 (attached), and CalCPA's letter of September 16, 2021 (also attached), we want to assure you that we had no intention of excluding the CBA in making you aware of our joint concerns regarding a potential conflict with a member of the CBA's PROC. Though this was an unusual situation, should such a conflict occur in the future, we will inform the CBA and its staff in a manner that allows us to abide by the Program's confidentiality requirements.

Lack of Access to Failed Peer Reviews for Firms Operating in California

As previously discussed with CBA staff in 2022, we welcome the opportunity to consider solutions to the concerns raised regarding the AICPA providing access to substandard peer review reports for California-licensed firms headquartered outside the state.

When California-licensed firms headquartered in another state schedule their peer reviews, our technology provides them the ability to "expand access" to their peer review reports to other SBOAs (including California). We believe the expanded access functionality of FSBA provides an adequate means for the CBA to receive substandard peer review reports for California-licensed firms headquartered outside the state. Consider BPC 5076 (f) (2), which states, "Nothing in this subdivision shall require a board-recognized peer review program provider, when administering peer reviews in another state, to violate the laws of that state."

This code provision is relevant as other states that require peer review recognize the Program either directly or indirectly in their laws/regulations. Accordingly, their laws/regulations *include the confidentiality requirements of the Program*. Thus, without the permission of a firm headquartered in such a state, we would be in violation of that state's laws/regulations. The expanded access feature of FSBA allows us to meet our confidentiality requirements in those states while providing a means for the CBA to receive substandard peer review reports from California-licensed firms headquartered in those states.

We welcome suggestions and respectfully ask the CBA to consider:

1. Modifying your peer review reporting form for firms to attest they have provided and will provide home state access or expanded access to the CBA via their Peer Review Information (PRI) form within the Peer Review Information Management Application (PRIMA), and/or

Ms. Salazar
March 10, 2023
Page 3

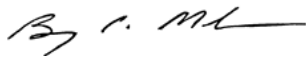
2. Providing us a list of California-licensed firms headquartered elsewhere so we can determine the feasibility of using the list to assist those firms with substandard peer review reports in complying with BPC 5076.

Lack of Access to Peer Review Related Data

The Program's "online application system" is PRIMA, which contains confidential information as well as the relevant statistical data you desire. Thus, we are unable to provide CBA staff direct access to retrieve data. Currently, as per agreement with CBA staff, we biannually provide data in March for the first half of the prior calendar year and in August for the second half of the prior calendar year. If this cadence no longer works for you, please provide a different timeline – we will gladly modify. In addition to the data we automatically send to you, we encourage your staff to avail themselves of the rich and robust data available in FSBA. If beneficial, AICPA staff welcome the chance to provide additional FSBA training. Finally, though we understand CBA staff have previously experienced less than satisfactory responses from CalCPA staff, we understand improvements have been made, resulting in more recent timely and comprehensive communications.

As always, we appreciate the opportunity to work collaboratively with you and CalCPA to further protect the consumer interest in California and hope we continue our relationship going forward.

Respectfully,



Barry C. Melancon, CPA, CGMA

c: California Society of Certified Public Accountants



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Attachment 5

California Code of Regulations, Title 16, Division 1

Section 48.3 - Board-Recognized Peer Review Program Provider Reporting Responsibilities

(a) Upon request of the Board or Peer Review Oversight Committee, a Board-recognized peer review program provider shall make available, at a minimum, the following:

- (1) Standards, procedures, guidelines, training materials, and similar documents prepared for the use of reviewers and reviewed firms.
- (2) Information concerning the extent to which the Board-recognized peer review program provider has reviewed the quality of reviewers' working papers in connection with the acceptance of reviews.
- (3) Statistical data maintained by the Board-recognized peer review program provider related to its role in the administration of peer reviews.
- (4) Information concerning the extent to which the Board-recognized peer review program provider has reviewed the qualifications of its reviewers.
- (5) Sufficient documents to conduct sample reviews of peer reviews accepted by the Board-recognized peer review program provider. These may include, but are not limited to, the report; reviewer working papers prepared or reviewed by the Board-recognized peer review program's peer review committee in association with the acceptance of the review; and materials concerning the acceptance of the review, including, but not limited to, the imposition of required remedial or corrective actions; the monitoring procedures applied; and the results.

(b) A Board-recognized peer review program provider shall provide the Board, in writing or electronically, the name of any California-licensed firm expelled from the peer review program and provide the reason(s) for expulsion. The Board-recognized peer review program provider shall submit this information to the Board within 30 days of notifying the firm of its expulsion.

