



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

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



OFFICIAL NOTICE AND MEETING AGENDA OF THE CALIFORNIA BOARD OF ACCOUNTANCY

California Board of Accountancy Meeting – Petition Hearings and Closed Session
Thursday, November 18, 2021, beginning at 9:00 a.m.

Committee on Professional Conduct Meeting
Thursday, November 18, 2021, beginning at 3:00 p.m.

Legislative Committee Meeting
Thursday, November 18, 2021, beginning at 3:40 p.m.

California Board of Accountancy Strategic Planning Workshop
Friday, November 19, 2021, beginning at 9:00 a.m.

California Board of Accountancy Meeting – Public Session
Friday, November 19, 2021, beginning at 1:30 p.m.

The California Board of Accountancy will hold a public meeting via a teleconference platform. A physical meeting location is not being provided pursuant to the provisions of [Government Code section 11133](#).

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.

INSTRUCTIONS FOR PARTICIPATION:

If joining the Thursday, November 18, 2021 meeting by computer:
Event address for attendees: <https://dca-meetings.webex.com/dca-meetings/j.php?MTID=m5b8249ec0a8adfb4faf2a68afe0d13a0>
Event number: 2498 140 1593
Event password: CBA1118 (2221118 from phones)

If joining by audio conference (phone):
+1-415-655-0001 (US Toll)
Enter Access code: 249 814 01593

If joining the Friday, November 19, 2021 meeting by computer:
<https://dca-meetings.webex.com/dca-meetings/j.php?MTID=mab2d82961627c7b59d8a398586508c0e>
Event number: 2483 240 6231
Event password: CBA119 (222119 from phones)

CBA Meeting November 18-19, 2021

Page 2 of 2

If joining by audio conference (phone):
+1-415-655-0001 (US Toll)
Enter Access code: 248 324 06231

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: [XXXXXX@mailinator.com](#).

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

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

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

**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 MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

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

TELECONFERENCE MEETING AGENDA

**Thursday, November 18, 2021
3:00 p.m.**

Important Notice to the Public

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

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

<u>Agenda Item</u>	<u>CBA Item #</u>
I. Public Comments for Items not on the Agenda.*	
II. Approve Minutes of the September 23, 2021 Committee on Professional Conduct Meeting.	XIV.B.
III. Discussion and Possible Action to Change the Uniform Certified Public Accountant Examination Notice to Schedule Expiration Period to Six Months (Suzanne Gracia, Examination Unit Manager).	XVI.A.2.
IV. 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 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 his or her 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, 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.



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 MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards

**CALIFORNIA BOARD OF ACCOUNTANCY
 LEGISLATIVE COMMITTEE**

TELECONFERENCE MEETING AGENDA

**Thursday, November 18, 2021
 3:40 p.m.**

Important Notice to the Public

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

<u>Agenda Item</u>	<u>CBA Item #</u>
Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Xochitl Leon, Chair).	
I. Public Comments for Items not on the Agenda.*	
II. Approve Minutes of the July 23, 2021 Legislative Committee Meeting.	XIV.C.
III. Final Actions and Outcomes on Legislation the California Board of Accountancy Took a Position on and Monitored in 2021 (Deanne Pearce, Assistant Executive Officer).	XVI.B.2.
IV. 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.



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 MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards

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

TELECONFERENCE MEETING AGENDA

**Thursday, November 18, 2021
9:00 a.m. – 12:30 p.m.**

**Friday, November 19, 2021
1:30 p.m. until Adjournment**

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 California Board of Accountancy President 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](#).

Thursday,
November 18,
2021

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

Agenda Item.

**9:00 a.m.
Time-Certain**

- I. Petition Hearings.
 - A. Jacob Kiplagat Busienei, CPA 98653 – Petition for Reinstatement of Revoked Certificate.
 - B. William Rawson Wyckoff, CPA 33794 – Petition for Reinstatement of Surrendered Certificate.
- Morning Break

Agenda Item.

- II. 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.

12:30 p.m. –
1:30 p.m.

Lunch

1:30 p.m. –
2:45 p.m.

- III. Closed Session: Pursuant to Government Code Section 11126(a)(1), the California Board of Accountancy Will Meet in Closed Session to Conduct the Annual Evaluation of its Executive Officer.

- IV. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene into Closed Session to Receive Advice From Legal Counsel on Litigation.

- A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.

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

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

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

Recess until November 19, 2021.

Friday,
November 19,
2021

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

1:30 p.m. –
1:40 p.m.

- VI. Public Comments for Items Not on the Agenda.

1:40 p.m. –
2:10 p.m.

- VII. Report of the President.

- A. 2022 California Board of Accountancy Member Committee Interest Survey.

Agenda Item.

- B. Announcement of California Board of Accountancy Members Appointed to the National Association of State Boards of Accountancy Committees.
- C. Discussion and Possible Action on the American Institute of Certified Public Accountants Exposure Draft on the Proposed Changes to the Standards for Performing and Reporting on Peer Reviews (**Michelle Center, Chief, Licensing Division**).
- D. Department of Consumer Affairs Director's Report on Departmental Activities (**Department of Consumer Affairs Representative, Office of Board and Bureau Services**).

2:10 p.m. –
2:25 p.m.

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

2:25 p.m. –
2:55 p.m.

- IX. Report of the Secretary/Treasurer (**Mark J. Silverman, Esq., Secretary/Treasurer**).
 - A. Discussion of the Fiscal Year 2020-21 Year-End Financial Report.
 - B. Presentation of the California Board of Accountancy's Fee Analysis Conducted by Crowe LLP (**Erik Nylund, Managing Director/Aaron Coen, Manager/ Jason Chan, Manager**).

2:55 p.m. –
3:10 p.m.

Afternoon Break

3:10 p.m. –
4:00 p.m.

- X. Report of the Executive Officer (**Patti Bowers, Executive Officer**).
 - A. Information and Discussion on the Attest and General Accounting Experience Requirements (**Dominic Franzella, Chief, Enforcement Division**).
 - B. Discussion and Possible Action Regarding Future Consideration of the Attest and General Accounting Experience Requirements, Including

Agenda Item.

Possible Modifications (**Dominic Franzella, Chief, Enforcement Division**).

- C. Discussion and Possible Action for Developing a Framework for Establishing a Taskforce to Evaluate the Attest and General Accounting Experience Requirements (**Dominic Franzella, Chief, Enforcement Division**).
- D. Report of the Administration Division (**Deanne Pearce, Assistant Executive Officer**).
- E. Update on the California Board of Accountancy's Communications and Outreach (**Patrick Ibarra, Information and Planning Officer**).

**4:00 p.m. –
4:15 p.m.**

- XI. 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 October 7, 2021 Enforcement Advisory Committee Meeting.

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

- 1. Report of the October 20, 2021 Qualifications Committee Meeting.

- C. Peer Review Oversight Committee (**Jeffrey De Lyser, CPA, Chair**).

There is no report on this agenda item.

**4:15 p.m. –
4:30 p.m.**

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

- A. Enforcement Activity Report.

**4:30 p.m. –
4:45 p.m.**

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

- A. Licensing Activity Report.

**4:45 p.m. –
4:50 p.m.**

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

- A. Adoption of the Minutes of the September 23-24, 2021 California Board of Accountancy Meeting.

Agenda Item.

- B. Acceptance of the Minutes of the September 23, 2021 Committee on Professional Conduct Meeting.
- C. Acceptance of the Minutes of the July 23, 2021 Legislative Committee Meeting.
- D. Acceptance of the Minutes of the July 8, 2021 Enforcement Advisory Committee Meeting.
- E. Acceptance of the Minutes of the October 21, 2020 Qualifications Committee Meeting.
- F. Acceptance of the Minutes of the July 28, 2021 Qualifications Committee Meeting.

**4:50 p.m. –
5:00 p.m.**

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. State Board Committee (**Katrina L. Salazar, CPA**).
- B. National Association of State Boards of Accountancy.
 - 1. Report of the National Association of State Boards of Accountancy Pacific Regional Director (**Nancy J. Corrigan, CPA, President**).
 - 2. Report on Activities of Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.
 - a. Report of the National Association of State Boards of Accountancy Annual Meeting held November 2-3, 2021 (**Nancy J. Corrigan, CPA, President/Katrina L. Salazar, CPA**).
 - b. Computer-Based Test Examination Administration Committee (**Nancy J. Corrigan, CPA, Chair**).
 - c. Relations With Member Boards Committee (**Katrina L. Salazar, CPA, Chair**).

Agenda Item.

- 5:00 p.m. –
5:15 p.m.**
- XVI. Report on the Committee on Professional Conduct, Legislative Committee, and Enforcement Program Oversight Committee.
- A. Committee on Professional Conduct (**Luz Molina Lopez, Committee Chair**).
1. Report of the November 18, 2021 Committee on Professional Conduct Meeting.
 2. Discussion and Possible Action to Change the Uniform Certified Public Accountant Examination Notice to Schedule Expiration Period to Six Months.
- B. Legislative Committee (**Xochitl León, Chair**).
1. Report of the November 18, 2021 Legislative Committee Meeting.
 2. Final Actions and Outcomes on Legislation the California Board of Accountancy Took a Position on in 2021.
- 5:15 p.m. –
5:25 p.m.**
- XVII. Officer Elections (**Nancy J. Corrigan, CPA, President**).
- A. Secretary – Treasurer.
- B. Vice-President.
- C. President.
- 5:25 p.m. –
5:30 p.m.**
- XVIII. Closing Business (**Nancy J. Corrigan, CPA, President**).
- A. Agenda Items for Future California Board of Accountancy Meetings.
- 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 California Board of Accountancy prior to the California Board of Accountancy taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the California Board of Accountancy, but the California Board of Accountancy President may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the California Board of Accountancy to discuss items not on the agenda; however, the California Board of Accountancy can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

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 Office 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.



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

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



CBA Item VII.A.
November 18-19, 2021

2022 California Board of Accountancy Member Committee Interest Survey

Presented by: Nancy J. Corrigan, CPA, President

Purpose of the Item

The purpose of this agenda item is to seek California Board of Accountancy (CBA) member interest in serving on, or as a liaison to, a CBA committee in 2022.

Consumer Protection Objectives

The CBA committees serve in an advisory capacity to assist the CBA with considering various issues relating to the regulation of the practice of public accountancy, which allows the CBA to meet its consumer protection mission.

Action(s) Needed

It is requested that CBA members who wish to be appointed or maintain current appointment to a committee, indicate such interest on the CBA Member Committee Interest Survey (**Attachment 1**). CBA members should submit completed surveys to the Board Relations Analyst, Rebecca Reed, by Wednesday, December 1, 2021.

Background

Shortly following the annual officer elections in November, the incoming CBA President reviews the surveys and determines CBA committee appointments, as necessary. Appointments to the CBA committees are effective the first day of January, the following year.

Comments

The CBA has the following statutorily mandated committees, which require a CBA member to serve in a liaison capacity:

- Qualifications Committee
- Enforcement Advisory Committee
- Peer Review Oversight Committee

The CBA has the following standing committees, which meet regularly in conjunction with CBA meetings and requires CBA member participation in order to carry out its function:

2022 California Board of Accountancy Member Committee Interest Survey

Page 2 of 2

- Committee on Professional Conduct
- Enforcement Program Oversight Committee
- Legislative Committee

The intent of both the statutorily mandated and standing committees is to serve in an advisory capacity to the CBA. Detailed information regarding the CBA committees is included as **Attachment 2**.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. CBA Member Committee Interest Survey
2. CBA Member Guidelines and Procedures Manual, Section II



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 1

CBA Member Committee Interest Survey

I, _____, would like to participate in the following committees for the upcoming year.

___ Will serve as needed for any of the following committees

___ Committee on Professional Conduct (CPC)

The purpose of the CPC is to assist the CBA in consideration of issues relating to professional conduct by:

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

___ Enforcement Program Oversight Committee (EPOC)

The purpose of the EOPC is to assist the CBA in the consideration of issues relating to professional conduct by:

- Reviewing policy issues relating to the Enforcement Program.
- Overseeing the program's compliance with CBA policies by way of performing periodic internal audits.

___ Legislative Committee (LC)

The purpose of the LC is to assist the CBA in its activities by:

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

___ Liaison to the Enforcement Advisory Committee

___ Liaison to the Peer Review Oversight Committee

___ Liaison to the Qualifications Committee

CBA members acting as Liaisons to committees are responsible for keeping the CBA informed regarding emerging issues and policy recommendations made at the committee level. Conversely, Liaisons keep the committee informed of CBA policies and assignments. Liaisons additionally will evaluate committee chairs, vice-chairs, and members for whom they have specific knowledge of their performance, and report to the CBA President and Vice-President as required.

___ I would be interested in serving on other ad hoc committees or task forces as needed.

___ I would be interested in participating in CBA outreach events, including events held at colleges and universities.

California Board of Accountancy

CBA Member

Guidelines and Procedures Manual

CALIFORNIA BOARD OF
ACCOUNTANCY

Updated
January 2021



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

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

Revised and Restated
January, 2010

Amendments to the Guidelines and Procedures Manual

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

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

SECTION II.

CBA COMMITTEES AND TASK FORCES

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

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

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

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

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

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

1. Enforcement Advisory Committee.

a. Purpose.

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

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

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

b. Membership.

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

c. Meetings/Minutes.

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

2. Peer Review Oversight Committee.

a. Purpose.

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

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

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

b. Membership.

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

c. Meetings/Minutes.

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

3. Qualifications Committee.

a. Purpose.

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

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

b. Membership.

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

c. Meetings/Minutes.

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

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

4. Mobility Stakeholder Group.

a. Purpose.

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

b. Membership.

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

c. Meetings/Minutes.

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

5. Other Committees.

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

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

1. Committee on Professional Conduct.

a. Purpose.

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

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

b. Membership.

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

c. Meetings/Minutes.

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

2. Enforcement Program Oversight Committee.

a. Purpose.

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

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

b. Membership.

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

c. Meetings/Minutes.

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

3. Legislative Committee.

a. Purpose.

To assist the CBA in its activities by:

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

b. Membership.

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

c. Meetings/Minutes.

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

5. Task Forces.

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

6. National Committees.

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



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

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



CBA Item VII.B.
November 18-19, 2021

Announcement of California Board of Accountancy Members Appointed to the National Association of State Boards of Accountancy Committees

Presented by: Nancy J. Corrigan, CPA, President

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding appointments to the National Association of State Boards of Accountancy (NASBA) committees.

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 accountancy 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 and has a voice during discussions on critical topics that impact the regulation of the accounting profession and consumer protection.

Comments

NASBA has selected the President Nancy J. Corrigan, CPA to serve on the following :

- **NASBA Board of Directors Pacific Regional Director¹**
The NASBA Board of Directors Pacific Regional Director represents the Pacific Region and is responsible for communications with the Boards of Accountancy in the Pacific Region and presides over regional meetings.

¹ The Pacific Region consists of Alaska, Arizona, California, Commonwealth of the Northern Mariana Islands, Guam, Hawaii, Oregon, and Washington.

Announcement of California Board of Accountancy Members Appointed to the National Association of State Boards of Accountancy Committees

Page 2 of 2

- **NASBA Relations with Member Boards Committee**
The Relations with Member Boards Committee provides reciprocal communication between Boards of Accountancy and NASBA Board of Directors
- **Chairperson of the Computer-Based Test Administration Committee**
The Computer-Based Test Administration Committee promotes effective and efficient administration and operation of the Uniform CPA Examination.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

None



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

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



CBA Item VII.C.
November 18-29, 2021

Discussion and Possible Action on the American Institute of Certified Public Accountants Proposed Changes to the Standards for Performing and Reporting on Peer Reviews

Presented by: Michelle Center, Licensing Chief

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the opportunity to discuss the American Institute of Certified Public Accountants (AICPA) [Exposure Draft on the Proposed Changes to the Standards for Performing and Reporting on Peer Reviews](#) (Exposure Draft).

Consumer Protection Objectives

Peer review supports CBA's mission of consumer protection by promoting quality in the accounting and auditing services provided by accounting firms, thus helping to ensure that licensees are adhering to professional standards.

Action(s) Needed

The CBA is being asked to review the Exposure Draft and consider whether to submit a comment letter to the AICPA prior to the conclusion of the comment period on December 15, 2021.

Background

The AICPA Peer Review Program monitors the quality of reviewed accounting firms' accounting and auditing engagements, and evaluates the systems of quality control under which those engagements are performed. CBA Regulations section 48.1 authorizes the AICPA Peer Review Program to administer peer reviews in California.

In 2017, the AICPA Peer Review Board approved a project to revise existing peer review guidance, including the standards, using drafting conventions similar to those adopted by other professional standard setters in clarifying auditing and accounting literature. This clarity project was in response to AICPA staff receiving feedback that the guidance was difficult to navigate, read, and apply.

Discussion and Possible Action on the American Institute of Certified Public Accountants Proposed Changes to the Standards for Performing and Reporting on Peer Reviews

Page 2 of 3

Comments

The proposed clarified standards in the Exposure Draft were drafted using the following conventions with the goal of making the review guidance easier to read, understand, and apply:

- Proposed clarity (PR-C) sections are organized by user and review type.
- Relevant definitions for all clarified PR-C sections are provided in the first section, which is applicable to any user of the standards.
- Objectives are established for each clarified PR-C section.
- Requirements are separated from application and other explanatory material.
- Application and other explanatory material paragraphs are numbered using an “A” prefix and are presented in a separate section after the requirements.
- Formatting techniques, such as bulleted lists, are used to enhance readability.

To assist with achieving the stated objective of the clarity project, the proposed standards have been structured into the following sections:

- PR-C Introduction and Notice to Readers
- PR-C section 100, Concepts Common to All Peer Reviews
- PR-C section 200, General Principles and Responsibilities for Reviewers
- PR-C section 210, General Principles and Responsibilities for Reviewers — System Reviews
- PR-C section 220, General Principles and Responsibilities for Reviewers — Engagement Reviews
- PR-C section 300, General Principles and Responsibilities for Reviewed Firms
- PR-C section 310, General Principles and Responsibilities for Reviewed Firms — System Reviews
- PR-C section 320, General Principles and Responsibilities for Reviewed Firms — Engagement Reviews
- PR-C section 400, General Principles and Administration Responsibilities
- PR-C section 410, The Report Acceptance Process
- PR-C section 420, Corrective Actions and Implementation Plans
- PR-C section 430, Reviewer Monitoring and Performance

On pages eight through 11 of the Exposure Draft, the AICPA asked for feedback to a series of specific questions. Consistent with the statement from the AICPA Peer Review Board that the proposed clarified standards do not substantially change what is required of firms, reviewers, or administering entities of the program, many of the feedback questions relate to the readability of the clarified standards.

CBA staff have reviewed the changes and found that they do not contradict CBA laws and regulations. CBA staff relied on assistance from select Peer Review Oversight

Discussion and Possible Action on the American Institute of Certified Public Accountants Proposed Changes to the Standards for Performing and Reporting on Peer Reviews

Page 3 of 3

Committee (PROC) members to review the Exposure Draft with a focus on identifying concerns regarding consumer protection. The PROC members did not identify any areas of concern and are in favor of the proposed changes. The draft comment letter to the AICPA (**Attachment 1**) expresses support for the changes and a neutral position by the CBA.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impacts.

Recommendation

Staff recommend issuing the comment letter (**Attachment**). If the CBA wishes to include additional topics, staff recommend authority be delegated to the CBA President to approve the comment letter for submission by the conclusion of the comment period.

Attachment

Draft Comment Letter to AICPA



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

DRAFT

November 19, 2021

Brad Coffey
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8875

Via email: PR_expdraft@aicpa.org

RE: Proposed Changes to the Standards for Performing and Reporting on Peer Reviews (September 2021)

Dear Brad Coffey:

On behalf of the California Board of Accountancy (CBA), I am pleased to submit our comments on the American Institute of Certified Public Accountants' (AICPA) Proposed Changes to the Standards for Performing and Reporting on Peer Reviews (*Standards*).

The CBA supports efforts to revise the *Standards* to promote readability and increased comprehension. The CBA has conducted its review of the proposed revisions to determine whether the changes would have an impact on the regulatory framework developed by the CBA for administration of the peer review program. The CBA has determined that the proposed changes to the *Standards* will not impact California's rules and regulations for the administration of peer reviews.

The CBA appreciates the opportunity to comment on the proposed changes to the *Standards*.

Sincerely,

Nancy J. Corrigan, CPA, President



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 VIII.A.1.
November 18-19, 2021

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

Presented by: Michael M. Savoy, CPA, Vice-President

Purpose of the Item

The purpose of this agenda item is to recommend that Kathy A. Johnson, CPA, (**Attachment 1**) be reappointed as Vice-Chairperson of 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 appointing members that have the skills and knowledge to serve in a leadership capacity 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 EAC 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, including recommendations for Vice-Chairperson, I 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 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.

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

Page 2 of 2

For current members who are being recommended for a leadership position, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have 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 Kathy Johnson, CPA be reappointed as Vice-Chairperson of the EAC, I performed all the steps previously mentioned. During Kathy Johnson's term on the EAC she has exhibited a high level of professionalism during the performance of her duties, including her term as Vice-Chairperson in 2021.

Kathy Johnson has demonstrated she has the skills and knowledge to continue to serve in a leadership capacity, which will allow the EAC to continue to perform its mandated activities and assist the CBA with its Enforcement Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, I recommend that Kathy A. Johnson, CPA be reappointed as Vice-Chairperson of the EAC, effective January 1, 2022 until December 31, 2022.

Attachments

1. Curriculum Vitae of Kathy A. Johnson, CPA
2. California Board of Accountancy Enforcement Advisory Committee Skill Matrix



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 VIII.A.2.
November 18-19, 2021

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

Presented by: Michael M. Savoy, CPA, Vice-President

Purpose of the Item

The purpose of this agenda item is to recommend that Douglas Aguilera, CPA, (**Attachment 1**) be reappointed as Chairperson of 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 appointing members that have the skills and knowledge to serve in a leadership capacity 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 EAC 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, including recommendations for Chairperson, I 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 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.

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

Page 2 of 2

For current members who are being reappointed or considered for a leadership position, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have been completed by the current 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 Douglas Aguilera, CPA be reappointed as Chairperson of the EAC, I performed all the steps previously mentioned. During Douglas Aguilera's term on the EAC he has exhibited a high level of professionalism during the performance of his duties, including his term as Chairperson in 2021.

Douglas Aguilera has demonstrated that he has the skills and knowledge to continue to serve in a leadership capacity, which will allow the EAC to continue to perform its mandated activities and assist the CBA with its Enforcement Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, I recommend that Douglas Aguilera, CPA be reappointed as Chairperson of the EAC, effective January 1, 2022 until December 31, 2022.

Attachments

1. Curriculum Vitae of Douglas Aguilera, CPA
2. California Board of Accountancy Enforcement Advisory Committee Skill Matrix



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 VIII.A.3.
November 18-19, 2021

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

Presented by: Michael M. Savoy, CPA, Vice-President

Purpose of the Item

The purpose of this agenda item is to recommend that Jason Russell, CPA, (**Attachment 1**) be appointed 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 appointing 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 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.

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

Page 2 of 2

Prior to making a decision to recommend Jason Russell for appointment to the EAC, I performed all the steps previously mentioned. I believe Jason Russell has the skills and knowledge 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 Jason Russell, CPA, be appointed for two years to the EAC, effective November 19, 2021 until November 30, 2023.

Attachments

1. Curriculum Vitae of Jason Russell, CPA
2. California Board of Accountancy Enforcement Advisory Committee Skill Matrix



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 VIII.B.1.
November 18-19, 2021

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

Presented by: Michael M. Savoy, CPA, Vice-President

Purpose of the Item

The purpose of this agenda item is to recommend that Timothy T. Jones, CPA, (**Attachment 1**) be appointed as Vice-Chairperson of 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 appointing members that have the skills and knowledge to serve in a leadership capacity 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 work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, including recommendations for Vice-Chairperson, I 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 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.

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

Page 2 of 2

For current members who are being recommended for a leadership position, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have 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 Timothy T. Jones, CPA be appointed as Vice-Chairperson of the QC, I performed all the steps previously mentioned. During Timothy T Jones' term on the QC he has exhibited a high level of professionalism during the performance of his duties.

Timothy T. Jones demonstrated that he has the skills and knowledge to serve in a leadership capacity, which will allow the QC to continue to perform its mandated activities and assist the CBA with its Licensure Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, I recommend that Timothy T. Jones, CPA be appointed as Vice-Chairperson of the QC, effective January 1, 2022 until December 31, 2022.

Attachments

1. Curriculum Vitae of Timothy T. Jones, CPA
2. California Board of Accountancy Qualifications Committee Skill Matrix



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 VIII.B.2.
November 18-19, 2021

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

Presented by: Michael M. Savoy, CPA, Vice-President

Purpose of the Item

The purpose of this agenda item is to recommend that Michael L. Williams, CPA, (**Attachment 1**) be appointed as Chairperson of 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 appointing members that have the skills and knowledge to serve in a leadership capacity 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 work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, including recommendations for Chairperson, I 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 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.

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

Page 2 of 2

For current members who are being recommended for a leadership position, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have been completed by the current 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 Michael L. Williams, CPA be appointed as Chairperson of the QC, I performed all the steps previously mentioned. During Michael L. Williams' term on the QC, including his time as Vice-Chairperson in 2021, he has exhibited a high level of professionalism during the performance of his duties.

Michael L. Williams has demonstrated that he has the skills and knowledge to continue to serve in a leadership capacity, which will allow the QC to continue to perform its mandated activities and assist the CBA with its Licensure Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, I recommend that Michael L. Williams, CPA be appointed as Chairperson of the QC, effective January 1, 2022 until December 31, 2022.

Attachments

1. Curriculum Vitae of Michael L. Williams, CPA
2. California Board of Accountancy Qualifications Committee Skill Matrix



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 VIII.C.1.
November 18-19, 2021

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

Presented by: Michael M. Savoy, CPA, Vice-President

Purpose of the Item

The purpose of this agenda item is to recommend that Laura L. Ross, CPA, (**Attachment**) be appointed as Vice-Chairperson of the California Board of Accountancy (CBA) Peer Review Oversight Committee (PROC).

Consumer Protection Objectives

This agenda item ensures that the CBA continues its mission of consumer protection by appointing members that have the skills and knowledge to serve in a leadership capacity on the PROC.

Action(s) Needed

It is requested that the CBA adopt the recommendation.

Background

The PROC assists the CBA in an advisory capacity in its oversight of the Peer Review Program. The PROC ensures that Board-recognized peer review program providers administer peer reviews in accordance with standards, evaluates applications to become a Board-Recognized Peer Review Program Provider, collects and analyzes statistical monitoring and reporting data from each Peer Review Provider on an annual basis, and prepares an Annual Report to the CBA regarding the results of its oversight.

Comments

For all appointments to a committee, including recommendations for Vice-Chairperson, I ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities.

I also confer with the CBA 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.

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

Page 2 of 2

For current members who are being recommended for a leadership position, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have been completed by the current Chairperson, Vice-Chairperson, CBA member liaison, and the Licensing Chief. 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. Since Laura L. Ross was recently appointed to the PROC, members and staff were not requested to complete an evaluation for Ms. Ross.

Prior to making a decision to recommend Laura L. Ross, CPA be appointed as Vice-Chairperson of the PROC, I performed all the steps previously mentioned.

Laura L. Ross has demonstrated that she has the skills and knowledge to serve in a leadership capacity, which will allow the PROC to continue to perform its mandated activities and assist the CBA with its Peer Review Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, I recommend that Laura L. Ross, CPA be appointed as Vice-Chairperson of the PROC, effective January 1, 2022 until December 31, 2022.

Attachment

Curriculum Vitae of Laura L. Ross, CPA



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 VIII.C.2.
November 18-19, 2021

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

Presented by: Michael M. Savoy, CPA, Vice-President

Purpose of the Item

The purpose of this agenda item is to recommend that Jeffrey De Lyser, CPA, (**Attachment**) be reappointed as Chairperson of the California Board of Accountancy (CBA) Peer Review Oversight Committee (PROC).

Consumer Protection Objectives

This agenda item ensures that the CBA continues its mission of consumer protection by appointing members that have the skills and knowledge to serve in a leadership capacity on the PROC.

Action(s) Needed

It is requested that the CBA adopt the recommendation.

Background

The PROC assists the CBA in an advisory capacity in its oversight of the Peer Review Program. The PROC ensures that Board-recognized peer review program providers administer peer reviews in accordance with standards, evaluates applications to become a Board-Recognized Peer Review Program Provider, collects and analyzes statistical monitoring and reporting data from each Peer Review Provider on an annual basis, and prepares an Annual Report to the CBA regarding the results of its oversight.

Comments

For all appointments to a committee, including recommendations for Chairperson, I ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities.

I also confer with the CBA 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.

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

Page 2 of 2

For current members who are being recommended for a leadership position, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have been completed by the current Vice-Chairperson, CBA member 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 Jeffrey De Lyser, CPA be reappointed as Chairperson of the PROC, I performed all the steps previously mentioned. During Jeffrey De Lyser's previous tenure on the PROC as a member, vice-chairperson, and chairperson, he exhibited a high level of professionalism during the performance of his duties.

Jeffrey De Lyser has demonstrated that he has the skills and knowledge to serve in a leadership capacity, which will allow the PROC to continue to perform its mandated activities and assist the CBA with its Peer Review Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, I recommend that Jeffrey De Lyser, CPA be reappointed as Chairperson of the PROC, effective January 1, 2022 until December 31, 2022.

Attachment

Curriculum Vitae of Jeffrey De Lyser, CPA



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 VIII.C.3.
November 18-19, 2021

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

Presented by: Michael M. Savoy, CPA, Vice-President

Purpose of the Item

The purpose of this agenda item is to recommend that Fiona Tam, CPA, (**Attachment**) be reappointed as a member to the California Board of Accountancy (CBA) Peer Review Oversight Committee (PROC).

