



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

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



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

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

**Additional Teleconference Location/
Location at which the Public May Observe or Address the Board
Jacobson & Associates
1352 Irvine Boulevard
First Floor Conference Room
Tustin, CA 92780
Telephone: (714) 505-4872**

**Legislative Committee Meeting
Thursday, July 27, 2023, 9:00 a.m.**

**Committee on Professional Conduct Meeting
Thursday, July 27, 2023, 9:30 a.m.
Or Upon Adjournment of the Legislative Committee Meeting**

**Enforcement Program Oversight Committee Meeting
Thursday, July 27, 2023, 10:15 a.m.
Or Upon Adjournment of the Committee on Professional Conduct Meeting**

**California Board of Accountancy Meeting
Thursday, July 27, 2023, 11:00 a.m.
Or Upon Adjournment of the Enforcement Program Oversight Committee Meeting**

**California Board of Accountancy Meeting
Friday, July 28, 2023, 9:00 a.m. until adjournment**

Enclosed for your information is a copy of the agendas for the Legislative Committee, Committee on Professional Conduct, Enforcement Program Oversight Committee, and California Board of Accountancy meetings on July 27-28, 2023.

The committee and California Board of Accountancy meetings will commence at 9:00 a.m. or later. The order, start times, or both, of the committee meetings and the California Board of Accountancy meeting are subject to change without notice. Agenda items may be discussed and action taken out of order at the discretion of the California

CBA Meeting July 27-28, 2023

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Board of Accountancy President or Committee Chair for convenience, to accommodate speakers, or to maintain a quorum. Identified presenters are subject to change.

INSTRUCTIONS FOR PARTICIPATING VIRTUALLY:

If joining the Thursday, July 27, 2023 meetings:

Event address for attendees: <https://dca-meetings.webex.com/dca-meetings/j.php?MTID=m13070e2dc5d7668168a833763cafa0c8>

If joining using the link above

Webinar number: 2488 695 2462

Webinar password: CBA07272023

If joining by phone

+1-415-655-0001 US Toll

Access code: 248 869 52462

Passcode: 22207272

If joining the Friday, July 28, 2023 meeting:

Event address for attendees: <https://dca-meetings.webex.com/dca-meetings/j.php?MTID=m1fe9d799a02163f1bb14713f455f9d40>

If joining using the link above

Webinar number: 2484 277 6800

Webinar password: CBA07282023

If joining by phone

+1-415-655-0001 US Toll

Access code: 248 427 76800

Passcode: 22207282

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

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

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

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

CBA Meeting July 27-28, 2023

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



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

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE COMMITTEE**

MEETING AGENDA

Thursday, July 27, 2023, 9:00 a.m.

**California Board of Accountancy
2450 Venture Oaks Way, Suite 420
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Important Notice to the Public

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

	<u>Agenda Item</u>	<u>CBA Item #</u>
I.	Public Comments for Items not on the Agenda.*	
II.	Approve Minutes of the May 18, 2023 Legislative Committee Meeting.	IX.B.

<u>Agenda Item</u>	<u>CBA Item #</u>
III. California Board of Accountancy 2023 Legislative Tracking Chart, 2023 Legislative Calendar and Considerations for Taking Positions on Legislation (Written Report Only) .	XVI.A.2.
IV. Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position or Previously Acted Upon (Deanne Pearce, Assistant Executive Officer).	XVI.A.3.
A. Senate Bill 372 – Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.	XVI.A.3.a.
B. Senate Bill 544 – Bagley-Keene Open Meeting Act: Teleconferencing.	XVI.A.3.b.
C. Senate Bill 816 – Professions and Vocations.	XVI.A.3.c.
D. Senate Bill 887 – Consumer Affairs.	XVI.A.3.d.
V. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring (Deanne Pearce, Assistant Executive Officer).	XVI.A.4.
A. Assembly Bill 469 – California Public Records Act Ombudsperson.	XVI.A.4.a.
B. Assembly Bill 477 – Legislative Review of State Boards.	XVI.A.4.b.
C. Assembly Bill 883 – Business Licenses: United States Department of Defense SkillBridge Program.	XVI.A.4.c.
D. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.	XVI.A.4.d.
E. Senate Bill 259 – Reports Submitted to Legislative Committees.	XVI.A.4.e.
F. Senate Bill 279 – Administrative Regulations: Public Participation: Comment Process.	XVI.A.4.f.
G. Senate Bill 447 – GO-Biz.	XVI.A.4.g.

Agenda Item

CBA Item #

- | | |
|--|------------|
| H. Senate Bill 601 – Professions and Vocations:
Contractors: Home Improvement Contracts: Prohibited
Business Practices: Limitation of Actions. | XVI.A.4.h. |
| I. Senate Bill 702 – Gubernatorial Appointments: Report. | XVI.A.4.i. |
| J. Senate Bill 802 – Licensing Boards: Disqualification
from Licensure: Criminal Conviction. | XVI.A.4.j. |

VI. Agenda Items for Next Meeting.

Adjournment.

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

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

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

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



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

MEETING AGENDA

**Thursday, July 27, 2023, 9:30 a.m.
 Or Upon Adjournment of the Legislative Committee Meeting**

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

Agenda Item

CBA Item #

- I. Public Comments for Items Not on the Agenda.*

<u>Agenda Item</u>	<u>CBA Item #</u>
II. Approve Minutes of the May 18, 2023 Committee on Professional Conduct Meeting.	XIV.C.
III. Discussion on the California Board of Accountancy's Selection of Peer Review Administrative Site Visit Attendees (Sarah Benedict, Manager, License Renewal and Continuing Competency Unit) .	XVI.B.2.
IV. Agenda Items for Next Meeting.	

Adjournment.

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

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



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

MEETING AGENDA

Thursday, July 27, 2023, 10:15 a.m.

Or upon adjournment of the Committee on Professional Conduct Meeting

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

Important Notice to the Public

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

**Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks
 (Yen C. Tu, Chair).**

<u>Agenda Item</u>	<u>CBA Item #</u>
I. Public Comments for Items not on the Agenda.*	
II. Approve Minutes of the January 27, 2023 Enforcement Program Oversight Committee Meeting.	XIV.D.
III. Discussion and Possible Action to Initiate a Rulemaking to Amend California Code of Regulations, Title 16, Section 98, Disciplinary Guidelines and Model Orders (Michelle Main, Enforcement Manager).	XVI.C.2.

Agenda Item

CBA Item #

IV. Discussion and Possible Action to Initiate a Rulemaking to Add California Code of Regulations, Title 16, Section 99.3, Reinstatement of Surrendered Licenses via Written Record (**Kari O'Connor, Deputy Enforcement Chief**).

XVI.C.3.

V. Agenda Items for Next Meeting.

VI. Adjournment.

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

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

MEETING AGENDA

Thursday, July 27, 2023, 11:00 a.m.

Or upon adjournment of the Enforcement Program Oversight Committee Meeting

**Friday, July 28, 2023
9:00 a.m. until adjournment**

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Thursday,
July 27, 2023

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

Agenda Item

11:00 a.m. –
11:05 a.m.

I. Public Comments for Items Not on the Agenda.*

11:05 a.m. –
12:15 p.m.

II. Report of the President.

A. Resolution for Retired California Board of Accountancy Member, Zuhdia “Dee Dee” Owens, CPA.

B. Resolution for Retiring Enforcement Advisory Committee Member, Jackson G. Johnson, CPA.

C. Discussion and Review of the California Board of Accountancy 2024 Sunset Review Report (**Deanne Pearce, Assistant Executive Officer**).

D. Department of Consumer Affairs Director’s Report on Departmental Activities (**Representative, Department of Consumer Affairs**).

12:15 p.m. –
12:30 p. m.

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

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

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

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

D. Update on Activities for Committee Recruitment.

12:30 p.m. –
1:30 p.m.

Lunch.

1:30 p.m. –
5:00 p.m.

IV. Closed Session: Pursuant to Government Code Section 1112(c)(1), the California Board of Accountancy Will Convene into Closed Session to Discuss the Department of Consumer Affairs’ Office of Professional Examination Services Report on the Occupational Analysis and Validation Studies.

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

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

Agenda Item

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

- VI. 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.
- VII. Closed Session: Pursuant to Government Code Section 11126(a), the California Board of Accountancy Will Convene into Closed Session to Conduct Interviews and Consider the Appointment of the Executive Officer.

Recess until July 28, 2023.

Friday, July 28,
2023

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

9:00 a.m. –
9:15 a.m.

- VIII. Report of the Secretary/Treasurer (**Joseph Rosenbaum, CPA, Secretary/Treasurer**).

A. Update on California Board of Accountancy Budget.

9:15 a.m. –
9:35 a.m.

- IX. Report of the Executive Officer (**Dominic Franzella, Acting Executive Officer**).

A. Administration Activity Report (**Christy Abate, Manager, Administrative Services**).

B. Communications and Outreach Report (**Deanne Pearce, Assistant Executive Officer**).

9:35 a.m. –
9:50 a.m.

- X. 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 July 13, 2023 Enforcement Advisory Committee Meeting.

2. Approval of the 2024 Enforcement Advisory Committee Meeting Dates.

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

Agenda Item

1. Report of the July 26, 2023 Qualifications Committee Meeting.

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

There is no report on this agenda item.

**9:50 a.m. –
10:30 a.m.**

XI. Regulations.

A. Discussion and Possible Action to Consider Public Comments and Amend California Code of Regulations, Title 16, Sections 6 – Examination Required, Passing Grades, Provisions for Disabled Applicants, 7.1 – Credit Status for the Computerized Uniform CPA Examination, 8.2 – Requirements for Issuance of the Authorization to Test, and 9.2 – Education Required Under Business and Professions Code Sections 5092 and 5093, and Repeal 13 – Applicants Who Applied for the Examination Prior to May 12, 2002, and to Add California Code of Regulations, Title 16, Sections 7.3 – Transition to Core Plus Discipline Uniform CPA Examination and 9.3 – Early Admission to the Uniform CPA Examination Under Business and Professions Code Section 5093.5 (**Michelle Center, Chief, Licensing Division**).

**10:30 a.m. –
10:45 a.m.**

Morning Break.

**10:45 a.m. –
11:00 a.m.**

XII. Report of the Enforcement Chief (**Kari O’Connor, Deputy Chief, Enforcement Division**).

A. Enforcement Activity Report.

**11:00 a.m. –
11:15 a.m.**

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

A. Licensing Activity Report (**Sarah Benedict, Manager, License Renewal and Continuing Competency Unit**).

**11:15 a.m. –
11:25 a.m.**

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

A. Adoption of the May 18, 2023 California Board of Accountancy Meeting Minutes.

B. Acceptance of the May 18, 2023 Legislative Committee Meeting Minutes.

Agenda Item

- C. Acceptance of the May 18, 2023 Committee on Professional Conduct Meeting Minutes.
- D. Acceptance of the January 27, 2023 Enforcement Program Oversight Committee Meeting Minutes.
- E. Acceptance of the May 4, 2023 Enforcement Advisory Committee Meeting Minutes.
- F. Acceptance of the February 17, 2023 Peer Review Oversight Committee Meeting Minutes.

**11:25 a.m. –
11:55 a.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. Board of Examiners (Katrina L. Salazar, CPA).

b. State Board Committee (Nancy J. Corrigan, CPA).

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Director-at-Large (Katrina L. Salazar, CPA).

2. Report of the National Association of State Boards of Accountancy Pacific Regional Director (Nancy J. Corrigan, CPA).

3. Report on Activities of Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member.

a. Education Committee (Nancy J. Corrigan, CPA, Chair).

b. Relations With Member Boards Committee (Nancy J. Corrigan, CPA).

c. Communications Committee (Yen C. Tu).

d. Diversity Committee (Katrina L. Salazar, CPA, Chair).

Agenda Item

- e. Nominating Committee (**Michael M. Savoy, CPA**).

There is no report on this agenda item.

- 4. Report of the Western Regional Meeting Held June 27-29, 2023 (**Katrina L. Salazar, CPA/Nancy J. Corrigan, CPA/Dominic Franzella, Acting Executive Officer**).

11:55 a.m. –
12:25 p.m.

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

- A. Legislative Committee (**Joseph Rosenbaum, CPA, Chair**).

- 1. Report of the July 27, 2023 Legislative Committee Meeting.
- 2. California Board of Accountancy 2023 Legislative Tracking Chart, 2023 Legislative Calendar and Considerations for Taking Positions on Legislation.
- 3. Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position or Previously Acted Upon.
 - a. Senate Bill 372 – Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.
 - b. Senate Bill 544 – Bagley-Keene Open Meeting Act: Teleconferencing.
 - c. Senate Bill 816 – Professions and Vocations.
 - d. Senate Bill 887 – Consumer Affairs.
- 4. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring.
 - a. Assembly Bill 469 – California Public Records Act Ombudsperson.
 - b. Assembly Bill 477 – Legislative Review of State Boards.
 - c. Assembly Bill 883 – Business Licenses: United States Department of Defense SkillBridge Program.

Agenda Item

- d. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.
- e. Senate Bill 259 – Reports Submitted to Legislative Committees.
- f. Senate Bill 279 – Administrative Regulations: Public Participation. Comment Process.
- g. Senate Bill 447 – GO Biz.
- h. Senate Bill 601 – Professions and Vocations: Contractors: Home Improvement Contracts: Prohibited Business Practices: Limitation of Actions.
- i. Senate Bill 702 – Gubernatorial Appointments. Report.
- j. Senate Bill 802 – Licensing Boards: Disqualification From Licensure: Criminal Conviction.

B. Committee on Professional Conduct (Nancy Corrigan, CPA, Acting Chair).

- 1. Report of the July 27, 2023 Committee on Professional Conduct Meeting.
- 2. Discussion on the California Board of Accountancy's Selection of Peer Review Administrative Site Visit Attendees.

C. Enforcement Program Oversight Committee (Yen C. Tu, Chair).

- 1. Report of the July 27, 2023 Enforcement Program Oversight Committee Meeting.
- 2. Discussion and Possible Action to Initiate a Rulemaking to Amend California Code of Regulations, Title 16, Section 98, Disciplinary Guidelines and Model Orders.
- 3. Discussion and Possible Action to Initiate a Rulemaking to Add California Code of Regulations, Title 16, Section 99.3, Reinstatement of Surrendered Licenses via Written Record.

12:25 p.m. – 12:30 p.m. **XVII. Closing Business (Katrina L. Salazar, CPA, President).**

Agenda Item

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

Adjournment.

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California Board of Accountancy



CBA Item II.A.
July 27-28, 2023

RESOLUTION

WHEREAS, Zuhdia “Dee Dee” Owens, CPA, was appointed by Governor Gavin Newsom and has faithfully served as a member of the California Board of Accountancy from July 7, 2020 through June 19, 2023; and

WHEREAS, she served as Vice Chair and member of the Enforcement Program Oversight Committee, Chair and member of the Committee on Professional Conduct, and California Board of Accountancy member liaison to the Enforcement Advisory Committee; and

WHEREAS, she is a member of the California Society of Certified Public Accountants, Information Systems Audit and Control Association, Los Angeles Institute of Internal Auditors, American Institute of Certified Public Accountants, KPMG Network of Women, KPMG Pride Network, and KPMG Hispanic/Latino Network in Los Angeles; and

WHEREAS, Zuhdia “Dee Dee” Owens, CPA, has been a partner at KPMG LLP since 2015, where she was managing director and senior manager from 2007 to 2015; and

WHEREAS, throughout her term of service, at all times Zuhdia “Dee Dee” Owens, CPA, gave fully of herself and her ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

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

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Zuhdia “Dee Dee” Owens, CPA, for the outstanding contribution she made during her term of service on the California Board of Accountancy and to the consumers of California.

Katrina L. Salazar, CPA, President

Joseph Rosenbaum, CPA, Secretary/Treasurer

Dated: July 27, 2023

California Board of Accountancy

CBA Item II.B.
July 27-28 2023



RESOLUTION

***WHEREAS,** Jackson G. Johnson, CPA, has faithfully served as a member of the California Board of Accountancy Enforcement Advisory Committee from July 25, 2019 through July 31, 2023; and*

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

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

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

***NOW, THEREFORE, BE IT RESOLVED,** that the members of the California Board of Accountancy express heartfelt appreciation to Jackson G. Johnson, CPA, for the outstanding contribution he made during his term of service on the Enforcement Advisory Committee and to the consumers of California.*

Katrina L. Salazar, CPA, President

Joseph Rosenbaum, CPA, Secretary/Treasurer

Dated: July 27, 2023



California Board of Accountancy
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CBA Item II.C.
July 27-28, 2023

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

Presented by: Deanne Pearce, Assistant Executive Officer

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) an opportunity to consider proposed content for inclusion in the CBA's 2024 Sunset Review Report (Sunset Report).

Consumer Protection Objectives

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

Action(s) Needed

The CBA is asked to provide feedback to staff on the draft Sunset Report (**Attachment**).

Background

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

March 2023

Section 11 – Board Response to Prior Issues

Section 12 – New Issues

May 2023

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

Section 2 – Performance Measures and Customer Satisfaction Surveys

Section 3 – Fiscal and Staff

Section 6 – Public Information Policies

Section 8 – Workforce Development and Job Creation

Section 9 – Current Issues

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

Page 2 of 3

July 2023

Draft Sunset Review Report

September 2023

Draft Sunset Review Report

November 2023

Final Approval of Draft Sunset Review Report

Comments

The Sunset Report is nearing completion and information has been included for all sections. In mid-July, the CBA received the final 2024 questionnaire, which included two new questions (27 and 63) which staff are preparing answers and will be provided in the version for CBA member review at the September meeting. The section regarding customer service satisfaction surveys was removed and added as an attachment and there was also renumbering.

There is data that is still being compiled and finalized for the Fiscal and Licensing Sections. It is anticipated that the remainder of the final year-end information for Licensing will be included for review at the September CBA meeting and final year-end information for the Fiscal section in November.

Section 12 has select attachments included; however, staff are seeking guidance regarding what, if any, attachments can be links (or list the website location) to the primary source in lieu of attaching physical copies.

Staff are working with the DCA design team on the layout and formatting, which will provide a professional look and ensure there is consistency in terminology, tables, etc.

Below is an overview of the sections with the corresponding page number for member reference.

Section	Page Number
Section 1 – Background and Description of the Board and Regulated Profession	1
Section 2 – Fiscal and Staff	35
Section 3 – Licensing Program	55
Section 4 – Enforcement Program	79

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

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Section 5 – Public Information Policies	103
Section 6 – Online Practice Issues	108
Section 7 – Workforce Development and Job Creation	110
Section 8 – Current Issues	114
Section 9 – Board Actions and Responses to COVID-19.	116
Section 10 – Board Action and Response to Prior Sunset Issues	118
Section 11 – New Issues	131
Section 12 – Attachments	134

Fiscal/Economic Impact Considerations

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

Recommendation

Staff recommend the CBA provide feedback on the proposed responses to each of the sections presented in the draft Sunset Report.

Attachment

Draft Sunset Review Report

CALIFORNIA BOARD OF ACCOUNTANCY BACKGROUND INFORMATION AND OVERVIEW OF THE CURRENT REGULATORY PROGRAM As of June 30, 2023

SECTION 1

BACKGROUND AND DESCRIPTION OF THE BOARD AND REGULATED PROFESSION

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

For over 120 years, the California Legislature has entrusted the California Board of Accountancy (CBA) with protecting the public related to the practice of public accountancy in California. The CBA's mission evokes this charge: "To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards."

The breadth of the CBA's influence in the regulatory environment stretches beyond California's borders. The CBA regulates over 115,000 licensees, including individuals (certified public accountants (CPA) and public accountants (PA)) and accounting firms (partnerships, corporations, and out-of-state registered firms). Many of the accounting firms that the CBA regulates have national footprints and some with footprints worldwide. CPAs work in a wide range of areas including accounting firms, private industry, government, and academia, and provide services to clients of all sizes and needs.

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

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

The CBA uses a combination of committees, some legislatively established,

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

As a matter of standing business, the CBA, and each of its committees, reads into the record its mission statement at the start of all meetings, and places it on every meeting agenda. This step ensures the public and members attending the meetings recognize the decisions reached by the CBA are in furtherance of meeting its consumer protection mandate.

Legislatively Established Committees

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

Enforcement Advisory Committee

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

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

Qualifications Committee

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

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

Peer Review Oversight Committee

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

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

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

Mobility Stakeholder Group

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

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

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

CBA Established Committees

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

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

Committee on Professional Conduct

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

Enforcement Program Oversight Committee

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

Legislative Committee

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

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

Fiscal Year 2022-23 – CBA Meeting Attendance						
	07/21/2022 – Sacramento	09/22/2022 – Sacramento	11/17/2022 – Sacramento	01/26-27/2023 – Sacramento	03/23-24/2023 – Sacramento	05/18/2023 – Sacramento
CBA Members	CBA Meeting Date Attendance					
Nancy J. Corrigan, CPA	P	P	P	P	P	P
Karriann Farrell Hinds, Esq.	A	P	A	P	P/A	A
Dan Jacobson, Esq.	P	P	A	P	P	P
Kristian Latta, CPA	P	P	P	P	P	P
Xochitl A. León	A	*	*	*	*	*
Tong “Tony” Lin	-	-	-	-	P	P
Luz Molina Lopez	P	A	P	*	*	*
Zuhdia “Dee Dee” Owens, CPA	P	P	P	P	A	P
Ariel Pe	P	P	P	A	P	A
Deidre Robinson	A	*	*	*	*	*
Joseph Rosenbaum, CPA	P	P	P	P	P	P
Katrina L. Salazar, CPA	P	A	P	P	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Yen Tu	P	A	P	A/P	P	P
Evangeline Ward	P	P	A	P	P	P

Fiscal Year 2021-22 – CBA Meeting Attendance

	07/22-23/2021 – Virtual	09/23-24/2021 – Virtual	11/18-19/2021 – Virtual	01/20-21/2022 – Virtual	03/24-25/2022 – Virtual	05/19-20/2022 – Sacramento
CBA Members	CBA Meeting Date Attendance					
Nancy J. Corrigan, CPA	P	P	P	P	P	P
George Famalett, CPA	P	*	*	*	*	*
Mary M. Geong, CPA	P	A	P	A	A	*
Karriann Farrell Hinds, Esq.	P	P	P	P	P	P
Dan Jacobson, Esq.	P	P	P	P	P	P
Kristian Latta, CPA	-	-	-	-	-	P
Xochitl A. León	P	P	P	A	A	A
Luz Molina Lopez	P	P	P	P	A	P
Zuhdia “Dee Dee” Owens, CPA	P	P	P	P	P	P/A
Ariel Pe	P	A	P	P	A	A
Deidre Robinson	P	P	A/P	P	A	A
Joseph Rosenbaum, CPA	-	-	-	-	-	A
Katrina L. Salazar, CPA	A	P	P	P	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Mark J. Silverman, Esq.	P	P	P	P	P	*
Yen Tu	P	P	P/A	P	P	P
Evangeline Ward	-	-	-	-	-	P/A

Fiscal Year 2020-21 – CBA Meeting Attendance

	07/25/2020 – Virtual	09/26/2020 – Virtual	11/19/2020 – Virtual	01/14/2021 – Virtual	03/25-26/2021 – Virtual	05/13-14/2021 – Virtual
CBA Members	CBA Meeting Date Attendance					
Nancy J. Corrigan, CPA	P	P	P	P	P	P
George Famalett, CPA	P	P	P	P	A	P
Mary M. Geong, CPA	P	P	P	P	A	A
Karriann Farrell Hinds, Esq.	P	P	P	P	P	P
Dan Jacobson, Esq.	P	P	P	P	P	P
Xochitl A. León	P	P	P	A	P	P
Luz Molina Lopez	P	P	P	P	P	P
Carola Nicolson, CPA	P	P	P	*	*	*
Zuhdia “Dee Dee” Owens, CPA	P	P	P	P	P	P
Ariel Pe	P	P	P	P	P	P
Deidre Robinson	A	P	A	P	P/A	A
Katrina L. Salazar, CPA	P	P	P	P	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Mark J. Silverman, Esq.	P	P	P	P	P	P
Yen Tu	P	P	P	P	P	P

Fiscal Year 2019-20 – CBA Meeting Attendance

	07/25/2019 – Los Angeles	09/26-27/2019 Pomona	11/21/2019 - Sacramento	01/16/2020 - Sacramento	03/26/2020 – San Diego	05/17/2020 – Sacramento
CBA Members	CBA Meeting Date Attendance					
Alicia Berhow	P	P/A	*	*	*	*
Jose A. Campos, CPA	P	P	P	P	C	C
Nancy J. Corrigan, CPA	P	P	P	P	C	C
George Famalett, CPA	A	P	P	A	C	C
Mary M. Geong, CPA	A	P	P	A	C	C
Karriann Farrell Hinds, Esq.	P	A	A	P	C	C
Dan Jacobson, Esq.	P	P	P	A	C	C
Xochitl León	P	A	P	P	C	C
Luz Molina Lopez	P	P	P	P	C	C
Carola A. Nicholson, CPA	P	A	P	A	C	C
Ariel Pe	-	-	P	P	C	C
Deidre Robinson	A	A	P	P	C	C
Katrina L. Salazar, CPA	P	P	P	A	C	C
Michael M. Savoy, CPA	P	P	P	P	C	C
Mark Silverman, Esq.	A	P/A	P	P	C	C

Fiscal Year 2018-29 – CBA Meeting Attendance

	07/26/2018 – Los Angeles	09/20-21/2018 - Sacramento	11/15/2018 – San Diego	01/17/2019 - Sacramento	03/21/2019 – San Diego	05/16/2019 – Sacramento
CBA Members	CBA Meeting Date Attendance					
Alicia Berhow	P	A	P	P	P	P
Jose A. Campos, CPA	P	P	P	P	P	P
Nancy J. Corrigan, CPA	-	A	P	P	P	P
George Famalett, CPA	P	P	P	P	P	P
Mary M. Geong, CPA	-	P	P	P	P	P
Karriann Farrell Hinds, Esq.	A	P	P	P	P	P
Dan Jacobson, Esq.	A	P	A	P	P	P
Xochitl León	A	P	P	P	A	P
Luz Molina Lopez	P	A	P	P	P	P
Carola A. Nicholson, CPA	P	A	P	P	A	P
Jian Ou-Yang, CPA	A	*	*	*	*	*
Sunny Youngsun Park, Esq.	P	A	*	*	*	*
Deidre Robinson	A	P	A	P	A	P
Katrina L. Salazar, CPA	P	P	P	A	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Mark Silverman, Esq.	P	P	P	P	P	P

TABLE 1B. BOARD MEMBER ROSTER

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

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

No. The CBA has not missed any of its meetings due to lack of quorum. The Qualifications Committee, however, canceled three meetings as a result of quorum issues. The CBA has faced recruitment issues for its committees and has taken several steps to advertise and recruit to ensure all vacancies are filled.

Additionally, the CBA is working with the current committee leadership and members to ensure they address any members with attendance-related issues. The vacancies and attendance-related issues both contributed to the quorum issues; however, the CBA has been guiding committee leadership to ensure they clearly understand the significance of their role, the critical nature of the committee, and identifying expectations. Attendance-related issues will not occur in the future.

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

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

Strategic Planning

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

The CBA's 2022-2024 Strategic Plan included a new value: "Diversity, Equity, and Inclusion – The CBA supports and encourages a variety of perspectives, backgrounds, and experience that benefit its operation to meet its consumer protection mandate." Consistent with addition, the Department of Consumer Affairs Strategic Organizational Leadership and Individual Development has begun offering diversity, equity, and inclusion training courses, which are available to all Department of Consumer Affairs

employees. CBA management has shared these training opportunities with staff encouraging them to participate.

Further, the National Association of State Boards of Accountancy, of which the CBA is a member, is also providing education and training in diversity, equity, and inclusion. Trainings are available to all accountancy board members, associates, and staff. Participants will learn workplace definitions and applications for diversity, equity, and inclusion. They will also learn how diversity, equity, and inclusion work together to enable organizations to grow and excel.

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

The CBA's 2022-2024 Strategic Plan was developed through a collaborative process between the CBA and Department of Consumer Affairs and included input from CBA Members, Committee Members, CBA stakeholders, and staff.

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

Relocation

The CBA Leadership Roundtable is conducting various activities to relocate the CBA office. The current CBA headquarters was selected based on the need to house its current 100 employees and accommodate future growth. With COVID-19 and the transition to telework; however, the CBA's space needs have reduced significantly.

The CBA presently has about 25 to 30 staff members at the CBA office on a daily basis. The majority of staff are successfully working a telework schedule or a hybrid telework schedule. Given the CBA's reduced office space needs, staff has identified a new location, at the Department of Consumer Affairs headquarters building. The new location has sufficient space to

house on-site staff and to facilitate staff who work a hybrid schedule (providing “hoteling” workstations).

The relocation will save approximately \$350,000 per year on lease costs. There will be expenses to fund the relocation to new office space, including modifications and improvements to the suite, furniture, and movers. The long term financial benefits significantly outweigh the upfront move costs and the transition to less office space is consistent with the Governor’s direction to reduce the states footprint.

Another consideration in the relocation is any potential impact on CBA staff. The following identifies some of the key topics that were considered:

- The distance from the current CBA location to the Department of Consumer Affairs building is less than five miles, keeping the general location in the Natomas area of Sacramento.
- Public transit access is nearby.
- Security guard present for entry into building and monitoring the Department of Consumer Affairs premises.
- Onsite café.
- Ample electric car charging stations.
- New office furniture tailored to a hybrid work environment.
- Onsite activities that staff can more readily participate in:
 - Holiday activities
 - Food drives
 - Blood drives

One of the more significant advantages of the Department of Consumer Affairs location is the increased opportunities staff will have to meet and collaborate with Department of Consumer Affairs staff and other boards and bureaus.

The Department of Consumer Affairs space also provides the ability to use its conference room for CBA and Committee meetings and if it is occupied, staff can explore conducting that meeting at a southern California location or rent space in the Sacramento area.

The CBA is hopeful that the relocation will be completed no later than mid-2024. There are, however, many factors that could impact this timeframe.

Succession Planning

Appropriate succession planning is central to the CBA’s ability to continue providing effective consumer protection and service to its stakeholders. The CBA takes proactive steps to address succession issues that may develop in

the future. The CBA's Succession Plan was updated in 2021 to continue guiding this process.

The Succession Plan is an invaluable document that identifies specific steps to take during the recruitment of staff in key positions.

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

Leadership Changes

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

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

Staff Leadership

Patti Bowers, the CBA's long-time Executive Officer, retired in 2023. CBA Enforcement Chief Dominic Franzella was selected as the Acting Executive Officer role beginning in January 2023.

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

computer-based testing and served as the chair over the multi-state Smarter Balanced Assessment consortium.

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

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

- Developed a process to accept official college/university transcripts electronically.
- Launched the online license renewal platform (CBA Connect).
- Launched an online licensure application system, and acceptance of credit card payment.
- Developed comprehensive desk manuals designed to communicate expectations and provide useful training tools.
- Implemented a process to provide select Uniform CPA Examination applicants¹ early feedback on their education as it relates to licensure requirements.
- Developed processes related to data quality to increase data consistency.
- Reduced processing timelines for applicants.
- Established a designated military and asylee applicant facilitator.

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

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

- Producing and hosting CBA virtual outreach events.
- Creating the CBA's new "Accounting for California Podcast" series.
- Increasing the CBA social media footprint.
- Editor of the CBA's UPDATE newsletter.

¹ Uniform CPA Examination applicants that meet the requirements for the exam and have earned 150 semester credits are provided early feedback on their education related to the licensure requirements.

Legislation

2023

Bill Number:	Senate Bill 347 (Menjivar)
Subject Matter:	Deadnaming.
Effective Date:	January 1, 2024
Summary:	This bill proposes to protect the privacy and ensure the safety of transgender and non-binary Californians by eliminating the use of deadnames ² at the Department of Consumer Affairs for licensed professionals who have changed their legal names.
Bill Number:	Senate Bill 544 (Laird)
Subject Matter:	Bagley-Keene Open Meeting Act: Teleconferencing.
Effective Date:	January 1, 2024
Summary:	This bill requires state bodies utilizing teleconferencing to permit the public to address the state body, ensure the state body implement procedures to accommodate requests from individuals with disabilities, cease or recess meetings when technical issues are identified, and provide transparency for those participating remotely by requiring the disclosure of other individuals 18 years of age and older who are present.
Bill Number:	Senate Bill 816 (Roth)
Subject Matter:	Professions and Vocations.
Effective Date:	January 1, 2024
Summary:	This bill contains several provisions related to boards and bureaus within the Department of Consumer Affairs. Among these is a fee increase for CBA license renewal and initial licensure fees that occurs in two phases over four years. The proposed statutory change also increases the statutory cap on various fees. The fee changes are based on a fee study conducted by the Department of Consumer Affairs. The new fee structure eliminates the structural imbalance between revenues and authorized expenditures while minimize the impact to individuals entering the practice of public accountancy.

² Per the fact sheet, deadnaming occurs when someone intentionally or unintentionally refers to a trans or non-binary person by the name they previously used.

Bill Number: **Senate Bill 887 (Committee on Business, Professions and Economic Development)**

Subject Matter: Consumer Affairs.

Effective Date: January 1, 2024

Summary: This bill contains several provisions related to boards and bureaus within the Department of Consumer Affairs. Among these are several non-controversial language updates and changes for the CBA.

This bill deletes a reference to an obsolete continuing education advisory committee, deletes the term “substandard” and replaces it with the term “fail” consistent with the American Institute of CPA standards, deletes outdated language regarding a peer review reporting requirement the CBA completed in 2014, deletes the outdated authorization for the CBA to collect fees under the prior practice privilege provisions, deletes outdated transitional licensing education requirements that existed in 2013, and other non-substantive changes, including gender neutral pronouns, updated terminology to reference internet website, and grammatical changes.

2022

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

Subject Matter: Criminal Records: Relief.

Effective Date: January 1, 2023

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

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

Subject Matter: Professions and Vocations.

Effective Date: January 1, 2023

Summary: This bill extends the sunset date of specified boards, bureaus, and commissions within the Department of Consumer Affairs for an additional year from January 1, 2024 to January 1, 2025.

This extension also applies that extension to the authority for boards and commissions to designate an executive officer. Among the boards, bureaus, and commissions impacted by this measure is the CBA.

2021

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

Subject Matter: Licensure: Veterans and Military Spouses.

Effective Date: January 1, 2022

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

This section does not apply to a board, including the CBA, that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year or is able to receive an expedited license by endorsement with no additional requirements as specified.

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

Subject Matter: Accountancy: California Board of Accountancy.

Effective Date: January 1, 2022

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

1. Authorized applicants to apply to take the Uniform Certified Public Accountant Examination prior to completing the necessary educational requirements if the applicants meet specified conditions.
2. Updated the ethics education requirements to allow auditing and fraud.
3. Made clarifying changes regarding email confidentiality.

4. Expanded what CBA members are eligible to preside over CBA meetings.

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

Subject Matter: Professions and Vocations.

Effective Date: January 1, 2022

Summary: This bill was the Senate Business Professions and Economic Development Committee omnibus bill and contained several provisions pertaining to the Department of Consumer Affairs.

Among other proposals, the bill required all boards within the Department of Consumer Affairs, including the CBA, to waive fees charged by the board associated with the application and initial license for applicants who are married to, in a domestic partnership, or other legal union with, an active duty member of the United States Armed Forces assigned to a duty station in California, under official active duty military orders, and who holds a current license in another United States jurisdiction for which the applicant seeks a license from the board.

2020

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

Subject Matter: Cannabis: Financial Institutions.

Effective Date: January 1, 2021

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

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

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

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

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

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

Effective Date: January 1, 2021

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

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

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

Effective Date: July 1, 2021

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

1. The current average timeframes for processing initial and renewal license applications, or the combined current average timeframe for processing both initial and renewal license applications.
2. The current average timeframes for processing each license type that the board administers, or the combined current average timeframe for processing all license types that the board administers.

2019

Bill Number: **Assembly Bill 1076 (Ting, Chapter 578, Statutes of 2019)**

Subject Matter: Criminal Records: Automatic Relief.

Effective Date: January 1, 2020

Summary: This bill requires the Department of Justice, following a weekly review of arrest or conviction records, to identify those defendants eligible for automatic relief without a petition or motion being filed on that person's behalf for misdemeanor and non-violent felony offenses where the defendant successfully completed probation and the underlying charge was not otherwise excluded, provided defendant is not otherwise in custody, on parole, on probation in another case or facing pending charges.

Bill Number: **Assembly Bill 1521 (Low, Chapter 359, Statutes of 2019)**

Subject Matter: Accountancy: California Board of Accountancy.

Effective Date: January 1, 2020

Summary: This bill extended the sunset date for the CBA from January 1, 2020 to January 1, 2024. Also, the bill revises the license renewal and initial license fees by establishing that \$250 is the minimum, and \$280 is the maximum amounts the CBA may charge for those fees.

Bill Number: **Senate Bill 601 (Morrell, Chapter 854, Statutes of 2019)**

Subject Matter: State agencies: Licenses: Fee Waiver.

Effective Date: January 1, 2020

Summary: This bill authorizes state agencies that issues business licenses to establish a process for a person or business, displaced or is experiencing economic hardship as a result of an emergency, as defined, to submit an application for reduction or waiver fees. This shall apply to fees required to obtain a license, renew or activate a license, or replace a physical license for display.

Regulations

2023

Title 16, California Code of Regulations, Section	Subject	Status
54.3, 54.4	Sale, Transfer, or Discontinuance of Practice	The final package was submitted for review to the Office of Administrative Law on June 26, 2023. A decision on the package is expected by mid-August.
6, 7.1, 8.2, 9.2, 13 add sections 7.3 and 9.3	CPA Evolution/Early Entry	The public comment period was May 26, 2023 to July 11, 2023.
41, 50.1	Firm Responsibilities and Client Notification Regarding Attest Services	Staff are working with the Department of Consumer Affairs to finalize the rulemaking documents.
87, 88, 88.1, 88.2, 89, 90	Continuing Education – Nano Learning, Blended Learning, and Adaptive Self-Study	Approved by Office of Administrative Law February 2023
12, 12.5	Second Signature Removal from Experience Form	Approved by Office of Administrative Law February 2023

2022

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

2021

Title 16, California Code of Regulations, Section	Subject	Status
12.5	Attest Experience Form	Approved by Office of Administrative Law October 2021

98, 99, 99.1, 99.2	Assembly 2138 – Disciplinary Guidelines	Approved by Office of Administrative Law February 2021
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2020

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

2019

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

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

Consideration of the CPA Experience Requirements Taskforce

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

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

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

The taskforce also provided, and the CBA adopted, the following recommendations:

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

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

Students Understanding the Requirements to be a CPA Project

At its January 2023 meeting, the CBA announced a multi-year project with a goal to clarify the educational requirements by implementing solutions that will provide future CPA applicants, educational institutions, professional associations and other stakeholders with straightforward educational requirements for CPA licensure. Increasing clarity in the requirements and investigating options that would provide students with ways to make informed decisions regarding their education may contribute to individuals wanting to enter the profession.

This project was named SURE CPA for Students Understanding the Requirements to be a Certified Public Accountant. The project will be implemented in the following phases:

- Information Gathering
- Develop and Adopt Initiatives
- Implement Initiatives
- Collect Feedback

Phase one began in May 2023 with an outreach event at California State University, San Bernardino and the launch of an interactive survey in July 2023 that asks specific questions tailored to the survey taker. Additional outreach events are scheduled for 2023. The CBA will use data from the various outreach events and the survey to develop initiatives to better clarify the educational requirements for licensure. The outcomes from this project may necessitate statutory or regulatory changes.

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

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

National Associations

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

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

The National Association of State Boards of Accountancy, of which the CBA is a member, is an association dedicated to enhancing the effectiveness of the country's 55 state boards of accountancy³.

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

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

³ The 55 jurisdictions include all states and the District of Columbia, Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and Virgin Islands

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

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

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

Katrina L. Salazar, CPA

Position: Director-at-Large

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

Position: Diversity Committee Chair

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

Nancy J. Corrigan, CPA

Position: Pacific Regional Director

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

Position: Education Committee Chair

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

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

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

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

Meeting Information	Date(s)/Location(s)⁴	Attendee(s)
National Association of State Boards of Accountancy – Western Regional Meeting	June 27-29, 2023 / Kansas City, MO	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA Joseph Rosenbaum, CPA (Virtual Attendance) Tong “Tony” Lin Dominic Franzella
National Association of State Boards of Accountancy – Conference for Legal Counsel	Feb. 27 – March 1, 2023 / Tucson, AZ	Dominic Franzella (Virtual attendance)
National Association of State Boards of Accountancy – Board of Directors Meeting	January 19-20, 2023 / Scottsdale, AZ April 20-21, 2023 / Santa Fe, NM	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy – Communication Committee	Jan. 26, 2023 March 24, 2023	Yen C. Tu
National Association of State Boards of Accountancy – Relations With Board Members Committee	March 31, 2023 April 20, 2023	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy – Diversity Committee	January 2023	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Education Committee	February 6, 2023 April 3, 2023 April 4, 2023	Nancy J. Corrigan, CPA
American Institute of Certified Public Accountants – Board	April 27, 2023 June 9, 2023	Katrina L. Salazar, CPA

⁴ Meetings without a location identified were conducted virtually/teleconference. Meetings that offered both an in-person and virtual attendance option reflect the location and whether a CBA Member or staff attended virtually.

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

2022

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Relations with Member Boards Committee	October 30-November 2, 2022 January 2023 April 2023	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy – Annual Meeting	Oct. 30 – Nov. 2, 2022 / San Diego, CA	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA Joseph Rosenbaum, CPA Michael M. Savoy, CPA Luz Molina Lopez Yen C. Tu Kristian Latta, CPA
National Association of State Boards of Accountancy – Western Regional Meeting	June 7-9, 2022 / Colorado Springs, CO	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA Michael M. Savoy, CPA
National Association of State Boards of Accountancy – Conference for Legal Counsel	April 25-27, 2022 / Clearwater Beach, FL	Patti Bowers Dominic Franzella (Virtual attendance)
National Association of State Boards of Accountancy – Board of Directors Meeting	January 17-18, 2022 – Key West, FL May 5-6, 2022 – Hilton Head Island, SC July 21-22, 2022 – Rancho Palos Verdes, CA October 27-28, 2022 – San Diego, CA	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Computer Based Testing Committee	January 2022 – March 2022 May 2022 – July 2022 July 27, 2022 Aug. 2, 2022 Aug. 31, 2022 September 30, 2022	Nancy J. Corrigan, CPA

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

2021

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Annual Meeting	Nov. 2-3, 2021	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Western Regional Meeting	June 22-23, 2021	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Board of Directors Meeting	January 14-15, 2021 April 22-23, 2021 July 22-23, 2021 – Portland, OR October 28-29, 2021 – Nashville, TN	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Computer Based Testing Committee	December 7, 2021	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy – Relations with Member Boards Committee	January 14, 2021 February/March 2021 April 22, 2021 June/July 2021	Katrina L. Salazar, CPA
American Institute of Certified Public	January 12, 2021 May 6, 2021	Katrina L. Salazar, CPA

Accountants – State Board Committee	September 28, 2021	
American Institute of Certified Public Accountants – Business Environment & Concepts Subcommittee	January 8, 2021	Nancy J. Corrigan, CPA

2020

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Annual Meeting	Nov. 2-4, 2020	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Western Regional Meeting	June 3, 2020	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Board of Directors Meeting	January 16-17, 2020 – Indian Wells, CA April 23-24, 2020 October 29-30, 2020	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Bylaws Committee	August/September 2020	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Continuing Professional Education Committee	September 11, 2020 December 15, 2020	Nancy J. Corrigan, CPA
American Institute of Certified Public Accountants – State Board Committee	October 21, 2021	Katrina L. Salazar, CPA
American Institute of Certified Public Accountants – Business Environment & Concepts Subcommittee	July 30, 2020 August 12, 2020 August 26, 2020 September 9, 2020 October 7, 2020 December 17, 2020	Nancy J. Corrigan, CPA

2019

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Annual Meeting	October 27-30, 2019 – Boston, MA	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA Dominic Franzella
National Association of State Boards of Accountancy – Western Regional Meeting	June 18-20, 2019 – Salt Lake City, UT	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA George Famalett, CPA
National Association of State Boards of Accountancy – Board of Directors Meeting	January 17-18, 2019 – San Marco, FL April 25-26, 2019 – San Francisco, CA July 25-26, 2019 – Colorado Springs, CO October 24-25, 2019 – Boston, MA	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Relations with Member Boards Committee	September 5, 2019	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Bylaws Committee	October/November 2019	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Continuing Professional Education Committee	December 16, 2019	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy – Diversity Committee	March/April	Carola A. Nicholson, CPA
American Institute of Certified Public Accountants – State Board Committee	May 29-31, 2019 – Philadelphia, PA October 2, 2019	Katrina L. Salazar, CPA

2018

Meeting Information	Date(s)/Location(s)	Attendee(s)
National Association of State Boards of Accountancy – Annual Meeting	October 28-31, 2018 – Scottsdale, AZ	Katrina L. Salazar, CPA Michael M. Savoy, CPA

National Association of State Boards of Accountancy – Board of Directors Meeting	July 18-19, 2018 – San Diego, CA October 25-26, 2019 – Scottsdale, AZ	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Bylaws Committee	July 18-19, 2018, San Diego, CA	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Strategic Planning Task Force	August 28-30, 2018	Katrina L. Salazar, CPA
American Institute of Certified Public Accountants – State Board Committee	February 12, 2018 October 3, 2018	Katrina L. Salazar, CPA

National Examination

Structure and Administration

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

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

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

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

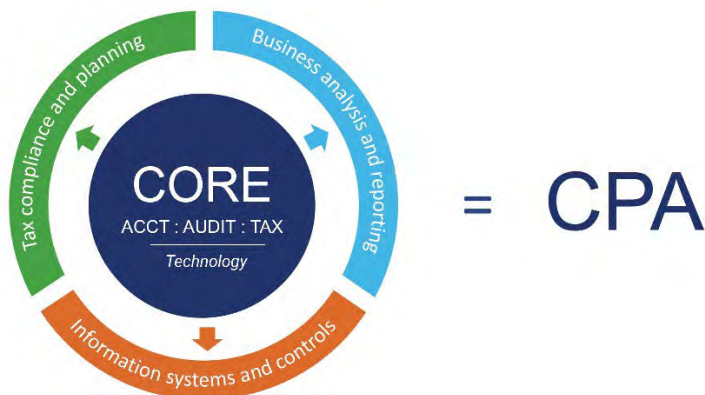
Practice Analysis

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

CPA Evolution

The practice analysis exposed significant changes to the Uniform CPA Examination in alignment with a national initiative referred to as CPA Evolution. The CPA Evolution initiative is transforming the CPA licensure model to recognize the rapidly changing skills and competencies the practice of accounting requires today and will require in the future. The feedback from the CBA, and other stakeholders, assisted in the finalization of the next iteration of the Uniform CPA Examination that will launch in January 2024.

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



CBA Member Representation

The CBA is fortunate to have one of its members, 2023 CBA President, Katrina L. Salazar, CPA, serve on the American Institute of CPAs' State Board Committee. The State Board Committee serves as a communication

link between the Board of Examiners and state boards of accountancy. It is responsible for communicating state board concerns regarding the Uniform CPA Examination to the Board of Examiners. In addition, the CBA is also fortunate to have one of its members, Nancy J. Corrigan, CPA, serving on the National Association of State Boards of Accountancy's Education Committee who can assist in communicating CBA's issues regarding the Uniform CPA Examination and educational requirements at the national level.

Requirements to take the Uniform CPA Examination

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

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

SECTION 2

FISCAL AND STAFF

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

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

Fiscal Issues

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

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

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

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

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

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

occur in fiscal year 2023-24.

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

1) Consumer and Client Services Division consists of:

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

2) Division of Investigation consists of:

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

PRO RATA PAID TO THE DEPARTMENT OF CONSUMER AFFAIRS				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Budget Amount	\$17,022,000	\$16,323,000	\$18,084,000	\$18,558,000
Pro Rata:				
Client Services	\$2,086,462	\$2,126,358	\$2,599,165	\$3,193,000
Division of Investigation	\$355,314	\$326,470	\$118,977	\$59,000
Percentage of Budget	14.3%	15.0%	16.0%	17.0%

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

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

The CBA operates within its legislatively established budget; however, the CBA has in prior years operated in a negative cash flow. This results in the CBA drawing from its reserve level to fund its yearly operating budget. The CBA is at \$8,606,000 or 5.2 months in reserve as of the end of fiscal year 2022-23 with a projected deficit by fiscal year 2029-30 if the CBA does not take any action to increase its fees.

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

Understanding the urgency to determine if its present fee structure and levels were sufficient for the recovery of the actual cost of conducting its programs, in late 2019, the CBA initiated work on finding a contractor to complete a fee analysis. The CBA entered into an agreement with a contractor in early 2020 with an anticipated completion date of mid-2020. Although preliminary work was done in 2020, many tasks were impacted by the COVID-19 pandemic as

the CBA transitioned from an office-centric workforce to a remote-centric workforce.

To address the additional time needed to complete the work, the CBA entered into a second agreement with the contractor to complete the fee analysis. Staff engaged and worked closely with the contractor during 2021 and early 2022. The contractor compiled significant workload data and developed methodologies that formed a basic framework for the CBA.

Although the CBA had anticipated the contractor presenting the outcome of the fee analysis, it was instead decided to transition the project to the Department of Consumer Affairs Budget Office. The primary reason for the transition was to ensure that any outcomes for a fee analysis included future workload and revenue needs. Since Department of Consumer Affairs has extensive knowledge in this area, it agreed to take the preliminary work completed by the contractor and finalize the analysis.

In January 2023, the Department of Consumer Affairs presented the CBA's Fee Analysis, which analyzed whether the CBA's present fee levels were sufficient to cover the actual cost to perform the corresponding service. The Fee Analysis reflected that the CBA is not collecting fees at the appropriate level to cover the cost of performing specified services.

As a result, the CBA's revenues are not adequately covering its authorized expenditures, and this is impacting the CBA's Reserve Fund balance and months in reserve.⁵ Fee increases are necessary to eliminate the structural imbalance and build its months in reserve to ensure the CBA has the resources necessary to carry out its operations.

Using the Fee Analysis as a guide, the CBA approved a legislative proposal that would increase some fees (license renewal, initial permit, and application review fees) and keep other fees associated with entry into the practice of public accounting at the current level in recognition of the current pipeline issues. The CBA further directed staff to seek an author to carry a bill.

At the conclusion of the January 2023 CBA meeting, a representative from the California Society of CPAs suggested the CBA consider a staggered approach to increasing the license renewal fees as there had been two recent increases, January 2020 and October 2022, respectively.

⁵ Months in reserve is a calculation of the number of months of anticipated budgeted expenditures the CBA has in the Accountancy Fund Reserve

At the March 2023 meeting, staff reported they were unable to find an author to carry legislation for a CBA-specific statutory fee increase, but noted they continued to work with the Department of Consumer Affairs on the possibility of including the CBA fee changes in a Department of Consumer Affairs-wide bill authored by the Senate Business, Professions and Economic Development Committee.

Staff also reported that in response to the suggestion by the California Society of CPAs, it worked with the Department of Consumer Affairs Budget Office on exploring how a staggered approach to increasing the license renewal fees would impact the Accountancy Fund and whether it could be a viable alternative.

At the May 2023 CBA meeting, staff presented a proposal for a two-step increase for license renewal and initial licensure⁶ as follows:

REVISED FEE INCREASE PROPOSAL: TWO STEP LICENSE RENEWAL FEE INCREASE					
Fee Type	Current Fee	Fee Increase 7-1-2024	Percentage Increase	Fee Increase 7-1-2026	Percentage Increase
Corporation/Partnership Application Review	\$150	\$250	67%	N/A	
Renewal License – CPA	\$280	\$340	21%	\$400	18%
Renewal License – Corporation/Partnership	\$280	\$400	43%	\$520	30%

The new proposal modified the application review fee for new accountancy firms (corporations and partnerships). Staff proposed that the minimum fee level be set in statute at \$250, making it consistent with the application review fee for an individual applying for a CPA license, which is set in regulation at \$250.

The two-step fee increase approach would also allow more time for those impacted to acclimate to the higher fees as new license permit fees and license renewal fees for CPAs and accountancy firms increased in January 2020 (from \$120 to \$250) and again in October 2022 (from \$250 to \$280).

With a two-step fee increase approach, the CBA’s goal of increasing revenues and ensuring the revenues address its annual authorized

⁶ The initial permit and delinquent license renewal fees are set in statute and are based on the license renewal fee level.

expenditures is still achieved and the CBA's months in reserve level continues to increase in future years.

The CBA was advised that its fee proposal could be included in the Senate Business, Professions and Economic Development Committee bill. On June 27, 2023, Senate Bill 816 was amended to include the two-step license renewal fee increase approach and the \$250 application review fee for new accountancy firms. The proposal also increases the statutory cap for the CPA application review fee and accountancy firm application fee to \$700 and \$2,000, respectively.

The bill also includes new proposed language that would authorize the CBA to lower license renewal fees if the Accountancy Fund exceeds 24 months in reserve. This will allow the CBA to do a fee reduction, via regulation, if reserves get too high in the future.

TABLE 2. FUND CONDITION (DOLLARS IN THOUSANDS)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Beginning Balance	24,203	20,816	12,880			
Prior Year Adjustments	-220	17	403			
Adjusted Beginning Balance	23,903	20,833	13,283			
Revenues and Transfers (Revenue + Operating Fund + General Fund Loan Transfers)	12,680	17,821	15,269			
Interest Income Revenue	0	84	52			
Total Revenue	12,680	17,905	15,321			
Budget Authority	17,022	16,323	18,084			
Actual Expenditures	14,707	14,754	16,320			
Disbursements to Other State Agencies	1,140	1,104	1,533			
Loans to General Fund	0	10,000	0			
Accrued Interest, Loans to General Fund	0	0	N/A			
Loans Repaid from General Fund	0	0	0			
Fund Balance	20,816	12,880	10,751			
Months in Reserve	14.0	8.7	6.7			

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

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

Fiscal Year	Loan Amount	Interest	Interest Paid	Fiscal Year Repaid
2002-03	\$6,000,000	2.640%	\$2,077,449	2015-16
2003-04	\$270,000	1.640%	\$49,451	2015-16
2008-09	\$4,000,000	2.780%	\$825,033	2015-16
2008-09	\$10,000,000	2.780%	\$2,325,414	2016-17
2010-11	\$10,000,000	0.515%	\$319,824.65	2016-17
2011-12	\$1,000,000	.0389%	\$21,828.32	2016-17
2020-21	\$10,000,000	TBD	\$102,000*	Scheduled for 2023-24
TOTAL	\$41,270,000		\$5,720,999.97	

*Interest noted is an estimate per Department of Consumer Affairs Budget Office

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

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

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

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

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

TABLE 3. EXPENDITURES BY PROGRAM COMPONENT (DOLLARS IN THOUSANDS)

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

1. Executive expenditure includes costs for executive staff and CBA members
2. Administration expenditures include costs for administrative staff, support, and fiscal services
3. OE&E includes reimbursements

11. Describe the amount the CBA contributed to the BreZE program.

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

CBA BREZE COSTS	
Fiscal Year	Amount
2009-10	\$7,322
2010-11	\$23,127

2011-12	\$119,884
2012-13	\$26,523
2013-14	\$212,092
2014-15	\$113,117
2015-16	\$110,130
2016-17	\$277,053
2017-18	\$0

The CBA is collaborating with Department of Consumer Affairs on a Business Modernization project to implement significant automation internally and externally for stakeholders. The project began in fiscal year 2019-20. More information on Business Modernization can be found in Section 8.

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

License Renewal Cycles

CPA

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

Accounting Firms

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

Fictitious Name Registration

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

Out-of-State Firm Registration

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

History of Fee Changes

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

In fiscal year 2011-12, the CBA implemented a four-year temporary fee

reduction that took effect July 1, 2011 and was scheduled to end June 30, 2015. The following fees were reduced:

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

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

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

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

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

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

In fiscal year 2017-18, the CBA initiated a rulemaking to increase the license

renewal and initial license fees to the statutory maximum (that existed at that time) of \$250. Based on the information available at that time, the increased fee would more closely align revenues and expenditures, provide sufficient resources in the Reserve for future CBA operations, and progress towards a 24 month in reserve level, as recommended by the Legislature during its 2015 Sunset Review.⁷ The CBA referenced the rulemaking for the increased fee in its 2018 Sunset Review Report.

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

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

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

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

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

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

⁷ During the CBA's 2015 Sunset Review, the Legislature recommended that the Reserve remain at, or near, 24 months in reserve, which would position the CBA to handle large enforcement matters.

license fees.

The need for fee increases is threefold: (1) to align fees more closely with the cost of performing the related service; (2) to eliminate the negative annual cash flow, where authorized expenditures outpace revenues; and (3) to increase the CBA Reserve, which is currently projected to be at \$8,606,000 or 5.2 months at the end of fiscal year 2022-23.

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

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

Fee	Current Fee Amount	Statutory Limit	FY 2019 20 Revenue	FY 2020 21 Revenue	FY 2021 22 Revenue	FY 2022 23 Revenue	% of Total Revenue
Renewal Fees ¹	\$280	\$280	\$7,690	\$11,299	\$11,203		
Delinquent Renewal Fees ²	\$140	\$140	\$157	\$255	\$292		

Other Regulatory Fees ³			\$540	\$1,788	\$174		
Other Regulatory Licenses & Permits ⁴			\$3,848	\$4,454	\$4,354		
Income from Surplus Money Investments			\$431	\$84	\$52		
Escheat of Unclaimed Warrants ⁵			\$10	\$10	\$7		
Miscellaneous Revenues			\$4	\$2	\$2		
Settlements and Judgements - Other			\$0	\$12	\$0		
		Total:	\$12,680	\$17,904	\$16,084		

1. Renewal fees are paid biennially.

2. Delinquent renewal fees are paid biennially.

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

4. This category includes examination fees and initial permits.

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

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

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

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

needs.

Overview of the Budget Change Proposals

Fiscal Year 2019-20

Business Modernization – Approved

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

CBA Workload and Uniform CPA Examination Funding – Approved

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

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

Fiscal Year 2023-24

Regulatory Analyst – Approved

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

TABLE 5. BUDGET CHANGE PROPOSALS

BCP ID#	Fiscal Year	Description of Purpose of BCP	Personnel Services				OE&E	
			# Staff Requested (include Classification)	# Staff Approved (include classification)	\$ Requested	\$ Approved	\$ Requested	\$ Approved
1111-001-BCP-2019-GB	2019-20	Business Modernization	2 AGPA, 1 year	2 AGPA, 1 year	\$251	\$251		
1111-002-BCP-2019-GB	2019-20	Board & Bureau Workload & CPA Exam	10 (4 OA, 2 PTII, 1 SSA, 3 AGPA)	10 (4 OA, 2 PTII, 1 SSA, 3 AGPA)	\$490	\$490	\$78	\$78
1111-029-BCP-2023-GB	2023-24	Regulatory Analyst	1 AGPA	1 AGPA	\$129	\$129	\$33	\$33

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

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

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

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

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

Investigative Certified Public Accountant Recruitment Challenges

September 2017 was the last time the CBA had all 12 Investigative Certified Public Accountant positions filled. By the end of 2018, the CBA had four Investigative Certified Public Accountant vacancies resulting from three retirements and one resignation⁸. In January 2022 an Investigative Certified Public Accountant was hired but shortly after, the incumbent resigned in March 2022.

Supervising Investigative Certified Public Accountant Recruitment Challenges

Direct oversight of the Investigative Certified Public Accountants is performed by Supervising Investigative Certified Public Accountants. One of the SICPA positions has been vacant since December 2020. The CBA has experienced challenges in filling the position as under the current Pay Differential 347 language, an individual who accepts a Supervising Investigative Certified

⁸ An ICPA was hired in October 2018; however, another retired in December 2019, extending the number of vacancies to four.

Public Accountant promotion would be required to forfeit the prior retention bonus.⁹ This has deterred internal qualified candidates from accepting or applying for a Supervising Investigative Certified Public Accountant position. The vacant position has impacted case review timeframes resulting in delays in pursuing enforcement action.

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

Recruitment Activities

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

In the spring of 2021, the CBA sent out a mass email to 40,000 active CPAs to solicit interest in its Investigative Certified Public Accountant positions. The email had a link to the Investigative Certified Public Accountant recruitment brochure which can also be found on the CBA website. The brochure provides information about the qualifications required for the job and benefits offered, as well as instructions on how to apply for the position online.

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

⁹ Employees in the Investigative Certified Public Accountant classification who have been at the maximum of the salary rate for 12 consecutive qualifying pay periods are eligible for an annual payment of 15% of their current annual base salary payable 30 days following the completion of every 12 consecutive qualifying pay periods up to 24 consecutive qualifying pay periods. Employees remaining in the Investigative Certified Public Accountant classification longer than 24 consecutive qualifying pay periods will be eligible for an annual payment of 20% of their current annual base salary payable 30 days following the completion of every 12 consecutive qualifying pay periods.

The CBA has been working with the Department of Consumer Affairs on the Supervising Investigative Certified Public Accountants retention bonus for several years. The CBA has submitted requests to the Department of Consumer Affairs' Office of Human Resources and subsequently to the California Department of Human Resources to make revisions to the pay differential language that would allow internal candidates to retain their bonus when promoting to the Supervising Investigative Certified Public Accountant classification.

In early December 2022, the CBA was notified that the proposal to modify the pay differential language will be submitted for consideration in the upcoming 2023 bargaining negotiations between the California Department of Human Resources and the Service Employees International Union. Further, the CBA was informed that a salary study for the Investigative CPA series was approved as a provision in the next bargaining unit contract.

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

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

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

Individual Development Plan

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

Grow Your Career

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

- Job opportunities
- Training resources

- Resume writing
- Interviewing techniques and questions
- Exam study guides
- Sample in-basket assignments

Customer Service Training

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

Training Opportunities

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

Staff are encouraged to sign up for training courses through the Department of Consumer Affairs' Strategic Organizational Leadership and Individual Development Training Unit as well as explore training offered by external agencies, such as, the California Department of Human Resources and other external training vendors.

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

Upward Mobility Program

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

Specialized Training

The CBA pays for specialized staff training for those whose job duties require it, which the Department of Consumer Affairs and California Department of Human Resources are unable to provide. This is most applicable to the CBA's Investigative Certified Public Accountants, who must take various continuing education courses on a biennial basis to maintain their CPA license. Other examples include Information Technology training and budget/financial

management training.

Training Costs

The following are the CBA's annual training expenditures:

CBA TRAINING EXPENDITURES	
Fiscal Year	Amount
2018-19	\$7,180
2019-20	\$6,348
2020-21	\$2,496
2021-22	\$11,339
2022-23	

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

SECTION 3
LICENSING PROGRAM

The Licensing Program’s primary charge in meeting the CBA’s consumer protection mission, is to regulate entry and continuing practice in the profession by ensuring that only those who are qualified are licensed to practice public accountancy.

16. What are the CBA’s performance targets/expectations for its licensing program? Is the CBA meeting those expectations? If not, what is the CBA doing to improve performance?

The CBA maintains a 30-day processing target for its applications. The 30-day processing timeframe is the target reported to the Governor’s Office and Legislature as part of the performance-based budgeting and is included in the CBA 2022-2024 Strategic Plan.

The Department of Consumer Affairs collects licensing performance measurements from each Department of Consumer Affairs entity and publicly displays the information on their website.

The COVID-19 pandemic negatively impacted processing times in 2019-20 and 2020-21. The CBA successfully implemented telework procedures and business modernization solutions that resulted in the targets being met in fiscal years 2021-22 and 2022-23.

PROCESSING CYCLE TIME (COMPLETE APPLICATION)				
Application Type	2019-20	2020-21	2021-22	2022-23
First Time Exam	30	43	17	23
Initial CPA License	36	64	12	17
Accountancy Corporation	80	105	20	20
Accountancy Partnership	60	65	16	17

Fictitious Name Registration	21	48	10	9
Out-of-State Firm Registration	24	31	12	1

17. Describe any increase or decrease in the CBA’s average time to process applications, administer exams and/or issue licenses. Have pending applications grown at a rate that exceeds completed applications? If so, what has been done by the CBA to address them? What are the performance barriers and what improvement plans are in place? What has the CBA done and what is the CBA going to do to address any performance issues, i.e., process efficiencies, regulations, BCP, legislation?

The CBA’s average time to process an application and issue a license temporarily increased beyond the 30-day target during fiscal years 2019-20 and 2020-21 due to the COVID-19 pandemic when the CBA was establishing and implementing telework. The CBA quickly enhanced telework and hybrid work procedures to ensure that applications were processed in a timely manner. Beginning in fiscal year 2021-22, the CBA has met or exceeded the 30-day processing goal. Pending applications are not growing at a rate exceeding completed applications.

The CBA is currently engaged in a multi-year project with a goal to clarify the educational requirements required to obtain a CPA license. The project was named SURE CPA for Students Understanding the Requirements for Certified Public Accountant. More information on the SURE CPA project can be found in Section 1.

Licensee Population					
		FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Certified Public Accountant¹⁰	Active ¹¹	57,162	58,529	65,968	65,123
	Out of State				7,864
	Out of Country				804

¹⁰ Throughout this report, Certified Public Accountant data also incorporates any active Public Accountants (PA) (e.g., 2021-22 includes two public accountants). The issuance of new PA licenses was discontinued in 1968.

¹¹ Active status is defined as able to practice. This includes licensees that are renewed, current, and active.

	Delinquent/Expired	10,973	11,613	13,015	14,213
	Retired Status	3,112	3,774	3,853	4,406
	Inactive	30,658	30,617	22,540	22,048
	Other ¹²				719
Accountancy Partnership	Active	1,349	1,357	1,326	1,311
	Out of State				47
	Out of Country				0
	Delinquent/Expired				174
	Retired Status (not applicable)	N/A ¹³	N/A	N/A	N/A
	Inactive	N/A	N/A	N/A	N/A
	Other				56
Accountancy Corporation	Active	4,242	4,357	4,385	4,329
	Out of State				92
	Out of Country				0
	Delinquent/Expired				584
	Retired Status (not applicable)	N/A	N/A	N/A	N/A
	Inactive	N/A	N/A	N/A	N/A
	Other				57
Fictitious Name Registration	Active	2,491	2,579	2,633	2,680
	Out of State				58
	Out of Country				1
	Delinquent/Expired (not applicable)	N/A	N/A	N/A	N/A

¹² Other is defined as a status type that does not allow practice in California, exclusive of retired or inactive (i.e., revoked and surrendered).

¹³ Throughout this report, cells denoted with "N/A" indicate the data is not applicable.

	Retired Status (not applicable)	N/A	N/A	N/A	N/A
	Inactive (not applicable)	N/A	N/A	N/A	N/A
	Other (not applicable)				27
Out-of-State Firm Registration	Active	721	790	859	875
	Out of State	721	790	859	875
	Out of Country				1
	Delinquent/Expired				1
	Retired Status (not applicable)	N/A	N/A	N/A	N/A
	Inactive (not applicable)	N/A	N/A	N/A	N/A
	Other	N/A	N/A	N/A	2
Note: 'Out of State' and 'Out of Country' are two mutually exclusive categories. A licensee should not be counted in both.					

LICENSING DATA BY TYPE										
Application Type		Received	Approved	Issued	Pending Applications			Cycle Times		
					Total (Close of FY)	Outside Board control	Within Board control	Complete Apps	Incomplete Apps	Combined unable to separate
FY 2019-20	Exam	5,989	5,211	N/A		488		30	101	N/A
	CPA License	3,269	2,595	2,478	1,424	1,266	158	36	131	N/A
	COR	195	144	144	70	42	30	80	92	N/A
	PAR	55	39	39	60	60	0	60	73	N/A
	Renewal	48,319	N/A	48,319	N/A ¹⁴	N/A	N/A	N/A	N/A	N/A

¹⁴ Prior to the implementation of the online application, CBA Connect, renewal applications were automatically approved upon receipt. With the launch of CBA Connect in April 2022, renewal applications were checked for completeness and compliance with continuing education (CE) prior to issuance. Therefore, cycle times for renewal applications are reported beginning in 2021-22.

FY 2020 -21	Exam	6,074	6,183	N/A		487		43	104	N/A
	CPA License	3,577	4,046	4,069	869	832	37	64	194	N/A
	COR	208	243	243	21	21	0	105	131	N/A
	PAR	52	67	67	18	18	0	65	94	N/A
	Renewal	46,986	N/A	46,986	N/A	N/A	N/A	N/A	N/A	N/A ¹⁵
FY 2021 -22	Exam	5,188	4,840	N/A		443		17	70	N/A
	CPA License	3,262	3,426	3,426	554	527	27	12	114	N/A
	COR	233	223	223	24	24	0	20	90	N/A
	PAR	51	48	48	5	5	0	16	65	N/A
	Renewal	47,250	N/A	47,250	260	260	0	N/A	N/A	7
FY 2022 -23	Exam	6,657	5,392	N/A	U	U	U	23	86	N/A
	CPA License	2,984	2,868	2,876	147	16	131	17	109	N/A
	COR	207	211	211	0	0	0	20	74	N/A
	PAR	53	58	58	0	0	0	22	60	N/A
	Renewal	45,698	N/A	45,698	880	729	151	N/A	N/A	8

18. How many licenses or registrations has the CBA denied over the past four years based on criminal history that is determined to be substantially related to the qualifications, functions, or duties of the profession, pursuant to BPC § 480? Please provide a breakdown of each instance of denial and the acts the CBA determined were substantially related.

