



**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](http://www.cba.ca.gov)



## **OFFICIAL NOTICE AND MEETING AGENDA OF THE CALIFORNIA BOARD OF ACCOUNTANCY**

### **Legislative Committee Meeting**

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

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

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

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

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

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

### **INSTRUCTIONS FOR PARTICIPATION:**

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

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

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

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

## CBA Meeting May 13-14, 2021

Page 2 of 2

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

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

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

**California Board of Accountancy**

2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

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



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

**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE COMMITTEE**

**TELECONFERENCE MEETING AGENDA**

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

**Important Notice to the Public**

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

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

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

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

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

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

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

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

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

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

**California Board of Accountancy**

2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

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



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

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

**TELECONFERENCE MEETING AGENDA**

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

**Important Notice to the Public**

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

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

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



## Adjournment.

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

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

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

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



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

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



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

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

**TELECONFERENCE MEETING AGENDA**

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

**Important Notice to the Public**

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

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

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

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

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

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



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

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



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

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

**TELECONFERENCE MEETING AGENDA**

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

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

**Important Notice to the Public**

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

Thursday,  
 May 13, 2021

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

**Agenda Item.**

**1:30 p.m. –  
 3:00 p.m.**

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

**Agenda Item.**

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

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

**3:00 p.m. –  
3:15 p.m.**

Afternoon Break.

**3:15 p.m. –  
5:00 p.m.**

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

Recess Until May 14, 2021.

Friday,  
May 14, 2021

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

**9:00 a.m. –  
9:10 a.m.**

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

**9:10 a.m. –  
10:50 a.m.**

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

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

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

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

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

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

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

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

**Agenda Item.**

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

10:50 a.m. –  
11:05 a.m.

Morning Break.

11:05 a.m. –  
11:15 a.m.

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

11:15 a.m. –  
11:30 a.m.

- VI. Report of the Secretary/Treasurer (**Mark J. Silverman, Esq., Secretary/Treasurer**).

- A. Discussion of the Fiscal Year 2020-21 Fiscal Month Eight Financial Statement.

11:30 a.m. –  
11:50 a.m.

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

11:50 a.m. –  
12:15 p.m.

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

**Agenda Item.**

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

**12:15 p.m. –  
12:30 p.m.**

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

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

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

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

There is no report on this agenda item.

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

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

**12:30 p.m. –  
1:30 p.m.**

Lunch.

**1:30 p.m. –  
1:50 p.m.**

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

A. Enforcement Activity Report.

**1:50 p.m. –  
2:10 p.m.**

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

A. Licensing Activity Report.

**2:10 p.m. –  
2:20 p.m.**

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

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

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

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

**Agenda Item.**

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

2:20 p.m. –  
2:30 p.m.

XIII. Other Business.

A. American Institute of Certified Public Accountants.

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

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

B. National Association of State Boards of Accountancy.

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

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

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

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

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

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

2:30 p.m. –  
2:45 p.m.

Afternoon Break.



**Agenda Item.**

2:45 p.m. –  
4:30 p.m.

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

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

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

**Agenda Item.**

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

**Agenda Item.**

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

q. Senate Bill 600 – Administrative Procedure Act.

r. Senate Bill 731 – Criminal Records: Relief.

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

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

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

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

**4:30 p.m. –  
4:45 p.m.**

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

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

Adjournment.

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

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

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



**CBA Item IV.A.**  
May 13-14, 2021

## MEMORANDUM

<b>DATE</b>	May 11, 2021
<b>TO</b>	California Board of Accountancy Members
<b>FROM</b>	Helen Geoffroy Attorney III, Legal Affairs Division
<b>SUBJECT</b>	<b>Substantially Related Crimes</b>

The California Board of Accountancy (CBA) has broad authority over all those engaged in the practice of accountancy.<sup>1</sup> To determine appropriate discipline, CBA reviews the facts of the case in the context of the applicable statutes, regulations, case law, disciplinary guidelines, and accounting standards.<sup>2</sup> Each matter is reviewed independent of other matters, and CBA should have no predisposition to imposing discipline in a particular case.<sup>3</sup> To borrow a quote from Justice Ruth Bader Ginsburg, CBA “can offer no forecasts, no hints, for that would show not only disregard for the specifics of the particular case, it would display disdain for the entire judicial process.”<sup>4</sup>

The Legislature provides that the CBA may suspend or revoke a license based upon conviction of a crime, if the crime is substantially related to the qualifications, functions, or duties of the profession.<sup>5</sup> The question of whether particular criminal misconduct is substantially related can be a challenging task. Below we identify some helpful standards relevant to guide CBA’s analysis regarding substantially related crimes, but CBA alone has the authority to weigh the appropriate factors and arrive at a decision for each matter. This memo is intended to supplement the training that CBA members received in 2014. Those materials are being supplied again since they are still relevant to the issues discussed in this memo.