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 PROC.

Action(s) Needed

It is requested that the CBA adopt the recommendation.

Background

The PROC assists the CBA in an advisory capacity in its oversight of the Peer Review Program. The PROC ensures that Board-recognized peer review program providers administer peer reviews in accordance with standards, evaluates applications to become a Board-Recognized Peer Review Program Provider, collects and analyzes statistical monitoring and reporting data from each Peer Review Provider on an annual basis, and prepares an Annual Report to the CBA regarding the results of its oversight.

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.

I also confer with the CBA 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 been

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

Page 2 of 2

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 Fiona Tam, CPA for reappointment to the PROC, I performed all the steps previously mentioned. Fiona Tam has demonstrated a high level of professionalism during the performance of her duties. I believe Fiona Tam has the skills and knowledge continue to serve on the PROC, which will allow the PROC to assist the CBA with its Peer Review Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, and in consultation with Jeffrey De Lyser, CPA, Chairperson of the PROC, I recommend that Fiona Tam, CPA be reappointed for two years to the PROC, until November 30, 2023.

Attachment

Curriculum Vitae of Fiona Tam, CPA

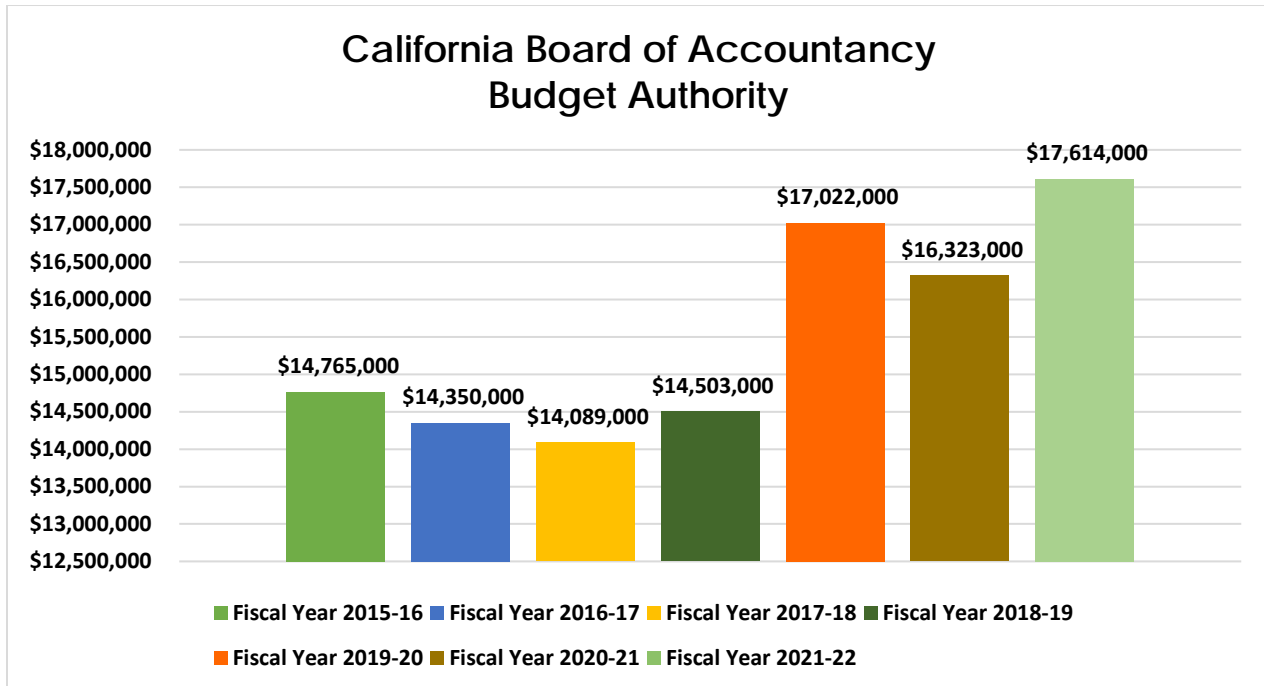
**CALIFORNIA BOARD OF ACCOUNTANCY
REPORT OF THE
SECRETARY/TREASURER
MARK J. SILVERMAN, ESQ.**

**Fiscal Year 2020-21
Year End Financial Report**

Budget Authority

The California Board of Accountancy's (CBA) budget for fiscal year (FY) 2020-21 was \$16,323,000. This budget amount reflected the adjustment for the 9.23% reduction in staff compensation and accompanied a commensurate reduction in Department of Consumer Affairs (DCA) pro rata expenses.

The CBA's budget for FY 2021-22 is currently set at \$17,614,000, which reflects the end to the 9.23% employee compensation reduction¹.



¹ A \$3,000 adjustment was added to the budget and reflects the CBA's share of the Business, Consumer Services, and Housing Agency facility relocation budget change proposal that was not implemented.

Fiscal Month 13 Financial Statement

Department of Consumer Affairs					
California Board of Accountancy					
Fiscal Year: 2020 - 2021: Fiscal Month 13					
#	Object Description	FY 2019-20 FM 13	Governor's Budget	FY 2020-21 FM 13	Percent Spent
	PERSONNEL SERVICES				
1	PERMANENT POSITIONS	\$5,787,029	\$6,260,000	\$6,226,328	99%
2	TEMPORARY POSITIONS	\$81,388	\$0	\$80,383	N/A
3	PER DIEM, OVERTIME, & LUMP SUM	\$89,622	\$63,000	\$124,913	198%
4	STAFF BENEFITS	\$3,396,204	\$3,688,000	\$3,527,668	96%
5	TOTAL PERSONNEL SERVICES	\$9,354,243	\$10,011,000	\$9,959,291	99%
6	OPERATING EXPENSES & EQUIPMENT				
7	GENERAL EXPENSE	\$241,336	\$58,000	\$97,599	168%
8	PRINTING	\$126,882	\$96,000	\$499	1%
9	COMMUNICATIONS	\$45,977	\$61,000	\$56,145	92%
10	POSTAGE	\$42,924	\$26,000	\$20,891	80%
11	INSURANCE	\$226	\$0	\$1,409	N/A
12	IN STATE TRAVEL	\$101,546	\$136,000	\$1,822	1%
13	OUT OF STATE TRAVEL	\$3,107	\$0	\$0	N/A
14	TRAINING	\$6,348	\$29,000	\$2,496	9%
15	FACILITIES	\$648,989	\$628,000	\$609,657	97%
16	C/P SERVICES (INTERNAL)	\$1,231,830	\$1,899,000	\$698,788	37%
17	C/P SERVICES (EXTERNAL)	\$150,760	\$719,000	\$189,213	26%
18	DEPARTMENT PRORATA	\$2,441,776	\$2,510,000	\$2,452,828	98%
19	Division of Investigation	\$355,314	\$367,000	\$326,470	89%
20	Consumer Client Servs Div CCSD	\$2,086,462	\$2,143,000	\$2,126,358	99%
21	DEPARTMENTAL SERVICES	\$19,928	\$1,000	\$14,993	1499%
22	CONSOLIDATED DATA CENTERS	\$177,471	\$41,000	\$166,372	406%
23	INFORMATION TECHNOLOGY	\$29,984	\$50,000	\$24,976	50%
24	EQUIPMENT	\$118,920	\$58,000	\$90,100	155%
25	OTHER ITEMS OF EXPENSE	\$1,114	\$0	\$0	N/A
26	SPECIAL ITEMS OF EXPENSE	\$35,996	\$0	\$37,259	N/A
27	OPERATING EXPENSES & EQUIPMENT	\$5,425,113	\$6,312,000	\$4,465,046	71%
28	OVERALL TOTALS	\$14,779,357	\$16,323,000	\$14,424,336	88%
			SURPLUS/(DEFICIT): 12%		

Expenditures

The FY 2020-21 Year End Financial Statement reflects actual expenditures through FM 13. Expenditures were \$14,424,336 or 88% of the FY 2020-21 budget. The CBA ended the fiscal year with a budget surplus of \$1,898,664 or nearly 12%.

Below is information regarding key budget items.

General Expense (Line 7)

Expenditures in the category of general expense include items such as office supplies, furniture, delivery services, and subscriptions. Enforcement subscriptions are annual subscriptions to online databases for accounting and tax research information, standards, and includes Investigative CPA continuing education.

As reported at the September CBA meeting, general expenses for FY 2020-21 have declined by nearly 58% over the same reporting period in FY 2019-20. Some of the difference can be attributed to the new reporting format for FI\$Cal, as some items previously designated as general expense are now reflected on other lines. There has also been a decrease in expenditures for items such as office supplies and shipping costs of CBA meeting-related materials as a result of staff teleworking and virtual meetings.

Printing (Line 8)

The electronic distribution of the CBA's UPDATE publication is the biggest contributor to the reduction in printing costs. Further, the Department of Consumer Affairs (DCA) transitioned to a new printing vendor for all license renewal notices and licenses; however, the prior vendor is significantly delayed in their invoicing which is the reason for the low amount reflected for printing expenditures. There will be an adjustment on a future fund condition statement to reflect any outstanding monies that are paid to the vendor.

Postage (Line 10)

Expenditures for postage have decreased 51% over the same reporting period in FY 2019-20. A portion of the decrease can also be attributed to the electronic distribution of the CBA's UPDATE publication. The delayed invoicing of postage for the prior vendor who produced the renewal notices and licenses was also a factor. In addition, the CBA used the DCA Mailroom outgoing mail services while the CBA's postage meter machine was under repair, giving the appearance of a decrease in CBA postage; however, the costs will instead be reflected in DCA Pro Rata.

In-State Travel (Line 12)

Attending virtual meetings, conferences, and trainings, resulted in a 98% decrease in travel expenses when compared to the same reporting period in FY 2019-20.

Training (Line 14)

Training expenditures are lower; however, this is not necessarily reflective of staff not participating in training. The primary vendor for CBA training is DCA. For a majority of training courses, there are no "per staff" cost, but the CBA pays for this service as part of its pro rata.

C/P Services Internal (Line 16)

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

C/P Services External (Line 17)

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

Department Pro Rata (Line 18)

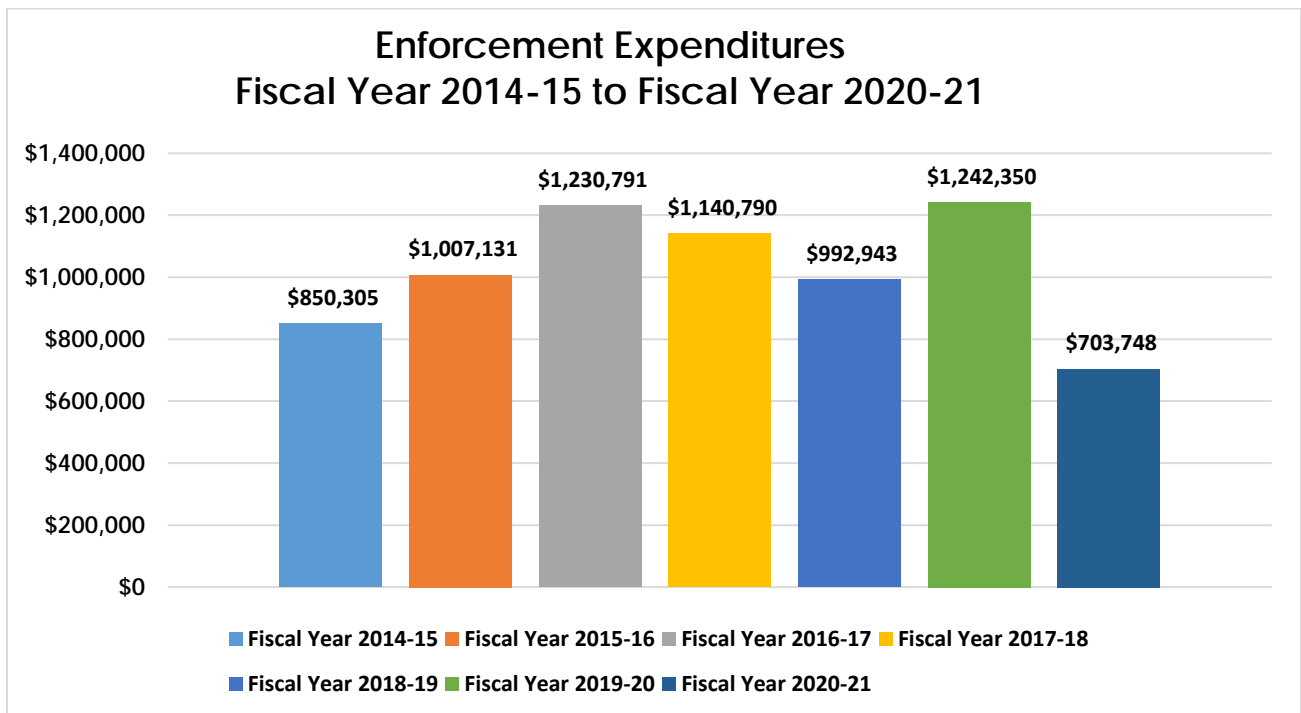
Expenses for the Division of Investigation are now grouped under this line item and consist of both internal and external investigative services.

Enforcement Expenditures

The CBA's enforcement expenditures total \$703,748. The expenditures are lower than prior years, primarily due to fewer cases being referred to the AG's Office during FY 2020-21.

- AG's Office - \$636,095
- OAH - \$62,071
- Evidence and Witness Fees - \$0
- Court Reporters - \$5,582

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



Revenue

Revenues through the end of FY 2020-21 (FM 13) were at \$17,905,049. This is an increase of 41.2% over revenues for the same period in FY 2019-20, which is primarily due to the license renewal and initial licensing fee increases that became effective January 1, 2020. The chart below reflects the first full fiscal year of increased revenues due to the fee increases.

Delinquent Fees	\$255,100.00
Other Regulatory Fees	\$1,788,315.66
Other Regulatory License and Permits	\$4,454,999.62
Other Revenue	\$107,205.30
Renewal Fees	\$11,299,428.27
Total Revenue	\$17,905,048.85

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 FY 2020-21 FM 13, reimbursements totaled \$187,669.

- Fingerprint Reports - \$22,176
- Enforcement Cost Recovery - \$165,493

California Board of Accountancy Fund Condition

The CBA's Fund Condition statement shows that the CBA ended FY 2020-21 with 7.9 months in reserve. The projected figures for FY 2021-22 and beyond continue to reflect increased revenue due to the license renewal and initial licensure fee increase to \$250 that began on January 1, 2020.

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

0704 - California Board of Accountancy Analysis of Fund Condition

Prepared 10.18.2021

(Dollars in Thousands)

2021-22 Budget Act

Based on FY 2020-21 Actuals, and 4.55 % GSI

	PY 2020-21	CY 2021-22	Governor's Budget BY 2022-23
BEGINNING BALANCE	\$ 20,816	\$ 12,863	\$ 10,352
Prior Year Adjustment	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 20,816	\$ 12,863	\$ 10,352
REVENUES AND TRANSFERS			
Revenues:			
4129200 Other regulatory fees	\$ 1,788	\$ 266	\$ 266
4129400 Other regulatory licenses and permits	\$ 4,455	\$ 4,589	\$ 4,589
4127400 Renewal fees	\$ 11,299	\$ 11,601	\$ 11,601
4121200 Delinquent fees	\$ 255	\$ 444	\$ 444
4163000 Income from surplus money investments	\$ 84	\$ 56	\$ 109
4171400 Escheat of unclaimed checks and warrants	\$ 10	\$ -	\$ -
4172500 Miscellaneous revenues	\$ 2	\$ -	\$ -
4173500 Settlements and Judgments - Other	\$ 12	\$ -	\$ -
Totals, Revenues	\$ 17,905	\$ 16,956	\$ 17,009
Transfers to Other Funds			
Loan from the Accountancy Fund (0704) to the General Fund (0001) per Item 1111-011-0704, Budget Act of 2020	\$ -10,000	\$ -	\$ -
Totals, Revenues and Transfers	\$ 7,905	\$ 16,956	\$ 17,009
Totals, Resources	\$ 28,721	\$ 29,819	\$ 27,361
EXPENDITURES			
Disbursements:			
1111 Department of Consumer Affairs Regulatory Boards, Bureaus, Divisions (State Operations)	\$ 14,753	\$ 17,318	\$ 17,838
Estimate GSI 4.55 Percent Increase	\$ -	\$ 616	\$ 616
9892 Supplemental Pension Payments (State Operations)	\$ 390	\$ 390	\$ 390
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$ 715	\$ 1,143	\$ 1,143
Total Disbursements	\$ 15,858	\$ 19,467	\$ 19,987
FUND BALANCE			
Reserve for economic uncertainties	\$ 12,863	\$ 10,352	\$ 7,375
Months in Reserve	7.9	6.2	4.3

NOTES:

- ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR BY+1 AND ON-GOING.
- ASSUMES APPROPRIATION GROWTH OF 3% PER YEAR IN BY+1 AND ON-GOING..
- ASSUMES INTEREST RATE OF 1.5%



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 X.A.
November 18-19, 2021

Information and Discussion on the Attest and General Accounting Experience Requirements

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

This item is being provided to supply the California Board of Accountancy (CBA) with background and historical information regarding the attest and general accounting experience requirements for CPA licensure.

Consumer Protection Objectives

Ensuring the CBA maintains appropriate experience requirements for initial CPA licensure helps ensure that applicants enter the practice of accountancy with knowledge of applicable professional standards.

Action(s) Needed

None.

Background

Prior to January 1, 2002, the CBA provided three alternatives to qualify for CPA licensure. Depending on applicants' educational qualifications at the time they sat for the Uniform CPA Examination, they would have a 24-, 36-, or 48-month experience requirement. Under all three alternatives, the CBA required all applicants for licensure to demonstrate an understanding of the requirements in performing the attestation function as it relates to financial statements.

As part of its sunset review in 2000, the CBA proposed significant modifications to its existing licensure processes, to more closely align it with the Uniform Accountancy Act (UAA).¹ As it pertained to licensure, the CBA recommended amendments to the education and experience requirements, including requiring 150 semester units of education and eliminating the requirement that individuals complete attest experience.

¹ The UAA is a joint venture by the American Institute of CPAs and National Association of State Boards of Accountancy to establish a model law to provide a uniform approach to the regulation of the accounting profession.

Information and Discussion on the Attest and General Accounting Experience Requirements

Page 2 of 9

In 2001, two pieces of legislation were introduced to address the CBA's vision of broad changes to the licensure process. Senate Bill (SB) 133 (Chapter 718, Statutes of 2001) was a result of the CBA's sunset review hearings before the Joint Legislative Sunset Review Committee. As it related to the CBA's licensure process, SB 133, as originally introduced, required the CBA to perform a comprehensive evaluation of the proposed changes and to complete the study by September 1, 2003.

Assembly Bill (AB) 585 (Chapter 704, Statutes of 2001) was co-sponsored by the California Society of CPAs and Board of Equalization, as originally introduced, sought to codify many of the CBA's recommendations to more closely align California's licensure requirements with the UAA. The most notable changes to the licensure requirements offered in AB 585 included moving to requiring a baccalaureate degree and a minimum of 150 semester units and the elimination of the attest experience requirement for licensure.

Two of the primary concerns raised by stakeholders focused on the educational and experience shifts the CBA proposed for licensure. As it related to the educational shift, stakeholders voiced concern on the impact the transition to a single pathway with increased unit requirements would have on entry into the profession. As it related to the experience shift, stakeholders noted the attest function is the cornerstone of the accounting profession, especially since the attest function is the sole function for which a CPA license was required.

During the Legislature's deliberative process, a compromise was reached that established the present pathway system. Specific to the experience requirement, the Legislature established the ability for individuals to obtain licensure with general accounting experience; however, if individuals wanted to sign reports on attest engagements, they would still need to satisfy the attest experience requirement.

Comments

The information included in this section, as well as the background included above, will provide important context and foundation for discussions the CBA will undertake pertaining to **Agenda Items X.B.** and **X.C.** This section provides an overview of:

- Existing experience requirements for CPA licensure
- Prior Taskforce to Examine Experience for CPA Licensure
- CBA Attest Study
- CPA population statistics regarding general and attest experience

As the CBA discusses this topic, it is important to note that in California the definition of attest is as follows: Attest services include an audit, a review of financial statements, or an examination of prospective financial information. Attest services shall not include the issuance of compiled financial statements.

Information and Discussion on the Attest and General Accounting Experience Requirements

Page 3 of 9

Existing Experience Requirements for CPA Licensure

Applicants are required to have a minimum of one year of qualifying general accounting experience. Experience can be gained in public accounting, private industry, government, or academia.²

Public accounting experience 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. Private industry 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.

Applicants can earn experience providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. The work performed by applicants in these areas must be performed in accordance with applicable professional standards.

Nothing requires that applicants earn experience in all of the outlined areas. For example, an applicant could satisfy the general accounting experience requirement simply by completing a minimum of one year of experience in management advisory services.

Applicants demonstrate satisfactory completion of the general experience requirement by having a *Certificate of General Experience* (either public or non-public) (**Attachment 1**) submitted on their behalf directly to the CBA. The *Certificate of General Experience* must be signed by their supervisor.³ To be considered supervised experience, applicants' supervisor shall have reviewed and evaluated the qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.

In signing the form, supervisors are confirming they have supervised the applicant and the applicant has completed general accounting experience. To document the general accounting experience, the supervisor supplies the dates of employment. While supervisors are noting that at a minimum the applicant has completed general accounting experience, met the required time period, and done so in accordance with applicable professional standards, the supervisor is not expressing an opinion as to whether the applicant understands the applicable professional standards.

² Applicants can meet the one-year experience requirement by demonstrating instruction of 48 semester units, or its equivalent in quarter units, signed off by the dean, chair, or head of the applicant's department who has authority and oversight over the applicant.

³ The form must be signed by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience was gained in public accounting the second signature must be an owner of the public accounting firm holding a valid license or other comparable authority to practice public accountancy. A second signature is not required if the owner of the public accounting firm or private industry company is the individual signing the verification as the supervisor. The CBA is also initiating a rulemaking to remove the second signature requirement.

Information and Discussion on the Attest and General Accounting Experience Requirements

Page 4 of 9

Upon issuance of a license with general accounting experience, licensees can perform the full scope of public accounting activities, with the exception that they cannot sign reports on attest engagements. Licensees issued a CPA license with general experience can at a later date seek to convert the license to provide for the authority to sign reports on attest engagements by satisfying the attest experience requirement as outlined below.

For applicants who want the authority to sign reports on attest engagements, in addition to completing the general experience requirement, they must also document a minimum 500 hours of experience, satisfactory to the CBA, in attest services. The minimum 500 hours must include all of the following:

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

Applicants demonstrate satisfactory completion of the attest experience requirement by having a *Certificate of Attest Experience* (either public or non-public) (**Attachment 2**) submitted on their behalf directly to the CBA. The *Certificate of Attest Experience* must be signed by their supervisor. To be considered supervised experience, applicants' supervisor shall have reviewed and evaluated the qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.

For the experience to qualify, the CBA requires that supervisors opine as to whether applicants understand the various applicable professional standards that make up attest-related services. This is done by supervisors marking all of the boxes in Section I-V of the *Certificate of Attest Experience*. The requirement of supervisors to opine on an applicants' understanding of the applicable professional standards is a significant difference between the attest experience requirement and the general accounting experience requirement (where no such opinion on understanding is offered).

⁴ The CBA recently had a regulation approved that takes effect on January 1, 2022 to amend Item 5 to read: Experience in the preparation of and reporting on full disclosure financial statements as part of the Audit and Attest Services. This does not include experience earned or through the performance of preparation engagements in accordance with the provisions of the Statements on Standards for Accounting and Review Services.

Information and Discussion on the Attest and General Accounting Experience Requirements

Page 5 of 9

Prior Taskforce to Examine Experience for CPA Licensure

In January 2013, past-President Leslie J. LaManna, CPA, established the Taskforce to Examine Experience for CPA Licensure (TEEL). Past-President indicated that she established the Taskforce to examine a possible shift to a single experience requirement for CPA licensure.

TEEL was composed of four CBA members (two licensees and two public members), one Qualifications Committee member, one representative from academia, one representative from National Association of State Boards of Accountancy, one representative of the profession, and one consumer representative.

TEEL was formed to evaluate California's experience requirement for licensure and determine what modifications, if any, should be made to the requirements, paying close attention to the CBA's mission to protect consumers. TEEL used the following questions during its work:

- What is the problem the CBA is attempting to solve?
- Who will be impacted and how will they be impacted?
- How will the final outcome further the CBA's primary mandate of consumer protection?

TEEL held its inaugural meeting in May 2013, holding three meetings total (July 2013 and September 2013). Over the course of these meetings, the TEEL studied the accounting experience requirements trending nationally, California's own accounting experience requirements, relevant California pre-licensure and license renewal requirements and statistics, and the experiences of the consuming public and accounting profession.

After extensive evaluations and discussions on this topic, the TEEL provided the CBA with three recommendations related to California's accounting experience requirement:

- Maintain the status quo related to California's general accounting experience requirement.
- Recommend the CBA continue to explore the possibility of allowing academia experience to qualify towards the general accounting experience requirement.
- Eliminate the attest experience requirement.

The CBA accepted the first two TEEL recommendations, but, after extensive discussions, elected not to pursue elimination of the attest experience requirement at that time. The CBA believed additional study of the topic was necessary prior to approaching the Legislature with any recommendations regarding modifying or eliminating the attest experience requirement.

Information and Discussion on the Attest and General Accounting Experience Requirements

Page 6 of 9

CBA Attest Study

After TEEL completed its work, the CBA took up the recommendation regarding the elimination of the attest experience requirement, holding extensive discussions at the September and November 2013 CBA meetings. Ultimately, the CBA directed staff to gather research and data of California licensees regarding the 500-hour attest requirement, and to work with the National Association of State Boards of Accountancy and others to obtain national data.

At the January 2014 meeting, then past-President (now Vice-President) Michael M. Savoy, CPA, informed the CBA that at the direction of CBA Leadership, staff would seek to engage a consultant to facilitate the data collection as it related to California's attest experience requirement.

The development and implementation of the study for both California licensees and national information took place in 2014 and 2015. This included selection of a vendor to coordinate collection of the data for California licensees, development of questions for the surveys to be conducted in California and nationally, and the target audiences for the survey.

The California-specific survey targeted the following groups and received over 10,000 responses:

- New licensees 0-3 years
- Hiring manager/signers of the *Certificate of Attest Experience*
- Individuals licensed between 10-20 years
- Pending applicants for licensure
- University accounting programs/faculty
- Consumers

The CBA national survey sought to collect data from the other 54 jurisdictions. Thirty-five states responded to the survey.

At its March 17-18, 2016 meeting, the CBA discussed the results of the attest study. The third-party consultant selected to assist with facilitation of the study, CPS HR Consulting, reported on detailed data from the California-specific survey. The CBA also heard details regarding the national survey performed by staff.

The California-specific survey results showed that the majority of respondents in most stakeholder groups wanted to maintain the existing attest experience requirement. The only exception to this was the pending applicants for licensure who did not complete the attest experience requirement. The majority of that group wanted to eliminate the attest experience requirement.

Information and Discussion on the Attest and General Accounting Experience Requirements

Page 7 of 9

The national survey results showed that only five of the 35 responding states maintained an attest experience requirement. One of the five was considering elimination of its attest experience requirement. However, of the 30 states that did not currently maintain an attest experience requirement, two reported that they were considering reinstating their attest experience requirement, with one state reporting that it had experienced a significant increase in issues related to the failure to follow professional standards.

As a result of its discussion, the CBA concluded that the 500-hour attest experience requirement is sufficient for CPA licensure.

Overview of the CPA Population Statistics Regarding General and Attest Experience

The CBA has maintained a general accounting experience requirement since 2002. Prior to 2002, the CBA only issued licenses with the authority to sign reports on attest engagements (with the CBA issuing licenses since 1901). Over the nearly two decades the general experience has been an option for licensure, the CBA has experienced a sizable growth of individuals seeking licensure with general experience.

Table 1 provides a breakdown of the present CPA population. Table 1 includes all active, inactive, and delinquent/expired licenses for CPAs with and without the authority to sign reports on attest engagements. Staff include inactive and delinquent/expired as these licenses could be converted to an active status with the completion of the necessary continuing education requirements (and payment of the license renewal fee for the delinquent/expired group).

Table 1 – CPA Population by Experience Type (as of October 22, 2021)

	Active (including % of population)	Inactive (including % of population)	Delinquent/Expired (including % of population)	Total (including % of population)
General Experience	30,151 (39%)	3,358 (22%)	2,798 (32%)	36,307 (36%)
Attest Experience	47,877 (61%)	12,076 (78%)	5,965 (98%)	65,918 (64%)
Totals	78,028	15,434	8,763	102,225

Information and Discussion on the Attest and General Accounting Experience Requirements

Table 2 represents the last 10 fiscal years of data associated with approved initial CPA applications by the experience requirement completed.

Table 2 – Initial CPA Applications Approved by Experience Type

	Total Applications Approved	General Experience (Total and %)	Attest Experience (Total and %)
FY 2020-21	4,046	2,791 (69%)	1,255 (31%)
FY 2019-20	2,595	1,936 (75%)	659 (25%)
FY 2018-19	4,400	3,268 (74%)	1,132 (26%)
FY 2017-18	2,187	1,609 (74%)	578 (26%)
FY 2016-17	3,339	2,385 (71%)	954 (29%)
FY 2015-16	3,470	2,564 (74%)	906 (26%)
FY 2014-15	2,682	1,935 (72%)	747 (28%)
FY 2013-14	4,906	3,439 (70%)	1,467 (30%)
FY 2012-13	3,474	2,298 (66%)	1,176 (34%)
FY 2011-12	3,241	2,029 (63%)	1,212 (37%)

Table 3 provides data on the number of status conversion applications approved by the CBA. Existing CPAs who were originally issued a license without the authority to sign reports on attest engagements may convert their license by completing an application and having a *Certificate of Attest Experience* submitted to the CBA on their behalf.