The CBA denied one application for licensure in the last four years based on criminal history that was determined to be substantially related to the qualifications, functions, or duties of the profession, pursuant to Business and Professions Code section 480. The applicant was convicted of three misdemeanors and one felony and failed to report one of the convictions to the CBA. The CBA determined the acts were substantially related pursuant to

¹⁵ Processing times for renewals were not captured prior to the implementation of Business and Professions Code section 139.5 on July 1, 2021.

California Code of Regulations Title 16, Section 99.

License Denial				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
License Applications Denied (no hearing requested)	1	1	1	0
SOIs Filed	1	1	1	1
Average Days to File SOI (from request for hearing to SOI filed)	57	82	54	162
SOIs Declined	0	0	0	0
SOIs Withdrawn ¹⁶	0	1	1	1
SOIs Dismissed (license granted)	0	0	0	0
License Issued with Probation / Probationary License Issued	0	0	0	0
Average Days to Complete (from SOI filing to outcome)	137	412	152	N/A ¹⁷

19. How does the CBA verify information provided by the applicant?

Consistent with the CBA’s mission of consumer protection, to ensure only qualified licensees practice public accountancy, staff undertake a thorough review of all applications for licensure to ensure applicants have met all statutory requirements and that the documentation supporting licensure is valid and authentic.

Applicants for examination or licensure must submit a signed application verifying the information provided therein is true and correct and an official transcript with the application in an envelope sealed by the institution or sent directly to the CBA. Additionally, to ensure authenticity, the CBA reviews and verifies documents submitted by applicants and third parties in support of their applications.

a. What process does the CBA use to check prior criminal history

¹⁶ All three respondents withdrew their appeals and requests for hearings of their Statements of Issues (SOIs). Accordingly, all three SOIs were withdrawn without prejudice.

¹⁷ The SOI was still pending at the close of the fiscal year.

information, prior disciplinary actions, or other unlawful acts of the applicant? Has the CBA denied any licenses over the last four years based on the applicant's failure to disclose information on the application, including failure to self-disclose criminal history? If so, how many times and for what types of crimes (please be specific)?

The CBA requires applicants to submit fingerprints to the Department of Justice (DOJ) for a state and federal criminal offender record information search prior to licensure. The applicant is provided the necessary forms and information for fingerprinting after the CBA receives an application. The CBA is notified by the Department of Justice when a licensee is arrested. Further, the CBA requires licensees to self-report prior criminal history and any enforcement actions taken against them by another state, federal agency, or foreign country on their renewal application.

Additionally, applicants that are licensed by other state board(s) of accountancy go through an additional check. The CBA verifies disciplinary actions through a national database (the National Association of State Boards of Accountancy's Accountancy Licensee Database¹⁸), other state boards' online license lookup features and/or written and verbal confirmation from the out-of-state licensing board as needed.

The CBA has not denied any application over the past four years based on failure to disclose information on the application, including failure to self-disclose criminal history.

b. Does the CBA fingerprint all applicants?

Yes. Since 1998, the Legislature has required applicants for CPA licensure to complete the fingerprint requirement as a condition of licensure.

Prior to mandatory fingerprinting at the time of initial licensure, a significant portion of the CPA population did not have fingerprints on file with the Department of Justice. To address this gap and further its consumer protection mandate, beginning in January 2014 and with licensees that renewed their license in an active status, individuals without fingerprint information on file with the Department of Justice were required to submit fingerprints.

¹⁸ The Accountancy Licensee Database is a central repository of license information for CPAs and accounting firms. Accountancy Licensee Database is designed to provide license information specific to each participating state board.

Additionally, the CBA receives subsequent arrest notifications for all licensees that are fingerprinted. This allows the CBA to evaluate if certain arrests require immediate action to further safeguard consumers.

While the fingerprinting requirement allows the CBA to evaluate criminal history information to determine potential consumer risk, it also serves as a backstop to self-reporting to ensure any future arrest and criminal convictions are brought to the CBA's attention. This allows the CBA to further achieve its consumer protection mandate with the ability to act as necessary and warranted, including seeking interim suspension orders or other restrictions as authorized by law.

c. Have all current licensees been fingerprinted? If not, explain.

Presently, all actively licensed CPAs practicing public accountancy have been fingerprinted.

The CBA waives the fingerprint requirement for all CPAs that are not in public practice – inactive, retired, or actively serving in the United States military.

Should CPAs for whom the fingerprint requirement was waived seek to convert their license to an active status, they are required to submit fingerprints for completing a state- and federal-level criminal offender record information search.

d. Is there a national databank relating to disciplinary actions? Does the CBA check the national databank prior to issuing a license? Renewing a license?

Yes. A national databank does exist. The database was developed and is managed by the National Association of State Boards of Accountancy and is known as the Accountancy Licensee Database. At the time of initial licensure, staff checks the Accountancy Licensee Database to determine if applicants are licensed in another jurisdiction and if any disciplinary actions have been reported.

While the CBA does not perform a check of this database at the time of license renewal, the Enforcement Program receives email notification alerts from the Accountancy Licensee Database manager regarding disciplinary actions taken against California licensees who are also licensed in other states. Investigations are opened to determine if any enforcement action is warranted.

Additionally, with the license renewal application, the CBA includes a question inquiring whether the licensee has had any disciplinary actions taken by another licensing body. Licensees must report any disciplinary actions taken by another licensing body within 30 days.

e. Does the CBA require primary source documentation?

The CBA requires primary source documentation be submitted to verify whether an applicant has met the requirements to qualify to take the Uniform CPA Examination and to obtain CPA licensure:

- Official educational transcripts
- Evidence of the passage of the Uniform CPA Examination (received from National Association of State Boards of Accountancy)
- Passage of the Ethics Examination (received directly from the testing administrator)
- Criminal offender record information (received directly from the Department of Justice)

20. Describe the CBA's legal requirement and process for out-of-state and out-of-country applicants to obtain licensure.

Out-of-state and out-of-country applicants are subject to much of the same requirements and review as in-state applicants.

The Accountancy Act does provide some exceptions to certain requirements. These applicants must still complete all other statutory and regulatory requirements, including passage of a California Ethics Examination and submit fingerprints.

- Out-of-state CPAs applying for a California license may be deemed to have met California's examination, education, and experience requirement if they hold a valid and unrevoked CPA license in another state provided certain requirements are met.
- If an applicant is licensed to engage in the practice of public accountancy under the laws of any country with a CBA-recognized mutual recognition agreement¹⁹, the applicant will be deemed to have satisfied the Uniform CPA Examination requirement.²⁰

¹⁹ A mutual recognition agreement provides an abbreviated qualification pathway for eligible accounting professionals in the U.S. and other countries deemed to have similar licensure requirements.

²⁰ The CBA recognizes members from the following chartered accountancy licensing bodies:

Out-of-state accounting firms that intend to perform certain services (as outlined below) for a California-headquartered entity must register with the CBA:

- An audit or review of a financial statement.
- A compilation of a financial statement when it is expected, or reasonably might be expected, that a third party will use the financial statement.
- An examination of prospective financial information.

21. Describe the CBA's process, if any, for considering military education, training, and experience for purposes of licensing or credentialing requirements, including college credit equivalency.

The CBA has taken support positions on legislation that assist members of the military and their families. Further, the CBA created a webpage focused on providing information for military applicants and their spouses/domestic partners. The CBA has also provided information in its UPDATE newsletter and provided requested data for reports to the Legislature.

The CBA offers licensure application and renewal assistance programs for past and present military personnel and their spouses/domestic partners by providing expedited application processing; direct contact with the CBA military/refugee liaison; and, evaluation of college transcripts to help verify acceptable educational credit.

An applicant's education or accounting experience obtained in the military may qualify towards CPA licensure. Military education must conform to the requirements prescribed in Sections 9.2, 11, and 11.1 of the CBA Regulations, and must be documented on an official transcript from a degree-granting college, university, or other institution of learning recognized by an accrediting agency. Military experience must conform to the requirements prescribed in Section 12 or 12.5 of the CBA Regulations and be completed under the supervision of a person holding a valid license or comparable authority to practice public accounting.

a. Does the CBA identify or track applicants who are veterans? If not, when does the CBA expect to be compliant with BPC § 114.5?

Chartered Professional Accountants of Canada, Instituto Mexicano de Contadores Públicos, Chartered Accountants Ireland, Chartered Accountants Australia and New Zealand, CPA Australia, Institute of Chartered Accountants of Scotland, South African Institute of Chartered Accountants, Institute of Certified Public Accountants in Ireland

The CBA application requests information on military or veteran status to identify and track applicants who are currently in and who have been honorably discharged from the military. The CBA has received 48 active military applications and approved 36. The CBA has received 34 applications from veterans and approved 26.

- b. How many applicants offered military education, training or experience towards meeting licensing or credentialing requirements, and how many applicants had such education, training or experience accepted by the CBA?**

As military education and qualifying experience meet the requirements of the Accountancy Act and California Code of Regulations, transcript and experience documents specific to the military are not tracked separately. Education from military colleges meets CBA's educational requirements as the education is earned from a degree-granting college or university, or other institution of higher learning that is accredited.

- c. What regulatory changes has the CBA made to bring it into conformance with BPC § 35?**

The CBA has not initiated any rulemaking with respect to Business and Professions Code section 35. The CBA has the authority to consider government-earned experience towards the general accounting experience requirement. As the military is a branch of the government, provided the applicant obtained qualifying experience, it would qualify towards licensure. The Accountancy Act provides sufficient latitude for accepting military-earned education and experience. The CBA currently conforms to the provisions of Business and Professions Code section 35 as it historically has and continues to accept education and experience obtained in the military toward CPA licensure.

- d. How many licensees has the CBA waived fees or requirements for pursuant to BPC § 114.3, and what has the impact been on CBA revenues?**

Since fiscal year 2019-20, the CBA has waived fees and renewal requirements for seven licensees pursuant to Business and Professions Code 114.3.

- e. How many applications has the CBA expedited pursuant to BPC § 115.5?**

The CBA has received five and approved four applications for expedited licensure pursuant to Business and Professions Code section 115.5.

22. Does the CBA send No Longer Interested notifications to Department of Justice (DOJ) on a regular and ongoing basis? Is this done electronically? Is there a backlog? If so, describe the extent and efforts to address the backlog.

The CBA sends No Longer Interested notifications to the Department of Justice electronically. No Longer Interested notifications are sent for applicants who did not complete the process and for licensees who are revoked, cancelled, or deceased. The CBA currently has a list of No Longer Interested notifications that need to be electronically transmitted to the Department of Justice. No Longer Interested notifications are a CBA priority and staff are working diligently to ensure that all notifications are submitted timely.

Examination Data							
California Examination							
Exam Title	Professional Ethics for CPAs						
Fiscal Year	# of 1 st Time Candidates		Pass ²¹ %	# of Repeat Candidates		Pass %	
2019-20	1,652		93.5	2,098		98.3	
2020-21	1,557		88.6	1,957		92.6	
2021-22	1,162		82.4	2,580		87.2	
2022-23	833		74.2	2,414		89.7	
Date of Last Occupational Analysis			2019 (national) ²²				
Name of Occupational Analysis Developer			American Institute of CPAs Board of Examiners				
Target Occupational Analysis Date			To Be Determined				
National Examination							
Exam Title	Uniform CPA Examination						
Fiscal Year	Quarters	# of 1 st Time Candidates	Total # of Sections	Pass ²³ %	# of Repeat Candidates	Total # of Sections	Pass %
FY 2019-20	Quarter 1	1,396	2,405	55%	4,429	5,080	50%
	Quarter 2	1,259	2,254	52%	4,453	4,491	49%
	Quarter	1,042	1,716	49%	3,830	4,098	49%

²¹ The pass rates are based on the number of unique candidates that took the exam and not on the number exams administered (e.g., a candidate that passed the PETH on the second attempt are counted only once in the numerator and denominator).

²² This information was provided by CalCPA. The Department of Consumer Affairs Office of Examination Services is currently conducting an occupational analysis.

²³ The Uniform Certified Public Accountant Examination consists of four sections. A candidate must successfully complete all four sections within 18 months to pass. The data provided represents the percent of examination sections that were passed and the total number of sections administered. Because the examination consists of four sections, the percent of individuals that passed the exam is not available.

	3						
	Quarter 4	436	793	71%	2,019	1,930	65%
FY 2020-21	Quarter 1	1,097	1,852	64%	3,787	4,538	57%
	Quarter 2	1,345	2,521	55%	4,338	4,948	48%
	Quarter 3	933	1,512	58%	3,064	3,311	51%
	Quarter 4	1,069	1,888	56%	3,776	4,615	49%
FY 2021-22	Quarter 1	1,186	2,048	55%	3,342	3,715	51%
	Quarter 2	919	1,581	54%	3,483	4,030	51%
	Quarter 3	711	1,120	51%	2,798	3,100	48%
	Quarter 4	828	1,372	54%	2,984	3,320	51%
FY 2022-23	Quarter 1	1,057	1,586	54%	3,063	3,645	50%
	Quarter 2	983	1,464	52%	3,232	3,934	49%
	Quarter 3	811	1,174	47%	2,679	3,067	46%
	Quarter 4	1,039	1,538	51%	3,183	3,874	50%
Date of Last Occupational Analysis				2019 (national)			
Name of Occupational Analysis Developer				American Institute of CPAs Board of Examiners			
Target Occupational Analysis Date				As Needed			

23. Describe the examinations required for licensure. Is a national examination used? Is a California specific examination required? Are examinations offered in a language other than English?

The CBA requires applicants for licensure complete two examinations: 1) the Uniform CPA Examination (national examination), and 2) an Ethics Examination (California-specific examination). Both examinations are offered only in English.

The Uniform CPA Examination

The Uniform CPA Examination is a national examination, developed to protect the public interest by helping to ensure that only qualified individuals become licensed. Individuals who pass the examination demonstrate they possess the minimum level of technical knowledge and skills necessary for initial licensure.

The Uniform CPA Examination tests candidates' knowledge in four areas:

- Auditing and Attestation
- Business Environment and Concepts
- Regulation
- Financial Accounting and Reporting

A candidate must obtain a minimum score of 75 on each section, with all four sections being passed within 18 months. Score information for the Uniform CPA Examination is electronically transmitted to the CBA.

CPA Evolution

The implementation of CPA Evolution will transform the CPA Exam licensure model, and a new test model will begin in January 2024. Additional details regarding the can be found in Section 1.

Ethics Examination

California Code of Regulations, title 16, section 10 states that all applicants for a certified public accountant license shall pass an examination in professional ethics before a license may be issued. CBA approved the California Society of Certified Public Accountants' Professional Ethics exam 20+ years ago to satisfy the regulatory requirement.

This is a self-paced online examination taken after the completion of a provided self-study course. The examination consists of 50 multiple choice questions covering a broad range of ethical questions specific to California rules and regulations, including the following topics:

- Basic concepts and philosophy of professional conduct
- Independence, integrity, and objectivity
- Interpretation of Securities and Exchange Commission rules
- Commissions and contingency fees
- Advertising and solicitation
- Sanctions
- Tax services

A candidate must obtain a minimum score of 90% on the PETH.

24. What are pass rates for first time vs. retakes in the past 4 fiscal years? (Refer to Table 8: Examination Data) Are pass rates collected for examinations offered in a language other than English?

All pass rates are for English as both examinations are offered only in English.

25. Is the CBA using computer based testing? If so, for which tests? Describe how it works. Where is it available? How often are tests administered?

While both the Uniform CPA Examination and Ethics Examination are offered via computer-based testing, the Ethics Examination is also made available in hardcopy format.

Uniform CPA Examination

Applicants for the Uniform CPA Examination can apply to sit for the examination year-round at Prometric testing centers (with 25 in California).

Candidates are permitted to select the order in which they sit for the four sections of the Uniform CPA Examination.

Ethic Examination

The Ethics Examination is an open-book examination that is purchased through the California Society of CPAs Education Foundation. Individuals are offered the option of completing the course completely online or receiving hardcopy study and test materials.

The CBA recommends that candidates not complete the Ethics Examination until they have passed the Uniform CPA Examination and are prepared to apply for a CPA license, as the examination must be completed within one year of purchase and not more than two years prior to applying for CPA licensure.

The Ethics Examination is self-paced and available for purchase 24 hours a

day on the California Society of CPAs Education Foundation's website or by calling the customer service department.

26. Are there existing statutes that hinder the efficient and effective processing of applications and/or examinations? If so, please describe.

The CBA does not have any existing statutes that hinder its efforts toward the effective processing of applications or examinations.

27. When did the Board last conduct an occupational analysis that validated the requirement for a California-specific examination? When does the Board plan to revisit this issue? Has the Board identified any reason to update, revise, or eliminate its current California-specific examination?

The response to this question will be provided at the September CBA meeting.

School Approvals

28. Describe legal requirements regarding school approval. Who approves your schools? What role does BPPE have in approving schools? How does the CBA work with BPPE in the school approval process?

The CBA accepts education completed at degree-granting and accredited colleges, universities, or other institutions of higher learning.

Additionally, education from a college, university, or other institution of learning located outside the United States may be qualifying provided it is deemed by the CBA to be equivalent to the education obtained in the United States.

As accredited schools are approved by an accrediting agency, the Bureau for Private and Post-Secondary Education does not have a role in approving schools or education accepted by the CBA. Bureau for Private and Post-Secondary Education has, however, been helpful in obtaining verification of qualifying classes for applicants applying for examination and licensure in the event of school closures.

29. How many schools are approved by the CBA? How often are approved schools reviewed? Can the CBA remove its approval of a school?

The CBA does not approve schools, nationally or internationally. The CBA relies on accrediting agencies for assessing whether the education earned will meet the educational requirements for CPA licensure.

30. What are the CBA's legal requirements regarding approval of international schools?

The CBA does not approve schools. The CBA may determine education earned internationally as equivalent to education earned in the United States. Applicants that apply for examination or licensure with foreign education, must have their documents reviewed by a CBA-approved credentials evaluation service. The assessment of the applicant's education is then submitted to the CBA for review and final approval.

To obtain CBA approval as a foreign credentials evaluation service, an organization must submit a Credentials Evaluation Service Application and meet specified requirements. The requirements include, but are not limited to, national affiliations, internal procedures, employing staff with sufficient knowledge and/or education to conduct evaluations.

The CBA approves foreign credentials evaluation services for a five-year term. Presently, the CBA has 14 approved services.

Continuing Education/Competency Requirements

31. Describe the CBA's continuing education/competency requirements, if any. Describe any changes made by the CBA since the last review.

While ensuring individuals entering the profession possess appropriate competencies to safely practice is critical, it is also important that licensees practicing public accountancy maintain a continued level of appropriate competencies to ensure consumer protection.

With rapidly changing technology, continual revision of tax laws and professional standards, a strong focus on CPAs' continued competency is essential. Over the years, the CBA has refined its continuing education requirements to ensure that CPAs maintain a currency of knowledge throughout the whole of the licensure period and are provided with the tools necessary to make objective and ethical decisions while practicing public accountancy.

CPAs are required to complete a minimum of 80 hours of continuing education every two years. As part of the 80 hours, the following must be met:

- A minimum of 40 hours in technical subject areas (e.g., accounting, auditing)

- A maximum of 40 hours in non-technical subject areas (e.g., communication skills, office management)
- A minimum of 20 hours must be completed in each year of the two-year license renewal period, with a minimum of 12 hours in technical subject matter
- Four hours of ethics education
- A two-hour Board-approved Regulatory Review course every six years

Practice Specific Continuing Education Requirements

Licensees that perform certain services including accounting and auditing or governmental auditing are required to complete 24 hours of specified continuing education. The education is focused on providing increased technical skills and understanding of the various industries in which they practice. Additionally, licensees that perform preparation engagements (if that is their highest level of service) must complete eight hours in specified continuing education.

Licensees required to complete any of the practice specific continuing education requirements must also complete four hours of continuing education in the prevention, detection, and/or reporting of fraud affecting financial statements.

The CBA allows for a high degree of flexibility in completing the required continuing education. Licensees can complete continuing education via various traditional delivery methods including live presentations, Internet-based formats, or self-study with no limitations on the number of hours completed using any delivery method. Further, the CBA also allows individuals to earn continuing education through teaching/instructing courses, developing continuing education course materials, writing published works, and developing questions for the Uniform CPA Examination.

The CBA successfully implemented regulations to include three new formats that licensees can avail themselves of to complete the required hours.

Nano learning enables a licensee to learn a given subject containing a minimum of one learning objective in a minimum of 10-minutes and less than 20 minutes including the test, through the use of electronic media and without interaction with a live instructor. A nano learning program is not a live or group internet-based program.

Blending learning programs include both asynchronous and synchronous learning and provide clear instructions and information to participants that summarize the different components of the program and what must be completed or achieved during each component in order to qualify for

continuing education hours. "Synchronous" means a program in which participants engage simultaneously in instructional methods and "asynchronous" means a program in which participants have control over the time, place, and pace of learning.

Adaptive self-study uses a computer algorithm, other predictive analytics tools, or learner-driven selections to orchestrate interaction with the learner and deliver customized learning activities to assist the learner in meeting the course's stated learning objectives.

Additionally, the new regulations increase the maximum allowable hours (from 20 hours to 40 hours) for certain specified activities to qualify as continuing education. These include writing published articles or books that contribute to professional competence, writing questions for the Uniform CPA Examination, and writing instructional materials for continuing education programs.

a. How does the CBA verify CE or other competency requirements? Has the Board worked with the Department to receive primary source verification of CE completion through the Department's cloud?

The CBA uses two programs to verify continuing education: 1) Continuing Education Worksheet Review Program, and 2) Continuing Education Verification Program. In addition, accounting firms (which include sole proprietorships) must complete a mandatory peer review requirement once every three years and report that to the CBA at the time of license renewal.

The CBA does not require primary source verification of CE completion and, therefore, has not discussed receiving primary source verification of CE completed through the Department's cloud.

Continuing Education Worksheet Review

The Continuing Education Worksheet Review is a process where the CBA reviews 100% of continuing education worksheets that list self-reported courses at license renewal completed by licensees in fulfillment of the 80-hour requirement.

Continuing Education Verification

Under the Continuing Education Verification process, the CBA randomly selects licensees to submit documentation substantiating the completion of the continuing education they reported at the time of license renewal. Once the CBA receives all required documentation, it confirms that the continuing education was accurately reported, completed, and

conformed to all laws and rules. The Continuing Education Verification process is performed in addition to the Continuing Education Worksheet Review.

Peer Review Reporting

Firms, including sole proprietors, must submit a peer review reporting form at the time of license renewal providing information regarding their compliance with and, if required, completion of peer review.

b. Does the CBA conduct CE audits of licensees? Describe the CBA's policy on CE audits.

Yes, the CBA conducts audits (continuing education verification) of its licensees. The CBA randomly selects licensees to submit documentation substantiating the completion of the continuing education they reported at the time of license renewal. Once the CBA receives all required documentation, it confirms that the continuing education was accurately reported, completed and conformed to all laws and rules. The Continuing Education Verification process is performed in addition to the Continuing Education Worksheet Review.

c. What are consequences for failing a CE audit?

Staff work collaboratively to assist licensees in complying with all necessary continuing education requirements. If any deficiencies are identified, staff notify licensees to obtain compliance. As part of the notification process, licensees are granted a specified period to resolve any identified deficiencies.

Licensees who fail to respond, rectify any outstanding deficiency identified, or have falsified reporting documents are referred to the Enforcement Program for further investigation. Licensees can be issued a citation and assessed an administrative fine ranging from \$100 to \$5,000. In some cases, the CBA may seek formal discipline up to, and including, revocation.

d. How many CE audits were conducted in the past four fiscal years? How many fails? What is the percentage of CE failure?

CONTINUING EDUCATION AUDITS				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
CONTINUING EDUCATION WORKSHEET REVIEW				
CE Reporting Worksheets Reviewed	53,090	21,991	38,947	59,562
CE Deficiencies	2,457	3,238	1,439	2,706
Percentage Rate	5%	15%	4%	5%
CE VERIFICATION PROGRAM				
Licensees Selected for CE Verification	406	762	877	903
CE Deficiencies*	69	101	79	99
Percentage Rate	17%	13%	9%	10%

*This reflects individuals that were referred to the Enforcement Program for failing to respond or rectify with any identified deficiencies/discrepancies.

- e. **What is the CBA’s course approval policy?**
- f. **Who approves CE providers? Who approves CE courses? If the CBA approves them, what is the CBA application review process?**
- g. **How many applications for CE providers and CE courses were received? How many were approved?**
- h. **Does the CBA audit CE providers? If so, describe the CBA’s policy and process.**

The CBA does not pre-approve continuing education courses or CE providers, except for the Regulatory Review Course. Licensees are obligated to select appropriate continuing education courses/programs that are consistent with the requirements as outlined in the CBA Regulations.

As licensees are located not only in California but also throughout the country and the world, this allows licensees the ability to select continuing education based on their specific needs and area of practice. Licensees can select continuing education from a wide range of providers, which include private institutions; national, state and local accounting organizations; universities and colleges; and professional development courses offered by a licensee’s accounting firm.

Providers seeking to offer a CBA-approved Regulatory Review course to licensees must apply to the CBA and submit supporting documentation to ensure the course meets the established requirements. Regulatory Review

courses, must include information on specific sections of the CBA's Accountancy Act and CBA Regulations, a review of how specified sections relate to the practice of public accountancy, and a review of historical disciplinary actions.

The course provider must renew the course biennially with the CBA, or if the provider makes substantial changes to the course. This is to ensure that the course providers are reviewing the CBA Regulations on a recurring basis and are familiar with the ongoing changes associated with the CBA. The course is approved and/or renewed based upon the requirements outlined in California Code of Regulations section 87.9.

The CBA has 39 approved providers offering 47 Regulatory Review courses. Over the past four fiscal years, the CBA has received 16 course applications and approved 13.

Should the CBA elect to audit the records of a continuing education provider, the provider must provide all materials requested by the CBA within 15 days of receipt of written notification. The CBA may cancel its approval of a two-hour Regulatory Review course if it is found not to comply.

i. Describe the CBA's effort, if any, to review its CE policy for purpose of moving toward performance based assessments of the licensee's continuing competence.

The CBA has a long history of evaluating its continuing education regulations to ensure that overall outcome is meaningful education that directly contributes to licensees' ability to practice public accountancy.

As it relates to performance-based assessments, over the years the CBA has eliminated non-interactive self-study programs requiring them to be interactive self-study programs, has pioneered regulations related to continuing education offered via webcast, and instituted additional instructional methods (*i.e.*, nano learning, blended learning, and adaptive self-study) providing licensees multiple avenues of meeting the continuing education requirements.

Continuing Education			
Type	Frequency of Renewal	Number of CE Hours Required Each Cycle	Percentage of Licensees Audited
CPA	2 years	80	1%
PA	2 years	80	0%
COR	2 years	0	0%
PAR	2 years	0	0%
FNP	5 years	0	0%
OFR	2 years	0	0%

SECTION 4
ENFORCEMENT PROGRAM

The CBA Enforcement Program is instrumental in the CBA meeting its consumer protection mandate and aides in achieving its ability to protect consumers by:

- Ensuring that licensees comply with the provisions of the Accountancy Act and CBA Regulations.
- Conducting investigations of unlicensed practice.
- Referring matters to the Office of the Attorney General or local jurisdictions for prosecution.
- Imposing discipline consistent with the disciplinary guidelines.
- Imposing other enforcement actions, such as citations, fines, administrative suspensions, etc., when warranted.
- Monitoring probationers to ensure compliance with probationary terms.

32. What are the CBA’s performance targets/expectations for its enforcement program? Is the CBA meeting those expectations? If not, what is the CBA doing to improve performance?

The CBA has adopted the Department of Consumer Affairs Consumer Protection Enforcement Initiative performance measures for its Enforcement Program.

ENFORCEMENT DIVISION PERFORMANCE MEASURES (IN DAYS)						
PERFORMANCE MEASURE	DESCRIPTION	TARGET	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
PM2 Intake Cycle Time	Average Number of Days from Complaint Receipt, to the Date the Complaint was Closed or Assigned to an Investigator	10	2	1	1	1

PM3 Investigation Cycle Time	Average Number of Days to Complete the Entire Enforcement Process for Cases Not Transmitted to the Attorney General (Includes Intake and Investigation)	180	82	113	93	122
PM4 Formal Discipline Cycle Time	Average Number of Days to Complete the Entire Enforcement Process for Cases Transmitted to the Attorney General (Includes Intake, Investigation, and Case Outcome)	540	909	877	973	742
PM7 Probation Intake Cycle Time	Average Number of Days from Monitor Assignment, to the Date the Monitor Makes First Contact with the Probationer	5	1	1	5	5
PM8 Probation Violation Response Cycle Time	Average Number of Days from the Date a Violation of Probation is Reported, to the Date the Assigned Monitor Initiates Appropriate Action	15	1	1	1	1

At the close of fiscal year 2022-23, the CBA met all performance targets except for Performance Measure (PM)4 Formal Discipline – Cycle Time. PM4 calculates the average number of days to complete the entire enforcement process from the date the complaint was received until the effective date of the final discipline. While the CBA PM4 is above the target of 540 days, the CBA saw a 231-day decrease between fiscal years 2021-22 and 2022-23. Additionally, the CBA’s average for fiscal year 2022-23 is the lowest number since fiscal year 2010-11.

During the last four fiscal years, the CBA continued to focus on decreasing the number of complaints pending over 24 months. Many of these cases are complex matters and end with formal discipline, which directly influences the CBA's cycle time for PM4. The CBA has maintained less than four cases pending over 24 months for the last four fiscal years.

In order to improve performance for PM4 and to continue to meet the targets for PM2, PM3, PM 7, and PM 8, the CBA has improved best practices related to case management. The improvements include streamlined reports for administrative violations, using Microsoft Office tools to track and monitor cases, and updated communications associated with potential administrative violations designed to obtain compliance.

Additionally, as part of the CBA's Business Modernization Project, the CBA launched a new online complaint submission system at the end of May 2022. The new system allows individuals to submit complaints online and include any supporting documentation upon submission. The system also includes a back-office intake queue to manage online complaints received.

The next phase of the Business Modernization Project is to identify an Enforcement Project Management system that will streamline business flow. The goal is to select a system to replace the various standalone databases and reporting tools and streamline the transmittal of information between various agencies who are critical to the Enforcement process to create a more efficient and automated enforcement process.

33. Explain trends in enforcement data and the CBA's efforts to address any increase in volume, timeframes, ratio of closure to pending cases, or other challenges. What are the performance barriers? What improvement plans are in place? What has the CBA done and what is the CBA going to do to address these issues, i.e., process efficiencies, regulations, BCP, legislation?

When comparing fiscal year 2019-2020 to 2022-23, the CBA has seen a near doubling of the number of cases. The primary driver of this increase relates complaints regarding unlicensed activity.

To address this challenge, management routinely evaluates best practices to increase process efficiencies. Additionally, management effectively monitors case inventory and statistics to ensure cases are handles as efficiently as possible. The CBA has identified various opportunities to educate licensees on the advertising issue that has resulted in an increase in the complaint volume, such as updates to the CBA website, social media posts, and an UPDATE article.

Cases Assigned and Closed

The CBA has seen an increase in the number of cases assigned for investigation in the last two fiscal years. In comparing 2019-20 to 2022-23, the CBA has experienced a nearly 100% increase in the number of cases assigned. The increase is primarily related to unlicensed activity.

As indicated in the table, the CBA experienced an increase in the number of cases assigned in 2021-22. This increase occurred at the end of the fiscal year resulting in a larger ratio of cases assigned compared to cases closed. In 2022-23, the CBA took steps to reduce the ratio and anticipates continuing to maintain a balance between cases assigned and closed.

INVESTIGATIONS				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Investigations Assigned	2,295	2,729	4,414	4,584
Investigations Closed	2,199	2,692	3,126	5,043

Case Closure of Inventory

While PM3 and PM4 provide an overall average of case closure, it does not provide details of how the closure of case inventory occurred. The chart below details the case closure based on months to close and how many cases were closed during particular intervals.

The chart illustrates the CBA has continued to close most cases within the first year while also significantly increasing the number of cases closed in the last two fiscal years. Of the 5,043 total number of cases closed in 2022-23, the CBA closed 4,984 cases or 99% within one year.

INVESTIGATIONS CLOSED				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Closed within 0-6 Months	1,963	2,076	2,519	3,801
Closed within 6-12 Months	182	470	542	1,183
Closed within 12-18 Months	34	100	25	43
Closed within 18-21 Months	3	12	7	3

Closed within 21-24 Months	7	10	2	1
Closed within >24 Months	10	24	31	12
Total Closed	2,199	2,692	3,126	5,043

Unlicensed Activity

Beginning in fiscal year 2021-22, the CBA experienced an increase in complaints related to unlicensed activity. In fiscal year 2020-21, the CBA received 475 complaints. By the following fiscal year, this number increased to 2,308, with only a slight decrease to 2,173 in 2022-23.

Of the total complaints submitted in fiscal year 2021-22 and 2022-23, 47% of the complaints received are primarily related to individuals that do not have an active CPA license issued in California who may be holding out as a CPA on a specific social media website.

The CBA updated initial contact letters to address the issue with the goal of obtaining compliance. Additionally, the CBA website was updated to provide licensees with information related to using the CPA designation appropriately, based on their license status.

UNLICENSED ACTIVITY				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Internal	66	58	32	28
External	76	417	2,276	2,145
Total	142	475	2,308	2,173

Pending Inventory of Investigations

The CBA routinely evaluates its pending inventory of investigations. This provides the CBA another data point to determine case aging.

PENDING INVESTIGATIONS				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total Pending	684	779	2,114	1,693

0-6 Months	446	686	2,060	1,382
6-12 Months	189	56	32	218
12-18 Months	32	12	14	80
18-21 Months	5	13	2	8
21-24 Months	10	8	5	3
>24 Months	2	4	1	2

The increase in complaints on unlicensed activity has directly impacted the number of pending investigations. At the close of fiscal year 2022-23, the CBA inventory pending increased more than 146% as compared to 2019-20.

While the number of pending investigations has increased, the CBA has taken steps to keep much of the pending inventory to less than six months. At the end of fiscal year 2022-33, 82% of the pending cases were under six months.

Pending Attorney General’s Office Inventory

In comparison to the CBA’s 2018 Sunset Review Report, the CBA has seen a general reduction in the number of case referrals to the Attorney General’s Office. The CBA diligently worked through a prior backlog of cases and currently experiences annual case referral numbers that range from the mid-30s to the low-50s. The CBA continues to employ best practices to manage the inventory of cases pending at the Attorney General’s Office.

PENDING INVESTIGATIONS				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Referrals	51	50	34	38
Total Pending Cases	41	39	32	24
0-6 Months	12	18	11	13
6-12 Months	17	11	14	6
12-18 Months	8	8	6	1
18-21 Months	3	2	0	1

21-24 Months	0	0	1	2
>24 Months	1	0	0	1

Disciplinary Action

During the prior sunset review, the CBA implemented procedures to improve case management and processing timeframes. These procedures reduced the backlog of aged cases and the inventory of cases pending at the Attorney General's Office resulting in a higher number of disciplinary actions taken in fiscal years 2019-20 and 2020-21. Going forward, the CBA anticipates the number of cases resulting in disciplinary action taken will stay consistent with fiscal years 2020-21 and 2022-23.

INVESTIGATIONS CLOSED	
	Disciplinary Actions Taken
FY 2019-20	69
FY 2020-21	50
FY 2021-22	32
FY 2022-23	37

TABLE 9A. ENFORCEMENT STATISTICS

	FY 2020-21	FY 2021-22	FY 2022-23
COMPLAINTS			
Intake			
Received	2,472	4,200	4,387
Closed without Referral for Investigation	0	0	0
Referred to Investigations	2,472	4,200	4,387
Pending (close of FY)	0	0	0
Conviction / Arrest			
Conviction Received	257	214	197
Conviction Closed Without Referral for Investigation	0	0	0
Conviction Referred to Investigation	257	214	197
Conviction Pending (close of FY)	0	0	0
Source of Complaint²⁴			
Public	371	458	429
Licensee/Professional Groups	1,017	2,484	2,431
Governmental Agencies	14	32	51
Internal	1,294	1,384	1,568
Other	5	17	11
Anonymous	28	39	94
Average Time to Refer for Investigation (from receipt of complaint / conviction to referral for investigation)	1	1	1

²⁴ Source of complaint refers to complaints and convictions received. The summation of intake and convictions should match the total of source of complaint.

Average Time to Closure (from receipt of complaint / conviction to closure at intake)	1	1	1
Average Time at Intake (from receipt of complaint / conviction to closure or referral for investigation)	1	1	1
INVESTIGATION			
Desk Investigations			
Opened	0	0	0
Closed	0	0	0
Average days to close (from assignment to investigation closure)	0	0	0
Pending (close of FY)	0	0	0
Non-Sworn Investigation			
Opened	2,727	4,411	4,584
Closed	2,679	3,122	5,037
Average days to close (from assignment to investigation closure)	118	97	122
Pending (close of FY)	779	2,112	1,693
Sworn Investigation			
Opened	2	3	0
Closed	13	4	6
Average days to close (from assignment to investigation closure)	384	167	563
Pending (close of FY)	0	1	0
All investigations²⁵			
Opened	2,729	4,414	4,584

²⁵ The summation of desk, non-sworn, and sworn investigations should match the total of all investigations.

Closed	2,692	3,126	5,043
Average days for all investigation outcomes (from start investigation to investigation closure or referral for prosecution)	113	97	123
Average days for investigation closures (from start investigation to investigation closure)	n/a	n/a	n/a
Average days for investigation when referring for prosecution (from start investigation to referral for prosecution)	n/a	n/a	n/a
Average days from receipt of complaint to investigation closure	113	97	123
Pending (close of FY)	779	2,114	1,693
CITATION AND FINE			
Citations Issued	376	459	463
Average Days to Complete (from complaint receipt / inspection conducted to citation issued)	192	206	93
Amount of Fines Assessed	\$117,800	\$113,825	\$146,650
Amount of Fines Reduced, Withdrawn, Dismissed	\$21,150	\$22,000	\$20,750
Amount Collected	\$58,523	\$77,302	\$82,602
CRIMINAL ACTION			
Referred for Criminal Prosecution	2	3	0
ACCUSATION			
Accusations Filed	44	25	28
Accusations Declined	0	0	0
Accusations Withdrawn	1	1	0
Accusations Dismissed	0	0	0
Average Days from Referral to Accusations Filed (from AG referral to Accusation filed)	915	978	778
INTERIM ACTION			

ISO & TRO Issued	0	0	0
PC 23 Orders Issued	0	0	0
Other Suspension/Restriction Orders Issued	0	0	0
Referred for Diversion	N/A	N/A	N/A
Petition to Compel Examination Ordered	0	0	0
DISCIPLINE			
AG Cases Initiated (cases referred to the AG in that year)	50	34	38
AG Cases Pending Pre-Accusation (close of FY)	1	7	9
AG Cases Pending Post-Accusation (close of FY)	39	26	15
DISCIPLINARY OUTCOMES			
Revocation	12	5	6
Surrender	6	6	7
Suspension only	0	0	0
Probation with Suspension	1	0	0
Probation only	29	24	21
Public Reprimand / Public Reproval / Public Letter of Reprimand	0	0	0
Other	1	0	0
DISCIPLINARY ACTIONS			
Proposed Decisions	7	4	6
Default Decisions	9	3	4
Stipulations	34	25	27
Average Days to Complete After Accusation (from Accusation filed to imposing formal discipline)	n/a	n/a	n/a

Average Days from Closure of Investigation to Imposing Formal Discipline	n/a	n/a	n/a
Average Days to Impose Discipline (from complaint receipt to imposing formal discipline)	877	978	742
PROBATION			
Probation Term Completed	47	44	39
Probationers Pending (close of FY)	120	120	82
Probationers Tolloed	14	13	9
Petitions to Revoke Probation / Accusation and Petition to Revoke Probation Filed	4	2	2
SUBSEQUENT DISCIPLINE²⁶			
Probations Revoked	2	4	2
Probationers License Surrendered	0	0	0
Additional Probation Only	1	0	0
Suspension Only Added	0	0	0
Other Conditions Added Only	0	0	0
Other Probation Outcome	0	0	0
SUBSTANCE ABUSING LICENSEES			
Probationers Subject to Drug Testing	N/A	N/A	N/A
Drug Tests Ordered	N/A	N/A	N/A
Positive Drug Tests	N/A	N/A	N/A
PETITIONS			
Petition for Termination or Modification Granted	2	4	2
Petition for Termination or Modification Denied	0	0	1

²⁶ Do not include these numbers in the Disciplinary Outcomes section above.

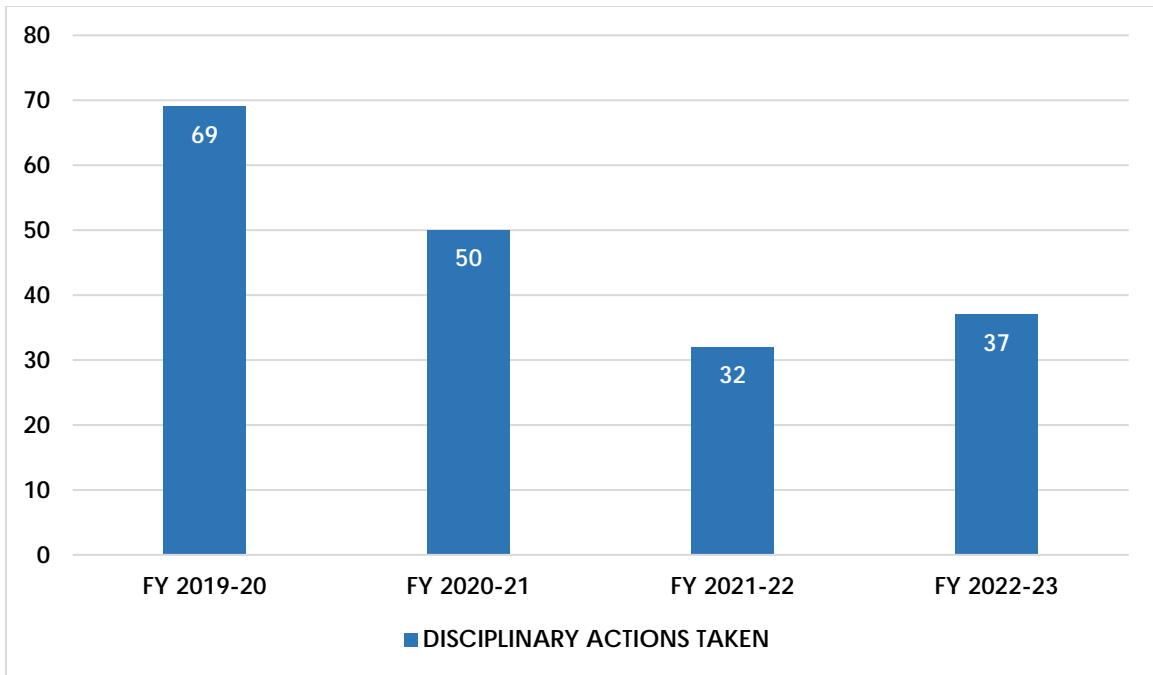
Petition for Reinstatement Granted	1	2	2
Petition for Reinstatement Denied	1	2	2
DIVERSION			
New Participants	N/A	N/A	N/A
Successful Completions	N/A	N/A	N/A
Participants (close of FY)	N/A	N/A	N/A
Terminations	N/A	N/A	N/A
Terminations for Public Threat	N/A	N/A	N/A
Drug Tests Ordered	N/A	N/A	N/A
Positive Drug Tests	N/A	N/A	N/A

TABLE 10. ENFORCEMENT AGING						
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Cases Closed	Average %
Investigations (Average %)						
CLOSED WITHIN:						
90 Days	1,531	1,497	1,981	2,162	7,171	54.9%
91-180 Days	434	579	544	1,641	3,198	24.5%
181 Days – 1 Year	180	470	536	1,184	2,370	18.1%
1-2 Years	44	122	34	44	244	1.9%
2-3 Years	10	19	29	8	66	.5%
Over 3 Years	0	5	2	4	11	.1%

TOTAL INVESTIGATION CASES CLOSED	2,199	2,692	3,126	5,043	13,060	100%
Attorney General Cases (Average %)						
CLOSED WITHIN:						
0-1 Year	38	9	25	14	86	45.7%
1-2 Years	26	18	7	7	58	30.9%
2-3 Years	3	12	0	4	19	10.1%
3-4 Years	1	4	0	5	10	5.3%
Over 4 Years	1	7	0	7	15	8%
TOTAL ATTORNEY GENERAL CASES CLOSED	69	50	32	37	188	100%

34. What do overall statistics show as to increases or decreases in disciplinary action since last review?

One of the most tangible ways the CBA meets its consumer protection mandate is taking appropriate disciplinary actions against licensees. The CBA processed a backlog of aged cases in the fiscal years represented in the prior two sunset reviews. Subsequently, since the CBA's last sunset review, it has experienced a decrease in the number of disciplinary actions, as illustrated in the following chart.



An average of the disciplinary action over the prior three fiscal years may represent the new normal, but the CBA will continue to monitor.

35. How are cases prioritized? What is the CBA’s compliant prioritization policy? Is it different from the Department of Consumer Affairs’s *Complaint Prioritization Guidelines for Health Care Agencies* (August 31, 2009)? If so, explain why.

The CBA sees case prioritization as an instrumental component for its Enforcement Program to ensure that the CBA meets its mandate of consumer protection. Early identification of potential immediate and ongoing consumer harm is paramount to ensuring the appropriate resources are allocated to the appropriate cases. Additionally, maintaining flexibility to modify priority of a case is also necessary.

The CBA evaluates and prioritizes cases/complaints similar to those identified in Department of Consumers Affairs’ *Complaint Prioritization Guidelines for Health Care Agencies*. Specifically, the CBA uses the following categories: high, standard, and actionable.

- High – These are cases/complaints in which the CBA believes ongoing consumer harm is present and, therefore, the promptness of the investigation is paramount. It is as part of these cases/complaints that the CBA evaluates whether to seek an Interim Suspension Order or to recommend that the courts act under Penal Code section 23.

- Standard – These are cases/complaints such as matters referred from outside sources and that do not pose an immediate threat of harm to consumers, unlicensed activity not posing an immediate threat of harm to consumers, fraud, and making false/misleading statements.
- Actionable – These are cases/complaints with only minimal investigation necessary and generally result in the issuance of citations and fines.

36. Are there mandatory reporting requirements? For example, requiring local officials or organizations, or other professionals to report violations, or for civil courts to report to the CBA actions taken against a licensee. Are there problems with the CBA receiving the required reports? If so, what could be done to correct the problems?

- What is the dollar threshold for settlement reports received by the CBA?**
- What is the average dollar amount of settlements reported to the CBA?**

Mandatory reporting requirements are key to the CBA's consumer protection mandate, and work as a back stop to ensure that the CBA is reviewing all licensee conduct that may be grounds for disciplinary action. Through a combination of statutes and regulations, four groups have mandatory reporting requirements: licensees, courts, insurance companies, and Board-recognized peer review program providers.

Licensees

Licensees must report various events to the CBA generally within 30 days of the occurring event. The events are clearly defined in Business and Professions Code sections 5063 and 5076, and CBA Regulations section 46. These range from convictions of a crime, actions taken by other governmental entities, and civil settlement/judgments.

To ensure licensees are aware of their reporting requirements, the CBA posted information regarding licensees' reportable events requirements on our social media pages. Additionally, the CBA maintains an interactive form on its website to assist licensees with their respective reporting requirements.

Courts

California courts must submit information regarding convictions or judgments against licensees. Courts must provide the CBA a copy of the conviction or judgment and any orders or opinions of the court. The CBA has developed a form to assist the courts in meeting their mandatory reporting requirement. The form is available on the CBA website and is mailed annually to all California courts reiterating the importance of the reporting

requirement.

Insurance Companies

Insurance companies are required to report to the CBA any payment of all or any portion of any civil action settlement or arbitration award against licensees when the amount of the settlement or award is \$30,000 or greater (Business and Professions Code section 5063.2). The CBA works closely with the nation's largest CPA-directed program of insurance products and risk management solutions for the accounting profession, CAMICO. The threshold for reporting is \$30,000 with the average settlement being \$3,739,610.

CBA-Recognized Peer Review Program Providers

CBA-recognized peer review program providers must provide the CBA with a copy of all substandard reports issued to California-licensed accounting firms within 60 days and must notify the CBA if a firm is expelled from the peer review program within 30 days of notifying the firm of its expulsion (Business and Professions Code section 5076 and California Code of Regulations, title 16, section 48.3).

The American Institute of CPAs routinely provides information on all substandard peer review reports. The CBA also has access to a database and performs monthly report queries to identify firms that have failed peer review or have been dropped or terminated from the peer review program.

- 37. Describe settlements the CBA, and Office of the Attorney General on behalf of the CBA, enter into with licensees.**
- a. What is the number of cases, pre-accusation, that the CBA settled for the past four years, compared to the number that resulted in a hearing?**
 - b. What is the number of cases, post-accusation, that the CBA settled for the past four years, compared to the number that resulted in a hearing?**
 - c. What is the overall percentage of cases for the past four years that have been settled rather than resulted in a hearing?**

As with any settlement, the overriding consideration is that any final order (probation or revocation/surrender) supports the CBA's mission of consumer protection. The CBA's practice is to assess settlement immediately upon the filing of a pleading.

The CBA assesses the nature and scope of the causes of discipline alleged; any mitigating factors, aggravating factors, and rehabilitation that has occurred; and the ability of the licensee to safely practice and provide services to consumers during a probationary period and beyond.

The Administrative Procedure Act does not provide the authority for the

CBA to settle cases pre-accusation. The CBA occasionally participates in what is referred to as a "pre-settlement conference" with a Respondent. A pre-settlement conference involves the Respondent (including their respective legal counsel, if any), a representative from CBA staff, and the Attorney General's Office. It provides the Respondent an opportunity to review the accusation prior to filing.

After a review is completed, parties will discuss possible settlement. Pre-settlement conferences allow the parties to come to an agreement before the filing of an accusation and can lead to a quicker resolution; however, an accusation must be filed before the Respondent can enter any agreed upon stipulated settlement.

Over the past four years, the CBA has settled 143 cases in which an accusation was filed.

- Over the past four years the CBA has taken disciplinary action on 188 cases.
- The CBA settled 143 of these actions via stipulated settlement.
- The average percent of disciplinary actions settled via stipulated settlement is 76%.

38. Does the CBA operate with a statute of limitations? If so, please describe and provide citation. If so, how many cases have been lost due to statute of limitations? If not, what is the CBA's policy on statute of limitations?

There is no statute of limitations in the Accountancy Act. The CBA has no formal policy regarding administrative discipline and when the violation occurred. All complaints are investigated on a case-by-case basis, and discipline is taken based upon the individual circumstances of that case.

39. Describe the CBA's efforts to address unlicensed activity and the underground economy.

Consistent with the CBA's mission of consumer protection, investigating unlicensed activity is an important element to ensuring that consumers are receiving services from appropriately licensed professionals. The CBA investigates unlicensed matters from both consumer complaints and those identified internally.

In 2021, a new page was added to the CBA website to better assist consumers in reporting unlicensed activity. The new page provides a simplified complaint form for reporting unlicensed activity. When the CBA

updated its complaint form as part of Business Modernization, it further streamlined its process by allowing the complainant to attach supporting documentation before submitting the form electronically. The new format minimizes delays in case processing and improves staff productivity.

The CBA actively reviews correspondence, including applicant experience forms, license renewal applications, and peer review reporting forms, to assess potential for unlicensed activity. The CBA also actively monitors the licensee population for practice by unregistered accountancy firms. When potential unlicensed activity is identified, the CBA sends a letter to individuals identified to be practicing without a license and inquires about their present practice activities. If individuals are a current licensee with an expired license or unregistered accounting firm, the CBA works with the licensee or accounting firm to gain compliance.

For instances where individuals are using protected terms, such as accounting and auditing, the CBA seeks to determine if the services they are providing rise to the level requiring licensure as a CPA. The CBA works with the individuals to adjust their respective marketing materials to remove various terms, indicate that the services being performed do not require a license, or both.

Generally, the CBA can obtain compliance from individuals, but does issue citations and fines or refer matters to local law enforcement or the district attorney when warranted.

Post-Disciplinary Action Unlicensed Activity

Various disciplinary orders adopted by the CBA result in licensees losing their ability to practice public accountancy. Staff regularly review the Internet to determine if revoked or surrendered licensees are still practicing public accountancy or if they are using the CPA designation without a valid license.

When staff find potential information that licensees continue to practice public accountancy with a revoked or surrendered license, a case is opened and assigned for investigation. Most often, these cases are a result of individuals using the CPA designation on such websites as Facebook and LinkedIn. A letter is sent to individuals instructing them to remove the content. The CBA has a high success rate in gaining compliance in these matters. In instances when the CBA cannot gain compliance, it refers them to the Division of Investigation.

Cite and Fine

- 40. Discuss the extent to which the CBA has used its cite and fine authority. Discuss any changes from last review and describe the last time regulations were updated and any changes that were made. Has the CBA increased its maximum fines to the \$5,000 statutory limit?**

The CBA uses its citation and fine authority for violations that do not rise to the level of discipline and, as a mechanism, to gain compliance from licensees. Examples include licensees who have failed to comply with all aspects of the continuing education requirements, licensees who fail to respond to CBA inquiries, or licensees that have failed to submit their fingerprints for the purposes of a criminal offender record information search. In instances where the licensee fails to comply with a citation, the case is referred for formal disciplinary action.

The CBA has not made any modification to its Citation and Fine program since the last Sunset Review. Further, the CBA has been at the statutory limit of \$5,000 since 2008.

- 41. How is cite and fine used? What types of violations are the basis for citation and fine?**

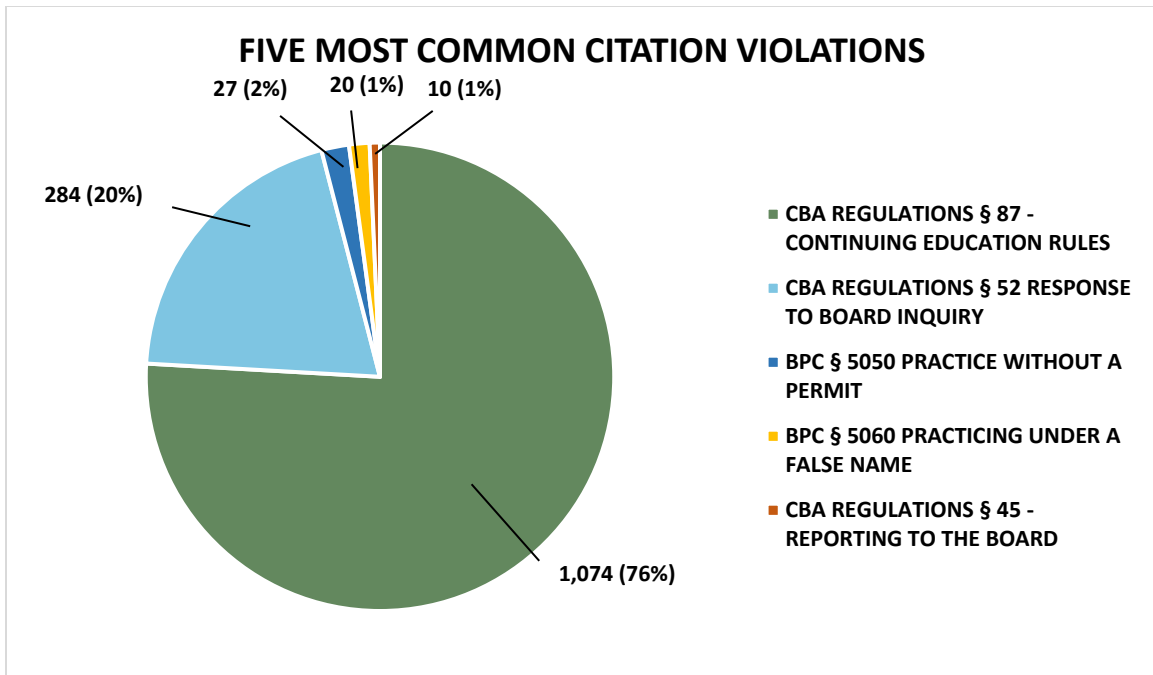
The CBA may issue a citation and fine for any violation of the Accountancy Act or CBA Regulations and as a mechanism for obtaining compliance. Generally, citations and fines are issued when a violation does not rise to the level of formal discipline. Types of violations for which the CBA issues citations and fines may include failure to respond to a CBA inquiry, continuing education deficiencies, operating an unregistered accounting firm, and practice with an expired permit.

- 42. How many informal office conferences, Disciplinary Review Committees reviews and/or Administrative Procedure Act appeals of a citation or fine in the last 4 fiscal years?**

The CBA has referred 19 citations to the Attorney General's Office to schedule an appeal hearing in the past four fiscal years.

- 43. What are the 5 most common violations for which citations are issued?**

The CBA has issued 1,471 citations within the last four fiscal years, all with an administrative fine included.



44. What is average fine pre- and post-appeal?

The average fine amount pre- and post-appeal is \$180.50.

45. Describe the CBA’s use of Franchise Tax Board intercepts to collect outstanding fines.

The Franchise Tax Board Intercept program provides a mechanism for state agencies to collect debts from California residents scheduled to receive a tax refund. The CBA began using the Franchise Tax Board Intercept Program in December 2015.

During the past four fiscal years, the CBA has referred 1,227 citations totaling over \$393,425 to the Franchise Tax Board for the collection of outstanding fines. The CBA has collected nearly \$92,907 in outstanding fines through this program.

Cost Recovery and Restitution

46. Describe the CBA’s efforts to obtain cost recovery. Discuss any changes from the last review.

It is CBA policy to pursue cost recovery in all disciplinary matters that proceed to the Attorney General’s Office for preparation of an accusation. The CBA Executive Officer is authorized by statute to request an Administrative Law

Judge, as part of any proposed decision in a disciplinary proceeding, to order the recovery of reasonable costs of investigation and prosecution, including, but not limited to, attorney's fees.

Generally, for licensees placed on probation, costs are a term/condition of probation and are collected throughout the period of probation.

There have been no changes to the CBA policies or procedures related to cost recovery since the last Sunset Review.

47. How many and how much is ordered by the CBA for revocations, surrenders and probationers? How much do you believe is uncollectable? Explain.

Cost recovery is a combination of investigation and prosecution costs. Cost recovery may be ordered through a stipulated settlement, or through a proposed decision as ordered by an Administrative Law Judge. During the past four fiscal years, the CBA ordered cost recovery in 116 cases totaling \$1,245,451.

Most of the cost recovery ordered comes from licensees who were placed on probation, either through a stipulated settlement or proposed order. Costs may also be collected when a petition to reinstate is granted. When a license is revoked or surrendered, cost recovery is typically deferred until the Respondent petitions the CBA for reinstatement. In the past four fiscal years, CBA has collected \$5,271.01 in cost recovery ordered in a granted petition for reinstatement.

In the past four fiscal years, the CBA has identified \$24,643 in costs that it has ordered and remains outstanding despite the license being revoked or surrendered. In these instances, collection is more difficult since the individual's earning potential is significantly reduced once their CPA license is revoked or surrendered.

48. Are there cases for which the CBA does not seek cost recovery? Why?

Yes. The Administrative Procedure Act prohibits the CBA from seeking cost recovery for cases involving applicants for CPA licensure.

As for cases involving licensees, it is the CBA's policy to seek cost recovery; however, the costs are not intended as a penalty but as a consideration in the overall disciplinary process. Respondents often express concern over the cost, which in turn can lead to delays in reaching resolution to the matter. By

maintaining flexibility in ordering costs and considering reduction in costs, cases often resolve significantly faster.

Quick resolution serves the CBA’s goal of consumer protection by getting Respondents into an agreement and imposing terms on their license and/or practice. Additionally, quick resolution saves the CBA time and resources by reducing Attorney General costs and allowing staff to spend more time on other cases.

The CBA also does not seek cost recovery for Stipulations for Surrender until the time that a licensee submits a Petition for Reinstatement and that petition is granted.

49. Describe the CBA’s use of Franchise Tax Board intercepts to collect cost recovery.

The CBA has identified \$24,643 in costs that it has ordered and remains outstanding. These are costs that have been ordered despite the license being revoked or surrendered. The CBA refers these matters to the Franchise Tax Board for collection as appropriate.

TABLE 11. COST RECOVERY (DOLLARS IN THOUSANDS)				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total Enforcement Expenditures	\$1,443,921	\$555,228	\$542,022	\$461,889
Potential Cases for Recovery^{1*}	64	44	31	32
Cases Recovery Ordered	42	29	24	21
Amount of Cost Recovery Ordered	\$630,538	\$196,516	\$257,751	\$160,646
Amount Collected	\$627,756	\$211,502	\$203,816	\$185,671
* “Potential Cases for Recovery” are those cases in which disciplinary action has been taken based on violation of the license practice act.				

50. Describe the CBA’s efforts to obtain restitution for individual consumers, any formal or informal CBA restitution policy, and the types of restitution that the CBA attempts to collect, i.e., monetary, services, etc. Describe the situation in which the CBA may seek restitution from the licensee to a harmed consumer.

The CBA’s policy states that restitution is considered a mitigating factor when considering discipline against a licensee. Restitution considers the actual harm to a consumer; and is not intended for the CBA to award damages to a consumer.

TABLE 12. ADMINISTRATIVE PENALTY				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Amount Ordered	\$339,500	\$1,646,000 ^{1*}	\$18,500	\$1,818,500 ^{1*}
Amount Collected	\$318,967	\$1,635,874	\$26,288	\$1,821,546
*The increase in administrative penalty for the fiscal year resulted from a large settlement from a single case.				

SECTION 5

PUBLIC INFORMATION POLICIES

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

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

CBA Website

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

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

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

Email

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

Social Media

The CBA maintains accounts on Facebook, Twitter, LinkedIn, and YouTube.

These platforms provide consumers and other stakeholders a convenient option to get updates from the CBA and ask questions.

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

Board Meeting Materials and Minutes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, on the CBA website, consumers may access guidance to help them choose a CPA appropriate to their needs or file a complaint. This, and other helpful information is included in the CBA's *Consumer Assistance Booklet*

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

As the direct beneficiary of the CBA's mission and vision, consumers are a primary audience for the CBA's communication and outreach activities. The term consumer refers generally to individuals and businesses that directly or indirectly use or rely on the services of a CPA or accounting firm. This audience is broad and diverse, and may be segmented into various sub-groups (e.g. general public, small businesses).

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

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

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

Messaging and education goals for consumers include:

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

- Understanding qualified vs. authorized.
- How to identify and report unlicensed activity.
- Providing excellent customer service through timely and thorough responses to consumer inquiries.

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

SECTION 6

ONLINE PRACTICE ISSUES

57. Discuss the prevalence of online practice and whether there are issues with unlicensed activity. How does the CBA regulate online practice? Does the CBA have any plans to regulate internet business practices or believe there is a need to do so?

The use of the internet during the practice of public accountancy is commonplace and the CBA regulates in this area consistent with the CBA's mission of consumer protection.

Regardless of whether licensees practice via the internet or through traditional means, licensees are subject to CBA regulatory requirements and enforcement action. For instance, the performance of audits only through the Internet is prohibited by professional standards and would subject a licensee to possible enforcement action.

Unlicensed Activity

There are two main categories of unlicensed activity related to online practice:

- CBA licensees who practice in an unauthorized manner.
- Non-licensed individuals and businesses that advertise to perform public accounting services or use a protected title such as CPA, accounting, or auditing.

Staff review the internet to determine if expired, revoked, or surrendered licensees are still practicing public accountancy or if they are using the CPA designation without a valid license. Most often, these cases are a result of individuals using the CPA designation on such websites as Facebook and LinkedIn.

A letter instructing the individuals to remove the content is sent. Most cases result in gaining compliance. In instances when the CBA cannot gain compliance, it refers them to the Division of Investigation.

In instances where individuals are using protected terms, such as accounting and auditing, the CBA seeks to determine if the services they are providing rise to the level of licensure as a CPA. In these instances, the CBA works with the individuals to adjust their respective marketing materials to remove various terms, indicate that the services being performed do not require a license, or both.

If the CBA identifies that the work performed does rise to the level of needing

to be licensed or individuals fail to address their advertising materials, the CBA will refer the matter to the Department of Consumer Affairs Division of Investigation. If the allegations prove to be true, the case is referred to the appropriate District Attorney's office for consideration of filing misdemeanor charges.

SECTION 7

WORKFORCE DEVELOPMENT AND JOB CREATION

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

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

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

Timely Application Processing

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

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

Educational Outreach Events

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

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

- The CBA website
- UPDATE newsletter (published tri-annually)
- Conduct virtual and in-person licensing educational events
- Social media engagement through Facebook, Twitter, and LinkedIn
- CBA Podcast “Accounting for California”
- E-news (Email list serve for various topics)
- Through the CBA’s SURE CPA Project, as described in Section 1

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

The Licensing Program’s primary charge in meeting the CBA’s consumer protection mission, is to regulate entry and continuing practice in the

profession by ensuring that only those who are qualified are licensed to practice public accountancy.

The CBA maintains a 30-day processing target for its applications. The 30-day processing timeframe is the target reported to the Governor's Office and Legislature as part of the performance-based budgeting and is included in the CBA 2022-2024 Strategic Plan.

The CBA's average time to process an application and issue a license temporarily increased beyond the 30-day target during fiscal years 2019-20 and 2020-21 due to the COVID-19 pandemic when the CBA was establishing and implementing telework. The CBA quickly enhanced telework and hybrid work procedures to ensure that applications were processed in a timely manner. Beginning in fiscal year 2021-22, the CBA has met or exceeded the 30-day processing goal.

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

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

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

Additionally, CBA Members have served as ambassadors of information regarding different areas of practice, the rewards of obtaining a CPA license, and offering guidance and feedback to attendees at events on what to expect as they continue the path of becoming a CPA. When feasible, these events are webcast and available for later viewing online.

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

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

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

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

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

To monitor the CPA workforce, the CBA periodically collects workforce development and outlook data from the Bureau of Labor Statistics²⁷.

The most recent findings include:

- The percent of projected job growth for accountants and auditors between 2021 and 2031 is 6%.
- The number of new accounting and auditing jobs that will need to be filled annually 136,400.
- The national median accountant and auditors' Salary is \$77,250, annually.
- The California mean CPA Salary is \$95,607, annually.²⁸

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

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

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

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

Although there is not current data as to the success rates of Uniform CPA

²⁷ Data from Bureau of Labor Statistics as of September 2022.

²⁸ Data from the California Employment Development Department

Examination Preparatory Courses, the American Institute of CPAs oversees a website, CPA Exam Prep Course Reviews, that allows students to research the course format, rate the course, and write reviews.

63. What efforts or initiatives has the board undertaken that would help reduce or eliminate inequities experienced by licensees or applicants from vulnerable communities, including low- and moderate-income communities, communities of color, and other marginalized communities, or that would seek to protect those communities from harm by licensees?

The answer to this question will be provide for the September CBA meeting.

SECTION 8

CURRENT ISSUES

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

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

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

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

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

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

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

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

Modernization Project beginning in July 2019 that would provide the ability to select an information technology solution to fit its specific needs.

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

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

In October 2021, the CBA began a Business Modernization Pilot Project to focus on a subset of the modernization effort and leveraged the Connect platform, powered by InLumon software. This platform is successfully used by other Department of Consumer Affairs boards and bureaus to meet their online licensing and enforcement requirements.

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

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

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

SECTION 9

BOARD ACTIONS AND RESPONSES TO COVID-19

67. In response to COVID-19, did the board take any steps or implement any policies regarding licensees or consumers? Has the board implemented any statutory revisions, updates or changes that were necessary to address the COVID-19 Pandemic? Any additional changes needed to address a future State of Emergency Declaration.

Executive Order N-40-20 enabled the CBA to extend the deadline for licensees to complete their continuing education requirement. This originally granted additional time to licensees with renewals in March or April 2020, although the window was eventually broadened by the Department of Consumer Affairs to allow all licensees renewing between March 2020 and September 2021 to receive an extension until January 31, 2022. Further, on a case-by-case basis, the CBA exercised its authority to grant continuing education extensions beyond the dates recognized in the Executive Order. A total of 1,098 continuing education-related requests were approved

Teleconferencing was adopted for meetings of the CBA. The CBA used the various Executive Orders that were issued and then the statutory changes contained in Assembly Bill 361 (Rivas, Chapter 165, Statutes of 2021) and Senate Bill 189 (Chapter 48, Statutes of 2022). The transition to teleconference meetings was initially due to the concern for public health, and the difficulty encountered with travel during the height of the pandemic.