### **THE DISCIPLINARY PROCESS FOR CRIMES RELATED TO THE PRACTICE OF ACCOUNTANCY**

There are as many as four separate points along the disciplinary process where the question of substantial relationship will be evaluated—by enforcement staff deciding whether

<sup>1</sup> Bus. & Prof. Code, §§ 5050.1, subd. (a), 5051. While licensees, applicants, and those practicing without a license are subject to CBA’s authority, for the purposes of this memo, the term “licensee” shall refer to all those within CBA’s jurisdiction.

<sup>2</sup> Gov. Code, § 11425.10; Bus. & Prof. Code, § 5100, subd. (c); Cal. Code Regs., tit. 16, § 58.

<sup>3</sup> Gov. Code, §§ 11425.10, subd. (a)(7), 11425.60. Only cases designated as CBA precedent may be expressly relied upon by CBA.

<sup>4</sup> U.S. Senate Judiciary Committee Hearing, July 20, 1993.

<sup>5</sup> Bus. & Prof. Code, §§ 490, subd. (a), 5100, subd. (a).

to pursue discipline, by the Attorney General's Office in preparing the charges and accusation, by an Administrative Law Judge (ALJ) in rendering a proposed decision and, ultimately, by the Board.

Licensees are required to report convictions of any crime related to the qualifications, functions, or duties of a licensee or to activities that arise in the course of practicing accountancy.<sup>6</sup> After reviewing the evidence concerning a conviction or misconduct, CBA staff may decide to refer the matter to the Attorney General's Office for a Deputy Attorney General to prepare an accusation for those offenses that are substantially related to the qualifications, functions, and duties of a licensee.<sup>7</sup> Before preparing and submitting an accusation based on a conviction, the Deputy Attorney General and a Supervising Deputy Attorney General supervisor assess whether the conviction is substantially related to the practice of accountancy.

If the licensee fails to return a notice of defense after being served with an accusation, there will be a default decision.<sup>8</sup> If the licensee returns a notice of defense in a timely manner, it may be settled by agreement of the parties or heard by an ALJ.<sup>9</sup> The ALJ hears the facts and evidence and makes a proposed decision on discipline within the scope of the applicable statutes, regulations, and accounting standards, including deciding whether a crime is substantially related to the practice of accountancy.

Thereafter, Government Code section 11126 permits the members of CBA to discuss the disciplinary matter in closed session, including the findings of whether a crime or activity is substantially related to the profession. Individual members may or may not agree with the findings in the prior steps of the process, and counsel is available to guide CBA on any legal questions. CBA may adopt the proposed decision, reject it, or take another authorized action and, in all events, makes a final administrative determination about whether a crime is substantially related to the practice of accountancy.<sup>10</sup>

As indicated, cases that complete the entire process will have been reviewed four separate times, each time by persons qualified to evaluate whether a crime is substantially related to the profession. And though the Board's decision represents the final administrative step in the enforcement process, the issue may still be litigated further in the state courts if the licensee challenges the CBA decision.<sup>11</sup>

## **“SUBSTANTIALLY RELATED” GUIDANCE**

The law does not define the phrase “substantially related” with exacting precision, but does offer guidance to help evaluate whether a particular crime is substantially related to the profession.

---

<sup>6</sup> Bus. & Prof. Code, § 5063, subd. (a)(1)(B).

<sup>7</sup> Bus. & Prof. Code, §§ 490, 5100; see Gov. Code, § 12511.

<sup>8</sup> Gov. Code, §§ 11506, subd. (c), 11520, subd. (a).

<sup>9</sup> Gov. Code, §§ 11415.6, 11517.

<sup>10</sup> Gov. Code, § 11517.

<sup>11</sup> Code Civ. Proc., § 1194.5.

First, the caselaw explains that the substantial relationship principle is grounded in the constitutional requirement that “a statute constitutionally can prohibit an individual from practicing a lawful profession only for reasons related to his or her fitness or competence to practice that profession.”<sup>12</sup> “There must be a logical connection of licensees’ conduct to their fitness or competence to practice the profession or to the qualifications, functions, or duties of the profession in question.”<sup>13</sup>

Second, Business and Professions Code section 493, subdivision (b)(1) provides the following criteria to consider when evaluating whether a crime is substantially related to the qualifications, functions, or duties of accountancy:

- The nature and gravity of the offense.
- The number of years elapsed since the date of offense.
- The nature and duties of the profession.