(1) Nothing in this subsection shall require a Board-recognized peer review program provider, when administering peer reviews in another state, to violate the laws of that state.

(c) A Board-recognized peer review program provider shall provide the Board, in writing or electronically, a copy of all substandard peer review reports issued to California-licensed firms within 60 days from the time the report is accepted by the Board-recognized peer review program provider.



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Attachment 6

Business and Professions Code section 5076: Peer Review

(a) In order to renew its registration in an active status or convert to an active status, a firm, as defined in Section 5035.1, shall have a peer review report of its accounting and auditing practice accepted by a board-recognized peer review program no less frequently than every three years.

(b) For purposes of this article, the following definitions apply:

(1) "Peer review" means a study, appraisal, or review conducted in accordance with professional standards of the professional work of a firm, and may include an evaluation of other factors in accordance with the requirements specified by the board in regulations. The peer review report shall be issued by an individual who has a valid and current license, certificate, or permit to practice public accountancy from this state or another state and is unaffiliated with the firm being reviewed.

(2) "Accounting and auditing practice" includes any services that were performed in the prior three years using professional standards defined by the board in regulations.

(c) The board shall adopt regulations as necessary to implement, interpret, and make specific the peer review requirements in this section, including, but not limited to, regulations specifying the requirements for board recognition of a peer review program, standards for administering a peer review, extensions of time for fulfilling the peer review requirement, exclusions from the peer review program, and document submission.

(d) Nothing in this section shall prohibit the board from initiating an investigation and imposing discipline against a firm or licensee, either as the result of a complaint that alleges violations of statutes, rules, or regulations, or from information contained in a peer review report received by the board.

(e) A firm issued a substandard peer review report, as defined by the board in regulation, shall submit a copy of that report to the board. The board shall establish in regulation the time period that a firm must submit the report to the board. This period shall not exceed 60 days from the time the report is accepted by a board-recognized peer review program provider to the date the report is submitted to the board.

(f)(1) A board-recognized peer review program provider shall file a copy with the board of all substandard peer review reports issued to California-licensed firms. The board

shall establish in regulation the time period that a board-recognized peer review program provider shall file the report with the board. This period shall not exceed 60 days from the time the report is accepted by a board-recognized peer review program provider to the date the report is filed with the board. These reports may be filed with the board electronically.

(2) Nothing in this subdivision shall require a board-recognized peer review program provider, when administering peer reviews in another state, to violate the laws of that state.

(g) The board shall, by January 1, 2010, define a substandard peer review report in regulation.

(h) Any requirements imposed by a board-recognized peer review program on a firm in conjunction with the completion of a peer review shall be separate from, and in addition to, any action by the board pursuant to this section.

(i) Any report of a substandard peer review submitted to the board in conjunction with this section shall be collected for investigatory purposes.

(j) Nothing in this section affects the discovery or admissibility of evidence in a civil or criminal action.

(k) Nothing in this section requires any firm to become a member of any professional organization.

(l) A peer reviewer shall not disclose information concerning licensees or their clients obtained during a peer review, unless specifically authorized pursuant to this section, Section 5076.1, or regulations prescribed by the board.

(m)(1) By January 1, 2015, the board shall provide the Legislature and Governor with a report regarding the peer review requirements of this section that includes, without limitation:

(A) The number of peer review reports completed to date and the number of reports which were submitted to the board as required in subdivision (e).

(B) The number of enforcement actions that were initiated as a result of an investigation conducted pursuant to subdivision (i).

(C) The number of firms that were recommended to take corrective actions to improve their practice through the mandatory peer review process, and the number of firms that took corrective actions to improve their practice following recommendations resulting from the mandatory peer review process.

(D) The extent to which mandatory peer review of accounting firms enhances consumer protection.

(E) The cost impact on firms undergoing mandatory peer review and the cost impact of mandatory peer review on the firm's clients.

(F) A recommendation as to whether the mandatory peer review program should continue.

(G) The extent to which mandatory peer review of small firms or sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting enhances consumer protection.

(H) The impact of peer review required by this section on small firms and sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting.

(I) The impact of peer review required by this section on small businesses, nonprofit corporations, and other entities that utilize small firms or sole practitioners for the purposes of nondisclosure compiled financial statements prepared on an other comprehensive basis of accounting.

(J) A recommendation as to whether the preparation of nondisclosure compiled financial statements on an other comprehensive basis of accounting should continue to be a part of the mandatory peer review program.