As time moved forward, the CBA learned that this format led to increased participation from stakeholders and the public, and the meetings still accomplished their objectives despite members not being in the same location. The CBA resumed in-person meetings in January 2022; however, the option for consumers and stakeholders to participate remotely via the WebEx platform continues.

The closure of Prometric Testing Facilities and college and university registrar offices for a time led to delays in completing required examinations for CPA licensure and obtaining necessary transcripts for both examination and CPA licensure. The CBA responded by working with applicants, licensees, and national organizations to provide aid through the difficult times presented by the pandemic.

On June 1, 2020, following a two-month closure, Prometric reopened its testing centers to capacity for essential programs that included CPAs. Prometric worked directly with Uniform CPA Examination applicants to reschedule canceled sections. To support those applicants, the CBA and the

National Association of State Boards of Accountancy extended the expiration dates of any notice to schedule or Uniform CPA Examination credit expiring between April 1, 2020 and December 30, 2020, until December 31, 2020.

The CBA also expedited a new process to accept electronic transcripts for both examination and initial CPA licensure candidates.

The CBA was among the first of the Department of Consumer Affairs boards to post on its website and social media accounts the application processing timeframes, in advance of the enactment of the statutory requirement. The social media posts were noticed and highlighted by a national accounting-related blog.

The CBA has not identified any additional changes needed to address a future State of Emergency Declaration.

SECTION 10

BOARD ACTION AND RESPONSE TO PRIOR SUNSET ISSUES

ISSUE 1: Initial License and License Renewal Fee Level

Should the Legislature increase the CBA's statutory maximum for license renewal and initial permit fees?

Committee Staff Recommendation: The CBA should explain to the Committees why it believes the increase of \$250, is warranted. In addition, explanation around implementation and timing needs to be addressed.

2019 SUNSET REVIEW RESPONSE

Increasing the amounts authorized by statute from \$250 to \$500 would allow necessary revenue growth so the CBA may maintain an adequate reserve and sufficiently fund its operating expenses for the foreseeable future.

During the CBA's 2015 Sunset Review, the Legislature expressed concern regarding whether the CBA would be capable of, from both a funding and staffing perspective, investigating and prosecuting a case against a large accountancy firm. Therefore, the Legislature encouraged the CBA to maintain a 24-month spending reserve. As the CBA considers the adequacy of its revenue, it keeps this legislative guidance in view.

The CBA's current statutory maximum amounts for its license renewal and initial permit fees have been in place for approximately 30 years. Presently, the CBA is pursuing a rulemaking to place its license renewal and initial permit fees at \$250, the maximum allowed by statute. However, the CBA now believes it requires additional fee increases to accommodate unanticipated enforcement expenses and obtain a 24-month spending reserve.

Whenever the CBA changes its fees through regulations, it must comply with the Administrative Procedure Act, which governs the rulemaking process. The Administrative Procedure Act requires an agency to, among other requirements, establish the necessity of any proposed rulemaking. This law requires the CBA to show a clear need and justification for its proposed fees.

Any increases in the CBA's fees would be limited by Business and Professions Code section 128.5 (a), which requires the CBA to lower its fees if, at the end of any fiscal year, it has unencumbered funds in an amount equal to, or more than, its operating budget for the next two fiscal years. This law prevents the CBA from maintaining fee amounts beyond what is required to fund its operating expenses and maintain a prudent reserve.

PROPOSED 2024 SUNSET REVIEW RESPONSE

Effective January 1, 2020, Assembly Bill 1521 (Low, Chapter 359, Statutes of 2019), amended the Business and Professions Code section 5134 to establish the CBA's license renewal fee at \$250, but not more than \$280. Prior to this change, the statute merely set a maximum fee level, which was not to exceed \$250. There was no prior minimum fee level.

The statutory fee level change was implemented to 1) address the CBA's negative annual cash flow; and 2) build the CBA's revenues to achieve 24 months in reserve (guidance provided by the Legislature during the 2015 Sunset Review).

Following implementation of the \$250 fee level, the CBA's revenues increased significantly; however, they continued to remain under the CBA's annual authorized expenditures. To address the continuing negative cash flow, the CBA implemented a second fee increase via a rulemaking on October 1, 2022. The increase set the initial license and license renewal fee to the \$280 statutory maximum.

During the prior Sunset Review it was conveyed that the CBA should conduct a fee analysis to determine whether the license renewal fee (and other CBA fees) were at the appropriate level to recover the costs to actually perform the service for which the fee is assessed.

In January 2023, the Department of Consumer Affairs presented the CBA's Fee Analysis, which analyzed whether the CBA's present fee levels were sufficient to cover the actual cost to perform the corresponding service. The Fee Analysis reflected that the CBA is not collecting fees at the appropriate level to cover the cost of performing specified services. As a result, the CBA's revenues are not adequately covering its authorized expenditures, and this is impacting the CBA's Reserve Fund balance and months in reserve. Fee increases are necessary to eliminate the structural imbalance and build its months in reserve to ensure the CBA has the resources necessary to carry out its operations.

Although the CBA Fee Analysis looked at several CBA-assessed fees, the CBA's primary revenue source is funds collected from license renewal fees. Although there are several fee categories proposed for an increase, the impact they have to the CBA's overall revenue is negligible.

Using the Fee Analysis as a guide, the CBA approved a legislative proposal that would increase some fees (license renewal, initial permit, and application review fees) and keep other fees associated with entry into the practice of public accounting at the current level in recognition of the current pipeline issues.

At the conclusion of the January 2023 CBA meeting, a representative from the California Society of CPAs suggested the CBA consider a staggered approach to increasing the license renewal fees as there had been two recent increases, January 2020 and October 2022, respectively.

At the March 2023 meeting, staff reported they were unable to find an author to carry legislation for a CBA-specific statutory fee increase, but noted they continued to work with the Department of Consumer Affairs on the possibility of including the CBA fee changes in a Department of Consumer Affairs-wide bill authored by the Senate Business, Professions and Economic Development Committee.

Staff also reported that in response to the suggestion by the California Society of CPAs, they were working with the Department of Consumer Affairs Budget Office on exploring how a staggered approach to increasing the license renewal fees would impact the Accountancy Fund and whether it could be a viable alternative.

At the May 2023 CBA meeting, staff presented a proposal for a two-step increase for license renewal and initial licensure²⁹ as follows:

REVISED FEE INCREASE PROPOSAL: TWO STEP LICENSE RENEWAL FEE INCREASE					
Fee Type	Current Fee	Fee Increase 7-1-2024	Percentage Increase	Fee Increase 7-1-2026	Percentage Increase
Corporation/Partnership Application Review	\$150	\$250	67%	N/A	
Renewal License – CPA	\$280	\$340	21%	\$400	18%
Renewal License – Corporation/Partnership	\$280	\$400	43%	\$520	30%

The new proposal modified the application review fee for new accountancy firms (corporations and partnerships). Staff proposed that the minimum fee level be set in statute at \$250, making it consistent with the application review fee for an individual applying for a CPA license, which is set in regulation at \$250.

The two-step fee increase approach would also allow more time for those

²⁹ The initial permit and delinquent license renewal fees are set in statute and are based on the license renewal fee level.

impacted to acclimate to the higher fees as new license permit fees and license renewal fees for CPAs and accountancy firms increased in January 2020 (from \$120 to \$250) and again in October 2022 (from \$250 to \$280).

With a two-step fee increase approach, the CBA's goal of increasing revenues and ensuring the revenues address its annual authorized expenditures is still achieved. The CBA's months in reserve level continues to increase in future years.

The CBA was advised that its fee proposal could be included in the Senate Business, Professions and Economic Development Committee bill. On June 27, 2023, Senate Bill 816 was amended to include the two-step license renewal fee increase approach and the \$250 application review fee for new accountancy firms. The proposal also increases the statutory cap for the CPA application review fee and accountancy firm application fee to \$700 and \$2,000, respectively.

The bill also includes new proposed language that would authorize the CBA to lower license renewal fees if the Accountancy Fund exceeds 24 months in reserve. This will allow the CBA to do a fee reduction, via regulation, if reserves get too high in the future.

ISSUE 2: Denial of an Application for CPA Licensure
Should the CBA be allowed to consider certain applicants' past actions as grounds for the denial of an application for CPA licensure?

Committee Staff Recommendation: Based upon conversations with Stakeholders and others staff recommend that it is not advisable to support the reversal back to "substantially related" or exempting CBA from that provision of the legislation in Assembly Bill 2138. Reverting back to a "substantially related" standard for denial of licensure would weaken the effect of Assembly Bill 2138 by allowing crimes that are only vaguely connected to a person's application for a license to be used as a basis for denying licenses once again.

However, the Committees should be comfortable with removing the term "fiduciary" and allowing CBA to consider federal and foreign government agencies and the Public Company Accounting Oversight Board disciplinary action when reviewing a licensure application. CBA should explain to the Committee why they believe this will be beneficial to the profession.

2019 SUNSET REVIEW RESPONSE

The CBA believes it is a commendable goal, under Assembly Bill 2138 to assist applicants who have a criminal history to obtain gainful employment and provide stakeholders a more clear understanding of how an occupational

licensing board evaluates past criminal convictions.

To benefit consumers and further its mission, the CBA requests two statutory changes related to Assembly Bill 2138:

1. *Remove the term "fiduciary" from its requirements to draft regulations related to financial crimes.*

Assembly Bill 2138 directs the CBA to conduct a rulemaking related to financial crimes that are directly and adversely related to the "fiduciary" qualifications, functions, or duties of a CPA.

The CBA requests the term "fiduciary" be removed because many of the functions and duties a CPA performs for a client or employer do not have a fiduciary component. For example, CPAs who perform tax preparation and audit services don't necessarily have a fiduciary duty or relationship to their clients.

Removal of the "fiduciary" qualifier will ensure the CBA is able to consider the full range of appropriate financial crimes that are directly and adversely related to the practice of public accountancy.

2. *Allow the CBA to consider disciplinary action from federal agencies, including the Public Company Accounting Oversight Board, and foreign government agencies when reviewing a licensure application. The CBA presently has this authority, which is scheduled to be removed when Assembly Bill 2138 takes effect on July 1, 2020.*

The CBA regularly monitors for discipline imposed by those entities. Two notable federal regulators are the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board. CPAs must register to practice before these entities, which are authorized to discipline a CPA for unprofessional conduct, including acts such as insider trading, fraud, and filing false financial information.

Similarly, the CBA considers discipline imposed by government agencies outside the United States to be relevant, as it receives a number of applications from individuals who reside outside our country.

If a current CBA licensee was disciplined by a federal regulator or foreign government, that action would be reviewed to determine if further discipline by the CBA is appropriate.

Further, the CBA agrees with the committee staff recommendation to not return to a substantial relationship standard for the financial crimes described in the newly added Business and Professions Code section 480(a)(1)(B).

The CBA greatly appreciates the time spent by staff from both committees, and Assemblymember Chiu's office, to address its concerns related to Assembly Bill 2138.

PROPOSED 2024 SUNSET REVIEW RESPONSE

On September 30, 2018, Governor Brown approved Assembly Bill 2138, which amended the BPC relating to licensing professions and vocations by boards within the Department of Consumer Affairs, effective July 1, 2020. Specifically, Assembly Bill 2138 impacted a board's authority to deny, revoke, or suspend a license on the basis of a criminal conviction or professional misconduct, required boards to amend their existing regulations for use when considering the denial, suspension, or revocation of a license to determine whether a crime is substantially related to the qualifications, functions, or duties of the profession regulated, and to develop criteria to evaluate the rehabilitation of a person when considering the denial, suspension, or revocation of a license.

Assembly Bill 2138 also allowed certain boards, including the CBA, to deny a license if "the applicant was convicted of a financial crime currently classified as a felony that is directly and adversely related to the fiduciary qualifications, functions, or duties of the profession" being regulated.

As part of the Section 11 – New Issues of its 2018 Sunset Review Report, Issue #6 – Denial of An Application for Initial CPA License, the CBA requested the Legislature considered amendments to recent changes brought about by the passage of Assembly Bill 2138. Specifically, the CBA requested: 1) Reinstating the CBA's ability to deny an application for CPA licensure for administrative actions taken by federal regulators or foreign governments; and 2) Expand the CBA's ability to deny an application for CPA licensure for financial crimes.

When the Legislature extended the CBA's sunset date with the passage of Assembly Bill 1521 (Low, Chapter 359, Statutes of 2019), the Legislature added BPC section 5100.2, which created two carve outs to amendments to BPC section 480 that were brought about by the passage of Assembly Bill 2138, as follows:

1. Regardless of the seven-year lookback period provided for in BPC section 480, pursuant to BPC section 5100.2, subdivision (a)(1), the CBA may deny an applicant for a license if the applicant was convicted of a financial crime currently classified as a felony that is directly and adversely related to the qualifications, functions, or duties of a certified public accountant, pursuant to regulations adopted by the CBA (which the CBA adopted under Title 16, California Code of Regulations, section 99.2).

2. Pursuant to BPC section 5100.2, subdivision (a)(2), the CBA may deny an applicant if, within the preceding seven years from the date of application, the applicant was subjected to a disciplinary action taken by an agency of the federal government, the Public Company Accounting Oversight Board, or another country for any act substantially related to the functions, qualifications, or duties of a certified public accountant.

ISSUE 3: Lack of Automation and On-line Services
The CBA lacks automation and on-line services, which has impacted processing timeframes and its level of customer service. Does the Board have a plan to address this issue?

Committee Staff Recommendation: CBA to report, at the hearing, on the current status of their efforts. The CBA is in the BreEZe Release 3, but with the support of, and collaboration with, the Department of Consumer Affairs, the CBA plans to develop a Business Modernization Project beginning in July 2019. The CBA will be able to select an information technology solution to fit its specific business needs, rather than attempting to change its processes to meet BreEZe requirements.

2019 SUNSET REVIEW RESPONSE

The CBA has largely manual internal processes for its licensing and enforcement programs and its automated functions are few and limited. The CBA was scheduled for BreEZe Release 3, but is now in the preliminary planning process, in collaboration with the Department of Consumer Affairs, on a Business Modernization Project.

The Business Modernization Project has the same goal as BreEZe, which is to create and transition to a single enforcement and licensing database system that provides internal automation and online capabilities for its stakeholders. In July 2019, the CBA expects to begin the process to formally identify its business needs for this new system. While the development of this project is underway, the CBA has already begun to proactively develop interim steps and short-term solutions to improve services to its stakeholders. Presently, the CBA is exploring increased automated services to improve the processing timeframes for applications. These include:

- Increased ability to submit documents electronically
- Opportunities for applicants to obtain status information of the application electronically
- Improved communications

In December 2018, the CBA launched a system to allow licensees to pay their renewal fees via an online portal with a credit card and submit their renewal

application and related paperwork via email. By summer 2019, the CBA expects to implement an online application for initial licensure. This would include email notifications that inform applicants of the status of their application as it moves through each stage of the process.

Although the Business Modernization Project is a few years away from completion, the CBA is leveraging its current technological capabilities to enhance the services provided to its stakeholders.

PROPOSED 2024 SUNSET REVIEW RESPONSE

The CBA continues to work closely with the Department of Consumer Affairs on its Business Modernization Project to achieve its goal of creating a more efficient and automated licensing and enforcement process for consumers, applicants, licensees, and other stakeholders. These improvements will be enabled by new technology systems, which will replace several legacy systems and applications.

In April 2021, the CBA launched an online application for CPA licensure. This new option provides the ability to submit applications, upload necessary documents, and pay the application and initial licensee fees entirely on the CBA website. Nearly 90% of applicants use the online application. Concurrently, the CBA also launched an online application dashboard. The dashboard allows applicants instant access to monitor the review process of their application.

CBA Connect, a fully automated online license renewal system, was launched in April 2022. CBA Connect enables licensees to complete their entire license renewal process online, from the option to report and track continuing education to paying renewal fees. CBA Connect eliminates paper applications and mailing a check to the CBA. Additionally, when licensees sign up for a CBA Connect account, they will receive emails throughout their licensure period with reminders on continuing education requirements. Licensees can also complete an address change through CBA connect.

In October, there was an enhancement added to CBA Connect, enabling licensees to use a CBA-created Excel spreadsheet to upload a listing of continuing education courses to the online renewal system. Licensees can continue to also add continuing courses individually.

A new online complaint submission system was launched in May 2022. This new system assists the Enforcement Program with the CBA's highest priority – consumer protection. The new system allows users to include supporting documentation and receive an electronic copy of their complaint submission. The new system also includes a back-office intake queue to manage online complaints received.

The CBA continues to make certain the Business Modernization Project remains a high priority and has made staffing adjustments internally to provide the Department of Consumer Affairs with the staff support it needs to ensure a successful outcome.

Implementation of the various components of the Business Modernization project has enabled the CBA to process Uniform CPA Examination and CPA licensure applications well below the CBA's goal of 30 days. This has had a significant positive impact on applicants as they continue and complete their journey to CPA licensure.

ISSUE 4: Automate Delivery of UPDATE Newsletter
The CBA is seeking to automate the delivery of its UPDATE newsletter to reduce its environmental impact and lower costs.

Committee Staff Recommendation: The CBA should explain to the Committees why automating delivery of its newsletter will be beneficial.

2019 SUNSET REVIEW RESPONSE

The CBA is seeking authority to distribute its UPDATE newsletter in an electronic format. The CBA is presently required to mail a hard copy of its UPDATE newsletter as mandated by Business and Professions Code section 5008, which states the CBA "shall, from time to time, but not less than twice each year, prepare and distribute to all licensees, a report of the activities of the board ... and may likewise distribute reports of other matters of interest to the public and to practitioners."

The CBA is one of the very few licensing boards/bureaus under the Department of Consumer Affairs that continues to print and mail its newsletter. Thirty-eight of the 41 Department of Consumer Affairs boards/bureaus do not print their newsletter and instead post it to their website.

The CBA spent approximately \$280,000 in fiscal year 2017-18 on the printing, mailing, and postage costs for the UPDATE newsletter. This has increased 44% since fiscal year 2013-14 when the annual cost was approximately \$194,000.

The CBA intends to allow UPDATE readers to continue receiving a paper copy, upon their request. However, transitioning to a primarily electronic distribution will save money, reduce impacts to the environment, and decrease the time it takes to produce and distribute the UPDATE newsletter.

PROPOSED 2024 SUNSET REVIEW RESPONSE

The CBA transitioned to electronic distribution of UPDATE with Issue 90 in spring 2020.

Licensees, and other interested parties, receive an email directing them to the CBA website to access it. Individuals who prefer the paper form continue to have the option to request that the CBA mail a hard copy up to 14 days after each UPDATE issue is published on our website. The CBA averages about 250 printed copies per UPDATE edition, compared to the prior volume of nearly 80,000.

Since launch, the CBA has realized a savings of approximately \$250,000 each fiscal year. With providing the option to view electronically or receive a paper form, the transition to the new format has been very well received by stakeholders.

ISSUE 5: Require Licensees to Provide Email Address
To enhance its communication capabilities, the CBA is seeking authority to require its licensees to provide an email address.

Committee Staff Recommendation: The CBA should explain to the Committees the current situation which exists regarding communications efforts and how seeking email addresses would help efforts.

2019 SUNSET REVIEW RESPONSE

In 2014, the CBA pursued a legislative proposal, which was included in Senate Bill 1467 (Chapter 400, Statutes of 2014), to authorize the CBA to collect, but not require, a valid email address at the time of application for, or renewal of, a CPA license. As those provisions are optional, not every individual provides their email address to the CBA.

Presently, many of the CBA's communications efforts are paper-based. As discussed in Issue #4, current law requires the CBA to print and distribute paper copies of its UPDATE newsletter. To facilitate the transition to a primarily electronic-based distribution of the UPDATE, the CBA seeks statutory authority to require all applicants and licensees to provide a valid email address.

Because the CBA lacks email addresses for all of its licensees, it often must communicate with them via the United States Postal Service. However, if the CBA possessed a valid email address for all licensees, the CBA would be able to communicate with them more quickly.

PROPOSED 2024 SUNSET REVIEW RESPONSE

With the passage of Assembly Bill 1521 in September 2019, the CBA immediately began planning for the implementation of one of its key provisions, which required licensees who have an email address to report it to the CBA by July 1, 2020. New applicants would continue to provide their email during the

application process. Communicating this message to our stakeholders was of high importance. An announcement was posted on the CBA website in October 2019 and was emailed to all E-News subscribers.³⁰ Social media announcements began in fall 2019 and continued to the early months of 2020.

The CBA established a system where licensees could go to the CBA website to register their email address, and in January 2020, a letter was mailed to all licensees with instructions to do so.

In 2021, the CBA sponsored Assembly Bill 298 (Irwin, Chapter 300, Statutes of 2021) that, among other provisions, clarified the confidentiality of licensee email addresses.

Presently, the CBA has approximately 86,000 email addresses registered for licensees. The CBA has used the licensee emails for various outreach campaigns including recruitment for its advisory committees, notification of Investigative Certified Public Accountant position vacancies at the CBA, rulemaking proposals, and notification regarding the availability of its UPDATE newsletter. The CBA has also used the email addresses to notify licensees of their upcoming renewal, new laws that are going into effect, and the launch of enhanced website functionality that provides more interactive tools.

With the implementation of CBA Connect, the CBA's online license renewal system, individuals are required to provide an email address. It is anticipated that this will enable to CBA to obtain an email address for nearly all licensees.

ISSUE 6: Obtain Additional Permanent Staff
Why is it necessary or beneficial to the CBA's operations to hire additional permanent staff?

Committee Staff Recommendation: The CBA should explain to the Committees why having permanent staff as opposed to temporary staff will assist in increasing workloads.

2019 SUNSET REVIEW RESPONSE

The CBA is presently operating at approximately the same number of permanent employees as it did in fiscal year 2011-12. During this same time the CBA's licensee population increased nearly 20 percent.

To address increased workload, in the absence of permanent positions, the CBA employs temporary help. Temporary employees often consist of seasonal clerks,

³⁰ E-News is the email registry system where individuals can request to be notified, via email, regarding various topics, including: CBA meetings, laws and regulations, newsletters, etc.

intermittent positions, and limited-term staff.

On average, the CBA employs 18 temporary staff each year. There is high turnover in these positions as temporary employees often seek permanent positions. In fiscal year 2016-17, the CBA experienced a 44 percent turnover in its temporary help, with this rate growing to 53% in fiscal year 2017-18.

As turnover among temporary staff occurs, the CBA spends significant time to recruit and train new temporary staff. This continual transition has led to increased processing timeframes, backlogs of work, and the reliance on overtime to maintain the CBA's desired processing timeframes.

The CBA believes it is appropriate and fiscally responsible for permanent ongoing work to be performed by permanent staff.

PROPOSED 2024 SUNSET REVIEW RESPONSE

In FY 2019-20 the CBA received 10 fulltime positions obtained through a Budget Change Proposal. The permanent positions replaced all temporary positions that were addressing ongoing workload. Seven of these additional positions were for the Licensing Division and three for the Enforcement Division.

The additional permanent staff had a positive impact on the workload, in that it created consistency in accomplishing tasks and eliminated staff turnover. Some of the permanent positions were filled by the staff in the temporary positions making transition smooth and minimal impact to the workload.

The permanent positions also contributed to the CBA obtaining and maintaining processing timeframes well below its goal of 30 days for Uniform CPA Examination and CPA licensure applicants. Uniform CPA Examination and CPA licensure application backlogs and the reliance on overtime was eliminated.

ISSUE #7: Potential Implications for Licensees Working in Accountancy as Independent Contractors
Does the new test for determining employment status, as prescribed in the court decision *Dynamex Operations West Inc. v. Superior Court*, have any potential implications for licensees working in the accountancy as independent contractors?

Committee Staff Recommendation: The CBA should inform the committees of any discussions it has had about whether the *Dynamex* decision may somehow impact the current practice of accountancy.

2019 SUNSET REVIEW RESPONSE

The CBA has not had any discussions about whether the *Dynamex* decision may

impact the practice of public accountancy.

PROPOSED 2024 SUNSET REVIEW RESPONSE

The CBA is not aware of any issues or concerns regarding the Dynamex decision and has not needed to discuss this topic since the prior Sunset Review.

SECTION 11

NEW ISSUES

The New Issues section of the Sunset Report provides an opportunity for the CBA to inform the Sunset Committee of solutions to issues identified by the CBA, issues identified from prior Sunset Reviews that have not been addressed, and issues raised by the current Sunset Committee or other legislative committees.

Issue 1: Elimination of the Mobility Stakeholder Group (MSG) Amend Business and Profession Code (BPC) section 5096.21

Pursuant to BPC section 5096.21(c), the CBA was required to convene a stakeholder group with the express purpose of determining whether California's practice privilege (more commonly referred to as mobility) provisions meet the CBA's duty to protect the public, and whether the provisions satisfy the objectives of stakeholders of the accounting profession, including consumers.

The stakeholder group, formally named the Mobility Stakeholder Group or MSG, conducted meetings and prepared annual reports documenting their activities. The final meeting of the MSG was held in November 2019. Should any additional work be required relative to California's mobility provisions, it can be undertaken by the CBA, one of its committees (e.g., Committee on Professional Conduct) or a taskforce, as necessary.

The proposed amendment would eliminate the MSG.

Issue 2: Denial of a Retired Status License Amend BPC section 5070.1

Licensees who are approved to have their license placed in retired status are prohibited by law from engaging in the practice of public accountancy. The CBA-approved proposal would allow an individual with a permanent restricted practice order to be approved for a retired status license.

The proposed amendment to Business and Professions Code section 5070.1 would allow the granting of a retired status license to these licensees.

Issue 3: Remove References Requiring Physical Mailings to/from the CBA Amend BPC sections 5018 and 5093(b)(1)(A)

BPC section 5018 requires the CBA to mail any proposed regulatory changes relating to the rules of professional conduct to every licensee at least 30 days prior to conducting a public hearing, to enable the CBA to consider any objections to the proposed provisions.

The proposed amendment would instead allow the CBA to send an email to licensees to notify them regarding proposed changes.

BPC section 5093(b)(1)(A) enables an applicant enrolled in a program at an institution that grants conferral of a baccalaureate degree upon completion of the 150-semester units to qualify for the Uniform CPA Examination if the applicant's institution mails the applicant's official transcript or its equivalent together or separately with a letter (containing specified information) signed by the institution's registrar, or its equivalent, directly to the CBA.

The proposed amendment would instead allow flexibility in how the information is provided to the CBA.

Issue 4: Update CBA References for Educational Accreditation Agencies Consistent with the Code of Federal Regulations Amend BPC sections 5093 and 5094

In February of 2020, changes were made to the Title 34, Code of Federal Regulations, section 602, regarding accrediting agencies by the United States Department of Education. Prior to these changes there were seven regional accrediting agencies which were membership organizations of educational institutions within their geographic regions.

This regulation change eliminated the distinction between "regional" and "national" accreditation, creating one unified set of institutional accreditors. With geography no longer being a factor in an accrediting agency's scope, the United States Department of Education will distinguish only between institutional and programmatic accrediting agencies. The United States Department of Education published final regulations on accreditation, which became effective on July 1, 2021.

Currently, California law (Business and Professions Code sections 5093 and 5094) provides that the CBA requires that applicants for CPA Licensure must complete their educational requirements at a degree conferring university, college, or other institution of learning "accredited by a regional or national accrediting agency" included in a list of these agencies published by the United States Secretary of Education under the requirements of the federal Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 et seq.), or meeting, at a minimum, the standards described in subdivision (c) of Section 5094.

The CBA relies on the list of institutions with accreditations recognized by the United States Department of Education under the requirements of the Higher Education Act of 1985, as stated above, to determine if applicants have met

the educational requirements stated in Business and Professions Code sections 5093 and 5094. Recent changes at the federal level to eliminate regional accreditation, while not impacting internal CBA processes, could lead to confusion for both applicants and consumers.

The proposed amendment to Business and Professions Code sections 5093 and 5094, would change “a regional or national accrediting agency” to “an accrediting agency.” This would bring California statutes into alignment with the revised provisions of 34 Code of Federal Regulations 602.

**Issue 5: Changes to Peer Review Reporting to Ensure Access to Peer Review Documentation
Amend BPC section 5076**

Pursuant to Business and Professions Code section 5076, California-licensed accounting firms providing accounting and auditing services are required to undergo a peer review once every three years as a condition of license renewal. The CBA has recognized the American Institute of CPA’s Peer Review Program as the sole peer review program provider. Throughout 2022 and 2023, the CBA discussed the CBA’s lack of access to peer review documentation (e.g., letters, reports, written communications) and information (e.g., data, dates or time periods) held by the American Institute of CPAs.

The American Institute of CPAs uses the Peer Review Integrated Management Application as its peer review administration system. Firms use the Peer Review Integrated Management Application for various activities during their peer review (e.g., designation of technical specialty and uploading of work papers and system controls). Firms also use the Peer Review Integrated Management Application to opt in to sharing objective information with a state board of accountancy via the American Institute of CPA’s Facilitated State Board Access web tool. A state board of accountancy may use Peer Review Integrated Management Application to access firms peer review report ratings.

The Facilitated State Board Access web tool allows for the sharing of objective information with a state board of accountancy. Without firms providing a state board of accountancy Facilitated State Board Access, a state board of accountancy is only privy to the peer review report rating. The proposed amendment would require all California-licensed accounting firms who undergo a peer review to opt in to sharing of their data using a peer review program provider’s web tool, such as American Institute of CPA’s Facilitated State Board Access. This will provide the CBA with additional information useful for the monitoring of the peer review program.

SECTION 12

ATTACHMENTS

Attachment A – CBA Guidelines and Procedures Manual

Attachment B – Committee Roster

Attachment C – CBA 2022-2024 Strategic Plan

Attachment D – Organizational Chart

Attachment E – Department of Consumer Affairs quarterly and annual report that contains enforcement-related performance measures for the CBA:

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

DCA Annual Reports

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

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

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

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

Attachment F – CBA Customer Satisfaction Surveys

Attachment G – CBA Annual Reports: Fiscal Years 2018-19, 2019-20, 2020-21, 2021-22

Attachment H – Legislative Proposal to Eliminate of the Mobility Stakeholder Group

Attachment I – Legislative Proposal for Denial of a Retired Status License

Attachment J – Legislative Proposal to Eliminate Physical Mailings

Attachment K – Legislative Proposal to Update CBA References for Educational Accreditation Agencies Consistent with the Code of Federal Regulations

ATTACHMENT F

CBA CUSTOMER SATISFACTION SURVEYS

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

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

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

CBA Stakeholder Satisfaction Survey

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

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

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

An effort was begun in 2021 to increase interaction with the CBA Stakeholder Satisfaction Survey, as the number of responses had been dropping for several years. This campaign resulted in a large spike in total responses from fiscal year

2021-22 to 2022-23 of more than five times the previous year. Having such a higher volume of feedback coming in, whether prompted answers or written comments, gave the CBA an even better measure of the thoughts and opinions of its stakeholders. Many tangible ideas which led to operational improvements sprouted from some of these comments, one of which will be described shortly.

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

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

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

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

Staff took these comments into consideration and developed an entirely new way to enter continuing education into CBA Connect, which will be detailed later in this report. The positive to be taken from this experience is that the survey behaved just as it was intended. Feedback received spurred new ideas which culminated in an improvement to CBA operations, in this case, the CBA

Connect platform. The enhancement was well received by licensees, according to their more recent comments. With the original issue now solved, the CBA expects the percentage of satisfied website users to increase in the years to come.

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

License Renewal & Continuing Competency Unit	38	28%	20	20%	15	25%	133	38%
Practice Privilege Unit	1	1%	0	0%	1	2%	1	0%
Enforcement Unit	12	9%	9	9%	17	28%	10	3%
Administration Unit	9	7%	2	2%	11	18%	4	1%
Social Media Team	0	0%	0	0%	0	0%	2	1%
Other	13	9%	17	17%	16	26%	49	14%
TOTAL	138	100%	98	100%	61	100%	347	100%

CBA STAKEHOLDER SATISFACTION SURVEY								
Questions	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
CBA staff responded to my inquiry in a timely manner.								
True	74	65%	44	54%	33	66%	214	71%
False	29	26%	32	40%	10	20%	88	29%
Not Applicable	10	9%	5	6%	7	14%	0	0%
TOTAL	113	100%	81	100%	50	100%	302	100%
CBA staff was knowledgeable in answering my question.								
True	71	63%	48	59%	24	48%	200	67%
False	32	28%	29	35%	17	34%	97	33%
Not Applicable	10	9%	5	6%	9	18%	0	0%
TOTAL	113	100%	82	100%	50	100%	297	100%
How satisfied are you with how information is organized/presented on the CBA website?								
Very Satisfied	34	30%	29	35%	12	25%	89	28%
Satisfied	40	35%	20	24%	17	36%	78	25%
Not Satisfied	27	24%	28	34%	14	29%	140	44%
Haven't Used	12	11%	6	7%	5	10%	10	3%

Website								
TOTAL	113	100%	83	100%	48	100%	317	100%
Overall, how satisfied were you with the service you received from the CBA?								
Very Satisfied	51	47%	30	39%	20	45%	105	36%
Satisfied	19	17%	14	18%	6	13%	64	22%
Not Satisfied	36	33%	29	38%	17	38%	122	42%
Not Applicable	3	3%	4	5%	2	4%	0	0%
TOTAL	109	100%	77	100%	45	100%	291	100%
Overall, how satisfied were you with the service you received from CBA staff?								
Very Satisfied	57	50%	36	43%	12	38%	This question no longer asked, it is redundant with the prior questions.	
Satisfied	18	16%	16	19%	5	16%		
Not Satisfied	30	27%	28	33%	8	25%		
Not Applicable	8	7%	4	5%	7	22%		
TOTAL	113	100%	84	100%	32	100%		

Department of Consumer Affairs Consumer Satisfaction Survey

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

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

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

DEPARTMENT OF CONSUMER AFFAIRS CONSUMER SATISFACTION SURVEY

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

DEPARTMENT OF CONSUMER AFFAIRS CONSUMER SATISFACTION SURVEY

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

ATTACHMENT H

Business and Professions Code Section 5096.21 Elimination of the Mobility Stakeholder Group Proposed Amendments

5096.21

(a) (1) On and after January 1, 2016, if the board determines, through a majority vote of the board at a regularly scheduled meeting, that allowing individuals from a particular state to practice in this state pursuant to a practice privilege as described in Section 5096, violates the board's duty to protect the public, pursuant to Section 5000.1, the board shall require out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to file the notification form and pay the applicable fees as required by Section 5096.22.

(2) A state for which the board has made a determination pursuant to paragraph (1) to require individuals licensed from that state to file a notification form and pay the applicable fees may subsequently be redetermined by the board, by majority vote of the board at a regularly scheduled meeting, to allow individuals from that state to practice in this state pursuant to a practice privilege as described in Section 5096.

(b) The board shall, at minimum, consider the following factors when making a determination or redetermination pursuant to subdivision (a):

(1) Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.

(2) Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.

(3) Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

(4) Whether the state has in place and is operating pursuant to enforcement practices substantially equivalent to the current best practices guidelines adopted by the National Association of State Boards of Accountancy provided those guidelines have been determined by the board to meet or exceed the board's own enforcement practices.

~~(c) On or before July 1, 2014, the board shall convene a stakeholder group consisting of members of the board, board enforcement staff, and representatives of the accounting profession and consumer representatives to consider whether the provisions of this article are consistent with the board's duty to protect the public consistent with Section 5000.1, and whether the provisions of this article satisfy the objectives of stakeholders of the accounting profession in this state, including consumers. The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board. The group shall provide recommendations to the board on any matter upon which it is authorized to act.~~

(Amended by Stats. 2018, Ch. 447, Sec. 26. (SB 795) Effective January 1, 2019.)

ATTACHMENT I

Business and Professions Code Section 5070.1 Granting of a Retired Status License Proposed Amendments

5070.1

(a) The board may establish, by regulation, a system for the placement of a license into a retired status, upon application, for certified public accountants and public accountants who are not actively engaged in the practice of public accountancy or any activity that requires them to be licensed by the board.

(b) No licensee with a license in a retired status shall engage in any activity for which a permit is required.

(c) The board shall deny an applicant's application to place a license in a retired status if the permit is subject to an outstanding order of the board, is suspended, revoked, or ~~otherwise punitively restricted by the board,~~ or is subject to disciplinary action under this chapter.

(1) For purposes of subdivision (c), a permanent restricted practice order shall not be considered an outstanding order of the board for the purpose of determining if a license qualifies to be placed in retired status. The licensee shall have completed probation as part of any original disciplinary order.

(2) If a license is subject to a permanent restricted practice order at the time the board approves the license to be placed in a retired status, the permanent restricted practice order shall be reinstated if the license is restored from retired status to an active status. Such permanent restricted practice order shall remain in effect until such time as the CBA modifies or terminates the permanent restricted practice order.

(d) (1) The holder of a license that was canceled pursuant to Section 5070.7 may apply for the placement of that license in a retired status pursuant to subdivision (a).

(2) Upon approval of an application made pursuant to paragraph (1), the board shall reissue that license in a retired status.

(3) The holder of a canceled license that was placed in retired status between January 1, 1994, and January 1, 1999, inclusive, shall not be required to meet the qualifications established pursuant to subdivision (e), but shall be subject to all other requirements of this section.

(e) The board shall establish minimum qualifications to place a license in retired status.

(f) The board may exempt the holder of a license in a retired status from the renewal requirements described in Section 5070.5.

(g) The board shall establish minimum qualifications for the restoration of a license in a retired status to an active status. These minimum qualifications shall include, but are not limited to, continuing education and payment of a fee as provided in subdivision (h) of Section 5134.

(h) The board shall not restore to active or inactive status a license that was canceled by operation of law, pursuant to subdivision (a) of Section 5070.7, and then placed into retired status pursuant to subdivision (d). The individual shall instead apply for a new license, as described in subdivision (c) of Section 5070.7, in order to restore the individual's license.

(i) At the time of application, if the applicant has a valid email address, the applicant

shall provide that email address to the board.

(Amended by Stats. 2019, Ch. 359, Sec. 6. (AB 1521) Effective January 1, 2020.)

ATTACHMENT J

Business and Professions Code Section 5018 Professional Conduct Standards: Mailings. Proposed Amendments

5018.

The board may by regulation, prescribe, amend, or repeal rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and dignity in the profession. In addition to the requirements contained in Chapter 4 (commencing with Section 11370) of Part 1 of Division 3 of Title 2 of the Government Code, a copy of the rules shall be ~~mailed~~ provided to every holder of a license under this chapter at least 30 days prior to a date named for a public hearing held for the purpose of receiving and considering objections to any of the proposed provisions. Every licensee of the California Board of Accountancy in this state shall be governed and controlled by the rules and standards adopted by the board.

(Amended by Stats. 2000, Ch. 1055, Sec. 3. Effective September 30, 2000.)

**Business and Professions Code Section 5093
Certificates, Information and Records: Transmission
Proposed Amendments**

5093.

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

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

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

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

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

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

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

before May 15, 2002, may provide this evidence at the time of application for licensure.

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

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

(d) (1) The applicant shall show, to the satisfaction of the board, that the applicant has had one year of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills.

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

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

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

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

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

ATTACHMENT K

Business and Professions Code Section 5093 and 5094 – Update References for Educational Accreditation Agencies Consistent with the Code of Federal Regulations. Proposed Amendments

5093.

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

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

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

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

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

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

(B) The total educational program for an applicant described in subparagraph (A) shall include a minimum of 24 semester units in accounting subjects and 24 semester units in business-related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat

for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

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

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

(d) (1) The applicant shall show, to the satisfaction of the board, that the applicant has had one year of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills.

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

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

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

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

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

5094.

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

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

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

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

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



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CBA Item III.B.1.
July 27-28, 2023

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

Presented by: Yen C. Tu, Vice President

Purpose of the Item

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

Consumer Protection Objectives

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

Action(s) Needed

It is requested that the CBA adopt the recommendation.

Background

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

Comments

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

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

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

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

Page 2 of 2

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

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

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

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

Attachments

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



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CBA Item III.B.2.
July 27-28, 2023

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

Presented by: Yen C. Tu, Vice President

Purpose of the Item

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

Consumer Protection Objectives

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

Action(s) Needed

It is requested that the CBA adopt the recommendation.

Background

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

Comments

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

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

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

Page 2 of 2

Prior to making a decision to recommend Chris Smith, CPA, for appointment to the QC, I performed all the steps previously mentioned. I believe Chris Smith, CPA, has demonstrated the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensing Program.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Based on the information above, and in consultation with Michael L. Williams, CPA, Chairperson of the QC, I recommend that Chris Smith, CPA, be appointed for two years to the QC, July 27, 2023 until July 31, 2025.

Attachments

1. The Curriculum Vitae of Chris Smith, CPA
2. California Board of Accountancy Qualifications Committee Skill Matrix



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CBA Item III.C.1.
July 27-28, 2023

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

Presented by: Yen C. Tu, Vice President

Purpose of the Item

The purpose of this agenda item is to recommend that Laura L. Ross, 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 Acting Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

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

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

Page 2 of 2

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

Prior to making a decision to recommend Laura L. Ross, CPA, for reappointment to the PROC, I performed all the steps previously mentioned. Laura L. Ross, CPA, has exhibited a high level of professionalism during the performance of her duties, and was selected to serve as Chairperson of the PROC. I believe Laura L. Ross, CPA, has demonstrated the skills and knowledge to 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, I recommend that Laura L. Ross, CPA, be reappointed for two years to the PROC, until July 31, 2025.

Attachment

Curriculum Vitae of Laura L. Ross, CPA



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CBA Item III.D.
July 27-28, 2023

Update on Activities for Committee Recruitment

Presented by: Yen Tu, Vice President

Purpose of the Item

The purpose of this agenda item is to provide members with an update regarding recruitment activities for the Enforcement Advisory Committee (EAC), Peer Review Oversight Committee (PROC), and Qualifications Committee (QC).

Consumer Protection Objectives

This agenda item assists the California Board of Accountancy (CBA) in meeting its mission of consumer protection by identifying activities to recruit individuals to serve on a CBA advisory committee.

Action(s) Needed

No specific action is required on this agenda item; however, CBA members are encouraged to reach out to colleagues regarding committee vacancies.

Background

The Legislature created the EAC, PROC, and QC to serve in an advisory capacity to the CBA. Committee members are responsible for carrying out the statutory requirements prescribed by the Legislature and any additional activities and expectations as communicated and prescribed by the CBA. Committee members must adhere to all statutory and regulatory requirements.

The EAC and QC are each comprised of 13 members and the PROC is comprised of seven members. Recommendations for appointment to each committee are made by the CBA Vice President and approved by the CBA. Each committee has a Chairperson and Vice Chairperson.

The Chairperson is tasked with running the committee meetings, open and closing the meetings, counting the votes, and coordinating with staff on the creation of meeting 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.

Update on Activities for Committee Recruitment

Page 2 of 3

Committee members are appointed for two-year terms and can serve up to four consecutive terms. In accepting appointment to a committee, committee members make a commitment to dedicate the time necessary to attend meetings and participate fully in the committee's business.

To qualify for possible appointment to a CBA advisory committee, the licensee must maintain an active license to practice public accounting for a minimum of two years prior to the appointment and, if appointed, must maintain an active license status during tenure on the committee. Additionally, the licensee must have no pending enforcement actions against the license.

A full description of each committee role, frequency of meetings, time commitment, and the application process can be found in **Attachment 1**.

Comments

Staff have been actively recruiting to fill several vacancies on the advisory committees, however, the CBA has received limited interest. Currently the EAC, PROC, and QC have one or more vacancies within each committee (**Attachment 2**). Information regarding one possible appointment to the QC was provided to CBA members within **CBA Item III.B**.

Current recruitment efforts include:

- Maintaining a permanent page on the CBA's website that focuses on volunteering and serving on a CBA advisory committee.
- Providing committee interest information in the *UPDATE* publication.
- Providing committee interest information in various Monthly Reports of the Executive Officer.
- Enhancing the visibility of committee information on the CBA website's homepage.
- A recruitment video with President Katrina L. Salazar, CPA with information regarding serving on an advisory committee.
- Social Media posts.
- Discussing committee opportunities at outreach events.

During the Leadership Roundtable in January 2023, a request was made to develop a resource guide for members to reference should they wish to reach out to potential members. The Committee Recruitment Resources guide (**Attachment 3**) contains draft emails, recruitment articles, social media posts, graphics, and frequently asked questions to address the more common inquiries that are received regarding being a committee member.

Any individual that applies will go through the established evaluation process prior to recommendation for appointment.

Update on Activities for Committee Recruitment

Page 3 of 3

Staff will provide updates on committee recruitment activities to keep the CBA apprised of recruitment efforts.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. Committee Resource Guide
2. CBA and Committee Roster
3. CBA Committee Recruitment Resources

California Board of Accountancy



Committee Member Resource Guide

Purpose: The purpose of the Committee Member Resource Guide is to provide new and existing committee members with important information regarding: each committee's scope of work, general committee business procedures, expectations of committee members, and various statutes and regulations governing the conduct of committee business.

This guide does not cover all areas of each committee's work. Each committee may also maintain a separate handbook or manual that provides greater detail on the specifics of each committee.

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SECTION I.

THE CALIFORNIA BOARD OF ACCOUNTANCY

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

The breadth of the CBA's influence in the regulatory environment stretches beyond California's borders. The CBA regulates over 115,000 licensees, including individuals (certified public accountants [CPA] and public accountants [PA]) and accounting firms (partnerships, corporations, and out-of-state registered firms). Many of the accounting firms that the CBA regulates have national footprints and some with footprints worldwide. CPAs work in a wide range of areas including, accounting firms, private industry, government, and academia, and provide services to clients of all sizes and needs.

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

By authority of the California Accountancy Act, the CBA:

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

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

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

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

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

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

A. MISSION AND VISION OF THE CBA.

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

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

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

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

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

SECTION II.

CBA COMMITTEES

The California Legislature has created, by writing into the Accountancy Act, three standing CBA committees – Enforcement Advisory Committee, Peer Review Oversight Committee, and Qualifications Committee. Each committee serves in an advisory capacity to the CBA.

A. ENFORCEMENT ADVISORY COMMITTEE (Ref. Business & Professions Code § 5020).

1. 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.

2. Membership.

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

B. PEER REVIEW OVERSIGHT COMMITTEE (Ref. Business & Professions Code § 5076.1).

1. 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.

2. Membership.

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

C. QUALIFICATIONS COMMITTEE (Ref. Business & Professions Code § 5023).

1. 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.

2. Membership.

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

SECTION III.

MEETINGS

A. BAGLEY-KEENE OPEN MEETING ACT (Ref. Government Code § 11120-11132).

All meetings of the three standing advisory committees are subject to the Bagley-Keene Open Meeting Act. The Bagley-Keene Open Meeting Act is summarized in a document developed by the Department of Consumer Affairs (**Appendix 1**). All meetings are to occur in an open setting, with limited exceptions available to both the Enforcement Advisory Committee and Qualifications Committee, which may conduct specific portions of their business in closed session. Pursuant to the provisions of Senate Bill 189 (Senate Budget and Fiscal Review Committee, Chapter 48, Statutes of 2022), various provisions of the Bagley-Keene Open Meeting Act were suspended and enabled state bodies to meet via teleconference through July 1, 2023.

B. FREQUENCY OF MEETINGS AND EXPECTED TIME COMMITMENT.

1. Enforcement Advisory Committee.

The Enforcement Advisory Committee meets approximately five times annually, generally for one day each meeting.

In addition to the scheduled EAC meetings, members spend an additional 2-3 hours per meeting reviewing meeting materials.

2. Peer Review Oversight Committee.

The Peer Review Oversight Committee meets approximately four times annually, generally for one day each meeting.

In addition to the scheduled PROC meetings, members spend an additional 2-3 hours per meeting reviewing meeting materials. Additionally, as part of its administrative functions, PROC members will need to spend time attending various California Society of CPAs Peer Review Administrative Committee and Report Acceptance Body meetings, which occur regularly throughout the year.

3. Qualifications Committee.

The Qualifications Committee meets approximately four times annually, generally for one day each meeting.

In addition to the scheduled QC meetings, members spend an additional 2-3 hours per meeting reviewing meeting materials. Additionally, QC members may conduct additional personal appearance reviews under the provision of CBA Regulations section 69 (Section 69 review).

C. LOCATIONS.

All meeting locations are compliant with the Americans with Disabilities Act, easily accessible to the public, and generally the Enforcement Advisory Committee and Qualifications

Committee alternate between northern and southern California locales and the Peer Review Oversight Committee meetings take place in northern California.

D. AGENDA.

For each meeting, in consultation with the committee Chairperson, staff prepares an agenda and public meeting notice. The agenda and public meeting notice for each meeting must be posted to the CBA website no less than 10 days prior to the meeting date.

E. MINUTES.

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

After adoption of the committee minutes, they are forwarded to the next CBA meeting for consideration and acceptance. Upon CBA acceptance, the committee Chairperson signs the minutes, which staff retains in the CBA office as a public record of the committee activities.

F. ROLL CALL AND QUORUM.

At the beginning of each meeting, the committee staff liaison shall take a roll call, the purpose of which is to establish a quorum of the committee. Before any action the committee may take on agenda items, a quorum must be established.

For purposes of the committees, a quorum is based on the majority of members appointed to the committee; vacant positions do not count toward the establishment of a quorum.

G. VOTING.

Upon establishment of a quorum, on any matter for which the committee will act, the Chairperson shall call for a vote. This may only occur after the Chairperson first inquires if any members of the public wish to comment on the proposed motion.

A motion passes based on the majority votes of the established quorum.

1. Recording.

In accordance with California Government Code section 11123, after each motion, a roll call will be taken by the staff liaison. Member's names will be called and each member will state their vote for the motion as yes, no, or abstain. Each member's vote for the action, or the abstention or recusal of each member attending the meeting, will be recorded in the minutes. Those absent are recorded after every motion unless the member is shown as absent from the entire meeting.

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

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

2. Abstentions.

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

Abstentions do not prevent a motion from carrying. For example, if five members vote in favor of a motion, four members vote against a motion, and three abstain, the motion would carry.

H. CLOSED SESSION.

1. Enforcement Advisory Committee.

The Enforcement Advisory Committee is authorized to conduct portions of its business in closed session for the following reasons:

- To review and deliberate on enforcement files (Ref. Government Code § 11126(c)(2) and Business and Professions Code § 5020).
- To interview and consider disciplinary action against an individual licensee or applicant prior to the filing of an accusation or statement of issues (Ref. Government Code § 11126(c)(2) and (f)(3) and Business and Professions Code § 5020).

2. Qualifications Committee.

The Qualifications Committee is authorized to conduct portions of its business in closed session to conduct closed hearings to interview individual applicants and employers for the purpose of CPA licensure (Ref. Government Code § 11126(c)(2) and (f)(3) and Business and Professions Code § 5023).

I. ADJOURNMENT.

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

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SECTION IV.

MEMBERS RESPONSIBILITIES & DUTIES

Committee members are responsible for carrying out the statutory requirements prescribed by the Legislature and any additional activities and expectations as communicated and prescribed by the CBA. Additionally, members must adhere to any and all statutory and regulatory requirements, as well as all policies and procedures contained in this California Board of Accountancy Committee Member Resource Guide.

A. RESPONSIBILITIES.

1. Attendance.

In accepting appointment to one or more of the committees, committee members made a commitment to dedicate the time necessary to attend the meeting and participate fully in the committee's business. Therefore, committee members are expected to attend all regularly scheduled meetings, in addition to actively volunteering for other committee business. Staff takes attendance at each meeting and provides an ongoing summary of members' attendance to the committee Chairperson, Vice Chairperson, and CBA Executive Officer. Members that are absent for two meetings will be subject to review by the Chairperson and Vice Chairperson. Upon recommendation by the Chairperson or CBA Executive Officer, members may be removed from the committee by action of the CBA.

2. Mentoring.

Committee Leadership and more experienced members are encouraged to act as mentors to new committee members, making themselves available to answer procedural and historical questions that may arise.

B. TENURE.

Committee members are appointed to a two-year term and may serve up to four consecutive terms. Committee members not maintaining satisfactory attendance or found not to be actively participating in committee business may be removed from the committee by action of the CBA.

C. COMMITTEE LEADERSHIP.

Annually, the CBA appoints a Chairperson and Vice Chairperson to each committee. The appointments are made at the November CBA meeting, with the individuals assuming the appointments effective January 1 of the following year. The Chairperson and Vice Chairperson are entrusted with leadership of the committee and are responsible for ensuring the committee meets the charges as directed by statute and the expectations as communicated by the CBA.

1. Chairperson.

The appointment tenure for Chairperson is a one-year term. The Chairperson can serve multiple one-year terms; however, in general, a committee member will not be appointed to serve as Chairperson during their final year on the committee. This will allow for the

Chairperson to serve in the capacity of immediate-past Chairperson and assist the new Chairperson in the role.

Duties.

- Preside over the committee meetings
- Approve agenda
- Perform evaluations of committee members
- Attend CBA meetings to provide a report on committee activities to the CBA
- Review candidate interest letters, performs candidate interviews, and makes recommendations to the CBA Vice President and Executive Officer regarding initial appointments to the committee
- Make recommendations to the CBA Vice President and Executive Officer regarding reappointments to the committee
- Monitor attendance, proactively addressing any attendance issues with members and reports any attendance issues to the CBA Vice President and Executive Officer
- Mentor Vice Chairperson

2. Vice Chairperson.

The appointment tenure for Vice Chairperson is a one-year term. In general, a committee member will not serve more than one year as a committee Vice Chairperson. This allows for multiple committee members to cycle through the Vice Chairperson position and allows the CBA a pool of candidates to select from when considering a new committee Chairperson.

Duties.

- Act in the absence of the Chairperson
- Attend CBA meeting to provide a report of committee activities when Chairperson is unable to attend
- Actively participates in the recommendation process for committee appointments and reappointments
- Assist the Chairperson in ensuring satisfactory attendance of committee members

SECTION V.

LIAISONS

In an effort to ensure the committees meet their respective charges, the committees are assigned liaisons. All committees are assigned a staff liaison and two CBA member liaisons.

A. STAFF LIAISONS.

The staff liaison provides numerous support activities for the committee. From an administrative aspect, the staff liaison will assist members with travel arrangements and expense reimbursement. The staff liaison, working in conjunction with the Chairperson, prepares the meeting agenda, meeting materials, and minutes.

The staff liaisons for each committee are as follows:

Enforcement Advisory Committee

Tyler Wipfli

(916) 561-1730

Tyler.wipfli@cba.ca.gov

Peer Review Oversight Committee

Matthew Parsons

(916) 561-1741

Matthew.parsons@cba.ca.gov

Qualifications Committee

Melissa Cardenas

(916) 561-4315

Melissa.cardenas@cba.ca.gov

B. CBA-APPOINTED LIAISONS.

For the Enforcement Advisory Committee and Qualifications Committee, the CBA President appoints two CBA member liaisons, one northern and one southern. For the PROC the CBA President appoints two northern CBA member liaisons. The CBA-appointed liaisons are responsible for keeping the CBA informed regarding emerging issues and recommendations made at the committee meetings, including assisting the Chairperson with providing the committee report at the CBA meetings. In addition, the CBA-appointed liaisons are to keep the committee informed of the CBA policies and assignments, and to make recommendations to the CBA regarding Chairperson and Vice Chairperson appointments. Additionally, the northern and southern California liaisons are to communicate between meetings to ensure they are kept abreast of any committee issues. This process is facilitated by the staff liaison to the committee.

The CBA-appointed liaisons are responsible for evaluating committee Chairpersons, Vice Chairpersons, and committee members for whom they have specific knowledge of their performance, and report those evaluations to the CBA Vice President and Executive Officer, as required. The CBA-appointed liaisons perform these evaluations by completing the Committee Member Evaluation (**Appendix 2**).

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SECTION VI.

APPOINTMENT/REAPPOINTMENT PROCESS

In order to ensure appropriate staffing of its committees, the CBA continually recruits new committee members and evaluates those presently serving on the committees. The CBA works to ensure that a broad cross-section of knowledge, skills, and abilities, covering public practice, private industry, and government are represented to ensure the committees can perform their respective charges. Additionally, the CBA works to ensure proper succession planning for its committees, thus, when necessary committee members may be cycled off to ensure that committee members have varying term expiration dates.

A. QUALIFICATIONS.

To qualify for appointment to a CBA advisory committee, an individual interested in serving must be actively licensed to practice public accounting for a minimum of two years prior to the appointment and, if appointed, must maintain an active license status during tenure on the committee. Additionally, there must be no pending enforcement actions against their license.

B. RECRUITMENT.

The CBA maintains a permanent page on its website focused to volunteering and serving on a CBA advisory committee. Further, as necessary, staff will coordinate recruitment efforts to ensure committees are properly staffed. Staff will use all avenues necessary to facilitate recruitment to include running articles in the CBA publication UPDATE, use of social media outlets (*i.e.* Facebook, Twitter, LinkedIn), and various professional associations (*i.e.* the California Society of CPAs).

Additionally, the CBA encourages present committee members to encourage qualified colleagues to consider service on one of the CBA's standing advisory committees.

C. APPLICATION.

An individual interested in serving on one or more of the CBA's standing advisory committees should submit a letter of interest, along with a resume, curriculum vitae (CV), or both to the CBA Executive Officer at the contact information below. Please include your CPA license number with any letter of interest.

Dominic Franzella
Acting Executive Officer
California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Outreach@cba.ca.gov

D. INITIAL APPOINTMENT EVALUATION PROCESS.

1. Prospective Committee Member Compliance Evaluation.

Upon receipt of a letter of interest, staff will perform a prospective committee member compliance evaluation to ensure that potential appointees adhere to California's various statutory and regulatory requirements.

2. Professional Affiliations Statement.

Concurrent with the compliance evaluation, a potential appointee will receive the Professional Affiliations Statement (**Appendix 3**). The completed form must be returned to the CBA office prior to further consideration.

3. Interview Process.

The Chairperson will evaluate the qualifications of a potential appointee, paying attention to the Committee Skills Matrix (**Appendix 4**) that identifies the areas of need for the committee and the various expertise of the present members.

After review by the committee Chairperson, a potential appointee may be scheduled for an interview with the committee Chairperson, Vice Chairperson, and appropriate CBA Program Chief (Enforcement Advisory Committee – Enforcement Chief, Qualifications Committee and Peer Review Oversight Committee – Licensing Chief). The interviews generally are done via telephone, but can be conducted in person, if preferred, and possibly in conjunction with one of the committee's regularly scheduled meetings.

4. Recommendations for Appointment.

After the interview process, the Chairperson shall evaluate the potential appointee with the Vice Chairperson and CBA Program Chief to determine if a recommendation to the committee should be made. If a recommendation is warranted, the Chairperson will provide the recommendation to the CBA Vice President and Executive Officer.

If the CBA Vice President concurs with the recommended appointment, they will bring the appointment before the full CBA for consideration and possible adoption.

E. REAPPOINTMENT PROCESS.

1. Annual Evaluations.

The Chairperson is responsible for completing bi-annual evaluations of the committee members. The Chairperson shall complete the Committee Member Evaluation (**Appendix 2**). The Chairperson shall assess the committee members' interpersonal skills, communication, leadership, preparedness, and participation.

The Chairperson shall complete the evaluation approximately three months prior to the term expiration for a particular committee member. The evaluation will be due within two weeks of receipt, at which time the Chair, CBA Vice President and Executive Officer will review the completed evaluation.

2. Committee Member Reappointment Interest.

Approximately three months prior to the expiration of a committee member's term, the committee member will receive correspondence inquiring about their interest in reappointment to the committee. If the committee member is seeking reappointment, they must submit a Professional Affiliations Statement and updated resume, CV, or both.

3. Recommendations for Reappointment.

Upon receipt of a completed Professional Affiliations Statement and updated resume, CV, or both, in which the committee member affirmatively states they are seeking reappointment, the committee Chairperson, Vice Chairperson, and appropriate CBA Program Chief will evaluate the committee member for reappointment, which includes reviewing the member's compliance evaluation and ensuring the member has completed all mandatory trainings and forms. The Chairperson shall provide their recommendation, whether for reappointment or non-reappointment, to the CBA Vice President and Executive Officer.

On those appointments with which the CBA Vice President concurs, the CBA Vice President will bring the appointments before the full CBA for consideration and possible adoption.

F. LEADERSHIP APPOINTMENT/REAPPOINTMENT PROCESS.

1. Committee Member Leadership Interest.

Staff will send correspondence to present committee members requesting that those interested in serving in a Leadership capacity on the committee should indicate such an intent by submitting a Statement of Qualifications and current resume, CV, or both, no later than September 15.

For those already serving in a Leadership role, they must submit a Statement of Qualifications and current resume, CV, or both annually to identify whether they wish to continue to serve in a Leadership capacity.

2. Committee Chairperson/Vice Chairperson Evaluations.

For those individuals that have expressed interest in a committee Leadership position, the Committee Member Evaluation (**Appendix 2**) will be circulated to the current Chairperson, Vice Chairperson, and Program Chief.

3. Consideration.

Annually, the CBA Vice President and Executive Officer will discuss appointments for committee Leadership. For Vice Chairperson appointments, the Chairperson will participate in the evaluation process. Additionally, a Chairperson cycling off of a Chairperson appointment will participate in the evaluation process.

4. Recommendations.

The CBA Vice President will bring the committee Leadership appointments before the full CBA for consideration and possible adoption at the November CBA meeting.

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SECTION VII.

COMMITTEE MEMBER REQUIRED FORMS & TRAINING

After initial appointment and during their tenure on the committee, members must complete certain training and forms to ensure members are aware of, and adhere to, the applicable laws surrounding conflict of interest and ethics. Member appointments and reappointments are contingent on the completion of the mandatory training and forms.

A. PAPERWORK TO COMPLETE UPON APPOINTMENT.

Upon CBA appointment, committee members will receive a package of materials, including a congratulatory letter and several documents that must be completed and returned to the CBA. These documents are included in **Appendix 5** and are referenced below. New committee members must submit all documents to the CBA prior to participating in committee business.

- Oath of Office (must be notarized)
- Designation of Person Authorized to Receive Warrants
- Employee Action Request
- State Employee Race/Ethnicity Questionnaire
- Establishment of Headquarters
- Board and Committee Member Information
- Payee Data Record
- Authorization to use Privately Owned Vehicle on State Business
- Employment Eligibility Verification (I-9) (include copies of supporting documents)
- CalPERS Notice of Exclusion From CalPERS Membership for State Agencies
- Incompatible Work Activity Security Agreement (Acknowledgment Form on the last page must be signed and returned)
- Sexual Harassment Prevention Policy (Acknowledgement Form in Attachment A must be signed and returned)
- Non-Discrimination Policy and Complaint Procedures (Acknowledgement Form in Attachment A must be signed and returned)
- Workplace Violence Prevention Policy (Acknowledgement Form on page 14 must be signed and returned)
- Participation in Examination Development Workshops (sign and return Attachment B – DCA Board and Committee Member Conflict of Interest Declaration)

- DCA Emergency Information Form

B. CONFLICT OF INTEREST – GENERAL GUIDELINES.

The Political Reform Act of 1974 (Proposition 9), as it governs conflicts of interest, was primarily designed to prevent persons from financially benefiting by virtue of their official position. There are two major aspects of the Political Reform Act: one refers to disqualification, the other to financial disclosure. CBA members have responsibilities under each of these aspects which are separately discussed. **Appendix 6** is a tip sheet regarding conflict of interest reporting requirements.

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

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

1. Disqualification.

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

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

Additionally, committee members should be disassociated from any involvement with an applicant and/or licensee file with whom the committee member may have a conflict of interest.

2. Financial Disclosure.

The Conflict of Interest Code also requires all committee members to file annual financial disclosure statements. This is accomplished by submitting a Form 700 – Statement of Economic Interest. Members may submit the Form 700 online or by mailing a hard copy. Members will receive an email from Netfile which will provide instructions on completing the Form 700 electronically. A hard copy can be found on the FPPC's website at <https://www.fppc.ca.gov/> and should be mailed to the attention of the Board Relations Analyst at the CBA office.

New committee members are required to file a disclosure statement within 30 days after assuming office. Annual financial statements must be filed not later than April 1 of each

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

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

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

To determine what investments, interests in property or income must be reported by a committee member, reference should be made to the DCA's Conflict of Interest Code (**Appendix 7**). Questions concerning particular financial situations and related requirements should be directed to the DCA's Legal Office.

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

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

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

- Using the prestige or influence of a state office or employment for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Using state time, facilities, equipment, or supplies for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Using confidential information acquired by virtue of state employment for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Receiving or accepting money, or any other consideration, from anyone other than the state for the performance of an act which the officer or employee would be required or expected to render in the regular course or hours of his or her state employment or as a part of his or her duties as a state officer or employee.
- Performance of an act in other than his or her capacity as a state officer or employee knowing that such an act may later be subject, directly or indirectly, to the control, inspection, review, audit, or enforcement by such officer or employee or the agency by which he or she is employed.
- Receiving or accepting, directly or indirectly, any gift, including money, any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from anyone who is doing or is seeking to do business of any kind with the state or whose activities are regulated or controlled in any way by the state, under circumstances from which it reasonably could be inferred that the gift was intended to influence him or her in his or her official duties or was intended as a reward for any official action on his or her part.

- Subject to any other laws, rules, or regulations as pertain thereto, an officer or employee is prohibited from not devoting his or her full time, attention, and efforts to his or her state office or employment during his or her hours of duty as a state officer or employee.
- The aforementioned limitations do not attempt to specify every possible limitation on employee activity that might be determined and prescribed under the authority of section 19990 of the Government Code. DCA's Incompatible Work Activities Policy and Procedure LGL 23-01 is included in **Appendix 8**. This policy acknowledgement is required when a member is initially appointed.

C. ETHICS TRAINING REQUIREMENT

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

http://www.dcaboardmembers.ca.gov/training/ethics_orientation.shtml.

D. SEXUAL HARASSMENT PREVENTION TRAINING REQUIREMENT

In accordance with the DCA Sexual Harassment Prevention (SHP) Policy (EEO 22-01), (**Appendix 9**) and to ensure compliance with Assembly Bill 1825 (Chapter 933, Statutes of 2004), all DCA employees are required to receive biennial Sexual Harassment Prevention training. The training is mandatory for Rank and File Employees, Temporary Employees (Retired Annuitants, Proctors, Seasonal Employees, and Student Assistants), Managers, Supervisors, Board, Committee Members, and Commission Members. The Sexual Harassment Prevention training titled *Preventing Harassment and Other EEO Issues at Work: It's All About Respect (Assembly Bill 1825 Compliance)* offers real life scenarios and interactive question and answer segments. DCA requires that all employees complete Sexual Harassment Prevention Training within six months of appointment and in every odd calendar year. Training is offered via webinars and can be accessed through the Learning Management System.

E. DEFENSIVE DRIVERS TRAINING

Pursuant to the State Administrative Manual, all State employees, which includes Board and Committee Members, who drive a vehicle on official state business must complete the Department of General Services approved Defensive Driver Training (DDT) within the first six months of their appointment and every four years thereafter. Defensive Driver Training information may be found at:

<https://ddt.dgs.ca.gov/>.

SECTION VIII.

EXPENSE REIMBURSEMENT

A. PER DIEM AND TRAVEL.

1. Committee Member Travel

CBA staff is always available to assist members with any CBA-related travel arrangements including air or train transportation, car rental, and any lodging that is not associated with a board/committee meeting room block. If a member chooses to coordinate their own travel arrangements, they should use CalTravelStore's online portal www.concur.com to book their travel. Member's Concur accounts will be setup by CBA staff using the member's personal email address and a temporary password, which will be sent to you via email by the Staff Liaison. Prior to travel, members will need to update the temporary password and add any applicable information, including rewards/frequent flyer traveler information and TSA Pre ✓Known Traveler Number.

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

Committee members are also encouraged to use the most economic source of transportation available. For example, if there is a shuttle from the airport to the hotel available, it is not fiscally responsible to rent a car or take a taxi. To ensure full reimbursement of travel costs, requests for using a less economical mode of transportation should be submitted prior to travel to the Staff Liaison.

2. Lodging for Committee Meeting.

Approximately four weeks before a committee meeting, the designated staff liaison will send out a memorandum detailing the name and address of the chosen hotel. Whenever possible, members are encouraged to secure same-day travel for the committee meetings. When same-day travel is not feasible, each member must contact the hotel directly to secure a room reservation. Staff are available to assist committee members in making travel reservations, or members are free to coordinate them on their own.

3. Reimbursement for Travel and Per Diem expenses.

All new committee members are provided with an electronic copy of the Per Diem and Travel Expense Worksheet when they are appointed (**Appendix 10**). A paper copy is also available at all in-person meetings.