Table 3 includes the last 10 fiscal years.

Table 3 – Approved CPA Conversion Applications

	Conversion Applications
FY 2020-21	118
FY 2019-20	83
FY 2018-19	133
FY 2017-18	186
FY 2016-17	233
FY 2015-16	212
FY 2014-15	159
FY 2013-14	139
FY 2012-13	140
FY 2011-12	101

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Information and Discussion on the Attest and General Accounting Experience Requirements

Page 9 of 9

Attachment(s)

1. *Certificate of General Experience* (public/non-public)
2. *Certificate of Attest Experience* (public/non-public)



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



Certificate of General Experience – Public Accounting

Attachment 1

Form 11A-29 (Revised 11/17)

Purpose: To provide evidence of an applicant's public accounting general experience.

Applicability: Type A, B, C, and E applicants and F licensees (see reverse).

Who Completes: The licensed CPA holding a valid license to practice public accounting who supervises the applicant's performance of services provided. A second licensee with a higher level of responsibility in the firm must also verify the applicant's experience. If the licensee who supervises the applicant is a sole proprietor, partner, or shareholder, no second signature is required.

Required Action: Complete and verify your supervision of the applicant's general experience.

When: Upon the applicant's request. Failure to submit the Certificate of General Experience – Public Accounting is viewed by the Board as an attempt to impede the applicant's certification and may result in disciplinary action.

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

Authority: Business and Professions Code Sections 5092, 5093 and 5095, and Sections 12 and 12.5 of Title 16 of the California Code of Regulations.

TYPES OF LICENSURE APPLICANTS

- Type A An applicant who **passed the Uniform CPA Exam in California**, has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.
- Type B An applicant who **passed the Uniform CPA Exam in a state other than California** and has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.
- Type C An applicant who was issued a valid license to practice public accounting in a state other than California.
- Type D An applicant who **previously was licensed as a CPA in California** and the certificate was cancelled after five years for nonpayment of license renewal fees.
- Type E An applicant who **passed the** Canadian Chartered Accountant Uniform Certified Public Accountant Qualification Examination (**CAQEX**) of the American Institute of Certified Public Accountants (AICPA) **or** the International Uniform Certified Public Accountant Qualification Examination (**IQEX**) of the AICPA and the National Association of State Boards of Accountancy (NASBA).
- Type F A California licensee originally issued a license to perform general accounting services who has now completed attest experience.



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



CERTIFICATE OF GENERAL EXPERIENCE (PUBLIC ACCOUNTING)

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

PRINT OR TYPE

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

PERIOD OF EMPLOYMENT

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

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

General accounting experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills. To qualify, experience shall have been performed in accordance with applicable professional standards.

If an applicant is performing attest services as part of the general experience, it must be performed under the supervision of a licensee who has satisfied the attest experience requirement.

An applicant who obtains licensure without satisfying the attest experience requirement (Section 12.5 of the CBA Regulations) cannot sign reports on attest engagements of any kind until the attest experience requirement is completed and authorization is given by the CBA.

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

Section 12 of the CBA Regulations requires that public accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm. The second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm signing the verification is also the person supervising the experience, no second signature is required. **Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.**

I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant has (1) been supervised or employed by me or my firm for the period indicated herein, and (2) has completed general accounting experience.

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

PERSONAL INFORMATION COLLECTION AND ACCESS

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

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

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

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



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

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



Certificate of General Experience – Private Industry or Government
Form 11A-29A (Revised 11/17)

Purpose: To provide evidence of an applicant's nonpublic accounting general experience.

Applicability: Type A, B, C, and E applicants and F licensees (see reverse.)

Who Completes: The licensed CPA holding a valid license to practice public accounting who supervises the applicant's performance of services provided. A second person with a higher level of responsibility in the nonpublic accounting business must also verify the applicant's experience. If the licensee who supervises the applicant is the owner of the business, no second signature is required.

Required Action: Complete and verify your supervision of the applicant's general experience.

When: Upon the applicant's request. Failure to submit the Certificate of General Experience – Nonpublic Accounting is viewed by the Board as an attempt to impede the applicant's certification and may result in disciplinary action.

Submit To: California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, California 95833

Authority: Business and Professions Code, Sections 5092, 5093 and 5095, and Sections 12 and 12.5 of Title 16 of the California Code of Regulations.

TYPES OF LICENSURE APPLICANTS

- Type A An applicant who **passed the Uniform CPA Exam in California**, has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.
- Type B An applicant who **passed the Uniform CPA Exam in a state other than California** and has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.
- Type C An applicant who was issued a valid license to practice public accounting in a state other than California.
- Type D An applicant who **previously was licensed as a CPA in California** and the certificate was cancelled after five years for nonpayment of license renewal fees.
- Type E An applicant who **passed the** Canadian Chartered Accountant Uniform Certified Public Accountant Qualification Examination (**CAQEX**) of the American Institute of Certified Public Accountants (AICPA) **or** the International Uniform Certified Public Accountant Qualification Examination (**IQEX**) of the AICPA and the National Association of State Boards of Accountancy (NASBA).
- Type F A California licensee originally issued a license to perform general accounting services who has now completed attest experience.



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



CERTIFICATE OF GENERAL EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

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

PRINT OR TYPE

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

PERIOD OF EMPLOYMENT

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

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

General accounting experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills. To qualify, experience shall have been performed in accordance with applicable professional standards.

If an applicant is performing attest services as part of the general experience, it must be performed under the supervision of a licensee who has satisfied the attest experience requirement.

An applicant who obtains licensure without satisfying the attest experience requirement (Section 12.5 of the CBA Regulations) cannot sign reports on attest engagements of any kind until the attest experience requirement is completed and authorization is given by the CBA.

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

Section 12 of the CBA Regulations requires that private industry or government accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the private industry company or government agency. If the owner of the private industry company is also the person supervising the experience, no second signature is required. **Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.**

I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been supervised or employed by me or my business/agency for the period indicated herein, and (2) has completed general accounting experience.

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

PERSONAL INFORMATION COLLECTION AND ACCESS

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

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

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

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



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

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



Attachment 2

Certificate of Attest Experience – Public Accounting Form 11A-6A (Revised 11/17)

Purpose:	To provide evidence of an applicant's public accounting attest experience.
Applicability:	Type A, B, C, and E applicants and F licensees (see reverse.)
Who Completes:	The CPA holding a valid license to practice public accounting and authorized to sign reports on attest engagements who supervises the applicant's performance of attest services provided. A second licensee with a higher level of responsibility in the firm must also verify the applicant's experience. If the licensee who supervises the applicant is a sole proprietor, partner, or shareholder, no second signature is required.
Required Action:	Complete and verify your supervision of the applicant's experience.
When:	Upon the applicant's request. Failure to submit the Certificate of Attest Experience (Public Accounting) is viewed by the Board as an attempt to impede the applicant's certification and may result in disciplinary action.
Submit To:	California Board of Accountancy 2450 Venture Oaks Way, Suite 300 Sacramento, California 95833
Authority:	Business and Professions Code Sections 5092, 5093, 5095, and Sections 12 and 12.5 of Title 16 of the California Code of Regulations.

TYPES OF LICENSURE APPLICANTS

- Type A An applicant who **passed the Uniform CPA Exam in California**, has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.
- Type B An applicant who **passed the Uniform CPA Exam in a state other than California** and has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.
- Type C An applicant who was issued a valid license to practice public accounting in a state other than California.
- Type D An applicant who **previously was licensed as a CPA in California** and the certificate was cancelled after five years for nonpayment of license renewal fees.
- Type E An applicant who **passed the** Canadian Chartered Accountant Uniform Certified Public Accountant Qualification Examination (**CAQEX**) of the American Institute of Certified Public Accountants (AICPA) **or** the International Uniform Certified Public Accountant Qualification Examination (**IQEX**) of the AICPA and the National Association of State Boards of Accountancy (NASBA).
- Type F A California licensee originally issued a license to perform general accounting services who has now completed attest experience.



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



CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

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

PRINT OR TYPE

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

PERIOD OF EMPLOYMENT

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

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

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

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

QUALIFYING EXPERIENCE

		Yes	No
I.	A. Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?		
	B. In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?		
II.	A. Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
	B. In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
III.	A. Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?		
	B. In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
IV.	A. Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?		
	B. In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
V.	A. Does the applicant have experience in the preparation of and reporting on full disclosure financial statements?		
	B. In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?		

NUMBER OF HOURS

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

VII. Is the applicant related to anyone in your firm? Yes No (If yes, explain relationship) _____

NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Public Accounting).

See Instructions Sections 1, 2, and 3.

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

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

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

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

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

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

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

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

INSTRUCTIONS FOR COMPLETING CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

The Certificate of Attest Experience (Public Accounting) is used by licensees to communicate to the CBA the experience an applicant has obtained while under their supervision in order for the CBA to determine whether the experience meets the requirements of CBA Regulation, Section 12.5.

Public accounting experience should be of a character and variety that enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500 hours of attest experience**. It is important that very early in the applicant's employment the licensee and applicant formulate a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

1. **Qualifying Experience.**

Experience required under Items I, II, and III on the Certificate of Attest Experience (Public Accounting), it is expected the applicant will have gained attest experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have experience in planning audits. It is unnecessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries.

Typical audit planning and procedures include, but are not limited to, the following:

- a. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications, and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.
- b. Assessing risks embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.
- c. Applying appropriate analytical review procedures in performing an attestation engagement.
- d. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balances such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges.
- e. Understanding and determining the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market, and excess and obsolete inventory, etc.
- f. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable, and the reasonableness of capital accounts and revenue and expense accounts.
- g. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.
- h. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

Under Item IV on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has written comments, observations, and conclusions resulting from the work performed.

Under Item V on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has participated in the preparation of and reporting on full disclosure financial statements. The experience required under this item may be fulfilled partially by review services, if adequately supported by workpapers.

2. Experience Discussion.

The performance of financial statement audits should primarily fulfill the experience requirement. In addition, attest experience may include a combination of:

- a. Review services **to the extent they comply with the documentation of analytical procedures and the development of expectations as required by the Statements on Standards for Accounting and Review Services**. Frequently, only analytical review procedures qualify; however, the scope of work may be extended in selected areas and, thereby, may qualify. Examples include performing analytical review procedures or extending the scope of work in selected areas. Experience obtained in other areas (such as accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under CBA Regulation, Section 12.5.
- b. Other attest services including, but not limited to:
 - Statements on Auditing Standards 70.
 - Agreed-upon procedures.
 - Compliance audits.
- c. Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.**

The most frequent problems encountered by applicants with public accounting experience are:

- a. Failure to demonstrate and/or document participation in the audit planning process.
- b. Limited experience in applying audit procedures and participating in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements, financial statement preparation, and Generally Accepted Accounting Principles and Generally Accepted Auditing Standards requirements.
- c. Failure to demonstrate a reasonable awareness and understanding of current professional standards.

3. Other Sections of the Certificate of Attest Experience (Public Accounting).

- a. Summary of Attest Experience Hours (Part VI of Certificate of Attest Experience [Public Accounting]).

This summary should reflect only hours the applicant spent performing audit procedures pursuant to CBA Regulation, Section 12.5.

Experience in areas such as controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections, are **not** considered qualifying under CBA Regulation, Section 12.5.

The specific categories of experience should be completed as follows:

Audit Hours: This section should reflect only those hours spent in the planning and performing of audit procedures or other attest services in an audit engagement, and the hours spent on financial statement preparation.

Review Hours: This section should reflect only those hours spent in the performance of audit-type procedures or other attest services in a review engagement, and the hours spent on financial statement preparation. Frequently, analytical review is the only audit-type procedure performed, unless the scope in selected areas has been expanded, and audit-type procedures have been performed and documented.

Other Attest Hours: This section should reflect only those hours spent in the performance of operational audits, compliance audits, and other audits, as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the CBA.

Compilation Hours: Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers.** Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

b. Certifying an Applicant's Experience if Obtained in More Than One Office.

If a single Certificate of Attest Experience (Public Accounting) is submitted for an applicant who has obtained experience in more than one office of the same firm, a cover letter also must be submitted furnishing information as to the basis for completing the Certificate of Attest Experience (Public Accounting) for multiple offices. Alternatively, separate Certificates of Attest Experience (Public Accounting) should be submitted by the separate offices. **A separate Certificate of Attest Experience (Public Accounting) must be submitted for experience obtained outside the United States regardless of whether it was obtained from the same firm as that obtained in the United States.**

c. Responsibility Associated with Signing the Certificate of Attest Experience (Public Accounting).

All California licensees in public practice signing the Certificate of Attest Experience (Public Accounting) are subject to the provisions of the CBA Regulations, Section 69. The signers must carefully review the Certificate of Attest Experience (Public Accounting), evaluate, and judge each applicant's experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the attest experience requirements of the CBA for licensure.

If additional information would be helpful in evaluating the applicant's experience, the CBA encourages an employer to attach an explanatory letter.

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

Under CBA Regulation, Section 69, the CBA expects the documentation in support of affirmative answers on the Certificate of Attest Experience (Public Accounting) to consist of a record of engagements on which an applicant actually performed the attest procedures, the amount of time spent by the applicant on the procedures, and the aggregate amount of time spent on such engagements. Upon request, actual financial statements and supporting workpapers are required to be furnished to the CBA.

d. Current Experience.

In evaluating the experience of an applicant, emphasis is given to recent activities that demonstrate the applicant's knowledge and application of applicable professional standards. In determining currency, generally the CBA considers experience gained in the last five years. If the experience was gained prior to that time, the CBA will require the applicant to furnish evidence that he or she is knowledgeable of current practice standards and pronouncements of the profession.

e. Worksheet.

The Worksheet for Substantiation of Qualifying Experience Under CBA Regulation, Section 12.5 has been included to assist the applicant and the employer in accumulating information to support the opinions expressed on the Certificate of Attest Experience (Public Accounting). **It is not necessary to submit this worksheet with the Certificate of Attest Experience (Public Accounting).**

PERSONAL INFORMATION COLLECTION AND ACCESS

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

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

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

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

**California Board of Accountancy**2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833*phone:* (916) 263-3680 *fax:* (916) 263-3675 *web:* www.cba.ca.gov**Certificate of Attest Experience – (Private Industry or Government)
Form 11A-6 (Revised 11/17)**

Purpose: To provide evidence of an applicant's public accounting attest experience.

Applicability: Type A, B, C, and E applicants and F licensees (see reverse.)

Who Completes: The CPA holding a valid license to practice public accounting and authorized to sign reports on attest engagements who supervises the applicant's performance of attest services provided. A second licensee with a higher level of responsibility in the firm must also verify the applicant's experience. If the licensee who supervises the applicant is a sole proprietor, partner, or shareholder, no second signature is required.

Required Action: Complete and verify your supervision of the applicant's experience.

When: Upon the applicant's request. Failure to submit the Certificate of Attest Experience (Public Accounting) is viewed by the Board as an attempt to impede the applicant's certification and may result in disciplinary action.

Submit To: California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, California 95833

Authority: Business and Professions Code Sections 5092, 5093, 5095, and Sections 12 and 12.5 of Title 16 of the California Code of Regulations.

TYPES OF LICENSURE APPLICANTS

- Type A An applicant who **passed the Uniform CPA Exam in California**, has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.
- Type B An applicant who **passed the Uniform CPA Exam in a state other than California** and has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.
- Type C An applicant who was issued a valid license to practice public accounting in a state other than California.
- Type D An applicant who **previously was licensed as a CPA in California** and the certificate was cancelled after five years for nonpayment of license renewal fees.
- Type E An applicant who **passed the** Canadian Chartered Accountant Uniform Certified Public Accountant Qualification Examination (**CAQEX**) of the American Institute of Certified Public Accountants (AICPA) **or** the International Uniform Certified Public Accountant Qualification Examination (**IQEX**) of the AICPA and the National Association of State Boards of Accountancy (NASBA).
- Type F A California licensee originally issued a license to perform general accounting services who has now completed attest experience.



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



CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

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

PRINT OR TYPE

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

PERIOD OF EMPLOYMENT

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

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

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

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

		Yes	No
QUALIFYING EXPERIENCE			
I.	A. Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?		
	B. In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?		
II.	A. Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
	B. In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
III.	A. Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?		
	B. In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
IV.	A. Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?		
	B. In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
V.	A. Does the applicant have experience in the preparation of and reporting on full disclosure financial statements?		
	B. In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?		

NUMBER OF HOURS

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

VII. Is the applicant related to anyone in your firm? Yes No (If yes, explain relationship) _____

**NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Private Industry or Government).
See Instructions Sections 1, 2, and 3.**

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

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

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

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

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

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

INSTRUCTIONS FOR COMPLETING THE CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

The Certificate of Attest Experience (Private Industry or Government) is used by licensees to communicate to the CBA the experience an applicant has obtained while under their supervision in order for the CBA to determine whether the experience meets the requirements of CBA Regulation, Section 12.5.

Private industry and government accounting experience should be of a character and variety that enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500 hours of attest experience**. It is important that very early in the applicant's employment the licensee and applicant formulate a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

1. Qualifying Experience.

Under Items I, II, and III on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant will have gained attest experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have experience in planning audits. It is unnecessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries. Typical audit planning and procedures include, but are not limited to, the following:

- a. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications, and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.
- b. Assessing risks embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.
- c. Applying appropriate analytical review procedures in performing an attestation engagement.
- d. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balances such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges.
- e. Understanding and determining the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market, and excess and obsolete inventory, etc.
- f. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable, and the reasonableness of capital accounts and revenue and expense accounts.
- g. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.
- h. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

Under Item IV on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant has written comments, observations, and conclusions resulting from the work performed.

Under Item V on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant has participated in the preparation of and reporting on full disclosure financial statements. The experience required under this item may be fulfilled partially by review services, if adequately supported by workpapers.

2. Experience Discussion.

The performance of financial statement audits should primarily fulfill the experience requirement. In addition, attest experience may include a combination of:

- a. Review services **to the extent they comply with the documentation of analytical procedures and the development of expectations as required by the Statements on Standards for Accounting and Review Services**. Frequently, only analytical review procedures qualify; however, the scope of work may be extended in selected areas and, thereby, may qualify. Examples include performing analytical review procedures or extending the scope of work in selected areas. Experience obtained in other areas (such as accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under CBA Regulation, Section 12.5.
- b. Other attest services including, but not limited to:
 - Statements on Auditing Standards 70.
 - Agreed-upon procedures.
 - Compliance audits.
- c. Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.**

The most frequent problems encountered by applicants with private industry or government experience are:

- a. Limited experience in applying audit procedures and participating in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements, financial statement preparation, and U.S. Generally Accepted Accounting Principles and U.S. Generally Accepted Auditing Standards requirements.
- b. Claiming credit for general accounting work which does not qualify under Section 12.5.
- c. Claiming credit under Section 5095 for experience that has not been gained under the supervision of an individual currently licensed to practice public accounting (e.g., licensed without continuing education).
- d. Failure to demonstrate a reasonable awareness and understanding of current professional standards.
- e. Failure to demonstrate and/or document participation in the audit planning process.

3. Other Sections of the Certificate of Attest Experience (Private Industry or Government).

- a. Summary of Attest Experience Hours (Part VI of Certificate of Attest Experience [Private Industry or Government]).

This summary should reflect only hours the applicant spent performing audit procedures pursuant to CBA Regulation, Section 12.5.

Experience in areas such as controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections are **not** considered qualifying under CBA Regulation, Section 12.5.

The specific categories of experience should be completed as follows:

Audit Hours: This section should reflect only those hours spent in the planning and performing of audit procedures or other attest services in an audit engagement, and the hours spent on financial statement preparation.

Review Hours: This section should reflect only those hours spent in the performance of audit-type procedures or other attest services in a review engagement, and the hours spent on financial statement preparation. Frequently, analytical review is the only audit-type procedure performed, unless the scope in selected areas has been expanded, and audit-type procedures have been performed and documented.

Other Attest Hours: This section should reflect only those hours spent in the performance of operational audits, compliance audits, and other audits, as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the CBA.

Compilation Hours: Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers**. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

b. Responsibility Associated with Signing the Certificate of Attest Experience (Private Industry or Government).

All California licensees signing the Certificate of Attest Experience (Private Industry or Government) are subject to the provisions of the CBA Regulations, Section 69. The signers must carefully review the Certificate of Attest Experience (Private Industry or Government), evaluate, and judge each applicant's experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the attest experience requirements of the CBA for licensure.

If additional information would be helpful in evaluating the applicant's experience, the CBA encourages an employer to attach an explanatory letter.

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

Under CBA Regulation, Section 69, the CBA expects the documentation in support of affirmative answers on the Certificate of Attest Experience (Private Industry or Government) to consist of a record of engagements on which an applicant actually performed the attest procedures, the amount of time spent by the applicant on the procedures, and the aggregate amount of time spent on such engagements. Upon request, actual financial statements and supporting workpapers are required to be furnished to the CBA.

c. Current Experience.

In evaluating the experience of an applicant, emphasis is given to recent activities that demonstrate the applicant's knowledge and application of applicable professional standards. In determining currency, generally the CBA considers experience gained in the last five years. If the experience was gained prior to that time, the CBA will require the applicant to furnish evidence that he or she is knowledgeable of current practice standards and pronouncements of the profession.

d. Worksheet.

The Worksheet for Substantiation of Qualifying Experience Under CBA Regulation, Section 12.5 has been included to assist the applicant and the employer in accumulating information to support the opinions expressed on the Certificate of Attest Experience (Private Industry or Government). **It is not necessary to submit this worksheet with the Certificate of Attest Experience (Private Industry or Government).**

PERSONAL INFORMATION COLLECTION AND ACCESS

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

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

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

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



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

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



CBA Item X.B.
November 18-19, 2021

Discussion and Possible Action Regarding Future Consideration of the Attest and General Accounting Experience Requirements, Including Possible Modifications

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

The purpose of this agenda item is to provide the opportunity for the California Board of Accountancy (CBA) to discuss the possibility of establishing a framework for discussions on exploring the experience requirements for CPA licensure, including possible modifications.

Consumer Protection Objectives

Ensuring the CBA maintains appropriate experience requirements for initial CPA licensure helps ensure that applicants enter the practice of accountancy with knowledge of applicable professional standards.

Action(s) Needed

Staff is requesting that the CBA consider establishing a framework to explore the experience requirement for CPA licensure, including possible modifications.

Background

A background on the creation of the general accounting experience requirement was provided under **CBA Agenda Item X.A.**

Comments

This section will focus on two key areas:

1. Recent policy issues and concerns surrounding the general accounting and attest experience requirements.
2. Possible frameworks the CBA could consider in exploring the general accounting and attest experience requirements.

Discussion and Possible Action Regarding Future Consideration of the Attest and General Accounting Experience Requirements, Including Possible Modifications

Page 2 of 7

Recent Policy Issues and Concerns Regarding the General Accounting and Attest Experience Requirements

Recently, staff have identified some ongoing policy issues regarding the general accounting and attest experience requirements, one of which the CBA has been discussing in greater detail since 2019. While there are likely more issues than the ones identified by staff, the three noted below are the ones staff have recently identified.

1. Accounting firms that provide attest services when the firms' ownership is comprised solely of CPAs who are not authorized to sign reports on attest engagements.
2. Licensees who are owners of accounting firms and want to obtain the necessary experience to convert their license to include the authority to sign attest reports.
3. Reciprocal licenses issued under Business and Professions Code (BPC) section 5087.

Accounting Firms That Provide Attest Services When the Firms' Ownership is Comprised Solely of CPAs Who are Not Authorized to Sign Reports on Attest Engagements

Since about 2019, the CBA has been discussing the topic of accounting firms that provide attest services when the firms' ownership is comprised solely of CPAs who are not authorized to sign reports on attest engagements. Over the course of several discussions, the Committee on Professional Conduct recommended and the CBA adopted the following associated with increasing consumer protection around this issue:

1. Disclose to their peer reviewers that no owner is authorized to sign reports on attest engagements.
2. Include in their engagement letters for attest services, a notification to the client of the name and license number of the CPA that the firm has authorized to sign the attest report on behalf of the accounting firm.
3. Require ownership take the same responsibilities as accounting firms or as if they were the licensees who performed the engagement.
4. Require accounting firms to make available the working papers to the licensee who signed the report on the attest engagement should the licensee no longer be employed with the accounting firm for purposes of any investigation conducted by the CBA.

At its September 2021 meeting, the CBA took steps to initiate regulatory changes to set in motion modifications to address Items 1 (peer reviewer notification) and 2 (notification to clients). Staff are exploring how best to accomplish Items 3 and 4 via statute, regulations, or a combination of both. Since the last meeting, a slight (yet significant) variation to this issue has come up that has caused staff to pause on the policy issues under consideration by the CBA.

Discussion and Possible Action Regarding Future Consideration of the Attest and General Accounting Experience Requirements, Including Possible Modifications

Page 3 of 7

During the prior discussions on this topic, the CBA and staff have viewed this issue through the lens of accounting firms with a separate corporation or partnership license, even if the corporate license was simply an incorporated sole proprietorship. Recently, staff have considered the implications of this when individuals are operating a sole proprietorship using solely their respective individual CPA license. Specifically, CPAs who operate as an unincorporated sole proprietorship (possibly using a fictitious name permit¹) who have employees or possibly contract with another CPA to sign a report on an attest engagement though the sole proprietor who is not authorized to sign reports on attest engagements.

This new subset creates a different concern for the CBA. Corporation and Partnership licensees are not inherently restricted. The CBA does not issue these licenses with an authority to sign reports on attest engagements. These licenses can perform the full scope of work, dependent on who actually signs the engagement.

The same is not true for unincorporated sole proprietorships. While the CBA defines accounting firms to include sole proprietorships (BPC section 5035.1), these individuals could have inherent limitations on the scope of work they are authorized to sign. Given BPC section 5035.1 combined with the present notification requirements in California Code of Regulations, title 16, section 50.1², an argument could be made for the following scenario:

- Unincorporated sole proprietorships who use their personal CPA license without authority to sign reports on attest engagements that have employees or hire a contractor (either of whom have a CPA license to sign attest reports), could issue attest reports under the CPA license of the sole proprietorship that is not authorized to sign reports on attest engagements.

As noted in **CBA Agenda Item X.A.**, the Legislature took steps to create a distinction between CPA licenses that have the authority to sign reports on attest engagements and those that do not. While an argument could be made for the scenario noted above, an argument could be made that it would not be authorized. The Legislature took steps to create a distinction for individual licenses creating one with and one without the authority to sign reports on attest engagements.

It would seem that the scenario outlined on the prior page could be seen as circumventing the Legislature's intent. The scenario, in essence, allows for CPAs with a

¹ CBA Regulations section 67 states: "No sole proprietor may practice under a name other than the name set forth on his or her permit to practice unless such name has been registered with the [CBA]. Any registration issued under this section shall expire five years after the date of issuance unless renewed prior to its expiration."

² CBA Regulations section 50.1 requires that these accounting firms provide written notice to a client or prospective client about the fact that these accounting firms do not have an owner who is authorized to sign reports on attest engagements.

Discussion and Possible Action Regarding Future Consideration of the Attest and General Accounting Experience Requirements, Including Possible Modifications

Page 4 of 7

license not authorized to sign reports on attest engagements to now be able to have those reports signed under their respective license, yet they are not authorized to on their own.

Given this “gray area” and differing interpretations of the application of the law, combined with the Legislature’s original intent about the service to be performed under a general license, it would seem prudent the CBA discuss this matter in greater detail to determine whether this scenario should or should not be allowable. Either way, the law should be modified to better reflect the ultimate outcome.

Licensees Who are Owners of Accounting Firms and Want to Obtain the Necessary Experience to Convert Their License to Include the Authority to Sign Reports on Attest Engagements

The CBA has begun receiving inquiries from CPAs who were issued a license with general accounting experience wanting to convert to having their license with attest authority; however, these CPAs are owners of accounting firms. While the CBA receives conversion applications regularly (as noted in the **CBA Agenda Item X.A.**), these are received from CPAs who are employees.

As noted in the prior item, in order for experience to qualify, applicants’ supervisor shall have reviewed and evaluated the qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant. This model centers on an employer-employee relationship.

CPAs who own their own practice have begun inquiring if they could have an employee at their accounting firm who has a CPA license issued with the authority to sign reports on attest engagements to sign off on the *Certificate of Attest Experience*. Staff have informed these individuals that an employee cannot be in a position to meet the regulation as presently defined. Specifically, there is not a reasonable way that an employee can have authority and oversight over owners of the accounting firm.

The present definition for supervision has been in place for nearly a decade. At the time the definition was drafted, it was designed to ensure that a clear employer-employee relationship existed so that the CBA could have a level of assurance regarding the supervision of the experience. The CBA never contemplated the need to have a definition that would allow for owners to have their worked supervised as a means to convert licenses to the attest authority.

With the CPA population markedly shifting to more applicants being approved for a license with general accounting experience, there is likely a need for the CBA to take steps to ensure these CPAs have an avenue to obtaining authority to sign reports on attest engagements. Absent taking steps, the population of available CPAs to perform attest work could reduce to a level that would minimize consumers’ choices on who can provide these important services.

Discussion and Possible Action Regarding Future Consideration of the Attest and General Accounting Experience Requirements, Including Possible Modifications

Page 5 of 7

Reciprocal Licenses Issued Under Business and Professions Code Section 5087

Since around 1995, the Accountancy Act has included a section to address reciprocal licenses. The Accountancy Act does not provide for a straight reciprocal license, but does create a more streamlined approach to licensure for individuals licensed in another state. BPC section 5087 provides the statutory mechanism for evaluating the education, examination, and experience requirements of individuals licensed in another state.