(2) A report to the Legislature pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.



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CPC Item IV.
CBA Item XI.B.3.
May 18, 2023

Information on the Proposal of Amnesty by the National Association of State Boards of Accountancy

Presented by: Suzanne Gracia, Project Specialist, Licensing Division

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information on the proposal by the National Association of State Boards of Accountancy (NASBA) to offer amnesty to Uniform Certified Public Accountant Examination (CPA Exam) candidates that had started the CPA Exam process but did not continue during the onset of the COVID-19 pandemic.

Consumer Protection Objectives

Passing the CPA Exam, along with completing the required education and experience, provides assurance to state boards of accountancy that individuals possess the minimum level of technical knowledge and skills necessary to qualify for a CPA license, safeguarding consumer protection by ensuring only qualified individuals practice public accountancy.

Action(s) Needed

No specific action required on this item.

Background

At the February 2023 NASBA Annual Conference for Executive Directors and State Board Staff, NASBA announced they are researching the implementation of an initiative for an Amnesty Program (Amnesty). Amnesty would invite CPA Exam candidates who lost CPA Exam test credit due to the disruption of COVID-19, to return to the CPA Exam testing process by reinstating earned test credits.

To support CPA Exam candidates during the COVID-19 pandemic, a number of extensions for CPA Exam credits and notice to schedule expiration dates were automatically extended in 2020 and 2021. The CBA continues to grant extensions on a case-by-case basis related to COVID-19 under the authority of California Code of Regulations section 7.1 (**Attachment**). Amnesty would instead provide targeted relief to those candidates who may have left the pipeline due to COVID-19.

Information on the Proposal of Amnesty by the National Association of State Boards of Accountancy

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Comments

Assuming the initiative moves forward, the number of CPA Exam candidates potentially eligible for amnesty would depend on the criteria. California has approximately 5,300 candidates who held credit between April 2020 and February 2023 who have not passed the CPA Exam.

NASBA's Computer Based Testing Administration Committee has formed a task force to review and discuss this initiative. CBA staff will continue to monitor the developments related to this initiative and report additional information as it is made available.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff does not have a recommendation on this item.

Attachment

California Code of Regulations, Section 7.1



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Attachment

California Code of Regulations Section 7.1 – Credit Status for the Computerized Uniform CPA Examination

(a) Upon the commencement of computer-based testing in California, an applicant may sit for the four sections of the computer-based Uniform Certified Public Accountant Examination individually and in any order. An applicant who fails to pass any section of the examination may retake that section. When the applicant has credit for all four sections of the examination within an 18-month period as defined in subsection (b), the applicant shall be considered to have passed the examination.

(b) Except as provided in subsections (c) and (d), an applicant shall retain credit for any section the applicant has passed for an 18-month period beginning with the date that the section of the exam was passed. At the end of the 18-month period, credit for that section expires, and that section must be re-taken and passed to re-establish credit.

(c) A first-time applicant who passes any section of the computer-based Uniform Certified Public Accountant Examination during the six months immediately following commencement of computer-based testing in California shall retain credit for that section for a 24-month period beginning with the date the section of the exam was passed. At the end of the 24-month period, credit for that section expires. The section may be re-taken pursuant to subsection (b) of this section.

(d) A candidate may sit for any unpassed section of the examination only one time during each testing window. A testing window is a three-month period as determined by the American Institute of Certified Public Accountants during which applicants may take the exam. There are four three-month testing windows in a year. To allow for routine maintenance, the exam may be unavailable for up to one month during each testing window.

(e) Credit for passed examination sections may be extended by the Board because the applicant was prevented from sitting for an unpassed section or sections before credit for passed sections expired pursuant to subsections (b) or (c) because of one of the following events:

- (1) Death of an immediate family member. Documentation, such as a copy of the death certificate, must be submitted.
- (2) Catastrophic illness, contagious disease, or major traumatic injury to the candidate or immediate family member (spouse, child or parent). Submit an original letter on

letterhead from the physician, which includes the date(s), nature of the illness, and the physician's signature.

(3) Natural disaster (earthquake, flood, fire, etc.).

(4) Non-issuance of visa for travel to the U.S. Documentation, such as an official letter from the U.S. Embassy or a copy of the passport indicating a visa was requested, must be submitted.

(5) Other good cause.

NOTE: Authority cited: Section 5010, Business and Professions Code. Reference: Sections 5081, 5082, 5082.1, 5082.2, 5092 and 5093, Business and Professions Code.