The form is actually two forms in one: the top section authorizes the payment of Per Diem of \$100 per day for any days or portion of a day spent on committee-related activities; the bottom section is where committee members claim expenses for travel reimbursement.

NOTE: Please complete the worksheet, and return it to the CBA office within two weeks following the CBA meeting. Staff cannot process your Per Diem or travel expense claim without it.

A few key notes regarding the completion of the form:

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

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

State employees shall reserve, where available, airfares that are nonrefundable, and shall, where operationally feasible, reserve their domestic airfare(s) at least seven days prior to their anticipated travel date(s) and at least 30 days prior to their anticipated travel date(s) for international travel. Additionally, when traveling internationally, state employees shall choose the most economical airfare that meets their business needs.

In accordance with using the most economic mode of travel, flight changes for the purpose of personal convenience that incur a fee or difference in fare will be at the cost of the traveler and not paid by the state of California.

The DCA has compiled a guide to assist in interpreting the various policies, which is what staff use when processing travel expense claims. The DCA Travel Guide is provided as **Appendix 11**.

SECTION IX.

LIST OF APPENDICES

APPENDIX 1	DCA Guide to the Bagley-Keene Open Meeting Act http://www.dca.ca.gov/publications/bagleykeene_meetingact.pdf
APPENDIX 2	Committee Member Evaluation
APPENDIX 3	Professional Affiliations Statement
APPENDIX 4	Committee Skills Matrix (EAC and QC version provided for example purposes)
APPENDIX 5	Paperwork to Complete Upon Appointment (multiple documents)
APPENDIX 6	CBA Tip Sheet on Conflict of Interest Reporting Requirements
APPENDIX 7	DCA Conflict of Interest Regulations
APPENDIX 8	DCA's Incompatible Work Activities Policy and Procedure_LGL 23-01
APPENDIX 9	Sexual Harassment Prevention Policy EEO 22-01
APPENDIX 10	Per Diem and Travel Expense Worksheet with Travel Reimbursement Guidelines
APPENDIX 11	DCA Travel Guide

APPENDICES AVAILABLE UPON REQUEST



CBA AND COMMITTEE MEMBER ROSTER

Revised June 20, 2023

CBA MEMBERS

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

Staff: Rebecca Reed
 (916) 561-1716

CBA Committees

CPC – Committee on Professional Conduct
EPOC – Enforcement Program Oversight Committee
LC – Legislative Committee

Advisory Committees and Taskforce

EAC – Enforcement Advisory Committee
PROC – Peer Review Oversight Committee
QC – Qualifications Committee

CBA COMMITTEES

CPC

Kristian Latta, CPA, Chair
 Nancy J. Corrigan, CPA
 Karriann Farrell Hinds, Esq.
 Dan Jacobson, Esq.
 Ariel Pe
 Michael M. Savoy, CPA
 Vacant

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EPOC

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 Karriann Farrell Hinds, Esq.
 Ariel Pe
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 Michael M. Savoy, CPA
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LC

Joseph Rosenbaum, CPA, Chair
 Evangeline Ward, Vice Chair
 Nancy J. Corrigan, CPA
 Dan Jacobson, Esq.
 Kristian Latta, CPA
 Tony Lin
 Yen C. Tu

Staff: Peter Renevitz
 (916) 561-1742

ADVISORY COMMITTEES

EAC

Doug Aguilera, CPA, Chair
 Kathy A. Johnson, CPA, Vice Chair
 Alan M. Gittelson, CPA
 Jackson G. Johnson, CPA
 Mike Johnson, CPA
 David L. Kral, CPA
 Nasi Raissian, CPA
 Jason Russell, CPA
 Jim Songey, CPA
 Chris V. Tegtmeier, CPA
 Jennifer E. Ziegler, CPA
 Vacant
 Vacant

CBA Member Liaisons:
 Joseph Rosenbaum, CPA
 Evangeline Ward

Staff: Tyler Wipfli
 (916) 561-1730

PROC

Laura L. Ross, CPA, Chair
 Fausto Hinojosa, CPA, Vice Chair
 Jeffrey De Lyser, CPA
 Nick Petersen, CPA
 Sharon Selleck, CPA
 Fiona Tam, CPA
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QC

Michael L. Williams, CPA, Chair
 Timothy T. Jones, CPA, Vice Chair
 Jeffrey T. Baginski, CPA
 Renard “Renny” Chao, CPA
 Anthony Gonzales II, CPA
 Brad Holsworth, CPA
 Angela Honzik, CPA
 Hanzhao Meng, CPA
 Jeffrey Moline, CPA
 Vacant
 Vacant
 Vacant
 Vacant

CBA Member Liaisons:
 Kristian Latta, CPA
 Nancy J. Corrigan, CPA

Staff: Melissa Cardenas
 (916) 561-1745



CALIFORNIA BOARD OF ACCOUNTANCY COMMITTEE RECRUITMENT RESOURCES

Purpose:

The following information can be used by members to highlight the committee vacancies that are available at the California Board of Accountancy. This document will be updated continuously to provide relevant and current information regarding vacancies.

Individuals interested in applying or who need additional information can email the CBA at Outreach@cba.ca.gov.

FREQUENTLY ASKED QUESTIONS

The frequently asked questions may assist members who are engaging with someone who is interested in applying for a committee.

What committees are there?

Enforcement Advisory Committee

The Enforcement Advisory Committee (EAC) assists the CBA Executive Officer and Enforcement Program on investigations by offering technical guidance on open investigations, participates in investigative hearings, and reviews closed investigations. The EAC is limited to 13 licensees.

Peer Review Oversight Committee

The Peer Review Oversight Committee (PROC) assists the CBA in its oversight of the Peer Review Program by evaluating the effectiveness of mandatory peer review, and ensuring that peer review providers administer reviews in accordance with CBA standards. The PROC is limited to seven licensees.

Qualifications Committee

The Qualifications Committee (QC) reviews the experience of applicants for licensure and makes recommendations to the CBA Licensing Program. QC members meet with applicants, employers, or both, and conduct work paper reviews to verify that the responses provided on the certificate of experience are reflective of the experience required for licensure. This committee is comprised of 13 CPAs who have expertise in the preparation of audit and review reports.

Do they need to have a license in an active status?

Yes. To serve, an individual must be actively licensed to practice public accounting for a minimum of two years prior to the appointment and, if appointed, must maintain an active license status during tenure on the committee.

Additionally, their license may not have pending enforcement actions and any QC work paper and continuing education reviews will be considered.

Do members get paid for being on a committee?

Yes. Members receive a \$100 per day stipend when participating in scheduled meetings and committee-related activities.

How much time needs to be committed?

Each committee meets between four to five times per year, generally for one day (or less depending on the committee). Members will also need time to review meeting materials, which could take 2-3 hours per meeting.

Is travel involved?

Yes. Committee meetings are primarily being held in-person, so travel would be required.

Are travel expenses reimbursed?

Yes. The CBA reimburses travel expenses in accordance with authorized amounts as determined by state of California guidelines.

How does someone apply for a committee?

If you are interested in serving as a committee member, please send an email to Acting Executive Officer Dominic Franzella at Outreach@cba.ca.gov including:

- A Letter of Interest
- Resume or Curriculum Vitae (CV)
- Your CPA License Number

VIDEOS

The video can be viewed by members for additional information, or the link can be copied to share with someone who is interested in applying for a committee.

President Salazar created a video describing the three advisory committees and their importance to the CBA and inviting individuals to apply to serve on a committee. The video can be viewed at: https://youtu.be/E78FA2avg_U.

NEWSLETTER ARTICLES

If you would like a recruitment article to be written for a certain publication, please send an email to Information & Planning Officer David Hemphill at david.hemphill@cba.ca.gov. We can craft an article specific to the target audience.

EMAILS

Emails can be used by members to send to individuals who may be interested in applying for a committee.

General Email:

Interested in shaping the direction of the accounting industry and giving back to the profession? If so, the California Board of Accountancy (CBA) could use your help. The CBA has a critical need for volunteers to serve on one of three CBA advisory committees: the Qualifications Committee, the Enforcement Advisory Committee, and the Peer Review Oversight Committee. These committees need the next leaders of the profession to help shape its future! You will receive a per diem and travel reimbursement for the meetings. Please consider getting involved! Additional information can be found on the CBA's website at <https://www.dca.ca.gov/cba/about/committees.shtml>

Advisory Committee Specific Email:

Interested in shaping the direction of the accounting industry? If so, the California Board of Accountancy (CBA) could use your help. The CBA has a critical need for volunteers to serve on its *[FILL IN THE NAME OF THE COMMITTEE]*.

[SELECT ONE OF THE FOLLOWING PARAGRAPHS BASED ON THE COMMITTEE RECRUITMENT]

The Enforcement Advisory Committee (EAC) assists the CBA Executive Officer and Enforcement Program on investigations by offering technical guidance on open investigations, participates in investigative hearings, and reviews closed investigations. The EAC is limited to 13 licensees.

The Peer Review Oversight Committee (PROC) assists the CBA in its oversight of the Peer Review Program by evaluating the effectiveness of mandatory peer review and ensuring that peer review providers administer reviews in accordance with CBA standards. The PROC is limited to seven licensees.

The Qualifications Committee (QC) reviews the experience of applicants for licensure and makes recommendations to the CBA Licensing Program. QC members meet with applicants, employers, or both, and conduct work paper reviews to verify that the responses provided on the certificate of experience are reflective of the experience required for licensure. This committee is comprised of 13 CPAs who have expertise in the preparation of audit and review reports.

Committees are where the next leaders of the profession can help with its future! This position comes with a per diem and travel reimbursement for the meetings. Please

consider getting involved! Additional information can be found on the CBA's website at <https://www.dca.ca.gov/cba/about/committees.shtml>

SOCIAL MEDIA POSTS

Members can use the following posts on their social media accounts.

Looking for the next step in your career? Volunteer to serve on one of the CBA's advisory committees and give back to the #accounting profession!
Email outreach@cba.ca.gov for your next steps.

Calling all volunteers... the CBA needs you!
Right now there are openings on the Enforcement Advisory Committee, the Peer Review Oversight Committee, and the Qualifications Committee.
Email outreach@cba.ca.gov for next steps and to help fulfill the CBA's mission of consumer protection.

Apply now to serve on a CBA advisory committee! Your CPA experience could be just what the advisory committee is looking for. More information can be found on the Opportunities to Serve page of the CBA website at www.dca.ca.gov/cba/about/committees.shtml.

HASHTAGS

Hashtags are used for a variety of functions, although their primary purpose is to index topics or certain keywords on social media, allowing for content to be discovered by people who wouldn't otherwise see it. They were created for Twitter, but are now used on other platforms as well, such as Instagram and TikTok. In addition to their use as searchable indexes, random hashtags are often deployed by many people simply to add flavor and humor to their post.

Hashtags that can be used when posting about committee recruitment include:

#Accounting
#VolunteerToServe
#CBAProtectsConsumers
#CBAOpportunity
#GivingBack
#ProfessionalDevelopment
#CoolestProfessionAround



BECOME A COMMITTEE MEMBER



CALIFORNIA DEPARTMENT OF
**CONSUMER
AFFAIRS**



VOLUNTEER TO SERVE

IMMEDIATE OPENINGS FOR **CBA ADVISORY COMMITTEE MEMBERS**

LINKS

These are CBA resources that can be linked to when using the above graphics or in social media posts:

Opportunities to Serve page:

www.dca.ca.gov/cba/about/committees.shtml

Committee Member Resource Guide:

http://www.dca.ca.gov/cba/about/cm_resource_guide.pdf

REPORT OF THE SECRETARY/TREASURER

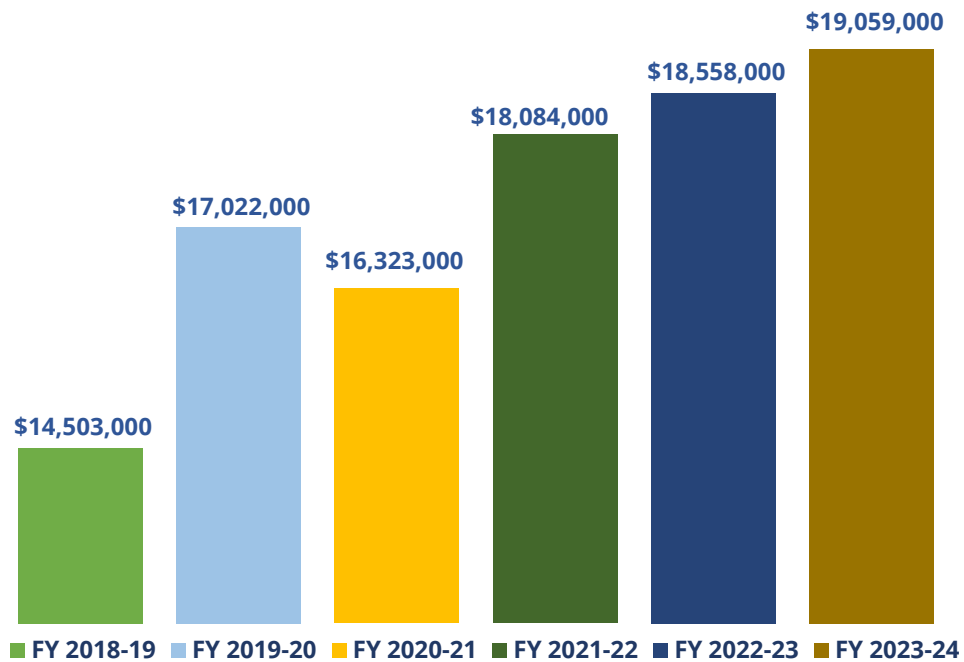
Joseph Rosenbaum, CPA

UPDATE ON THE CALIFORNIA BOARD OF ACCOUNTANCY BUDGET

Budget Authority

The California Board of Accountancy's (CBA) budget for fiscal year (FY) 2023-24 is presently set at \$19,059,000 and is a 2.7% increase from FY 2022-23.

Budget Authority



General Fund Loan Repayment

The General Fund Loan of \$10 million remains scheduled for repayment in FY 2023-24, with interest of approximately \$102,000.

Fee Increase

At its May meeting, the CBA approved a statutory proposal to increase the license renewal and initial license fees and the accounting firm application fee. The proposal was amended into Senate Bill 816, which is authored by the Senate Business, Professions and Economic Development Committee.

If approved, the initial phase would be implemented July 1, 2024, and the second phase would be implemented July 1, 2026.

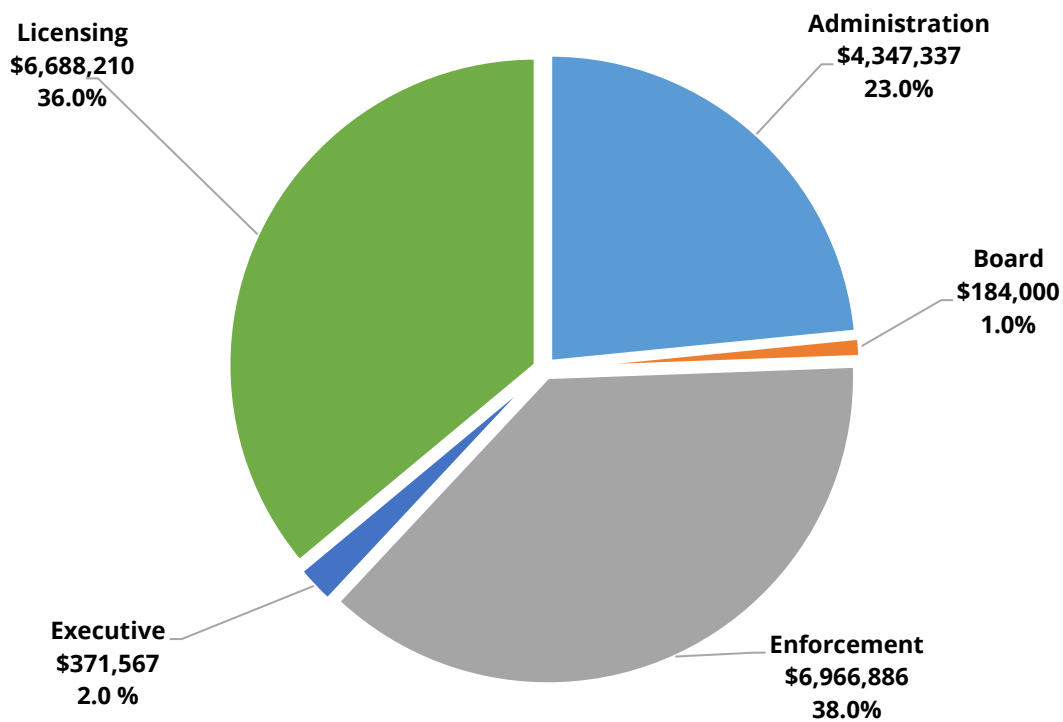
Fee Type	Current Fee	Fee Increase 7-1-2024	Percentage Increase	Fee Increase 7-1-2026	Percentage Increase
Corporation/Partnership Application Review	\$150	\$250	67%	N/A	N/A
Renewal License – CPA	\$280	\$340	21%	\$400	18%
Renewal License – Corporation/Partnership	\$280	\$400	43%	\$520	30%

A fee increase will have a positive impact on the CBA’s Accountancy Fund and resolve the current annual negative cash flow where authorized expenditures exceed revenues.

Budget Allocations

The CBA allocates its budget to various organizational units to best meet its consumer protection mission while also striving to provide the best customer service to its stakeholders. The chart below depicts the CBA's associated funding level allocations for FY 2022-23.¹ This chart will be appearing in the upcoming UPDATE publication.

California Board of Accountancy FY 2022-23 Budget: \$18,558,000 Program Allocation



¹ Allocation percentages are determined using a ratio of staff per unit divided by the total number of CBA positions.

July 2023

Item IX.A.

CBA by the Numbers



Update on Regulations

Subject of Regulations	Status
Sale, Transfer, or Discontinuance of Practice	
Establish regulations regarding the sale, transfer, or discontinuance of a licensee's practice.	The final package was submitted for review to the Office of Administrative Law on June 26, 2023. A decision on the package is expected by mid-August.
CPA Evolution/Early Entry	
Establish and amend regulations to implement CPA Evolution and Early Entry to the CPA Exam.	The public comment period was May 26, 2023 to July 11, 2023. This rulemaking will be discussed under CBA Item XI .
Firm Responsibilities and Client Notification Regarding Attest Services	
Amend regulations regarding accounting firms providing attest services with ownership comprised solely of CPAs who have not completed the attest experience requirement.	Staff are working with DCA to finalize the rulemaking documents.

Office Relocation

During the May CBA meeting, it was requested that staff explore reducing the CBA's current office space to determine if there would be a similar cost savings in comparison to the proposed plan to relocate the CBA office to the Department of Consumer Affairs (DCA) Headquarters location.

Following the meeting, staff consulted with DCA Facilities to obtain the requested information. The total office space presently occupied by the CBA at its current location is 22,797 square feet. In discussing the possibility of reducing the square footage, it would require the CBA to reduce the 3rd floor (Suite 300) by half or 9,646 square feet, but the CBA would need to maintain the storage, filing, wellness room and conference room on the 4th floor (Suite 420) equaling 3,505 square feet. This would be an overall reduced occupancy space need of 13,151 square feet.

The proposed space for occupancy at DCA is 9,701 square feet; however, this does not include an in-suite wellness room and conference room. Wellness rooms are available for staff use and conference rooms are available for CBA use at no additional cost and are shared by all DCA Boards and Bureaus. In addition, private security guard services are included in the monthly DCA rent costs. Below is the cost comparison between reducing our current square footage and the DCA space:

OVERVIEW OF COSTS				
Space	Square Footage	Per Square Foot	Monthly Rent	Annual Costs
CBA's Current Lease Costs	22,797 ¹	\$2.37	\$54,001.40	\$648,016.80
CBA's <i>current</i> location with <i>reduced space</i>	13,151	\$2.37	\$31,152.01	\$373,824.14
Move to DCA	9,701	\$2.31	\$22,428.71	\$269,144.54

The square footage cost referenced above is reflective of what the CBA is presently paying at the CBA's current location under the existing lease (\$2.37 per square foot). It is unknown whether this price per square foot would change under a new lease agreement. Further, under the current lease there are annual increases based on the California Consumer Price Index (CPI). The cost reflected for the DCA space will not increase during the term of the lease agreement, insulating the CBA from rising costs in the future based on the CPI.

¹ Suite 300: 19,292 sq. ft./ Suite 420: 3,505 square feet

OVERVIEW OF SAVINGS

Location	Annual Savings
Savings if CBA relocates to DCA	\$378,872.26
Savings at <i>current</i> CBA location <i>with reduced space</i>	\$274,192.68
Move to DCA space will save, at a minimum, an additional \$104,679.58 per year compared to the proposed cost of reducing space at the current location	\$ 104,679.58

Another consideration in the relocation is any potential impact on CBA staff. The following identifies some of the key topics that were considered:

- The distance from the current CBA location to the DCA building is less than five miles, keeping the general location in the Natomas area of Sacramento.
- Public transit access is nearby.
- Security guard present for entry into building and monitoring the DCA premises.
- Onsite café.
- Ample electric car charging stations.
- New office furniture tailored to a hybrid work environment.
- Onsite activities that staff can more readily participate in:
 - Holiday activities
 - Food drives
 - Blood drives

One of the more significant advantages of the DCA location is the increased opportunities staff will have to meet and collaborate with DCA staff and other DCA Boards and Bureaus.

The DCA space also provides the ability to use their conference room for CBA and Committee meetings and if they are occupied, staff can explore conducting that meeting at a southern California location or rent space in the Sacramento area.

In early June, staff met with CBA Leadership who, given this information, expressed support to continue the relocation efforts to the DCA location.

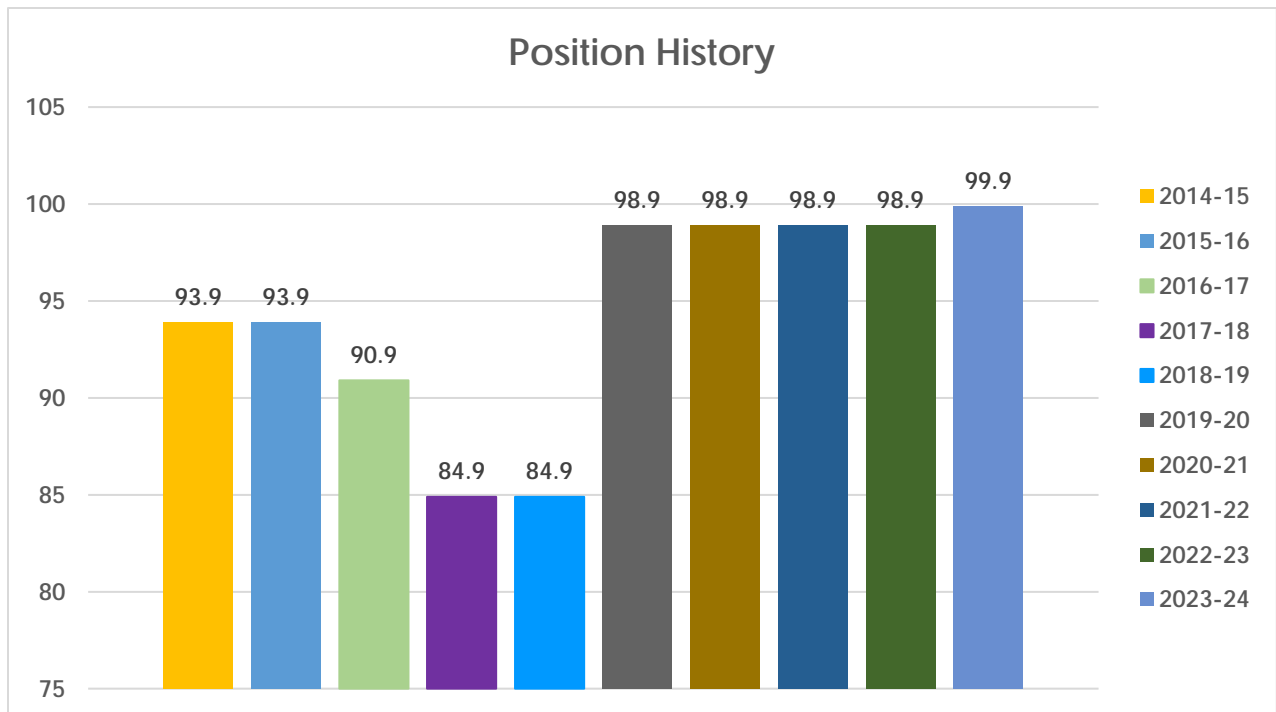
Staffing Update

Vacancy Information

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

The CBA submitted a budget change proposal (BCP) for a new position focused on processing rulemaking packages. The BCP was approved by the legislature and Governor as part of the 2023-24 budget. The position was effective July 1, 2023.

Total Number of Positions	99.9
Vacancies <ul style="list-style-type: none">• Administration – 2• Enforcement – 5• Licensing – 6	13.0
Vacancy Rate	13%



Information Technology

Network Consolidation

The CBA successfully completed its network migration with DCA. The first step was the replacement of the CBA's Internet/WAN connection with a high-speed connection to DCA's internal network, which was completed in late May. DCA's Internet connection is now the ingress and egress point for CBA's Internet access for staff and our public web servers.

The second step in the CBA's merger with DCA's IT infrastructure was the migration of CBA's Microsoft Office 365 (O365) environment and CBA's Active Directory (AD) "domain" into DCA's existing O365 environment and AD domain. This step was completed between June 30 – July 2.

As previously stated, a primary benefit that this merger will bring to the CBA is the ability to address and counter growing IT security threats. Additionally, this merger will allow CBA IT staff to better focus on supporting staff, planning and preparing for our upcoming business modernization projects, and helping to improve staff efficiencies.

The network migration was considered a large-scale IT project and was conducted with preciseness between DCA's IT staff, led by Baird Cowan, Chief Technology Officer, and the CBA's System Administrator, Dave Hansen. The CBA's IT staff were also critical during this project and included Rich Andres, Manny Estacio, Amir Larian and Allan Taylor.

As critical a step as the migration was, it did have productivity impacts board-wide, as systems were first readied and then shutdown for migration purposes and then had to be re-established post-migration. Although preparations were made for the transition and possible downtime, it did result in increased processing timeframes, which are being addressed through redirection of CBA staff and overtime.

Business Modernization

Staff continues its work on the Business Modernization Project making enhancements to the online renewal system in CBA Connect.

Licensees now can update their username and email directly from their dashboard. This is a benefit to those that may be using work issued email addresses when creating a CBA Connect Account.

Effective July 1, 2023, regulatory changes were made to continuing education (CE) that include the addition of Nano and Blended Learning Programs. These options are available to select in CBA Connect as well as the CE Data File template.

July 27-28, 2023

Item IX.B.

Outreach Events

American Academy of Attorney-CPAs Annual Meeting

CBA Secretary/Treasurer Joe Rosenbaum, CPA, spoke at the American Academy of Attorney-CPAs' Annual Meeting and Education Conference on June 22 in Monterey. He gave a presentation titled, "The Future of the Accounting Profession." He discussed the CBA's regulation of its 115,000 licensees, how CPA Evolution will impact the future CPA, what the CBA and other stakeholders are doing to positively impact the pipeline, and the importance of continuing education as a way to maintain knowledge and competency when providing services to consumers. More than 60 attorneys and CPAs were in attendance to hear Mr. Rosenbaum's presentation.



September Events at Cal Poly Pomona

A variety of outreach is being planned to go along with the September 21-22, 2023 CBA meeting to be held at California State Polytechnic University, Pomona (Cal Poly Pomona).



Two separate presentations will be given to students, one for undergraduates, and one for those in the graduate program. These presentations will discuss the role of the CBA, and requirements to be approved to sit for the Uniform CPA Examination, and the requirements for CPA licensure. Another town-hall style event will be held with faculty from Cal Poly Pomona

and other colleges and universities in the surrounding areas to gather more information for the SURE CPA Project. Staff will also be on campus meeting individually with students and reviewing their transcripts to provide guidance on how their coursework fits in with satisfying the educational requirements, assistance that students have expressed to us is valuable to them.

SURE CPA Project Communications

The CBA kicked off a communications campaign to announce the Students Understanding the Requirements to be a CPA (SURE CPA) Project and its related survey, which the CBA approved at its May meeting. The campaign began with [a webpage](#) created on the CBA website featuring an overview of the project, laying out its overall goal and the phases that will be undertaken to reach the goal, and a link for students, graduates, and recent licensees to take the SURE CPA Survey. Staff created a graphic, shown below, which is being used on the new webpage and social media to promote taking the survey.

The CBA would like to thank the California Society of CPAs (CalCPA) for aiding in the communications by making their student and recent licensee membership aware of the survey. In late



June, staff met with CalCPA's Accounting Educators Committee (AEC), whose members have regular interaction with students and recently-licensed CPAs, audiences the SURE CPA Survey seeks to gain feedback from. The AEC provided insightful input about these groups, and staff will continue the conversation at the AEC's next meeting in October. Finally, the CBA partnered with its colleagues in academia to promote the survey within their student bodies, as well as hiring professionals at various accounting firms around the state.

Annual Reports

Now that the fiscal year has ended, work has begun on both the CBA Fiscal Year 2022-23 Annual Report and Department of Consumer Affairs' (DCA) Fiscal Year 2022-23 Annual Report. The CBA's narrative portion was submitted to the DCA at the end of June, while the data and tables are due in early August.

Concurrently, staff is compiling information and preparing for this year's CBA Annual Report. Similar to what has been done to other reports this year, expect this Annual Report to have a fresh appearance as well. The final version will be presented at the November CBA meeting.

Social Media

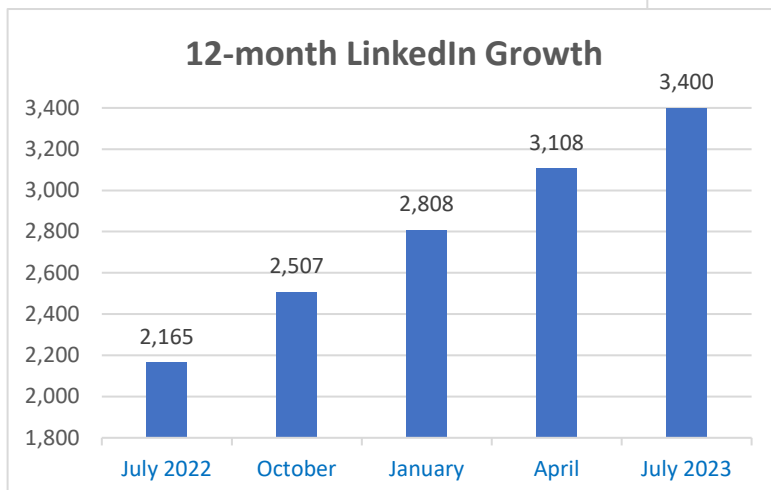
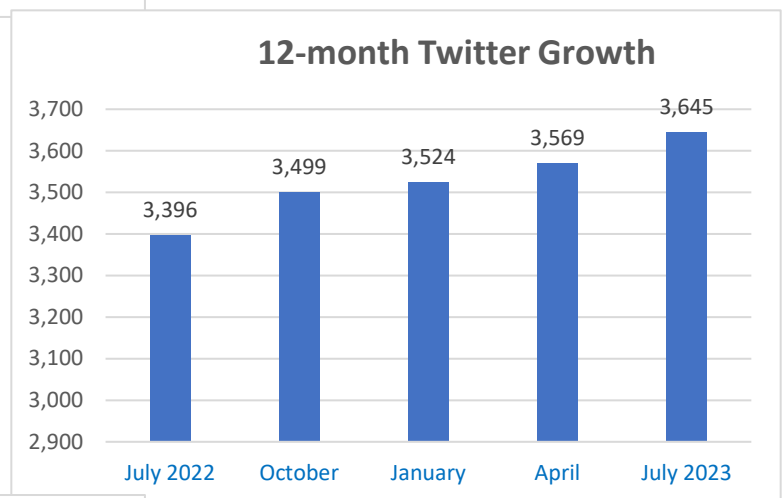
The CBA social media accounts surpassed 12,000 total followers in June. The third new member of the CBA communications team, Andrew Finkel, was hired in late June, with one of his duties being to oversee the CBA social media pages. Among his first tasks was to create a social media planning calendar, enabling a more organized approach to posting a larger volume of regular content. Having a staff member dedicated to increasing social media activity will be a welcome enhancement to the CBA's communications efforts.



Total Followers: 5,211
1st Quarter Growth: +26, 0.5%
2nd Quarter Growth: +54, 1.0%
12-month Growth: +135, 2.7%



Total Followers: 3,645
1st Quarter Growth: +45, 1.3%
2nd Quarter Growth: +76, 2.1%
12-month Growth: +249, 7.3%



Total Followers: 3,400
1st Quarter Growth: +300, 10.7%
2nd Quarter Growth: +292, 9.4%
12-month Growth: +1,235, 57.0%

Website Updates

New Continuing Education Options

With the new continuing education (CE) regulations taking effect July 1, the CBA website was updated to reflect the new learning options. The regulations themselves were updated, along with the [Selecting a Continuing Education Course](#) page now mentioning the new options in the advice given for selecting a CE course or program.

E-News

E News Subscriptions	Total
Consumer Interest	5,241 (+8)
Examination Applicant	3,334 (+15)
Licensing Applicant	4,055 (+10)
California Licensee	11,162 (+20)
Out-of-State Licensee	2,791 (+5)
Statutory/Regulatory	8,957 (+9)
CBA Meeting Information & Agenda Materials	4,467 (+13)
UPDATE Publication	8,998 (+17)
Total Subscriptions	49,005 (+97)



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CBA Item X.A.2
July 27-28, 2023

Approval of the 2024 Enforcement Advisory Committee Meeting Dates

Presented by: Doug Aguilera, CPA, Chair, Enforcement Advisory Committee

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the proposed Enforcement Advisory Committee (EAC) meeting dates for 2024.

Consumer Protection Objectives

Business and Professions Code section 5020 authorizes the EAC to act as an advisory committee and assist the California Board of Accountancy (CBA) in its enforcement activities and consumer protection mandate by providing technical expertise, advice and assistance related to the CBA's investigatory functions.

Action(s) Needed

The CBA may choose to adopt or modify the 2024 proposed meeting dates.

Background

The 2024 CBA meeting dates are as follows:

- January 25-26, 2024 – Location TBD
- March 21-22, 2024 – Location TBD
- May 16-17, 2024 – Location TBD
- July 25-26, 2024 – Location TBD
- September 19-20, 2024 – Location TBD
- November 21-22, 2023 – Location TBD

Comments

The proposed EAC meeting dates are:

- February 1, 2024 – Location TBD
- May 2, 2024 – Location TBD
- July 11, 2024 – Location TBD
- October 10, 2024 – Location TBD
- December 5, 2024 – Location TBD

Approval of the 2024 Enforcement Advisory Committee Meeting Dates

Page 2 of 2

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendation

Staff recommend that CBA adopt or modify the proposed dates.

Attachment

2024 Year-at-a-Glance CBA Calendar

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
TENTATIVE 2024 MEETING DATES/LOCATIONS CALENDAR
(CBA MEMBER COPY)**

Attachment

JANUARY 2024

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	TBD	TBD	27
28	29	30	31			

FEBRUARY 2024

S	M	T	W	Th	F	S
				TBD	1	2
4	6	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

MARCH 2024

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	TBD	TBD	23
24	25	26	27	28	29	30
31						

APRIL 2024

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

MAY 2024

S	M	T	W	Th	F	S
			1	TBD	3	4
5	6	7	8	9	10	11
12	13	14	15	TBD	TBD	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

JUNE 2024

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

JULY 2024

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	TBD	12	13
14	15	16	17	18	19	20
21	22	23	24	TBD	TBD	27
28	29	30	31			

AUGUST 2024

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER 2024

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	TBD	TBD	21
22	23	24	25	26	27	28
29	30					

OCTOBER 2024

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	TBD	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

NOVEMBER 2024

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	TBD	TBD	23
24	25	26	27	28	29	30

DECEMBER 2024

S	M	T	W	Th	F	S
1	2	3	4	TBD	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

COMMITTEES

EAC - Enforcement Advisory Committee
QC - Qualifications Committee
PROC - Peer Review Oversight Committee

GENERAL LOCATION

NC-NORTHERN CALIFORNIA
SC-SOUTHERN CALIFORNIA
TBD - To Be Determined

	CBA OFFICE CLOSED
	CBA MEETING
	EAC MEETING
	PROC MEETING
	QC MEETING



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CBA Item XI.A.
July 27-28, 2023

Discussion and Possible Action to Consider Public Comments and Amend California Code of Regulations, Title 16, Sections 6 – Examination Required, Passing Grades, Provisions for Disabled Applicants, 7.1 – Credit Status for the Computerized Uniform CPA Examination, 8.2 – Requirements for Issuance of the Authorization to Test, and 9.2 – Education Required Under Business and Professions Code Sections 5092 and 5093, and Repeal 13 – Applicants Who Applied for the Examination Prior to May 12, 2002, and to Add California Code of Regulations, Title 16, Sections 7.3 – Transition to Core Plus Discipline Uniform CPA Examination and 9.3 – Early Admission to the Uniform CPA Examination Under Business and Professions Code Section 5093.5.

Presented by: Michelle Center, Chief, Licensing Division

Purpose of the Item

The purpose of this agenda item is to provide California Board of Accountancy (CBA) an opportunity to:

1. Consider public comments received during the public comment period.
2. Approve the amended regulatory text in California Code of Regulations (CCR), title 16, section 7.1.
3. Adopt amended regulatory text in CCR, title 16, sections 6, 7.1, 7.3, 8.2, 9.2, 9.3 and 13.

Consumer Protection Objectives

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

Action(s) Needed

The CBA is asked to consider and accept or reject (including in whole or in part) any public comments received and to approve and, if no comments are received on the

Discussion and Possible Action to Consider Public Comments and Amend California Code of Regulations, Title 16, Sections 6, 7.1, 8.2, 9.2, and Repeal 13 and to Add California Code of Regulations, Title 16, Sections 7.3 and 9.3.

Page 2 of 7

proposed amended regulatory text, adopt the proposed amended regulatory text in CCR, title 16, sections 6, 7.1, 7.3, 8.2, 9.2, 9.3 and 13.

Background

Early Entry to the CPA Exam

Business and Professions Code (BPC) sections 5081, 5082, 5090, and 5093 outline various requirements for admission to sit for the CPA Exam, including that applicants for the CPA Exam must complete specified educational requirements prior to taking the exam. BPC section 5093.5, which became effective on January 1, 2022, provides an exception to this requirement. Specifically, the exception allows applicants to sit for the CPA Exam prior to completion of the educational requirements (i.e., early entry) if the following are met:

- The applicant is enrolled in a degree-granting university, college, or other institution of learning as defined in BPC section 5094.
- The applicant is within 180 days of completing their educational requirements.
- The applicant must submit satisfactory evidence (e.g., official transcripts and foreign evaluation) to the CBA within 240 days of application submission that verifies completion of the educational requirements.

At its July 21-22, 2022, meeting, the CBA discussed BPC section 5093.5 and the CBA directed staff to include the following in a future rulemaking package:

1. A Certificate of Enrollment (COE) documenting enrollment, degree conferral (or expected conferral date), and courses that are in progress.
2. Transcripts and/or foreign credential evaluations documenting completed coursework and degree conferral at the time of early entry application.
3. Revocation of exam credit for applicants who fail to submit satisfactory evidence within 240 days of application submission unless they can provide evidence substantiating a reason consistent with those outlined in CCR section 7.1

CPA Evolution

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

In October 2022, NASBA released proposed amendments to the *Uniform Accountancy Act Model Rules (Model Rules)* which are used to promote uniformity in the regulatory

Discussion and Possible Action to Consider Public Comments and Amend California Code of Regulations, Title 16, Sections 6, 7.1, 8.2, 9.2, and Repeal 13 and to Add California Code of Regulations, Title 16, Sections 7.3 and 9.3.

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scheme governing the practice of public accountancy in the various licensing jurisdictions. The primary catalyst for the amendments was CPA Evolution and the changes to the CPA Exam that will launch in January 2024.

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

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

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

In April 2023, NASBA announced the adoption of an amendment to UAA Model Rule 5-7. The amendment increased the length of conditional credit from 18 months to 30 months; established the calculation of conditional credit begins on the date the scores are released for passed sections of the CPA Exam; and, provided clarity regarding board of accountancy authority when considering the extension of conditional credit

At its May 2023 meeting, the CBA reviewed the NASBA April 2023 adopted amendments to the *Model Rules* and moved to support an extension to the conditional credit period without specifically agreeing to the length of any conditional credit period. Additionally, the CBA asked staff to continue to monitor for the release of a letter from NASBA with additional implementation recommendations (e.g., implementation timeline).

On June 1, 2023, NASBA issued a letter of recommendation (**Attachment 1**) for all boards of accountancy to accept the approved *Model Rules* to allow candidates 30 months from the date initial credit is earned to complete the remaining sections of the CPA Exam. The letter also included a target implementation date of January 1, 2024.

On June 22, 2023, the CBA sent NASBA a letter in support of NASBA's adoption of the *Model Rules* and to extend the conditional credit period beyond 18 months (**Attachment 2**).

Discussion and Possible Action to Consider Public Comments and Amend California Code of Regulations, Title 16, Sections 6, 7.1, 8.2, 9.2, and Repeal 13 and to Add California Code of Regulations, Title 16, Sections 7.3 and 9.3.

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Rulemaking Process

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

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

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

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

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

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

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

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

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

Discussion and Possible Action to Consider Public Comments and Amend California Code of Regulations, Title 16, Sections 6, 7.1, 8.2, 9.2, and Repeal 13 and to Add California Code of Regulations, Title 16, Sections 7.3 and 9.3.

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According to OAL:

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

Following the CBA approval of proposed regulatory text in September 2022 and the filing of the Notice, OAL publicized the 45-day public comment period in the *California Regulatory Notice Register*, which concluded on July 11, 2023.

Comments

As part of the rulemaking process, the CBA will need to consider the two public comments received during the 45-day public comment period and whether to approve amendments to the proposed regulatory text in response to those public comments.

Consideration of Public Comments

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

During the 45-day public comment period, the CBA received two written comments. Staff recommends the CBA consider and approve the proposed responses to the public comments below.

Comment 1

The following emailed comment was received on June 9, 2023:

I'm writing this email to express my full support for the April 21 NASBA amendment which provides CPA exam-takers a rolling 30-month period to finish the other three sections of the uniform CPA exam.

It would be beneficial to all parties if the California Board of Accountancy were to adopt this amendment in full.

I would appreciate any feedback regarding the current outlook on this.

Discussion and Possible Action to Consider Public Comments and Amend California Code of Regulations, Title 16, Sections 6, 7.1, 8.2, 9.2, and Repeal 13 and to Add California Code of Regulations, Title 16, Sections 7.3 and 9.3.

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Staff proposes the following response:

The CBA accepts this comment. The CBA amended proposed CCR section 7.1 to allow for a rolling 30-month conditional credit period.

Comment 2

The following emailed comment was received on July 6, 2023:

The California Society of CPAs (CalCPA) expressed support of extending the conditional credit period to a rolling 30 months (**Attachment 3**).

Staff proposes the following response:

The CBA accepts this comment. The CBA amended proposed CCR section 7.1 to allow for a rolling 30-month conditional credit period.

Amendments to Proposed Regulatory Text

Consistent with the proposed responses to the public comments, staff recommends the CBA approve amendments to the proposed regulations (**Attachment 4**) to increase the rolling period from 18 months to 30 months with examinations administered beginning January 1, 2024. This is consistent with both public comments received, the updated *Model Rules*, and with the NASBA implementation recommendation.

The proposed change allows for uniformity across jurisdictions administering the CPA Exam and allows applicants an additional year to complete their exam. The additional year recognizes applicants are juggling work/life responsibilities while also studying and passing the CPA Exam sections. Under the current 18-month rolling period, candidates may have to sit and pass sections of the examination during traditionally busy accounting seasons; adding an additional 12 months may alleviate the need to study and pass the exam during this intense work period.

Given substantive amendments are being proposed to the regulatory text following the 45-day public comment period, an additional public comment period of 15 days is necessary to ensure the public is provided an opportunity to participate in the consideration and adoption of the proposed amendment to a 30-month rolling period.

Fiscal/Economic Impact Considerations

The fiscal and economic impact is detailed in the Notice, Modified Text Notice, Final Statement of Reasons, and the Fiscal and Economic Impact Statement (Std. 399) which are all included as part of this rulemaking package. The proposed amendments to CCR section 7.1 do not impact the prior Std. 399.

Discussion and Possible Action to Consider Public Comments and Amend California Code of Regulations, Title 16, Sections 6, 7.1, 8.2, 9.2, and Repeal 13 and to Add California Code of Regulations, Title 16, Sections 7.3 and 9.3.

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Recommendation

Staff recommends the CBA adopt the motion as follows:

- Approve the amendments to proposed regulatory text in CCR, title 16, division 1, section 7.1 (**Attachment 4**).
- Adopt the staff recommended responses to comments as shown in the Comments section of this item.
- 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
- Direct staff to notice the modified text as discussed today for a 15-day public comment period. If, after the 15-day public comment period, no relevant timely adverse comments are received, adopt the amendments to sections 6.1, 7.1, 7.3, 8.2, 9.2, 9.3, and repeal section 13, and authorize the Executive Officer to take all steps necessary to submit the rulemaking package to the Office of Administrative Law to complete the rulemaking process, including submitting to the Director of the Department of Consumer Affairs, the Business, Consumer Services, and Housing Agency, and making any technical or non-substantive changes to the proposed regulations as necessary.

Attachments

1. Letter from NASBA, June 1, 2023, Implementation Recommendation
2. Letter from CBA to NASBA, June 22, 2023, Support of Extension Beyond 30 Months
3. Letter from CalCPA, July 6, 2023, Written Public Comment
4. Amended Regulatory Text



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880/4290 ♦ Web www.nasba.org

June 1, 2023

Dear Executive Director:

The CBT Administration Committee recommends policies regarding examination credit be consistent among all boards to reduce confusion and shifting candidate application behaviors based upon differing board policies. Because questions have been raised regarding implementation of moving from an 18-month window to a 30-month window for scores the CBT Administration Committee strongly recommends the following:

All boards of accountancy accept the approved model UAA rules to allow candidates 30 months from the date initial credit is earned to successfully complete remaining sections of the Uniform CPA Examination. The date of initial credit earned should be calculated on the date NASBA provides scores to the boards and/or candidates. We recommend a targeted implementation date of January 1, 2024 but no later than July 1, 2025.

In addition, the board should grant the Executive Director the authority to extend credit up to 12 months from the current expiration date on a case-by-case basis until the 30-month rule is effective.

We urge you to adopt the above recommendation. If you have any questions, please contact any member of the CBT Administration Committee or Patricia Hartman, NASBA Director of Client Services (615-880-4273 or phartman@nasba.org). Pat and other NASBA senior staff are available to attend your Board meetings virtually over the coming months to answer questions and provide further background information regarding the recommendation of the Committee.

Also, please let Pat know if your Board will adopt the recommended policy, as she will be tracking status of this matter for all Boards and reporting it periodically to you. Our intent is to share this information widely and NASBA will communicate the timing the announcements with the Boards before they are published. Thank you for your consideration of this matter.

Sincerely,

Jerry Weinstein

Gerald Weinstein, PhD, CPA
Chair, CBT Administration Committee



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

June 22, 2023

Nicola Neilon, CPA, Chair
Uniform Accountancy Act Committee
National Association of State Boards of Accountancy
150 Fourth Avenue North, Suite 700
Nashville, TN 37219

RE: Proposed Amendments to the Uniform Accountancy Act Model Rules

Dear Nicola Neilon:

On behalf of the California Board of Accountancy (CBA), I am pleased to submit a statement of support for the National Association of State Boards of Accountancy (NASBA) adoption of the Uniform Accountancy Act Model Rules (Model Rules) to extend the conditional credit period.

At its May 18, 2023 meeting, the CBA reviewed the proposed changes to the Model Rules and supports NASBA's adoption of the extension of credit beyond 18 months. Additionally, the CBA also looks forward to reviewing the implementation recommendations from NASBA and further supports uniformity across state boards of accountancy.

The CBA will be discussing this topic further at its July 27-28, 2023 meeting, where more formal action may occur regarding implementation within California. The CBA appreciates your continued hard work to ensure the Uniform CPA Examination meets the needs of candidates by prioritizing uniformity in the profession.

Sincerely,

A handwritten signature in black ink, reading 'Yasmin F. Salazar'.

President

c: Members, California Board of Accountancy
Dominic Franzella, Acting Executive Officer



1201 K St., Ste. 1000
Sacramento, CA 95814
(916) 441-5351
www.calcpa.org

July 6, 2023

ATTACHMENT 3

California Board of Accountancy
ATTN: Eulalio Ortega
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

Sent via email to Regulations@cba.ca.gov

RE: CalCPA Comments on Proposed Amendments to California Board of Accountancy Regulations Pertaining to the Uniform CPA Examination

Dear Mr. Eulalio Ortega,

On behalf of the members of the California Society of CPAs (CalCPA) representing the Certified Public Accountant profession and related professionals working in public accounting firms and businesses throughout California, we are writing to provide comments on the proposed amendments to the California Board of Accountancy (CBA) Regulations pertaining to the Uniform CPA Examination (Exam)¹. While we support the proposed changes to facilitate the transition to the new iteration of the Exam and implement early Exam admission, we respectfully request that the CBA consider amending the regulatory proposal to include an increase in the timeframe for a candidate to pass all parts of the Exam. Specifically, we recommend amending Section 7.1 of the CBA Regulations (Credit Status for the Computerized Uniform CPA Examination) to increase the current 18-month period to 30 months.

Subsequent to the CBA initiating the current regulatory proposal, the National Association of State Boards of Accountancy (NASBA) announced that it approved amendments to the Uniform Accountancy Act Model Rules (Model Rules) to increase the timeframe for a candidate to pass all parts of the Uniform CPA Exam from 18 months to 30 months. This change follows significant input from profession stakeholders, including CalCPA and the CBA. The longer period is intended to provide greater flexibility and latitude for candidates seeking licensure, while negotiating an increasingly complex career environment.

At the March and May 2023 CBA meetings, CalCPA provided comments outlining shifts in how candidates begin their career in accounting that have complicated the ability to successfully pass all parts of the Exam in a condensed timeframe. We believe a longer testing window is a better reflection of the current realities within the profession and is a reasonable accommodation that provides more flexibility for candidates as they balance personal and professional obligations with their career aspirations. Further, the extra time will keep more candidates in the pipeline and allow for a more

¹ Notice of Proposed Changes (16 CCR 6, 7.1, 7.3, 8.2, 9.2, 9.3 and 13):
https://www.dca.ca.gov/cba/about/pending_regulations/notice_5-22-2023.pdf

relaxed testing process. Reducing stress and facilitating a healthier work-life balance leads to more productive employees, more prepared test-takers and a more positive experience with the profession.

We appreciate the consideration of our comments and recommendation to incorporate the longer 30-month testing window into the current regulatory proposal. Including this change will allow the CBA to maintain consistency with a key provision of the Model Rules and improve the Exam and licensure experience for CPA candidates. Thank you and please do not hesitate to contact us should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Fox", written in a cursive style.

Jason Fox
Vice President, Advocacy & Public Affairs
California Society of Certified Public Accountants

cc Dominic Franzella, Acting Executive Officer, CA Board of Accountancy
Michelle Center, Licensing Chief, CA Board of Accountancy
Deanne Pearce, Assistant Executive Officer, CA Board of Accountancy



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

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ATTACHMENT 4

1 The California Board of Accountancy has illustrated proposed changes to the regulatory
 2 text in the following manner: the 45-day text proposed to be added is underlined; text
 3 proposed to be deleted is displayed in ~~strikeout~~. The 15-day text to be added is double
 4 underline; text proposed to be deleted is displayed in ~~double strikeout~~.

5
 6 **Proposed Regulatory Language**
 7 **Article 2 of Title 16, California Code of Regulations**
 8 **Sections 6, 7.1, 7.3, 8.2, 9.2, 9.3 and 13**

9
 10 **§ 6. Examination Required, Passing Grades, Provisions for Disabled Applicants.**

11
 12 (a) Every candidate for the CPA license is required to pass or to have passed the
 13 Uniform Certified Public Accountant Examination prepared by the American Institute of
 14 Certified Public Accountants (AICPA) or to otherwise have met the examination
 15 requirements of Business and Professions Code Sections 5082, 5092, ~~or~~ 5093, or
 16 5093.5 and the requirements of this article.

17
 18 (1) From [OAL: insert effective date of these regulations] until December 31,
 19 2023, the Uniform Certified Public Accountant Examination shall be computer-
 20 based and include four test sections designated by the AICPA.

21
 22 (2) On or after January 1, 2024, the Uniform Certified Public Accountant
 23 Examination shall be computer-based and include a core component comprised
 24 of three required test sections and a discipline component comprised of a
 25 minimum of three test sections, only one of which is required. The
 26 aforementioned test sections shall be named by the test publisher, AICPA.

27
 28 (b) The passing score for any test section of the Uniform Certified Public Accountant
 29 Examination is 75.

30
 31 (c) A disabled candidate, upon request and presentation of satisfactory evidence of
 32 need, in accordance with the Americans with Disabilities Act will be afforded such
 33 accommodation in the examination procedures or the examination conditions as may be
 34 reasonable.
 35

1 (d) For the purposes of this Division, “computer-based” or “computer-based testing”
2 means a computer-based format for testing designed to be administered to a test taker
3 through the use of a computer.

4
5 (e) For the purposes of this Article, “test section” or “section of the examination” means
6 a distinct test section within the Uniform Certified Public Accountant Examination that is
7 scored individually and for which credit can be achieved when passed.

8
9 (f) For purposes of this Article, “early entry” or “early admission” means the admittance
10 to the examination specified in this section prior to completing the educational
11 requirements pursuant to Business and Professions Code Section 5093.

12
13 Note: Authority cited: Section 5010, Business and Professions Code. Reference:
14 Sections 313.2, 5082, 5082.1, 5082.3, 5092, ~~and 5093~~ and 5093.5, Business and
15 Professions Code.

16
17
18 **§ 7.1. Credit Status for the Computerized Uniform CPA Examination.**

19
20 ~~(a) Upon the commencement of computer-based testing in California, The conditions set~~
21 ~~forth in this subsection for administration of the examination specified in Section 6(a)(1)~~
22 ~~shall apply until December 31, 2023. An aApplicants may sit for the four test sections of~~
23 ~~the computer-based Uniform Certified Public Accountant Examination set forth in~~
24 ~~Section 6(a)(1) individually and in any order. An aApplicants who fails to pass any~~
25 ~~section of the examination may retake that section. When the applicant has credit for all~~
26 ~~four test sections of the examination within a rolling 18-month period as defined in~~
27 ~~subsection (b), the applicant shall be considered to have passed the examination.~~

28
29 (b) On or after January 1, 2024, an applicant may sit for test sections of the examination
30 specified in Section 6(a)(2) individually and in any order. When the applicant has credit
31 for all three core test sections and one discipline test section within a rolling 1830-month
32 period as defined in subsection (c), the applicant shall be considered to have passed
33 the examination. In addition, the following conditions for the administration of that
34 examination shall apply:

35
36 (1) Applicants shall be issued an Authorization to Test and a Notice to Schedule
37 as set forth in Sections 8.1 and 8.2.

38
39 (2) Applicants are given credit for test sections passed.

40
41 (3) Applicants who fail any core test section may retake that section subject to
42 the requirements in Section 8.2. Requests to retake a failed test section are
43 accepted on a continuous basis by the submission of an application for an
44 Authorization to Test that is approved by the Board.

1
2 (4) Applicants may take any discipline test section but may schedule only one
3 discipline test section at a time.

4
5 (5) Applicants who receive credit for passing one discipline test section will not
6 be permitted to take another discipline test section unless the credit has expired
7 in accordance with subsection (c).

8
9 (6) Applicants who fail a discipline test section may retake any discipline test
10 section provided they do not have credit status for any other discipline test
11 section. Requests to retake a failed test section are accepted on a continuous
12 basis by the submission of an application for an Authorization to Test pursuant to
13 Section 8.2 that is approved by the Board.

14
15 ~~(bc)~~ Except as provided in subsections ~~(c) and (d)(2) and (e)~~, an applicant shall retain
16 credit for any test section(s) the applicant has passed for the applicable rolling period as
17 defined in 7.1(a) or (b) for 18 months. ~~for an 18-month period~~
18 ~~beginning~~ begins with the date that the first passing score for a test section of the exam
19 ~~was passed~~ is released. ~~At the end of the 18-month period,~~ concludes with
20 the date the applicant takes the final test section passed, regardless of when the score
21 is released. Once credit for that section expires, and that section must be retaken re-
22 taken and passed to re-establish credit.

23
24 ~~(cd)~~ A candidate may sit for any unpassed section of the examination only one time
25 during each testing window. A testing window is a three-month period as determined by
26 the American Institute of Certified Public Accountants during which applicants may take
27 the exam. There are four three-month testing windows in a year. To allow for routine
28 maintenance, the exam may be unavailable for up to one month during each testing
29 window. Early entry applicants qualifying under Section 9.3 shall have a condition
30 placed on any credits earned in accordance with this subsection and shall only be
31 provided conditional credit scores by the Board. For the purposes of this subsection, the
32 “condition” or “conditional credit” shall mean that such credit shall not be used to pass
33 the examination specified in Section 6 until completing the requirements specified in
34 Section 5093 of the Business and Professions Code, and meeting the requirements of
35 subsection (d)(1).

36
37 (1) Early entry applicants that submit satisfactory evidence, as defined in Section
38 2.8, of completing educational requirements within 240 days of submitting the
39 application in Section 9.3 to the Board, shall have the condition on any earned
40 credits removed and credit will be granted in accordance with this Section and
41 Section 7.3, as applicable.

42
43 (2) Early entry applicants shall lose all credits earned if they do not complete the
44 educational requirements and/or meet the 240-day deadline specified in

1 subsection (d)(1) unless an extension has been granted by the Board pursuant to
2 subsection (e).

3
4 (de) Credit for passed ~~examination~~ test sections may be extended by the Board because
5 the applicant was prevented from sitting for an unpassed test section or sections before
6 credit for passed test sections expired pursuant to subsections ~~(b) or (c)~~ or credit was
7 lost pursuant to subsection (d) because of one of the following events:
8

9 (1) Death of an immediate family member (spouse, child or parent).
10 Documentation, such as a copy of the death certificate, must be submitted.

11
12 (2) Catastrophic illness, contagious disease, or major traumatic injury to the
13 candidate or immediate family member (spouse, child or parent). Submit an
14 original letter on letterhead from the physician, which includes the date(s), nature
15 of the illness, and the physician's signature.

16
17 (3) Natural disaster (earthquake, flood, fire, etc.).

18
19 (4) Non-issuance of visa for travel to the U.S. Documentation, such as an official
20 letter from the U.S. Embassy or a copy of the passport indicating a visa was
21 requested, must be submitted.

22
23 (5) Other good cause.

24
25 Note: Authority cited: Section 5010, Business and Professions Code. Reference:
26 Sections 5081, 5082, 5082.1, 5082.2, 5092, ~~and 5093~~ and 5093.5, Business and
27 Professions Code.
28

29 **§ 7.3. Transition to Core Plus Discipline Uniform CPA Examination.**

30
31 (a) Applicants with credit for any of the four test sections from the examination
32 referenced in Section 6(a)(1) as of December 31, 2023, will have such credits extended
33 to June 30, 2025, and receive credit towards completion of the applicable test sections
34 for the examination referenced in Section 6(a)(2) as follows:
35

36 (1) Applicants with computer-based examination credit in Auditing and Attestation
37 shall receive credit for passing the Auditing and Attestation core test section.

38
39 (2) Applicants with computer-based examination credit in Financial Accounting
40 and Reporting shall receive credit for passing the Financial Accounting and
41 Reporting core test section.

42
43 (3) Applicants with computer-based examination credit in Regulation shall
44 receive credit for passing the Taxation and Regulation core test section.

1
2 (4) Applicants with computer-based examination credit in Business Environment
3 and Concepts shall receive credit for passing a discipline test section.
4

5 (b) This section shall remain operative only until July 1, 2025.
6

7 Note: Authority cited: Section 5010, Business and Professions Code. Reference:
8 Sections 5081, 5082, 5082.1 and 5082.2, Business and Professions Code.
9

10
11 **§ 8.2. Requirements for Issuance of the Authorization to Test**
12

13 (a) An application for an Authorization to Test (ATT) for the computer-based Uniform
14 CPA Examination pursuant to Section 8.1 must be complete including the candidate's
15 name, application date, date of birth, address, telephone number, summary of
16 education, the appropriate fees pursuant to Section 70, and a signature (or the
17 electronic equivalent) authorizing the release of application information to the National
18 Association of State Boards of Accountancy and the designated exam administrator.
19 The application must also specify the section(s) of the exam the applicant is applying to
20 take. First-time applicants, exclusive of early entry applicants, must also provide official
21 transcripts and/or foreign evaluations pursuant to Section 9.2. First-time early entry
22 applicants must provide official transcripts and/or foreign evaluations in accordance with
23 Section 2.8 and completed Certificate of Enrollment Form(s) (COE-1 (New 7/2022))
24 pursuant to Section 9.3.
25

26 (b) An applicant shall not have more than one open ATT for any section of the
27 examination at the same time. At the time of application and during the time any ATT
28 issued by the California Board of Accountancy is open, the applicant shall not have an
29 open ATT for the same section in any other state or jurisdiction.
30

31 (c) The applicant shall not apply to take, or take, any section or sections of the
32 examination for which the applicant holds unexpired credit pursuant to Section 7.1, with
33 the following exception: An applicant for reissuance who does not currently hold a
34 Certified Public Accountant license in another jurisdiction may retake the examination
35 pursuant to Section 37 of these regulations.
36

37 (d) The applicant shall certify at the time of application that ~~he or she is~~ they are in
38 compliance with subsections (b) and (c). Falsifying this certification; or including any
39 false, fraudulent, or materially misleading statements on the application for the
40 examination; or including any material omission on the application for the examination
41 shall be cause for action by the Board pursuant to Business and Professions Code
42 Section 5110.

1
2 (e) Except for a CPA who is required to take specified ~~sections~~section(s) of the
3 examination pursuant to a disciplinary action of the Board, no CPA shall apply to take,
4 or take, any section of the Uniform Certified Public Accountant Examination. A CPA who
5 fails to comply with this requirement shall be subject to disciplinary action by the Board.
6 Note: Authority cited: Section 5010, Business and Professions Code. Reference:
7 Sections 5081, 5082, 5082.1, 5082.2, 5092, 5093, 5093.5 and 5131, Business and
8 Professions Code.

9
10 **§ 9.2 Education Required Under Business and Professions Code Sections 5092**
11 **and 5093**

12
13 (a) Each applicant shall present satisfactory evidence, as referenced in Section 2.8, that
14 ~~he or she~~they have ~~has~~ received a baccalaureate or higher degree, ~~has~~ completed the
15 accounting subjects specified in subsection (b) of this section, and ~~has~~ completed the
16 business-related subjects specified in subsection (c) of this section.

17
18 (b) The applicant shall have completed a minimum of 24 semester units, or the
19 equivalent in quarter units, selected from the following accounting subjects: accounting,
20 auditing, financial reporting, external or internal reporting, financial statement analysis or
21 taxation.

22
23 (c) In addition to the accounting courses described in subsection (b), an applicant shall
24 have completed a minimum of 24 semester units, or the equivalent in quarter units,
25 selected from the following business-related subjects: accounting subjects in excess of
26 the 24 semester units as described in subsection (b), business administration,
27 economics, finance, business management, marketing, computer science/information
28 systems, statistics, business communications, mathematics, business law, or business
29 related law courses offered by an accredited law school.

30
31 (d) Qualifying education shall be completed within the following time frames specified in
32 this subsection:

33
34 (1) Except as provided for in ~~subsection (d)(2)~~Section 9.3, applicants shall
35 complete the education required by this section before applying for examination
36 for the first time.

37
38 ~~(2) An applicant who applied, qualified, and sat for at least two subjects of the~~
39 ~~examination for the Certified Public Accountant License before May 15, 2002,~~
40 ~~may provide evidence of qualifying education at the time of application for~~
41 ~~licensure.~~

42
43 (e) For purposes of this article, one quarter unit is equivalent to two-thirds of one
44 semester unit.

1
2 Note: Authority cited: Section 5010, 5092, and 5093, Business and Professions Code.
3 Reference: Sections 5092, 5093, 5093.5, 5094.3, 5094.6, Business and Professions
4 Code.

5
6 **§ 9.3 Early Admission to the Uniform CPA Examination Under Business and**
7 **Professions Code Section 5093.5.**
8

9 (a) To be granted early admission as set forth in Section 5093.5 of the Business and
10 Professions Code, applicants shall submit the following to the Board:

11
12 (1) A completed application for an Authorization to Test as specified in Section
13 8.2.

14
15 (2) Satisfactory evidence, defined in Section 2.8, of all finished coursework
16 towards completing the educational requirements of Section 9.2.

17
18 (3) A completed Certificate of Enrollment Form COE-1 (New 7/2022), which is
19 hereby incorporated by reference.

20
21 (b) Only those applicants that submit satisfactory evidence of finished coursework and a
22 completed Certificate of Enrollment Form COE-1 (New 7/2022) demonstrating they are
23 enrolled in a degree-granting university, college or other institution as defined in Section
24 5094 of the Business and Professions Code and are within 180 days of completing the
25 educational requirements of Section 5093 of the Business and Professions Code as of
26 the date they submitted their initial application for an Authorization to Test will be
27 admitted to sit for the examination.

28
29 (1) The approval of early entry to the examination does not constitute an
30 approval that the applicant will meet the educational requirements as specified in
31 Section 5093 of the Business and Professions Code.

32
33 (2) Early entry applicants that do not supply satisfactory evidence of completing
34 the educational requirements within 240 days from the date they submitted their
35 initial application for an Authorization to Test will not be authorized to continue to
36 sit for the examination unless the applicant meets the requirements in Section
37 9.2.

38
39 Note: Authority cited: Section 5010, Business and Professions Code. Reference:
40 Sections 5093, 5093.5, and 5094, Business and Professions Code.

41
42
43 **§ 13. Applicants Who Applied for the Examination Prior to May 15, 2002.**
44

1 ~~(a) Only an applicant who applied, qualified, and sat for at least two subjects of the~~
2 ~~examination as a California applicant prior to May 15, 2002, may satisfy the examination~~
3 ~~requirement and qualify for licensure under the requirements that were in effect on~~
4 ~~December 31, 2010. Such California applicant must, however, qualify and apply for~~
5 ~~licensure prior to January 1, 2010. Sections 7, 9, and 11.5 of these regulations apply~~
6 ~~only to these applicants.~~

7
8 ~~(b) As an alternative to qualifying for licensure in accordance with the requirements~~
9 ~~described in subsection (a), an applicant for the Certified Public Accountant license who~~
10 ~~applied, qualified, and sat for at least two subjects of the examination as a California~~
11 ~~applicant prior to May 15, 2002, may qualify for licensure by meeting the requirements~~
12 ~~of Business and Professions Code Section 5092 or 5093 and the requirements of this~~
13 ~~article. The applicant may retain the examination scores he or she has received and~~
14 ~~may apply these scores toward meeting the requirements of Section 5092 or 5093.~~

15
16 ~~NOTE: Authority cited: Sections 5010, 5092 and 5093, Business and Professions Code.~~
17 ~~Reference: Section 5090, 5092 and 5093, Business and Professions Code.~~

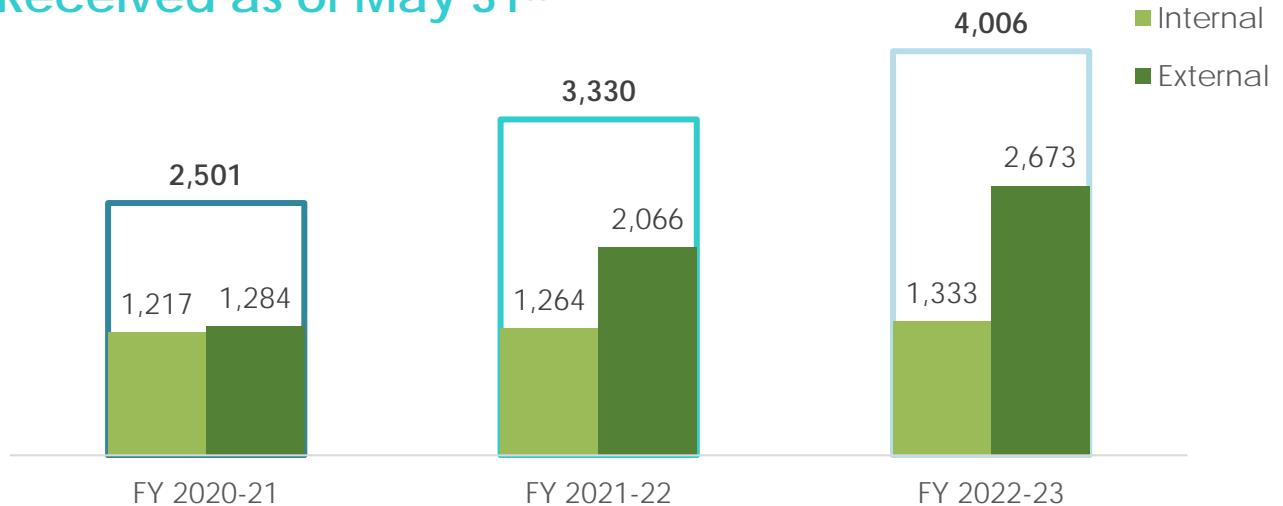
July 27-28, 2023

CBA Item XII.A.