Specifically, BPC section 5087 states:

(a) The board may issue a certified public accountant license to any applicant who is a holder of a current, active, and unrestricted certified public accountant license issued under the laws of any state, if the board determines that the standards under which the applicant received the license are substantially equivalent to the standards of education, examination, and experience established under this chapter and the applicant has not committed acts or crimes constituting grounds for denial under Section 480. To be authorized to sign reports on attest engagements, the applicant shall meet the requirements of Section 5095.

(b) The board may in particular cases waive any of the requirements regarding the circumstances in which the various parts of the examination were to be passed for an applicant from another state.

To effectively implement BPC section 5087, the CBA has adopted CBA Regulations section 36.1. For the CBA to consider issuing a license under the requirements of BPC section 5087, licensees must have been licensed to practice public accountancy (active status) for four of the last 10 years preceding the date of application.

As it pertains to the experience requirement under which the CBA will issue the license, applicants identify whether they wish to receive a license with general accounting experience or attest experience. For those seeking to have a license issued with attest experience, BPC section 5087 requires they meet the requirements under BPC section 5095 (which require individuals to have attest experience to the satisfaction of the CBA). CBA Regulations section 36.1, subsection (c), states:

An applicant pursuant to [BPC section] 5087 may be considered to have met the attest experience requirement of [BPC section] 5095 if the applicant shows to the satisfaction of the [CBA] that [they have] been authorized to provide attest services and engaged in the practice of public accounting as a Certified Public Accountant in another state for four of the ten years preceding the date of application for a California license.

Therefore, if the state authorizes individuals to sign reports on attest engagements and they have been in practice four of the past 10 years, the CBA will issue the license with the authority to sign reports on attest engagements. Given that most, if not all, of states issue licenses with the only requirement being general accounting experience and this allows them to sign reports on attest engagements, these individuals qualify for a CPA license with the attest authority.

Discussion and Possible Action Regarding Future Consideration of the Attest and General Accounting Experience Requirements, Including Possible Modifications

Page 6 of 7

While this creates increased reciprocity for individuals seeking licensure in California, it may be that these individuals have never engaged in the attest functions or have not done so in some time, yet they are authorized to sign attest reports.

Possible Frameworks the CBA Could Consider in Exploring the General and Attest Experience Requirements

The CBA needs to examine each of the above issues, including any that it also identifies, and develop solutions to address them. It would seem the CBA has a number of options to consider in resolving the issues.

These could include creating additional guardrails for the signing of attest reports, creating avenues for owners with licenses issued with general accounting experience the ability to convert their license to one with attest authority, etc. There is also the possibility of considering the future of requiring attest authority or shifting the authority to the accounting firms.

Given the complex issues regarding this important licensure topic, in addition to other policy issues the CBA may identify, staff are providing the CBA with some options for it to consider for further discussion on this topic. These include:

1. Assign the topic to the Committee on Professional Conduct
2. Maintain the discussions and deliberations at the full CBA
3. Establish a taskforce to perform the work and make recommendations to the CBA

Staff would recommend that the CBA assign the topic to a taskforce. This will allow the CBA President to select individuals with a range of knowledge, experience, and background to serve on the taskforce. While the CBA does provide for public comment at all of its meetings, and would do so for any agenda items surrounding this topic, having members of the public serve on the committee as active participants may provide the CBA with a more active and involved membership.

For any group who eventually studies this topic, in addition to discussing the topics identified previously identified and any identified by the CBA, the CBA may wish to consider the following:

- CPA Evolution: The impact CPA Evolution will have on the education and examination requirements for licensure. Given the significant modifications to the Uniform CPA Examination and how educational institutions will adjust to meet the needs of the profession, it may have an impact on the CBA's final decisions surrounding the experience requirements for California licensure.
- Uniform Accountancy Act (UAA) Attest Accounting Firms: In or around 2019, the National Association of State Board of Accountancy (NASBA) and American Institute of CPAs created a UAA Experience Task Force. The purpose of the

Discussion and Possible Action Regarding Future Consideration of the Attest and General Accounting Experience Requirements, Including Possible Modifications

Page 7 of 7

Experience Task Force was to discuss whether additional experience was needed for signing reports on attest engagements. NASBA provided some high level overviews of the Experience Task Force's work at its 2019 Annual Meeting. The discussion focused on possible requirements to place on the accounting firms related to personnel having a specified number of hours in performing attest services during a period of time. Since NASBA's 2019 Annual Meeting nothing further has been provided. It would be prudent for further exploration on this topic to see if any additional information will be forthcoming from NASBA.

- CBA Attest Study: As noted in **CBA Agenda Item X.A.**, when the CBA previously discussed this topic, one step it took to aid in its final conclusions was to conduct an attest study. This survey should be reviewed to provide a snapshot in time (in 2015) of how stakeholders viewed the need to maintain an attest experience requirement.

Fiscal/Economic Impact Considerations

If the CBA establishes a taskforce to review and make recommendations to the CBA regarding the experience requirement for CPA licensure, there will be minor costs associated with non-CBA members' per diem.

Recommendation

Staff recommend that the CBA establish a taskforce to discuss this topic and provide input and recommendations to the CBA on the general accounting and attest experience requirements. If the CBA does elect to move forward with a taskforce, staff have prepared **CBA Agenda Item X.C.** to assist in framework for the taskforce.

Attachment(s)

None.



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 X.C.
November 18-19, 2021

Discussion and Possible Action for Developing a Framework for Establishing a Taskforce to Evaluate the Attest and General Accounting Experience Requirements

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

The purpose of this item is to provide the California Board of Accountancy with information designed to assist in developing a framework for establishing a taskforce to evaluate the attest and general accounting experience requirements.

Consumer Protection Objectives

Ensuring the CBA maintains appropriate experience requirements for initial CPA licensure helps ensure that applicants enter the practice of accountancy with knowledge of applicable professional standards.

Action(s) Needed

The CBA is being asked to establish the objective and composition of a taskforce to examine the experience requirements for CPA licensure.

Background

A background on the creation of the general accounting experience requirements was provided under **CBA Agenda Item X.A.**

Comments

Under **CBA Agenda Item X.B.**, staff outlined three policy issues centered around the application of the general accounting and attest experience requirements. Staff need direction from the CBA regarding how to address and handle these particular issues going forward. As noted in the prior agenda item, there are likely more issues that may arise during a comprehensive dialogue on the topic of the California's experience requirement for CPA licensure.

This item is necessary if the CBA adopted a recommendation to evaluate the experience requirement through the use of a taskforce. Provided below is information regarding initial items the CBA will need to develop and establish in order to have a taskforce begin work on evaluating the experience requirement.

Discussion and Possible Action for Developing a Framework for Establishing a Taskforce to Evaluate the Attest and General Accounting Experience Requirements

Page 2 of 4

Objective of the Taskforce

The CBA needs to define the objective of the taskforce and also the guideposts by which the taskforce should perform its work. When the CBA undertook the CBA Attest Study, the following question was used to help guide discussions:

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?

Staff believe this is an appropriate question to use as the CBA embarks on an evaluation of the experience requirements.

Depending on a taskforce recommendation to this question, it would necessitate that the taskforce do either of the following:

- Develop a method to eliminate the attest experience requirement, including what backstops would be put in place to offset the elimination of the attest experience requirement (e.g. attest accounting firm licensure/registration).
- Provide recommendations to the CBA on how to address the policy issues raised in **CBA Agenda Item X.B.**, including any additional policy issues identified by the CBA, taskforce, or staff.

To help aid the taskforce in its examination of the guiding question above and any recommendations made as a result of the taskforce's discussion, staff would recommend that the CBA direct that taskforce to use the following questions as part of its decision-making process:¹

- What is the problem the CBA is attempting to solve?
- Who will be impacted and how will they be impacted?
- How will the final outcome further the CBA's primary mandate of consumer protection?

Composition of Membership

As noted in the **CBA Agenda Item X.A.**, the CBA established the Taskforce to Examine Experience for CPA Licensure (TEEL) in 2013 to discuss this same topic. Then past-President Leslie J. LaManna, CPA, appointed individuals from a cross-section of the public and accounting profession. TEEL included the following membership (the positions noted were those the members held at the time of appointment):

- Manual Ramirez, CPA, Chair (CBA member, licensee member)

¹ These were the same three questions TEEL used in its overall examination of the experience requirements.

Discussion and Possible Action for Developing a Framework for Establishing a Taskforce to Evaluate the Attest and General Accounting Experience Requirements

Page 3 of 4

- Sarah (Sally) Anderson, CPA (CBA member, licensee member)
- Marshal A. Oldman, Esq. (CBA member, public member)
- Larry Kaplan, (CBA member, public member)
- Dan Dustin, (Vice-President, State Board Relations, National Association of State Boards of Accountancy)
- Ed Howard, Esq. (Senior Counsel for the Center for Public Interest Law)
- Kris Mapes, CPA (Qualification Committee)
- Gary McBride, J.D., LL.M (Taxation), CPA (Professor at California State University, East Bay) (Mr. McBride holds a license issued with general accounting experience.)
- Hal Schultz, CPA (California Society of CPAs)

Staff would recommend a similar composition for the taskforce to include at a minimum, the following:

- CBA members (two to four members evenly split between public and licensee members)
- Member representing the accounting profession
- National Association of State Board of Accountancy member
- Member representing consumers
- Member with a CPA license issued with general experience
- Member of academia

A composition as described above would provide the CBA the opportunity to have an active voice on the taskforce, while also having other members serve who have the professional experiences to offer insight on the impact of the attest and general accounting experience requirements. The composition would include seven to nine members.

Fiscal/Economic Impact Considerations

If the CBA establishes a taskforce to review and make recommendations to the CBA regarding the experience requirements for CPA licensure, there will be minor costs associated with non-CBA members' per diem.

Recommendation

Staff recommend the following:

Objective of the Taskforce

The CBA direct the taskforce use the following guiding question for the taskforce:

Discussion and Possible Action for Developing a Framework for Establishing a Taskforce to Evaluate the Attest and General Accounting Experience Requirements

Page 4 of 4

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?

Additionally, the CBA direct the taskforce to use the following questions during its decision-making process:

- What is the problem the CBA is attempting to solve?
- Who will be impacted and how will they be impacted?
- How will the final outcome further the CBA's primary mandate of consumer protection?

Composition of the Taskforce

The CBA establish a taskforce composition to include:

- CBA members (two to four members evenly split between public and licensee members)
- Member representing the accounting profession
- National Association of State Board of Accountancy member
- Member representing consumers
- Member with a CPA license issued with general experience
- Member of academia

Additionally, staff would recommend that the CBA delegate appoint of the various member of the taskforce to the incoming CBA President.

Attachment(s)

None.

Report of the ADMINISTRATION DIVISION

Units: Administration, Information and Planning, Information Technology

California Board of Accountancy by the Numbers



Administration Unit

Facilities and COVID-19 Testing

The Department of Consumer Affairs (DCA) launched employee COVID-19 testing, which requires any state employee who has not provided proof of vaccination to submit to weekly COVID-19 testing. California Board of Accountancy (CBA) staff who fit this category are required to test on Thursday mornings between 8:00 a.m. and 9:00 a.m.

Planning for 2022

Staff across all CBA divisions are working on various activities in preparation for the New Year. Some of those activities include:

- **New Leadership Roundtable**
Each year, the newly elected CBA Leadership meets to identify and discuss priorities for the upcoming year. The meeting assists in establishing goals, topics for CBA meetings, and sets expectations.
- **Chair/Vice-Chair Training**
In prior years, staff have scheduled a Chair/Vice-Chair training session to assist new leadership of all committees in better understanding their role and providing guidance on conducting meetings and leading discussions. A training will be scheduled in January 2022 and additional information will be forthcoming.
- **Updates to the CBA Guidelines and Procedures Manual**
New information and clarification guidance will be presented for CBA consideration in the 2022 version of the CBA Guidelines and Procedures Manual.

State Leadership Accountability Act

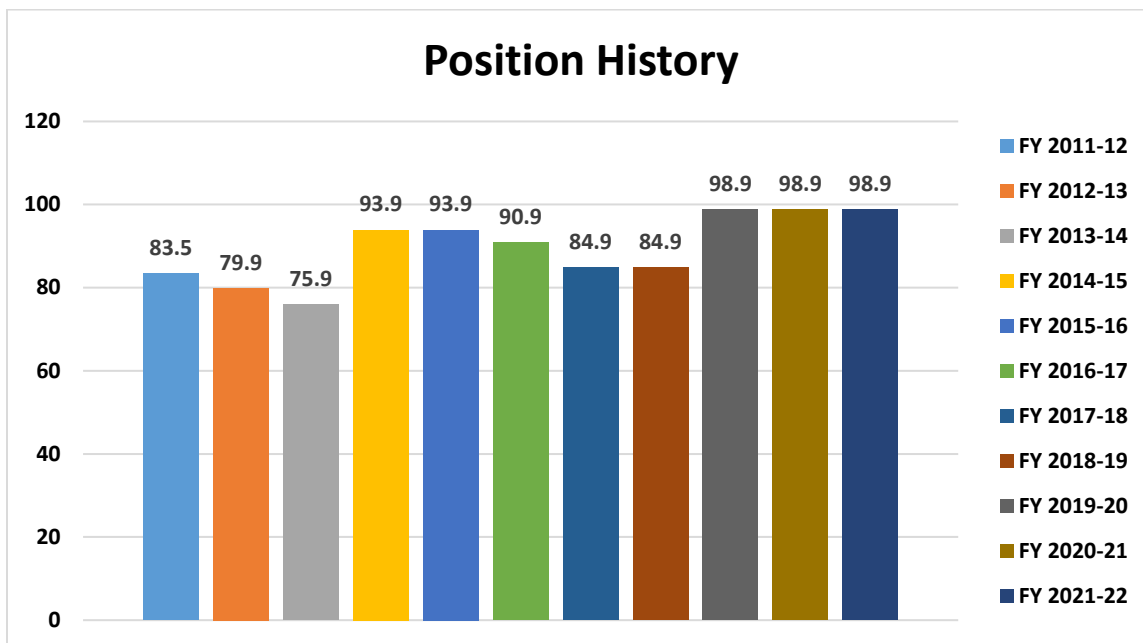
The Department of Finance (DOF) coordinates the statewide reporting for the State Leadership Accountability Act (SLAA). The SLAA report is required pursuant to Government Code sections 13400-13407. The SLAA requires all state agencies to monitor their internal control systems to minimize fraud, errors, waste, and abuse of government funds. The Act also requires each agency to report biennially on the adequacy of its control systems.

The CBA submitted its draft 2021 SLAA report to DCA in November for review. Once DCA and the Business, Consumer Services, and Housing Agency reviews, the report will be finalized and posted on both the DOF and CBA websites.

The first implementation plans, which are assessed and updated every six months, are due June 30, 2022.

Staffing Update

Total Number of Positions	98.9
Vacancies (Attachment)	11.0
Vacancy Rate	11%



Information and Planning Unit

Legislation Update

Implementation Activities

The CBA's Legislative Analyst has begun implementation activities following the passage of several bills. An overview will be provided during the Legislative Committee Meeting. Work is also underway for possible legislation for 2022. An update on this will be provided during the January 2022 CBA Meeting.

Regulations Update

Staff are making significant progress on the CBA rulemaking packages. In conjunction with DCA Legal and Regulatory Unit staff, several interactive meetings have been held to address questions and comments regarding the technical documents needed to support the rulemaking.

Below is an overview and status of the pending rulemaking packages:

Subject	Section	Status
Attest Experience Form	12.5	Approved by the Office of Administrative Law
Practice Privilege Notification Form	19	Under review by the Office of Administrative Law
Fee Increase	70	Pending final review by the DCA
Satisfactory Evidence	2.8	Public Hearing Scheduled for December 28, 2021
Sale, Transfer, or Discontinuance of Practice	54.3 and 54.4	Second public hearing scheduled for January 6, 2022
Continuing Education – Nano and Blended Learning, Reduction of Fraud hours/CE Model Standards	87, 88, 88.1, 88.2, 89, 90	DCA reviewing changes to the Notice, Initial Statement of Reasons, and Text
Continuous Testing for Uniform CPA Examination	7.1	CBA staff are working with DCA Regulatory Unit staff on documents

Information Technology Unit

New Information Technology (IT) Equipment

In June 2021, the CBA completed purchase requests to replace the aging inventory of IT equipment. The purchases are a mix of laptops, personal computers, and monitors. Due to low inventory and supply chain issues, the CBA continues to wait for all equipment to arrive. Distribution will occur on a flow basis as it is received and after IT staff complete the necessary setup process.

CBA's IT Help Desk

The CBA has an online help desk ticket system, where staff can request assistance with any IT matter. All IT staff monitor the tickets to assist as necessary. To date, the IT staff has responded and addressed approximately 400 requests for assistance.

THE PATHWAY TO YOUR CPA

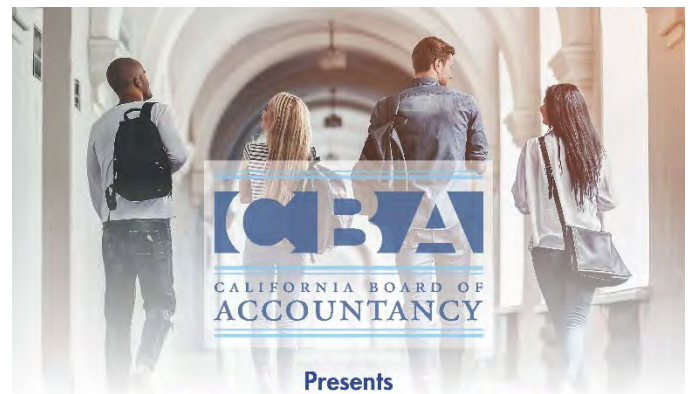
The California Board of Accountancy (CBA) hosted its own virtual outreach event titled, “The Pathway to Your CPA” on Wednesday, October 20. More than 300 individuals attended the event, which was designed for accounting students and others throughout the state interested in becoming a CPA. A recording of the event was posted on YouTube, and is [linked to from the CBA website](#).

President Nancy J. Corrigan, CPA, gave a presentation about the role of the CBA, and took part in a panel discussion that also featured Vice-President Michael M. Savoy, CPA, former Peer Review Oversight Committee Chair and Enforcement Advisory Committee member Robert A. Lee, CPA, and Michael Hurley, CPA. The informative discussion touched on how the CPA title has benefitted their careers, the variety of jobs available to a CPA, tips for a successful entry into the accounting profession, and the importance of ethics to CPAs.

Examination Unit Manager Denise Murata presented on the requirements to sit for the Uniform CPA Examination (CPA Exam), Information and Planning Analyst David Hemphill hosted the event and presented on the requirements for CPA licensure, and staff members Jennifer Jackson and Diane Edwards handled the Q&A segment at the end of the evening. They answered a large number of attendee’s questions regarding specific aspects of the examination and licensure requirements. Questions were also directed to the panelists during this segment, with participants asking them about the most interesting Boards they’ve sat on, advice about transitioning from private to public accounting, and more.

Staff worked with the Department of Consumer Affairs (DCA) to create a flyer used for promotion of the event (pictured at right). A [page was created](#) on the CBA website which provided details of the event, with a link to it from the Announcements Box on the home page. Many [social media posts](#) also raised awareness for the event.

The CBA would like to thank everyone who helped us promote this event, including the California Society of CPAs, our contacts at colleges and universities around the state, and the DCA.



Presents
The Pathway to Your CPA
Wednesday, October 20, 6:00 – 7:30 p.m.

<p>PRESENTATIONS INCLUDE:</p> <ul style="list-style-type: none"> • Role of the CBA • Requirements to take the Uniform CPA Exam • Requirements for a CPA license 	<p>CPA PANEL DISCUSSION FEATURING</p>  <p>CBA President: Nancy J. Corrigan, CPA CBA Vice President: Michael M. Savoy, CPA along with Robert A. Lee, CPA, and more</p> <p>TOPICS INCLUDE:</p> <ul style="list-style-type: none"> • Tips for successful entry into accounting profession • Variety of job opportunities as a CPA • Importance of ethics for a CPA
---	---



2022-24 STRATEGIC PLAN UPDATE

The Environmental Scan will be presented at the November CBA meeting as part of the Strategic Planning Workshop. DCA’s Strategic Organizational Leadership and Individual Development (SOLID) Planning Solutions staff has been hard at work compiling the more than 3,000 responses received to the Strategic Plan online survey. The workshop will ultimately result in the draft 2022-24 CBA Strategic Plan, to be presented at a future meeting for approval.

RECRUITMENT VIDEOS

Two videos focusing on recruiting candidates to fill open positions on the CBA and its advisory committees were completed in September. The videos, featuring President Corrigan, were posted to the Opportunities to Serve page on the CBA website, and also on CBA social media platforms. One of the videos, regarding serving on the CBA, has been viewed nearly 650 times. The videos are the latest phase of our campaign to raise awareness of the need for licensees to fill these vacancies.

FREE CONTINUING EDUCATION COURSES

KPMG LLP created an ethics-based series of continuing education (CE) courses, which are available to all California CPAs at no cost. The series consists of four courses, which can be used for four hours towards the CE requirement for license renewal.

A banner was created (seen at right), which is prominently displayed on the CBA website’s homepage. The banner links to a landing page where those interested in taking the free courses can find instructions on how to register.



E-NEWS

E-News Subscriptions	Total
Consumer Interest	5,194
Examination Applicant	3,288
Licensing Applicant	4,013
California Licensee	11,050
Out-of-State Licensee	2,766
Statutory/Regulatory	8,921
CBA Meeting Information & Agenda Materials	4,393
UPDATE Publication	8,912
Total Subscriptions	48,537

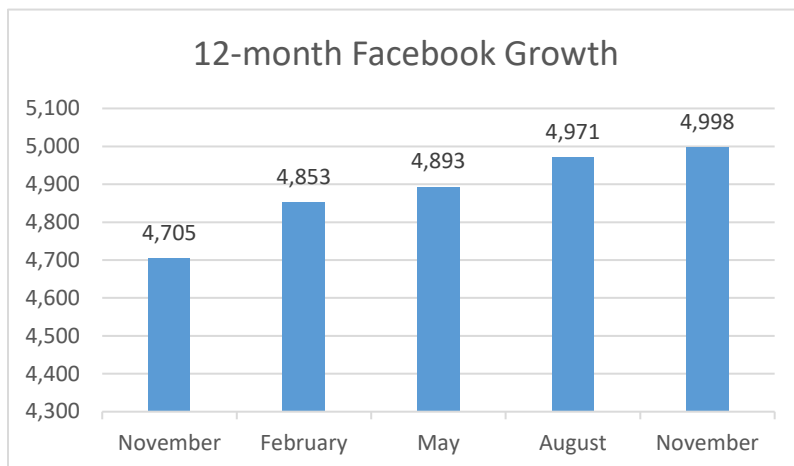
EMAIL REGISTRATION

Licensee Email Registrations	Total	Percentage
Licensees With Confirmed Email Address	22,246	20.9%
Licensees With Unconfirmed Email Address	64,137	60.2%
Licensees With No Email Address on File	20,077	18.9%

SOCIAL MEDIA

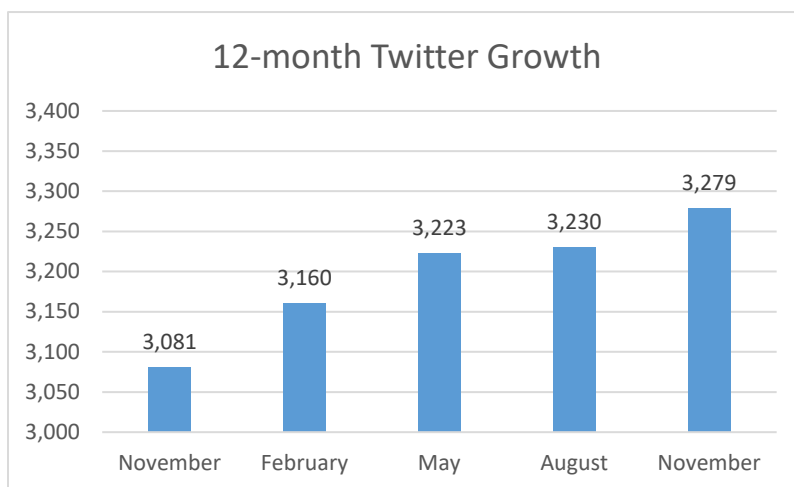
The CBA's social media platforms now have over 10,000 followers! The benchmark was anticipated to be reached by the end of 2021, but happened sooner than expected, in the third week of October. One of the [most successful posts](#) of the past couple months was the announcement of the passage of Assembly Bill 298, which allows individuals to apply to sit for the CPA Exam six months before completing their required education. The social media post reached almost 3,000 individuals thanks to it being shared 28 times.

The following charts show the growth of CBA social profiles over the past 12 months:



Total followers: 4,998

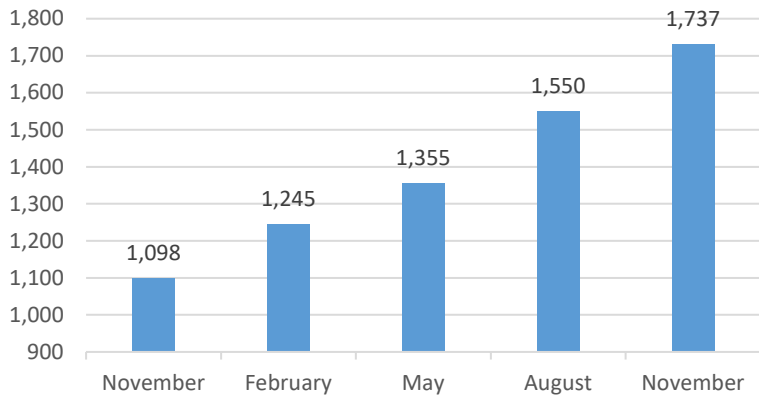
Growth last 3 mos.: +27, +0.5%
Growth last 12 mos.: +293, +6.2%



Total followers: 3,279

Growth last 3 mos.: 49, 1.5%
Growth last 12 mos.: +198, +6.4%

12-month LinkedIn Growth



Total followers: 1,737

Growth last 3 mos.: +187, +12.1%
Growth last 12 mos.: +639, +58.2%



California Board of Accountancy

ENFORCEMENT ACTIVITY REPORT

www.cba.ca.gov

As of September 30, 2021

COMPLAINTS RECEIVED

The California Board of Accountancy’s (CBA) Enforcement Division receives complaints from both internal and external sources. Complaints received are issued complaint numbers and assigned a Complaint Type (CT) based on the initial matter identified. The CT may change as the case investigation proceeds and may result in multiple violations.

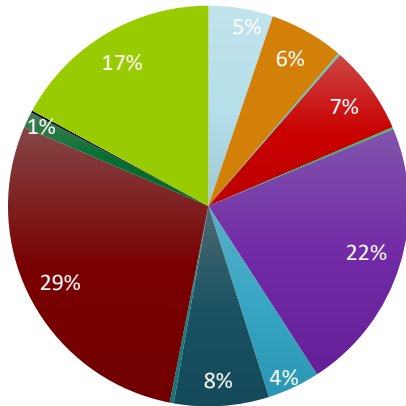
Complaints/Records of Convictions Received

<p>FY 2021/22 (3 months of data)</p>	<p>614 Received – Internal 313 – External 301</p>
<p>FY 2020/21</p>	<p>2,729 Received – Internal 1,294 – External 1,435</p>
<p>FY 2019/20</p>	<p>2,295 Received – Internal 1,506 – External 789</p>

- For the first quarter of fiscal year (FY) 2021/22, the CBA received 614 complaints, with 51% of these complaints being internal referrals. The total number of complaints received has increased by 34% compared to the same period in FY 2020/21.

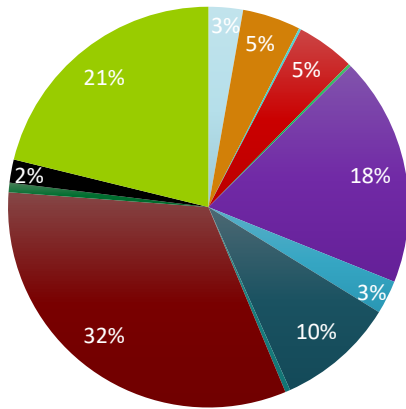
COMPLAINT TYPES RECEIVED

Fiscal Year 2021/2022



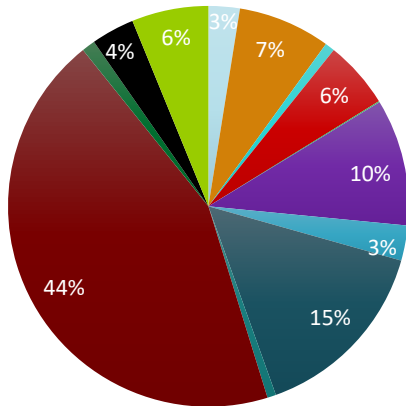
- Accountancy Licensee Database (32, 5%)
- Applications (37, 6%)
- Audit (1, >0%)
- Convictions and Subsequent Arrest (44, 7%)
- Employee Benefit Plan Audit (1, >0%)
- Other (136, 22%)
- PCAOB/SEC and Out-of-State (26, 5%)
- Peer Review Related (47, 8%)
- Practice Privilege (2, >0%)
- Renewal Deficiency (174, 29%)
- Reportable Events (8, 1%)
- Tax (1, >0%)
- Unlicensed Activity (105, 17%)

Fiscal Year 2020/2021



- Accountancy Licensee Database (76, 3%)
- Applications (128, 5%)
- Audit (5, >0%)
- Convictions and Subsequent Arrest (128, 5%)
- Employee Benefit Plan Audit (6, >0%)
- Other (505, 18%)
- PCAOB/SEC and Out-of-State (74, 3%)
- Peer Review Related (260, 10%)
- Practice Privilege (11, >0%)
- Renewal Deficiency (886, 32%)
- Reportable Events (21, 1%)
- Tax (51, 2%)
- Unlicensed Activity (578, 21%)

Fiscal Year 2019/2020



- Accountancy Licensee Database (58, 3%)
- Applications (171, 7%)
- Audit (18, 1%)
- Convictions and Subsequent Arrest (125, 5%)
- Employee Benefit Plan Audit (2, >0%)
- Other (235, 10%)
- PCAOB/SEC and Out-of-State (65, 3%)
- Peer Review Related (348, 15%)
- Practice Privilege (16, 1%)
- Renewal Deficiency (1,010, 44%)
- Reportable Events (25, 1%)
- Tax (80, 4%)
- Unlicensed Activity (142, 6%)

“Other” may include cases involving: Breach of Confidential Relationship, Advertising, Record Retention, and Fiscal Dishonesty. The volumes of these cases are low, and do not warrant individual categorization.