Complaints

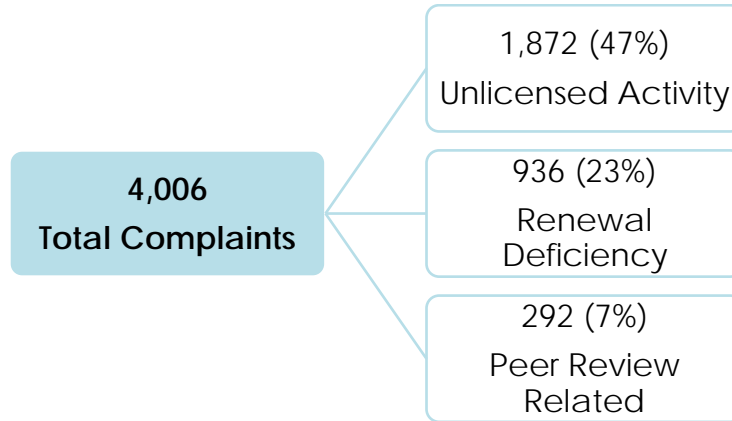
FY 2022-23 (11 months of data)	4,006 Received – Internal 1,333 – External 2,673
FY 2021-22	4,414 Received – Internal 1,384 – External 3,030
FY 2020-21	2,729 Received – Internal 1,294 – External 1,435

Received as of May 31st

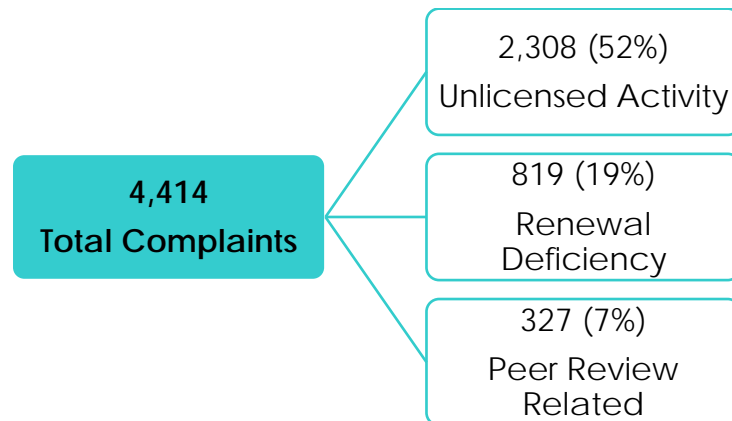


Top 3 Complaint Types Received

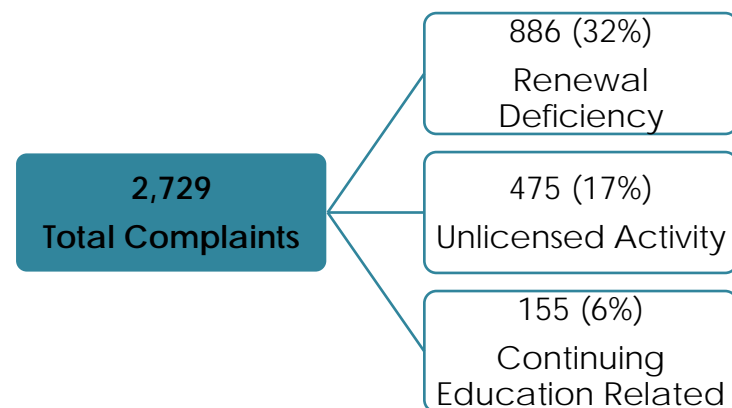
Fiscal Year 2022-23



Fiscal Year 2021-22



Fiscal Year 2020-21



Investigations

The number of complaints assigned for investigations and closed.

Investigations	FY 2020-21	FY 2021-22	FY 2022-23 11 months of data
Investigations Assigned	2,729	4,414	4,006
Investigations Closed	2,692	3,126	4,516
Average Days to Close	113	97	126

- The average number of days to close decreased slightly from the last report, from 128 to 126.

Investigations Closed	FY 2022-23 11 months of data
Total Closed FY 2022-23	4,516
Closed within 0-6 Months	3,319
Closed within 6-12 Months	1,158
Closed within 12-24 Months	30
Closed >24 Months	9

- Of the total 4,516 investigations closed in FY 2022-23, 3,319 or 74% were closed within six months from the initial complaint investigation date. Further, 4,477 investigations or 99% were closed within one year.

Pending

Investigations Pending	FY 2020-21	FY 2021-22	FY 2022-23 11 months of data
Total Investigations Pending	779	2,114	1,604
0-6 Months	686	2,060	1,291
6-12 Months	56	32	262
12-24 Months	33	21	50
>24 Months	4	1	1
Average Age of Open Cases (days)	110	57	113

- Of the total 1,606 pending cases, 80% were less than six months old and approximately 97% were less than one year old.
- There is one ongoing investigation pending over 24 months.

Discipline

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

Discipline	FY 2020-21	FY 2021-22	FY 2022-23 11 months of data
AG Referrals	50	34	35
Accusations Filed	44	25	24
Statement of Issues Filed	2	2	1
Petitions for Revocation Filed	3	3	3

Age of Complaints Pending at Attorney General's Office

Pending at AG	FY 2020-21	FY 2021-22	FY 2022-23 11 months of data
Total Pending at AG's Office	39	32	24
0-6 Months	18	11	13
6-12 Months	11	14	6
12-24 Months	10	7	4
>24 Months	0	0	1

Final Orders

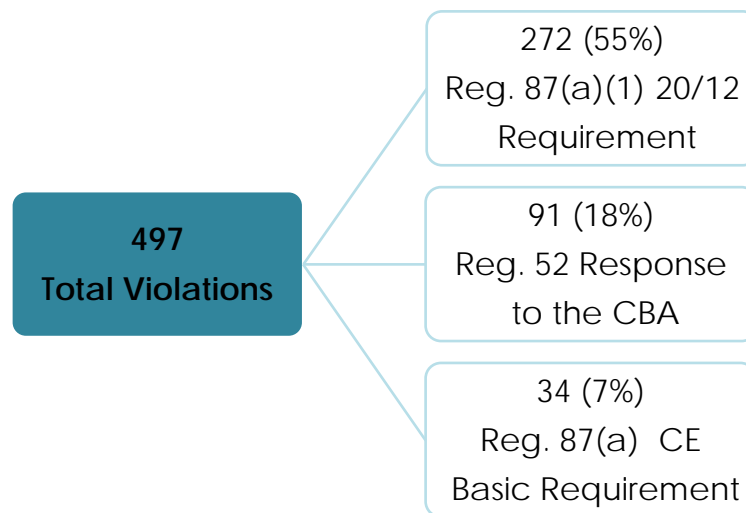
Disciplinary Action	FY 2020-21	FY 2021-22	FY 2022-23 11 months of data
Final Decision Orders	50	32	33
Stipulated Settlement	34	25	24
Proposed Decision	7	4	5
Default Decision	9	3	4

Citations and Fines

Citations	FY 2020-21	FY 2021-22	FY 2022-23 11 months of data
Total Citations Issued	376	459	367
Total Fines Assessed	\$117,800	\$113,825	\$125,950
Fine Average	\$313	\$248	\$343
Average Number of Days from Receipt of Complaint to Issuance of Citation	192	206	92

FY 2022-23 Top 3 Violations

11 months of data



Citation and Fine Appeals and Outcomes	FY 2022-23
Citation and Fine Appeals Received	61
Citations Modified	6
Citations Withdrawn	38
Citations Affirmed-Upheld	17

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

Unlicensed Activity

	FY 2020-21		FY 2022-23 11 months of data
			24
			1,848
			1,872

	FY 2020-21		FY 2022-23 11 months of data
Practice without Permit	197	967	957
Individuals without a CPA License	224	1,293	891
Unregistered Firms	54	48	24
Total	475	2,308	1,872

Investigations	FY 2020-21	FY 2021-22	FY 2022-23 11 months of data
Investigations Pending	144	1,709	1,037
-Referred to Division of Investigation	2	3	0
Total	146	1,712	1,037

Outcomes	FY 2020-21	FY 2021-22	FY 2022-23 11 months of data
Citations Issued	17	24	3
Closed for Compliance	382	727	2,237
Referred to District Attorney / Local Law Enforcement	2	3	0
Total	401	754	2,240

Probation Monitoring



Violations Detected

CPAs disciplined for various violations may be placed on probation for an ordered amount of time with required terms. To ensure probationers successfully fulfill their probationary terms, the CBA Probation Monitoring Unit continuously reviews individual probation files and identifies violations, notifies probationers, records all monitoring activities, and communicates with the probationers to obtain compliance with probation terms.

Violations detected include:

Probation Violation(s) Types	Detected
Obey All Laws	0
Submit Written Quarterly Report	23
Active License Status	6
Restricted Practice	0
Peer Review	0
Continuing Education	4
Administrative Penalty	5
Probation Monitoring Costs	0
Personal Appearance	0
Violation of Citation	1
Tolling of Probation for Out-of-State Residence/Practice	1
TOTAL	49



LICENSING ACTIVITY REPORT

July 27-28, 2023

CBA Item XIII.A.

July 1, 2022 – May 31, 2023

Licensing Highlights

- The Examination and Initial Licensing Units processed complete applications within 30 days.
- Beginning July 1, 2023, the CBA will begin accepting Nano, Blended, and Adaptive Self-Study continuing education (CE) courses.

Application Processing Snapshot

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

Application Type	Processing Time Complete Applications
First-Time Uniform Certified Public Accountant Examination (CPA Exam)	23 days
CPA Initial License	17 days
Corporation Initial License Application	22 days
Partnership Initial License Application	22 days
Out-of-State Firm Registration Application	1 days

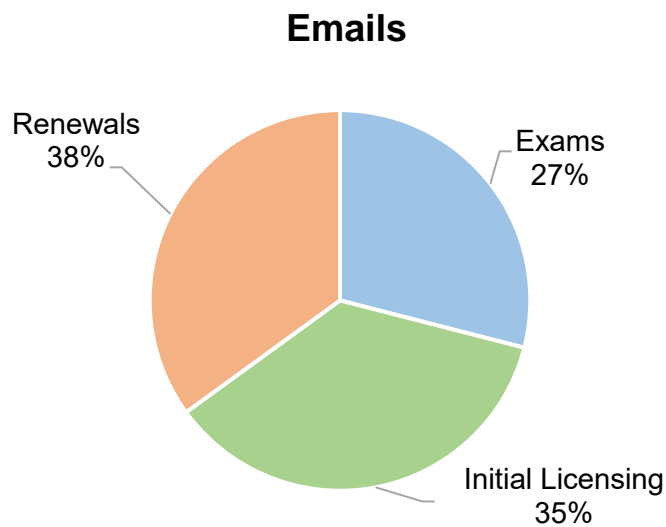
¹ Only applications deemed complete at the time of initial review (*i.e.*, did not require additional information/documentation) are used to calculate processing times.

Inquiries

Table 2: Inquiries Received by Fiscal Year

Inquiry Type	2021-22 July-June Received	2022-23 July-May Received
Telephone ²	32,286	30,325
Email	94,629	62,496
Total	126,915	92,821

Chart 1: Email Distribution by Unit



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

Uniform CPA Examination Statistics

Table 3: CPA Exam Applications by Fiscal Year

Examination Request	2020-21 Approved	2021-22 Approved	2022-23 July-May Received	2022-23 July-May Approved
First-Time Test	6,183	4,840	5,171	4,325
Repeat Test	15,633	13,707	13,046	13,046
First-Time Test (Early Entry)	N/A	348	668	535
Repeat Test (Early Entry)	N/A	0	158	158
Total	21,816	18,895	19,043	18,064

- Staff identified 301 first-time CPA Exam applications with a deficiency where additional documentation is required from the applicant to approve their application. Deficiencies may include, but are not limited to, a shortage of accounting units or not including the conferral date of a bachelor's degree.
- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

Initial Licensing Statistics

Table 4: Initial Licensure Activity by Fiscal Year

License/Registration/Permit Type	2020 21 Issued	2021 22 Issued	2022 23 July May Received	2022 23 July May Issued
CPA – General Accounting Experience	2,791	2,513	1,955	1,962
CPA – Attest Experience	1,255	913	806	737
<i>Subtotal CPA</i>	4,046	3,426	2,769 ³	2,699
Partnerships	60	48	51	56
Corporations	243	223	195	177
Out-of-State Firms	67	69	43	43
<i>Subtotal Firms</i>	370	340	289	276
<i>Total Fictitious Name Registrations</i>	107	66	57	58
Total Licenses/ Registrations	4,523	3,832	3,115	3,033

- There were a total of 466 initial CPA applications with a deficiency where additional documentation was required from the applicant to approve the application. This includes active applications received in prior fiscal years.
- The number issued may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

³ This total includes eight licensing applications that were received without experience forms and those have received a deficiency letter. At this time, the Initial Licensing Unit cannot determine whether these eight applications are for licensure with general accounting experience or attest experience.

License Renewal Statistics

Table 5: License Renewal Activity by Fiscal Year

License/Registration/Permit Type	2020 21 Renewed	2021 22 Renewed	2022 23 July May Renewed
CPA	43,945	44,396	39,877
Public Accountant (PA)	2	2	0
<i>Subtotal CPA/PA</i>	<i>43,947</i>	<i>44,398</i>	<i>39,877</i>
Partnerships	579	631	525
Corporations	1,951	1,896	1,940
Out-of-State Firms	133	161	114
<i>Subtotal Firms</i>	<i>2,663</i>	<i>2,688</i>	<i>2,579</i>
<i>Total Fictitious Name Registrations</i>	<i>376</i>	<i>164</i>	<i>201</i>
Total Licenses/Registrations	46,986	47,250	42,657

Table 6: License Renewal Application Review by Fiscal Year (Cohort Report)⁴

Review Outcome	2020 21	2021 22	2022 23 July May
Deficient – Resolved Deficiency	1,323	1,226	2,070
Deficient – Outstanding	0	8 ⁵	374
Enforcement Referral	240	195	67 ⁶
<i>Subtotal Deficient/Enforcement Referrals</i>	1,563	1,429	2,511
<i>Subtotal Compliant</i>	20,428	37,518	53,361
Total Reviewed	21,991	38,947	55,872

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

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

⁵ Licensees have one year to comply with renewal deficiencies pursuant to California Code of Regulations section 71(c).

⁶ CBA Connect ensures licensees meet specific renewal requirements prior to allowing the submission of the online renewal, explaining the decline in the number of renewals being referred to the Enforcement Division.

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

Audit Outcome	2020 21	2021 22	2022 23 July May
Compliant CE	623	778	646
Non-Compliant CE – Outstanding	0	0	15
Non-Compliant CE – Resolved	59	38	33
Enforcement Referral	73	61	48
Audits in Process	0	0	86
Total Audits	755	877	828

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

Population Statistics

Table 8: Population Statistics by Fiscal Year

License/Registration Type	June 30, 2021 Count	June 30, 2022 Count	May 31, 2023 Count
CPA – Active	58,525	65,966	65,070
PA – Active	4	2	1
<i>Subtotal CPA/PA – Active</i>	<i>58,529</i>	<i>65,968</i>	<i>65,071</i>
Accountancy Corporations	4,357	4,385	4,273
Accountancy Partnerships	1,357	1,326	1,302
Out-of-State Firm Registrations	790	859	900
<i>Subtotal Accountancy Firms</i>	<i>6,504</i>	<i>6,570</i>	<i>6,475</i>
<i>Total – Active CPA/PA and Firms</i>	<i>65,033</i>	<i>72,538</i>	<i>71,546</i>
CPA – Inactive	30,617	22,540	21,872
CPA – Delinquent	11,613	13,015	15,165
CPA – Retired	3,774	3,853	4,338
<i>Subtotal CPA – Inactive/Delinquent/Retired</i>	<i>46,004</i>	<i>39,408</i>	<i>41,375</i>
<i>Total Fictitious Name Registration</i>	<i>2,577</i>	<i>2,633</i>	<i>2,679</i>
<i>Grand Total Licenses/ Registrations</i>	<i>113,614</i>	<i>114,579</i>	<i>115,600</i>

Military and Refugee Statistics

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

Table 9: Military and Refugee Inquiries by Fiscal Year

Inquiries	2021 22	2022 23 July May
Email (Military)	338	529
Telephone Calls (Military)	55	183
Email (Refugee)	73	114
Telephone Calls (Refugee)	13	117
Total Inquiries	479	943

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

Application Type	2020 21 Approved	2021 22 Approved	2022 23 July May Received	2022 23 July May Approved	Average Processing Time in Days
CPA Exam (Military)	1	13	61	61	9
CPA License (Military)	18	48	44	33	4
CPA Renewal (Military)	1	1	3	3	2
CPA Exam (Refugee)	0	4	17	17	13
CPA License (Refugee)	3	4	6	6	30



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.
 July 27-28, 2023
DRAFT

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

**MINUTES OF THE
 May 18, 2023
 CALIFORNIA BOARD OF ACCOUNTANCY MEETING**

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

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

California Board of Accountancy (CBA) President Katrina L. Salazar, CPA, called the meeting to order at 11:00 a.m. on Thursday, May 18, 2023 at the CBA office in Sacramento. The CBA held the meeting in-person and provided public participation via WebEx. The CBA convened into closed session from 3:10 p.m. until 3:21 p.m. to deliberate on closed session matters. President Salazar adjourned the meeting at 3:21 p.m.

President Salazar read the following into the record:

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

CBA Members

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

May 18, 2023

11:00 a.m. to 3:21 p.m.
 11:00 a.m. to 3:21 p.m.
 11:00 a.m. to 3:21 p.m.
 11:00 a.m. to 3:21 p.m.
 Absent
 11:00 a.m. to 3:21 p.m.-via WebEx

CBA Members

Kristian Latta, CPA
Tong “Tony” Lin
Zuhdia “Dee Dee” Owens, CPA
Ariel Pe
Michael M. Savoy, CPA
Evangeline Ward

May 18, 2023

11:00 a.m. to 3:21 p.m.
11:00 a.m. to 3:21 p.m.
11:00 a.m. to 3:21 p.m.
Absent
11:00 a.m. to 3:21 p.m.
11:00 a.m. to 3:21 p.m.

Staff and Legal Counsel

Dominic Franzella, Acting Executive Officer
Deanne Pearce, Assistant Executive Officer
Christy Abate, Manager, Administrative Services
Rich Andres, Information Technology Specialist I
Suzanne Balkis, Budget Analyst, Department of Consumer Affairs (DCA)
Sarah Benedict, Manager, License Renewal and Continuing Competency Unit
David Bouilly, Staff Services Analyst, DCA
Judie Bucciarelli, Staff Services Manager I Specialist, DCA Board and Bureau Relations
Michelle Center, Chief, Licensing Division
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Emmanuel Estacio, Information Technology Support Analyst
Helen Geoffroy, Legal Counsel, DCA
David Hemphill, Information and Planning Officer
Amir Larian, Website Analyst
Michael Lieberman, Manager, Initial Licensing Unit
Suzanne Gracia, Special Projects Specialist, Licensing Division
Kari O’Connor, Deputy Chief, Enforcement Division
Eulalio Ortega, Manager, Examination Unit
Matthew Parsons, Coordinator, License Renewal and Continuing Competency Unit
Katrina Pierce, Executive Analyst
Peter Renevitz, Legislative Analyst
Rebecca Reed, Board Relations Analyst
Patricia Ritter, Coordinator, Examination Unit
Jacob Sudia, Information Officer I
Allan Taylor, Information Technology Associate

Committee Chairs and Members

Doug Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)
Michael L. Williams, CPA, Chair, Qualifications Committee (QC)
Laura L. Ross, CPA, Chair, Peer Review Oversight Committee (PROC)

Other Participants

Ada, Member of the Public
Andy, Member of the Public
Ben, Member of the Public
Caroline, Member of the Public
Carolyn, Member of the Public

Brett Castro, Member of the Public
Dung, Member of the Public
Jason Fox, Vice President of Government Relations, California Society of CPAs
(CalCPA)
Kathryne, Member of the Public
Mark, Member of the Public
Muskaan, Member of the Public
Logan Schallberger, Member of the Public
Rich Simitian, CPA, Interim Director, CalCPA Peer Review
Stepan Stepanian, Member of the Public

I. Public Comments for Items Not on the Agenda.

No public comments were received.

II. Report of the President.

A. Update Regarding the Recruitment for the California Board of Accountancy's Executive Officer.

President Salazar provided an update regarding the recruitment for the CBA's Executive Officer.

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

President Salazar stated members interested in serving on an American Institute of Certified Public Accountants committee should apply by the deadline of October 1, 2023.

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

Ms. Pearce provided an overview of the draft CBA 2024 Sunset Review Report. She stated the purpose of this agenda item was to provide the CBA an opportunity to consider proposed content for inclusion in the CBA's 2024 Sunset Review Report. She noted staff have not received the final questions from the Legislature and additional topics could be included.

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

Ms. Center stated the purpose of the agenda item was to provide an update regarding the Students Understanding the Requirements for a CPA Project (SURE CPA). She noted the goal of SURE CPA was to clarify the educational requirements by implementing solutions that will provide future CPA

applicants, educational institutions, professional associations and other stakeholders with straightforward educational requirements for CPA licensure.

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

Mr. Ortega stated the purpose of this item was to provide the CBA an opportunity to discuss the recently adopted amendments to the *Uniform Accountancy Act Model Rules* that extended the conditional credit period from 18 months to 30 months. Staff recommended the CBA not decide at this time to adopt a specific extended conditional credit period. He noted recent conversations with the National Association of State Boards of Accountancy (NASBA) suggested staff may need additional time to ensure the CBA is provided with a complete set of NASBA recommendations, including a recommended implementation date.

It was moved by Ms. Latta and seconded by Mr. Rosenbaum to delegate authority to President Salazar to draft and issue a letter to NASBA in support of an extension to the conditional credit period without specifically agreeing to the length of any conditional credit period.

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

No: None.

Abstain: None.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

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

Ms. Bucciarelli provided a report on departmental activities, which included topics on training, end-of-fiscal year travel claims, and the posting of the DCA 2021-22 Annual Report.

III. Report of the Vice President.

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

It was moved by Ms. Tu and seconded by Mr. Rosenbaum to reappoint Alan Gittelson, CPA, to the EAC.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Owens,

Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

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

It was moved by Ms. Tu and seconded by Mr. Rosenbaum to reappoint Hanzhao Meng, CPA, to the QC.

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

No: None.

Abstain: None.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

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

There was no report on this agenda item.

- IV. Report of the Secretary/Treasurer.

- A. Discussion of the Fiscal Year 2022-23 Mid-Year Financial Statement.

Mr. Rosenbaum provided an overview of the Third Quarter Financial Report for fiscal year 2022-23. He noted the CBA's budget authority remains set at \$18,558,000. He stated CBA revenues totaled over \$13.7 million for the period beginning July 1 through March 31, 2023, and projected revenues were anticipated to be \$17.6 million by the end of the fiscal year.

Mr. Rosenbaum stated the CBA was projected to have a budget surplus of 0.61%. He noted this was significantly lower than in prior years and was primarily due to the redirection of \$550,000 to the Architectural Revolving Fund to help fund costs and expenses related to the CBA Relocation Project.

B. Discussion and Possible Action to Consider Changes to a Previously Approved Legislative Proposal to Amend Business and Professions Code Section 5134 – Fees.

Ms. Pearce provided an overview of this agenda item. She noted the purpose of this item was to provide the CBA with information on an alternative legislative proposal to amend Business and Professions Code section 5134 regarding fee increases. The alternative proposal included a staggered approach to increasing license renewal fees.

Mr. Fox noted CalCPA appreciated the staggered approach to the fee increase.

It was moved by Mr. Rosenbaum and seconded by Ms. Tu to:

- **Rescind the CBA’s approval of the fee language adopted at the January 2023 meeting, and**
- **Approve the revised proposal for fee increases for Business and Professions Code section 5134, and**
- **Direct staff to work with DCA to seek its inclusion in the Senate Business Professions and Economic Development Committee bill, which we have been advised will be Senate Bill 816; and**
- **Take a support position on the bill once the CBA-approved language is amended in Senate Bill 816.**

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

No: None.

Abstain: None.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

V. Report of the Executive Officer.

A. Report of the Administration Division.

Ms. Abate provided an overview of this item.

Ms. Corrigan requested staff explore the cost of the CBA staying at its current location but using less space.

B. Update on the California Board of Accountancy’s Communications and Outreach.

Mr. Hemphill provided an overview of this item.

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

A. Enforcement Advisory Committee.

1. Report of the May 4, 2023 Enforcement Advisory Committee Meeting.

Mr. Aguilera reported the EAC held it May 4, 2023, meeting in-person in Sacramento. He noted the EAC also held five Investigative Hearings in a hybrid format, with four licensees participating via WebEx, one licensee participating in-person, and the panel members participating in-person at the CBA office.

B. Qualifications Committee.

There was no report on this agenda item.

C. Peer Review Oversight Committee.

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

Ms. Ross reported PROC members engaged in several oversight activities since its February meeting.

Ms. Ross stated PROC members attended six Report Acceptance Body meetings and one American Institute of Certified Public Accountants (AICPA) Peer Review Board Open Session Meeting. She noted PROC members reviewed two Out-of-State administering entities: the Colorado Society of CPAs and Louisiana Society of CPAs. It was determined they both complied with the administrative procedures and standards in all material respects as established by the CBA.

Ms. Ross reported the PROC also reviewed the Report on Peer Review Statistical Data from AICPA dated March 2, 2023, and the Report on the AICPA's Peer Review Program, National Peer Review Committee, 2021 Annual Report on Oversight, issued December 16, 2022.

VII. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Ms. O'Connor provided an overview of this agenda item.

VIII. Report of the Licensing Chief.

A. Licensing Activity Report.

Mr. Parsons provided an overview of this agenda item.

IX. Meeting Minutes.

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

It was moved by Ms. Tu and seconded by Mr. Rosenbaum to adopt the minutes of the March 23-24, 2023 CBA meeting, which included non-substantive edits that were noted after the minutes were received. Yes: Ms. Corrigan, Ms. Latta, Mr. Lin, Mr. Rosenbaum, Ms. Salazar, Mr. Savoy, Ms. Tu, and Ms. Ward.

No: None.

Abstain: Mr. Jacobson.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

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

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

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

It was moved by Ms. Tu and seconded by Ms. Corrigan to accept items IX.B. through IX.D., which included non-substantive edits that were noted after the minutes were received.

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

No: None.

Abstain: Mr. Jacobson.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

X. Other Business.

A. American Institute of Certified Public Accountants.

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

a. Board of Examiners.

President Salazar reported the Board of Examiners met virtually on April 27, 2023 and discussed the following topics:

- New video regarding examination security.
- Website updates regarding new CPA Exam test sections.
- Recruitment for volunteers to supervise newly licensed CPAs.
- Plans to go back to hosting periodic post-meeting recaps for executive directors and chairs.

b. State Board Committee.

Ms. Salazar reported during the April meeting, the State Board Committee discussed the conditional credit extension. She noted the states in attendance at the meeting were very supportive of the credit extension and expressed willingness to be flexible. She stated Illinois would be implementing a 120-hour rule to sit for the Uniform CPA Examination (CPA Exam).

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Director-at-Large.

Ms. Salazar stated CBA members should be receiving the Quarterly Communications Pack from NASBA. She noted the Quarterly Communication Pack contained resources and information the members might find helpful.

2. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Corrigan reported at the April 21, 2023 Board of Directors meeting the following topics were discussed:

- NASBA’s work on a model of what various jurisdictions were doing to help relieve candidate pipeline issues.
 - Review of the role and operations of the Private Company Council to determine effectiveness of the PCC and the Financial Accounting Standards Board interaction.
 - NASBA and AICPA Summit meeting to discuss the 120-hour versus the 150-hour educational requirement for the CPA Exam.
 - Update regarding the new CPA Exam transition.
 - Pilot testing for block scheduling for the CPA Exam.
 - AICPA’s research into an Accounting Specialist designation.
 - The amendments to the *Uniform Accountancy Act Model Rules*.
3. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.
- a. Education Committee.
- Ms. Corrigan reported the Education Committee met on April 4, 2023, and discussed the recommendations made regarding the Accounting Education Research Grants.
- b. Relations With Member Boards Committee.
- Ms. Corrigan reported the Relations With Member Boards Committee met on March 31 and April 20, 2023, and discussed the following topics:
- The status of CPA Evolution.
 - The 18-month rolling credit period versus justification for 24-month, 30-month, and 36-month rolling credit.
 - Large firm issues and cheating on continuing education.
- c. Communications Committee.
- There was no report on this agenda item.
- d. Diversity Committee.
- Ms. Salazar reported the Diversity Committee had met multiple times and discussed NASBA’s webpage regarding Diversity, Equity, and Inclusion (DEI). She noted there were also discussions regarding NASBA’s DEI training opportunity for all boards.
- e. Nominating Committee.

There was no report on this agenda item.

XI. Report on the Legislative Committee and Committee on Professional Conduct.

A. Legislative Committee.

1. Report of the May 18, 2023 Legislative Committee Meeting.
2. Review and Consideration of Possible Positions on Legislation.

This was a written report only.

The LC did not take any action on this item.

3. Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position.

a. Senate Bill 887 – Consumer Affairs.

Mr. Rosenbaum reported SB 887 contained non-substantive changes for several boards and bureaus within DCA, including those requested by the CBA. He noted SB 887 was amended in April 2023 to correct a grammatical change and delete an obsolete peer review report requirement. He stated the amendments satisfied the concerns raised at the March 2023 CBA meeting.

Mr. Rosenbaum noted SB 887 passed through the Senate and was in the Assembly awaiting referral to a policy committee.

The LC recommended the CBA maintain its Support position on SB 887 and no action was required.

4. Review and Consideration of Possible Positions on Legislation.

a. Assembly Bill 883 – Business Licenses: United States Department of Defense SkillBridge Program.

Mr. Rosenbaum stated Assembly Bill (AB) 883 would require boards within DCA to expedite the initial licensure process for an applicant who supplies satisfactory evidence that they are an active duty member of the United States Armed Forces enrolled in the Department of Defense's SkillBridge program.

Mr. Rosenbaum noted the SkillBridge Program provided job training and employment skills training, including apprenticeship programs. He stated given this focus and the short length of the program of about 180 days for outbound service members, the program would not

usefully aid those in the SkillBridge Program in obtaining the educational requirements necessary to sit for the CPA Exam and is also not of sufficient duration to fulfill the entirety of the accounting experience requirement.

The LC did not take any action on this item and staff will continue to monitor AB 883.

- b. Senate Bill 372 – Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.

Mr. Rosenbaum reported SB 372 would require boards within DCA to update a licensee's legal name or gender in its online license verification system if a board receives government-issued documentation from the licensee demonstrating that they have been changed. He stated a board would also be required to remove a licensee's former name or gender from its online license verification system and treat this information as confidential. He noted a board would be required to establish a process to allow a person to request and obtain a licensee's current name or enforcement action record linked to a former name of a licensee.

Mr. Rosenbaum stated one of the primary concerns with SB 372 was the bill may create an additional step for a consumer to access licensing and enforcement information associated with a licensee's record who has had a name change. He noted subsequent to the analysis being prepared, DCA conveyed that they were working on proposing possible edits to the author of the bill that may address most of the concerns identified in the analysis.

The LC recommended the CBA send a letter to the author expressing concerns about consumer access.

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

No: None.

Abstain: None.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

- c. Senate Bill 544 – Bagley-Keene Open Meeting Act: Teleconferencing.

Mr. Rosenbaum stated SB 544 would amend the Bagley-Keene Open Meeting Act related to how a state body conducts a meeting by teleconference. He noted SB 544 would require state bodies to provide an opportunity for the public to address the state body, ensure the state body implements procedures to accommodate and resolve requests from individuals with disabilities, cease or recess meetings when technical issues are identified, and provide transparency for those participating remotely by requiring the disclosure of other individuals 18 years of age and older who are present.

The LC recommended the CBA take a Support position on SB 544.

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

No: None.

Abstain: None.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

- d. Senate Bill 802 – Licensing Boards: Disqualification From Licensure: Criminal Conviction.

Mr. Rosenbaum stated SB 802 would require a board that decides to deny an application for licensure based solely, or in part, on the applicant's conviction history, to notify the applicant in writing within 30 days after a decision is made. He noted since SB 802 was included on the agenda, staff learned from the author's office that this is a placeholder vehicle and will not move forward in its current form through the duration of the legislative session.

The LC did not take any action on this item and staff will continue to monitor SB 802.

5. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring.
 - a. Assembly Bill 469 – California Public Records Act Ombudsperson.
 - b. Assembly Bill 477 – Legislative Review of State Boards.
 - c. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.
 - d. Senate Bill 259 – Reports Submitted to Legislative Committees.

- e. Senate Bill 279 – Administrative Regulations: Public Participation. Comment Process.
- f. Senate Bill 702 – Gubernatorial Appointments. Report.
- g. Senate Bill 816 – Professions and Vocations.

Mr. Rosenbaum noted the bills in this agenda item are being monitored, and if any are amended in a way that directly impacts the CBA, an analysis will be prepared and presented at a future meeting.

No action was taken on this agenda item.

B. Committee on Professional Conduct.

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

Ms. Latta reported the CPC continued its discussion regarding the challenges the CBA has identified with the AICPA Peer Review Program. She noted two of the issues discussed were ensuring all documents are provided to the CBA upon request and ensuring all failed peer review reports are filed with the CBA.

The CPC recommended the CBA:

- **Re-affirm the inclusion of *Increased Access to Peer Review Information* as a new issue in the 2024 Sunset Report. In addition to describing the issue within the Sunset Report, also include draft legislative language to require all California-licensed firms, including sole proprietors, to opt in to the sharing of all available objective information with the CBA via the Facilitated State Board Access.**
- **Direct staff to work with President Salazar to draft a letter to the AICPA directing them to report all substandard peer review reports of California-licensed firms, regardless of where they are headquartered, utilizing a data mining approach in collaboration with the CalCPA.**
- **Direct staff to include proposed legislative language in the 2024 Sunset report specifying that all California-licensed firms that are not headquartered in California must allow the AICPA to share their objective peer review information with the CBA.**

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

No: None.

Abstain: None.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

3. Information on the Proposal of Amnesty by the National Association of State Boards of Accountancy.

Ms. Latta reported staff provided the CPC with information on the proposal of an Amnesty Program by NASBA. She stated Amnesty would invite CPA Exam candidates who lost test credit due to the disruption of COVID-19, to return to the CPA Exam testing process by reinstating earned test credits.

Ms. Latta stated NASBA's CBT Administration Committee formed a task force to review and discuss this initiative. She noted staff would continue to monitor the developments and report additional information as it is made available.

The CPC took no action on this item.

XII. Closing Business.

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

Mr. Jacobson suggested all members treat each other with decorum and respect.

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

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

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

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

There being no further business to conduct, President Salazar adjourned the meeting at 3:21 p.m. on Thursday May 18, 2023.

_____Katrina L. Salazar, CPA, President

_____Joseph Rosenbaum, CPA, Secretary/Treasurer

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



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LC Item II.
CBA Item XIV.B.
 July 27-28, 2023
DRAFT

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
May 18, 2023
LEGISLATIVE COMMITTEE MEETING

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

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

Legislative Committee (LC) Chair Joseph Rosenbaum, CPA, called the meeting to order at 9:00 a.m. on Thursday, May 18, 2023. The LC held the meeting in-person and provided public participation via WebEx.

Mr. Rosenbaum read the following into the record:

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

LC Members

Joseph Rosenbaum, CPA, Chair
 Evangeline Ward, Vice Chair
 Nancy J. Corrigan, CPA
 Dan Jacobson, Esq.
 Kristian Latta, CPA
 Tong “Tony” Lin
 Yen C. Tu

May 18, 2023

9:00 a.m. to 9:55 a.m.
 9:00 a.m. to 9:55 a.m.
 9:00 a.m. to 9:55 a.m.
 9:00 a.m. to 9:55 a.m.
 9:00 a.m. to 9:55 a.m.
 Absent
 9:00 a.m. to 9:55 a.m.

CBA Members Observing

Katrina L. Salazar, CPA, President

Zuhdia "Dee Dee" Owens, CPA

Michael M. Savoy, CPA

CBA Committee Chairs and Members Observing

None

Staff and Legal Counsel

Dominic Franzella, Acting Executive Officer

Deanne Pearce, Assistant Executive Officer

Rich Andres, Information Technology Specialist I

Suzanne Balkis, Budget Analyst, Department of Consumer Affairs (DCA)

Sarah Benedict, Manager, License Renewal and Continuing Competency Unit.

David Bouilly, Moderator, DCA

Judie Bucciarelli, Staff Services Manager I Specialist, Board and Bureau Relations,
Department of Consumer Affairs (DCA)

Michelle Center, Chief, Licensing Division

Helen Geoffroy, Legal Counsel, DCA

Suzanne Gracia, Special Project Specialist, Licensing Division

Larysa Grinchenko, Enforcement Unit

David Hemphill, Information and Planning Officer

Amir Larian, Website Analyst

Kari O'Connor, Deputy Chief, Enforcement Division

Eulalio Ortega, Examination Manager

Matthew Parsons, Coordinator, License Renewal and Continuing Competency Unit

Katrina Pierce, Executive Assistant

Rebecca Reed, Board Relations Analyst

Peter Renevitz, Legislative Analyst

Jacob Sudia, Information & Planning Analyst

Allan Taylor, Information Technology Associate

Other Participants

Jason Fox, Vice President of Government Relations, California Society of Certified
Public Accountants (CalCPA)

Rich Simitian, CalCPA

Mark Svozil, Ernst and Young

James, Member of the Public

Caroline, Member of the Public

Muskaan, Member of the Public

Carolyn, Member of the Public

Stepan Stepanian, Member of the Public

I. Public Comments for Items Not on the Agenda.

No public comments were received.

- II. Approve Minutes of the March 23, 2023 Legislative Committee Meeting.

It was moved by Ms. Ward and seconded by Ms. Corrigan to approve the minutes of the March 23, 2023 LC meeting.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Rosenbaum, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Lin.

The motion passed.

- III. California Board of Accountancy 2023 Legislative Tracking Chart, 2023 Legislative Calendar and Considerations for Taking Positions on Legislation **(Written Report Only)**.

- IV. Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position **(David Hemphill, Information and Planning Officer)**.

Staff provided the LC with an update on Senate Bill (SB) 887. SB 887 contains non-substantive changes for several boards and bureaus within the Department of Consumer Affairs including those requested by the CBA. The CBA took a Support position on the bill at its March meeting.

On April 20, 2023, the bill was amended to correct a grammatical change and delete an obsolete report regarding Peer Review requirements. These satisfied the concerns raised at the March 2023 CBA meeting.

The bill has passed through the Senate and is now in the Assembly awaiting its referral to a policy committee.

No Action Was Taken on This Item.

- V. Review and Consideration of Possible Positions on Legislation **(David Hemphill, Information and Planning Officer)**

A. Assembly Bill 883 – Business Licenses: United States Department of Defense SkillBridge Program.

Staff reported Assembly Bill 883 related to the United States Department of Defense SkillBridge Program. This bill would require boards within DCA to

expedite the initial license process for an applicant who supplies satisfactory evidence that they are an active-duty member of the United States Armed Forces enrolled in the Department of Defense's SkillBridge program.

The SkillBridge Program provides job training and employment skills training, including apprenticeship programs. Given this focus and the short length of the program (180 days) for outbound service members, the LC concluded that the program would not usefully aid those in obtaining the educational requirements necessary to sit for the Uniform CPA Examination and is also not of sufficient duration to fulfill the entirety of the accounting experience requirement.

No Action Was Taken on This Item, and it Remains on the Monitor List.

B. Senate Bill 372 – Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.

Staff reported that SB 372 relates to DCA's licensee records and name and gender changes. This measure would require boards within DCA to update a licensee's legal name or gender in its online license verification system if a board receives government-issued documentation from the licensee demonstrating that they have been changed. A board would also be required to remove a licensee's former name or gender from its online license verification system and treat this information as confidential. The bill requires that a board would be required to establish a process to allow a person to request and obtain a licensee's current name or enforcement action record linked to a former name of a licensee.

While the CBA does not collect gender information, staff noted that there are potential consumer protection impacts as the bill is presently drafted.

Staff did report that subsequent to the analysis being prepared, DCA conveyed that they are working on proposing possible edits to the author that may address most of the concerns identified in the analysis.

It was moved by Mr. Jacobson and seconded by Ms. Latta to adopt a Support if Amended position, and to send the author a letter stating the consumer issues raised in the analysis.

Yes: Mr. Jacobson.

No: Ms. Corrigan, Ms. Latta, Mr. Rosenbaum, Ms. Tu, and Ms. Ward.

Abstain: None.

Absent: Mr. Lin.

The motion failed.

It was moved by Ms. Rosenbaum and seconded by Ms. Ward to direct staff to send the author a letter stating the consumer protection issues raised in the analysis.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Mr. Rosenbaum, Ms. Tu, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Lin.

The motion passed.

C. Senate Bill 544 – Bagley-Keene Open Meeting Act: Teleconferencing.

SB 544 would amend the Bagley-Keene Open Meeting Act related to how a state body conducts a meeting by teleconference.

The bill would require state bodies to provide an opportunity for the public to address the state body, ensure the state body implements procedures to accommodate and resolve requests from individuals with disabilities, cease or recess meetings when technical issues are identified, and provide transparency for those participating remotely by requiring the disclosure of other individuals 18 years of age and older who are present.

Staff brought to the LC's attention that there would be a six month gap between the expiration of the current teleconferencing provisions, which expire on July 1, 2023, and the effective date of this bill should it become enacted.

It was moved by Ms. Ward and seconded by Ms. Corrigan to adopt a Support position and request the author to consider amending Business and Professions Code 101.7 to delete the requirement for boards to hold one meeting in northern California and one meeting in Southern California per year.

Yes: Ms. Corrigan, Mr. Rosenbaum, and Ms. Ward.

No: Mr. Jacobson, Ms. Latta, and Ms. Tu.

Abstain: None.

Absent: Mr. Lin.

The motion failed.

It was moved by Ms. Tu and seconded by Mr. Jacobson to adopt a Support position on SB 544.

Yes: Mr. Jacobson, Ms. Latta, Mr. Rosenbaum, Ms. Tu, and Ms. Ward.

No: Ms. Corrigan.

Abstain: None.

Absent: Mr. Lin.

The motion passed.

D. Senate Bill 802 – Licensing Boards: Disqualification From Licensure: Criminal Conviction.

Staff stated SB 802 would require a board that decides to deny an application for licensure based solely, or in part, on the applicant's conviction history, to notify the applicant in writing within 30 days after a decision is made.

Staff reported that after the bill was included on the agenda, the author's office expressed that this is a placeholder vehicle and will not move forward in its current form through the duration of the legislative session.

No action was taken on this item, and it remains on the monitor list.

VI. Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring (**David Hemphill, Information and Planning Officer**)

- A. Assembly Bill 469 – California Public Records Act Ombudsperson.
- B. Assembly Bill 477 – Legislative Review of State Boards.
- C. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.
- D. Senate Bill 259 – Reports Submitted to Legislative Committees.
- E. Senate Bill 279 – Administrative Regulations: Public Participation: Comment Process.
- F. Senate Bill 702 – Gubernatorial Appointments: Report.
- G. Senate Bill 816 – Professions and Vocations.

The LC did not take action on these items.

VII. Agenda Items for Next Meeting.

None.

There being no further business to be conducted, Mr. Rosenbaum adjourned the meeting at 9:55 a.m.



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CPC Item II.
CBA Item XIV.C.
 July 27-28, 2023
DRAFT

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
May 18, 2023
COMMITTEE ON PROFESSIONAL CONDUCT MEETING

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

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

Committee on Professional Conduct (CPC) Chair Kristian Latta, CPA, called the meeting to order at 10:00 a.m. on Thursday, May 18, 2023. The CPC held the meeting in-person and provided public participation via WebEx.

Chair Latta read the following into the record:

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

CPC Members

Kristian Latta, CPA, Chair
 Nancy J. Corrigan, CPA
 Karriann Farrell Hinds, Esq.
 Dan Jacobson, Esq.
 Zuhdia "Dee" Owens, CPA
 Ariel Pe
 Michael M. Savoy, CPA

May 18, 2023

10:00 a.m. to 10:50 a.m.
 10:00 a.m. to 10:50 a.m.
 Absent
 10:00 a.m. to 10:50 a.m.
 10:00 a.m. to 10:50 a.m.
 Absent
 10:00 a.m. to 10:50 a.m.

CBA Members Observing

Katrina L. Salazar, CPA, President

Tong "Tony" Lin
Joseph Rosenbaum, CPA, Secretary/Treasurer
Yen Tu, Vice President
Evangeline Ward

CBA Committee Chairs and Members Observing

Doug Aguilera, CPA, Chair, Enforcement Advisory Committee
Michael L. Williams, CPA, Chair, Qualifications Committee
Laura L. Ross, CPA, Chair, Peer Review Oversight Committee

Staff and Legal Counsel

Dominic Franzella, Acting Executive Officer
Deanne Pearce, Assistant Executive Officer
Christy Abate, Manager, Administrative Services
Rich Andres, Information Technology Specialist I
Suzanne Balkis, Budget Analyst, Department of Consumer Affairs (DCA)
Sarah Benedict, Manager, License Renewal and Continuing Competency Unit
Judie Bucciarelli, Staff Services Manager I, Specialist, Board and Bureau Relations, DCA
David Bouilly, Moderator, DCA
Michelle Center, Chief, Licensing Division
Elizabeth Coronel, Strategic Business Analyst, DCA
Theodore Drcar, Deputy Attorney General, Department of Justice
Emmanuel Estacio, Information Technology Support Analyst
Helen Geoffroy, Legal Counsel, DCA
Suzanne Gracia, Special Projects Specialist, Licensing Division
David Hemphill, Information and Planning Officer
Amir Larian, Website Analyst
Eulalio Ortega, Manager, Examination Unit
Katrina Pierce, Executive Assistant
Rebecca Reed, Board Relations Analyst
Peter Renevitz, Legislative Analyst
Patricia Ritter, Coordinator, Examination Unit
Jacob Sudia, Information and Planning Specialist
Allan Taylor, Information Technology Associate

Other Participants

Jason Fox, Vice-President of Government Relations, California Society of Certified
Public Accountants (CalCPA)
Rich Simitian, CalCPA
Mark, Ernst and Young
Andy, Member of the Public
Brett Castro, Member of the Public
Caroline, Member of the Public
Ada, Member of the Public
Dung, Member of the Public
Logan Schallberger, Member of the Public
Stepan Stepanian, Member of the Public

I. Public Comments for Items not on the Agenda.

No public comments were received.

II. Approve Minutes of the March 23, 2023 Committee on Professional Conduct Meeting.

It was moved by Ms. Owens and seconded by Ms. Corrigan to adopt the minutes of the March 23, 2023 CPC meeting.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, and Ms. Owens.

No: None.

Abstain: Mr. Savoy.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

III. Discussion and Possible Action Regarding the American Institute of Certified Public Accountants' Reporting of Peer Review Information and Documentation to the California Board of Accountancy (**Sarah Benedict, Manager, License Renewal and Continuing Competency Unit**).

The CPC continued its discussion on the challenges the CBA has identified with the AICPA Peer Review Program at previous meetings.

The CPC discussed two of those issues, including:

1. Ensuring all documents are provided to the CBA upon request, and
2. Ensuring all failed peer review reports are filed with the CBA.

The remaining issue related to the selection of attendees associated with oversight activities is scheduled for discussion at the July 2023 CPC meeting.

The CPC engaged in a constructive dialog and appreciated staff and CalCPA answering questions. Additionally, members acknowledged the progress being made on the outstanding issues.

It was moved by Ms. Owens and seconded by Mr. Savoy that:

The CBA reaffirm the inclusion of increased access to peer review information as a new issue in the 2024 Sunset Report. In addition to describing the issue within the Sunset Report, also include draft legislative language to require all California-licensed firms, including sole proprietors, to opt in to the sharing of

all available objective information with the CBA via the Facilitated State Board Access system.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Owens, and Mr. Savoy.

No: Ms. Latta.

Abstain: None.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

It was moved by Mr. Savoy and seconded by Ms. Owens to:

Direct staff to work with President Salazar to draft a letter to the AICPA directing them to report all substandard peer review reports of California-licensed firms, regardless of where they are headquartered, utilizing a data mining approach in collaboration with the CalCPA.

Additionally, direct staff to include proposed legislative language in the 2024 Sunset report specifying that all California-licensed firms that are not headquartered in California must allow the AICPA to share their objective peer review information with the CBA.

Yes: Ms. Corrigan, Mr. Jacobson, Ms. Latta, Ms. Owens, and Mr. Savoy.

No: None.

Abstain: None.

Absent: Ms. Hinds and Mr. Pe.

The motion passed.

IV. Information on the Proposal of Amnesty by the National Association of State Boards of Accountancy (Suzanne Gracia, Project Specialist, Licensing Division).

Staff provided the CPC with information on the proposal of an Amnesty Program by the National Association of State Boards of Accountancy, or NASBA. Amnesty would invite Uniform CPA Examination (CPA Exam) candidates who lost test credit due to the disruption of COVID-19, to return to the CPA Exam testing process by reinstating earned test credits.

NASBA's CBT Administration Committee has formed a task force to review and discuss this initiative. Staff stated they will continue to monitor the developments and report additional information as it is made available.

The CPC did not take action on this item.

V. Agenda Items for Future CPC Meetings.

None.

There being no further business to be conducted, Chair Latta adjourned the meeting at 10:50 a.m. on Thursday, May 18, 2023.



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**EPOC Item II.
CBA Item XIV.D
July 27-28, 2023
DRAFT**

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

**MINUTES OF THE
January 27, 2023
ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE**

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

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

Enforcement Program Oversight Committee (EPOC) Chair, Yen Tu, called the meeting to order at 9:00 a.m. on Friday, January 27, 2023. The EPOC held the meeting in person with the ability to attend via teleconference.

Chair Tu 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 (CBA) in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

EPOC Members

Yen C. Tu, Chair	9:00 a.m. to 9:15 a.m.
Zuhdia “Dee Dee” Owens, CPA, Vice Chair	9:00 a.m. to 9:15 a.m.
Kariann Farrell Hinds, Esq.	9:00 a.m. to 9:15 a.m.
Ariel Pe	Absent
Joseph Rosenbaum, CPA	9:00 a.m. to 9:15 a.m.
Michael Savoy, CPA	9:00 a.m. to 9:15 a.m.
Evangeline Ward	9:00 a.m. to 9:15 a.m.

CBA Members Observing

Katrina L. Salazar, CPA, President

Nancy J. Corrigan, CPA

Dan Jacobson, Esq.

Kristian Latta, CPA

CBA Committee Chairs and Members Observing

Laura L. Ross, CPA, Chair, Peer Review Oversight Committee (PROC)

Rich Simitian, CPA, Consideration of the CPA Experience Requirements Taskforce (CERT)

Staff and Legal Counsel

Dominic Franzella, Acting Executive Officer

Deanne Pearce, Assistant Executive Officer

Angelita Acosta, Enforcement Analyst

Suzanne Balkis, Budget Analyst, Department of Consumer Affairs (DCA)

Sarah Benedict, Manager, Renewal and Continuing Competency Unit

Judie Bucciarelli, Staff Services Manager I Specialist, DCA Board and Bureau Relations

Michelle Center, Chief, Licensing Division

Alex Cristescu, Television Specialist, Office of Public Affairs, DCA

Theodore S. Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)

Emmanuel Estacio, Information Technology Support Analyst

Ann Fisher, Planner, DCA

Helen Geoffroy, Legal Counsel

David Hemphill, Information and Planning Analyst

Alegra Keith, Assistant Human Resources Liaison

Amir Larian, Website Analyst

Matt Nishimine, Regulatory and Fiscal Operations Specialist, DCA

Kari O'Connor, Deputy Enforcement Chief

Katrina Pierce, Executive Analyst

Rebecca Reed, Board Relations Analyst

Other Participants

James Brackens, CPA, CGMA, Vice President of Ethics and Practice Quality at the American Institute of CPAs (AICPA)

Jason Fox, Vice President of Government Relations, California Society of CPAs (CalCPA)

Denise Froemming, CPA, President and Chief Executive Officer, CalCPA

I. Public Comments for Items not on the Agenda.

No public comments were received.

II. Approve Minutes of the November 17, 2022 Enforcement Program Oversight Committee Meeting.

It was moved by Ms. Owens and seconded by Mr. Rosenbaum to approve the minutes of the November 17, 2022 Enforcement Program Oversight Committee Meeting.

Yes: Ms. Owens, Mr. Rosenbaum, Mr. Savoy, Ms. Tu.

No: None.

Abstain: Ms. Hinds, Ms. Ward.

Absent: Mr. Pe.

- III. Revision Schedule for Regulatory Changes Associated with the Disciplinary Guidelines and Model Orders, California Code of Regulations, Title 16, Division 1, Section 98 (**Kari O'Connor, Deputy Enforcement Chief**).

Ms. O'Connor presented an overview of the revision schedule for the rulemaking process regarding changes to the CBA's Disciplinary Guidelines and Model Orders (Guidelines).

- IV. Discussion and Feedback on Language Regarding the National Association of State Boards of Accountancy's (NASBA) The Center for the Public's Trust (CPT) Ethical Leadership Training Being Incorporated into the Disciplinary Guidelines and Model Orders (**Kari O'Connor, Deputy Enforcement Chief**).

Ms. O'Connor presented an overview of proposed language to incorporate NASBA's CPT Ethical Leadership Training into the Guidelines.

- V. Agenda Items for Next Meeting.

No agenda items were discussed.

Adjournment

Having no further business to conduct, Ms. Tu adjourned the meeting at 9:15 a.m.



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CBA Item XIV.E.
 July 27-28, 2023

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

**MINUTES OF THE
 May 4, 2023
 ENFORCEMENT ADVISORY COMMITTEE**

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

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

Kathy A. Johnson, CPA, Vice Chair, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC) at 9:01 a.m. on May 4, 2023. The EAC held the meeting in-person and provided public participation via WebEx.

Ms. Johnson 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	Absent
Kathy A. Johnson, CPA, Vice Chair	9:01 a.m. - 3:54 p.m.
Alan Gittelson, CPA	9:01 a.m. - 3:54 p.m.
Jackson Johnson, CPA	Absent
Michael Johnson, CPA	9:01 a.m. - 3:54 p.m.
David Kral, CPA	9:01 a.m. - 3:54 p.m.
Nasi Raissian, CPA	9:01 a.m. - 3:54 p.m.
Jason Russell, CPA	9:01 a.m. - 3:54 p.m.
Jim Songey, CPA	9:01 a.m. - 3:54 p.m.
Chris Tegtmeyer, CPA	9:01 a.m. - 3:54 p.m.
Jennifer Ziegler, CPA	9:01 a.m. - 3:54 p.m.

CBA Member Liaison
Evangeline Ward

Staff and Legal Counsel

Tyler Wipfli, Enforcement Analyst

Elizabeth Coronel, Strategic Business Analyst, Department of Consumer Affairs DCA

Theodore S. Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)

Emmanuel Estacio, Information Technology Support Analyst

Dominic Franzella, Acting Executive Officer

Kari O'Connor, Deputy Chief, Enforcement Division

I. Public Comments for Items not on the Agenda.

There were no comments received for this agenda item.

II. Report of the Committee Chair (Kathy Johnson, CPA, Vice Chair).

A. Approval of the October 6, 2022 Enforcement Advisory Committee Meeting Minutes.

It was moved by Ms. Raissian and seconded by Mr. Russell to approve the minutes of the October 6, 2022 EAC meeting.

Yes: Mr. Gittelsohn, Ms. Johnson, Mr. Kral, Ms. Raissian, Mr. Russell, and Ms. Ziegler.

No: None.

Abstain: Mr. M. Johnson, Mr. Songey, and Mr. Tegtmeyer.

Absent: Mr. Aguilera and Mr. J. Johnson.

The motion passed.

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

Written Report Only.

C. Discussion and Possible Action to approve Proposed 2024 Enforcement Advisory Committee Meeting Dates.

It was moved by Mr. Tegtmeyer and seconded by Ms. Ziegler to adopt the Proposed 2024 EAC Meeting Dates.

Yes: Mr. Gittelsohn, Ms. Johnson, Mr. M. Johnson, Mr. Kral, Ms. Raissian, Mr. Russell, Mr. Songey, Mr. Tegtmeyer, and Ms. Ziegler.

No: None.

Abstain: None.

Absent: Mr. Aguilera and Mr. J. Johnson.

III. Report of the CBA Liaison (Evangeline Ward, CBA Liaison).

A. Report on the November 17, 2022, January 26-27, 2023, and March 23-24 2023 California Board of Accountancy Meetings.

Ms. Ward provide updates for the last three CBA meetings. She reported on various topics including:

- The conclusion of the work of the Consideration of the CPA Experience Requirements Taskforce.
- Statutory changes the CBA approved associated with fee increases.
- Updates on the possible extension of conditional credit associated with the Uniform CPA Examination
- Information regarding Students Understanding the Requirements for a Certified Public Accountant (SURE CPA), which is project is to clarify the educational requirements by implementing solutions that will provide future CPA applicants, educational institutions, professional associations and other stakeholders with straightforward educational requirements for CPA licensure.

IV. Report of the Enforcement Chief (**Kari O'Connor, Deputy Enforcement Chief**).

A. Enforcement Activity Report.

Ms. O'Connor provided an overview of this item.

V. Conduct Closed Hearings.

VI. Adjournment.

The established subcommittees convened for investigative hearings from 1:00 pm to 3:45 p.m. The EAC general meeting reconvened as a quorum to vote on recommendations from the subcommittees at 3:52 p.m.

Having no further business to conduct, the EAC meeting open session adjourned at approximately 3:54 p.m.

Douglas Aguilera, CPA, Chair
Enforcement Advisory Committee

Prepared by: Tyler Wipfli, Enforcement Analyst



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CBA Item XIV.F.
 July 27-28, 2023

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

**MINUTES OF THE
 February 17, 2023
 PEER REVIEW OVERSIGHT COMMITTEE MEETING**

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

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

Laura L. Ross, CPA, Peer Review Oversight Committee (PROC) Chair, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) PROC at 11:00 a.m. on February 17, 2023.

Chair Ross 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

Laura L. Ross, CPA, Chair
 Fausto Hinojosa, CPA, Vice Chair
 Jeffrey DeLyser, CPA
 Nick Petersen, CPA
 Sharon Selleck, CPA
 Fiona Tam, CPA

February 17, 2023

11:00 a.m. to 11:40 a.m.
 Absent
 11:00 a.m. to 11:40 a.m.
 11:00 a.m. to 11:40 a.m.
 11:00 a.m. to 11:40 a.m.
 11:00 a.m. to 11:40 a.m.

CBA Member

Katrina L. Salazar, CPA, CBA President
CBA Staff
Sarah Benedict, License Renewal Manager
Michelle Center, Chief, Licensing Division
Emmanuel Estacio, Information Technology Support Analyst
Dominic Franzella, Acting Executive Officer
Amir Larian, Website Analyst
Matthew Parsons, License Renewal Coordinator

Other Participants

K.C.
Judie Bucciarelli, Department of Consumer Affairs
Bryce Penney, Department of Consumer Affairs

I. Public Comments for Items Not on the Agenda

None.

II. Report of the Committee Chair (**Laura L. Ross, CPA**).

A. Approval of the December 9, 2022 PROC Meeting Minutes.

It was moved by Member De Lyser and seconded by Member Petersen to approve the December 9, 2022 PROC meeting minutes.

Yes: Jeffrey De Lyser, Laura L. Ross, Nick Petersen, Sharon Selleck.

No: None.

Abstain: Fiona Tam.

Absent: Fausto Hinojosa.

The motion passed.

III. Report of the California Board of Accountancy Liaison (**Katrina L. Salazar, CPA, CBA President**).

President Salazar provided an update from the January 26-27, 2023 CBA meeting.

President Salazar noted the CBA will hold its next meeting on March 23-24, 2023.

There were no public comments.

IV. Report on Peer Review Oversight Committee Oversight Activities Since December 9, 2022 and Future Activities (**Laura L. Ross, CPA**).

- A. Report on the California Society of Certified Public Accountants Report Acceptance Body Meetings, and the American Institute of Certified Public Accountants' Peer Review Board Open Session Meetings.

Member De Lyser provided an overview of this report.

There were no public comments.

- B. Report and Discussion on the Peer Review Oversight Committee Oversight of Out-of-State Administering Entities: Michigan Society of CPAs and the Connecticut Society of CPAs.

This was a written report only.

There were no public comments.

- C. Report on Notices Posted on the American Institute of Certified Public Accountants' and National Association of State Boards of Accountancy's Websites Regarding Changes and Updates to the Peer Review Program.

Member Selleck provided an overview of this report.

There were no public comments.

- D. Assignment of Future Peer Review Oversight Committee Oversight Roles, Responsibilities, Activities and Assignments (**Laura L. Ross, CPA**).

Chair Ross highlighted upcoming PROC oversight activities and requested PROC members to participate and accept new assignments.

Peer Review-Related Updates for May 2023 PROC Meeting

- American Institute of Certified Public Accountants (AICPA) and National Association of State Boards of Accountancy (NASBA) Websites—Members Selleck and Petersen

Out-of-State Administering Entities

- Colorado Society of CPAs—Member Hinojosa
- Louisiana Society of CPAs—Member De Lyser

AICPA Peer Review Board Open Session Meetings

- Member Tam—May 3, 2023

CalCPA Report Acceptance Body Meetings

- February 21, 2023—Vice Chair Hinojosa

- February 23, 2023–Member De Lyser

CBA Meetings

- March 23-24, 2023–Chair Ross

There were no public comments.

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

A. Approve the Draft 2022 Peer Review Oversight Committee Annual Report.

Ms. Center led a discussion and final review of the Draft 2022 Peer Review Oversight Committee Annual Report. The PROC approved the Draft 2022 Peer Review Oversight Committee Annual Report, and delegated authority to the PROC Chair to work with staff in making any necessary revisions prior to presentation at the March CBA meeting.

It was moved by Member De Lyser and seconded by Member Petersen to approve the 2022 Peer Review Oversight Committee Annual Report.

Yes: Jeffrey De Lyser, Laura L. Ross, Nick Petersen, Sharon Selleck, Fiona Tam.

No: None.

Absent: Fausto Hinojosa.

The motion passed.

VI. Closing Business (**Laura L. Ross, CPA**).

A. Agenda Items for Future Peer Review Oversight Committee Meetings.

There were no public comments.

VII. Adjournment.

Having no further business to conduct, the PROC meeting adjourned at approximately 11:40 a.m.

Laura L. Ross, CPA, Chair
Peer Review Oversight Committee

Prepared by: Matthew Parsons, Renewal and Continuing Competency Unit Coordinator

NASBA
2023 Western Regional Meeting
Kansas City, MO June 27 June 29, 2023

CBA Item XV.B.4
July 27-28, 2023

AGENDA

Monday, June 26, 2023

6:00 – 8:00 pm Dinner for New Accountancy Board Members (& guests) **Tea Room**

Tuesday, June 27, 2023

8:00 – 9:00 am New Accountancy Board Member Breakfast **Colonial Ballroom**

9:00 am – 3:00 pm New Accountancy Board Member Orientation Program **Truman A/B**

4:00 – 5:00 pm Regional Meeting Registration **Imperial Ballroom Prefunction**

6:00 – 8:00 pm Welcome Reception **Historic Lobby**

Wednesday, June 28, 2023

7:30 – 9:00 am BREAKFAST (All Welcome) **Colonial Ballroom**

9:00 am – 12:00 pm General Session – Moderator: Lynn Hutchinson Imperial Ballroom

9:00 – 9:10 am Welcome

9:10 - 9:20 am Welcome to Missouri – *James Mintert, Chair, Missouri State Board of Accountancy*

9:20 – 10:00 am Update from NASBA Leadership
Richard N. Reisig, Chair, NASBA
Ken L. Bishop, President & CEO, NASBA

10:00 – 10:30 am Coming Soon: Experience, Learn and Earn Program (ELE)
Daniel J. Dustin, Vice President, State Board Relations, NASBA

10:30 – 11:00 am BREAK **Imperial Ballroom Prefunction**

NASBA

2023 Western Regional Meeting

Kansas City, MO June 27 June 29, 2023

AGENDA

- 11:00 – 12:00 pm On the Horizon: Uniform CPA Examination and Beyond
Colleen K. Conrad, Executive Vice President & COO, NASBA
Michael A. Decker, Vice President, CPA Examination and Pipeline – Public Accounting, AICPA
- 12:00 – 12:30 pm Overview of the Peer Review Process – Responsibilities of State Boards
Vikki Nunn, Chair, NASBA Peer Review Compliance Committee
- 12:30 – 1:30 pm LUNCH **Colonial Ballroom**
- 12:30 – 1:30 pm Communications Lunch Meeting (All Attendees Welcome) **Tea Room**
- 1:30 – 3:30 pm Meet with Your Region
Nancy Corrigan – Pacific Regional Director Truman A
Lynn Hutchinson – Southwest Regional Director Truman B
Vikki Nunn – Mountain Regional Director Trianon C/D
Michael Schmitz – Central Regional Director Trianon E
- (Participation limited to Board of Accountancy members, staff and former Board of Accountancy members. Each Region will meet in a separate room with the Regional Director leading the discussion. Election of Nominating Committee Representatives in Central and Southwest Regions.)*
- 1:30-2:30 Seminar for Other Attendees: Advancing ARPL's Message **Lido**
Moderator: John W. Johnson, Director of Legislative and Governmental Affairs, NASBA
- 3:30 pm RECESS
- 4:30 pm Call to Leadership Reception **Tea Room (TBD)**

NASBA

2023 Western Regional Meeting

Kansas City, MO June 27 June 29, 2023

AGENDA

Thursday, June 29, 2023

- 8:00 – 9:15 am Board of Accountancy Presidents’/Chairs’ Breakfast Meeting **Tea Room**
Moderator: Richard N. Reisig, Chair, NASBA
- 8:00 – 9:15 am Board of Accountancy Executive Directors’ Breakfast Meeting **Roosevelt**
Moderator: Dan Sweetwood, Executive Directors’ Committee
- 8:00 – 9:15 am BREAKFAST (All Welcome) **Colonial Ballroom**
- 9:30 am – 12:15 pm General Session – Moderator: Vikki Nunn Imperial Ballroom**
- 9:30 – 9:45 am Report from Regional Breakouts
Moderator: Michael Schmitz
Panelists: Regional Directors
- 9:45 – 10:15 am Legal Update
Maria Caldwell, Chief Legal Officer, NASBA
- 10:15 -10:45 am UAA Committee Update
Nicola Neilon, Uniform Accountancy Act Committee
- 10:45 – 11:15 am BREAK **Imperial Ballroom Prefunction**
- 11:15 – 11:45 am Report from the Pipeline Task Force
Lori Druse, Pipeline Task Force
- 11:45 am – 12:15 pm Changes to CPE Standards – An Overview
Willie Sims, Chair, CPE Committee
- 12:15 – 1:15 pm LUNCH (Meeting Attendees Only)**Colonial Ballroom**
- 1:15 – 3:45 pm General Session – Moderator: Nancy Corrigan Imperial Ballroom**
- 1:15 – 1:45 pm 2023 Legislative Midyear Report

NASBA

2023 Western Regional Meeting

Kansas City, MO June 27 June 29, 2023

AGENDA

John W. Johnson, Director of Legislative and Governmental Affairs, NASBA

- 1:45 – 2:15 pm CPT Chapters and Other Diversity Initiatives
Alfonzo Alexander, Chief Ethics and Diversity Officer, NASBA
- 2:15 – 2:45 pm BREAK **Imperial Ballroom Prefunction**
- 2:45 – 3:15 pm A Discussion of Licensure Pathways
Nicola Neilon, Chair, NASBA UAA Committee
Daniel J. Dustin, Vice President, State Board Relations, NASBA
- 3:15 – 3:45 pm Questions and Answers for NASBA
Richard N. Reisig, Chair, NASBA
Ken L. Bishop, President & CEO, NASBA
- 3:45 – 4:00 pm Raffle Drawing
- 4:00 pm ADJOURN
- 6:30 pm Celebration **TBD**

05.05.23



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**LC Item III.
CBA Item XVI.A.2.**
July 27-28, 2023

California Board of Accountancy 2023 Legislative Tracking Chart, 2023 Legislative Calendar and Considerations for Taking Positions on Legislation

Presented by: Written Report Only

Purpose of the Item

The purpose of this agenda item is to provide an overview of any bills on which the California Board of Accountancy (CBA) has taken a position during the 2023 Legislative Session.

Consumer Protection Objectives

It is critical to ensure the CBA is informed regarding legislative proposals that may impact its consumer protection mission.

Action(s) Needed

No specific action is required on this agenda item.

Background

Each year, members of the Legislature introduce bills that propose wide-ranging impacts for California. Staff review the proposed legislation and present those measures to the CBA that relate to its consumer protection mission and oversight of the practice of public accountancy in California.

Comments

The Legislative Tracking Chart for July 2023 (**Attachment 1**) reflect those bills on which the CBA previously took a position, those which the CBA will consider at this meeting, and those items the CBA is currently monitoring.

Provided for CBA reference is the 2023 Legislative Calendar (**Attachment 2**) and the Considerations for Taking Positions on Legislation (**Attachment 3**).

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

**California Board of Accountancy 2023 Legislative Tracking Chart, 2023
Legislative Calendar, and Considerations for Taking Positions on Legislation**
Page 2 of 2

Recommendation

None.

Attachments

1. California Board of Accountancy 2023 Legislative Tracking Chart
2. 2023 Legislative Calendar
3. Considerations for Taking Positions on Legislation



California Board of Accountancy
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Attachment 1

California Board of Accountancy 2023 Legislative Tracking Chart

CBA Action on Legislation

Bill #	Author	Topic	Version	CBA Position	Location/Status (As of July 12, 2023)
SB 372	Menjivar	Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.	6/28/2023	No Position. Sent Letter with Concerns (4/20/2023 version)	Assembly Appropriations Committee
SB 544	Laird	Bagley-Keene Open Meeting Act: Teleconferencing.	4/27/2023	Support	Assembly Appropriations Committee
SB 816	Roth	Professions and Vocations	6/27/2023	Support	Assembly Appropriations Committee
SB 887	Roth	Consumer Affairs	4/20/2023	Support	Assembly Appropriations Committee

Monitored Legislation Items

Bill #	Author	Topic	Version	Notes	Location/Status (As of July 11, 2023)
AB 469	Fong, V.	California Public Records Act Ombudsperson.	7/3/2023		Senate Governmental Organization Committee
AB 477	Waldron	Legislative Review of State Boards.	2/7/2023	2-year bill	Assembly Business and Professions Committee
AB 883	Mathis	Business Licenses: United States Department of Defense SkillBridge Program.	5/18/2023		Senate Military and Veterans Affairs Committee
AB 996	Low	Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.	3/27/2023	Per Author: to be "gutted and amended on Senate Floor"	Senate Floor
SB 259	Seyarto	Reports Submitted to Legislative Committees.	6/14/23		Senate Floor
SB 279	Niello	Administrative Regulations: Public Participation: Comment Process.	3/11/23	Held in Committee	Senate Appropriations Committee (Held in Committee)
SB 447	Atkins	GO-Biz.	7/3/2023		Assembly Jobs, Economic Development, and the Economy Committee
SB 601	McGuire	Professions and Vocations: Contractors: Home Improvement Contracts: Prohibited Business Practices: Limitation of Actions.	5/18/23		Assembly Public Safety Committee
SB 702	Limón	Gubernatorial Appointments: Report.	6/8/23		Assembly Appropriations Committee
SB 802	Roth	Licensing Boards: Disqualification from Licensure: Criminal Conviction.	2/17/23		Assembly Business and Professions Committee

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 11-4-22

DEADLINES

Attachment 2

JANUARY							
	S	M	T	W	TH	F	S
	1	2	3	4	5	6	7
Wk. 1	8	9	10	11	12	13	14
Wk. 2	15	16	17	18	19	20	21
Wk. 3	22	23	24	25	26	27	28
Wk. 4	29	30	31				

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 4 Legislature reconvenes (J.R. 51(a)(1)).

Jan. 10 Budget must be submitted by Governor (Art. IV, Sec. 12(a)).

Jan. 16 Martin Luther King, Jr. Day.

Jan. 20 Last day to submit **bill requests** to the Office of Legislative Counsel.

FEBRUARY							
	S	M	T	W	TH	F	S
Wk. 4				1	2	3	4
Wk. 1	5	6	7	8	9	10	11
Wk. 2	12	13	14	15	16	17	18
Wk. 3	19	20	21	22	23	24	25
Wk. 4	26	27	28				

Feb. 17 Last day for bills to be **introduced** (J.R. 61(a)(1), J.R. 54(a)).

Feb. 20 Presidents' Day.

MARCH							
	S	M	T	W	TH	F	S
Wk. 4				1	2	3	4
Wk. 1	5	6	7	8	9	10	11
Wk. 2	12	13	14	15	16	17	18
Wk. 3	19	20	21	22	23	24	25
Wk. 4	26	27	28	29	30	31	

Mar. 30 **Spring Recess** begins upon adjournment (J.R. 51(a)(2)).

Mar. 31 Cesar Chavez Day observed.

APRIL							
	S	M	T	W	TH	F	S
Wk. 4							1
Spring Recess	2	3	4	5	6	7	8
Wk. 1	9	10	11	12	13	14	15
Wk. 2	16	17	18	19	20	21	22
Wk. 3	23	24	25	26	27	28	29
Wk. 4	30						

Apr. 10 Legislature reconvenes from **Spring Recess** (J.R. 51(a)(2)).

Apr. 28 Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(a)(2)).

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 11-4-22

MAY							
	S	M	T	W	TH	F	S
Wk. 4		1	2	3	4	5	6
Wk. 1	7	8	9	10	11	12	13
Wk. 2	14	15	16	17	18	19	20
Wk. 3	21	22	23	24	25	26	27
No Hrgs.	28	29	30	31			

May 5 Last day for **policy committees** to hear and report to the Floor **nonfiscal bills** introduced in their house (J.R. 61(a)(3)).

May 12 Last day for **policy committees** to meet prior to June 5 (J.R. 61(a)(4)).

May 19 Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61(a)(5)).

Last day for **fiscal committees** to meet prior to June 5 (J.R. 61(a)(6)).

May 29 Memorial Day.

May 30-June 2 **Floor session only.** No committee may meet for any purpose except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees (J.R. 61(a)(7)).

*Holiday schedule subject to final approval by Rules Committee.

OVER

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 11-4-22

JUNE							
	S	M	T	W	TH	F	S
No Hrgs.					1	2	3
Wk. 4	4	5	6	7	8	9	10
Wk. 1	11	12	13	14	15	16	17
Wk. 2	18	19	20	21	22	23	24
Wk. 3	25	26	27	28	29	30	

June 2 Last day for each house to pass bills introduced in that house (J.R. 61(a)(8)).

June 5 Committee meetings may resume (J.R. 61(a)(9)).

June 15 Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)(3)).

JULY							
	S	M	T	W	TH	F	S
Wk. 3							1
Wk. 4	2	3	4	5	6	7	8
Wk. 1	9	10	11	12	13	14	15
Summer Recess	16	17	18	19	20	21	22
Summer Recess	23	24	25	26	27	28	29
Summer Recess	30	31					

July 4 Independence Day.

July 14 Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)).

Summer Recess begins upon adjournment, provided Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST							
	S	M	T	W	TH	F	S
Summer Recess			1	2	3	4	5
Summer Recess	6	7	8	9	10	11	12
Wk. 2	13	14	15	16	17	18	19
Wk. 3	20	21	22	23	24	25	26
Wk. 4	27	28	29	30	31		

Aug. 14 Legislature reconvenes from Summer Recess (J.R. 51(a)(3)).

SEPTEMBER							
	S	M	T	W	TH	F	S
Wk. 4						1	2
No Hrgs.	3	4	5	6	7	8	9
No Hrgs.	10	11	12	13	14	15	16
Interim Recess	17	18	19	20	21	22	23
Interim Recess	24	25	26	27	28	29	30

Sept. 1 Last day for **fiscal committees** to meet and report bills (J.R. 61(a)(11)).

Sept. 4 Labor Day.

Sept. 5-14 Floor session only. No committees may meet for any purpose, except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(a)(12)).

Sept. 8 Last day to **amend** on the Floor (J.R. 61(a)(13)).

Sept. 14 Last day for each house to pass bills. (J.R. 61(a)(14)).

Interim Recess begins upon adjournment (J.R. 51(a)(4)).

IMPORTANT DATES OCCURRING DURING INTERIM RECESS

2023 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE
Revised 11-4-22

2023

Oct. 14 Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 14 and in the Governor's possession on or after Sept. 14 (Art. IV, Sec. 10(b)(1)).

2024

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 3 Legislature reconvenes (J.R. 51(a)(4)).

*Holiday schedule subject to final approval by Rules Committee.



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Attachment 3

Considerations for Taking Positions on Legislation

As new bills are introduced or amended in the Legislature, the California Board of Accountancy (CBA) may take a variety of positions, which are outlined below. Introduced legislation rarely passes through the legislative process without amendments and those amendments may change the CBA's position. Should the CBA take a position on a bill, staff will track the legislation and update the CBA on any developments.

Positions the CBA May Take

Sponsor:

The CBA is the sponsor of a bill, meaning the CBA participated in the development of the legislation, will provide technical assistance to the author on any related policy areas, and advocate its passage.

Support:

CBA supports the bill as currently written and sends a letter of support to interested legislators. The CBA may decide to take proactive action in favor of the bill.

Support if Amended:

The CBA supports the concept, or certain portions of the bill, but requests an amendment to obtain the CBA's full support. This position would be communicated to legislators along with the requested amendment. If the CBA's amendment is accepted without further significant amendments, the CBA's position will be changed automatically to support the bill, and a letter reflecting this new position will be sent to the Legislature.

Neutral:

The bill in question may affect the CBA's interests in some way, but the CBA does not have a formal position. If the CBA adopts a Neutral position, it may wish to consider sending a letter to explain its viewpoint.

Oppose unless Amended:

The CBA opposes the bill as presently written, but if the bill were amended as requested by the CBA, the CBA's position would change to neutral. This position

Considerations for Taking Positions on Legislation

Page 2 of 2

will be communicated to the author and other legislators, along with the suggested amendment. If the CBA's amendment is accepted without a significant change, a letter will be sent withdrawing the CBA's opposition and stating a new position.

Oppose:

The CBA opposes the bill. There are no reasonable or anticipated amendments that would change the CBA's position. The CBA would send a letter of opposition to the author and other legislators and may consider taking proactive action against the bill.

Watch:

The bill may develop into an item of interest for the CBA. Staff will continue to monitor the bill and update the CBA on any developments.

Discontinue Following:

The bill has changed in such a way that it is no longer of interest to the CBA. Staff will stop monitoring and providing updates on the bill.

Throughout the legislative process, staff will track the bills that the CBA takes a position on, and monitor other legislation that may be of interest to the CBA.

**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 372**

Subject:	Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes	CBA Position:	No Position
Version:	June 28, 2023	Author:	Menjivar
Status:	Assembly Appropriations Committee	Sponsor:	CA Association of Marriage and Family Therapists

Summary

Senate Bill (SB) 372 (**Attachment 1**) proposes to protect the privacy and ensure the safety of transgender and non-binary Californians by eliminating the use of deadnames¹ at the Department of Consumer Affairs (DCA) for licensed professionals who have changed their legal names.

Background

Existing law under Business and Professions Code (BPC) section 27 requires specified boards within DCA to provide information on the internet regarding the status of every license issued by that entity in accordance with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).

The public information to be provided on the internet must include information on suspensions and revocations of licenses issued by the entity and other related enforcement actions, including accusations filed pursuant to the Administrative Procedure Act. Each entity is required to disclose a licensee's address of record.

Analysis

This measure would add BPC section 27.5 to require boards within DCA, upon request from the licensee or registrant (licensee) and receipt of government-issued documentation, to 1) update a licensee's legal name or gender on the license, with references to the current name or gender after receiving government-issued documentation, and 2) update its online license verification system to replace references to the licensee's former name or gender with the current name or gender. The licensee's former name or gender shall not be published online.

¹ Per the fact sheet, deadnaming occurs when someone intentionally or unintentionally refers to a trans or non-binary person by the name they previously used.

If the licensee was previously subject to an enforcement action referencing the individual's former name or gender, the board shall post an online statement directing the public to contact the board for more information about the licensee's prior enforcement action, in lieu of posting the enforcement action online.

The bill specifies that documents authorizing a name or gender change of a licensee are confidential and not subject to public inspection or disclosure. The board, when receiving public requests for more information about licensees, shall ensure compliance with the Public Records Act.

SB 372 specifies that either of the following is required to demonstrate a legal name change of a licensee:

- 1) A certified court order issued pursuant to a proceeding authorized by subdivision (b) of Section 1277 of the Code of Civil Procedure and a copy of the certificate issued under the Secretary of State's Safe at Home program authorized by Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of the Government Code reflecting the licensee's updated name.
- 2) A certified court order issued pursuant to a proceeding authorized by Section 1277.5 of the Code of Civil Procedure or Article 7 (commencing with Section 103425) of Chapter 11 of Part 1 of Division 102 of the Health and Safety Code reflecting the licensee's updated name.

Any of the following government-issued documentation is sufficient for a licensee to demonstrate a gender change:

- 1) State-issued driver's license or identification card
- 2) Birth certificate
- 3) Passport
- 4) Social security card
- 5) Court order indicating a gender change from a court of this state, another state, the District of Columbia, any territory of the United States, or any foreign court

To ensure that documents pertaining to a licensee's name or gender change are kept confidential, the bill specifies that all records related to such a request shall be deemed confidential and not subject to public inspection or disclosure.

The Legislature finds and declares that this measure imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest: To protect the privacy rights and safety of individuals, it is necessary that this act limit the public's right of access to that information.

Recommendation

Staff have no recommended position on SB 372.

At the May 2023 meeting, the CBA did not adopt a position on the bill, however, it directed that a letter be sent to the author's office expressing the CBA's concerns with the bill as amended on April 20, 2023, related to consumer access and transparency of licensee's enforcement history. That letter (**Attachment 2**) was transmitted to the author's office.

The amendments reflected in the June 28, 2023 version of the bill address the concerns the CBA expressed in its April letter, and provide additional clarification to ensure consumers can obtain the information necessary to make an informed decision when selecting a CPA.

Fiscal Estimate

There will be a workload impact to the CBA to update information on the CBA website, complete any increase in name changes, and process any increase in PRA requests.

Support/Opposition

Support:

- CA Association of Marriage and Family Therapists (Co-Sponsor)
- CA State Association of Psychiatrists (Co-Sponsor)
- CA Association of Social Rehabilitation Agencies (Co-Sponsor)
- CA Council of Community Behavioral Health Agencies (Co-Sponsor)
- CA Psychological Association (Co-Sponsor)
- CA Association for Licensed Professional Clinical Counselors (Co-Sponsor)
- California State Association of Psychiatrists (Co-Sponsor)
- National Association of Social Workers – CA (Co-Sponsor)
- Psychiatric Physicians Alliance of California (Co-Sponsor)
- AFSCME
- Asian Americans for Community Involvement
- Board of Behavioral Sciences
- California Academy of Family Physicians
- California Access Coalition
- California Consortium of Addiction Programs and Professionals
- California Council of Community Behavioral Health Agencies (CHBA)
- California Dental Association
- County Behavioral Health Directors Association of California
- Equality California
- PathPoint
- Steinberg Institute
- Sycamores
- The Kennedy Forum

SB 372

Page 4 of 4

Opposition: Physician Assistant Board
California Board of Psychology

Effective/Operative Date

January 1, 2024

Related Bills

- Assembly Bill (AB) 2315 (Arambula, Chapter 932, Statutes of 2022) requires the governing board of each community college district to implement a system by which students, staff, and faculty can declare an affirmed name, gender, or both, to be used and to be updated, in certain records.
- AB 421 (Ward, Chapter 40, Statutes of 2022) updates procedures for changing gender and sex identifiers on official documents, addressing internal inconsistencies from AB 218 of 2021.
- AB 218 (Ward, Chapter 577, Statutes of 2021) creates, as of January 1, 2023, a process for a petitioner seeking a change of gender to also request that their marriage license and certificate and their children's birth certificates be reissued with updated information about the petitioner.

Attachments

1. SB 372
2. California Board of Accountancy Concerns Letter
3. SB 372 Fact Sheet

AMENDED IN ASSEMBLY JUNE 28, 2023

AMENDED IN ASSEMBLY JUNE 12, 2023

AMENDED IN SENATE APRIL 20, 2023

AMENDED IN SENATE MARCH 20, 2023

SENATE BILL

No. 372

**Introduced by Senator Menjivar
(Coauthors: Senators Cortese and Wiener)**

(Coauthors: Assembly Members Haney, Lee, Pellerin, and Wallis)

February 9, 2023

An act to add Section 27.5 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 372, as amended, Menjivar. Department of Consumer Affairs: licensee and registrant records: name and gender changes.

Existing law establishes in the Business, Consumer Services, and Housing Agency the Department of Consumer Affairs. Existing law establishes various boards within the department for the licensure, regulation, and discipline of various professions and vocations. Existing law defines "board" for purposes of the Business and Professions Code to include bureau, commission, committee, department, division, examining committee, program, and agency, unless otherwise expressly provided.

This bill would require a board to update a licensee's or registrant's license by replacing references to the former name or gender on the license or registration, as specified, if the board receives documentation, as described, from the licensee or registrant demonstrating that the licensee or registrant's legal name or gender has been changed. If the

board operates an online license verification system, the bill would require the board to replace references to the licensee's or registrant's former name or with the individual's current name or gender, as applicable, on the publicly viewable information displayed on the internet. The bill would prohibit a board from publishing information relating to the licensee's or registrant's former name or gender online. *Instead, the bill would require the board to post an online statement directing the public to contact the board for more information.* For specified licensees or registrants, the board would be prohibited from posting enforcement records online, but would be required to ~~direct~~ *post an online statement stating that the individual was previously subject to an enforcement action and directing the public to contact the board, as prescribed.* *The bill would provide that all records related to a request to update an individual's license or registration under these provisions are confidential and not subject to public inspection or disclosure.* The bill would require the board, if requested by a licensee or registrant, to reissue any license created by the board and conferred upon the licensee or registrant. The bill would prohibit a board from charging a higher fee for reissuing a license with an updated legal name or gender than the fee it charges for reissuing a license with other updated information.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 27.5 is added to the Business and
- 2 Professions Code, to read:
- 3 27.5. (a) (1) Notwithstanding any other law, if a board receives
- 4 government-issued documentation, as described in subdivision
- 5 (b), from a licensee or registrant demonstrating that the licensee's
- 6 or registrant's legal name or gender has been changed, the board,
- 7 upon request by the licensee or registrant, shall update the
- 8 individual's license or registration by replacing references to the

1 former name or gender on the license or registration, as applicable,
2 with references to the current name or gender.

3 (2) (A) If the board operates an online license verification
4 system, upon request by a licensee or registrant whose name or
5 gender was updated pursuant to paragraph (1), the board shall
6 replace references to the licensee's or registrant's former name or
7 gender with the individual's current name or gender, as applicable,
8 on the publicly viewable information displayed on the internet
9 about the licensee or registrant. The licensee's or registrant's
10 former name or gender, as applicable, shall not be published online.

11 (B) Notwithstanding any other law, for licensees or registrants
12 subject to subparagraph (A) who were previously subject to an
13 enforcement ~~action~~, *action referencing the individual's former*
14 *name or gender, as applicable*, the board shall not post enforcement
15 records online, but shall instead post online a statement *stating*
16 *that the individual previously was subject to enforcement action*
17 *and directing the public to contact the board for more information*
18 *about the licensee's or registrant's prior enforcement action.* The
19 board shall ensure compliance with the California Public Records
20 Act (Division 10 (commencing with Section 7920.000) of Title 1
21 of the Government Code) in implementing this section, including,
22 but not limited to, responding to ~~the a~~ *a request for records* within
23 10 days from receipt of the request, as specified in Section
24 ~~7522.535~~ 7922.535 of the Government Code.

25 (C) *If a public search of the online license verification system*
26 *is performed using a licensee's or registrant's former name that*
27 *was replaced pursuant to subparagraph (A), the board shall post*
28 *an online statement directing the public to contact the board for*
29 *more information about the licensee or registrant.*

30 (3) If requested by the licensee or registrant, the board shall
31 reissue *the* license created by the board and conferred upon the
32 licensee or registrant by the board. A board shall not charge a
33 higher fee for reissuing a document with an updated legal name
34 or gender than the fee it regularly charges for reissuing a document
35 with other updated information.

36 (b) (1) The documentation identified in either of the following
37 is required to demonstrate a legal name change of a licensee or
38 registrant:

39 (A) A certified court order issued pursuant to a proceeding
40 authorized by subdivision (b) of Section 1277 of the Code of Civil

1 Procedure and a copy of the certificate issued under the Secretary
 2 of State's Safe at Home program authorized by Chapter 3.1
 3 (commencing with Section 6205) of Division 7 of Title 1 of the
 4 Government Code reflecting the licensee's or registrant's updated
 5 name.

6 (B) A certified court order issued pursuant to a proceeding
 7 authorized by Section 1277.5 of the Code of Civil Procedure or
 8 Article 7 (commencing with Section 103425) of Chapter 11 of
 9 Part 1 of Division 102 of the Health and Safety Code reflecting
 10 the licensee's or registrant's updated name.

11 (2) Any of the following documents is sufficient to demonstrate
 12 a gender change of a licensee or registrant:

13 (A) State-issued driver's license or identification card.

14 (B) Birth certificate.

15 (C) Passport.

16 (D) Social security card.

17 (E) Court order indicating a gender ~~change~~: *change from a court*
 18 *of this state, another state, the District of Columbia, any territory*
 19 *of the United States, or any foreign court.*

20 *(c) Notwithstanding any other law, all records related to a*
 21 *request by a licensee or registrant for a board to update the*
 22 *individual's license or registration pursuant to this section,*
 23 *including, but not limited to, all documentation described in*
 24 *subdivision (b), are confidential and not subject to public*
 25 *inspection or disclosure.*

26 SEC. 2. The Legislature finds and declares that Section 1 of
 27 this act, which adds Section 27.5 to the Business and Professions
 28 Code, imposes a limitation on the public's right of access to the
 29 meetings of public bodies or the writings of public officials and
 30 agencies within the meaning of Section 3 of Article I of the
 31 California Constitution. Pursuant to that constitutional provision,
 32 the Legislature makes the following findings to demonstrate the
 33 interest protected by this limitation and the need for protecting
 34 that interest:

35 In order to protect the privacy rights and safety of individuals,
 36 it is necessary that this act limit the public's right of access to that
 37 information.



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June 7, 2023

Attachment 2

The Honorable Caroline Menjivar
California State Assembly
1021 O Street, Room 6720
Sacramento, CA 95814

Bill: SB 372

Dear Senator Menjivar:

At its May 18, 2023 meeting, the California Board of Accountancy (CBA) discussed Senate Bill (SB) 372, as amended on April 20, 2023.

SB 372 would require Department of Consumer Affairs' (DCA) boards to update a licensee's legal name or gender in its online license verification system upon receipt of appropriate documentation, and to hold the licensee's former name or gender as confidential, as specified.

The policy focus of the bill, specifically addressing the practice of "deadnaming," is commendable and consistent with the CBA's goals for diversity, equity, access, and inclusion as is stated in the current CBA Strategic Plan. The Plan specifies being receptive to new ideas, supporting a variety of perspectives, and being responsive and considerate to all individuals. However, there may be a potential consumer impact based on how the legislation is implemented.

Presently, consumers can access both license and enforcement-related information directly from the online license verification system (referred to as License Lookup) and can also access enforcement-specific information directly from the CBA website via a name or license number search.

If consumers use the CBA's public enforcement documents search tool and locate disciplinary information on a licensee who has subsequently changed their name, they may be unable to locate the licensee when searching for that name using License Lookup to verify licensure.

As proposed in SB 372, the provisions of this bill as drafted would apply to all licensees requesting a name change, not just those who are transgender or non-binary and want to prevent possible deadnaming. It does not take into consideration licensees who may want to retain their former name in an online database. For example, it's possible a

licensee who changes their name as a result of marriage may want their prior name accessible for business purposes.

The CBA understands that DCA has been working with your office and stakeholders on amendments. Although the CBA hasn't taken a formal position on this measure yet, it appears that the DCA-proposed amendments would address implementation concerns noted in our letter.

The CBA stands ready to be a resource or participate in discussions on ways to enhance SB 372 to facilitate the elimination of deadnaming while also ensuring consumer access to critical licensure information is maintained.

If you have questions, please contact Dominic Franzella, Acting Executive Officer, at (916) 561-1711 or Dominic.Franzella@cba.ca.gov.

Sincerely,



Katrina L. Salazar, CPA
President

- c: Members, California Board of Accountancy
- Members, Assembly Business and Professions Committee
- Members, Senate Business, Professions and Economic Development Committee
- Elissa Silva, Consultant, Senate Business, Professions and Economic Development Committee
- Kaitlin Curry, Consultant, Assembly Business and Professions Committee
- Bill Lewis, Principal Consultant, Assembly Republican Caucus
- Kayla Williams, Consultant, Senate Republican Caucus

Senate Bill 372

RESPECT FOR NAMES ACT

Senator Caroline Menjivar (D – San Fernando Valley)

SUMMARY

SB 372 would work to protect the privacy and ensure the safety of transgender and non-binary Californians by eliminating the use of deadnames at the Department of Consumer Affairs (DCA) for licensed professionals who have changed their legal names.

PROBLEM

Deadnaming occurs when someone intentionally or unintentionally refers to a trans or non-binary person by the name they previously used. Currently, when a licensed professional has legally changed their name, their original or deadname still **appears in the DCA's BreEZe** online license verification system. This practice can both negatively impact the mental health as well as the physical safety of all licensees under DCA who are identified by their deadname online.

BACKGROUND

Transgender people experience high rates of discrimination, especially if they are known or believed to be trans. The National Center for Transgender Equality found in their 2015 US Trans Survey that 46% of people surveyed had been verbally harassed and 9% had been physically assaulted for their trans identity. Additionally, 30% reported experiencing discrimination in the workplace or with prospective employers. The UCLA Williams Institute found that trans adults have a suicidal ideation rate 12 times higher and a suicide attempt rate 18 times higher than the general population.¹

When transgender or non-binary people transition or come out, they may choose a new name to affirm their identity. Research has shown that referring to someone using their chosen name can reduce depressive symptoms and even suicidal ideation and behavior for transgender people.²

The DCA licenses professionals ranging from mental health service providers to chiropractors to nurses. It is imperative that the state take every step to uplift and

¹ Suicide Thoughts and Attempts Among Transgender Adults - Williams Institute (ucla.edu)

² <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6165713/>

protect trans and non-binary Californians. DCA can help protect its over 3.4 million licensed professionals by ensuring that trans and non-binary licensees who have legally changed their names have their identities reflected on their online system.

SOLUTION

SB 372 takes a simple step to protect the safety and privacy of trans and non-binary licensees by requiring DCA to update the BreEZe online license verification system to limit the online display only **to the licensee's** legal name. It will also direct DCA to create a process by which a licensee with a former name can be identified for purposes of accessing an enforcement action under a prior name..

STATUS

Amended March 20th - 2023

SUPPORT

CA Association of Marriage and Family Therapists (Co-Sponsor)
 CA State Association of Psychiatrists (Co-Sponsor)
 CA Association of Social Rehabilitation Agencies (Co-Sponsor)
 CA Council of Community Behavioral Health Agencies (Co-Sponsor)
 CA Psychological Association (Co-Sponsor)
 CA Association for Licensed Professional Clinical Counselors (Co-Sponsor)
 National Association of Social Workers – CA (Co-Sponsor)
 Psychiatric Physicians Alliance of California (Co-Sponsor)
 AFSCME
 Asian Americans for Community Involvement
 California Access Coalition
 California Council of Community Behavioral Health Agencies (CHBA)
 California Dental Association
 Equality California
 PathPoint

CONTACT

Rainer Apostol
Office of Senator Caroline Menjivar
(916) 651-4020



CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 544

Subject:	Bagley-Keene Open Meeting Act: Teleconferencing.	CBA Position:	Support
Version:	April 27, 2023	Author:	Laird
Status:	Assembly Governmental Organization Committee	Sponsor:	California Commission on Aging

Summary

Senate Bill (SB) 544 (**Attachment 1**) would amend the Bagley-Keene Open Meeting Act (Bagley-Keene) related to how a state body conducts a meeting by teleconference. The bill would require state bodies to provide an opportunity for the public to address the state body, ensure the state body implements procedures to accommodate and resolve requests from individuals with disabilities, cease or recess meetings when technical issues are identified, and provide transparency for those participating remotely by requiring the disclosure of other individuals 18 years of age and older who are present.

Recommendation

Maintain Support Position. Staff recommend the CBA maintain its Support position (**Attachment 2**) on SB 544. The bill has not been amended since last discussed at the May 2023 CBA meeting.

Background

Existing law (Government Code (GC) section 11120) establishes the Bagley-Keene Open Meeting Act, which requires state bodies to conduct their business in open public meetings, except as provided in Bagley-Keene, and establishes requirements and procedures for such meetings.

At the outset of the pandemic in March 2020, Governor Newsom issued Executive Order N-29-20, which stated:

Notwithstanding any other provision of state or local law (including, but not limited to, the Bagley-Keene Act or the Brown Act), and subject to the notice and accessibility requirements set forth below, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body or state body. All requirements in both the Bagley-Keene Act and the Brown Act

expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting, are hereby waived.

Assembly Bill (AB) 361 (Rivas, Chapter 165, Statutes of 2021) amended GC section 11133 to provide that until January 31, 2022, meetings of state bodies may be conducted via teleconference.

On January 5, 2022, Governor Newsom signed a new executive order extending the sunset of the teleconference provisions of AB 361. Under Executive Order N-1-22, state bodies were permitted to continue holding public meetings via teleconference through March 31, 2022.

AB 189 (Committee on Budget, Chapter 48, Statutes of 2022), authorized through July 1, 2023, state bodies to hold public meetings through teleconferencing and to make public meetings accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and address the state body.

Analysis

According to the fact sheet (**Attachment 3**), the author states:

Senate Bill 544 updates teleconferencing requirements in the Bagley-Keene Act, which governs how state boards and commissions conduct open meetings, to promote equity and public participation through virtual meetings while safeguarding the personal safety of board and commission members.

Provisions of the Bill

SB 544 would require that, beginning January 1, 2024, if a state body elects to conduct a meeting by teleconference, it must provide a means by which the public may remotely hear, remotely observe, or attend the meeting by providing on the posted agenda a teleconference telephone number, a website or other online platform, and a physical address for at least one site with access equivalent to that of a member of the state body participating remotely.

The specified teleconference telephone number, website or other online platform, and physical address indicating how the public can access the meeting remotely and in person shall be identified in any required meeting notice.

The bill requires that if a state body holds a meeting through teleconference, and allows a member of the public to observe and address the meeting, the state body must: 1) implement a procedure to receive and swiftly resolve requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990; and 2) advertise that procedure each time notice is given when members of the public may observe the meeting or offer public comment.

SB 544 would prohibit the meeting notice and agenda from disclosing remote location information from which a member is participating. Under this bill, members of the public would be entitled to exercise their right to directly address the state body during the teleconferenced meeting without being required to submit public comments prior to the meeting or in writing.

In the event that a state body discovers a means of remote participation has failed during a meeting and cannot be restored, the state body must end or adjourn the meeting in accordance with the prescribed adjournment and notice provisions, including information about reconvening.

If a member of a state body attends a meeting by teleconference from a remote location, this bill would require that member to disclose whether any other individuals 18 years or older are present in the room at the remote location, and the general nature of the member's relationship to that individual.

The bill makes legislative findings and declarations, stating that during the COVID-19 emergency, audio and video teleconferencing were widely used to conduct public meetings in lieu of physical meetings, that those meetings have been productive, increased public participation by all members of the public regardless of their location, increased the pool of people of those who are able to serve on these bodies, protected the health and safety of civil servants and public, and have reduced travel costs incurred by members of state bodies and reduced work hours traveling to and from meetings.

Potential Impacts to the CBA

The overall goal of this measure is to establish permanent changes in the Bagley-Keene Act that would facilitate teleconference meetings in nearly the same manner as they have been conducted under the Governor's executive orders resulting from the COVID-19 pandemic and codified in AB 189.

Below is an overview of steps the CBA would need to take to implement the provisions of SB 544:

- The CBA would be required to have at least one physical meeting location where members of the public can attend and address members (any members that are present and those participating remotely). This would eliminate a prior requirement that teleconference meeting agendas include all physical meeting locations for all members participating remotely.
- If a member participates remotely, they would need to disclose if another individual, who is 18 years of age or older, is present at their location and the general nature of the relationship with the individual.
- Identify a process to notify interested persons if technical issues occur that require a meeting to end or be adjourned and reconvened on the same day.

- Implement procedures to quickly resolve requests for reasonable modifications or accommodations from individuals with disabilities consistent with the federal Americans with Disabilities Act. (Note: the CBA presently has a designated staff member to address requests for accommodations).

As drafted, this bill would require CBA and other state bodies to operate under pre-pandemic meeting rules, as it relates to teleconference meetings, between July 2, 2023 and December 31, 2023, since AB 189 (Committee on Budget, Chapter 48, Statutes of 2022) is only effective through July 1, 2023, and SB 544 would not take effect until January 1, 2024.

Fiscal Estimate

If the CBA were to meet primarily by teleconference, in accordance with the provisions of SB 544, it would result in cost savings to the CBA. The savings would fluctuate based on the number of members who participate via teleconference versus those who would attend in person. The pre-pandemic costs for in-person CBA meetings in 2019 was \$158,105.

Support/Opposition

Support: California Commission on Aging (Sponsor)
AARP
Board of Registered Nursing
California Acupuncture Board
California Association of Area Agencies on Aging
California Senior Legislature
California State Board of Barbering and Cosmetology
California State Board of Pharmacy
Health Officers Association of California
Little Hoover Commission
State Bar of California

Opposition: ACLU California Action
California Broadcasters Association
California News Publishers Association
Californians Aware
First Amendment Coalition
Howard Jarvis Taxpayers Association

Effective/Operative Date

January 1, 2024

Related Bills

- AB 189 (Committee on Budget, Chapter 48, Statutes of 2022). Authorized a state body to hold public meetings through teleconferencing and to make public meetings

accessible telephonically, or otherwise electronically, to all members of the public seeking to observe and to address the state body through July 1, 2023. The bill maintained the existing meeting notice and agenda posting requirements.

- AB 1733 (Quirk, 2022) would have permitted state bodies to meet via teleconference, permit state body members to participate either remotely or in-person, and require state bodies to permit members of the public to directly address the state body during a teleconferenced meeting. The bill would have required members who participate remotely with another adult present at their location to report that presence. In the event of a known connection failure, the state body would have been required to adjourn the meeting (never heard in Assembly Governmental Organization Committee).
- AB 361 (Robert Rivas, Chapter 165, Statutes of 2021) allowed, until January 31, 2022, state bodies to use teleconferencing without complying with specified Bagley-Keene requirements in certain state emergencies, and provides similar authorizations for legislative bodies subject to the Gloria Romero Open Meetings Act of 2000.

Attachments

1. Senate Bill 544
2. California Board of Accountancy Support Letter
3. Senate Bill 544 Fact sheet

AMENDED IN SENATE APRIL 27, 2023

AMENDED IN SENATE MARCH 20, 2023

SENATE BILL

No. 544

Introduced by Senator Laird

February 15, 2023

An act to amend Section 11123 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 544, as amended, Laird. Bagley-Keene Open Meeting Act: teleconferencing.

Existing law, the Bagley-Keene Open Meeting Act, requires, with specified exceptions, that all meetings of a state body be open and public and all persons be permitted to attend any meeting of a state body. The act authorizes meetings through teleconference subject to specified requirements, including, among others, that the state body post agendas at all teleconference locations, that each teleconference location be identified in the notice and agenda of the meeting or proceeding, that each teleconference location be accessible to the public, that the agenda provide an opportunity for members of the public to address the state body directly at each teleconference location, and that at least one member of the state body be physically present at the location specified in the notice of the meeting.

Existing law, until July 1, 2023, authorizes, subject to specified notice and accessibility requirements, a state body to hold public meetings through teleconferencing and suspends certain requirements of the act, including the above-described teleconference requirements.

This bill would amend existing law that will remain operative after July 1, 2023, to remove indefinitely the teleconference requirements

that a state body post agendas at all teleconference locations, that each teleconference location be identified in the notice and agenda of the meeting or proceeding, and that each teleconference location be accessible to the public. The bill would require a state body to provide a means by which the public may remotely hear audio of the meeting, remotely observe the meeting, or attend the meeting by providing on the posted agenda a teleconference telephone number, an internet website or other online platform, and a physical address for at least one site, including, if available, access equivalent to the access for a member of the state body participating remotely. The bill would require any notice required by the act to specify the applicable teleconference telephone number, internet website or other online platform, and physical address indicating how the public can access the meeting remotely and in person. The bill would revise existing law to no longer require that members of the public have the opportunity to address the state body directly at each teleconference location, but would continue to require that the agenda provide an opportunity for members of the public to address the state body directly. The bill would require a member or staff to be physically present at the location specified in the notice of the meeting.

This bill would provide that it does not affect prescribed existing notice and agenda requirements and would require the state body to post an agenda on its internet website and, on the day of the meeting, at any physical meeting location designated in the notice of the meeting. The bill would prohibit the notice and agenda from disclosing information regarding any remote location from which a member is participating and define “remote location” for this purpose. The bill would provide that members of the public shall be entitled to exercise their right to directly address the state body during the teleconferenced meeting without being required to submit public comments prior to the meeting or in writing.

This bill would require a state body, upon discovering that a means of remote participation required by the bill has failed during a meeting and cannot be restored, to end or adjourn the meeting in accordance with prescribed adjournment and notice provisions, including information about reconvening.

This bill would require a state body that holds a meeting through teleconferencing pursuant to the bill and allows members of the public to observe and address the meeting telephonically or otherwise electronically to implement and advertise, as prescribed, a procedure

for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990.

This bill would require a member of a state body who attends a meeting by teleconference from a remote location to disclose whether any other individuals 18 years of age or older are present in the room at the remote location with the member and the general nature of the member's relationship with any such individuals.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11123 of the Government Code is
- 2 amended to read:
- 3 11123. (a) All meetings of a state body shall be open and
- 4 public and all persons shall be permitted to attend any meeting of
- 5 a state body except as otherwise provided in this article.
- 6 (b) (1) This article does not prohibit a state body from holding
- 7 an open or closed meeting by teleconference for the benefit of the
- 8 public and state body. The meeting or proceeding held by
- 9 teleconference shall otherwise comply with all applicable
- 10 requirements or laws relating to a specific type of meeting or
- 11 proceeding, including the following:
- 12 (A) The teleconferencing meeting shall comply with all
- 13 requirements of this article applicable to other meetings.
- 14 (B) The portion of the teleconferenced meeting that is required
- 15 to be open to the public shall be audible to the public at the location
- 16 specified in the notice of the meeting.
- 17 (C) If the state body elects to conduct a meeting or proceeding
- 18 by teleconference, it shall conduct teleconference meetings in a
- 19 manner that protects the rights of any party or member of the public
- 20 appearing before the state body. The state body shall provide a
- 21 means by which the public may remotely hear audio of the meeting,

1 remotely observe the meeting, or attend the meeting by providing
2 on the posted agenda a teleconference telephone number, an
3 internet website or other online platform, and a physical address
4 for at least one site, including, if available, access equivalent to
5 the access for a member of the state body participating remotely.
6 The applicable teleconference telephone number, internet website
7 or other online platform, and physical address indicating how the
8 public can access the meeting remotely and in person shall be
9 specified in any notice required by this article.

10 (D) The agenda shall provide an opportunity for members of
11 the public to address the state body directly pursuant to Section
12 11125.7.

13 (E) All votes taken during a teleconferenced meeting shall be
14 by rollcall.

15 (F) The portion of the teleconferenced meeting that is closed to
16 the public may not include the consideration of any agenda item
17 being heard pursuant to Section 11125.5.

18 (G) At least one member or staff of the state body shall be
19 physically present at the location specified in the notice of the
20 meeting.

21 *(H) This section does not affect the requirement prescribed by*
22 *this article that the state body post an agenda of a meeting in*
23 *accordance with the applicable notice requirements of this article,*
24 *including Section 11125, requiring the state body to post an agenda*
25 *of a meeting at least 10 days in advance of the meeting, Section*
26 *11125.4, applicable to special meetings, and Sections 11125.5 and*
27 *11125.6, applicable to emergency meetings. The state body shall*
28 *post the agenda on its internet website and, on the day of the*
29 *meeting, at any physical meeting location designated in the notice*
30 *of the meeting. The notice and agenda shall not disclose*
31 *information regarding any remote location from which a member*
32 *is participating.*

33 *(I) Members of the public shall be entitled to exercise their right*
34 *to directly address the state body during the teleconferenced*
35 *meeting without being required to submit public comments prior*
36 *to the meeting or in writing.*

37 *(J) Upon discovering that a means of remote participation*
38 *required by this section has failed during a meeting and cannot*
39 *be restored, the state body shall end or adjourn the meeting in*
40 *accordance with Section 11128.5. In addition to any other*

1 *requirements that may apply, the state body shall provide notice*
2 *of the meeting's end or adjournment on the state body's internet*
3 *website and by email to any person who has requested notice of*
4 *meetings of the state body by email under this article. If the meeting*
5 *will be adjourned and reconvened on the same day, further notice*
6 *shall be provided by an automated message on a telephone line*
7 *posted on the state body's agenda, internet website, or by a similar*
8 *means, that will communicate when the state body intends to*
9 *reconvene the meeting and how a member of the public may hear*
10 *audio of the meeting or observe the meeting.*

11 (2) For the purposes of this subdivision, “teleconference” both
12 of the following definitions shall apply:

13 (A) “Teleconference” means a meeting of a state body, the
14 members of which are at different locations, connected by
15 electronic means, through either audio or both audio and video.
16 This section does not prohibit a state body from providing members
17 of the public with additional locations in which the public may
18 observe or address the state body by electronic means, through
19 either audio or both audio and video.

20 (B) “Remote location” means a location from which a member
21 of a state body participates in a meeting other than any physical
22 meeting location designated in the notice of the meeting. Remote
23 locations need not be accessible to the public.

24 (c) If a state body holds a meeting through teleconferencing
25 pursuant to this section and allows members of the public to
26 observe and address the meeting telephonically or otherwise
27 electronically, the state body shall also do both of the following:

28 (1) Implement a procedure for receiving and swiftly resolving
29 requests for reasonable modification or accommodation from
30 individuals with disabilities, consistent with the federal Americans
31 with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and
32 resolving any doubt whatsoever in favor of accessibility.

33 (2) Advertise that procedure each time notice is given of the
34 means by which members of the public may observe the meeting
35 and offer public comment.

36 (d) The state body shall publicly report any action taken and
37 the vote or abstention on that action of each member present for
38 the action.

39 (e) *If a member of a state body attends a meeting by*
40 *teleconference from a remote location, the member shall disclose*

1 *whether any other individuals 18 years of age or older are present*
2 *in the room at the remote location with the member, and the*
3 *general nature of the member's relationship with any such*
4 *individuals.*

5 (e)

6 (f) For purposes of this section, “participate remotely” means
7 participation in a meeting at a location other than the physical
8 location designated in the agenda of the meeting.

9 SEC. 2. The Legislature finds and declares that Section 1 of
10 this act, which amends Section 11123 of the Government Code,
11 imposes a limitation on the public's right of access to the meetings
12 of public bodies or the writings of public officials and agencies
13 within the meaning of Section 3 of Article I of the California
14 Constitution. Pursuant to that constitutional provision, the
15 Legislature makes the following findings to demonstrate the interest
16 protected by this limitation and the need for protecting that interest:

17 (a) By removing the requirement for agendas to be placed at
18 the location of each public official participating in a public meeting
19 remotely, including from the member's private home or hotel
20 room, this act protects the personal, private information of public
21 officials and their families while preserving the public's right to
22 access information concerning the conduct of the people's business.

23 (b) During the COVID-19 public health emergency, audio and
24 video teleconference were widely used to conduct public meetings
25 in lieu of physical location meetings, and those public meetings
26 have been productive, increased public participation by all
27 members of the public regardless of their location and ability to
28 travel to physical meeting locations, increased the pool of people
29 who are able to serve on these bodies, protected the health and
30 safety of civil servants and the public, and have reduced travel
31 costs incurred by members of state bodies and reduced work hours
32 spent traveling to and from meetings.

33 (c) Conducting audio and video teleconference meetings
34 enhances public participation and the public's right of access to
35 meetings of the public bodies by improving access for individuals
36 that often face barriers to physical attendance.

O

**California Board of Accountancy**2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov**Attachment 2**

June 6, 2023

The Honorable John Laird
California State Senate
1021 O Street, Room 8720
Sacramento, CA 95814**Bill: SB 544**
Position: Support

Dear Senator Laird:

At its May 18, 2023 meeting, the California Board of Accountancy (CBA) took a Support position on Senate Bill (SB) 544, as amended on April 27, 2023.

SB 544 would establish permanent changes in the Bagley-Keene Open Meeting Act (Bagley-Keene) related to how a state body conducts a meeting by teleconference.

The CBA agrees with the bill's overall goal to facilitate teleconference meetings in the same manner as they were conducted under the Governor's Executive Orders resulting from COVID-19 and codified in Assembly Bill 361 (Rivas, Chapter 165, Statutes of 2021) and SB 189 (Committee on Budget and Fiscal Review, Chapter 48, Statutes of 2022). CBA meetings held in this manner over the last three years have demonstrated that the objectives of Bagley-Keene can be met effectively, while maintaining transparency and accessibility for the public.

The CBA values the additional flexibility created due to the ability to meet via teleconference and appreciates this opportunity to have that option in the future. The CBA found that the use of teleconferencing has also enabled greater participation at its public meetings.

If you have questions, please contact Dominic Franzella, Acting Executive Officer, at (916) 561-1711 or Dominic.Franzella@cba.ca.gov.

Sincerely,

A handwritten signature in black ink that reads 'Katrina L. Salazar'.

Katrina L. Salazar, CPA
President

- c: Members, California Board of Accountancy
- Members, Assembly Business and Professions Committee
- Members, Senate Business, Professions and Economic Development Committee
- Kaitlin Curry, Consultant, Assembly Business and Professions Committee
- Elissa Silva, Consultant, Senate Business, Professions and Economic Development Committee
- Bill Lewis, Principal Consultant, Assembly Republican Caucus
- Kayla Williams, Consultant, Senate Republican Caucus

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California State Senate

SENATOR
JOHN LAIRD

SEVENTEENTH SENATE DISTRICT



Senate Bill 544 – State Boards and Commissions: Personal Safety and Public Access to Remote Hearings

SUMMARY

Senate Bill 544 updates teleconferencing requirements in the Bagley-Keene Act, which governs how state boards and commissions conduct open meetings, to promote equity and public participation through virtual meetings while safeguarding the personal safety of board and commission members.

BACKGROUND

The Bagley-Keene Open Meeting Act, initially passed in 1967, establishes the rules for meetings of state bodies. These rules are intended to ensure public access and allow input on meetings of state boards and commissions. In response to the COVID-19 pandemic, Governor Newsom issued an executive order in March 2020 permitting state bodies to hold meetings virtually, without requiring a physical location or the posting of the addresses of the teleconference location of attending board members as currently required under the Bagley-Keene Act.

What started as an experiment to promote health and safety during the COVID-19 pandemic has proven to be successful and enhances public participation while still ensuring sufficient access to state hearings. Virtual meetings have improved access for Californians that face barriers to physical attendance, such as those living in different areas of the state, individuals with limited mobility, caretakers, and more. Members of the public without the economic means to travel could still provide public comment.

In surveying state boards and commissions, the Little Hoover Commission found that over 90% of reported costs decreased due to virtual meetings, and

that roughly half of state bodies had better attendance from their members.

The Governor's executive order waiver is set to expire on June 30, 2023. Beginning in July, state bodies holding virtual meetings will again be required to post the physical location of all attending board and commission members. This poses personal safety concerns since remote attendance of board and commission members is often a private residence or hotel room, and members would also be required to provide the public with physical access to the remote meeting location. In addition, private residences may not meet Americans with Disabilities Act (ADA) requirements.

THIS BILL

Senate Bill 544 promotes public access at state board and commission meetings by requiring a method for the public to remotely participate and observe the meeting via teleconference or an online platform, and a physical address for at least one site be provided on the posted agenda. Additionally, the bill requires state bodies to implement a procedure for accommodating accessibility requests consistent with the Americans with Disabilities Act of 1990.

Senate Bill 544 also safeguards the personal safety of state board and commission members by eliminating the requirement for state bodies to post the physical address of each member participating remotely in a meeting.

SPONSOR

California Commission on Aging

CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 816

Subject:	Profession and Vocations.	Position:	Support
Version:	June 27, 2023	Author:	Roth
Status:	Assembly Appropriations Committee		

Summary

Senate Bill (SB) 816 (**Attachment 1**) contains statutory proposals for several Department of Consumer Affairs (DCA) boards, including the fee increase proposal approved by the California Board of Accountancy (CBA) at its May 2023 meeting. This analysis focuses only on the proposed amendments related to the CBA.

Recommendation

Maintain Support Position. Staff recommend the CBA maintain its support position (**Attachment 2**) on the provisions of SB 816 relating to the CBA.

At the May 2023 CBA meeting, the CBA adopted a support position on fee restructuring language. This language was amended into SB 816 on June 27, 2023.

Background

In January 2023, the DCA presented the CBA's Fee Analysis (Fee Analysis), which reflected that many of the CBA's present fee levels were inadequate in recovering the actual cost of the associated service. Without a fee increase, the CBA would continue its negative cash flow, where authorized expenditures exceed revenues, and the Accountancy Fund would continue decreasing and create the possibility of insolvency in future years.

Using the Fee Analysis as a guide, the CBA approved a legislative proposal at its January 2023 meeting to increase various fee levels. Subsequent to this approval, staff, working with the DCA Budget Office, prepared an alternative proposal specific to the increases for initial licensure and license renewal fees for both certified public accountants and accounting firms and the accounting firm application fee. The alternative fee change proposal was approved by the CBA at its May 2023 meeting.

Analysis

The bill proposes the following:

- Delete the provision to charge a separate fee to out-of-state candidates for the Uniform Certified Public Accountant (CPA) Examination.
- Increase the statutory cap for the application fee for CPA licensure to \$700.
- Establish the fee charged to each applicant for registration as a partnership or professional corporation, commencing July 1, 2024, at \$250 and increase the statutory cap to \$2,000.

- Increase the biennial license renewal fee¹ for CPAs as follows:
 - For permits expiring after June 30, 2024, the fee would be \$340.
 - For permits expiring after June 30, 2026, the fee would be \$400.
- Increase the biennial license renewal fee for a partnership or professional corporation as follows:
 - For permits expiring after June 30, 2024, the fee would be \$400.
 - For permits expiring after June 30, 2026, the fee would be \$520.

SB 816 would also provide that if the CBA has unencumbered funds in an amount equal to more than the CBA's operating budget for the next two fiscal years, the board may adjust biennial renewal fees by regulation at an amount less than those identified above.

As part of its discussion during the May 2023 meeting, the CBA approved proposed statutory language that would provide the CBA authority to increase fees consistent with the California Consumer Price Index. This was not included in SB 816; however, staff were informed that this concept is being discussed on a broader scale for all DCA boards and bureaus.

Fiscal Estimate

The fee increases will have a positive impact on the CBA's Accountancy Fund and will resolve the current negative annual cash flow.

Support/Opposition

Support: California Board of Psychology
California State Board of Pharmacy
International Interior Design Association Northern California Chapter
International Interior Design Association Southern California Chapter

Opposition: None

Effective/Operative Date

January 1, 2024

Related Bills

- SB 887 (Senate Business, Professions and Economic Development Committee) proposes to amend several sections of the BPC, including obsolete provisions in BPC 5134 relating to the CBA.
- AB 1521 (Low, Chapter 359, Statutes of 2019) was the CBA's sunset bill and extended the CBA's statutory authority from January 1, 2020, to January 1, 2024. It also established a minimum and maximum fees, \$250 and \$280 respectively, that the CBA may charge for license renewal and initial licensure.

¹ Pursuant to Business and Professions Code section 5134(j), the initial permit fee is equal to the license renewal fee. If the initial permit period is issued for one year or less, the initial permit fee is equal to 50% of the license renewal fee.

Attachments

1. Senate Bill 816 (excerpt)
2. California Board of Accountancy Support Letter

AMENDED IN ASSEMBLY JUNE 27, 2023

AMENDED IN SENATE APRIL 20, 2023

SENATE BILL

No. 816

Introduced by Senator Roth

February 17, 2023

An act to amend Sections 2881.2, 2987, 2988, 4531.1, 4836.2, 5134, 5681, 5800, 5801, 5801.1, 5802, 5803, 5804, 5805, 5807, and 5812 of, ~~and~~ to amend, renumber, and add Section 5811.1 of, *and to amend, repeal, and add Sections 4119.01, 4119.11, 4128.2, 4161, 4202.5, 4210, and 4400 of*, the Business and Professions Code, relating to professions and ~~vocations~~: *vocations, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 816, as amended, Roth. Professions and vocations.

(1) Existing law, the Vocational Nursing Practice Act, establishes in the Department of Consumer Affairs a Board of Vocational Nursing and Psychiatric Technicians of the State of California, which is charged with various licensing, regulatory, and disciplinary functions related to vocational nursing. Existing law, effective until January 1, 2025, sets forth an approval process for a vocational nursing school or program and authorizes the board to reduce the continuing approval fees, by no more than $\frac{1}{2}$ of the established fee, for a program that experiences a reduction in state funding that directly leads to a reduction in enrollment capacity.

Existing law, the Psychiatric Technicians Law, also grants the board authority to license and regulate psychiatric technicians. That law, effective until January 1, 2025, similarly establishes an approval process for a school or program for psychiatric technicians and authorizes the board to reduce the continuing approval fees, by no more than $\frac{1}{2}$ of the

established fee, for a program that experiences a reduction in state funding that directly leads to a reduction in enrollment capacity.

This bill would instead authorize the board to reduce the continuing approval fees in the above-described circumstances for a program that experiences a reduction in enrollment capacity that directly leads to a reduction in state funding. The bill would revise related provisions to require the board to require a program to provide documentation for purposes of issuing the fee reduction.

(2) Existing law, the Psychology Licensing Law, imposes various fees on applicants for licensure and on licensees, including an application fee for registration as a psychologist of \$50, a biennial renewal fee for registration as a psychologist of \$400, an initial psychologist licensing fee in an amount not to exceed the renewal fee, an application fee for registration as a psychological associate of \$75, an annual renewal fee for registration of a psychological associate of no more than \$75, and a delinquency fee for each license type not to exceed \$150. Existing law requires a licensed psychologist who holds an inactive license to pay a biennial renewal fee of no more than \$40.

This bill would increase various fees imposed under the Psychology Licensing Law. In this regard, the bill would increase the application fee for registration as a psychologist to \$236, the biennial renewal fee for registration as a psychologist to \$795, the initial psychologist licensing fee to \$231, the application fee for registration as a psychological associate to \$424, and the annual renewal fee for registration of a psychological associate to \$224. The bill would increase the maximum delinquency fee for each of these license types to \$397.50. The bill would also establish an application fee in the amount of \$127 for the California Psychology Law and Ethics Examination and a fee in the amount of \$184 for Fingerprint Hard Card Processing for Out of State Applicants. The bill would increase the biennial renewal fee that a licensed psychologist with an inactive license must pay to \$221.

~~(2)~~

(3) Existing law, until January 1, 2027, provides a comprehensive scheme for the certification and regulation of interior designers. Under existing law, a Certified Interior Designer may obtain a stamp from an interior design organization that includes a number that identifies and bears the name of the designer, and that stamp certifies that the Certified Interior Designer has provided the interior design organization with

evidence of passage of an interior design examination and completion of certain interior design education or experience requirements.

This bill would, instead, establish the California Council for Interior Design Certification to carry out duties and responsibilities governing the stamp certification and regulation of interior designers. The bill would authorize the council to issue certifications pursuant to these provisions to applicants who provide satisfactory evidence of compliance with specified education, experience, and examination requirements. The bill would identify the individual as either a “Certified Interior Designer” or “Certified Commercial Interior Designer” if the designer has completed certain additional interior design courses and examination requirements for the commercial designation, as determined by the council.

This bill would authorize the council to adopt bylaws, rules, and procedures and establish reasonable application fees, renewal fees, and other fees related to the regulatory cost of providing services and carrying out the council’s duties. The bill would make other related and conforming changes to these provisions.

(4) Existing law, the Pharmacy Law, establishes the licensure and regulation of the practice of pharmacy, including, among others, pharmacies, wholesalers or third-party logistics providers, nonresident wholesalers or third-party logistic providers, centralized hospital packing pharmacies, sterile compounding pharmacies, and paramedics. Existing law specifies the fees for issuance or renewal of licenses issued pursuant to the Pharmacy Law, including, among others, pharmacy licenses, outsourcing facility licenses, and centralized hospital packaging licenses.

This bill would reorganize and revise the fee schedule for specified licenses issued pursuant to the Pharmacy Law to both increase and decrease the amounts charged for the original issuance and renewal of those licenses, as well as for temporary licenses. The bill would also establish the fee schedule for the application and licensing fees of remote dispensing site pharmacies. The bill would make these provisions operative on January 1, 2025.

(3)

(5) Existing law, the Veterinary Medicine Practice Act, provides for the regulation of the practice of veterinary medicine by the Veterinary Medical Board in the Department of Consumer Affairs. Existing law requires the board to adopt regulations establishing animal health care tasks that may be performed by licensed veterinarians, registered

veterinary technicians, or veterinary assistants. Existing law establishes a process by which a veterinary assistant may apply for a controlled substance permit. Existing law prohibits the board from issuing a veterinary assistant controlled substance permit to any applicant with a state or federal felony controlled substance conviction. Existing law makes it a misdemeanor for any person to violate or aid or abet in the violation of the act.

This bill would delete the prohibition on the board issuing a veterinary assistant controlled substance permit to an applicant with a conviction, as described above. By expanding the application of the act, the violation of which is a crime, the bill would impose a state-mandated local program.

(6) Existing law establishes the California Board of Accountancy, which is within the Department of Consumer Affairs, and requires the board to license and regulate accountants in this state. Existing law imposes various fees on applicants for licensure as a certified public accountant and on certified public accountant licensees, including an application fee for a certified public accountant certificate in an amount not to exceed \$250 and a biennial renewal fee for each permit to engage in the practice of public accountancy in an amount not to exceed \$280. Existing law imposes a fee in an amount not to exceed \$250 to each applicant for registration as a partnership or professional corporation. Existing law credits all moneys received by the board to the Accountancy Fund and continuously appropriates all money in that fund derived from fees.

This bill would increase various fees, including the application fee for a certified public accountant certificate to \$700. The bill would adjust and increase the biennial renewal fee for each permit to engage in the practice of public accountancy that expires after June 30, 2024, to \$340 for a certified public accountant and \$400 for a partnership or professional corporation. The bill would adjust and increase the biennial renewal fee for each permit to engage in the practice of public accountancy that expires after June 30, 2026, to \$400 for a certified public accountant and \$520 for a partnership or professional corporation. The bill would increase the fee imposed on an applicant for registration as a partnership or professional corporation to no less than \$250, but no more than \$2,000. By increasing the fees deposited in a continuously appropriated fund, this bill would make an appropriation.

(7) Existing law establishes the California Architects Board within the Department of Consumer Affairs, and sets forth its powers and duties relating to the licensing and regulation of landscape architects, including the authority to issue licenses for the practice of landscape architecture. Existing law imposes various fees on applicants for licensure as a landscape architect and on landscape architect licensees, including an application fee not to exceed \$100, a fee for the examination for a license to practice landscape architecture in an amount not to exceed the actual cost to the board to administer each exam, a fee not to exceed \$400 for an original license, a fee not to exceed \$50 for a duplicate license, and a renewal fee not to exceed \$400.

This bill would increase the above-described fees imposed on landscape architect applicants and licensees. In this regard, the bill would impose an application fee of \$100 and a fee for the California Supplemental Examination of not less than \$350. The bill would authorize the board to increase the examination fee by regulation up to \$400. The bill would increase the fee for an original license to \$700. The bill would authorize the board to increase the fee by regulation up to \$800. The bill would increase the fee for a duplicate license to \$300 and would increase the renewal fee to be not less than \$700. The bill would authorize the board to increase the original license fee by regulation up to \$800.

The

(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 2881.2 of the Business and Professions
- 2 Code is amended to read:
- 3 2881.2. (a) The approval process for a school or program shall
- 4 be consistent with the following timelines:
- 5 (1) (A) Upon receipt of a letter of intent to submit an application
- 6 for approval as a school or program of licensed vocational nursing,

1 (d) The board shall request from the Department of Justice
2 subsequent notification service, as provided pursuant to Section
3 11105.2 of the Penal Code, for persons described in paragraph (1)
4 of subdivision (c).

5 *SEC. 20. Section 5134 of the Business and Professions Code*
6 *is amended to read:*

7 5134. The amount of fees prescribed by this chapter is as
8 follows:

9 (a) The fee to be charged to each applicant for the certified
10 public accountant examination shall be fixed by the board at an
11 amount not to exceed six hundred dollars (\$600). The board may
12 charge a reexamination fee not to exceed seventy-five dollars (\$75)
13 for each part that is subject to reexamination.

14 ~~(b) The fee to be charged to out-of-state candidates for the~~
15 ~~certified public accountant examination shall be fixed by the board~~
16 ~~at an amount not to exceed six hundred dollars (\$600) per~~
17 ~~candidate.~~

18 ~~(e)~~

19 (b) The application fee to be charged to each applicant for
20 issuance of a certified public accountant certificate shall be fixed
21 by the board at an amount not to exceed ~~two hundred fifty dollars~~
22 ~~(\$250); seven hundred dollars (\$700).~~

23 ~~(d) The application fee to be charged to each applicant for~~
24 ~~issuance of a certified public accountant certificate by waiver of~~
25 ~~examination shall be fixed by the board at an amount not to exceed~~
26 ~~two hundred fifty dollars (\$250).~~

27 ~~(e) The~~

28 (c) *After June 30, 2024, the* fee to be charged to each applicant
29 for registration as a partnership or professional corporation shall
30 ~~be fixed by the board at an amount not to exceed~~ *not be less than*
31 *two hundred fifty dollars (\$250) and shall not exceed two*
32 *thousand dollars (\$2,000).*

33 ~~(f) The biennial fee for the renewal of each of the permits to~~
34 ~~engage in the practice of public accountancy specified in Section~~
35 ~~5070 shall not be less than two hundred fifty dollars (\$250) and~~
36 ~~shall not exceed two hundred eighty dollars (\$280).~~

37 (d) (1) *The biennial renewal fee for a certified public*
38 *accountant to engage in the practice of public accountancy, as*
39 *specified in Section 5070, shall be three hundred forty dollars*
40 *(\$340) for permits expiring after June 30, 2024.*

1 (2) *The biennial renewal fee for a certified public accountant*
2 *to engage in the practice of public accountancy, as specified in*
3 *Section 5070, shall be four hundred dollars (\$400) for permits*
4 *expiring after June 30, 2026.*

5 (e) (1) *The biennial renewal fee for a partnership or*
6 *professional corporation shall be four hundred dollars (\$400) for*
7 *permits expiring after June 30, 2024.*

8 (2) *The biennial renewal fee a partnership or professional*
9 *corporation shall be five hundred twenty dollars (\$520) for permits*
10 *expiring after June 30, 2026.*

11 (f) *If the board has unencumbered funds in an amount that is*
12 *equal to more than the board's operating budget for the next two*
13 *fiscal years, the board may fix the biennial renewal fees by*
14 *regulation at an amount less than those identified in subdivision*
15 *(d) for certified public accountants and subdivision (e) for*
16 *partnerships and professional corporations.*

17 (g) *The application fee to be charged to each applicant for a*
18 *retired status license, as described in Section 5070.1, shall be fixed*
19 *by the board at an amount not to exceed two hundred fifty dollars*
20 *(\$250).*

21 (h) *The application fee to be charged to each applicant for*
22 *restoration of a license in a retired status to an active status pursuant*
23 *to subdivision (f) of Section 5070.1 shall be fixed by the board at*
24 *an amount not to exceed one thousand dollars (\$1,000).*

25 (i) *The delinquency fee shall be 50 percent of the accrued*
26 *renewal fee.*

27 (j) *The initial permit fee is an amount equal to the renewal fee*
28 *in effect on the last regular renewal date before the date on which*
29 *the permit is issued, except that, if the permit is issued one year*
30 *or less before it will expire, then the initial permit fee is an amount*
31 *equal to 50 percent of the renewal fee in effect on the last regular*
32 *renewal date before the date on which the permit is issued. The*
33 *board may, by regulation, provide for the waiver or refund of the*
34 *initial permit fee where the permit is issued less than 45 days before*
35 *the date on which it will expire.*

36 (k) (1) *The annual fee to be charged an individual for a practice*
37 *privilege pursuant to Section 5096 with an authorization to sign*
38 *attest reports shall be fixed by the board at an amount not to exceed*
39 *one hundred twenty-five dollars (\$125).*

1 (2) The annual fee to be charged an individual for a practice
2 privilege pursuant to Section 5096 without an authorization to sign
3 attest reports shall be fixed by the board at an amount not to exceed
4 80 percent of the fee authorized under paragraph (1).

5 (l) The fee to be charged for the certification of documents
6 evidencing passage of the certified public accountant examination,
7 the certification of documents evidencing the grades received on
8 the certified public accountant examination, or the certification of
9 documents evidencing licensure shall be twenty-five dollars (\$25).

10 (m) The board shall fix the fees in accordance with the limits
11 of this section and any increase in a fee fixed by the board shall
12 be pursuant to regulation duly adopted by the board in accordance
13 with the limits of this section.

14 (n) It is the intent of the Legislature that, to ease entry into the
15 public accounting profession in California, any administrative cost
16 to the board related to the certified public accountant examination
17 or issuance of the certified public accountant certificate that
18 exceeds the maximum fees authorized by this section shall be
19 covered by the fees charged for the biennial renewal of the permit
20 to practice.

21 *SEC. 21. Section 5681 of the Business and Professions Code*
22 *is amended to read:*

23 5681. The fees prescribed by this chapter for landscape architect
24 applicants and landscape architect licensees shall be fixed by the
25 board as follows:

26 (a) The application fee for reviewing an applicant's eligibility
27 to take any section of the examination ~~may not exceed~~ *shall be*
28 one hundred dollars (\$100).

29 (b) The fee for any section of the examination administered by
30 the board shall not exceed the actual cost to the board for
31 purchasing and administering each exam. *The fee for the California*
32 *Supplemental Examination shall be three hundred fifty dollars*
33 *(\$350). The board may adopt regulations to set the fee at a higher*
34 *amount, up to a maximum of four hundred dollars (\$400).*

35 (c) The fee for an original license ~~may not exceed four hundred~~
36 ~~dollars (\$400),~~ *shall be seven hundred dollars (\$700) and the board*
37 *may adopt regulations to set the fee at a higher amount, up to a*
38 *maximum of eight hundred dollars (\$800), except that, if the license*
39 *is issued less than one year before the date on which it will expire,*
40 *then the fee shall equal 50 percent of the fee fixed by the board*

**California Board of Accountancy**2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov

July 12, 2023

Attachment 2The Honorable Richard D. Roth
California State Senate
1021 O Street, Room 7510
Sacramento, CA 95814**Bill: SB 816**
Position: Support

Dear Senator Roth:

On behalf of the California Board of Accountancy (CBA), I would like to express my appreciation for including CBA-requested statutory changes in Senate Bill (SB) 816 to increase specified fees.

The CBA is in support of SB 816, as amended on June 27, 2023, which will provide increased revenues for the CBA to eliminate its negative annual cash flow, more closely align fees with the associated service, and build its reserves to ensure the CBA has the resources necessary to meet its consumer protection mission.

If you have questions, please contact Dominic Franzella, Acting Executive Officer, at (916) 561-1711 or Dominic.Franzella@cba.ca.gov.

Sincerely,

A handwritten signature in black ink that reads 'Katrina L. Salazar'.