INVESTIGATIONS

The number of complaints assigned for investigations and closed.

Investigations	FY 2019/20	FY 2020/21	FY 2021/22 3 months of data
Investigations Assigned	2,295	2,729	614
Investigations Closed	2,199	2,692	676
Average Days to Close	82	113	88

- The average number of days to close decreased from the last report, from 113 to 88.

Investigations Closed	FY 2021/22 3 months of data
Total Closed	676
Closed within 0-6 Months	545
Closed within 6-12 Months	124
Closed within 12-18 Months	3
Closed within 18-21 Months	1
Closed within 21-24 Months	0
Closed >24 Months	3

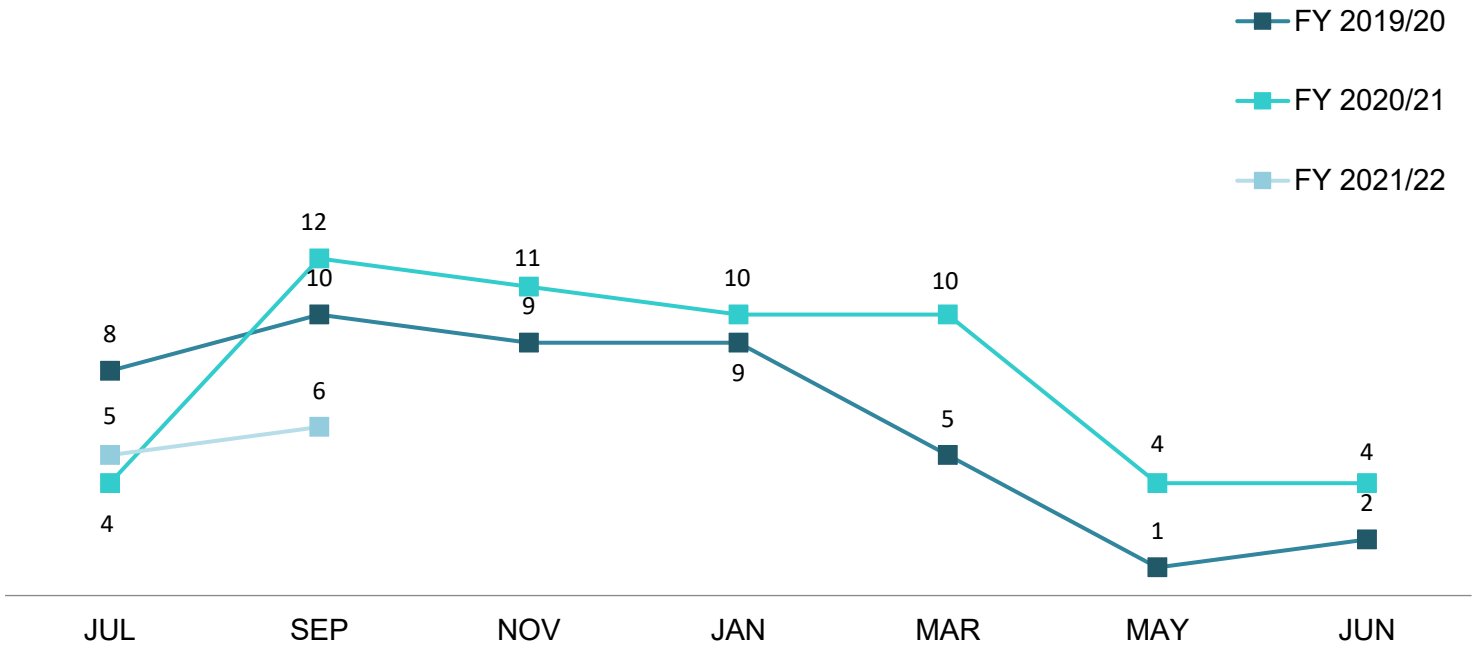
- Of the total 676 investigations closed in FY 2021/22, 545 or 81% were closed within six months from the initial complaint investigation date. Further, 669 investigations or 99% were closed within one year.

INVESTIGATIONS PENDING

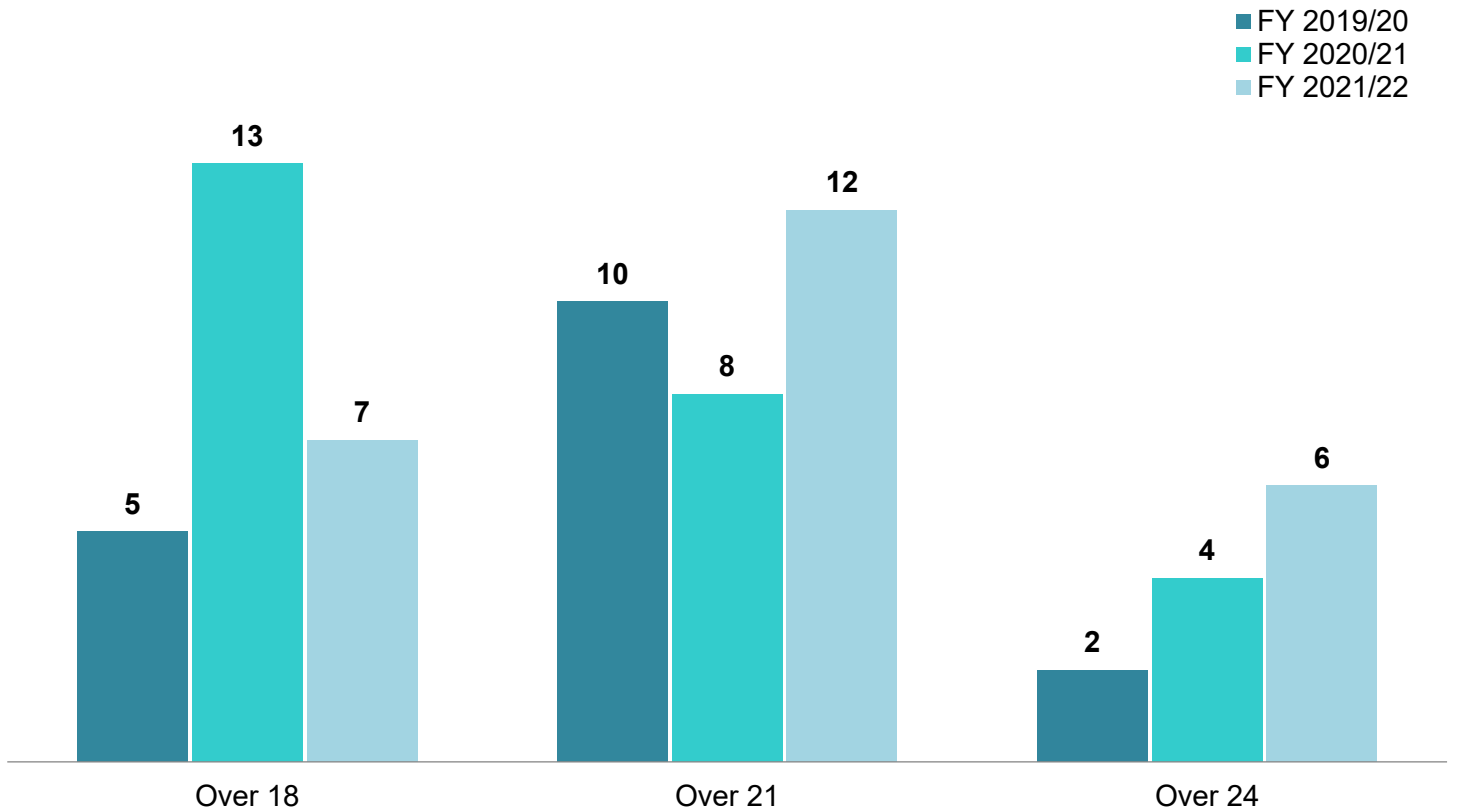
Investigations Pending	FY 2019/20	FY 2020/21	FY 2021/22 3 months of data
Total Investigations Pending	684	779	718
0-6 Months	446	686	539
6-12 Months	189	56	142
12-18 Months	32	12	12
18-21 Months	5	13	7
21-24 Months	10	8	12
>24 Months	2	4	6
Average Age of Open Cases (days)	169	110	132

- Of the total 718 pending cases as of September 30, 2021 75% were less than six months old and approximately 95% were less than one year old.
- Of the six investigations pending over 24 months, one accusation will be filed in October, one case will have an investigative hearing in October, and four investigations are ongoing.

INVESTIGATIONS PENDING | OVER 24 MONTHS



INVESTIGATIONS PENDING | OVER 18, 21, and 24 MONTHS



DISCIPLINE

As part of its mission of consumer protection, the CBA referred matters to the AG's Office for imposition of discipline.

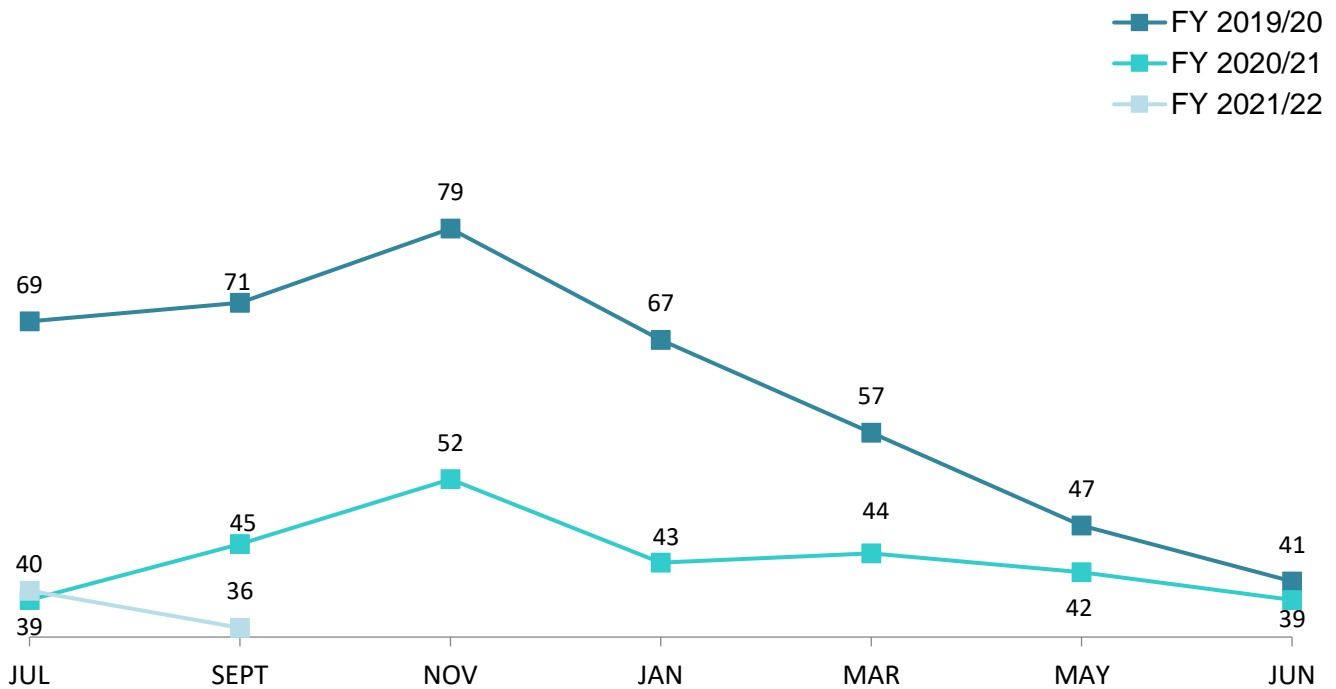
Discipline	FY 2019/20	FY 2020/21	FY 2021/22 3 months of data
Attorney General Referrals	51	50	12
Accusations Filed	53	44	5
Statement of Issues Filed	1	2	1
Petitions for Revocation Filed	4	3	1

DISCIPLINE | AGE of COMPLAINTS PENDING at ATTORNEY GENERAL'S OFFICE

Pending at AG	FY 2019/20	FY 2020/21	FY 2021/22 3 months of data
<i>Total Pending at AG's Office</i>	41	39	36
0-6 Months	12	18	17
6-12 Months	17	11	11
12-18 Months	8	8	7
18-21 Months	3	2	0
21-24 Months	0	0	1
>24 Months	1	0	0

- Of the 36 cases at the AG's Office approximately 78% are less than 12 months old.

DISCIPLINE | COMPLAINTS PENDING AT ATTORNEY GENERAL'S OFFICE



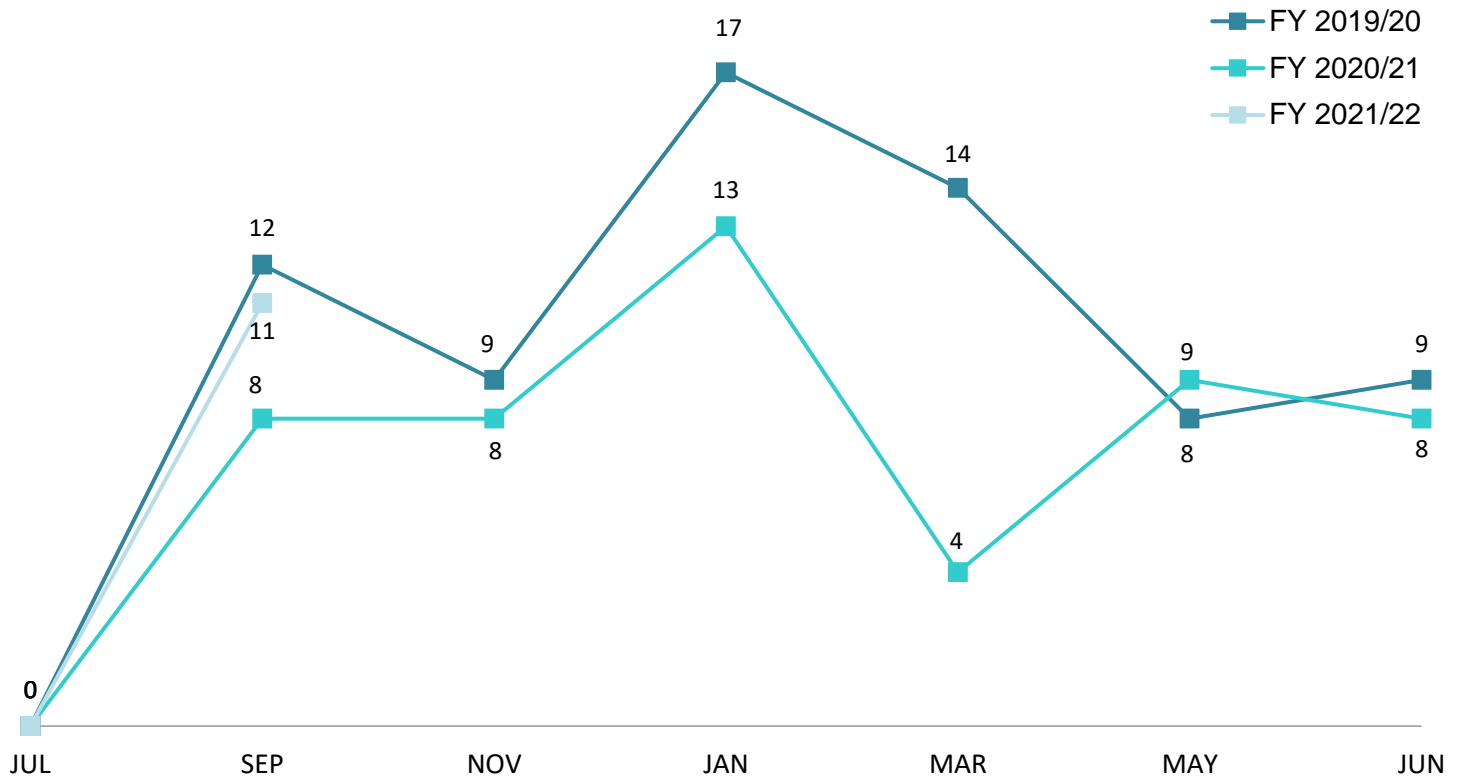
- There are 36 complaints pending at the AG's Office. Staff work diligently to address aging disciplinary cases by actively monitoring for the filing of a Notice of Defense (NOD). If no NOD is received, staff request that the AG's Office prepare a default decision. When an NOD is received, staff work quickly to offer settlement terms and if a settlement cannot be reached, to set the matter for hearing.

DISCIPLINE | FINAL ORDERS

Disciplinary Actions	FY 2019/20	FY 2020/21	FY 2021/22 3 months of data
Final Decision Orders	69	50	11
– <i>Stipulated Settlement</i>	57	34	10
– <i>Proposed Decision</i>	6	7	0
– <i>Default Decision</i>	6	9	1

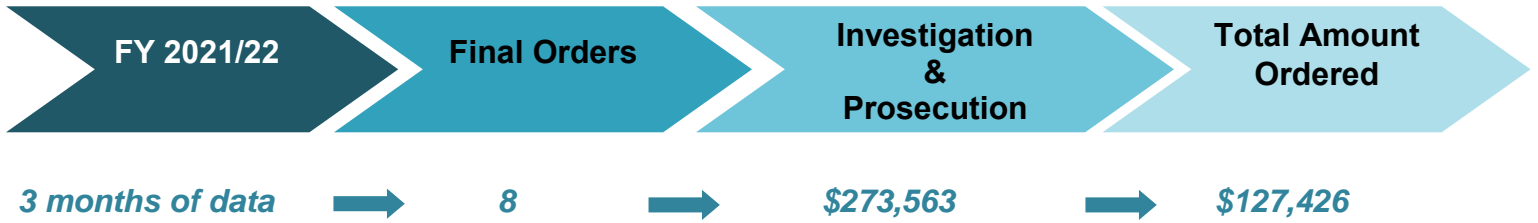
- The CBA took action on 11 matters, the majority of which were through stipulated settlements.

DISCIPLINE | FINAL ORDER TREND



DISCIPLINE | COST ORDERS

Pursuant to Business and Professions Code section 5107, the Legislature authorizes the CBA to recover investigation and prosecution costs. These costs include the time spent by staff to conduct the investigation and the time spent by the AG's Office to prosecute each case.



- Cost Recovery ordered has amounted to 47% of total investigation and prosecution cost.

COST RECOVERY

Cost Recovery	FY 2019/20	FY 2020/21	FY 2021/22 3 months of data
Amount Ordered	\$630,538	\$188,838	\$127,426
– Number of Decisions	42	28	8
Amount Collected	\$227,756	\$219,496	\$34,564

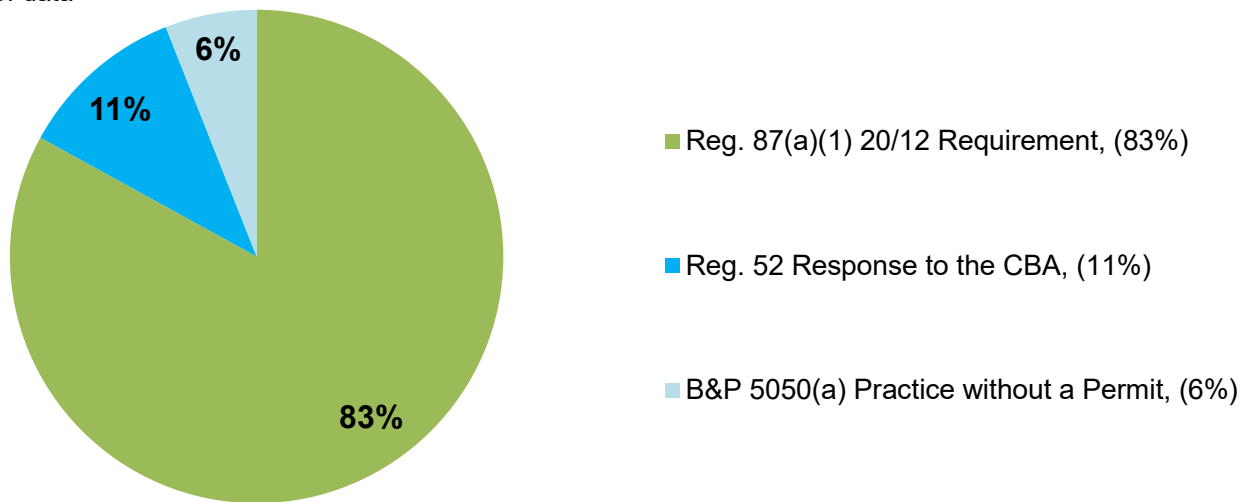
- Disciplinary cases resulting in ordered cost recovery are generally the result of a licensee placed on probation. Licensees typically pay cost recovery in monthly payments throughout the term of probation. Therefore, the costs are paid within a two to two-and-one-half year timeframe.
- The “Amount Collected” referenced above includes payments on cost recovery amounts ordered from both prior and current years. The “Amount Ordered” reflects only the amount ordered in FY 2021/22 and will never reconcile with the “Amount Collected.”

CITATIONS AND FINES

Citations	FY 2019/20	FY 2020/21	FY 2021/22 3 months of data
Total Citations Issued	174	376	84
Total Fines Assessed	\$49,275	\$117,800	\$19,450
Fine Average	\$286	\$313	\$232
Average Number of Days from Receipt of Complaint to Issuance of Citation	110	192	211

CITATIONS AND FINES | FY 2021/22 TOP 3 VIOLATIONS

3 months of data



- The fine amount assessed varies from \$100 to \$5,000 and is determined on a case-by-case basis. Factors that may increase or decrease the fine amount include aggravating or mitigating circumstances, and length of time the violation occurred.

Citation and Fine Appeals and Outcomes	FY 2021/22
Citation and Fine Appeals Received	19
Citations Modified	0
Citations Withdrawn	7
Citations Affirmed/Upheld	9

- The number of outcomes (modified, withdrawn, affirmed/upheld) does not reconcile with the amount of citations and fine appeals received, as some appeals were received in the previous fiscal year, and the outcome did not occur until the present fiscal year.
- A citation may be withdrawn for reasons such as financial hardship, health-related matters, or submission of mitigating evidence demonstrating compliance.

UNLICENSED ACTIVITY

Complaints received and initially identified to be “Unlicensed” CTs have matters involving CPAs or firms operating with an expired license, individuals without a CPA license, or unregistered accounting firms.

Complaints Received	FY 2020/21	FY 2021/22 3 months of data
Internal	58	11
External	417	94
Total	475	105

Complaints Received	FY 2020/21	FY 2021/22 3 months of data
Practice without Permit	197	27
Individuals without a CPA License	224	63
Unregistered Firms	54	15
Total	475	105

Investigations	FY 2020/21	FY 2021/22 3 months of data
Investigations Pending	144	20
<i>-Referred to Division of Investigation</i>	2	1
Total	146	21

Outcomes	FY 2020/21	FY 2021/22 3 months of data
Citations Issued	17	6
Closed for Compliance	382	145
Referred to District Attorney / Local Law Enforcement	2	0
Total	401	151

- Complaints received within the “Practice without Permit” category include individual licensees practicing with an expired license.
- Complaints received within the “Individuals without a CPA license” category include individual non-licensees practicing without a license.
- Complaints received within the “Unregistered Firms” category includes firms practicing without a valid corporation or partnership license, or an individual practicing without a fictitious name permit.
- On June 7, 2021, the CBA launched the new online unlicensed complaint activity form. The CBA received 11 complaints through this form since the beginning of this fiscal year. Staff are working diligently to ensure that complainants are aware of the new unlicensed activity form.

FRANCHISE TAX BOARD | INTERCEPT PROGRAM

In FY 2015/16 the CBA began using the Franchise Tax Board (FTB) Intercept Program in an effort to collect unpaid administrative fines associated with the issuance of citations. The initial collection amount submitted to the FTB was significant and the pool of unpaid administrative fines dated back to FY 2011/12.

Between FY 2015/16 and FY 2021/22, the CBA referred to FTB a total of \$378,400 of uncollected fees associated with the issuance of citations. As of September 30, 2021, the FTB retrieved \$84,331 of uncollected fees, resulting in a current balance of \$294,069 of uncollected fees.

FTB Intercept Program	FY 2019/20	FY 2020/21	FY 2021/22 3 months of data	BALANCE
Referred to FTB	\$18,500	\$14,300	\$12,900	\$378,400
Collected by FTB	\$4,872	\$250	\$1,250	\$84,331
Uncollected				\$294,069

PROBATION MONITORING

Monitoring Activity	FY 2021/22
Number of Licensees on Probation as of Last Report	140
New Probationers Since the Last Report	8
Number of Probationers Off Probation	10
Total Number of Probationers	138
Out-of-State Probationers	16
Probation Orientations Held Since Last Report	8
Total Probation Orientations Completed	8
Number of Practice Investigations Completed	0
Number of Scheduled Probation Orientations to Occur	1
Number of Work Samples Reviewed in FY 2020/21	0
Referrals to Revoke Probation	0

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
Cost Reimbursement	7
Obey All Laws	0
Submit Written Quarterly Report	8
Active License Status	0
Restricted Practice	0
Regulatory Review Course	0
Peer Review	1
Continuing Education	2
Administrative Penalty	1
Violation of Citation	0
Probation Monitoring Costs	1
TOTAL	20

CALIFORNIA BOARD OF ACCOUNTANCY LICENSING ACTIVITY REPORT

July 1, 2021 – September 30, 2021

Application Processing Snapshot

Table 1: Complete¹ Application Processing Times as of September 30, 2021

Application Type	Processing Time Complete Applications
First-Time CPA Test Request	10 days
Certified Public Accountant (CPA) Initial License	15 days
Corporation or Partnership Initial License Application	23 days
Out-of-State Registration Application	19 days

Highlights

- The United States Department of Health and Human Services, Office of Civil Rights and the United States Department of Justice, Civil Rights Division, Disability Rights Section issued joint guidance on the inclusion of Long COVID as a recognized disability. Long COVID is defined as an individual who contracted COVID-19 and continues to experience symptoms lasting months after the initial infection. Consistent with the Federal guidance, National Association of State Boards of Accountancy (NASBA) recognizes Long COVID as a disability for testing accommodation purposes.
- The CBA website was updated to inform veterans and service members that qualify for the GI Bill that they may qualify and be able to use part of their entitlement to cover licensure examination fees. The Uniform CPA Examination (CPA Exam) is included on the list of approved examinations eligible for reimbursement.

¹ Applications were deemed complete at the time of the initial review and did not require additional information/documentation from the applicant prior to approval.

Stakeholder Inquiries

Table 2: Inquiries Received in Fiscal Year 2021-22

Inquiry Type	Count
Email	28,420
Telephone	9,734
Total	38,154

- Of the 28,420 emails, 19%, 27% and 54% were related to exams, initial licensing, and renewals, respectively.
- Telephone inquiries are inclusive of those received by the Department of Consumer Affairs (DCA) call center.

Uniform CPA Examination

The CPA Exam administered by NASBA will undergo a revision in 2024 as part of the CPA Evolution. The new CPA Exam will be a core plus discipline model. Staff will provide updates to the CBA as information becomes available.

Coming soon! Beginning January 1, 2022, newly adopted Business and Professions Code section 5093.5 allows candidates to apply for the CPA Exam before they complete the educational requirements. These candidates will be represented as “contingent” in the table below beginning next calendar year.

Table 3: CPA Exam Requests by Fiscal Year

Examination Request	2019-20 Approved	2020-21 Approved	2021-22 July – Sept. Received	2021-22 July – Sept. Approved
First-Time Test Request (Non-Contingent)	5,211	6,183	1,697	1,720
Repeat Test Request (Non-Contingent)	13,640	15,633	3,922	3,922
<i>Subtotal Approved to Test (Non-Contingent)</i>	<i>18,851</i>	<i>21,816</i>	<i>N/A</i>	<i>5,642</i>
First-Time Test Request (Contingent)	<i>Coming soon</i>	<i>Coming soon</i>	<i>Coming soon</i>	<i>Coming soon</i>
<i>Subtotal Approved to Test (Contingent)</i>	<i>Coming soon</i>	<i>Coming soon</i>	<i>Coming soon</i>	<i>Coming soon</i>
Total	18,851	21,816	5,619	5,642

- There are 465 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 and Permit Activity by Fiscal Year

License/Registration/ Permit Type	2019-20 Issued ²	2020-21 Issued	2021-22 July – Sept. Received	2021-22 July-Sept. Issued
CPA - General	1,936	2,791	585	559
CPA - Attest	659	1,255	276	485
<i>Subtotal CPA</i>	<i>2,595</i>	<i>4,046</i>	<i>861</i>	<i>1,044</i>
Partnership	39	60	12	12
Corporations	144	243	61	58
Out-of-State Firms	44	67	10	20
<i>Subtotal Firms</i>	<i>227</i>	<i>370</i>	<i>83</i>	<i>90</i>
<i>Subtotal Fictitious Name Permits</i>	<i>81</i>	<i>107</i>	<i>20</i>	<i>16</i>
Total Licenses/ Registrations/Permits	2,903	4,523	964	1,150

- On September 30, 2021, there were a total of 966 initial CPA applications with a deficiency where additional documentation was required from the applicant to approve the application. This includes active applications received in the prior fiscal years. Deficiencies may include, but are not limited to, shortage of education units, inaccurate

² The September 2021 Licensing Activity Report showed 2018-19 data in the 2019-20 column. The data shown here is correct.

information reflected on experience forms, fingerprint clearance results not received from Department of Justice, and incomplete applications.