Katrina L. Salazar, CPA
President

cc: Members, California Board of Accountancy
Deanne Pearce, Assistant Executive Officer, California Board of Accountancy
Members, Assembly Business and Professions Committee
Members, Senate Business, Professions and Economic Development Committee
Elissa Silva, Consultant, Senate Business, Professions and Economic Development Committee
Kaitlin Curry, Consultant, Assembly Business and Professions Committee
Bill Lewis, Principal Consultant, Assembly Republican Caucus
Kayla Williams, Consultant, Senate Republican Caucus

CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 887

Subject:	Consumer Affairs.	CBA Position:	Support
Version:	April 20, 2023	Author:	Senate Business, Professions and Economic Development Committee
Status:	Assembly Floor	Sponsor:	Author

Summary

Senate Bill (SB) 887 (**Attachment 1**) proposes to amend several sections of the Business and Professions Code (BPC) relating to the Department of Justice and various boards and bureaus within the Department of Consumer Affairs (DCA), including the California Board of Accountancy (CBA). This analysis focuses only on the proposed amendments relating to the CBA.

Recommendation

Maintain Support Position. Staff recommend the CBA maintain its Support position (**Attachment 2**) on SB 887.

Background

CBA Non-Substantive Changes

At the January 2023 meeting, the CBA approved several non-substantive edits to the BPC for submission to the Senate Business, Professions and Economic Development Committee for consideration in a Committee bill.

Analysis

CBA Non-Substantive Changes

Senate Bill 887 includes the following non-substantive changes relating to the CBA:

Advisory Committee Deletion

This bill deletes the authorization for a continuing education advisory committee under BPC section 5029. The CBA has not used and does not foresee using this advisory committee in the future.

Peer Review Changes

This bill deletes the term “substandard” contained in BPC section 5076 and replaces it with the term “fail” consistent with the American Institute of Certified Public Accountants standards.

SB 887

Page 2 of 2

Additionally, the bill deletes outdated language regarding a peer review reporting requirement the CBA completed in 2014.

Practice Privilege Fees

This bill deletes the outdated authorization for the CBA to collect fees under the prior practice privilege provisions in BPC section 5134(k).

Outdated Language Relating to New CPA Licensure Requirements in 2013

This bill proposes to delete language in BPC section 5092.1 that provided a period of time for candidates who were in the pipeline to obtain their license without having to return to school to obtain the 20 hours of accounting study and 10 units of ethics study.

Other Non-substantive Changes

This bill incorporates other non-substantive changes, including gender neutral pronouns, updated terminology to reference internet website, and grammatical changes.

Fiscal Estimate

None.

Support/Opposition

Support: Board of Accountancy
Board of Psychology
Board of Registered Nursing
Speech-Language Pathology and Audiology and Hearing Aid Dispensers
Board Veterinary Medical Board

Opposition: None

Effective/Operative Date

January 1, 2024

Related Bills

None

Attachments

1. Senate Bill 887 (Excerpt)
2. California Board of Accountancy Support Letter

AMENDED IN SENATE APRIL 20, 2023

SENATE BILL**No. 887**

Introduced by Committee on Business, Professions and Economic Development (Senators Roth (Chair), Alvarado-Gil, Archuleta, Ashby, Becker, Dodd, Eggman, Glazer, Nguyen, Niello, Smallwood-Cuevas, Wahab, and Wilk)

March 14, 2023

An act to amend Sections 115.8, 472.4, 2530.3, 2532, 2532.5, 2535.4, 2537.3, 2538.20, 2538.21, 2538.27, 2538.28, 2538.30, 2538.32, 2538.33, 2538.34, 2538.36, 2538.40, 2538.49, 2538.50, 2538.51, 2538.56, 2539.1, 2539.6, 2710, 2728, 2732, 2732.1, 2733, 2734, 2736, 2746.8, 2759, 2760, 2761, 2762, 2765, 2770.11, 2770.7, 2780, 2785.6, 2800, 2811, 2811.5, 2816, 2826, 2828, 2830.6, 2833, 2836, 2838.1, 2838.2, 2915.4, 2915.5, 4427.8, 4846, 4861, 4875.3, 4989.14, 5017.1, 5017.5, 5022, 5028, 5037, 5051, 5053, 5057, 5058.2, 5058.3, 5058.4, 5060, 5063.3, 5070.7, 5076, 5082.4, 5094, 5096.20, 5096.21, 5103.5, 5104, 5107, 5121, 5134, 5550.3, 10471, and 21638.5 of, *to amend, repeal, and add Section 7685.3 of*, to add Section 4990.11 to, and to repeal Sections 2738, 5029, and 5092.1 of, the Business and Professions Code, and to amend Sections 94874.8, 94874.9, 94878, 94897, 94902, 94905, 94910, 94910.5, 94911, 94913, 94941, 94942, and 94949.73 of the Education Code, relating to consumer affairs.

LEGISLATIVE COUNSEL'S DIGEST

SB 887, as amended, Committee on Business, Professions and Economic Development. Consumer affairs.

(1) Existing law requires the Department of Consumer Affairs to compile an annual report for the Legislature containing specified

by the Board of Behavioral Sciences and defines “educationally related mental health services” for purposes of supervising associate marriage and family therapists, associate clinical social workers, or associate professional clinical counselors.

This bill would also make the definition applicable for purposes of supervising marriage and family therapist trainees.

~~(6)~~

(9) Existing law establishes the California Board of Accountancy to license and regulate accountants, and authorizes the board to establish an advisory continuing education committee to perform specified duties, including evaluating programs and advising the board as to whether they qualify under regulations adopted by the board. Existing law requires an accounting firm to have a peer review report of its accounting and auditing practice every 3 years in order to renew its registration or convert to an active status, and requires a firm issued a substandard peer review report to submit a copy of the report to the board. Under existing law, an individual whose principal place of business is not in California and who has a valid and current license, certificate, or permit to practice public accountancy from another state may engage in the practice of public accountancy in California through a practice privilege if specified conditions are met. Existing law establishes an annual fee to be charged an individual for a practice privilege.

This bill would delete the provision authorizing the board to establish an advisory continuing education committee. The bill would require a firm issued a peer report with a rating of “fail” instead of a substandard peer report to submit a copy of the report to the board. The bill would delete the annual fee for a practice privilege.

(10) Existing law, the Architects Practice Act, establishes the California Architects Board in the Department of Consumer Affairs for the licensure and regulation of persons engaged in the practice of architecture. Existing law authorizes the board to adopt guidelines for the delegation of its authority to grade examinations of applicants for licensure to a vendor under contract to the board for provision of an architect’s registration examination, subject to specified procedures and limitations.

This bill would provide that a candidate who received full credit for all divisions of the Architect Registration Examination (ARE) before May 1, 2023, shall be deemed to have passed the ARE.

(11) Existing law, the Cemetery and Funeral Act, establishes the Cemetery and Funeral Bureau within the Department of Consumer

1 (7) Group and individualized counseling with the client and
2 family.

3 (8) Mobilizing school and community resources to enable the
4 client to learn as effectively as possible in their educational
5 program, as outlined in Section 300.34 of Title 34 of the Code of
6 Federal Regulations.

7 ~~SEC. 56.~~

8 *SEC. 60.* Section 4990.11 is added to the Business and
9 Professions Code, to read:

10 4990.11. For purposes of license and registration verification,
11 a person may rely upon the licensing and registration information
12 as it is displayed on the board's internet website that includes the
13 issuance and expiration dates of any license or registration issued
14 by the board.

15 ~~SEC. 57.~~

16 *SEC. 61.* Section 5017.1 of the Business and Professions Code
17 is amended to read:

18 5017.1. The board shall post, within 10 days of board approval,
19 the finalized minutes from meetings of the board that are open and
20 public pursuant to Section 5017 on the board's internet website.
21 The minutes shall remain on the board's internet website for at
22 least three years. Providing a link on the internet website to the
23 minutes shall satisfy this requirement.

24 ~~SEC. 58.~~

25 *SEC. 62.* Section 5017.5 of the Business and Professions Code
26 is amended to read:

27 5017.5. (a) The board shall provide a live audio or video
28 broadcast, on its internet website, of each of its board meetings
29 that are open and public.

30 (b) (1) If technical failure prevents the board from providing a
31 live broadcast as specified in subdivision (a), that failure shall not
32 constitute a violation of this section if the board exercised
33 reasonable diligence in providing a live broadcast.

34 (2) Failure to provide a live broadcast of its board meetings due
35 to technical failure shall not prohibit the board from meeting and
36 taking actions.

37 (c) The recording of the live audio or video broadcast shall
38 remain on the internet website for at least three years. Providing
39 a link on the internet website to the recording of the live audio or
40 video broadcast shall satisfy this requirement.

1 ~~SEC. 59.~~

2 *SEC. 63.* Section 5022 of the Business and Professions Code
3 is amended to read:

4 5022. The qualifications committee shall make
5 recommendations and forward its report to the board for action on
6 any matter on which it is authorized to act. An applicant for
7 registration as a certified public accountant who is aggrieved by
8 any action taken by the committee with respect to their
9 qualifications may appeal to the board in accordance with rules or
10 regulations prescribed by the board. The board on the appeal may
11 give an oral or written examination as an aid in determining
12 whether the applicant is qualified under the terms of this chapter.

13 ~~SEC. 60.~~

14 *SEC. 64.* Section 5028 of the Business and Professions Code
15 is amended to read:

16 5028. The board may, in accordance with the intent of this
17 article, make exceptions from continuing education requirements
18 for licensees not engaged in public practice, or for reasons of
19 health, military service, or other good cause. If the licensee returns
20 to the practice of public accounting, they shall meet continuing
21 education requirements as the board may determine.

22 ~~SEC. 61.~~

23 *SEC. 65.* Section 5029 of the Business and Professions Code
24 is repealed.

25 ~~SEC. 62.~~

26 *SEC. 66.* Section 5037 of the Business and Professions Code
27 is amended to read:

28 5037. (a) All statements, records, schedules, working papers
29 and memoranda made by a licensee or a partner, shareholder,
30 officer, director, or employee of a licensee, incident to, or in the
31 course of, rendering services to a client in the practice of public
32 accountancy, except the reports submitted by the licensee to the
33 client and except for records that are part of the client's records,
34 shall be and remain the property of the licensee in the absence of
35 an express agreement between the licensee and the client to the
36 contrary. No such statement, record, schedule, working paper, or
37 memoranda shall be sold, transferred, or bequeathed, without the
38 consent of the client or their personal representative or assignee,
39 to anyone other than one or more surviving partners or stockholders

1 or new partners or stockholders of the licensee, or any combined
2 or merged firm or successor in interest to the licensee.

3 (b) A licensee shall furnish to ~~a~~ *their* client or former client,
4 upon request and reasonable notice:

5 (1) A copy of the licensee's working papers, to the extent that
6 those working papers include records that would ordinarily
7 constitute part of the client's records and are not otherwise
8 available to the client.

9 (2) Any accounting or other records belonging to, or obtained
10 from or on behalf of, the client that the licensee removed from the
11 client's premises or received for the client's account. The licensee
12 may make and retain copies of documents of the client when they
13 form the basis for work done by them.

14 ~~SEC. 63.~~

15 *SEC. 67.* Section 5051 of the Business and Professions Code
16 is amended to read:

17 5051. Except as provided in Sections 5052 and 5053, a person
18 shall be deemed to be engaged in the practice of public accountancy
19 within the meaning and intent of this chapter if they do any of the
20 following:

21 (a) Hold themselves out to the public in any manner as one
22 skilled in the knowledge, science, and practice of accounting, and
23 as qualified and ready to render professional service as a public
24 accountant for compensation.

25 (b) Maintain an office for the transaction of business as a public
26 accountant.

27 (c) Offer to prospective clients to perform for compensation, or
28 does perform on behalf of clients for compensation, professional
29 services that involve or require an audit, examination, verification,
30 investigation, certification, presentation, or review of financial
31 transactions and accounting records.

32 (d) Prepare or certify for clients reports on audits or
33 examinations of books or records of account, balance sheets, and
34 other financial, accounting and related schedules, exhibits,
35 statements, or reports that are to be used for publication, for the
36 purpose of obtaining credit, for filing with a court of law or with
37 any governmental agency, or for any other purpose.

38 (e) In general or as an incident to that work, render professional
39 services to clients for compensation in any or all matters relating

1 to accounting procedure and to the recording, presentation, or
2 certification of financial information or data.

3 (f) Keep books, make trial balances, prepare statements, make
4 audits, or prepare reports, all as a part of bookkeeping operations
5 for clients.

6 (g) Prepare or sign, as the tax preparer, tax returns for clients.

7 (h) Prepare personal financial or investment plans or provide
8 to clients products or services of others in implementation of
9 personal financial or investment plans.

10 (i) Prepare management consulting services to clients.

11 The activities set forth in subdivisions (f) to (i), inclusive, are
12 “public accountancy” only when performed by a certified public
13 accountant or public accountant, as defined in this chapter.

14 A person is not engaged in the practice of public accountancy
15 if the only services they engage in are those defined by subdivisions
16 (f) to (i), inclusive, and they do not hold themselves out, solicit,
17 or advertise for clients using the certified public accountant or
18 public accountant designation. A person is not holding themselves
19 out, soliciting, or advertising for clients within the meaning of this
20 section solely by reason of displaying a CPA or PA certificate in
21 their office or identifying themselves as a CPA or PA on other
22 than signs, advertisements, letterhead, business cards, publications
23 directed to clients or potential clients, or financial or tax documents
24 of a client.

25 ~~SEC. 64.~~

26 *SEC. 68.* Section 5053 of the Business and Professions Code
27 is amended to read:

28 5053. Nothing contained in this chapter precludes a person
29 who is not a certified public accountant or public accountant from
30 serving as an employee of, or an assistant to, a certified public
31 accountant or public accountant or partnership or a corporation
32 composed of certified public accountants or public accountants
33 holding a permit to practice pursuant to this chapter if the employee
34 or assistant works under the control and supervision of a certified
35 public accountant, or a public accountant authorized to practice
36 public accountancy pursuant to this chapter and if the employee
37 or assistant does not issue any statement over their name.

38 This section does not apply to an attorney at law in connection
39 with the practice of law.

1 ~~SEC. 65.~~

2 *SEC. 69.* Section 5057 of the Business and Professions Code
3 is amended to read:

4 5057. Notwithstanding any other provision of law, an individual
5 holding a valid and current license, certificate, or permit to practice
6 public accountancy from another state shall be exempt from the
7 requirement to obtain a permit to practice public accountancy
8 issued by the board under this chapter or to secure a practice
9 privilege pursuant to Article 5.1 (commencing with Section 5096)
10 if all of the following conditions are satisfied:

- 11 (a) The individual’s client is located in another state.
- 12 (b) The individual’s engagement with the client relates to work
13 product to be delivered in another state.
- 14 (c) The individual does not solicit California clients, or have
15 their principal place of business in this state.
- 16 (d) The individual does not assert or imply that they are licensed
17 to practice public accountancy in California.
- 18 (e) The individual’s practice of public accountancy in this state
19 on behalf of the client located in another state is of a limited
20 duration, not extending beyond the period required to service the
21 engagement for the client located in another state.
- 22 (f) The individual’s practice of public accountancy in this state
23 specifically relates to servicing the engagement for the client
24 located in another state.

25 ~~SEC. 66.~~

26 *SEC. 70.* Section 5058.2 of the Business and Professions Code
27 is amended to read:

28 5058.2. The holder of an inactive license issued by the board
29 pursuant to Section 462, when lawfully using the title “certified
30 public accountant,” the CPA designation, or any other reference
31 that would suggest that the person is licensed by the board on
32 materials such as correspondence, internet websites, business cards,
33 nameplates, or name plaques, shall place the term “inactive”
34 immediately after that designation.

35 ~~SEC. 67.~~

36 *SEC. 71.* Section 5058.3 of the Business and Professions Code
37 is amended to read:

38 5058.3. The holder of a retired license issued by the board
39 pursuant to Section 5070.1, when lawfully using the title “certified
40 public accountant,” the CPA designation, or any other reference

1 that would suggest that the person is licensed by the board on
2 materials such as correspondence, internet websites, business cards,
3 nameplates, or name plaques, shall place the term “retired”
4 immediately after that title, designation, or reference.

5 ~~SEC. 68.~~

6 *SEC. 72.* Section 5058.4 of the Business and Professions Code
7 is amended to read:

8 5058.4. The holder of a permit in a military inactive status
9 issued by the board pursuant to Section 5070.2, when lawfully
10 using the title “certified public accountant,” the CPA designation,
11 or any other reference that would suggest that the person is licensed
12 by the board, on materials such as correspondence, internet
13 websites, business cards, nameplates, or name plaques, shall place
14 the term “military inactive” immediately after that title, designation,
15 or reference.

16 ~~SEC. 69.~~

17 *SEC. 73.* Section 5060 of the Business and Professions Code
18 is amended to read:

19 5060. (a) No person or firm may practice public accountancy
20 under any name which is false or misleading.

21 (b) No person or firm may practice public accountancy under
22 any name other than the name under which the person or firm
23 holds a valid permit to practice issued by the board.

24 (c) Notwithstanding subdivision (b), a sole proprietor may
25 practice under a name other than the name set forth on their permit
26 to practice, provided the name is registered by the board, is in good
27 standing, and complies with the requirements of subdivision (a).

28 (d) The board may adopt regulations to implement, interpret,
29 and make specific the provisions of this section including, but not
30 limited to, regulations designating particular forms of names as
31 being false or misleading.

32 ~~SEC. 70.~~

33 *SEC. 74.* Section 5063.3 of the Business and Professions Code
34 is amended to read:

35 5063.3. (a) No confidential information obtained by a licensee,
36 in their professional capacity, concerning a client or a prospective
37 client shall be disclosed by the licensee without the written
38 permission of the client or prospective client, except the following:

39 (1) Disclosures made by a licensee in compliance with a
40 subpoena or a summons enforceable by order of a court.

1 (2) Disclosures made by a licensee regarding a client or
2 prospective client to the extent the licensee reasonably believes it
3 is necessary to maintain or defend themselves in a legal proceeding
4 initiated by the client or prospective client.

5 (3) Disclosures made by a licensee in response to an official
6 inquiry from a federal or state government regulatory agency.

7 (4) Disclosures made by a licensee or a licensee's duly
8 authorized representative to another licensee or person in
9 connection with a proposed sale or merger of the licensee's
10 professional practice, provided the parties enter into a written
11 nondisclosure agreement with regard to all client information
12 shared between the parties.

13 (5) Disclosures made by a licensee to either of the following:

14 (A) Another licensee to the extent necessary for purposes of
15 professional consultation.

16 (B) Organizations that provide professional standards review
17 and ethics or quality control peer review.

18 (6) Disclosures made when specifically required by law.

19 (7) Disclosures specified by the board in regulation.

20 (b) In the event that confidential client information may be
21 disclosed to persons or entities outside the United States of America
22 in connection with the services provided, the licensee shall inform
23 the client in writing and obtain the client's written permission for
24 the disclosure.

25 ~~SEC. 71.~~

26 *SEC. 75.* Section 5070.7 of the Business and Professions Code
27 is amended to read:

28 5070.7. (a) A permit that is not renewed within five years
29 following its expiration may not be renewed, restored, or reinstated
30 thereafter, and the certificate of the holder of the permit shall be
31 canceled immediately upon expiration of the five-year period,
32 except as provided in subdivision (e).

33 (b) A partnership or corporation whose certificate has been
34 canceled by operation of this section may obtain a new certificate
35 and permit only if it again meets the requirements set forth in this
36 chapter relating to registration and pays the registration fee and
37 initial permit fee.

38 (c) A certified public accountant whose certificate is canceled
39 by operation of this section may apply for and obtain a new
40 certificate and permit if the applicant:

1 (1) Is not subject to denial of a certificate and permit under
2 Section 480.

3 (2) Pays all of the fees that would be required of them if they
4 were then applying for the certificate and permit for the first time.

5 (3) Takes and passes the examination that would be required of
6 them if they were then applying for the certificate for the first time.

7 The examination may be waived in any case in which the applicant
8 establishes to the satisfaction of the board that, with due regard
9 for the public interest, they are qualified to engage in practice as
10 a certified public accountant.

11 (d) The board may, by appropriate regulation, provide for the
12 waiver or refund of all or any part of the application fee in those
13 cases in which a certificate is issued without an examination under
14 this section.

15 (e) Revoked permits may not be renewed, but may be reinstated
16 by the board, without regard to the length of time that has elapsed
17 since the permit was revoked, and with conditions and restrictions
18 as the board shall determine.

19 ~~SEC. 72.~~

20 *SEC. 76.* Section 5076 of the Business and Professions Code
21 is amended to read:

22 5076. (a) In order to renew its registration in an active status
23 or convert to an active status, a firm, as defined in Section 5035.1,
24 shall have a peer review report of its accounting and auditing
25 practice accepted by a board-recognized peer review program no
26 less frequently than every three years.

27 (b) For purposes of this article, the following definitions apply:

28 (1) "Peer review" means a study, appraisal, or review conducted
29 in accordance with professional standards of the professional work
30 of a firm, and may include an evaluation of other factors in
31 accordance with the requirements specified by the board in
32 regulations. The peer review report shall be issued by an individual
33 who has a valid and current license, certificate, or permit to practice
34 public accountancy from this state or another state and is
35 unaffiliated with the firm being reviewed.

36 (2) "Accounting and auditing practice" includes any services
37 that were performed in the prior three years using professional
38 standards defined by the board in regulations.

39 (c) The board shall adopt regulations as necessary to implement,
40 interpret, and make specific the peer review requirements in this

1 section, including, but not limited to, regulations specifying the
2 requirements for board recognition of a peer review program,
3 standards for administering a peer review, extensions of time for
4 fulfilling the peer review requirement, exclusions from the peer
5 review program, and document submission.

6 (d) Nothing in this section shall prohibit the board from initiating
7 an investigation and imposing discipline against a firm or licensee,
8 either as the result of a complaint that alleges violations of statutes,
9 rules, or regulations, or from information contained in a peer review
10 report received by the board.

11 (e) A firm issued a peer reviewed report with a rating of “fail,”
12 as defined by the board in regulation, shall submit a copy of that
13 report to the board. The board shall establish in regulation the time
14 period that a firm must submit the report to the board. This period
15 shall not exceed 60 days from the time the report is accepted by a
16 board-recognized peer review program provider to the date the
17 report is submitted to the board.

18 (f) (1) A board-recognized peer review program provider shall
19 file a copy with the board of all peer review reports issued to
20 California-licensed firms with a rating of “fail.” The board shall
21 establish in regulation the time period that a board-recognized peer
22 review program provider shall file the report with the board. This
23 period shall not exceed 60 days from the time the report is accepted
24 by a board-recognized peer review program provider to the date
25 the report is filed with the board. These reports may be filed with
26 the board electronically.

27 (2) Nothing in this subdivision shall require a board-recognized
28 peer review program provider, when administering peer reviews
29 in another state, to violate the laws of that state.

30 (g) The board shall define a peer review report rating of “fail”
31 in regulation.

32 (h) Any requirements imposed by a board-recognized peer
33 review program on a firm in conjunction with the completion of
34 a peer review shall be separate from, and in addition to, any action
35 by the board pursuant to this section.

36 (i) Any peer review report with a rating of “fail” submitted to
37 the board in conjunction with this section shall be collected for
38 investigatory purposes.

39 (j) Nothing in this section affects the discovery or admissibility
40 of evidence in a civil or criminal action.

1 (k) Nothing in this section requires any firm to become a
2 member of any professional organization.

3 (l) A peer reviewer shall not disclose information concerning
4 licensees or their clients obtained during a peer review, unless
5 specifically authorized pursuant to this section, Section 5076.1, or
6 regulations prescribed by the board.

7 ~~(m) (1) By January 1, 2015, the board shall provide the~~
8 ~~Legislature and Governor with a report regarding the peer review~~
9 ~~requirements of this section that includes, without limitation:~~

10 ~~(A) The number of peer review reports completed to date and~~
11 ~~the number of reports that were submitted to the board as required~~
12 ~~in subdivision (e).~~

13 ~~(B) The number of enforcement actions that were initiated as a~~
14 ~~result of an investigation conducted pursuant to subdivision (i).~~

15 ~~(C) The number of firms that were recommended to take~~
16 ~~corrective actions to improve their practice through the mandatory~~
17 ~~peer review process, and the number of firms that took corrective~~
18 ~~actions to improve their practice following recommendations~~
19 ~~resulting from the mandatory peer review process.~~

20 ~~(D) The extent to which mandatory peer review of accounting~~
21 ~~firms enhances consumer protection.~~

22 ~~(E) The cost impact on firms undergoing mandatory peer review~~
23 ~~and the cost impact of mandatory peer review on the firm's clients.~~

24 ~~(F) A recommendation as to whether the mandatory peer review~~
25 ~~program should continue.~~

26 ~~(G) The extent to which mandatory peer review of small firms~~
27 ~~or sole practitioners that prepare nondisclosure compiled financial~~
28 ~~statements on another comprehensive basis of accounting enhances~~
29 ~~consumer protection.~~

30 ~~(H) The impact of peer review required by this section on small~~
31 ~~firms and sole practitioners that prepare nondisclosure compiled~~
32 ~~financial statements on another comprehensive basis of accounting.~~

33 ~~(I) The impact of peer review required by this section on small~~
34 ~~businesses, nonprofit corporations, and other entities that utilize~~
35 ~~small firms or sole practitioners for the purposes of nondisclosure~~
36 ~~compiled financial statements prepared on another comprehensive~~
37 ~~basis of accounting.~~

38 ~~(J) A recommendation as to whether the preparation of~~
39 ~~nondisclosure compiled financial statements on another~~

1 comprehensive basis of accounting should continue to be a part
2 of the mandatory peer review program.

3 ~~(2) A report to the Legislature pursuant to this section shall be~~
4 ~~submitted in compliance with Section 9795 of the Government~~
5 ~~Code.~~

6 ~~SEC. 73.~~

7 *SEC. 77.* Section 5082.4 of the Business and Professions Code
8 is amended to read:

9 5082.4. A Canadian Chartered Accountant in good standing
10 may be deemed by the board to have met the examination
11 requirements of Section 5082, 5092, or 5093 if they have
12 successfully passed the Canadian Chartered Accountant Uniform
13 Certified Public Accountant Qualification Examination of the
14 American Institute of Certified Public Accountants or the
15 International Uniform Certified Public Accountant Qualification
16 Examination referenced in subdivision (b) Section 5082.3.

17 ~~SEC. 74.~~

18 *SEC. 78.* Section 5092.1 of the Business and Professions Code
19 is repealed.

20 ~~SEC. 75.~~

21 *SEC. 79.* Section 5094 of the Business and Professions Code
22 is amended to read:

23 5094. (a) In order for education to be qualifying, it shall meet
24 the standards described in subdivision (b) or (c) of this section.

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

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

39 (d) The board shall adopt regulations specifying the criteria and
40 procedures for approval of credential evaluation services. These

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

25 ~~SEC. 76.~~

26 *SEC. 80.* Section 5096.20 of the Business and Professions Code
27 is amended to read:

28 5096.20. (a) To ensure that Californians are protected from
29 out-of-state licensees with disqualifying conditions who may
30 unlawfully attempt to practice in this state under a practice
31 privilege, prior to July 1, 2013, the board shall add an out-of-state
32 licensee feature to its license lookup tab of the home page of its
33 internet website that allows consumers to obtain information about
34 an individual whose principal place of business is not in this state
35 and who seeks to exercise a practice privilege in this state, that is
36 at least equal to the information that was available to consumers
37 through its home page prior to January 1, 2013, through the practice
38 privilege form previously filed by out-of-state licensees pursuant
39 to Section 5096, as added by Chapter 921 of the Statutes of 2004,

1 and the regulations adopted thereunder. At minimum, these features
2 shall include all of the following:

3 (1) The ability of the consumer to search by name and state of
4 licensure.

5 (2) The disclosure of information in the possession of the board,
6 which the board is otherwise authorized to publicly disclose, about
7 an individual exercising a practice privilege in this state, including,
8 but not limited to, whether the board has taken action of any form
9 against that individual and, if so, what the action was or is.

10 (3) A disclaimer that the consumer must click through prior to
11 being referred to any other internet website, which in plain
12 language explains that the consumer is being referred to an internet
13 website that is maintained by a regulatory agency or other entity
14 that is not affiliated with the board. This disclaimer shall include
15 a link to relevant sections of this article that set forth disqualifying
16 conditions, including, but not limited to, Section 5096.2.

17 (4) A statement in plain language that notifies consumers that
18 they are permitted to file complaints against such individuals with
19 the board.

20 (5) A link to the internet website or sites that the board
21 determines, in its discretion, provides the consumer the most
22 complete and reliable information available about the individual's
23 status as a licenseholder, permitholder, or certificate holder.

24 (6) If the board of another state does not maintain an internet
25 website that allows a consumer to obtain information about its
26 licensees including, but not limited to, disciplinary history, and
27 that information is not available through a link to an internet
28 website maintained by another entity, a link to contact information
29 for that board, which contains a disclaimer in plain language that
30 explains that the consumer is being referred to a board that does
31 not permit the consumer to obtain information, including, but not
32 limited to, disciplinary history, about individuals through the
33 internet website, and that the out-of-state board is not affiliated
34 with the board.

35 (b) The board shall biennially survey the internet websites and
36 disclosure policies of other boards to ensure that its disclaimers
37 are accurate.

38 ~~SEC. 77.~~

39 *SEC. 81.* Section 5096.21 of the Business and Professions Code
40 is amended to read:

1 5096.21. (a) (1) On and after January 1, 2016, if the board
2 determines, through a majority vote of the board at a regularly
3 scheduled meeting, that allowing individuals from a particular
4 state to practice in this state pursuant to a practice privilege as
5 described in Section 5096, violates the board's duty to protect the
6 public, pursuant to Section 5000.1, the board shall require
7 out-of-state individuals licensed from that state, as a condition to
8 exercising a practice privilege in this state, to file the notification
9 form and pay the applicable fees as required by Section 5096.22.

10 (2) A state for which the board has made a determination
11 pursuant to paragraph (1) to require individuals licensed from that
12 state to file a notification form and pay the applicable fees may
13 subsequently be redetermined by the board, by majority vote of
14 the board at a regularly scheduled meeting, to allow individuals
15 from that state to practice in this state pursuant to a practice
16 privilege as described in Section 5096.

17 (b) The board shall, at minimum, consider the following factors
18 when making a determination or redetermination pursuant to
19 subdivision (a):

20 (1) Whether the state timely and adequately addresses
21 enforcement referrals made by the board to the accountancy
22 regulatory board of that state, or otherwise fails to respond to
23 requests the board deems necessary to meet its obligations under
24 this article.

25 (2) Whether the state makes the disciplinary history of its
26 licensees publicly available through the Internet in a manner that
27 allows the board to adequately link consumers to an internet
28 website to obtain information that was previously made available
29 to consumers about individuals from the state prior to January 1,
30 2013, through the notification form.

31 (3) Whether the state imposes discipline against licensees that
32 is appropriate in light of the nature of the alleged misconduct.

33 (4) Whether the state has in place and is operating pursuant to
34 enforcement practices substantially equivalent to the current best
35 practices guidelines adopted by the National Association of State
36 Boards of Accountancy provided those guidelines have been
37 determined by the board to meet or exceed the board's own
38 enforcement practices.

39 (c) On or before July 1, 2014, the board shall convene a
40 stakeholder group consisting of members of the board, board

1 enforcement staff, and representatives of the accounting profession
2 and consumer representatives to consider whether the provisions
3 of this article are consistent with the board's duty to protect the
4 public consistent with Section 5000.1, and whether the provisions
5 of this article satisfy the objectives of stakeholders of the
6 accounting profession in this state, including consumers. The
7 group, at its first meeting, shall adopt policies and procedures
8 relative to how it will conduct its business, including, but not
9 limited to, policies and procedures addressing periodic reporting
10 of its findings to the board. The group shall provide
11 recommendations to the board on any matter upon which it is
12 authorized to act.

13 ~~SEC. 78.~~

14 *SEC. 82.* Section 5103.5 of the Business and Professions Code
15 is amended to read:

16 5103.5. (a) The board shall post on its internet website, in an
17 easily marked and identifiable location, notice of all formal
18 accusations. The notice of any formal accusation shall contain a
19 link to where a person may request and have sent to them a copy
20 of the formal accusation, and the basis for the accusation and
21 alleged violations filed by the board against a licensee.

22 (b) The link to where a person may request and have sent to
23 them a copy of the formal accusation shall be clearly and
24 conspicuously located on the same internet website page on which
25 the notice is posted and shall authorize a person to request and
26 receive the information described in subdivision (a) by regular
27 mail or electronic mail.

28 (c) The board shall develop a statement that informs any person
29 requesting a copy of a formal accusation and any person receiving
30 a copy of a formal accusation that any allegations contained in the
31 accusation are not a final determination of wrongdoing and are
32 subject to adjudication and final review by the board pursuant to
33 the Administrative Procedure Act (Chapter 3.5 (commencing with
34 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
35 Code). This statement shall be provided to a person requesting and
36 receiving a copy of a formal accusation in a manner to be
37 determined by the board.

38 ~~SEC. 79.~~

39 *SEC. 83.* Section 5104 of the Business and Professions Code
40 is amended to read:

1 5104. Any certified public accountant or public accountant
2 whose certificate, registration, or permit has been revoked or
3 suspended shall, upon request of the board, relinquish their
4 certificate or permit. However, upon the expiration of the period
5 of suspension, the board shall immediately return any suspended
6 certificate or permit that has been relinquished.

7 ~~SEC. 80.~~

8 *SEC. 84.* Section 5107 of the Business and Professions Code
9 is amended to read:

10 5107. (a) The executive officer of the board may request the
11 administrative law judge, as part of the proposed decision in a
12 disciplinary proceeding, to direct any holder of a permit or
13 certificate found to have committed a violation or violations of
14 this chapter to pay to the board all reasonable costs of investigation
15 and prosecution of the case, including, but not limited to, attorney's
16 fees. The board shall not recover costs incurred at the
17 administrative hearing.

18 (b) A certified copy of the actual costs, or a good faith estimate
19 of costs where actual costs are not available, signed by the
20 executive officer, shall be prima facie evidence of reasonable costs
21 of investigation and prosecution of the case.

22 (c) The administrative law judge shall make a proposed finding
23 of the amount of reasonable costs of investigation and prosecution
24 of the case when requested to do so by the executive officer
25 pursuant to subdivision (a). Costs are payable 120 days after the
26 board's decision is final, unless otherwise provided for by the
27 administrative law judge or if the time for payment is extended by
28 the board.

29 (d) The finding of the administrative law judge with regard to
30 cost shall not be reviewable by the board to increase the cost award.
31 The board may reduce or eliminate the cost award, or remand to
32 the administrative law judge where the proposed decision fails to
33 make a finding on costs requested by the executive officer pursuant
34 to subdivision (a).

35 (e) The administrative law judge may make a further finding
36 that the amount of reasonable costs awarded shall be reduced or
37 eliminated upon a finding that respondent has demonstrated that
38 they cannot pay all or a portion of the costs or that payment of the
39 costs would cause an unreasonable financial hardship that cannot
40 be remedied through a payment plan.

1 (f) When an administrative law judge makes a finding that costs
2 be waived or reduced, they shall set forth the factual basis for their
3 finding in the proposed decision.

4 (g) Where an order for recovery of costs is made and timely
5 payment is not made as directed by the board's decision, the board
6 may enforce the order for payment in any appropriate court. This
7 right of enforcement shall be in addition to any other rights the
8 board may have as to any holder of a permit or certificate directed
9 to pay costs.

10 (h) In a judicial action for the recovery of costs, proof of the
11 board's decision shall be conclusive proof of the validity of the
12 order of payment and the terms of payment.

13 (i) All costs recovered under this section shall be deposited in
14 the Accountancy Fund.

15 (j) (1) Except as provided in paragraph (2), the board shall not
16 renew or reinstate the permit or certificate of a holder who has
17 failed to pay all of the costs ordered under this section.

18 (2) Notwithstanding paragraph (1) or paragraph (2) of
19 subdivision (g) of Section 125.3, the board may, in its discretion,
20 conditionally renew or reinstate for a maximum of three years the
21 permit or certificate of a holder who demonstrates financial
22 hardship and who enters into a formal agreement with the board
23 to reimburse the board within that three-year period for those
24 unpaid costs.

25 (k) Nothing in this section shall preclude the board from seeking
26 recovery of costs in an order or decision made pursuant to an
27 agreement entered into between the board and the holder of a
28 permit or certificate.

29 (l) (1) Costs may not be recovered under this section as a result
30 of a citation issued pursuant to Section 125.9 and its implementing
31 language if the licensee complies with the citation.

32 (2) The Legislature hereby finds and declares that this
33 subdivision is declaratory of existing law.

34 ~~SEC. 84.~~

35 *SEC. 85.* Section 5121 of the Business and Professions Code
36 is amended to read:

37 5121. The display or uttering by a person of a card, sign,
38 advertisement or other printed, engraved or written instrument or
39 device, bearing a person's name in conjunction with the words
40 "certified public accountant" or any abbreviation thereof or the

1 words “public accountant” or any abbreviation thereof shall be
2 prima facie evidence in any prosecution, proceeding or hearing
3 brought under this article that the person whose name is so
4 displayed caused or procured the display or uttering of such card,
5 sign, advertisement or other printed, engraved or written instrument
6 or device. Any such display or uttering shall be prima facie
7 evidence that the person whose name is so displayed holds
8 themselves out as a certified public accountant, or a public
9 accountant holding a permit to practice public accountancy in this
10 State under the provisions of this chapter. In any prosecution or
11 hearing under this chapter, evidence of the commission of a single
12 act prohibited by this chapter shall be sufficient to justify a
13 conviction without evidence of a general course of conduct.

14 ~~SEC. 82.~~

15 *SEC. 86.* Section 5134 of the Business and Professions Code
16 is amended to read:

17 5134. The amount of fees prescribed by this chapter is as
18 follows:

19 (a) The fee to be charged to each applicant for the certified
20 public accountant examination shall be fixed by the board at an
21 amount not to exceed six hundred dollars (\$600). The board may
22 charge a reexamination fee not to exceed seventy-five dollars (\$75)
23 for each part that is subject to reexamination.

24 (b) The fee to be charged to out-of-state candidates for the
25 certified public accountant examination shall be fixed by the board
26 at an amount not to exceed six hundred dollars (\$600) per
27 candidate.

28 (c) The application fee to be charged to each applicant for
29 issuance of a certified public accountant certificate shall be fixed
30 by the board at an amount not to exceed two hundred fifty dollars
31 (\$250).

32 (d) The application fee to be charged to each applicant for
33 issuance of a certified public accountant certificate by waiver of
34 examination shall be fixed by the board at an amount not to exceed
35 two hundred fifty dollars (\$250).

36 (e) The fee to be charged to each applicant for registration as a
37 partnership or professional corporation shall be fixed by the board
38 at an amount not to exceed two hundred fifty dollars (\$250).

39 (f) The biennial fee for the renewal of each of the permits to
40 engage in the practice of public accountancy specified in Section

1 5070 shall not be less than two hundred fifty dollars (\$250) and
2 shall not exceed two hundred eighty dollars (\$280).

3 (g) The application fee to be charged to each applicant for a
4 retired status license, as described in Section 5070.1, shall be fixed
5 by the board at an amount not to exceed two hundred fifty dollars
6 (\$250).

7 (h) The application fee to be charged to each applicant for
8 restoration of a license in a retired status to an active status pursuant
9 to subdivision (f) of Section 5070.1 shall be fixed by the board at
10 an amount not to exceed one thousand dollars (\$1,000).

11 (i) The delinquency fee shall be 50 percent of the accrued
12 renewal fee.

13 (j) The initial permit fee is an amount equal to the renewal fee
14 in effect on the last regular renewal date before the date on which
15 the permit is issued, except that, if the permit is issued one year
16 or less before it will expire, then the initial permit fee is an amount
17 equal to 50 percent of the renewal fee in effect on the last regular
18 renewal date before the date on which the permit is issued. The
19 board may, by regulation, provide for the waiver or refund of the
20 initial permit fee where the permit is issued less than 45 days before
21 the date on which it will expire.

22 (k) The fee to be charged for the certification of documents
23 evidencing passage of the certified public accountant examination,
24 the certification of documents evidencing the grades received on
25 the certified public accountant examination, or the certification of
26 documents evidencing licensure shall be twenty-five dollars (\$25).

27 (l) The board shall fix the fees in accordance with the limits of
28 this section and any increase in a fee fixed by the board shall be
29 pursuant to regulation duly adopted by the board in accordance
30 with the limits of this section.

31 (m) It is the intent of the Legislature that, to ease entry into the
32 public accounting profession in California, any administrative cost
33 to the board related to the certified public accountant examination
34 or issuance of the certified public accountant certificate that
35 exceeds the maximum fees authorized by this section shall be
36 covered by the fees charged for the biennial renewal of the permit
37 to practice.

38 *SEC. 87. Section 5550.3 of the Business and Professions Code*
39 *is amended to read:*

**California Board of Accountancy**

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**Attachment 2**

April 10, 2023

The Honorable Richard D. Roth
1021 O Street, Room 7510
Sacramento, CA 95814

Bill: SB 887
Position: Support

Dear Senator Roth:

At its March 23-24, 2023 meeting, the California Board of Accountancy (CBA) took a Support position on Senate Bill (SB) 887, as introduced on March 14, 2023.

The CBA would like to extend our appreciation to you and the Senate Business, Professions and Economic Development (BPED) Committee for including CBA-requested amendments in SB 887 that will strengthen and clarify its statutory provisions, including:

- Deleting the authorization for a continuing education advisory committee the CBA no longer uses and does not foresee using in the future.
- Deleting the peer review term “substandard” and replacing it with the term “fail,” consistent with American Institute of Certified Public Accountants’ Standards for Performing and Reporting on Peer Review.
- Deleting the outdated authorization for the CBA to collect fees under the prior practice privilege provisions.
- Deleting language that provided a period of time for candidates who were in the pipeline in 2011 to obtain their license without having to return to school to obtain the 20 hours of accounting study and 10 units of ethics study.

SB 887 also incorporates other non-substantive changes, including gender neutral pronouns, updated terminology to reference internet website, and grammatical changes.

The CBA appreciates the opportunity to continue working with Senate BPED Committee staff to correct some minor drafting errors in Business and Professions Code sections 5037(b) and 5076(m)(1)(G), (H), (I), and (J) to ensure the bill contains accurate terminology as it relates to the CBA.

Removing outdated statutory provisions and updating the identified terminology will assist the CBA in maintaining clear and relevant laws to guide the CBA in meeting its consumer protection mission.

If you have questions, please contact Deanne Pearce, Assistant Executive Officer, at (916) 561-1740 or Deanne.Pearce@cba.ca.gov.

Sincerely,



Katrina L. Salazar, CPA
President

cc: Members, California Board of Accountancy
Dominic Franzella, Acting Executive Officer, California Board of Accountancy
Members, Assembly Business and Professions Committee
Members, Senate Business, Professions and Economic Development Committee
Elissa Silva, Consultant, Senate Business, Professions and Economic Development Committee
Kaitlin Curry, Consultant, Assembly Business and Professions Committee
Bill Lewis, Principal Consultant, Assembly Republican Caucus
Kayla Williams, Consultant, Senate Republican Caucus



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**LC Item V.A-J.
CBA Item XVI.A.4.a-j.**
July 27-28, 2023

Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring

Presented by: Deanne Pearce, Assistant Executive Officer

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with a list of bills being monitored by staff that may eventually impact the CBA, including spot bills.

Consumer Protection Objectives

This agenda item informs the CBA of potential bills that may impact the CBA and its consumer protection mandate.

Action(s) Needed

No specific action is required on this agenda item.

Background

A spot bill is a bill that amends a code section in a non-substantive way. A spot bill may be introduced to ensure it meets the legislative bill introduction deadline and is available for the author to amend with substantive provisions at a later date.

Comments

The following bills are being monitored by staff as they may be of interest to the CBA or could be amended in the future to impact the CBA. If any of the bills are amended in a manner that makes it relevant to the CBA, an analysis will be conducted by staff and presented to the CBA at a future meeting, along with the text of the proposed legislation.

- A. Assembly Bill 469 – California Public Records Act Ombudsperson.
- B. Assembly Bill 477 – Legislative Review of State Boards.
- C. Assembly Bill 883 – Business Licenses: United States Department of Defense SkillBridge Program.
- D. Assembly Bill 996 – Department of Consumer Affairs: Continuing Education: Conflict-of-Interest Policy.

Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring

Page 2 of 2

- E. Senate Bill 259 – Reports Submitted to Legislative Committees.
- F. Senate Bill 279 – Administrative Regulations: Public Participation: Comment Process.
- G. Senate Bill 447 – GO-Biz.
- H. Senate Bill 601 – Professions and Vocations: Contractors: Home Improvement Contracts: Prohibited Business Practices: Limitation of Actions.
- I. Senate Bill 702 – Gubernatorial Appointments: Report.
- J. Senate Bill 802 – Licensing Boards: Disqualification from Licensure: Criminal Conviction.

Fiscal/Economic Impact Considerations

A fiscal/economic impact analysis will be completed if a bill is amended in a manner that makes it relevant to the CBA.

Recommendation

Staff have no recommendation on this item.

Attachment

None.



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CPC Item III.
CBA Item XVI.B.2.
July 27-28, 2023

Discussion on the California Board of Accountancy's Selection of Peer Review Administrative Site Visit Attendees

Presented by: Sarah Benedict, Manager, Renewal and Continuing Competency Unit

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an update on the selection of peer review oversight attendees.

Consumer Protection Objectives

The California Peer Review Program is a component of the CBA's mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards.

Action(s) Needed

No action is needed.

Background

At its January 2022 meeting, CBA Leadership identified the following as a priority project for the year: review of Peer Review Oversight Committee (PROC) materials including the procedure manual, orientation materials and annual site visit checklists with a focus on ensuring access to peer review information and clarify of member roles and responsibilities.

As part of the priority project, CBA management discussed the following concerns with the California Society of Certified Public Accountants (CalCPA) and the American Institute of Certified Public Accountants (AICPA) on numerous occasions in 2022:

1. Ensuring all documents are provided to the CBA upon request.
2. Ensuring all failed peer review reports are filed with the CBA.
3. Selection of attendees associated with oversight activities.
4. Timeliness and thoroughness of responses from CalCPA to CBA.
5. Firms dropped from peer review because they indicated they no longer perform accounting and auditing engagements.

The CBA and CalCPA worked together to successfully resolve:

Discussion on the California Board of Accountancy's Selection of Peer Review Administrative Site Visit Attendees

Page 2 of 3

4. Timeliness and thoroughness of responses from CalCPA to CBA.
5. Firms dropped from peer review because they indicated they no longer perform accounting and auditing engagements.

At its May 2023 meeting, the CBA discussed resolutions for the following issues:

1. Ensuring all Documents are Provided to the CBA Upon Request.
2. Ensuring all Substandard (Fail) Peer Review Reports are Filed With the CBA.

The CBA directed staff to include the above-mentioned issues in the CBA's 2023 Sunset Report and to propose legislative language that would require all California-licensed firms, including sole proprietors and firms headquartered outside of California, to opt in to the sharing of all available objective information with the CBA via the Facilitated State Board Access (FSBA).

The CBA further directed staff to write a letter to the AICPA directing them to report all substandard peer review reports of California-licensed firms, regardless of where they are headquartered, to the CBA. Additionally, the CBA agreed to provide CalCPA with a list of all California-licensees with an out-of-state address so that CalCPA may assist in determining if the AICPA failed to submit any failed peer review reports for California-licensed firms that are not headquartered in California.

The remaining item for CBA consideration is:

1. Selection of attendees associated with oversight activities.

At its January 2023 meeting, the CBA reviewed and discussed the PROC's inability to perform their annual administrative site visit (ASV) to California's administering entity, CalCPA. In 2022 the ASV was cancelled due to AICPA's assertion that their confidentiality policy prohibits staff from observing the ASV.

Comments

Staff have been engaging with CalCPA to address AICPA's assertion that their confidentiality policy prohibits staff from observing the ASV. The ASV is the most comprehensive oversight activity that the PROC performs. The purpose of the ASV is to review the AICPA's systems and ensure that the program is meeting the CBA requirements set forth in regulation.

Given the concern AICPA expressed regarding staff participation, CBA consulted with legal counsel regarding any differences between staff and PROC committee members that might be pertinent. It was found that there are no differences between staff and PROC committee members related to authorization to access information, public disclosure, and the protection of the public.

Business and Professions (BPC) code section 5076.1 (**Attachment 1**) establishes the PROC as a committee of the CBA that is authorized to make recommendations to the CBA. The PROC is not an entity separate from the CBA, but an extension of the CBA

Discussion on the California Board of Accountancy's Selection of Peer Review Administrative Site Visit Attendees

Page 3 of 3

tasked with a specific purpose. The same section deems “information obtained by the board, *its representatives* [emphasis added], or the peer review oversight committee in conjunction with its review of peer review program providers shall not be a public record, and shall be exempt from *public disclosure* [emphasis added].”

Staff of the CBA are “representatives” of the CBA and have the same rights to information used for oversight and the same restriction from public disclosure. Additionally, staff of the CBA and committees of the CBA are charged with the protection of the public consistent with the purpose of the CBA as stated in BPC section 5000.1 (**Attachment 2**).

Staff, however, continues to work to find a mutually agreeable solution to the issue of staff participation in the ASV. Staff have proposed a temporary procedure for conducting the 2023 ASV that will also serve to provide useful information toward a long-term plan. For 2023, CalCPA will randomly select approximately 30 firms that fill certain characteristics related to their type of peer review (system vs engagement) and peer review rating for use during the 2023 ASV. Once this random sample has been selected, CalCPA will contact the firms to obtain permission for CBA staff to access their peer review-related data and documents as part of the 2023 ASV. The CBA has shared this proposal with CalCPA for presentation to and consideration by the AICPA.

During the ASV, attendees will review each step of the Administrative Site Visit Summary Checklist (Checklist) (**Attachment 3**) and discuss what information or evidence is sufficient for the PROC to consider the step complete. For example, in some areas they may determine that it is sufficient to confirm that a procedure exists but in others, they may also want to see an example of how the procedure is utilized on an actual peer review. Additionally, given the CBA intends to seek legislation to require California-licensed firms to allow the CBA access to peer review information and data via the AICPA FSBA, the PROC may wish to know which areas of the checklist could be accomplished using the FSBA site.

This approach will allow the PROC to perform the 2023 ASV and will serve as an opportunity to gather further information to continue discussions with CalCPA and AICPA on the best way to proceed going forward in the hopes a mutually agreeable resolution is reached that can be brought to the CBA in November 2023.

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendation

Staff does not have a recommendation.

Attachments

1. Business and Professions Code Section 5076.1
2. Business and Professions Code Section 5000.1
3. Administrative Site Visit Summary Checklist



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Attachment 1

Business and Professions Code section 5076: Peer Review

(a) In order to renew its registration in an active status or convert to an active status, a firm, as defined in Section 5035.1, shall have a peer review report of its accounting and auditing practice accepted by a board-recognized peer review program no less frequently than every three years.

(b) For purposes of this article, the following definitions apply:

(1) "Peer review" means a study, appraisal, or review conducted in accordance with professional standards of the professional work of a firm, and may include an evaluation of other factors in accordance with the requirements specified by the board in regulations. The peer review report shall be issued by an individual who has a valid and current license, certificate, or permit to practice public accountancy from this state or another state and is unaffiliated with the firm being reviewed.

(2) "Accounting and auditing practice" includes any services that were performed in the prior three years using professional standards defined by the board in regulations.

(c) The board shall adopt regulations as necessary to implement, interpret, and make specific the peer review requirements in this section, including, but not limited to, regulations specifying the requirements for board recognition of a peer review program, standards for administering a peer review, extensions of time for fulfilling the peer review requirement, exclusions from the peer review program, and document submission.

(d) Nothing in this section shall prohibit the board from initiating an investigation and imposing discipline against a firm or licensee, either as the result of a complaint that alleges violations of statutes, rules, or regulations, or from information contained in a peer review report received by the board.

(e) A firm issued a substandard peer review report, as defined by the board in regulation, shall submit a copy of that report to the board. The board shall establish in regulation the time period that a firm must submit the report to the board. This period shall not exceed 60 days from the time the report is accepted by a board-recognized peer review program provider to the date the report is submitted to the board.

(f)(1) A board-recognized peer review program provider shall file a copy with the board of all substandard peer review reports issued to California-licensed firms. The board

shall establish in regulation the time period that a board-recognized peer review program provider shall file the report with the board. This period shall not exceed 60 days from the time the report is accepted by a board-recognized peer review program provider to the date the report is filed with the board. These reports may be filed with the board electronically.

(2) Nothing in this subdivision shall require a board-recognized peer review program provider, when administering peer reviews in another state, to violate the laws of that state.

(g) The board shall, by January 1, 2010, define a substandard peer review report in regulation.

(h) Any requirements imposed by a board-recognized peer review program on a firm in conjunction with the completion of a peer review shall be separate from, and in addition to, any action by the board pursuant to this section.

(i) Any report of a substandard peer review submitted to the board in conjunction with this section shall be collected for investigatory purposes.

(j) Nothing in this section affects the discovery or admissibility of evidence in a civil or criminal action.

(k) Nothing in this section requires any firm to become a member of any professional organization.

(l) A peer reviewer shall not disclose information concerning licensees or their clients obtained during a peer review, unless specifically authorized pursuant to this section, Section 5076.1, or regulations prescribed by the board.

(m)(1) By January 1, 2015, the board shall provide the Legislature and Governor with a report regarding the peer review requirements of this section that includes, without limitation:

(A) The number of peer review reports completed to date and the number of reports which were submitted to the board as required in subdivision (e).

(B) The number of enforcement actions that were initiated as a result of an investigation conducted pursuant to subdivision (i).

(C) The number of firms that were recommended to take corrective actions to improve their practice through the mandatory peer review process, and the number of firms that took corrective actions to improve their practice following recommendations resulting from the mandatory peer review process.

(D) The extent to which mandatory peer review of accounting firms enhances consumer protection.

(E) The cost impact on firms undergoing mandatory peer review and the cost impact of mandatory peer review on the firm's clients.

(F) A recommendation as to whether the mandatory peer review program should continue.

(G) The extent to which mandatory peer review of small firms or sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting enhances consumer protection.

(H) The impact of peer review required by this section on small firms and sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting.

(I) The impact of peer review required by this section on small businesses, nonprofit corporations, and other entities that utilize small firms or sole practitioners for the purposes of nondisclosure compiled financial statements prepared on an other comprehensive basis of accounting.

(J) A recommendation as to whether the preparation of nondisclosure compiled financial statements on an other comprehensive basis of accounting should continue to be a part of the mandatory peer review program.

(2) A report to the Legislature pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.



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Attachment 2

Business and Professions Code section 5000.1: Administration

(a) Except as provided in subdivision (b), each member of the board, except the public members, shall be actively engaged in the practice of public accountancy and shall have been so engaged for a period of not less than five years preceding the date of his appointment. Each member shall be a citizen of the United States and a resident of this state for at least five years next preceding his appointment, and shall be of good character. Within 30 days after their appointment, the members of the board shall take and subscribe to the oath of office as prescribed by the Government Code and shall file the same with the Secretary of State.

(b) One licensee member appointed by the Governor may be an active educator within a program that emphasizes the study of accounting within a college, university, or four-year educational institution.



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Attachment 3

Peer Review Oversight Committee

Administrative Site Visit Summary Checklist

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) is charged with conducting, at a minimum, an annual administrative site visit of all Board-recognized peer review program providers. The visit will be to determine if the administering entity (AE) is administering peer reviews in accordance with the standards adopted by the California Board of Accountancy (CBA). The visit is then summarized and reported to the CBA as part of the PROC reporting.

Date of Visit: _____

Name of AE: _____

PROC Member(s) Performing Visit: _____

Description of the Scope and Purpose of the Administrative Site Visit:

Name of AE Staff Interviewed	Title

Peer Review Types	Yes	No*	N/A
1. Does the AE have a program designed to test a firm’s system of quality control for firms performing engagements under Statement on Auditing Standards (SASs), Statement on Standards on Attestation Engagements (SSAEs), or audits of non-Securities and Exchange Commission (SEC) issuers performed pursuant to the standards of the Public Company Accounting Oversight Board (PCAOB)?			
2. Does the AE have a program designed to test a cross-section of a firm’s engagements to assess whether they were performed in conformity with applicable professional standards for firms performing engagements under Statement on Standards for Accounting and Review Services (SSARS) or SSAEs not encompassed in #1 above?			

Comments:

Peer Reviewers	Yes	No*	N/A
1. Has the AE established minimum qualifications for an individual to qualify as a peer reviewer, to include:			
a. Having a valid and active license in good standing to practice public accounting by this state or another state?			
b. Actively involved in practicing at a supervisory level in a firm's accounting and auditing practice?			
c. Having spent the last five years in the practice of public accounting in the accounting and auditing function?			
d. Maintaining a currency of knowledge of the professional standards related to accounting and auditing, including those expressly related to the type or kind of practice to be reviewed?			
e. Furnishing his/her qualifications to be a reviewer, including recent industry experience?			
f. Association with a firm that has received a peer review report with a rating of pass as part of the firm's last peer review?			
g. Completion of introductory and yearly update training.			
2. Has the AE ensured that there are adequate peer reviewers to perform peer reviews?			
3. Has the AE ensured the pool of peer reviewers has a breadth of industry knowledge, including subject matter experts in Single Audits, ERISA audits, and Service Organization Control?			
4. Does the AE evaluate a peer reviewer's performance and remove those who continually do poor work?			
5. Has the AE established a training program(s) designed to maintain or increase a peer reviewer's currency of knowledge related to performing and reporting on peer reviews?			

Peer Reviewers	Yes	No*	N/A
6. Does the AE have a system in place to preclude peer reviewers and Technical Reviewers from accepting engagements with accounting firms that they may have association with?			

Comments:

Planning and Performing Peer Review	Yes	No*	N/A
1. For system reviews, does the AE have minimum guidelines and/or standards to ensure that prior to performing a peer review, a peer reviewer or a peer review team takes adequate steps in planning a peer review to include:			
a. Obtaining the results of a firm's prior peer review (if applicable)?			
b. Obtaining a sufficient understanding of the nature and extent of a firm's accounting and auditing practice?			
c. Obtaining a sufficient understanding of a firm's system of quality control and the manner in which the system is monitored by a firm?			
d. Selecting a representative cross-section of a firm's engagement?			

Planning and Performing Peer Review	Yes	No*	N/A
2. For engagement reviews, does the AE have minimum guidelines and/or standards to ensure that prior to performing a peer review, a peer reviewer or a peer review team takes adequate steps in selecting a representative cross-section of a firm’s engagements to include at a minimum one engagement for each partner, shareholder, owner, principal, or licensee authorized to issue reports?			
3. Does the AE ensure that a firm requiring a peer review selects a peer reviewer with similar practice experience and industry knowledge, and the peer reviewer is performing a peer review for a firm with which the reviewer has similar practice experience and industry knowledge?			
4. Does the AE verify that peer reviewers are selected and approved before the review due date?			
5. For each type of review, does the Report Acceptance Body approve and accept the following types of peer review reports:			
a. Pass - System of quality control was suitably designed, or engagements were performed in conformity with applicable professional standards?			
b. Pass with Deficiencies – System of quality control was suitably designed with the exception of a certain deficiency, or engagements were performed in conformity with applicable professional standards with the exception of a certain deficiency?			
c. Substandard ¹ – System of control is not suitably designed, or engagements were not performed in conformity with applicable professional standards?			

Comments:

¹ The term “fail” is used by the AICPA Peer Review Program. CBA regulations use the term “substandard.” This checklist will use the term “substandard” in lieu of “fail.”

Plan of Administration and Accepting Peer Reviews	Yes	No*	N/A
1. Does the AE have a Peer Review Committee (PRC)?			
a. If yes, do PRC members meet the peer reviewer qualifications requirements as outlined above?			
b. If yes, in determining the size of the PRC, did the Provider consider the requirement for a broad industry experience and the likelihood that some members will need to recuse themselves from some reviews as a result of the member or member's firm close association to the firm or having performed the review?			
c. If yes, is any PRC member currently serving as a member of the CBA?			
d. If yes, do PRC members comply with all confidentiality requirements by annually signing a statement acknowledging their appointments and the responsibility and obligations of their appointments?			
2. Does the AE have a Peer Review Subcommittee (RAB)?			
3. Does the AE have knowledgeable staff for the operation of the program?			
4. Does the AE have a system to ensure that PRC and RAB members are not assigned to the review of a firm in which they may have association with?			
5. Does the RAB have subject matter experts in Single Audits, ERISA audits, and Service Organization Control audits?			
6. Has the AE established procedures/guidelines for:			
a. Ensuring that reviews are performed and reported in accordance with the program's established standards for performing and report on peer reviews?			
b. Communicating to firms participating in the peer review program the latest developments in peer review standards and the most common findings in peer reviews conducted by the provider?			

Plan of Administration and Accepting Peer Reviews	Yes	No*	N/A
7. Does the AE have an adjudication process designed to resolve any disagreements which may arise out of the performance of a peer review, and resolve matters which may lead to the dismissal of a firm from the program?			
8. Does the AE prescribe remedial or corrective actions designed to ensure correction of the deficiencies identified in the firm's peer review report, and has the AE established guidelines for monitoring compliance with such actions by the reviewed firm?			
9. Does the AE require the maintenance of records of peer reviews conducted under the Program, including at a minimum, written records of all firms enrolled in the peer review program and documents required for submission under California Code of Regulations, Title 16, section 48, with these documents to be retained until the completion of a firm's subsequent peer review?			

Comments:

Reporting Responsibilities	Yes	No*	N/A
1. Has the AE made available, at a minimum, the following:			
a. Standards, procedures, guidelines, training materials, and similar documents prepared for the use of reviewers and reviewed firms?			
b. Information concerning the extent to which the Program has reviewed the quality of the reviewers' working papers in connection with the acceptance of reviews?			
c. Statistical data maintained by the Program related to its role in the administration of peer reviews?			
d. Information concerning the extent to which the Program has reviewed the qualification of its reviewers?			
e. Sufficient documents to conduct sample reviews of peer reviews accepted by the Program? These may include, at minimum, the report; reviewer working papers prepared or reviewed by the Program's PRC in association with the acceptance of the review; and materials concerning the acceptance of the review, the imposition of required remedial or corrective actions, the monitoring procedures applied, and the results.			
2. Has the AE made available, in writing or electronically, the name of any California-licensed firm expelled from the peer review program and provided the reason for expulsion?			
a. If so, was the CBA notified within 30 days of notification of the firm's expulsion?			
3. Does the AE Annual Report contain the following statistics?			
a. Number of enrolled firms?			
b. Results by type of peer review performed and report issued?			
c. Number of engagements not performed in accordance with professional standards?			

Reporting Responsibilities	Yes	No*	N/A
d. Summary of required follow-up actions?			
e. AICPA oversight results?			
f. Verification of reviewer's resumes?			

Comments:

PROC Review	Yes	No*	N/A
1. During the Annual Site Visit, did the PROC review the following?			
a. Peer review reports that have received a rating of Pass?			
b. Peer review reports that have received a rating of Pass with Deficiencies?			
c. Peer review reports that have receive a rating of Substandard?			
d. Firms that were dropped or terminated from the peer review program?			
e. Documents supporting an extended timeline to complete the review?			
f. Documents supporting report acceptance?			
g. Quarterly prepared schedule status reports to monitor timeliness of reviews?			
h. Documents illustrating firms were provided with information related to the latest developments in peer review standards and the most common findings in peer review?			
i. Documents (e.g., emails and letters) and information (e.g., web pages and flyers) demonstrating communication to firms regarding their peer review is clear?			
j. Does the AE implement improvements based on biennial reviews by the AICPA?			

Comments:

The AE Administrative staff's knowledge of the program:

- Meets Expectations Does not Meet Expectations*

Were any specific issues identified and discussed?

Has the AE demonstrated improvement from any prior oversight visit?

Description of Testing Results:

Does the AE administer peer review in accordance with the standards adopted by the CBA?

Meets Expectations Does not Meet Expectations*

*** A rating of “No” or “Does not Meet Expectations” requires a comment**

Comments:

The above checklist was prepared by:

Print Name

Signature



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EPOC Item III.
CBA Item XVI.C.2.
July 27-28, 2023

Discussion and Possible Action to Initiate a Rulemaking to Amend California Code of Regulations, Title 16, Section 98, Disciplinary Guidelines and Model Orders

Presented by: Michelle Main, Enforcement Manager

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with proposed amendments to California Code of Regulations (CCR), title 16, section 98 and revisions to the CBA *Disciplinary Guidelines and Model Orders (Disciplinary Guidelines)*.

Consumer Protection Objectives

Ensuring the CBA maintains updated *Disciplinary Guidelines* is consistent with the CBA's mission of consumer protection.

Action(s) Needed

The CBA is being asked to review and approve proposed regulatory text and revisions to the *Disciplinary Guidelines*, and direct staff to initiate the rulemaking process.

Background

At its January 2023 meeting, the CBA approved a revision schedule for regulatory changes associated with the *Disciplinary Guidelines*. The CBA also approved proposed language regarding the National Association of State Boards of Accountancy (NASBA) The Center for the Public Trust (CPT) Ethical Leadership Training for inclusion in the *Disciplinary Guidelines*.

Comments

The proposed revisions to the *Disciplinary Guidelines* include the following:

- Adding the CBA-approved language for the NASBA CPT Ethical Leadership Training as a Standard Condition of Probation.
- Adding the NASBA CPT Ethical Leadership Training throughout the *Disciplinary Guidelines* as an optional condition of probation.
- Adding language to the Rehabilitation Evidence section related to petitions for reduction of penalty associated with reducing costs or an administrative penalty.

Discussion and Possible Action to Initiate a Rulemaking to Amend California Code of Regulations, Title 16, Section 98, Disciplinary Guidelines and Model Orders

Page 2 of 2

- Other non-substantive changes.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff recommend the following motion:

- Approve the proposed regulatory language in **Attachment 1**,
- Approve the revisions to the *Disciplinary Guidelines (Attachment 2)*,
- Direct staff to submit the proposed changes to the Director of the Department of Consumer Affairs 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.
- If no request for hearing is made and no adverse comments are received during the 45-day comment period, authorize the Executive Officer to take all steps necessary to complete the rulemaking to adopt the language for CCR section 98.

Attachments

1. Proposed Regulatory Language, Article 13 of Title 16, California Code of Regulations Section 98
2. Proposed Disciplinary Guidelines and Model Orders 11th Edition, 2023



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Attachment 1

The California Board of Accountancy has illustrated changes to the regulatory text in the following manner: text proposed to be added is *italicized* and underlined; text proposed to be deleted is displayed in ~~strikeout~~.

Proposed Regulatory Language **Article 13 of Title 16, California Code of Regulations** **Section 98**

§ 98. Disciplinary Guidelines.

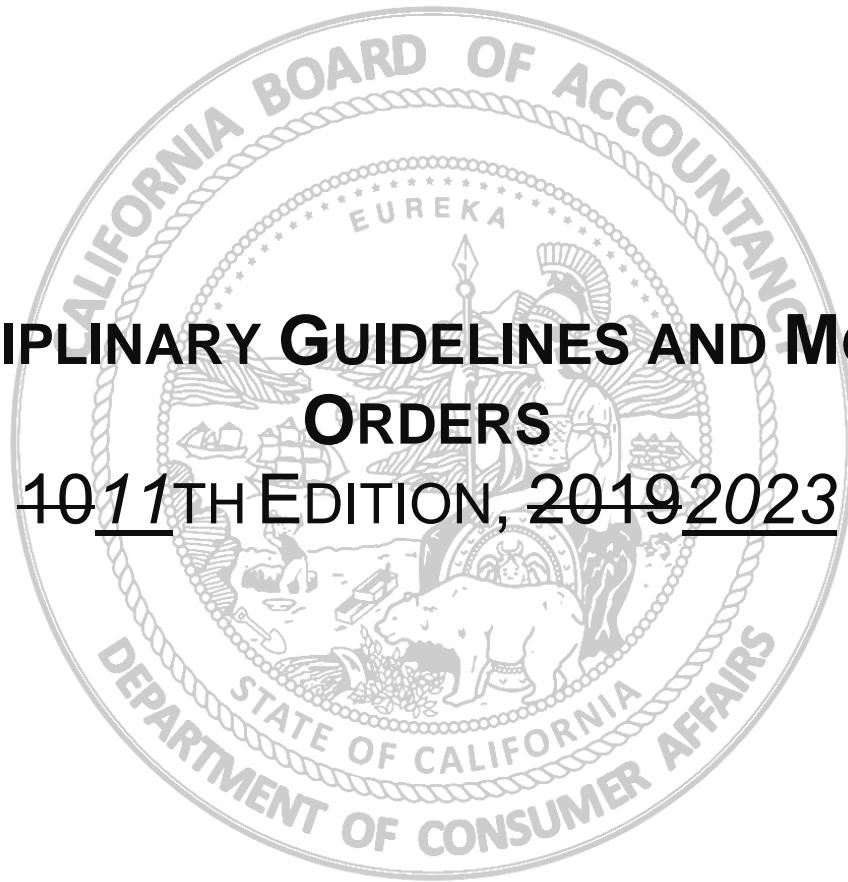
In reaching a decision on a disciplinary action under the Administrative Procedure Act (Government Code Section 11400 et seq.), the Board shall consider the disciplinary guidelines entitled “Disciplinary Guidelines and Model Orders” (~~10th~~11th Edition, ~~2019~~2023), which are hereby incorporated by reference. Deviation from these guidelines and orders, including the standard terms of probation, is appropriate where the Board in its sole discretion determines that the facts of the particular case warrant such a deviation, for example: the presence of mitigating factors; the age of the case; evidentiary problems.

Note: Authority cited: Sections 5010, 5018 and 5116, Business and Professions Code; and Section 11400.20, Government Code. Reference: Sections 5018, 5096, 5096.5, 5096.12, 5100 and 5116-5116.6, Business

CALIFORNIA BOARD OF ACCOUNTANCY

DISCIPLINARY GUIDELINES AND MODEL ORDERS

10¹¹TH EDITION, 2019-2023



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I. INTRODUCTION

The California Board of Accountancy (CBA) regulates the practice of public accountancy in the State of California and may revoke, suspend, or refuse to renew any permit or certificate for violation of applicable statutes or regulations. The CBA examines applicants, sets education requirements, and may deny licensure and the authority to practice under practice privilege (California Business and Professions Code (BPC) section 5096 et seq.). The CBA may, by regulation, prescribe, amend, or repeal rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and competency in the profession.

The CBA, through its Enforcement Division, assisted by its statutorily established Enforcement Advisory Committee, receives and investigates complaints; initiates and conducts investigations or hearings, with or without the filing of a complaint; and obtains information and evidence relating to any matter involving the conduct of Certified Public Accountants (CPA), Public Accountants (PA) and Accountancy Firms. The California Accountancy Act and the CBA regulations provide the basis for CBA disciplinary action. (See BPC sections 5000 et seq., and Title 16 of the California Code of Regulations (CCR) sections 1 through 99.1.)

The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or other authority to practice public accountancy in California, or the voluntary surrender of a license by a licensee shall not deprive the CBA of the authority to proceed with an investigation, action, or disciplinary proceeding against the licensee or to render a decision suspending or revoking the license. (See BPC section 5109.)

These disciplinary guidelines, designed for the use of Administrative Law Judges (ALJ), attorneys, CBA licensees, and others involved in the CBA's disciplinary process, are revised from time to time. The guidelines cover model orders, including factors to be considered in aggravation and mitigation; standard probationary terms; and guidelines for specific offenses. The guidelines for specific offenses reference the statutory and regulatory provisions violated.

These disciplinary guidelines set forth recommended discipline for the violation of current statutes and regulations; include a provision for community service; and provide additional guidance regarding disciplinary and model orders.

The CBA recognizes that these recommended penalties and conditions of probation are merely guidelines and that mitigating or aggravating ~~circumstances~~ circumstances and other factors may necessitate deviations, as discussed herein.

II. GENERAL CONSIDERATIONS

The CBA requests that **Proposed Decisions** following administrative hearings include the following:

- a. Specific code sections violated with their definitions.
- b. Clear description of the violation.
- c. Respondent's explanation of the violation if ~~he or she is~~ they are present at the hearing.
- d. Findings regarding aggravation, mitigation, and rehabilitation where appropriate. (See factors set forth in CCR section 99.1, under section V. Rehabilitation Criteria).
- e. When suspension or probation is recommended, the CBA requests that the disciplinary order include terms within the recommended guidelines for that offense unless the reason for departure ~~there from~~ is clearly set forth in the findings and supported by the evidence.

If the Respondent fails to appear for the scheduled hearing, such action shall result in a **default decision** to revoke their license.

When the CBA, at a **reinstatement hearing**, denies a petitioner's request for reinstatement, the CBA requests that the ALJ provide technical assistance in formulating language clearly setting forth the reasons for denial. Such a **statement** should include, for example, a statement on rehabilitation, including suggestions for further approaches by the petitioner to demonstrate rehabilitation, where appropriate.

- f. **Reimbursement** to the CBA for costs of investigation and prosecution as warranted by BPC section 5107.
- g. Imposition of an **Administrative Penalty** if warranted. See section VII for guidance.

The CBA will consider **stipulated settlements** to promote cost effectiveness and to expedite disciplinary decisions if such agreements achieve its disciplinary objectives. Deputy Attorneys General should inquire as to Respondent's interest in stipulated settlement promptly after receipt of a notice of defense. If stipulated settlement appears unlikely, the case should be set for hearing.

The CBA's policy is that all disciplinary actions will be published.

It is also the CBA's policy that matters resolved by stipulation include **cost recovery**.

The CBA's Executive Officer is authorized by statute to request an ALJ, as part of any proposed decision in a disciplinary proceeding, to order the recovery of reasonable costs of investigation and prosecution (BPC section 5107). This statute does not preclude the CBA from seeking recovery of costs through stipulations; thus, it does not change the CBA's policy of requesting and recovering costs where appropriate in stipulated settlements. Restitution to

victims and/or administrative penalties should not be reasons to reduce, eliminate, or stay full recovery of all reasonable costs of investigation and prosecution.

In stipulated ~~decisions~~ settlement involving **revocation** (no revocation stayed), the order will generally include the requirement that Respondent must reimburse the CBA for all reasonable costs of investigation and prosecution prior to or upon reinstatement of Respondent's revoked certificate under BPC section 5115.

The period of **probation** is generally three years. During the probation period, licensees are required to appear in person at interviews/meetings as directed by the CBA or its designated representatives to report on probation compliance.

Where an actual **suspension** is imposed, the order shall include the requirement that the Respondent engage in no activities for which certification is required (see model disciplinary orders) during the period of suspension. In addition, the Respondent shall relinquish the certificate in question to the CBA and, if directed to do so by the CBA, shall notify clients regarding the suspended status of the certificate.

When discipline includes a violation that can be corrected, **correction of the violation** should be included as the basis for any discipline.

Restitution should be considered for all cases in which harm is demonstrated against the complainant. However, restitution should consider the actual harm to a complainant; it is not intended to award damages.

III. EVIDENCE IN AGGRAVATION OF PENALTY

The following are among aggravating circumstances to be considered by ALJs in providing for penalties in proposed decisions:

1. Evidence that the violation was knowingly committed and/or was premeditated.
2. ~~Licensee~~The licensee has a history of prior discipline, particularly where the prior discipline is for the same or similar type of conduct.
3. ~~Licensee's~~The licensee's actions resulted in financial damage to ~~his or her~~their clients or other consumers. The amount of loss may be an additional aggravating factor.
4. Violation of CBA probation.
5. Failure to comply with a final citation order.
6. Failure to comply with a notice to appear before the CBA or its designated representatives.
7. Failure to comply with continuing education requirements as ordered by the CBA or its designated representatives pursuant to CCR section 87.5.
8. Evidence that the licensee has not cooperated with the CBA's investigation.
9. Misappropriation of entrusted funds or other breach of fiduciary responsibility.
10. Duration of violation(s).
11. Evidence that the licensee knew or should have known that ~~his or her~~their actions could harm ~~his or her~~their clients or other consumers.
12. Evidence that the licensee took advantage of ~~his or her~~their client for personal gain, especially if the licensee was able to take advantage due to the ignorance, age, or lack of sophistication of the client.

IV. EVIDENCE IN MITIGATION OF PENALTY

The following are among mitigating circumstances that may be taken into account by ALJs in providing for penalties in proposed decisions:

1. The licensee has cooperated with the CBA's investigation, other law enforcement or regulatory agencies, and/or the injured parties.
2. The passage of considerable time since an act of professional misconduct occurred with no evidence of recurrence or evidence of any other professional misconduct.
3. Convincing proof of rehabilitation, including the factors in CCR section 99.1 ~~as well as~~ and other relevant considerations.
4. Demonstration of remorse by the licensee.
5. Recognition by the licensee of ~~his or her~~ their wrongdoing and demonstration of corrective action to prevent recurrence.
6. Violation was corrected without monetary losses to consumers and/or restitution was made in full.
7. If the violation involved multiple licensees, the relative degree of culpability of the subject licensee should be considered.

V. REHABILITATION CRITERIA

When considering the denial of a certificate or permit or the restoration of a revoked certificate, or the reduction of penalty, the burden of proof lies with the individual to demonstrate sufficient competent evidence of rehabilitation to establish fitness to perform public accounting services in a manner consistent with professional standards and public protection.

The CBA's rehabilitative criteria, set forth in CCR section 99.1, are as follows:

- (a) When considering the denial of a certificate or permit under Section 480 of the Business and Professions Code, the suspension or revocation of a certificate or permit under Business and Professions Code Section 5100, or restoration of a revoked certificate or reduction of penalty under Section 5115 of the Business and Professions Code, the board will consider the following criteria:
- (1) Nature and gravity of the act(s) or offense(s).
 - (2) Criminal record and evidence of any act(s) committed subsequent to the act(s) or offense(s) under consideration which also could be considered as grounds for denial, suspension or revocation.
 - (3) The time that has elapsed since commission of the act(s) or offense(s) referred to in ~~subdivision~~ subdivisions (1) or (2).
 - (4) The extent to which the applicant or licensee has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant or licensee.
 - (5) If applicable, evidence of expungement proceedings pursuant to Section 1203.4 of the Penal Code.
 - (6) Nature and extent of actual and potential consumer harm.
 - (7) The individual's attitude toward ~~his or her~~ their commission of the violations.
 - (8) The individual's recognition of wrongdoing.
 - (9) The individual's history of violations.
 - (10) Nature and extent to which the applicant or licensee has taken corrective action to ensure the violation will not recur.
 - (11) Nature and extent of restitution to consumers harmed by violations.
 - (12) Other aggravating or mitigating factors.

(13) Evidence, if any, of rehabilitation submitted by the applicant or licensee; however, evidence of rehabilitation does not necessarily result in a finding that the licensee is rehabilitated.

- (b) For purposes of issuing a license to an applicant that has been convicted of a crime, the board will consider the applicant to have made a showing of rehabilitation if the applicant has completed the criminal sentence at issue without a violation of parole or probation.
- (c) If the applicant has been convicted of a crime and did not complete the criminal sentence at issue without a violation of parole or probation, and/or if the applicant has been subject to formal discipline by a licensing board in or outside the State within the seven years preceding the application that was based on professional misconduct that is substantially related to the qualifications, functions or duties of a certified public accountant or public accountant, and that would have been cause for discipline by the Board, unless the discipline was based on a conviction that has been dismissed as specified in Section 480(a)(2) of the Business and Professions Code, the Board will find the applicant to have made a showing of rehabilitation if, in applying its criteria for rehabilitation, set forth in (a)(1)-(13) above, the board finds that the applicant is rehabilitated.
- (d) For purposes of suspending, revoking, or restoring a license, or the reduction of penalty, the Board will consider whether the licensee made a showing of rehabilitation, if the licensee:
 - (1) has completed the criminal sentence at issue without a violation of parole or probation, and/or
 - (2) has demonstrated rehabilitation using criteria set forth in (a)(1)-(13).

VI. REHABILITATION EVIDENCE

The following are examples of types of evidence which the licensee/applicant (Respondent) may submit to CBA demonstrate ~~his or her~~their rehabilitative efforts and competency:

- a. Letter from the Respondent describing underlying circumstances of arrest and conviction record as well as any rehabilitation efforts or changes in life since that time to prevent future problems.
- b. Recent, dated written statements or performance evaluations from past and/or current employers or persons in positions of authority who have on-the-job knowledge of the Respondent's current competence in the practice of public accountancy, including the period of time and capacity in which the person worked with the Respondent.
- c. Recent, dated letters or a current mental status examination by a clinical psychologist or psychiatrist regarding the Respondent's participation in a rehabilitation, therapy or recovery program, which should include a diagnosis of the condition or any impairment, current state of recovery, and the psychologist's or psychiatrist's basis for determining rehabilitation. The evaluation should also address the likelihood of similar acts occurring in the future, and should speak to the Respondent's mental capacity and ability to practice public accountancy safely.
- d. Letters of reference from other knowledgeable professionals, such as probation or parole officers regarding the Respondent's participation in and/or compliance with terms and conditions of probation or parole, which should include at least a description of the terms and conditions of probation or parole, and the officer's basis for determining compliance.
- e. Recent, dated letters from outside individuals describing the Respondent's community or volunteer participation in civic activities or support groups (e.g., Alcoholics Anonymous, Narcotics Anonymous, other professional or community-based-support groups).
- f. Documentary or other evidence showing continuing education related to the practice of public accountancy.
- g. Documentary or other evidence showing enrollment in or completion of an advanced degree program. In instances where an individual is petitioning for the reinstatement of a revoked certificate or the reduction of penalty, the enrollment in or completion of an advanced degree program should have occurred after the effective date of the disciplinary order.
- h. Documents that support their financial inability to pay costs, including, but not limited to, financial statements, bank statements and bills when the Respondent is petitioning for a reduction of penalty associated with reducing costs or an administrative penalty.

The CBA will evaluate the sufficiency of the evidence submitted on a case-by-case basis. Any evidence submitted to the CBA will be subject to verification by CBA staff.

VII. ADMINISTRATIVE PENALTIES

BPC section 5116 et seq. allows the CBA to order any licensee or applicant for licensure or examination to pay an administrative penalty as part of any disciplinary proceeding. In matters that go through the administrative hearing process, the CBA's Executive Officer may request an ALJ to impose an administrative penalty as part of any proposed decision.

The administrative penalty assessed shall be in addition to any other penalties or sanctions imposed on the licensee or other person, including but not limited to, license revocation, license suspension, denial of the application for licensure, or denial of admission to the licensing examination. When probation is ordered, an administrative penalty may be included as a condition of probation.

For any violation, with the exception of violation of subdivisions (a), (c), (i), (j), or (k) of BPC section 5100, any licensee may be assessed an administrative penalty of not more than \$5,000 for the first violation and not more than \$10,000 for each subsequent violation.

For violation of subdivisions (a), (c), (i), (j), or (k) of BPC section 5100, licensed firms may be assessed an administrative penalty of not more than \$1,000,000 for the first violation and not more than \$5,000,000 for any subsequent violation. The administrative penalty that may be assessed an individual licensee who violates these sections is limited to not more than \$50,000 for the first violation and not more than \$100,000 for any subsequent violation.

Administrative penalties may be assessed under one or more violations; however, the total administrative penalty shall not exceed the amount of the highest administrative penalty allowed.

The term "violation" used in BPC sections 5116.1, 5116.2, and 5116.3 is intended to include the total violations in the disciplinary proceeding. Accordingly, "first violation" refers to the Respondent's first disciplinary action and "subsequent violations" refers to any subsequent disciplinary actions.

Cost recovery ordered under BPC section 5107 should not be a reason to reduce or eliminate the amount of administrative fines.

The following criteria should be considered in assessing administrative penalties.

1. Nature and extent of actual and potential consumer harm.
2. Nature and extent of actual and potential harm to clients.
3. Nature and severity of the violation.
4. The role of the person in the violation.
5. The person's attitude toward ~~his or her~~their commission of the violations.

6. Recognition of wrongdoing.
7. Person's history of violations.
8. Nature and extent of cooperation with the CBA's investigation.
9. The person's ability to pay the administrative penalty.
10. The level of administrative penalty necessary to deter future violations.
11. Nature and extent to which the person has taken corrective action to ensure the violation will not recur.
12. Nature and extent of restitution to consumers harmed by violations.
13. The violations involve sanctions by other government agencies or other regulatory licensing bodies, i.e. Internal Revenue Service, Securities and Exchange Commission, and Public Company Accounting Oversight Board.
14. Other aggravating or mitigating factors.

VIII. DISCIPLINARY GUIDELINES

The offenses and penalties are listed chronologically by statute number in the Business and Professions Code (BPC) and by regulation number in Title 16 of the California Code of Regulations (CCR). The number in brackets following each condition of probation refers to the model order so numbered (See **Model Orders**). The probation terms listed under "if warranted" for each violation are to be considered, and imposed, if facts and circumstances warrant.

CALIFORNIA ACCOUNTANCY ACT: BUSINESS AND PROFESSIONS CODE, DIVISION 3, CHAPTER 1

ARTICLE 2

Section 5037(a) OWNERSHIP OF ACCOUNTANTS' WORKPAPERS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted:

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Probation Monitoring Costs [30]
4. Restricted Practice [31]
5. Continuing Education Courses [36]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference CCR section 54.1)

Section 5037(b)(1)(2) RETURN OF CLIENT DOCUMENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:

1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted:

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Restitution [29]
4. Probation Monitoring Costs [30]
5. Restricted Practice [31]
6. Engagement Letters [32]
7. Continuing Education Courses [36]
8. Community Service – Free Services [40]

9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
10. Conditions as appropriate relating to physical or mental disability or condition [44-49]

(Reference CCR section 68)

ARTICLE 3

**Section 5050(a) PRACTICE WITHOUT PERMIT;
TEMPORARY PRACTICE**

Except as provided for in sections 5050(c), 5054, and 5096.12, this section applies to a Respondent who practices for a time without a valid license to practice or to a Respondent who practices without obtaining a practice privilege.

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Active License Status [37]
 6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 7. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

**Section 5050(c) PRACTICE WITHOUT PERMIT;
TEMPORARY PRACTICE; FOREIGN ACCOUNTANTS**

Applies to Respondents licensed in a foreign country who are temporarily practicing in California and hold out as California licensees.

Minimum Penalty – Cease and Desist Letter

Maximum Penalty – Refer to Prosecutorial Agency for Unlicensed Practice

(Reference section on Unlicensed Activities.)

Section 5055
Section 5056

**TITLE OF CERTIFIED PUBLIC ACCOUNTANT/
TITLE OF PUBLIC ACCOUNTANT**

(Applies to Respondent who assumes or uses the title certified public accountant, CPA, public accountant, or PA without having an appropriate permit to practice.)

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Active License Status [37]
 6. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

Section 5058 USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 Years Probation, with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

(Reference CCR section 2)

**Section 5058.1 TITLES IN CONJUNCTION WITH
CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 Years Probation, with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5058.2 INACTIVE DESIGNATION

Minimum Penalty – Continuing Education Courses [36]
Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5058.3 RETIRED DESIGNATION

Minimum Penalty – Continuing Education Courses [36]
Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 3.5

Section 5060 NAME OF FIRM

Minimum Penalty – Continuing Education Courses [36] for licensee, licensee partners, licensee directors, shareholders, and/or officers of corporation
Maximum Penalty – Revocation stayed, 3 Years Probation, with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5072)

Section 5061 COMMISSIONS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Continuing Education Courses [36]
 8. Community Service – Free Services [40]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 10. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5062 REPORT CONFORMING TO PROFESSIONAL STANDARDS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Peer Review [34]
 8. CPA Exam [35]

9. Samples – Audit, Review or Compilation [38]
10. Community Service – Free Services [40]
11. Notice to Clients [42]
12. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5100(j))

Section 5062.2 RESTRICTIONS ON ACCEPTING EMPLOYMENT WITH AN AUDIT CLIENT

Minimum Penalty – Revocation stayed, 30 day suspension, 3 years probation [1-4]
 Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3]
 3. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Community Service – Free Services [40]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 4. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5063 REPORTABLE EVENTS

Minimum Penalty – Continuing Education Courses [36]
 Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples – Audit, Review or Compilation [38]
 7. Prohibition from Handling Funds [39]
 8. Community Service – Free Services [40]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 10. Conditions as appropriate relating to physical or mental disability or condition [44-49]
 11. Ethics Continuing Education or NASBA CPT Ethical Leadership Training

[26]

(Reference CCR sections 59, 60, 61)

Section 5063.3 CONFIDENTIAL INFORMATION DISCLOSURE

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples – Audit, Review or Compilation [38]
 7. Prohibition from Handling Funds [39]
 8. Community Service – Free Services [40]
 9. Notice to Clients [42]
 10. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]
 11. Ethics Continuing Education or NASBA CPT Ethical Leadership Training
[26]

ARTICLE 4

Section 5070.1(b) PRACTICE WITH A RETIRED LICENSE STATUS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Active License Status [37]
 6. Administrative Penalty not to exceed maximum set forth in BPC section
 5116 [43]

Section 5070.2(b) PRACTICE WITH A MILITARY LICENSE STATUS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Active License Status [37]
 6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5072(a) REQUIREMENTS FOR REGISTRATION AS A PARTNERSHIP

Applies to licensee(s) in a partnership who practices for a time without partnership license (BPC section 5073) and subsequently renews, or to a partnership in practice without a license.

Minimum Penalty – Continuing Education Courses for Licensee Partners [36]

Maximum Penalty – Revocation of partnership/individual licenses [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference section on Unlicensed Activities.)

**Section 5073(d) PARTNERSHIP APPLICATIONS
(ADMISSION OR WITHDRAWAL OF PARTNER)**

Minimum Penalty – Continuing Education Courses for Licensee Partners [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5076(a) PEER REVIEW

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Peer Review [34]
 6. Continuing Education Courses [36]
 7. Samples – Audit, Review or Compilation [38]
 8. Notification to Clients/Cessation of Practice [42]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference CCR sections 40, 32, 43)

Section 5076(f) PEER REVIEW – DOCUMENT SUBMISSION REQUIREMENT

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Peer Review [34]
 6. Continuing Education Courses [36]
 7. Samples – Audit, Review or Compilation [38]
 8. Notification to Clients/Cessation of Practice [42]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference CCR section 46)

Section 5078 OFFICES NOT UNDER PERSONAL MANAGEMENT OF CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT; SUPERVISION

Minimum Penalty – Continuing Education Courses for Licensee Owners [36] and/or require CPA or PA to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to insure compliance [21]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Probation Monitoring Costs [30]
4. Restricted Practice [31]
5. Continuing Education Courses [36]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5079(a)(b)(d) NONLICENSEE OWNERSHIP OF FIRMS

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation of partnership or corporate registration and individual licenses [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Restricted Practice [31]
4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference CCR section 51.1)

ARTICLE 5

Section 5081(a) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION (ACTS DENYING ADMISSION TO EXAM)

Minimum Penalty – Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of BPC section 5100 for applicable provisions

Maximum Penalty – Denial of admission to examination or revocation of license if issued

(Reference relevant section for discipline based upon nature of act.)

If warranted: 1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5081(b)(c) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION

Minimum/Maximum Penalty – Denial of admission to examination, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5088 INTERIM PRACTICE RIGHTS: OUT_OF_STATE CPA

Minimum/Maximum Penalty – If CBA rejects application, cease practice immediately. If practice continues, see provisions on **Unlicensed Activities** and **Practice Privilege**.

Section 5095(a) MINIMUM NUMBER OF ATTEST SERVICES HOURS; ATTEST EXPERIENCE

Minimum Penalty – Revocation stayed and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Restricted Practice [31]
4. CPA Exam [35]
5. Continuing Education Courses [36]
6. Active License Status [37]

7. Notification to Clients/Cessation of Practice [42]
8. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
9. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

ARTICLE 5.1: Practice Privilege

Section 5096(d) PRACTICING THROUGH AN UNREGISTERED FIRM

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Suspension [3]
 2. Probation Monitoring Costs [30]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 4. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5096(e)(2) COMPLY WITH RULES, LAWS, AND STANDARDS

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g))-
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 3. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5096(e)(3) PRACTICE FROM AN UNAUTHORIZED OFFICE IN THIS STATE

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g))
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5096(e)(5) COOPERATE WITH BOARD

Minimum Penalty – One year suspension [3]
Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g))-
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5096(e)(6), (7), (8), (9) FAILURE TO CEASE EXERCISING THE PRACTICE PRIVILEGE

Minimum Penalty – One year suspension [3]
Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g))-
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 2. *Ethics Continuing Education or NASBA CPT Ethical Leadership Training* [26]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(e)(10) FAILURE TO REPORT PENDING CRIMINAL CHARGES

Minimum Penalty – One year suspension [3]
Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g))-
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 3. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5096(f) FAILURE TO NOTIFY THE BOARD/CEASE PRACTICE

Minimum Penalty – One year suspension [3]
Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g))-
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 3. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual’s practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(i) FAILURE TO FILE PRE-NOTIFICATION FORM

Minimum Penalty – One year suspension [3]
Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g))-
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 3. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years.

Section 5096.5 UNAUTHORIZED SIGNING OF ATTEST REPORTS

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g))-
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 3. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5096.12 FIRM PRACTICING WITHOUT A PRACTICE PRIVILEGE HOLDER

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Suspension [3] (BPC section 5096(g))-
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 5.5

Section 5097 AUDIT DOCUMENTATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]

5. Library Reference Materials [33]
6. Peer Review [34]
7. CPA Exam [35]
8. Continuing Education Courses [36]
9. Samples - Audit, Review or Compilation [38]
10. Community Service – Free Services [40]
11. Notice to Clients [42]
12. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
13. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

(Reference CCR sections 68.2, 68.3, 68.4, 68.5)

ARTICLE 6

**Section 5100 DISCIPLINE IN GENERAL,
(including but not limited to that set forth in
subsections (a) through (l) of this section)**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Optional conditions which relate to underlying facts and circumstances; reference conditions listed in BPC sections 5100 (a)-(j)
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 5. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

**Section 5100(a) CONVICTION OF ANY CRIME SUBSTANTIALLY RELATED TO THE
QUALIFICATIONS, FUNCTIONS AND DUTIES OF A CPA/PA**

**FOR FELONY CONVICTIONS OR MULTIPLE MISDEMEANOR CONVICTIONS, WITH THE
EXCEPTION OF MISDEMEANOR ALCOHOL/DRUG CONVICTIONS FOR VEHICLE CODE
SECTION 23152 AND DRUG CONVICTIONS FOR POSSESSION FOR PERSONAL USE:**

Minimum Penalty – Revocation stayed. Actual suspension from practice 120 days.
Three years probation [1-4]

Maximum Penalty – Revocation [1, 2]

FOR MULTIPLE MISDEMEANOR ALCOHOL/DRUG CONVICTIONS FOR VEHICLE CODE SECTION 23152 AND DRUG CONVICTIONS FOR POSSESSION FOR PERSONAL USE:

Minimum Penalty – 120-day suspension stayed, and 1 year probation [1-4]
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation/suspension stayed [4], probation 1 to 5 years
 2. Suspension [3]
 3. Standard Conditions of Probation [16-27]

If warranted: 1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Engagement Letters [32]
 6. CPA Exam [35]
 7. Continuing Education Courses [36]
 8. Samples - Audit, Compilation or Review [38]
 9. Prohibition from Handling Funds [39]
 10. Community Service – Free Services [40]
 11. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]
 12. Conditions as appropriate relating to physical or mental disability or
 condition [44-49]
 13. Ethics Continuing Education or NASBA CPT Ethical Leadership Training
 [26]

IN THE CASE OF A SINGLE MISDEMEANOR VIOLATION, TAILOR PROBATION TO CIRCUMSTANCES, ADJUSTING THE REQUIRED CONDITIONS ACCORDINGLY AND CHOOSING APPROPRIATE WARRANTED CONDITIONS FROM THE ABOVE LIST.

Section 5100(b) FRAUD OR DECEIT IN OBTAINING LICENSE/PERMIT/REGISTRATION

Minimum Penalty – Revocation stayed with 180 days actual suspension and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty – Revocation or application denied. [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3]
 3. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 4. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5100(c) DISHONESTY, FRAUD, GROSS NEGLIGENCE, OR REPEATED ACTS OF NEGLIGENCE IN THE PRACTICE OF PUBLIC ACCOUNTANCY OR THE PERFORMANCE OF BOOKKEEPING

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Peer Review [34]
 6. CPA Exam [35]
 7. Continuing Education Courses [36]
 8. Samples - Audit, Review or Compilation [38]
 9. Prohibition from Handling Funds [39]
 10. Community Service – Free Services [40]
 11. Notification to Clients [42]
 12. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 13. Conditions as appropriate relating to physical or mental disability or condition [44-49]
 14. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5100(d) CANCELLATION, REVOCATION OR SUSPENSION BY ANY OTHER STATE OR FOREIGN COUNTRY

Minimum Penalty – Revocation stayed [1, 2, 4], probation 3 years

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Restitution [29]
4. Probation Monitoring Costs [30]
5. Restricted Practice [31]
6. CPA Exam [35]
7. Continuing Education Courses [36]
8. Samples - Audit, Review or Compilation [38]
9. Prohibition from Handling Funds [39]
10. Community Service – Free Services [40]
11. Notice to Clients [42]
12. Conditions as appropriate relating to physical or mental disability or condition [44-49]
13. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5100(e) VIOLATION OF PROVISIONS OF SECTION 5097

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Library Reference Materials [33]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Samples - Audit, Review or Compilation [38]
 9. Community Service – Free Services [40]
 10. Notice to Clients [42]
 11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 12. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5100(f) VIOLATIONS OF PROVISIONS OF SECTION 5120

BPC section 5120 states "Any person who violates Article 3 (commencing with Section 5050) is guilty of a misdemeanor, punishable by imprisonment for not more than six months, or by a fine of not more than one thousand dollars (\$1,000), or both. Whenever the board has reason to believe that any person is liable for punishment under this article, the board, or with its approval the enforcement advisory committee, may certify the facts to the appropriate enforcement officer of the city or county where the alleged violation had taken place and the officer may cause appropriate proceedings to be brought."

Violations of Article 3 include:

5050 and 5051	PRACTICE WITHOUT PERMIT/"PUBLIC ACCOUNTANCY" DEFINED
5055 and 5056	TITLE OF CERTIFIED PUBLIC ACCOUNTANT/ PUBLIC ACCOUNTANT
5058	USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED

Minimum/Maximum Penalty – See specific statute/regulation violated for recommended penalty

Section 5100(g) WILLFUL VIOLATION OF THE ACCOUNTANCY ACT, OR A RULE OR REGULATION PROMULGATED BY THE BOARD

Minimum/Maximum Penalty – See specific statute or regulation violated for recommended penalty

Section 5100(h) SUSPENSION OR REVOCATION OF THE RIGHT TO PRACTICE BEFORE ANY GOVERNMENTAL BODY OR AGENCY

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Restitution [29]
4. Probation Monitoring Costs [30]
5. Restricted Practice [31]
6. CPA Exam [35]
7. Continuing Education Courses [36]
8. Samples - Audit, Review or Compilation [38]
9. Prohibition from Handling Funds [39]
10. Community Service – Free Services [40]
11. Notice to Clients [42]

12. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
13. Conditions as appropriate relating to physical or mental disability or condition [44-49]
14. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5100(i) FISCAL DISHONESTY OR BREACH OF FIDUCIARY RESPONSIBILITY OF ANY KIND

Minimum Penalty – Revocation stayed, 30 day suspension, 3 years probation [1-4]
 Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3]
 3. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. CPA Exam [35]
 6. Continuing Education Courses [36]
 7. Prohibition from Handling Funds [39]
 8. Community Service – Free Services [40]
 9. Notice to Clients [42]
 10. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 11. Conditions as appropriate relating to physical or mental disability or condition [44-49]
 12. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5100(j) KNOWING PREPARATION, PUBLICATION OR DISSEMINATION OF FALSE, FRAUDULENT, OR MATERIALLY MISLEADING FINANCIAL STATEMENTS, REPORTS, OR INFORMATION

Minimum Penalty – Revocation stayed, 60 days suspension, 3 years probation [1-4]
 Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 to 5 years probation
 2. Suspension [3]
 3. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]

4. Restricted Practice [31]
5. Engagement Letters [32]
6. CPA Exam [35]
7. Continuing Education Courses [36]
8. Samples - Audit, Review or Compilation [38]
9. Community Service – Free Services [40]
10. Notice to Clients [42]
11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
12. Conditions as appropriate relating to physical or mental disability or condition [44-49]
13. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5100(k) EMBEZZLEMENT, THEFT, MISAPPROPRIATION OF FUNDS OR PROPERTY, OR OBTAINING MONEY, PROPERTY OR OTHER VALUABLE CONSIDERATION BY FRAUDULENT MEANS OR FALSE PRETENSES

Minimum Penalty – Revocation stayed, 90 day suspension, 3 years probation [1-4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
 2. Suspension [3]
 3. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. CPA Exam [35]
 6. Continuing Education Courses [36]
 7. Prohibition from Handling Funds [39]
 8. Notice to Clients [42]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 10. Conditions as appropriate relating to physical or mental disability or condition [44-49]
 11. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5100(l) DISCIPLINE, PENALTY, OR SANCTION BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD OR SECURITIES AND EXCHANGE COMMISSION

Minimum Penalty – Revocation stayed [1, 2, 4], 3 years probation

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Restitution [29]
4. Probation Monitoring Costs [30]
5. Restricted Practice [31]
6. CPA Exam [35]
7. Continuing Education Courses [36]
8. Samples - Audit, Review or Compilation [38]
9. Prohibition from Handling Funds [39]
10. Community Service – Free Services [40]
11. Notice to Clients [42]
12. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
13. Conditions as appropriate relating to physical or mental disability or condition [44-49]
14. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5100(m) UNLAWFULLY ENGAGING IN PRACTICE OF PUBLIC ACCOUNTANCY IN ANOTHER STATE

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted:

1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Restricted Practice [31]
4. Continuing Education Courses [36]
5. Active License Status [37]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
7. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5101 DISCIPLINE OF PARTNERSHIP

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Restitution [29]
4. Probation Monitoring Costs [30]
5. Restricted Practice [31]
6. Engagement Letters [32]
7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5104 RELINQUISHMENT OF CERTIFICATE OR PERMIT (revocation or suspension)

Minimum/Maximum Penalty – Revocation [1, 2]

Section 5105 RELINQUISHMENT OF CERTIFICATE OR PERMIT (delinquent)

Minimum/Maximum Penalty – Revocation [1, 2]

Section 5110(a) ACTS CONSTITUTING CAUSE FOR BOARD’S DENIAL OF EXAM APPLICATION OR ADMISSION, VOIDANCE OF GRADES, OR DENIAL OF LICENSE APPLICATION OR REGISTRATION

Minimum/Maximum Penalty – Denial of admission to examination, denial of licensure application, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 7

Sections 5120/5121 VIOLATIONS AS MISDEMEANOR/EVIDENCE OF VIOLATION

(Reference BPC section 5100(f) and section on Unlicensed Activities.)

ARTICLE 9

Section 5152 CORPORATION REPORTS

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Suspend corporate accountancy registration and/or individual licenses for 90 days [3]

Section 5152.1 ACCOUNTANCY CORPORATION RENEWAL OF PERMIT TO PRACTICE

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Suspend corporate accountancy registration and/or individual licenses for 90 days [3]

(Reference BPC sections 5050 and 5060(b))

Section 5154 DIRECTORS, SHAREHOLDERS, AND OFFICERS MUST BE LICENSED

Minimum Penalty – Continuing Education Courses for licensee directors, shareholders, and/or officers of corporation [36]

Maximum Penalty – Revocation of corporate registration [1, 2] and discipline of individual licenses

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
4. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Section 5155 DISQUALIFIED SHAREHOLDER NONPARTICIPATION

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revocation of individual and corporate license [1, 2]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

**Section 5156 UNPROFESSIONAL CONDUCT
(ACCOUNTANCY CORPORATION)**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Revocation of individual and corporate licenses [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If Revocation stayed [4], 3 to 5 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Community Service – Free Services [40]
4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
5. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Note: An accountancy corporation is bound by the same regulations as individual Respondents. See specific statute or regulation violated for recommended penalty.

**Section 5158 PRACTICE OF PUBLIC ACCOUNTANCY; MANAGEMENT
(ACCOUNTANCY CORPORATION)**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, stakeholders, and/or officers of corporation. Require CPA or PA to develop management plan; permit practice investigation within 3 months to ensure compliance with management requirement and plan [20, 33]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If Revocation stayed [4], 3 to 5 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Supervised Practice [28]
2. Restitution [29]
3. Probation Monitoring Costs [30]
4. Restricted Practice [31]
5. Engagement Letters [32]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
7. Conditions as appropriate relating to physical or mental disability or condition [44-49]

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

TITLE 16 CALIFORNIA CODE OF REGULATIONS

ARTICLE 1: GENERAL

SECTION 3 NOTIFICATION OF CHANGE OF ADDRESS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – 90 day Suspension [3]

SECTION 5 OBSERVANCE OF RULES

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:

1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted:

1. Probation Monitoring Costs [30]
2. Continuing Education Courses [36]
3. Samples - Audit, Review or Compilation [38]
4. Community Service – Free Services [40]
5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
6. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

Note: Reference the specific regulation for appropriate discipline.

ARTICLE 2: EXAMINATIONS

SECTION 8.2 REQUIREMENTS FOR ISSUANCE OF THE AUTHORIZATION TO TEST

Minimum Penalty – Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of BPC section 5100 for applicable provisions

Maximum Penalty – Denial of admission to examination or revocation of license if issued; Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 3: PRACTICE PRIVILEGES

SECTION 20 NOTIFICATION OF CHANGE OF INFORMATION FOR REGISTERED OUT-OF-STATE ACCOUNTING FIRMS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – 90 day Suspension [3]

CONDITIONS OF PROBATION:

- Required:
1. If suspension stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 5: REGISTRATION

SECTION 37.5 FINGERPRINTING

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 6: PEER REVIEW

SECTION 40(a)(b)(c) ENROLLMENT AND PARTICIPATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Peer Review [34]
 6. Continuing Education Courses [36]

7. Samples – Audit, Review or Compilation [38]
8. Notification to Clients/Cessation of Practice [42]
9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5076(a))

SECTION 41 FIRM RESPONSIBILITIES

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5076(a))

SECTION 43 EXTENSIONS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 44 NOTIFICATION OF EXPULSION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]

4. Restricted Practice [31]
5. Continuing Education Courses [36]
6. Samples – Audit, Review or Compilation [38]
7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
8. Conditions as appropriate relating to physical or mental disability or condition [44-49]

SECTION 45 REPORTING TO BOARD

Minimum Penalty – Continuing Education Courses [36]
 Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5076(a))

SECTION 46(a) DOCUMENT SUBMISSION REQUIREMENTS

Applies to firms that receive a substandard peer review rating.

Minimum Penalty – Continuing Education Courses [36]
 Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5076(f))

SECTION 46(b) DOCUMENT SUBMISSION REQUIREMENTS

Applies to firms that receive a “pass” or “pass with deficiencies” peer review rating.

Minimum Penalty – Continuing Education Courses [36]
 Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required: 1. If revocation stayed [4], 3 years probation
- 2. Standard Conditions of Probation [16-27]

- If warranted: 1. Probation Monitoring Costs [30]
- 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 9: RULES OF PROFESSIONAL CONDUCT

SECTION 50 CLIENT NOTIFICATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:

- Required: 1. Standard Conditions of Probation [16-27]

- If warranted: 1. Suspension [3] with/without stay [4]
- 2. Probation Monitoring Costs [30]
- 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 50.1 ATTEST CLIENT NOTIFICATION

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:

- Required: 1. If revocation stayed [4], 3 years probation
- 2. Standard Conditions of Probation [16-27]

- If warranted: 1. Suspension [3] with/without stay [4]
- 2. Probation Monitoring Costs [30]
- 3. Administrative Penalty not to maximum set forth in BPC section 5116 [43]

SECTION 51 FIRMS WITH NONLICENSEE OWNERS

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:

- Required: 1. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 51.1 NOTIFICATION OF NON-LICENSEE OWNERSHIP

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5079)

SECTION 52 RESPONSE TO BOARD INQUIRY

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Community Service – Free Services [40]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 53 DISCRIMINATION PROHIBITED

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

- Required:
1. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 54.1 DISCLOSURE OF CONFIDENTIAL INFORMATION PROHIBITED

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Continuing Education Courses [36]
 5. Notice to Clients [42]
 6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 7. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

(Reference BPC section 5037)

SECTION 54.2 RECIPIENTS OF CONFIDENTIAL INFORMATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed, [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Probation Monitoring Costs [30]
 3. Continuing Education Courses [36]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 5. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

SECTION 56 COMMISSIONS – BASIC DISCLOSURE REQUIREMENT

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Continuing Education Courses [36]
 8. Community Service – Free Services [40]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 10. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

SECTION 56.1 COMMISSIONS – PROFESSIONAL SERVICES PROVIDED TO CLIENT

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Continuing Education Courses [36]
 7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 8. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

SECTION 57 INCOMPATIBLE OCCUPATIONS AND CONFLICT OF INTEREST

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]

4. Restricted Practice [31]
5. Engagement Letters [32]
6. Continuing Education Courses [36]
7. Prohibition from Handling Funds [39]
8. Community Service – Free Services [40]
9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
10. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

SECTION 58 COMPLIANCE WITH STANDARDS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Engagement Letters [32]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Continuing Education Courses [36]
 9. Samples - Audit, Review or Compilation [38]
 10. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 11. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

SECTION 59 REPORTING OF RESTATEMENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Community Service – Free Services [40]

7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5063)

SECTION 60 REPORTING OF INVESTIGATIONS BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Community Service – Free Services [40]
 7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 8. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

(Reference BPC section 5063)

SECTION 61 THE REPORTING OF SETTLEMENTS, ARBITRATION AWARDS, AND JUDGMENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Engagement Letters [32]
 6. Continuing Education Courses [36]
 7. Community Service – Free Services [40]
 8. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 9. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

(Reference BPC section 5063)

SECTION 62 CONTINGENT FEES

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed, 3 years probation [1, 2, 4]
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Continuing Education Courses [36]
 8. Community Service – Free Services [40]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 63 ADVERTISING

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Community Service – Free Services [40]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 65 INDEPENDENCE

Minimum Penalty – Revocation stayed, 3 years of probation [1, 2, 4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]

4. Probation Monitoring Costs [30]
5. Restricted Practice [31]
6. Engagement Letters [32]
7. Peer Review [34]
8. CPA Exam [35]
9. Samples - Audit, Review or Compilation [38]
10. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 67 APPROVAL OF USE OF FICTITIOUS NAME

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 90 day suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
 2. Community Service – Free Services [40]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 68 RETENTION OF CLIENT'S RECORDS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed, 3 years probation [1, 2, 4]
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Continuing Education Courses [36]
 8. Community Service – Free Services [40]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 10. Conditions as appropriate relating to physical or mental disability or condition [44-49]

(Reference BPC section 5037)

SECTION 68.1 WORKING PAPERS DEFINED; RETENTION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Engagement Letters [32]
 6. Continuing Education Courses [36]
 7. Community Service – Free Services [40]
 8. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]
 9. Conditions as appropriate relating to physical or mental disability or
 condition [44-49]

SECTION 68.2 COMPONENTS OF AUDIT DOCUMENTATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Peer Review [34]
 6. CPA Exam [35]
 7. Samples - Audit, Review or Compilation [38]
 8. Community Service – Free Services [40]
 9. Notice to Clients [42]
 10. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

(Reference BPC section 5097)

SECTION 68.3 RETENTION PERIOD FOR AUDIT DOCUMENTATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Library Reference Materials [33]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Samples - Audit, Review or Compilation [38]
 9. Community Service – Free Services [40]
 10. Notice to Clients [42]
 11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BCP section 5097)

SECTION 68.4 CHANGES IN AUDIT DOCUMENTATION AFTER ISSUANCE OF REPORT

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Library Reference Materials [33]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Samples - Audit, Review or Compilation [38]
 9. Community Service – Free Services [40]
 10. Notice to Clients [42]

11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
12. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

(Reference BPC section 5097)

**SECTION 68.5 AUDIT DOCUMENTATION
RETENTION AND DESTRUCTION POLICY**

Minimum Penalty – Continuing Education Courses [36]
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]
- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Library Reference Materials [33]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Samples - Audit, Review or Compilation [38]
 9. Community Service – Free Services [40]
 10. Notice to Clients [42]
 11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5097)

SECTION 69 CERTIFICATION OF APPLICANT'S EXPERIENCE

Minimum Penalty – Continuing Education Courses [36]
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Community Service – Free Services [40]

5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [46]
6. Ethics Continuing Education or NASBA CPT Ethical Leadership Training [26]

ARTICLE 11: ACCOUNTANCY CORPORATION RULES

SECTION 75.8 SECURITY FOR CLAIMS AGAINST AN ACCOUNTANCY CORPORATION

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples - Audit, Review or Compilation [38]
 7. Prohibition from Handling Funds [39]
 8. Community Service – Free Services [40]
 9. Notification to Clients [42]
 10. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 75.9 SHARES: OWNERSHIP AND TRANSFER

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Revocation of corporate registration [1, 2] and discipline of individual licenses

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

**SECTION 75.11(b) CERTIFICATION OF REGISTRATION; CONTINUING VALIDITY;
NOTIFICATION OF NAME AND ADDRESS CHANGES**

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Suspend corporate accountancy registration and/or individual licensees for 90 days [3]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Restricted Practice [31]
3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 12: CONTINUING EDUCATION RULES

Section 80 INACTIVE LICENSE STATUS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Restricted Practice [31]
4. Continuing Education Courses [36]
5. Active License Status [37]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 81(a) CONTINUING EDUCATION REQUIREMENTS FOR RENEWING AN EXPIRED LICENSE

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Probation Monitoring Costs [30]
4. Restricted Practice [31]

5. Continuing Education Courses [36]
6. Samples – Audit, Review or Compilation [38]
7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 87 BASIC REQUIREMENTS (Continuing Education)

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples – Audit, Review or Compilation [38]
 7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 87.5 ADDITIONAL CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

- Required:
1. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Active License Status [37]
 4. Samples - Audit, Review or Compilation [38]
 5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 87.6 RECORDS REVIEW CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

- Required:
1. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Samples - Audit, Review or Compilation [38]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 87.8 REGULATORY REVIEW COURSE

Minimum Penalty – Continuing Education Courses [36]
Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 89 CONTROL AND REPORTING

Minimum Penalty – Continuing Education Courses [36]
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 89.1 REPORTS

Minimum Penalty – Continuing Education Courses [36]
Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Samples - Audit, Review or Compilation [38]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 90 EXCEPTIONS AND EXTENSIONS

Minimum Penalty – Continuing Education Courses [36]
Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required: 1. If revocation stayed [4] 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples – Audit, Review or Compilation [38]
 7. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

ARTICLE 12.5: CITATIONS AND FINES

SECTION 95.4 FAILURE TO COMPLY WITH CITATION

Minimum Penalty – Compliance with Citation Abatement Order and/or Fine as issued
Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

- Required: 1. Standard Conditions of Probation [16-27]
 2. Restitution [29]
 3. Compliance with Citation Abatement Order and/or Fine

- If warranted: 1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

VIOLATION OF PROBATION

Minimum penalty - Citation and Fine (19)

Maximum penalty - Vacate stay order and impose penalty that was previously stayed; and/or revoke, separately and severally, for violation of probation and/or for any additional offenses. [1-4]

CCR section 95 provides the authority for the Executive Officer to issue citations and fines from \$100 to \$5,000 to a licensee for violation of a term or condition contained in a decision placing that licensee on probation.

The maximum penalty is appropriate for repeated **similar** offenses, or for probation violations indicating a cavalier or recalcitrant attitude. If the probation violation is due in part to the commission of additional offense(s), additional penalties shall be imposed according to the nature of the offense; and the probation violation shall be considered as an aggravating factor in imposing a penalty for those offenses.

UNLICENSED ACTIVITIES

If any unlicensed individual or firm violates, or is suspected of violating, any of the following Business and Professions Code sections, the matter may be referred to the Division of Investigation, and if the allegation is confirmed, to the District Attorney or other appropriate law enforcement officer for prosecution.

Section 5050	Section 5056	Section 5072
Section 5051	Section 5058	Section 5088
Section 5055	Section 5071	

CCR section 95.6 also provides the authority for the Executive Officer to issue citations and fines from \$100 to \$5,000 and an order of abatement against any person defined in Business and Professions Code section 5035 who is acting in the capacity of a licensee under the jurisdiction of the CBA.

BPC section 5120 provides that any person who violates any provisions of Article 3 is guilty of a misdemeanor and can be imprisoned for not more than 6 months or assessed a fine of not more than \$1,000 or both. Injunctions may be requested (see BPC section 5122 immediately following).

INJUNCTIONS

BPC section 5122 provides that "Whenever in the judgment of the board, or with its approval the enforcement advisory committee, any person has engaged, or is about to engage, in any acts or practices that constitute, or will constitute, an offense against this chapter, the board may make application to the appropriate court for an order enjoining the acts or practices, and upon showing by the board that the person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order, or other order that may be appropriate shall be granted by the court." This section applies to licensees and unlicensed persons.

IX. MODEL ORDERS

LICENSEES

1. Revocation - Single Cause:

_____ License No. _____ issued
(Ex: Certified Public Accountant) (Ex: 00000)

to Respondent _____ is revoked.
(Name)

2. Revocation - Multiple Causes:

_____ License No. _____ issued to Respondent _____ is revoked pursuant to Determination(s) of Issues _____ separately and for all of them.

3. Suspension:

_____ License No. _____ issued to Respondent _____ is suspended for _____. During the period of suspension the Respondent shall engage in no activities for which certification as a Certified Public Accountant or Public Accountant is required as described in Business and Professions Code, Division 3, Chapter 1, section 5051.

4. Standard Stay Order:

However, _____ (revocation/suspension) _____ is stayed and Respondent is placed on probation for _____ years upon the following terms and conditions:

ORDER OF RESTRICTED PRACTICE

5. Permanent Restricted Practice Order (to be placed after any probationary order):

After the period of probation set forth above is successfully completed, it is further ordered that Respondent shall be prohibited from (performing certain types of engagements such as audits, reviews, compilations, or other attestation engagements, etc.), and/or from practice in (certain specialty areas, e.g. bookkeeping, write-up, tax, auditing, etc.). Respondent shall be prohibited from performing the above mentioned services permanently or until such time as Respondent successfully petitions the California Board of Accountancy (CBA) for reinstatement of the privilege to engage in any of the service(s) or act(s) restricted by this Order.

(Note: This restriction is authorized by Business and Professions Code section 5100.5. It should be used where the violation involves unprofessional conduct in the performance or failure to perform particular accountancy acts or services or where serious or repeated violations in a particular practice area are found and revocation is not warranted.)

PETITIONS FOR REINSTATEMENT

6. Grant petition without restrictions on the license:

Upon satisfaction of all statutory and regulatory requirements for the issuance of a license, the petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate shall be fully restored.

7. Grant petition and place license on probation:

Upon satisfaction of all statutory and regulatory requirements for issuance of a license, the petition for reinstatement filed by _____ is hereby granted. Petitioner's certificate shall be fully restored. However, the certificate shall then be immediately revoked, the revocation shall be stayed, and petitioner shall be placed on probation for ___ years upon the following terms and conditions (*list standard and applicable optional conditions of probation*):

8. Grant petition and place license on probation after petitioner completes conditions precedent to reinstatement of the license:

The petition for reinstatement filed by _____ is hereby granted, and Petitioner's certificate shall be fully reinstated upon the following conditions precedent (*list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA exam, NASBA CPT Ethical Leadership Training, etc.*):

Upon completion of the conditions precedent above and satisfaction of all statutory and regulatory requirements for issuance of a license, Petitioner's certificate shall be reinstated. Upon reinstatement, Petitioner's certificate shall be revoked. However, said revocation shall be stayed and Petitioner shall be placed on probation for a period of ___ years under the following terms and conditions (*list standard and applicable optional conditions of probation*):

9. Deny Petition:

The petition for reinstatement filed by _____ is hereby denied. Option: In accordance with Section 5115(a) of the Business and Professions Code (BPC), Petitioner may file a new petition for reinstatement only after ___ years have elapsed from the effective date of this decision.

Note: (3 years maximum)

Note: BPC section 5115 also allows a person to file a petition for a reduction in penalty. The above checklist can also be used for these petitions.

PETITION FOR REVOCATION OF PROBATION

10. Revocation of Probation:

Certified Public Accountant Certificate No. _____, heretofore issued to Respondent _____, is revoked.

11. Continuance of Probation:

However, revocation is stayed and Respondent is placed on probation for a period of years upon the following terms and conditions:

APPLICANTS

12. Grant application without restrictions on the license:

The application of Respondent _____ for initial licensure is hereby granted, and a license shall be issued to Respondent upon successful completion of all licensing requirements including payment of all fees.

13. Grant application and place license on probation:

The application of Respondent _____ for initial licensure is hereby granted, and a license shall be issued to Respondent upon successful completion of all licensing requirements including payment of all fees. Said license shall immediately be revoked, the order of revocation stayed and Respondent's license placed on probation for a period of _____ years on the following conditions:

14. Grant application and place license on probation after applicant completes conditions precedent to reinstatement of the license:

The application filed by _____ for initial licensure is hereby granted, and a license shall be issued upon the following conditions precedent (*list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA exam, etc.*):

Upon completion of the conditions precedent above and successful completion of all licensing requirements, Respondent shall be issued a license. However, the license shall be immediately revoked, the revocation shall be stayed, and Respondent shall be placed on probation for a period of ___ years under the following terms and conditions (*list standard and applicable optional conditions of probation*):

15. Deny Application:

The application of Respondent _____ for initial licensure is hereby denied.

STANDARD CONDITIONS OF PROBATION (TO BE INCLUDED IN ALL CASES OF PROBATION)

16. Obey All Laws

Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

17. Cost Reimbursement

Respondent shall reimburse the California Board of Accountancy (CBA) \$_____ for its investigation and prosecution costs. The payment shall be made within __ days/months of the date the CBA's decision is final.

Option: The payment shall be made as follows: _____ [specify either prior to the resumption of practice or in quarterly payments (due with quarterly written reports), the final payment being due one year before probation is scheduled to terminate].

18. Submit Written Reports

Respondent shall submit, within 10 days of completion of the quarter, written reports to the California Board of Accountancy (CBA) on a form obtained from the CBA. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to Respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the CBA or its representatives.

19. Personal Appearances

Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the California Board of Accountancy (CBA) or its designated representatives, provided such notification is accomplished in a timely manner.

20. Comply With Probation

Respondent shall fully comply with the terms and conditions of the probation imposed by the California Board of Accountancy (CBA) and shall cooperate fully with representatives of the CBA in its monitoring and investigation of the Respondent's compliance with probation terms and conditions.

21. Practice Investigation

Respondent shall be subject to, and shall permit, a practice investigation of the Respondent's professional practice. Such a practice investigation shall be conducted by representatives of the California Board of Accountancy (CBA), provided notification of such review is accomplished in a timely manner.

22. Comply With Citations

Respondent shall comply with all final orders resulting from citations issued by the California Board of Accountancy (CBA).

23. Tolling of Probation for Out-of-State Residence/Practice

In the event Respondent should leave California to reside or practice outside this state, Respondent must notify the California Board of Accountancy (CBA) in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the CBA costs, and make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice except at the written direction of the CBA.

24. Violation of Probation

If Respondent violates probation in any respect, the California Board of Accountancy (CBA), after giving Respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Respondent during probation, the CBA shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.

The CBA's Executive Officer may issue a citation under California Code of Regulations, section 95, to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.

25. Completion of Probation

Upon successful completion of probation, Respondent's license will be fully restored, unless the California Board of Accountancy (CBA) has ordered that Respondent's license be permanently restricted or limited even after probation has been completed.

26. Ethics Continuing Education

Within (a specified time period (e.g. one year)) of the effective date of the Order **or** Prior to the resumption of practice (where the license has been suspended), Respondent shall complete four hours of continuing education in course subject matter pertaining to the following: a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities; case-based instruction focusing on real-life situational learning; ethical dilemmas facing the accounting profession; or business ethics, ethical sensitivity, and consumer expectations. Courses must be a minimum of one hour as described in California Code of Regulations section 88.2.

Or

NASBA CPT Ethical Leadership Training

Within 180 days of the effective date of the Order, Respondent shall successfully complete and pass the Professional Ethical Leadership Training Program through the National Association of State Boards of Accountancy The Center for the Public Trust and shall provide the certificate(s) of completion to the California Board of Accountancy (CBA).

If Respondent fails to complete said courses within the time period provided, Respondent shall so notify the California Board of Accountancy (CBA) and shall cease practice until Respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that ~~he or she~~they may resume practice. Failure to complete the required courses within the time period provided shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

27. Regulatory Review Course

Within (a specified time period (e.g. 180 days)) of the effective date of the Order ~~or~~ Prior to the resumption of practice (where the license has been suspended), Respondent shall complete a California Board of Accountancy (CBA) approved course on the provisions of the California Accountancy Act and the (CBA) Regulations specific to the practice of public accountancy in California emphasizing the provisions applicable to current practice situations. The course also will include an overview of historic and recent disciplinary actions taken by the CBA, highlighting the misconduct which led to licensees being disciplined.

If Respondent fails to complete said courses within the time period provided, Respondent shall so notify the CBA and shall cease practice until Respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that ~~he or she~~they may resume practice. Failure to complete the required courses within the time period provided shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

OPTIONAL CONDITIONS OF PROBATION (To Be Included In Cases Where Appropriate)

28. Supervised Practice

Within 30 days of the effective date of this decision, Respondent shall submit to the California Board of Accountancy (CBA) or its designee for its prior approval a plan of practice that shall be monitored by another CPA or PA who provides periodic reports to the CBA or its designee. Respondent shall pay all costs for such monitoring.

29. Restitution

Respondent shall make restitution to _____ in the amount of \$_____ and shall provide the California Board of Accountancy (CBA) with a written release from _____ attesting that full restitution has been paid. Restitution shall be completed before the termination of probation.

NoteNote: Business and Professions Code section 143.5 prohibits the CBA from requiring restitution in disciplinary cases when the CBA's case is based on a complaint or report that has also been the subject of a civil action and that has been settled for monetary damages providing for full and final satisfaction of the parties in the civil action.

30. Probation Monitoring Costs

Respondent shall pay all costs associated with probation monitoring as determined by the California Board of Accountancy (CBA). Such costs shall be payable to the CBA within 30 days. Failure to pay such costs by the deadline(s) as directed shall be considered a violation of probation. If costs are billed after the completion of the probationary period, the obligation to pay the costs shall continue, but the probation shall not be extended.

31. Restricted Practice

Respondent shall be prohibited from _____ (performing certain types of engagements such as audits, reviews, compilations, or other attestation engagements, etc.), and/or from practice in _____ (certain specialty areas, i.e. bookkeeping, write-up, tax, auditing, etc.). The Respondent will be prohibited from performing the above mentioned services until such time that they successfully petition the California Board of Accountancy as listed in BPC section 5115.

32. Engagement Letters

Respondent shall use engagement letters with each engagement accepted during probation and shall provide copies of same to the California Board of Accountancy (CBA) or its designee upon request.

33. Library Reference Materials

Respondent shall have immediate access to, shall use, and shall maintain published materials and/or checklists that are consistent with the practice. Such materials and checklists shall be produced on-site for review by the California Board of Accountancy (CBA) or its designee upon reasonable notice.

34. Peer Review

During the period of probation, all audit, review, and compilation reports and work papers shall be subject to peer review by a Board-recognized peer review program provider pursuant to Business and Professions Code section 5076 and California Code of Regulations, Title 16, Division 1, Article 6, commencing with section 38, at Respondent's expense. The specific engagements to be reviewed shall be at the discretion of the peer reviewer. Within 45 days of the peer review report being accepted by a Board-recognized peer review program provider, Respondent shall submit to the California Board of Accountancy (CBA) a copy of the peer review report, including any materials documenting the prescription of remedial or corrective actions imposed by the Board-recognized peer review program provider. Respondent shall also submit, if available, within 45 days from the date of the request by the CBA or its designee, any materials documenting completion of any prescribed or remedial actions.

Condition 38 shall be used whenever Condition 34 is used.

35. CPA Exam

Within (a specified time period (e.g. one (1) year)) of the effective date of the Order **or** Prior to the resumption of practice (where the license has been suspended), Respondent shall take and pass the (section) of the Uniform CPA Exam.

If Respondent fails to pass said examination within the time period provided, Respondent shall so notify the California Board of Accountancy (CBA) and shall cease practice until Respondent completes and successfully passes said examination, has submitted proof of same to the CBA, and has been notified by the CBA that ~~he or she~~they may resume practice. Failure to pass the required examination within the time period provided shall constitute a violation of probation.

36. Continuing Education Courses

Within (a specified time period (e.g. 180 days)) of the effective date of the Order **or** Prior to the resumption of practice (where the license has been suspended), Respondent shall complete and provide proper documentation of (specified) professional education courses within (a designated time).

If Respondent fails to complete said courses within the time period provided, Respondent shall so notify the California Board of Accountancy (CBA) and shall cease practice until Respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that ~~he or she~~they may resume practice. Failure to complete the

required courses within the time period provided shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

37. Active License Status

Respondent shall at all times maintain an active license status with the California Board of Accountancy (CBA), including during any period of suspension. If the license is expired at the time the CBA's decision becomes effective, the license must be renewed within 30 days of the effective date of the decision.

38. Samples - Audit, Review or Compilation

During the period of probation, if the Respondent undertakes an audit, review or compilation engagement, the Respondent shall submit to the California Board of Accountancy (CBA) as an attachment to the required quarterly report a listing of the same. The CBA or its designee may select one or more from each category and the resulting report and financial statement and all related working papers must be submitted to the CBA or its designee upon request.

39. Prohibition from Handling Funds

During the period of probation the Respondent shall engage in no activities which require receiving or disbursing funds for or on behalf of any other person, company, partnership, association, corporation, or other business entity.

40. Community Service - Free Services

Respondent shall participate in a community service program as directed by the California Board of Accountancy (CBA) or its designee in which Respondent provides free professional services on a regular basis to a community or charitable facility or agency, amounting to a minimum of ____ hours. Such services are to begin no later than ____ days after Respondent is notified of the program and to be completed no later than _____. Respondent shall submit proof of compliance with this requirement to the CBA. Respondent is entirely responsible for ~~his or her~~their performance in the program and the CBA assumes neither express nor implied responsibility for Respondent's performance nor for the product or services rendered.

41. Relinquish Certificate

Respondent shall relinquish and shall forward or deliver the certificate or permit to practice to the California Board of Accountancy (CBA) office within 10 days of the effective date of this decision and order.

42. Notification to Clients/Cessation of Practice

In orders that provide for a cessation or suspension of practice, Respondent shall comply with procedures provided by the California Board of Accountancy (CBA) or its designee regarding notification to, and management of, clients.

43. Administrative Penalty

Respondent shall pay to the California Board of Accountancy (CBA) an administrative penalty in the amount of \$_____ for violation of section(s) _____ of the California Accountancy Act. The payment shall be made within ___days/months of the date the CBA's decision is final.

44. Medical Treatment

Respondent shall undergo and continue treatment by a licensed physician of Respondent's choice and approved by the California Board of Accountancy (CBA) or its designee until the treating physician certifies in writing in a report to the CBA or its designee that treatment is no longer necessary. Respondent shall have the treating physician submit reports to the CBA at intervals determined by the CBA or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the CBA of its determination that Respondent is physically fit to practice.

45. Psychotherapist

Respondent shall undergo and continue treatment by a licensed psychotherapist of Respondent's choice and approved by the California Board of Accountancy (CBA) or its designee until the treating psychotherapist certifies in writing in a report to the CBA or its designee that treatment is no longer necessary. Respondent shall have the treating psychotherapist submit reports to the CBA at intervals determined by the CBA or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the CBA of its determination that Respondent is mentally fit to practice.

46. Rehabilitation Program/Chemical Dependence

Respondent shall successfully complete or shall have successfully completed a rehabilitation program for chemical dependence that the California Board of Accountancy (CBA) or its designee approves and shall have reports submitted by the program. If a program was not successfully completed prior to the period of probation, the Respondent, within a reasonable period of time as determined by the CBA or its designee but not exceeding 90 days of the effective date of the decision, shall be enrolled in a program. In addition, Respondent must attend support groups, (e.g. Narcotics Anonymous, Alcoholic Anonymous etc.), as directed by the CBA or its designee. Respondent is responsible for all costs of such a program.

47. Drugs - Abstain From Use

Respondent shall completely abstain from the personal use of all psychotropic drugs, including alcohol, in any form except when the same are lawfully prescribed.

48. Drugs – Screening

Respondent shall participate or shall have participated in a drug screening program acceptable to the California Board of Accountancy (CBA) and shall have reports submitted by the program. Respondent is responsible for all costs associated with said screening and reporting.

49. Biological Fluid Testing

Respondent, at any time during the period of probation, shall fully cooperate with the California Board of Accountancy (CBA) or its designee in its supervision and investigation of compliance with the terms and conditions of probation, and shall, when requested, submit to such tests and samples as the CBA or its designee may require for the detection of alcohol, narcotics, hypnotic, dangerous drugs, or controlled substances. Respondent is responsible for all costs associated with this investigation and testing.

Conditions 44-49 shall be used when evidence indicates Respondent may have physical or mental ailment(s) or conditions(s) which contributed to the violation or when the same are alleged by Respondent to be a contributing factor to the violation(s).



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EPOC Item IV.
CBA Item XVI.C.3.
July 27-28, 2023

Discussion and Possible Action to Initiate a Rulemaking to Add California Code of Regulations, Title 16, Section 99.3, Reinstatement of Surrendered Licenses via Written Record

Presented by: Kari O'Connor, Deputy Chief, Enforcement

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with proposed regulatory text to add section 99.3 to California Code of Regulations (CCR), title 16, describing the procedure for reinstating surrendered licenses not resulting from an enforcement matter.

Consumer Protection Objectives

Maintaining procedures for the reinstatement of a surrendered license assists the CBA in meeting its mission of consumer protection by ensuring only qualified individuals are granted licensure to practice public accountancy in accordance with established professional standards.

Action(s) Needed

The CBA is being asked to review and approve the proposed regulatory text and direct staff to initiate the rulemaking process.

Background

At its March 2022 meeting, the CBA directed staff to draft regulatory language regarding changes to the petition process, when a petitioner is requesting the reinstatement of a surrendered license not resulting from an enforcement matter. Specifically, the regulation would allow the CBA to consider a petition for reinstatement via a written application.

Based on the CBA's recommendation, staff have drafted proposed language to add section 99.3 to CCR, title 16, describing this process (**Attachment**).

Discussion and Possible Action to Initiate a Rulemaking to Add California Code of Regulations, Title 16, Section 99.3, Reinstatement of Surrendered Licenses via Written Record

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Comments

As proposed in CCR section 99.3, when the CBA receives a petition for reinstatement from a licensee who previously surrendered their license, staff will submit the petition for written argument if the surrender was not the result of an enforcement matter and if the petitioner was not subject to the following since the time of the surrender:

- A criminal conviction.
- Enforcement action in the practice of public accountancy.
- Enforcement action before any licensing board.
- Suspension or revocation of the right to practice before any governmental body or agency.
- Discipline, penalty, or sanction by the Public Company Accounting Oversight Board.

The proposed regulation would conserve CBA resources, including costs associated with an Administrative Law Judge and Deputy Attorney General. Further, it would lessen the time involved for the CBA and petitioner by eliminating the in-person hearing and relying instead on a written argument.

Fiscal/Economic Impact Considerations

The CBA would realize cost savings associated with the Office of Administrative Hearings and Department of Justice for DAG-related fees.

Recommendation

- Staff recommend the approval of the proposed language for section 99.3 in the **Attachment**,
- Direct staff to submit the text to the Director of the Department of Consumer Affairs 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.
- If no adverse comments are received during the 45-day comment period and no hearing is requested, authorize the Executive Officer to take all steps necessary to complete the rulemaking to adopt the proposed language for CCR, title 16, section 99.3, as noticed.

Attachment

Proposed language for California Code of Regulations, Title 16, Section 99.3 – Reinstatement of Surrendered Licenses via Written Record



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Attachment

The California Board of Accountancy has illustrated changes to the regulatory text in the following manner: text proposed to be added is underlined.

Proposed language for California Code of Regulations, Title 16, Section 99.3 – Reinstatement of Surrendered Licenses via Written Record

- a. The CBA shall set a petition for reinstatement of a surrendered license based on a written record if all of the following criteria are met:
 1. The petitioner's license was surrendered without pending or active enforcement action,
 2. Since the Board accepted the surrender of the license, the petitioner has not been subject to the following:
 - A. A criminal conviction,
 - B. An enforcement action in the practice of public accountancy,
 - C. An enforcement action before any licensing board,
 - D. A suspension or revocation of the right to practice before any governmental body or agency,
 - E. Discipline, a penalty, or a sanction by the Public Company Accounting Oversight Board.
- b. Written argument consists of the reinstatement petition, written argument or analysis from the Deputy Attorney General pursuant to Business and Professions Code section 5115, and any documentation the petitioner would like the Board to consider in its decision.
- c. After review of the written argument, the Board may issue a decision or, if the Board requires additional information, the Board may require additional written argument or order the petitioner to attend a hearing as set forth in Business and Professions Code 5115 before rendering a final decision.

Note: Authority cited: Sections 5010, Business and Professions Code; Reference: Sections 5115 and 5100.2, Business and Professions Code.