- Online applications represent 89% of all CPA applications received in 2021-22.
- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

License Renewal Statistics

DCA issued a continuing education (CE) extension waiver on September 28, 2021. The waiver is in addition to the prior waiver. All licenses expiring between March 2020 and September 30, 2021 have until January 31, 2022 to complete their CE requirements. The new waiver grants licensees who have a license expiring between October 1, 2021 and October 31, 2021 a 6 month extension to complete their CE. Licensees that fall under the new waiver have until March 31, 2022 to complete their CE requirements.

Table 5: License Renewal Activity by Fiscal Year

License/Registration/Permit Type	2019-20 Renewed	2020-21 Renewed	2021-22 July-Sept. Renewed
CPA	45,395	43,945	12,295
Public Accountant (PA)	2	2	1
<i>Subtotal CPA/PA</i>	<i>45,397</i>	<i>43,947</i>	<i>12,296</i>
Partnership	677	579	155
Corporations	1,939	1,951	463
Out-of-State Firms	128	133	33
<i>Subtotal Firms</i>	<i>2,744</i>	<i>2,663</i>	<i>651</i>
<i>Subtotal Fictitious Name Permits</i>	<i>178</i>	<i>376</i>	<i>34</i>
Total Licenses/Registrations/Permits	48,319³	46,986	12,981

³ The 2019-20 and 2020-21 Licensing Activity Reports did not include out-of-state firms in the total firm or total renewal count. Exclusive of Fictitious Name Permits and Out-of-State Firms, the table reflects the number of payments processed in a fiscal year. It does not reflect the number of renewal applications reviewed. The Fictitious Name Permit and Out-of-State Firm renewal count represents those received, processed, and issued a new expiration date.

Table 6: Retired Status Applications by Fiscal Year

Status	2019-20	2020-21	2021-22 Jun – Sept.
Applications Approved	395	669	222
Applications Denied ⁴	8	35	12
Total Received	403	704	234

Table 7: License Renewal Application Review by Fiscal Year (Cohort Report)

Review Outcome	2020-21	2021-22 July – Sept.
Deficient - Resolved Deficiency	1,226	182
Deficient - Outstanding	327	126
Enforcement Referral	10	0
<i>Subtotal Deficient/Enforcement Referrals</i>	<i>1,563</i>	<i>308</i>
<i>Subtotal Compliant</i>	<i>20,428</i>	<i>8,758</i>
Total Reviewed	21,991	9,066

- If staff identified a deficiency that could be corrected (e.g., missing signature) the renewal was counted as Deficient – Outstanding. If the deficiency is corrected, it will move to Deficient – Resolved, if not, it will be moved to Enforcement Referral. (The table reflects deficiencies and is not inclusive of licensees who have been granted additional time to complete their CE requirements under DCA’s COVID-19 CE extension waiver).
- For licensees who failed to respond or who had a deficiency that could not be corrected, they were referred to enforcement.

⁴ Retired Status Applications denied are most often due to the licensee not meeting the qualifications set forth in CBA Regulation section 15.1.

- The table includes cohort data; data is attributed in the year of the renewal application review regardless of when the compliant or deficient outcome takes place.

Table 8: Reasons for Enforcement Referral

Enforcement Referral Reason	2021-22 July – Sept.
20/12 ⁵ First Year	67
20/12 Second Year	0
Conviction or Discipline	4
Substandard/Failed Peer Review	9
Peer Review Out-of-Date	5
Accounting & Auditing / Peer Review-1 Form Discrepancy	14
Unlicensed Firm	0
No Response – CE Audit	17
No Response – Deficiency Letter	0
Deficient CE Audit	5
Total Count of Referral Reasons	121

- A total of 121 licensees were referred to the Enforcement Division. Each of these licensees were referred to the Enforcement Division for only a single reason.
- The number submitted may be higher than identified in Table 7 given applications received in the prior year may not be submitted to Enforcement until the following fiscal year.

⁵ A failure to meet the CE requirement of completing at least 20 hours of CE each year of the renewal cycle with at least 12 of those 20 hours being in a technical subject matter.

Table 9: Continuing Education Audits by Fiscal Year (Cohort Report)

Audit Outcome	2020-21	2021-22 July– Sept.
Compliant CE	614	131
Non-Compliant CE - Outstanding	42	8
Non-Compliant CE - Resolved	37	3
Enforcement Referral	59	0
Audit in Process	3	85
Total Audits	755⁶	227

- To conduct fiscal year 2020-21 and 2021-22 audits, staff selected a random sample of licensees from those who reported completion of the 80-hours on their CE Reporting Worksheet. This was done with the assumption that those licensees did not intend to use the COVID-19 CE waiver.
- The table includes cohort data; data is attributed in the year of the audit regardless of when the compliant or deficient outcome takes place.

⁶ The Total Audits row for 2020-21 was reduced by seven licensees. This was due to the fact that selected licensees either had since retired or went into inactive status.

Population Statistics

Table 10: Population Statistics by Fiscal Year

License/Registration/ Permit Type	June 30, 2020 Count	June 30, 2021 Count	Sept. 30, 2021 Count
CPA - Active	57,162	58,525	66,197
PA - Active	0	4	2
<i>Subtotal CPA/PA – Active</i>	<i>57,162</i>	<i>58,529</i>	<i>66,199</i>
Accountancy Corporations	4,242	4,357	4,357
Accountancy Partnerships	1,349	1,357	1,351
Out-of-State Firm Registrations	721	790	810
<i>Subtotal Accountancy Firms</i>	<i>6,312</i>	<i>6,504</i>	<i>6,518</i>
Total – Active CPA/PA and Firms⁷	63,474	65,033	72,717
CPA - Inactive	30,658	30,617	22,646
CPA – Delinquent	10,973	11,613	12,526
CPA - Retired	3,112	3,774	3,494
<i>Subtotal CPA – Inactive/Delinquent/Retired</i>	<i>44,743</i>	<i>46,004</i>	<i>38,666</i>
<i>Subtotal Fictitious Name Permits⁸</i>	<i>2,579</i>	<i>2,577</i>	<i>2,598</i>
Grand Total Licenses/Registrations/Permits	110,796	113,614	113,981

⁷ The 2019-20 and 2020-21 Licensing Activity Reports included inactive licensees in the grand total.

⁸ The 2019-20 and 2020-21 Licensing Activity Reports did not include Fictitious Name Permits in the Population Table.

Military and Refugee/Asylee/Special Immigrant Visa Holders Statistics

The CBA provides assistance programs for past and present military personnel and their spouses/domestic partners, as well as refugees, asylees, and special immigrant visa holders, collectively referred to as “refugee.”

The CBA began tracking this data as of January 2021; therefore, 2020-21 historical data are limited.

Table 11: Military and Refugee Inquiries as of September 30, 2021

Inquiries	2021-22 July – Sept.
Email (Military)	84
Telephone Calls (Military)	16
Email (Refugee)	5
Telephone Calls (Refugee)	0
Total Inquiries	105

Coming soon! Beginning January 1, 2022, newly adopted Business and Professions Code section 5093.5 allows candidates to apply for the CPA Exam before they complete the educational requirements. These candidates will be represented as “contingent” in the table below beginning next calendar year.

Table 12: Military Exam Requests by Fiscal Year

Examination Request	2020-21 Approved	2021-22 July – Sept. Received	2021-22 July – Sept. Approved
First-Time Test Request Received (Non-Contingent) (Military)	1	0	0
First-Time Test Request Received (Contingent) (Military)	<i>N/A</i>	<i>Coming soon</i>	<i>Coming soon</i>
<i>Subtotal Approved to Test (Military)</i>	<i>1</i>	<i>0</i>	<i>0</i>
First-Time Test Request Received (Non-Contingent) (Refugee)	0	0	0
First-Time Test Request Received (Contingent) (Refugee)	<i>N/A</i>	<i>Coming soon</i>	<i>Coming soon</i>
<i>Subtotal Approved to Test (Refugee)</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total (Military and Refugee)	1	0	0

- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.
- The average processing time in 2021-22 for complete military First-Time test requests was 1 day.

Table 13: Military and Refugee CPA Initial Licensing Summary by Fiscal Year

License Type	2020-21 Approved	2021-22 July – Sept. Received	2021-22 July-Sept. Approved
CPA – General (Military)	N/C ⁹	14	15
CPA – Attest (Military)	N/C	4	3
<i>Subtotal CPA (Military)</i>	<i>18</i>	<i>18</i>	<i>18</i>
CPA – General (Refugee)	N/C	1	0
CPA – Attest (Refugee)	N/C	0	1
<i>Subtotal CPA (Refugee)</i>	<i>3</i>	<i>1</i>	<i>1</i>
Total CPA	21	19	19

- The average processing times for military and refugee CPA initial licensing applications was 3 days and 8 days, respectively. (Only complete applications are included in processing time calculation.)
- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

⁹ N/C represents data that was not previously collected.

Table 14: Military and Refugee CPA Renewals by Fiscal Year

License Type	2020-21 Renewed	2021-22 July-Sept. Renewed
CPA (Military)	1	1
Public Accountant (PA) (Military)	0	0
<i>Subtotal CPA/PA Renewals (Military)</i>	<i>1</i>	<i>1</i>
CPA (Refugee)	N/C	0
Public Accountant (PA) (Refugee)	N/C	0
<i>Subtotal CPA/PA Renewals (Refugee)</i>	<i>N/C</i>	<i>0</i>
Total Renewals (Military and Refugee)	1	1

- The average processing time for military CPA renewal applications was one day. (Only complete applications are included in processing time calculation.)



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 XIV.A.
 November 18-19, 2021
DRAFT

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

**MINUTES OF THE
 September 23-24, 2021
 CALIFORNIA BOARD OF ACCOUNTANCY
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President Nancy J. Corrigan, CPA, called the meeting to order at 10:45 a.m. on Thursday, September 23, 2021. The CBA held the meeting via teleconference, consistent with the provisions of Governor Newsom’s Executive Order N-08-21 dated June 11, 2021. The CBA convened into closed session from 2:52 p.m. until 4:45 p.m. The CBA convened into open session on Friday, September 24, 2021 at 9:03 a.m. until 10:18 a.m. President Corrigan adjourned the meeting at 10:18 a.m.

President Corrigan read the following into the record:

“The CBA’s mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.”

CBA Members

Nancy J. Corrigan, CPA, President
 Michael M. Savoy, CPA, Vice-President
 Mark J. Silverman, Esq., Secretary/Treasurer
 Mary M. Geong, CPA
 Karriann Farrell Hinds, Esq.
 Dan Jacobson, Esq.
 Xochitl A. León
 Luz Molina Lopez

September 23, 2021

10:45 a.m. to 4:45 p.m.
 10:45 a.m. to 4:45 p.m.
 11:21 a.m. to 4:45 p.m.
 Absent
 10:45 a.m. to 4:45 p.m.
 10:45 a.m. to 4:45 p.m.
 10:45 a.m. to 4:45 p.m.
 10:45 a.m. to 4:45 p.m.

CBA Members

Zuhdia "Dee Dee" Owens, CPA
Ariel Pe
Deidre Robinson
Katrina L. Salazar, CPA
Yen Tu

September 23, 2021

10:45 a.m. to 4:45 p.m.
Absent
1:30 p.m. to 4:45 p.m.
10:45 a.m. to 4:45 p.m.
10:45 a.m. to 4:45 p.m.

CBA Members

Nancy J. Corrigan, CPA, President
Michael M. Savoy, CPA, Vice-President
Mark J. Silverman, Esq., Secretary/Treasurer
Mary M. Geong, CPA
Karriann Farrell Hinds, Esq.
Dan Jacobson, Esq.
Xochitl A. León
Luz Molina Lopez
Zuhdia "Dee Dee" Owens, CPA
Ariel Pe
Deidre Robinson
Katrina L. Salazar, CPA
Yen Tu

September 24, 2021

9:03 a.m. to 10:18 a.m.
9:03 a.m. to 10:18 a.m.
9:03 a.m. to 10:18 a.m.
Absent
9:03 a.m. to 10:18 a.m.
9:03 a.m. to 10:18 a.m.
Absent
9:03 a.m. to 10:18 a.m.
9:03 a.m. to 10:18 a.m.
Absent
9:03 a.m. to 10:18 a.m.
9:03 a.m. to 10:18 a.m.
9:03 a.m. to 10:18 a.m.

Staff and Legal Counsel

Carrie Holmes, Deputy Director, Board and Bureau Relations, Department of Consumer Affairs (DCA)
Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
David Bouilly, Analyst, DCA
Michelle Center, Chief, Licensing Division
Elizabeth Coronel, Strategic Business Analyst, DCA
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Emmanuel Estacio, IT Support Analyst
Dominic Franzella, Chief, Enforcement Division
Helen Geoffroy, Legal Counsel, DCA
Patrick Ibarra, Information and Planning Officer
Alegra Keith, Assistant Human Resources Liaison
Alex Millington, Regulatory Counsel, DCA
Kari O'Connor, Manager, Enforcement Division
Bryce Penney, Television Specialist, Office of Public Affairs, DCA
Rebecca Reed, Board Relations Analyst
Matthew Wainwright, Legislative Analyst, Division of Legal Affairs, DCA
Wayne Wilson, Special Projects Analyst

Committee Chairs and Members

Douglas Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)
Nasi Raissian, CPA, Chair, Qualifications Committee (QC)
Michael L. Williams, CPA, Vice-Chair, QC

Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee (PROC)
Sharon Selleck, CPA, Vice-Chair, PROC

Other Participants

Shauna Durgin, Legislative Assistant, California Society of CPAs (CalCPA)
Jason Fox, Vice President of Government Relations, CalCPA
Pat Joyce, KP Public Affairs
Marie Mellgren, Diamond Court Reporters
Jyothi Narayan, Petitioner
Jessica Wall, Administrative Law Judge, Office of Administrative Hearings

I. Public Comments for Items Not on the Agenda.

No public comments were received.

II. Report of the President.

A. Resolution for Retired California Board of Accountancy Member, George Famalett, CPA.

It was moved by Mr. Jacobson and seconded by Ms. Salazar to approve the resolution for George Famalett, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Ms. Salazar, Mr. Savoy, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Mr. Pe, Ms. Robinson, and Mr. Silverman.

B. Discussion of Process for Annual Officer Elections.

President Corrigan announced the annual officer elections would be held at the November 2021 meeting. She stated any member interested in a leadership position should submit a statement of qualifications to staff by October 8, 2021.

C. Discussion of Process for Annual Executive Officer Evaluation.

President Corrigan stated members would receive an evaluation form from DCA following the September CBA meeting. She requested members have their completed evaluation form ready at the November CBA meeting for a closed session discussion to finalize the evaluation for the CBA Executive Officer.

Mr. Fox recognized Ms. Bowers' excellence as a liaison for the CBA working with public stakeholders.

D. California Board of Accountancy 2021 Legislative Tracking Chart.

Mr. Ibarra provided status on bills on which the CBA had taken a position.

E. Discussion Regarding Legislative Items Staff Present for California Board of Accountancy Consideration.

Ms. Pearce provided an overview of how staff determine which legislation is presented to the CBA for discussion and a possible position.

F. Presentation Regarding the Implementation of Statutes.

Ms. Pearce provided an overview of the process followed by staff to implement new statutory provisions enacted following the passage of legislation.

G. Presentation Regarding Pending Rulemaking Packages.

Ms. Pearce provided an update regarding pending rulemaking packages.

Ms. Molina Lopez inquired on how the public and stakeholders are notified of public hearings and why public hearings have low attendance.

Ms. Pearce provided an overview of the legal requirements for conducting a public hearing, including the publication of a notice, website posting, and communication to interested persons.

Ms. Pearce noted there have been public hearings that stakeholders have attended and provided comment depending on the pending regulation matter. She stated staff have been very transparent in the regulatory proposals during the development phase to address comments, questions, and concerns from stakeholders which may contribute to the low attendance at public hearings.

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

Deputy Director Holmes reported the CBA currently has two vacancies, both licensees appointed by the Governor. She noted DCA and all the appointing authorities share the goal of a fully seated diverse and effective board. She indicated filling current and upcoming vacancies was a priority.

Deputy Director Homes stated that there have been many inquiries regarding how and when boards will meet again in-person and whether they can also continue to meet remotely. She noted on September 16, 2021 Governor

Newsom signed legislation that would extend the ability of boards and bureaus to continue to meet remotely by amending the Bagley-Keene Open Meeting Act. She stated though in-person meetings are allowable by law, DCA encourages boards and bureaus to continue utilizing remote meetings to protect the health of staff, board and committee members, and the public. Deputy Director Holmes requested boards communicate plans for any in-person meetings as soon as possible so DCA could assist with the coordination of teleconference options for the public, vaccination verification, and COVID-19 testing.

Deputy Director Holmes noted to protect vulnerable communities, California is implementing enhanced safety measures for state employees and workers in healthcare settings. She stated state employees must show proof of vaccination or be subject to regular COVID-19 testing and are required to wear appropriate face coverings. She indicated board and committee members are considered state employees and must follow health and safety protocols if planning to visit a DCA location or attend an in-person meeting.

Deputy Director Holmes reported DCA's COVID-19 testing program will be rolled out at the end of the month. She noted state-wide guidance for the use of face coverings from the California Department of Public Health remains in place, unless a local jurisdiction issues a stricter public health ordinance. She stated many counties have revised health orders requiring face coverings to be worn by both vaccinated and unvaccinated individuals.

Deputy Director Holmes reminded members that 2021 was a mandatory Sexual Harassment Prevention (SHP) Training year. She noted all employees and board members are required to complete the training during the year. She advised that members should access the training through the Learning Management System, which was DCA's training portal.

Deputy Director Holmes thanked Ms. Bowers for her willingness to assist DCA with Brown Bag training discussions and Board Member Orientation Training.

President Corrigan noted she attended the Brown Bag Meeting in September. She stated there was discussion regarding per diem, travel pay, and related best practices and how policies vary within the different boards in California.

III. Report of the Vice-President.

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

It was moved by Mr. Savoy and seconded by Ms. Hinds to reappoint Mike Johnson, CPA and Jim Songey, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Mr. Pe, and Ms. Robinson.

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

It was moved by Mr. Savoy and seconded by Ms. Owens to reappoint Brad Holsworth, CPA and Michael L. Williams, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Mr. Pe, and Ms. Robinson.

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

It was moved by Mr. Savoy and Mr. Silverman to appoint Jeff De Lyser, CPA as a member and Chairperson and appoint Nick Petersen, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Mr. Pe, and Ms. Robinson.

- IV. Report of the Secretary/Treasurer.

- A. Discussion of the Fiscal Year 2020-21 Fiscal Month 12 Financial Report.

Mr. Silverman reported the CBA budget authority for the prior fiscal year (FY) 2020-21 was \$16,323,000. The budget authority for the current FY 2021-22 was set at \$17,614,000, reflecting an end to the 9.23% employee compensation reduction.

Mr. Silverman stated actual expenditures as of fiscal month 12 were \$14,805,917, and the CBA had an approximate surplus of 9%.

Mr. Silverman noted the total revenues for FY 2020-21 totaled \$17,879,137, which was an increase of approximately 42% over FY 2019-20, which was mostly due to the first full year of the license renewal and initial licensing fee increase that went into effect on January 1, 2020.

Mr. Silverman reported the Fund Condition reflected that the CBA will end FY 2020-21 with eight months in the reserve fund. He noted the loan to the General Fund is scheduled to be repaid in FY 2024-25.

V. Petition Hearings.

A. Jyothi Narayan, CPA 134193 – Petition for Termination of Probation and Reduction of Penalty.

The CBA heard Jyothi Narayan’s petition for termination of probation and reduction of penalty.

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 Petition.

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. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.

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

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

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. Update Regarding California Board of Accountancy's Administration Division.

Ms. Pearce provided an update regarding the CBA's Administration Division and the addition of the CBA's Report of the Administration Division. She stated the Report of the Administration Division was developed following guidance from the DCA Director to ensure boards are providing an update regarding various activities for all divisions, including the Administration Division.

B. Presentation of the California Board of Accountancy Annual Report.

Ms. Pearce stated the Annual Report discusses the accomplishments of the CBA during the prior fiscal year as the CBA fulfills its mission of consumer protection.

Ms. Molina Lopez recognized the staff's accomplishments during COVID-19.

C. Update on the California Board of Accountancy's Communications and Outreach.

Mr. Ibarra reported the CBA will be hosting a virtual event on October 20, 2021. He stated the event will target accounting students and other individuals interested in pursuing a CPA license around the state. He noted a panel discussion will be held with President Corrigan and Vice-President Savoy, along with other participants.

Mr. Ibarra played one of the two videos featuring President Corrigan that were produced with DCA regarding recruitment for the open CBA member positions and the CBA advisory committee positions. He indicated the videos would be posted to social media and the CBA website to increase awareness of the vacancies.

Mr. Ibarra reported the first episodes of the CBA's new podcasting series will be recorded by the end of the year.

Mr. Ibarra stated the Strategic Planning Workshop for the CBA's 2022-2024 Strategic Plan is scheduled in conjunction with the November CBA meeting. He noted DCA's Strategic Organizational Leadership and Individual Development Planning Solutions needed more time to compile the information given more than 3,000 responses were received to the online survey.

Mr. Ibarra noted the CBA's social media pages continued to grow by another 150 followers since the July meeting, and are now less than 200 away from crossing the 10,000-follower milestone.

Ms. Molina Lopez stated she enjoyed the video that was played and looked forward to viewing the next video and listening to the podcasts. She thanked staff for their efforts to do as much on social media as possible. She noted it was good to get information out to the masses regarding the accounting profession.

Mr. Fox complimented staff on their efforts and stated CalCPA would be happy to collaborate with staff on outreach efforts.

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.

1. Report of the July 28, 2021 Qualifications Committee Meeting.

Ms. Raissian reported since December 2020 the QC has conducted five subcommittee meetings. She stated the QC held 20 Section 69 reviews and seven personal appearances. She noted 17 applicants were recommended for approval of a CPA license and 10 were recommended for deferral.

2. Approval of the 2022 Qualifications Committee Meeting Dates.

It was moved by Ms. Salazar and seconded by Ms. Robinson to approve the 2022 Qualifications Committee meeting dates.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Molina Lopez, Ms. Owens, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Ms. León, and Mr. Pe.

C. Peer Review Oversight Committee.

There was no report on this agenda item.

XI. Regulations

A. Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 70 – Fees.

Ms. Pearce stated the purpose of this agenda item was to:

- Provide the CBA the opportunity to consider any public comments and provide responses, and
- Provide the CBA an opportunity to adopt proposed amendments to Title 16, California Code of Regulations section 70.

During the 45-day public comment, the CBA received the following written comment:

“I am fully retired individual, age 71, and volunteer my services to non-profits, such as senior centers, VITA which provides income tax assistance for low-income individuals, etc. My active CPA certification adds credibility to my ability to provide these services, much more so than a retired CPA status.”

“I propose maintaining the fee for renewal of a permit to practice as a certified public accountant at \$120 for retired seniors not practicing accounting for a fee or salary. For simplicity, I suggest that "retired seniors" be limited to the normal Social Security retirement age - this will retain the normal fee for (a) CPAs under that age who wish to maintain their current license status but are not employed in an accounting field and (b) CPAs over that age who continue to practice public accounting for a fee or salary.”

Below is staff’s proposed response to the comment that will be included in the Final Statement of Reasons:

The CBA rejects this comment based on the following:

The comment is arguably asking for the creation of a separate fee category – a “renewal for ‘retired seniors not practicing accounting for a fee or salary.’” The category, per the suggestion, would be based on Social Security retirement age etc. The comment made is not directly related to this rulemaking and is regarding the establishment of a fee for a license status category that does not exist. Further, the CBA lacks the statutory authority to consider such a fee category under this or any other rulemaking proposal.

It was moved by Ms. Owens and seconded by Ms. Hinds to:

- **Adopt the staff recommended response for the comment regarding the proposed regulatory text,**
- **Adopt the regulatory text in Title 16, California Code of Regulations section 70,**
- **Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL, and**
- **Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.**

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Molina Lopez, Ms. Owens, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Ms. León, and Mr. Pe.

XII. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this agenda item.

XIII. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Center provided an overview of this agenda item.

Ms. Tu inquired if the Annual Report combined with the social media outreach and having additional information on the CBA's website, increased the public's interest in the CBA.

Ms. Center stated the licensing staff work collaboratively with the Information and Planning staff in the social media area, as well as outreach events. She noted the CBA website and outreach events have provided information to applicants and stakeholders regarding the CBA's on-line resources, including the on-line CPA licensing application. She stated staff were able to put information regarding the on-line application on the home-page of the CBA's website.

Ms. Tu noted that she had received positive feedback from CPAs regarding the CBA's website and on-line resources.

Ms. Owens inquired if the increase of initial licensing applications was due to COVID-19.

Ms. Center stated staff have implemented quite a bit of changes within the Licensing Division that focus on getting initial applications approved. She also indicated that some of the initial licensing applications were received in FY 2019-20 but were approved in FY 2020-21.

Ms. Salazar stated license renewals and compliance with the 20/12 continuing education (CE) requirement seem to be an on-going issue with renewal deficiencies. She inquired if there are any individual CPAs that have multiple 20/12 deficiencies. If so, what is the CBA's approach with those licensees that have a history of non-compliance with the 20/12 CE requirement.

Ms. Center stated one of the changes that staff are looking at is how data is reported within the enforcement referral table. She stated the enforcement referral table does not double count licensee deficiencies. She stated licensees may be referred to the Enforcement Division because the licensee has a 20/12 CE deficiency, as well as an additional issue, but are captured in the table as a 20/12 CE deficiency. She stated staff are looking at ways to better track the data, when a licensee is being referred to the Enforcement Division for multiple deficiencies.

Mr. Franzella noted the Enforcement Division has not tracked the repeat 20/12 CE requirement offenders on an individual bases. He stated when staff receive enforcement referrals for first time 20/12 CE requirement offenders, staff go through corrective actions with the licensee and try to educate them regarding the requirement. He indicated second 20/12 CE violations oftentimes result in a citation. He stated there have been licensees that have had three or more 20/12 violations, which have resulted in issuing citations and fines at the maximum of \$5,000. He stated at some point if this becomes an on-going issue and a licensee has five or six violations, the licensee would likely be referred to the Attorney General's office for potential disciplinary action.

XIV. Meeting Minutes.

- A. Adoption of the Minutes of the May 13-14, 2021 California Board of Accountancy Meeting.

It was moved by Ms. Molina Lopez and seconded by Mr. Jacobson to adopt the minutes of the May 13-14, 2021 California Board of

Accountancy meeting, which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Mr. Pe, and Ms. Robinson.

- B. Adoption of the Minutes of the July 22-23, 2021 California Board of Accountancy Meeting.

It was moved by Ms. Molina Lopez and seconded by Ms. Owens to adopt the minutes of the July 22-23, 2021 California Board of Accountancy meeting, which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Mr. Pe, and Ms. Robinson.

- C. Acceptance of the Minutes of the July 23, 2021 Committee on Professional Conduct Meeting.

- D. Acceptance of the July 23, 2021 Enforcement Program Oversight Committee Meeting.

It was moved by Ms. Molina Lopez and seconded by Ms. Owens to accept items XIV.C. and XIV.D., which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Mr. Pe, and Ms. Robinson.

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. 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 Pacific Regional Director.

Ms. Salazar reported the virtual format of the NASBA Regional Meeting was well received and broke attendance records.

Ms. Salazar stated an invitation from NASBA was emailed out to the CBA members for the 114 NASBA Annual Meeting. She noted the NASBA annual meeting would be held virtually due to COVID-19 travel restrictions and safety concerns.

Ms. Salazar reported she participated in a Pacific Regional call. She indicated the call included the following topics:

- CPA license renewal and continuing education audits and how COVID-19 has impacted those areas,
- Updates on CPA Evolution,
- COVID-19 impacts with the various boards within the region, and
- Diversity challenges within region and how boards were dealing with the challenges.

Ms. Salazar noted when her term as NASBA Pacific Regional Director is over, President Corrigan will be the new NASBA Pacific Regional Director.

Ms. Molina Lopez thanked President Corrigan and Ms. Salazar for representing the CBA at the NASBA Regional Meeting. She stated her appreciation for the virtual format for meetings. She stated she would like

the CBA to consider a hybrid in-person/virtual meeting format for future meetings.

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

a. Continuing Professional Education Committee.

There was no report on this agenda item.

b. Relations With Member Boards Committee.

There was no report on this agenda item.

c. Strategic Planning Task Force.

There was no report on this agenda item.

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

A. Committee on Professional Conduct.

1. Report of the September 23, 2021 Committee on Professional Conduct Meeting.

2. Discussion and Possible Action to Initiate a Rulemaking to Title 16, California Code of Regulation 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. Molina Lopez reported the purpose of this agenda item was to provide the CBA with proposed amendments to CBA Regulations section 41, Firm Responsibilities, and section 50.1, Client Notification. She stated the proposed amendments would apply to select accounting firms that provide attest services when the ownership is comprised solely of CPAs who have not completed the attest experience requirement.

The CPC recommended the CBA:

- **Approve the regulatory text in CBA Regulations sections 41 and 50.1,**

- **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 one is requested.**

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Molina Lopez, Ms. Owens, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Ms. León, and Mr. Pe.

B. Enforcement Program Oversight Committee.

1. Report of the September 23, 2021 Enforcement Program Oversight Committee Meeting.
2. Discussion and Possible Action to Approve a Legislative Proposal to Amend Business and Professions Code Section 5070.1 to Update Language Related to the Denial of a Retired Status License Application.

Mr. Savoy reported the proposed amendments to Business and Professions Code section 5070.1 would allow an individual with a permanent restricted practice order to be approved for a retired status license.

The EPOC recommended the CBA approve the proposed amendments to Business and Professions Code section 5070.1, including any additional changes the CBA deems necessary and direct staff to seek inclusion in a 2022 omnibus bill, seek an author to carry a separate bill, or include it as part of the Sunset Review Process.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Molina Lopez, Ms. Owens, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Geong, Ms. León, and Mr. Pe.

XVII. Closing Business.

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

No items for future meetings were received.

President Corrigan adjourned the meeting at 10:18 a.m. on Friday, September 24, 2021.

_____ Nancy J. Corrigan, CPA, President

_____ Mark J. Silverman, Esq., Secretary/Treasurer

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



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



DRAFT
CPC Item II.
CBA Item XIV.B.
 November 18-19, 2021

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
September 23, 2021
COMMITTEE ON PROFESSIONAL CONDUCT MEETING
TELECONFERENCE 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, Luz Molina Lopez, called the meeting to order at 9:00 a.m. on Thursday, September 23, 2021. The CPC held its meeting via teleconference, consistent with the provisions of Governor Newsom’s Executive Order N-08-21, dated June 11, 2021.

Ms. Lopez 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

Luz Molina Lopez
 Dan Jacobson, Esq.
 Xochitl León
 Zuhdia “Dee Dee” Owens, CPA
 Michael M. Savoy, CPA

September 23, 2021

9:00 a.m. to 9:23 a.m.
 9:00 a.m. to 9:23 a.m.
 9:00 a.m. to 9:23 a.m.
 9:00 a.m. to 9:23 a.m.
 9:00 a.m. to 9:23 a.m.

CBA Members Observing

Nancy J. Corrigan, CPA, President
Karriann Farrell Hinds, Esq.
Katrina Salazar, CPA

CBA Committee Chairs and Members Observing

Kathy Johnson, CPA, Vice-Chair, Enforcement Advisory Committee
Jeffrey DeLysler, CPA, Chair, Peer Review Oversight Committee (PROC)
Sharon Sellick, CPA, Vice-Chair, PROC Committee

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Michelle Center, Chief, Licensing Division
Dominic Franzella, Chief, Enforcement Division
David Bouilly, Analyst, DCA
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Emmanuel Estacio, IT Support Analyst
Helen Geoffroy, Legal Counsel, DCA
Matthew Wainwright, Legislative Analyst, Legal Affairs, DCA
Patrick Ibarra, Information and Planning Officer
Suzanne Gracia, Manager, Licensing Division
Denise Murata, Manager, Examination Unit
Paul Fisher, Supervising Investigative CPA
Tom Jurach, Office of Information Services, DCA
Kari O'Connor, Manager, Enforcement Division
Bryce Penney, Television Specialist, Office of Public Affairs, DCA
Wayne Wilson, Special Projects Analyst
Rebecca Reed, Board Relations Analyst
Peter Renevitz, Legislative Analyst
Alegra Keith, Assistant HR Liaison

Other Participants

Jason Fox, California Association of CPAs
Shauna Durgin, Legislative Analyst, California Association of CPAs
Pat Joyce, KP Public Affairs

- I. Public Comments for items not on the Agenda.

No public comments were received.

- II. Approve Minutes of the July 23, 2021 Committee on Professional Conduct Meeting.

It was moved by Ms. Owens and seconded by Ms. León to adopt the minutes of the July 23, 2021 CPC meeting.

Yes: Mr. Jacobson, Ms. León, Ms. Lopez, Ms. Owens, and Mr. Savoy.

No: None.

Absent: None.

Abstain: None.

The motion passed.

III. Discussion and Possible Action Regarding the Elimination of the Second Signature Requirement from the Certificates of General and Attest Experience (**Dominic Franzella, Chief, Enforcement Division**).

Mr. Franzella reported this agenda item is provided to the CBA so that it may consider taking action to amend California Code of Regulations, Title 16, sections 41 and 50.1 to address select accounting firms that provide attest services when the ownership is comprised solely of certified public accountants (CPA) who have not completed the attest experience requirement.

Mr. Franzella stated that the CPC previously considered the overall topic in January of last year. He mentioned that at that time, the CBA adopted the CPC's recommendation regarding four policy changes for accounting firms that provide attest services when the ownership is comprised solely of CPAs who have not completed the attest experience requirement.

There were two topics of focus for the presentation: Item 1, which focused on changes to peer review, and Item 2, which focused on increased notification requirements to attest clients. Staff determined these items can be addressed via the rulemaking process. Items 3 and 4 focused on enforcement-related aspects, that will require statutory changes and will be brought back at a later time for members' consideration.

The first change Mr. Franzella discussed related to CBA Regulations section 41. Mr. Franzella reported that where the ownership of accounting firms are comprised solely of licensees who are not authorized to sign reports on attest engagements, these accounting firms shall provide written notice to the Peer Reviewer or Peer View Team that the accounting firm has no owner authorized to sign reports on attest engagements. This notification would be required prior to the commencement of the peer review.

Mr. Franzella stated the second change would be to CBA Regulations section 50.1 and the client notification requirement. Mr. Franzella stated that staff's proposed amendments to CBA Regulations section 50.1 would require accounting firms that provide attest services, but do not have any owners authorized to sign reports attest engagements, to provide a notification to the client of the name and license number of the CPA that the firm has authorized to sign the attest report on behalf of the accounting firm.

Mr. Franzella stated that presently, accounting firms can accomplish this notification in one of two ways: First, through written notification signed and dated by the client or

prospective client and retained in the client's records, which states that the client or prospective client understands that no owners are authorized to sign reports on attest engagements; and second, by posting a written notice on the accounting firm's website disclosing the owners' names and whether each is authorized to sign reports on attest engagements.

He also mentioned that the proposed amendment also removes the website posting notification method, ensuring the consumer receives a more direct notification.

He stated that staff recommend that the CBA make a motion to:

- approve the regulatory text in CBA Regulations sections 41 and 50.1,
- 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 one is requested.

Ms. Owens asked how often the situation occurs where the firm has the ability to sign, but the partners in the firm do not. Mr. Franzella stated that the CBA does not have a way of tracking that information, as the CBA does not issue accounting firm licenses based on whether they provide attest services.

Mr. Franzella stated that the trend in licenses is that there are far more licenses issued with general accounting experience than with attest experience .

Ms. Lopez raised a question asking if an agency needed to hire a consultant to provide attest experience to one of their clients. Mr. Franzella stated that it is not possible to gain attest experience by hiring a consultant to oversee the firm's work. If the firm is owned solely by a licensee who does not have the authority to sign an attest report, they may contract that service out; however, they would still have to meet the notification requirements as outlined in CBA Regulation sections 41 and 50.1.

Ms. León raised a question regarding unintended consequences resulting from this recommendation, as there are no economic or fiscal impacts identified. Mr. Franzella stated that CBA Regulations section 50.1 has been in place since 2007, when the CBA took steps to implement notification requirements, and this is an additional step for the consumer to look up that signer to check for enforcement actions previously imposed. He stated that this action will increase consumer notifications and does not limit or expand the functions that are being performed by these particular firms.

Ms. Owens raised a follow-up question regarding enforcement matters tied to this situation. Mr. Franzella stated that these actions started as a result of an enforcement action that was taken in order to make the notification process better, and close any potential loopholes in the process.

It was moved by Ms. Owens, and seconded by Ms. León, to accept the proposed language drafted by staff for CBA Regulations sections 41 and 50.1 to:

- approve the regulatory text in CBA Regulations sections 41 and 50.1,
- 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 one is requested.
- direct staff to initiate the rulemaking process.

Jason Fox with CalCPA also stated that CalCPA does not currently have a position on this item, but wanted to compliment staff for their work on this issue.

Yes: Mr. Jacobson, Ms. León, Ms. Lopez, Ms. Owens, and Mr. Savoy.

No: None.

Absent: None.

Abstain: None.

The motion passed.

IV. Agenda Items for Next Meeting.

There was no discussion regarding this item.

There being no further business to be conducted, Ms. Lopez adjourned the meeting at 9:23 a.m. on Thursday, September 23, 2021.



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



LC Item II.
CBA Item XIV.C.
 November 18-19, 2021

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
July 23, 2021
LEGISLATIVE COMMITTEE MEETING
TELECONFERENCE 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, Xochitl León, called the meeting to order at 10:11 a.m. on Friday, July 23, 2021. The LC held its meeting via teleconference, consistent with the provisions of Governor Newsom’s Executive Order N-08-21 dated June 11, 2021.

Ms. León 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

Xochitl León, CPA, Chair
 Mary M. Geong, CPA, Vice-Chair
 George Famalett, CPA
 Karriann Farrell Hinds, Esq.
 Katrina Salazar, CPA
 Ariel Pe
 Yen C. Tu

July 23, 2021

10:11 a.m. to 10:56 a.m.
 10:11 a.m. to 10:56 a.m.
 10:11 a.m. to 10:56 a.m.
 10:11 a.m. to 10:56 a.m.
 Absent
 10:11 a.m. to 10:56 a.m.
 10:11 a.m. to 10:56 a.m.

CBA Members Observing

Nancy J. Corrigan, CPA, President
Michael M. Savoy, CPA, Vice-President
Mark J. Silverman, Esq., Vice-President
Dan Jacobson, Esq.
Luz Molina Lopez
Deidre Robinson

CBA Committee Chairs and Members Observing

Doug Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)
Kathy A. Johnson, CPA, Vice-Chair, EAC

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Michelle Center, Chief, Licensing Division
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Carrie Holmes, Department of Consumer Affairs
Emmanuel Estacio, Information Technology (IT) Staff
Paul Fisher, Investigative CPA
Dominic Franzella, Chief, Enforcement Division
Helen Geoffroy, Legal Counsel, DCA
Suzanne Gracia, Manager, Licensing Division
Ricardo Hernandez, Examination Staff
Patrick Ibarra, Information and Planning Officer
Mari Basco Llorens, Compliance Staff
Rebecca Reed, Board Relations Analyst
Peter Renevitz, Legislative Analyst
Cesar Victoria, Department of Consumer Affairs

Other Participants

Dean Andal, Managing Director, Price Waterhouse Coopers
Jason Fox, Vice-President of Government Relations, CalCPA
Pat Joyce, KP Public Affairs

- I. Public comments for items not on the Agenda.

No public comments were received.

- II. Approve Minutes of the May 13, 2021 Legislative Committee Meeting.

It was moved by Mr. Famalett and seconded by Ms. Tu to approve the minutes of the May 13, 2021 LC meeting.

Yes: Mr. Famalett, Ms. Hinds, Ms. Leon, Mr. Pe, Ms. Tu.

No: None.

Abstain: Ms. Geong.

Absent: Ms. Salazar.

The motion passed.

- III. California Board of Accountancy 2021 Legislative Tracking Chart, Reference Document Regarding Possible Positions for Legislation, and the Legislative Calendar for 2021 (**Patrick Ibarra, Information and Planning Officer**)

Mr. Ibarra explained that this item contains the CBA 2021 Legislative Tracking Chart, which reflects the CBA positions and status of bills on which the CBA has taken a position.

He also stated that the staff has provided the current Legislative Calendar to reflect the future bill deadlines and a reference document that includes the various positions the CBA can take on legislation.

- IV. Update, Discussion and Possible Action on Legislation which the California Board of Accountancy Has Taken a Position (**Patrick Ibarra, Information and Planning Officer**).

Mr. Ibarra reported that most of the bills under this agenda item are currently two-year bills, which will not be eligible for further action until 2022. He provided a brief update on the amendments to Assembly Bill (AB) 107, AB 298, and Senate Bill (SB) 607 since the May CBA meeting.

Assembly Bill 107 – Licensure: Veterans and Military Spouses.

Mr. Ibarra reported that this bill has been amended twice and the only amendment that impacts the CBA requires posting of licensing options for military spouses on the home page of the CBA website. The CBA presently has this information accessible via the home page.

Assembly Bill 298 – Accountancy: California Board of Accountancy.

Mr. Ibarra reported that the bill was amended in the Senate to add legislative intent language pertaining to maintaining the privacy of email addresses of CBA applicants and licensees.

Senate Bill 607 – Business and Professions.

Mr. Ibarra stated that this bill was amended to make the licensure application fee and the initial or original license fee waiver for an applicant 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 who is assigned to a duty station in this state under official active duty military orders, included in this bill, to be operative July 1, 2022.

The LC did not take action on any of the items.

V. Review and Consideration of Possible Positions on Legislation

A. Assembly Bill 105 – The Upward Mobility Act of 2021: Boards and Commissions: Civil Service: Examinations: Classifications.

Mr. Ibarra stated that this bill, beginning January 1, 2022, would require all state boards and commissions to have at least one volunteer member from an underrepresented community; however, this requirement would only apply as vacancies occur. He stated AB 105 requires the State Personnel Board to prescribe, and the Department of Human Resources (CalHR) to oversee, compliance with a merit-based civil service system to govern appointments, classifications, examinations, probationary periods, and disciplinary actions. The bill authorizes CalHR to 1) conduct audits and investigations of personnel practices and 2) investigate complaints filed by employees in a state department's Equal Employment Opportunity Program.

Mr. Ibarra reported that on July 15, the bill was amended to require hiring oral examinations to be video or otherwise electronically recorded, and that such recordings be maintained for three years. AB 105 also requires CalHR to develop model upward mobility goals by July 1, 2022.

Mr. Ibarra stated that staff had no recommended position on this bill.

It was moved by Ms. Hinds and seconded by Ms. Geong to recommend the CBA adopt a Watch position.

Ms. Leon raised the issue of why the disability community was not included in the bill. Ms. Geong stated that the appointing authority will not know if an individual meets the criteria sought by the bill unless they self-identify.

Ms. Pearce stated that this is not something that the CBA would implement, and that such an implementation would happen through appointments by the Governor's office. The LC requested a letter to the author seeking clarification as to why the bill did not address individuals with disabilities within the legislation.

Yes: Mr. Famalett, Ms. Geong, Ms. Hinds, Ms. Leon, Mr. Pe, Ms. Tu.

No: None.

Abstain: None.

Absent: Ms. Salazar.

The motion passed.

B. Senate Bill 702 – Gubernatorial Appointments: Report.

Mr. Ibarra reported that this bill would require that on or before March 1, 2022, the Governor's Office convene a working group to discuss and make recommendations on the most effective way to ensure the state's leadership on boards and commissions reflects diversity in age, ethnicity, gender, gender identity, disability status, region, veteran status, and sexual orientation, among other things. He stated that the bill specifies the composition of the working group, identifies the issues its recommendations shall address, and details information to be reported annually to the Legislature and made available to the public on the Governor's website. Further, Mr. Ibarra reported that the working group shall meet beginning April 1, 2022, and five additional times before May 1, 2023, before completing its work by January 1, 2024.

Mr. Ibarra stated that staff had no recommended position on this bill.

It was moved by Ms. Hinds and seconded by Ms. Tu to recommend the CBA adopt a Support position.

The Committee discussed implementation, and whether data presently exists regarding representation on boards and commissions. Ms. Hinds stated that this legislation would be helpful to set the stage to bring a balanced representation to boards and commissions.

Yes: Ms. Geong, Ms. Hinds, Mr. Pe, Ms. Tu.

No: None.

Abstain: Mr. Famalett.

Absent: Ms. Salazar.

The motion passed.

C. Senate Bill 731 – Professions and Vocations:

Mr. Ibarra reported that this bill would make an arrest for a felony where there is no indication that the criminal proceeding has been initiated at least three years after the arrest eligible for relief. He stated the bill also amends existing law to provide that if the arrest was for a jail or prison felony with a sentence of eight or more years, the record of that arrest shall be eligible for relief when no criminal proceedings have happened six years after the arrest. The bill would make all felonies eligible for relief, not just jail felonies, and provides that if the defendant was on mandatory supervision, the parole officer shall notify the prosecuting attorney when a petition is filed.

It was moved by Ms. León and seconded by Ms. Tu to recommend the CBA adopt a Watch position on SB 731.

Ms. Hinds raised the concern about the limitation on the CBA's ability to receive information on individuals if the felony or felony financial crime is directly and adversely related to the functions, qualifications, or duties of a CPA at any time in the past as a result of this bill. Ms. León wondered if the financial crime aspect of this bill would make CBA enforcement easier or harder. Ms. Hinds also requested staff determine what, if any, regulations may be needed and the LC supported staff working with the author's office to discuss amendments to mitigate the CBA's impact.

Mr. Franzella stated that as drafted the bill would not permit the CBA to seek any relief from the provisions of the bill through regulation. Ms. Pearce indicated the best option was likely for staff to seek amendment of the current language to relieve the concerns raised by the bill's provisions.

Yes: Mr. Famalett, Ms. Geong, Ms. Hinds, Ms. León, Mr. Pe, Ms. Tu.

No: None.

Abstain: None

Absent: Ms. Salazar.

The motion passed.

- V. Review and Consideration of Possible Positions on Legislation the CBA is Monitoring
- A. Assembly Bill 2 – Regulations: Legislative Review: Regulatory Reform.
 - B. Assembly Bill 69 – State of Emergency: Termination After 60 Days: Extension by the Legislature.
 - C. Assembly Bill 225 – Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.
 - D. Assembly Bill 305 – Veteran Services: Notice.
 - E. Assembly Bill 339 – Local Government: Open and Public Meetings.
 - F. Assembly Bill 343 – California Public Records Act Ombudsperson.
 - G. Assembly Bill 473 – California Public Records Act.
 - H. Assembly Bill 587 – Social Media Companies: Terms of Service.
 - I. Assembly Bill 703 – Open Meetings: Local Agencies: Teleconferences.

- J. Assembly Bill 1273 – Interagency Advisory Committee on apprenticeship: the Director of Consumer Affairs and the State Public Health Officer.
- K. Assembly Bill 1291 – State Bodies: Open Meetings. (Chapter 63 of 2021)
- L. Senate Bill 209 – State of Emergency: Termination After 45 Days: Extension by the Legislature.
- M. Senate Bill 452 – State government: Immigrant and Refugee Affairs Agency: Office of Immigrant and Refugee Affairs.
- N. Senate Bill 593 – School Accountability: Independent Study, Educational Enrichment Activities, Oversight, and Audit Requirements.

Mr. Ibarra stated that staff continue to monitor these bills, and if any are amended to directly impact the CBA, an analysis will be prepared and presented to the LC at a future meeting.

The LC did not take action on this item.

VI. Agenda Items for Next Meeting.

None.

There being no further business to be conducted, the meeting was adjourned at 10:56 a.m.



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 XIV.D.
November 18-19, 2021

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
July 8, 2021
ENFORCEMENT ADVISORY COMMITTEE
TELECONFERENCE MEETING

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 July 8, 2021. The EAC held the meeting via teleconference, consistent with the provisions of Governor Newsom’s Executive Order N-29-20 dated March 17, 2020.

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

- Douglas Aguilera, CPA, Chair 9:00 a.m. – 9:37 a.m.
Kathy Johnson, CPA, Vice-Chair 9:00 a.m. – 9:37 a.m.
Nathan Cowley, CPA 9:00 a.m. – 9:37 a.m.
Alan Gittelson, CPA 9:00 a.m. – 9:37 a.m.
Jackson Johnson, CPA 9:00 a.m. – 9:37 a.m.
Michael Johnson, CPA 9:00 a.m. – 9:37 a.m.
David Kral, CPA 9:00 a.m. – 9:37 a.m.
José Palma, CPA 9:00 a.m. – 9:37 a.m.
Nasi Raissian, CPA 9:00 a.m. – 9:37 a.m.
Jim Songey, CPA 9:00 a.m. – 9:37 a.m.
Chris Tegtmeyer, CPA 9:00 a.m. – 9:37 a.m.
Jennifer Ziegler, CPA 9:00 a.m. – 9:37 a.m.

CBA Member Liaison
Diedre Robinson

CBA Staff and Legal Counsel
Patti Bowers, Executive Officer
Ted Drcar, Deputy Attorney General, Department of Justice
Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Chief, Enforcement Division
Kari O'Connor, Enforcement Manager
Ben Simcox, 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 (**Douglas Aguilera, CPA**).

A. Welcome New EAC Member Alan Gittelson, CPA.

Mr. Aguilera introduced new EAC member Alan Gittelson, CPA. Mr. Gittelson provided an overview of his professional background.

B. Approval of the May 6, 2021 EAC Meeting Minutes.

It was moved by Ms. K. Johnson and seconded by Mr. J. Johnson to approve the minutes of the May 6, 2021 EAC meeting.

Yes: Mr. Aguilera, Mr. Cowley, Mr. J. Johnson, Ms. K. Johnson, Mr. M. Johnson, Mr. Kral, Mr. Palma, Ms. Raissian, Mr. Songey, Mr. Tegtmeyer, Ms. Ziegler.

No: None.

Abstain: Mr. Gittelson

Absent: None.

The motion passed.

III. Report of the CBA Liaison (**Deidre Robinson, CBA Liaison**).

A. Report on the May 13-14, 2021 California Board of Accountancy Meeting.

Ms. Robinson reported that at the May 13-14, 2021 CBA meeting, Ryan Marcroft, Deputy Director and Helen Geoffroy, Attorney III, both from the Department of Consumer Affairs's Legal Affairs Division provided a training regarding substantially related convictions and acts to the practice of public accountancy.

Ms. Robinson reported that President Corrigan provided an overview of the process to apply for and resources available to become a successful CBA member. She further noted that the CBA appointed Alan M. Gittelson, CPA to the EAC, effective May 14, 2021 through May 31, 2023.

Ms. Robinson reported that the Enforcement Program Oversight Committee discussed and the CBA approved possible modifications to the retired status licensure approval/denial process, specifically related to allowing individuals who have a permanent restricted practice order stemming from prior disciplinary action imposed by the CBA to request their license be placed in a retired status. She stated that the CBA also reviewed proposed legislation and took positions on several legislative bills. If members are interested in reviewing any of the bills, they are listed on the CBA's website along with a letter to the author of the bill.

She noted that the CBA will hold its next meeting via video conference on July 22-23, 2021.

IV. Report of the Enforcement Chief (**Dominic Franzella**).

A. Enforcement Activity Report (EAR).

Mr. Franzella provided an overview of this item, which covered the first eleven months of fiscal year 2020/21.

B. Report on Accusations and Final Disciplinary Orders Effective April 1, 2021 to May 31, 2021.

Mr. Franzella reported on this agenda item. He noted that between April 1, 2021 to May 31, 2021, the CBA filed eight accusations and had taken action on seven disciplinary matters.

V. Adjournment.

Having no further business to conduct, the EAC meeting open session adjourned at approximately 9:37 a.m.

Douglas Aguilera, CPA, Chair
Enforcement Advisory Committee

Prepared by: Kari O'Connor, Enforcement Manager



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 XIV.E.
 November 18-19, 2021

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
October 21, 2020
QUALIFICATIONS COMMITTEE
TELECONFERENCE MEETING

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Kimberly Sugiyama, CPA, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) Qualifications Committee (QC) at 10:08 a.m. on October 21, 2020. The QC held the meeting via teleconference, consistent with the provisions of Governor Newsom’s Executive Order N-29-20 dated March 17, 2020.

Chair Sugiyama 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

Kimberly Sugiyama, CPA, Chair	10:08 a.m. – 10:41 a.m.
Nasi Raissian, CPA, Vice-Chair	10:08 a.m. – 10:41 a.m.
Pradeep Budhiraja, CPA	Absent.
Kristian George, CPA	10:08 a.m. – 10:41 a.m.
Charles W. Hester, Sr., CPA	10:08 a.m. – 10:41 a.m.
Brad Holsworth, CPA	10:08 a.m. – 10:41 a.m.
Angela Honzik, CPA	Absent
Timothy T. Jones, CPA	10:08 a.m. – 10:41 a.m.
Cliff Leiker, CPA	10:08 a.m. – 10:41 a.m.
José Palma, CPA	10:08 a.m. – 10:41 a.m.
Michael L. Williams, CPA	10:08 a.m. – 10:41 a.m.

CBA Member
Xochitl León

Staff and Other Participants

Michelle Center, Licensing Chief
Ramona Bermudez, Licensing Manager
Jennifer Huddy, Licensing Coordinator
Nooshin Movassaghi, Licensing Coordinator

I. Report of the Committee Chair.

Chair Sugiyama welcomed the newest QC Member, Timothy T. Jones, as well as Michelle Center, CBA's new Licensing Chief, and Ramona Bermudez, CBA's new Initial Licensing Unit Manager.

A. Approval of the January 20, 2020, Qualifications Committee Minutes.

It was moved by Nasi Raissian and seconded by Cliff Leiker to approve the minutes of the January 20, 2020 QC meeting.

Yes: Kristian George, Charles Hester, Brad Holsworth, Cliff Leiker, José Palma, Nasi Raissian, Kimberly Sugiyama, Michael Williams.

No: None.

Abstain: Timothy T. Jones.

Absent: Angela Honzik and Pradeep Budhiraja.

B. Approval of the Proposed 2021 Qualifications Committee Meeting Dates.

It was moved by Cliff Leiker and seconded by Michael Williams to approve the proposed 2021 Qualifications Committee meeting dates.

Yes: Kristian George, Charles Hester, Brad Holsworth, Timothy T. Jones, Cliff Leiker, José Palma, Nasi Raissian, Kimberly Sugiyama, Michael Williams.

No: None.

Abstain: None.

Absent: Angela Honzik and Pradeep Budhiraja.

II. Report of the California Board of Accountancy Liaison.

A. Report on the July 23, 2020 and September 24, 2020 California Board of Accountancy Meetings.

CBA Member, Xochitl León reported that due to Governor Newsom's Executive Order regarding COVID-19, the CBA and committee meetings have been conducted via WebEx. Until further notice, future CBA and committee meetings will be held using this format.

At its July 23, 2020 meeting, the CBA approved a comment letter to the National Association of State Boards of Accountancy or NASBA in support of the Exposure Draft regarding the changes to the Uniform Accountancy Act's Model Rules that pertains to educational requirements for initial licensure. The proposed changes align with CPA Evolution and are in line with current CBA statutes and regulations regarding educational requirements.

León discussed the CBA's directive to initiate a rulemaking to amend CBA Regulations regarding continuing education requirements to establish a new learning methodology for Adaptive Learning Self Study and modifications to the Nano and Blended Learning methodologies.

The CBA approved the Mutual Recognition Agreement to recognize members of the South African Institute of Chartered Accountants as having satisfied California's examination requirements upon successful completion of the International Qualification Examination

The CBA also reviewed proposed legislation and took positions on legislative bills and maintained its current position on several bills that were discussed in prior meetings. León stated that if members are interested in reviewing any of the legislation that was discussed, they are listed on the pending legislation page of the CBA website.

At the September 24, 2020, CBA meeting, California Society of CPAs (CalCPA) President and CEO, Anthony Pugliese, provided a report regarding COVID-19 and how it has impacted CalCPA's activities. Some of the topics Pugliese discussed included updating CalCPA's strategic plan and peer reviewers being able to complete peer reviews offsite through June 2021.

León continued that Pugliese also stated that CalCPA has formed a Diversity, Equity, and Inclusion Commission.

Finally, León announced that the CBA appointed Timothy T. Jones to the QC, effective September 24, 2020.

The CBA will hold its next meeting via video conference on November 19-20, 2020.

III. Report on the Activities of the Initial Licensing Unit

Ramona Bermudez stated that the processing time frames in the Licensing Division had been significantly impacted by the stay-at-home order, which led to most staff working remotely since the middle of March. This has resulted in much longer-than-usual processing timeframes for initial licensing applications. Currently the Initial Licensing Unit (ILU) is processing applications within 97 days.

Bermudez reported that the following actions have been taken to address the increase in processing times: processes have been modified to streamline the issuing of licenses, staff throughout the CBA are working overtime, temporarily reassigned staff outside of the Licensing Division to assist, seasonal staff are being hired, technology equipment was deployed to all staff to facilitate effective and efficient telework, and delay of activities not directly related to processing of the backlog, such as the annual QC audit of approved initial licenses.

Bermudez reported that in an effort to increase transparency and provide applicants with information, the CBA posts processing times on the CBA homepage at www.cba.ca.gov and on its social media accounts. This information is updated every Friday.

Finally, Bermudez reported that for fiscal year 2019/20, over 2,595 license applications were approved. Of these, 659 applications were approved with the authority to sign reports on attest engagements.

IV. Public Comment for Items Not on the Agenda.

None.

There being no further business to be conducted, the meeting was adjourned at 10:41 a.m. on October 21, 2020. The next meeting of the QC will be held on January 20, 2021.

Nasi Raissian, CPA, Chair

Prepared by: Nooshin Movassaghi, Licensing Coordinator



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 XIV.F.
 November 18-19, 2021

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
July 28, 2021
QUALIFICATIONS COMMITTEE
TELECONFERENCE MEETING

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Nasi Raissian, CPA, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) Qualifications Committee (QC) at 10:11 a.m. on July 28, 2021. The QC held the meeting via teleconference, consistent with the provisions of Governor Newsom’s Executive Order N-29-20 dated March 17, 2020.

Chair Raissian 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

Nasi Raissian, CPA, Chair	10:11 a.m. – 10:41 a.m.
Michael Williams, CPA, Vice-Chair	10:11 a.m. – 10:41 a.m.
Jeffrey T. Baginski, CPA	10:11 a.m. – 10:41 a.m.
Pradeep Budhiraja, CPA	10:11 a.m. – 10:41 a.m.
Brad Holsworth, CPA	Absent
Angela Honzik, CPA	10:11 a.m. – 10:41 a.m.
Timothy T. Jones, CPA	10:11 a.m. – 10:41 a.m.
Hanzhao Meng, CPA	10:11 a.m. – 10:41 a.m.
José Palma, CPA	Absent
Kimberly Sugiyama, CPA	Absent

Qualifications Committee Meeting July 28, 2021

Page 2 of 4

CBA Member

Luz Molina Lopez

Staff and Other Participants

Michelle Center, Licensing Chief

Ramona Bermudez, Licensing Manager

Jennifer Huddy, Licensing Coordinator

Diane Edwards, Licensing Analyst

I. Public Comment for Items Not on the Agenda.

There were no comments received for this agenda item.

II. Report of the Committee Chair (**Nasi Raissian, CPA**)

A. Welcome New Qualifications Committee Members Jeffrey T. Baginski, CPA and Hanzhao Meng, CPA.

Chair Raissian introduced new QC Members, Jeffrey T. Baginski, CPA and Hanzhao Meng, CPA, and provided a brief overview of their professional backgrounds.

B. Approval of the October 21, 2020, Qualifications Committee Minutes.

It was moved by Timothy T. Jones and seconded by Michael Williams to approve the minutes of the October 21, 2020 QC meeting.

Yes: Nasi Raissian, Michael Williams, Timothy T. Jones.

No: None.

Abstain: Jeffrey T. Baginski, Pradeep Budhiraja, Angela Honzik, Hanzhao Meng.

Absent: Brad Holsworth, José Palma, Kimberly Sugiyama.

The motion did not pass.

C. Approval of the Proposed 2022 Qualifications Committee Meeting Dates.

It was moved by Timothy T. Jones and seconded by Michael Williams to approve the proposed 2022 Qualifications Committee meeting dates.

Yes: Nasi Raissian, Michael Williams, Jeffrey T. Baginski, Pradeep Budhiraja, Angela Honzik, Timothy T. Jones, Hanzhao Meng.

No: None.

Abstain: None.

Absent: Brad Holsworth, José Palma, Kimberly Sugiyama.

The motion passed.

III. Report of the California Board of Accountancy Liaison.

A. Report on California Board of Accountancy and Committee Related Activities for 2021.

CBA Member Luz Molina Lopez reported that in January, the National Association of State Boards of Accountancy (NASBA) provided a presentation on remote proctoring of the Uniform Certified Public Accountant Examination (CPA Exam). NASBA, the American Institute of Certified Public Accountants (AICPA), and Prometric began a pilot program for ProProctor in June 2021, the outcome of which will be monitored by staff.

Member Molina Lopez discussed the March 2021 CBA meeting, at which Department of Consumer Affairs (DCA) Chief of Project Delivery and Administrative Services, Sean O'Connor, presented information regarding the CBA's Business Modernization Project. O'Connor reported that the CBA has completed the first stage of the project, and is currently in the process of completing market research to move forward with a direction on software and system integrators that can be supported by the CBA's budget.

Additionally, at the March meeting, Vice-President Savoy requested any assistance from committee members to share information with their colleagues in an effort to recruit new members to fill vacancies on the CBA's advisory committees.

Member Molina Lopez shared that during the May 2021 meeting the CBA announced the appointments of Jeffrey T. Baginski, CPA and Hanzhao Meng, CPA to the Qualifications Committee effective May 14, 2021 through May 31, 2023.

The May meeting also included a training conducted by DCA representatives Ryan Marcroft, Deputy Director and Helen Geoffroy, Attorney III, regarding convictions and acts substantially related to the practice of public accountancy to aid members when deliberating on enforcement matters.

Also at the May meeting, President Corrigan provided an overview of the process to apply for and resources available to become a successful CBA member.

At its July 2021 meeting, the CPA Evolution Survey was discussed regarding draft Core and Discipline content. Member Molina Lopez shared that staff will work with President Corrigan to submit the survey on CBA's behalf after members provide feedback on the survey.

The CBA directed staff to work with the DCA legal counsel to draft proposed amendments to CBA regulations sections 12 and 12.5 to eliminate the second signature requirement on Certificate of Experience forms.

The CBA also directed staff to work with DCA's legal counsel, NASBA, AICPA, and other stakeholders regarding modifications to its statutes and regulations that will allow for an effective regulation of the CPA designation when used for purposes of the .cpa domain.

Qualifications Committee Meeting July 28, 2021

Page 4 of 4

Finally, Member Molina Lopez reported that the CBA is sponsoring AB 298, which will allow applicants to take the CPA Exam in a specified timeframe before their education requirements have been completed.

The CBA will hold its next meeting via video conference on September 23-24, 2021.

IV. Report of the Licensing Chief.

A. Licensing Activity Report.

Michelle Center, Licensing Chief, presented a report on the activities of the Initial Licensing Unit (ILU) and Qualifications Committee. Referring to the Licensing Activity Report (LAR), Chief Center discussed the volume of CPA license applications received and approved from July 1, 2020 through May 31, 2021, noting the increases of 13% and 50%, respectively, over the same period of the prior fiscal year.

Of the 3,726 approved licenses, 1,138 were issued with the authority to sign reports on attest engagements. At the time of this report, initial CPA license applications and accounting firm applications are being processed within 14 days of receipt.

B. Report on Qualifications Committee Subcommittee Meetings

Chief Center shared the outcomes of the QC's virtual subcommittee meetings in December 2020, January 2021, February 2021, and May 2021. Of 19 total appearances, 14 were Section 69 reviews, and five were personal appearances. 12 applicants were recommended for approval and seven were recommended for deferral.

Chief Center reported that the CBA has experienced success scheduling off-cycle virtual subcommittee meetings based on need, and thanked the Members who have agreed to serve on panels at these events.

There being no further business to be conducted, the meeting was adjourned at 10:41 a.m. on July 28, 2020. The next meeting of the QC will be held on October 20, 2021.

Nasi Raissian, CPA, Chair

Prepared by: Jennifer Huddy, Licensing Coordinator

NASBA

114th Annual Meeting
November 2-3, 2021

Agenda

PERSEVERE



MISSION DRIVEN - MEMBER FOCUSED

TUESDAY, NOVEMBER 2, 2021

10:00 – 10:15 a.m.

Call to Order and Report from NASBA Chair 2020-2021

A. Carlos Barrera, CPA

10:15 – 10:30 a.m.

Report from AICPA Chair

William (Bill) Pirolli, CPA, PFS, CFF, CGMA

10:30 – 11:30 a.m.

Update: CPA Evolution, CPA Exam & Pipeline

Colleen K. Conrad, CPA

Executive Vice President and Chief Operating Officer, NASBA

Michael A. Decker

Vice President - CPA Examination and Pipeline – Public Accounting

11:30 a.m. – 12:00 p.m.

Innovations in EY Internship and Education Program

Ellen Glazerman

Executive Director, Ernst & Young Foundation and Americas Director, University Relations of EY

12:00 – 12:30 p.m.

MUSICAL BREAK - Sweet Sounds of Nashville!

12:30 – 1:00 p.m.

Enhancing Board Resources: Activities of NASBA's Peer Review Compliance Committee

Stephen F. Langowski, CPA

Northeast Regional Director and Chair, NASBA Peer Review Compliance Committee

Viki A. Windfeldt

Executive Director, Nevada State Board of Accountancy

1:00 – 1:30 p.m.

Legislative Activities at the State and Federal Level

John W. Johnson

Director, Legislative and Governmental Affairs, NASBA

Marta Zaniewski

Vice President, State Regulatory and Legislative Affairs, AICPA

TUESDAY, NOVEMBER 2, 2021 CONTINUED

1:30 – 2:00 p.m.

Achieving Diversity, Equity and Inclusion

Alison Houck Andrew, CPA

Middle Atlantic Regional Director and Chair, NASBA Diversity Committee

Guylaine Saint Juste

President & CEO, NABA

Alfonzo Alexander

Chief Ethics & Diversity Officer, NASBA

2:00 p.m.

Recess

2:15 – 3:45 p.m.

Regional Breakout Meetings for State Board Members and Staff

(Board Members, Past Board Members and Executive Directors will receive separate Zoom Link)

Moderators:

Central Region

Faye D. Miller, CPA

Great Lakes Region

Kenya Y. Watts, CPA

Middle Atlantic Region

Alison Houck Andrew, CPA

Mountain Region

Jason D. Peery, CPA

Northeast Region

Stephen F. Langowski, CPA

Pacific Region

Katrina L. Salazar, CPA

Southeast Region

J. Andy Bonner, Jr., CPA, CGMA

Southwest Region

Lynn V. Hutchinson, CPA

WEDNESDAY, NOVEMBER 3, 2021

10:00 a.m. – 12:30 p.m.

Annual Business Meeting

Minutes of 113th Annual Business Meeting

Stephanie M. Saunders, CPA

NASBA Secretary/Director-at-Large

NASBA Awards

Janice L. Gray, CPA

Chair, NASBA Awards Committee

Past Chair, NASBA

Lorraine P. Sachs, CAE

Executive Vice President Emerita, NASBA

Elections of NASBA Board Members

Laurie J. Tish, CPA

Chair, NASBA Nominating Committee

Past Chair, NASBA

Bylaws Committee Report

Jimmy E. Burkes, CPA

Chair, NASBA Bylaws Committee

Administration & Finance Committee Report

Richard N. Reisig, CPA

Chair, NASBA Administration & Finance Committee

NASBA Treasurer/Director-at-Large

Audit Committee Report

Faye D. Miller, CPA

Chair, NASBA Audit Committee

Executive Directors Committee Report

Kent A. Absec

Chair, NASBA Executive Directors Committee

Executive Director, Idaho State Board of Accountancy

12:30 – 1:00 p.m.

BREAK

WEDNESDAY, NOVEMBER 3, 2021 CONTINUED

1:00 – 1:10 p.m.

Report of the NASBA Center for the Public Trust

Alfonzo Alexander

President, NASBA CPT

1:10 – 1:40 p.m.

President's Report

Ken L. Bishop

President & CEO, NASBA

1:40 – 2:10 p.m.

Inaugural Presentations

Expressing Thanks

A. Carlos Barrera

2020-2021 Chair, NASBA

Inaugural Address

W. Michael Fritz

2021-2022 Chair, NASBA

2:10 – 2:20 p.m.

Questions for NASBA Leadership

W. Michael Fritz and Ken L. Bishop

2:20 – 2:25 p.m.

Closing Comments on 2021 Annual Meeting – Invitation to 2022 Annual

W. Michael Fritz

2021-2022 Chair, NASBA

2:25 p.m.

Adjourn

2:30 – 3:00 p.m.

First Meeting of 2021-2022 NASBA Board of Directors

(Election of Directors-at-Large, Secretary and Treasurer)

Presiding:

W. Michael Fritz, CPA

2021-2022 Chair, NASBA

3:00 – 4:00 p.m.

State Board Presidents/Chairs Meeting

(Presidents/Chairs and NASBA Board of Directors will receive separate Zoom Link)

Presiding:

W. Michael Fritz, CPA

2021-2022 Chair, NASBA

3:00 – 4:00 p.m.

Executive Director/State Board Staff Meeting

(Executive Directors and Key Board Staff will receive separate Zoom Link)

Moderator:

Kent A. Absec

2021-2022 Chair, NASBA Executive Directors Committee

Executive Director, Idaho State Board of Accountancy



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



CPC Item III.
CBA Item XVI.A.2.
November 18-19, 2021

Discussion and Possible Action to Change the Uniform Certified Public Accountant Examination Notice to Schedule Expiration Period to Six Months

Presented by: Suzanne Gracia, Examination Unit Manager

Purpose of the Item

The purpose of this agenda item is to provide an opportunity for the California Board of Accountancy (CBA) to consider amending California Code of Regulations (CCR), title 16, section 8.1 (**Attachment**) to reduce the Uniform Certified Public Accountant Examination (CPA Exam) Notice to Schedule expiration period from nine months to six months.

Consumer Protection Objectives

Passing the CPA Exam, along with completion of education and accounting experience provides assurance 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

The CBA is asked to discuss and consider reducing the CPA Exam Notice to Schedule expiration period from nine months to six months.

Background

The National Association of State Boards of Accountancy (NASBA) is requesting uniformity across all state boards of accountancy with regards to a six-month Notice to Schedule expiration period. Currently, 43 states have a six-month expiration period for the Notice to Schedule. The remaining states have other expiration timeframes, including the CBA, which is nine months.

Comments

As seen in the visual below, once staff approve an applicant's CPA Exam application the applicant has one year to select the section(s) they wish to take. After the applicant makes the selection of sections, an Authorization to Test is sent to NASBA. The applicant will receive a payment coupon from NASBA for the sections selected, which must be paid within 90 days. After the section fees have been paid, NASBA issues a Notice to Schedule to the applicant. The Notice to Schedule permits the applicant to

Discussion and Possible Action to Change the Uniform Certified Public Accountant Examination Notice to Schedule Expiration Period to Six Months

Page 2 of 3

schedule and test for the selected sections within nine months from the date the Notice to Schedule was issued.



If an applicant receives a failing score or needs to apply for additional sections, they may submit a repeat application. The repeat application is automatically approved by the CBA and a new Authorization to Test is issued to NASBA, after which the applicant will repeat the selection and fee process described. An applicant may not re-apply to retake a failed section without first receiving notification of their exam score.

The nine-month expiration period for the current Notice to Schedule was established in CBA Regulations when the CPA Exam was administered in testing windows. The testing windows were for three-month periods, with two months open for testing and one month reserved for scoring and examination maintenance.

In July 2020, the CPA Exam moved to a continuous testing model, and the testing windows were eliminated. Prior to that change, applicants were limited to taking any specific section only once per testing window. The transition to the continuous testing model allowed applicants to immediately schedule their CPA sections and also to immediately retake failed sections upon receipt of their scores, eliminating the need for the longer nine-month Notice to Schedule expiration period. The applicant will still be allotted six months of testing time as they were under the testing window format. Additionally, the applicant will not experience an increased financial burden as the same fees apply.

It is also important to note that most states already use a 6-month Notice to Schedule expiration which leads to more consistency between states and potentially less confusion for applicants. It is also beneficial for applicants to see consistency among all states when visiting the NASBA website for information on the CPA Exam.

To change the Notice to Schedule expiration period from nine months to six months, as requested by NASBA, staff will need to work with Department of Consumer Affairs' legal counsel to draft proposed language for CBA consideration at a future meeting. Besides

Discussion and Possible Action to Change the Uniform Certified Public Accountant Examination Notice to Schedule Expiration Period to Six Months

Page 3 of 3

consistency with most other states, the rationale for making such a change would be that the 9-month expiration date established at a time of testing windows is equivalent to a 6-month expiration date at a time of continuous testing (i.e., both result in 6 months of testing time). The CBA may wish to consider competing priorities scheduled for 2022 as they discuss this NASBA-requested change.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff does not have a recommendation on this item; however, if the CBA approves of this change being requested by NASBA, it can direct staff to work with DCA legal counsel to draft proposed amendments to CCR, title 16, section 8.1.

Attachment

California Code of Regulations, Title 16, Section 8.1

California Code of Regulations

Regulation § 8.1 The Authorization to Test and Notice to Schedule for the Computer-Based Uniform CPA Examination.

(a) An Authorization to Test (ATT) is issued by the Board to permit the applicant to test for specified sections of the computer-based Uniform Certified Public Accountant Examination. An ATT for a specified section or sections of the exam shall go into effect (be open) on the date of issuance. Within 90 calendar days of the date the ATT is issued, the applicant must remit the required fees to the National Association of State Boards of Accountancy to obtain a Notice to Schedule (NTS) pursuant to Section 6.1. If the applicant fails to remit fees and obtain the NTS, the ATT shall be deemed expired and the applicant must reapply and be issued another ATT to be able to test for that section.

(b) The NTS will enable the applicant to schedule testing at an examination test center. Except as provided in subsection (e), the NTS shall remain open until either the applicant schedules testing for the specified section(s) or nine months have transpired since the date the NTS was issued, whichever occurs first. The ATT will remain open until the applicant completes testing for the specified section(s) or nine months have transpired since the date the NTS was issued, whichever occurs first.

(c) If for any reason an applicant does not pass a section of the exam during the time the applicant holds an open ATT for that section, the applicant cannot test for that section until the applicant reapplies and is issued another ATT for that section pursuant to Section 8.2.

(d) An ATT may be suspended by the Board based on a report from the National Association of State Boards of Accountancy that its National Candidate Database has identified that the applicant holds another open ATT for the same section of the exam, has unpaid fees, or may have engaged in subversion of the exam. An ATT may also be suspended by the Board for other good cause.

(e) The nine-month time periods specified in subsection (b) may be extended by the Board because the applicant was prevented from testing due to one of the following events:

(1) Death of an immediate family member, when accompanied by documentation, such as a copy of the death certificate.

(2) Catastrophic illness, contagious disease, or major traumatic injury to the candidate or immediate family member (spouse, child or parent), when accompanied by 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., when accompanied by documentation, such as an official letter from the U.S. Embassy or a copy of the passport indicating a visa was requested.

(5) Other good cause.

NOTE: Authority cited: Section 5010, Business and Professions Code. Reference: Sections 5081, 5082, 5082.1, 5082.2, 5092, 5093 and 5131, Business and Professions Code.



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



LC Item III.
CBA Item XVI.B.2.
November 18-19, 2021

Final Actions and Outcomes on Legislation the California Board of Accountancy Took a Position On and Monitored in 2021

Presented by: Deanne Pearce, Assistant Executive Officer

Purpose of the Item

The purpose of this agenda item is to update the California Board of Accountancy (CBA) on the disposition of legislation on which the CBA took a position or actively monitored in 2021.

Consumer Protection Objectives

It is important for the CBA to monitor and, when necessary, take a position on legislation that directly or indirectly relates to its mission of consumer protection.

Action(s) Needed

No specific action is required on this agenda item

Background

Each legislative year the CBA actively engages with the Legislature on bills of interest to the CBA's mission of consumer protection and its oversight of the accountancy profession.

Comments

This is the final tracking sheet reflecting the outcome of legislation on which the CBA took a position or actively monitored during 2021.

Fiscal/Economic Impact Considerations

The fiscal and economic impact was identified on each legislative analysis.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

Legislative Tracking Chart – Final Outcomes on Legislation 2021

Final Actions and Outcomes on Legislation the California Board of Accountancy Took a Position On and Monitored in 2021

Final Actions and Outcomes on Legislation with a CBA Position					
Bill #	Author	Summary	Version	CBA Position	Final Outcome
AB 107	Salas	The bill requires DCA boards to issue a temporary professional license to an applicant who is married to, a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces assigned to a duty station in California, and meets other criteria.	8/26/21	Support	Chapter 693 of 2021
AB 298	Irwin	The bill allows CPA exam applicants to sit for the Uniform CPA exam prior to receiving their diploma and revises ethics education requirements. It further protects private email addresses held by the CBA, and makes other operational changes to the CBA.	6/17/21	Sponsor	Chapter 300 of 2021
SB 607	Roth	The bill requires all DCA boards to waive all fees charged by the board associated with the application and initial license for applicants who are married to, in a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces assigned to a duty station in California, and who possess a license in another jurisdiction.	8/30/21	Support	Chapter 367 of 2021
AB 105	Holden	Veto message: "...we established a Chief Equity Officer at the Government Operations Agency this year who will focus on diversifying state hiring, recruitment, retention, and training. ... Elements of the bill conflict with existing constitutional requirements, labor agreements, and current data collection efforts. ... AB 105 would cost tens of millions of dollars, these one-time and significant ongoing costs should be considered through the annual state budget process."	8/31/21	Watch	Vetoed

Final Actions and Outcomes on Legislation with a CBA Position

Bill #	Author	Summary	Version	CBA Position	Final Outcome
SB 702	Limón	Veto message: "...My office already makes an intentional, transparent effort to engage with the Legislature, community partners, nonprofits, and a variety of stakeholders to build a diverse and qualified pool of candidates for appointed positions, and will continue to strengthen and build these partnerships. Further, the demographic information specified for reporting under this bill is optional and self-reported by candidates."	7/1/21	Support	Vetoed
AB 29	Cooper	State Bodies: Meetings	12/7/20	Watch	Two-Year Bill
AB 646	Low	Department of Consumer Affairs: Boards: Expunged Convictions	4/14/21	Watch	Two-Year Bill
AB 885	Quirk	Bagley-Keene Open Meeting Act: Teleconferencing	3/24/21	Support	Two-Year Bill
AB 1026	Smith	Business Licenses: Veterans	2/18/21	Support	Two-Year Bill
AB 1316	O'Donnell	School Accountability: Financial and Performance Audits: Charter Schools: Contracts	5/24/21	Watch	Assembly Floor (Inactive File)
AB 1386	Cunningham	License Fees: Military Partners and Spouses	4/28/21	Support	Two-Year Bill
SB 731	Durazo	Criminal Records: Relief	8/30/21	Watch	Failed Passage in Assembly (Reconsideration Granted)
SB 772	Ochoa Bogh	Professions and Vocations: Citations: Minor Violations	2/19/21	Watch	(Two-Year Bill)

Final Outcome on Legislation the CBA Monitored

Bill #	Author	Summary	Version	Final Outcome
AB 361	Rivas	The bill authorizes a local agency to use tele-conferencing without complying with the teleconferencing requirements imposed by the Brown Act when a local agency holds a meeting during a declared state of emergency, when state or local health officials have imposed or recommended measures to promote social distancing. This bill would sunset on January 1, 2024.	9/3/21	Chapter 165 of 2021
AB 473	Chau	This bill would recodify and reorganize the provisions of the Public Records Act. The bill would become operative on January 1, 2023.	8/16/21	Chapter 614 of 2021
AB 1273	Rodriguez	This bill would make the State Public Health Officer and the Director of Consumer Affairs ex officio members of the Interagency Advisory Committee on Apprenticeship.	9/7/21	Chapter 477 of 2021
AB 1291	Frazier	This bill would require a state body, when it limits time for public comment, to provide at least twice the allotted time to a member of the public who utilizes translating technology to address the state body.	6/24/21	Chapter 63 of 2021
AB 305	Maienschein	Veteran Services: Notice.	8/26/21	Senate Floor (Inactive File)
AB 2	Fong	Regulations: Legislative Review: Regulatory Reform.	12/7/20	Two-Year Bill
AB 69	Kiley	State of Emergency: Termination After 60 Days: Extension by the Legislature.	12/7/20	Two-Year Bill

Final Outcome on Legislation the CBA Monitored

Bill #	Author	Summary	Version	Final Outcome
AB 225	Gray	Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.	6/26/21	Two-Year Bill
AB 343	Fong	California Public Records Act Ombudsperson.	5/24/2021	Two-Year Bill
AB 703	Rubio Blanca	Open Meetings: Local Agencies: Teleconferences.	4/29/21	Two-Year Bill
SB 209	Dahle	State of Emergency: Termination After 45 Days: Extension by the Legislature.	3/4/21	Two-Year Bill
AB 339	Lee	Veto message: "...AB 339 limits flexibility and increases costs for the affected local jurisdictions trying to manage their meetings. Additionally, this bill requires in-person participation during a declared state of emergency unless there is a law prohibiting in-person meetings in those situations. This could put the health and safety of the public and employees at risk depending on the nature of the declared emergency. I recently signed urgency legislation that provides the authority and procedures for local entities to meet remotely during a declared state of emergency."	9/3/21	Vetoed



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 XVII.A-C.
November 18-19, 2021

Officer Elections

Presented by: Nancy J. Corrigan, CPA, President

Purpose of the Item

The purpose of this agenda item is to present the California Board of Accountancy (CBA) with statements of qualifications submitted by members for consideration for Officer Elections at the November 2021 meeting.

Consumer Protection Objectives

This agenda item is a necessary part of the CBA's normal course of business, to assist the CBA in continuing to meet its mission of consumer protection as mandated in Business and Professions Code section 5000.1.

Action(s) Needed

It is requested that CBA members consider all applicant's statements, including any additional candidates who express interest at the CBA meeting.

Background

The statements of qualifications are presented at the November CBA meeting. The President shall ask if there are any additional candidates for the officer positions. All candidates may be given up to five minutes of floor time to describe why they are qualified for the position.

The vote for officer positions will be held in the following order: Secretary/Treasurer, Vice-President, and President. The vote will be taken for each position nominee, starting in alphabetical order by the candidate's last name. Members can vote Yes, No, or Abstain. The first nominee to receive a majority vote will win the officer position.

The President, Vice-President, and Secretary/Treasurer serve a one-year term and may not serve more than two consecutive one-year terms. The newly elected President, Vice-President, and Secretary/Treasurer shall assume the duties of their respective offices at the conclusion of the November meeting at which they were elected.

Comments

The following members have submitted statements of qualifications:

Officer Elections

Page 2 of 2

- Katrina L. Salazar, CPA – Secretary/Treasurer (**Attachment 1**)
- Mark J. Silverman, Esq. – Vice-President (**Attachment 2**)
- Michael M. Savoy, CPA – President (**Attachment 3**)

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. Statement of Qualifications for Katrina L. Salazar, CPA
2. Statement of Qualifications for Mark J. Silverman, Esq.
3. Statement of Qualifications for Michael M. Savoy, CPA

October 5, 2021

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

To the board members of the California Board of Accountancy:

I respectfully submit my name for your consideration as Secretary/Treasurer.

Since joining the board of accountancy in 2012, I have served as Secretary/Treasurer (14/15), Vice President (15/16) and President (16/17). In committee service, I have chaired the Mobility Stakeholder Group and served on the Strategic Planning Committee, Committee on Professional Conduct, Legislative Committee and Enforcement Program Oversight Committee. I have also represented the board to new licensees through outreach with CalCPA, visited the Capitol on behalf of the board, and testified before the Legislature regarding key issues and value to consumers.

During my role as CBA President, I was fortunate to speak at multiple NASBA events on behalf of our state and learn about that organization. Since then, I have served on their Enforcement Resources Committee, Strategic Planning Committee, By Laws Committee, and Pacific Region Director.

Last, but not least, I have also represented CA serving on the AICPA's State Board Committee since 2018.

The professional experience that I bring to the table includes both public and industry accounting, and service to the profession as an adjunct faculty member teaching at two community colleges. I respectfully submit my combination of experience within our profession, our board, and our larger regulatory environment for your consideration.

I look forward to continuing to serve to the California Board of Accountancy and ask for your support in electing me as Secretary/Treasurer.

Sincerely,

Katrina L. Salazar, CPA, MBA

October 4, 2021

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

To the Board Members of the California Board of Accountancy:

This is to inform the Board that I am interested in serving as Vice-President of the CBA for the upcoming year. I have served on the Board for over 7 years and am currently serving as Secretary/Treasurer of the Board. Also, I have served in many capacities including Committee Chair/Member, Secretary/Treasurer and Vice President. I am a Public Member and I believe my background and experience would help to maintain the CBA's mission and standing as one of the most effective regulatory entities in California. I have set a description of my background below.

- As an active angel investor, I currently serve as an advisor to and Board Member of Wanderly, Avenue Healthcare and Westhaven Therapeutics. I am also an Entrepreneur in Residence at Georgetown University's McDonough School of Business.
- Previously, I was COO and EVP, International at ScrollMotion, Inc. Prior to that, I was an international development consultant handling assignments domestically and in the Middle East and Far East regions.
- Earlier, I served as EVP Corporate Development at US Interactive and as COO of Digital Evolution which later merged with US Interactive. Prior to that, I was an executive in the packaging manufacturing industry where I led and sold a number of ventures.
- I started my career as an Attorney Advisor to the Executive Director of the Federal Trade Commission. I am a cum laude graduate of Georgetown University (BSBA, Management) and received my JD degree from the Georgetown University Law Center. I later studied at the London School of Economics.
- In 2014 Governor Edmund Brown, Jr. appointed me and in 2018 reappointed me to the California Board of Accountancy, which regulates and licenses over 110,000 CPA's. I currently serve as Secretary/Treasurer. I am a former Trustee of the John Thomas Dye School and a former Board Member of the I Have a Dream Foundation Los Angeles.

Sincerely,

Mark J. Silverman, Esq.

September 24, 2021

California Board of Accountancy

Ladies and Gentlemen:

I am interested in running for the office of President for the CBA for 2021-2022. Below I have set forth what I believe are my qualifications for your consideration for this position.

Since graduating college in 1973 I have worked in public accounting my entire career first in New York City and now in Los Angeles. I have worked for only 3 accounting firms in my career and presently serve as Of Counsel of an 800 person CPA firm, which is nationally ranked in the top 40.

I have given my time to serve in the community and feel that this experience is invaluable in pursuant of this position.

On June 4, 2016 I was the proud recipient of the Humanitarian Award by National Jewish Health, the leading respiratory hospital in the nation. This award is given in appreciation of significant civic and charitable contributions and exemplary service that positively impacts the community.

I formerly served on the board and finance committee of a private day school in Northridge and have also served as the school's treasurer/CFO for 6 years.

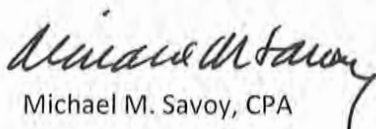
I presently serve as Treasurer and sit on the finance committee, executive committee and the board of the Los Angeles Area Chamber of Commerce.

I am a past Chairman of the Board for the Americas Region of BKR International, which is a group of 180 independent CPA firms in over 85 countries in more than 300 cities throughout the world.

I have now been on the board of the CBA for eleven years, and I have previously served as the board's President (2017-2018 and 2013-2014), Vice President (2019-2021, 2016-2017 and 2012-2013) and Secretary/Treasurer (2015-2016 and 2011-2012), and have served on all committees of this board and have gained an enormous amount of appreciation for this position along with the experience that comes with this responsibility.

I believe that my experience in both the accounting profession for over 48 years and in serving the community more than qualifies me to serve again as President for the California Board of Accountancy for 2021-2022.

Thank you for considering me for this position.



Michael M. Savoy, CPA