Third, CBA has adopted California Code of Regulations, title 16, section 99, which identifies certain categories of crimes that are presumptively substantially related to the practice of accountancy:

For the purposes of denial, suspension, or revocation of a certificate or permit pursuant to Division 1.5 (commencing with Section 475) of the Business and Professions Code, a crime or act shall be considered to be substantially related to the qualifications, functions or duties of a certified public accountant or public accountant if to a substantial degree it evidences present or potential unfitness of a certified public accountant or public accountant to perform the functions authorized by his or her certificate or permit in a manner consistent with the public health, safety, or welfare. Such crimes or acts shall include but not be limited to those involving the following:

- (a) Dishonesty, fraud, or breach of fiduciary responsibility of any kind;
- (b) Fraud or deceit in obtaining a certified public accountant's certificate or a public accountant's permit under Chapter 1, Division III of the Business and Professions Code;
- (c) Gross negligence in the practice of public accountancy or in the performance of the bookkeeping operations described in Section 5052 of the code;
- (d) Violation of any of the provisions of Chapter 1, Division III of the Business and Professions Code or willful violation of any rule or regulation of the board.

---

<sup>12</sup> *Hughes v. Bd. of Architectural Examiners* (1998) 17 Cal.4th 763, 788.

<sup>13</sup> *Clare v. State Bd. of Accountancy* (1992) 10 Cal.App.4th 294, 302.

An amendment to this regulation is currently pending with the Office of Administrative Law for final adoption. It enunciates a principle already stated in caselaw, that the concept of substantial relationship includes conduct that reflects a lack of sound professional or personal judgment relevant to the practice of public accountancy, regardless of whether financial harm occurred to a consumer. CBA supported the amendment as follows:

The proposed criteria are consistent with California case law. In *Griffiths v. Superior Court* (2002) 96 Cal.App.4th 757, the court ruled that there must be a sufficient nexus between a licensee's conduct and the qualifications, functions, or duties of the profession. The court concluded that a nexus exists if there is a "lack of sound professional and personal judgment" relevant to the licensee's fitness and competence to practice.

Fourth, Business and Professions Code section 5000.1 is a crucial element to an analysis: "[p]rotection 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."

The Board has an important role to take disciplinary action even when an accountant's behavior portends future harm to clients, the public, or the profession. As the Supreme Court explained in a case concerning discipline of an attorney whose drunk driving had not yet harmed others, "we cannot wait until the problem begins to affect her practice of law when . . . such spillover effects are likely to occur if the problem goes unchecked."<sup>14</sup>

Indeed, more than 40 years ago, a California appellate court in *People v. Hill* recognized the importance of regulating the practice of accountancy to protect the public.<sup>15</sup> The Court noted that "accountancy now embraces many intricate and technical matters and since it is a skilled and technical profession and affects the public welfare the state may properly regulate it."<sup>16</sup> The Court also referred favorably to the court of another state, which counted accountancy among other learned professions, and found it appropriate to "pass laws to protect the public against fraud, deception, or the consequences of ignorance and incapacity, and . . . exact the requisite degree of skill and learning of persons in professions and pursuits which affect the public health or welfare, such as the practice of law, medicine and surgery, dentistry, chiropractic, optometry, nursing, pharmacy, architecture, accountancy, and even plumbing and barbering."<sup>17</sup>

## APPLICATION

The guiding principles noted above are useful in considering how a certain set of circumstances might be evaluated by CBA. But a word of caution—adjudicated cases, like CBA's discipline cases, are fact- and law-specific and, consequently, courts avoid evaluating

---

<sup>14</sup> *In re Kelley* (1990) 52 Cal.3d 487, 497.

<sup>15</sup> *People v. Hill* (1977) 66 Cal.App.3d 320, 327-328.

<sup>16</sup> *Id.* at p. 328.

<sup>17</sup> *Ibid.*



and rendering decisions for hypothetical circumstances. Without specific facts to review, such hypothetical evaluations can be overbroad or underinclusive, and may miss key details. This is why each case should be judged on its own merits.

Nonetheless, some cases are clear. Statutes and CBA regulation clearly show that some crimes are substantially related to the profession. As set forth in Business and Professions Code section 5100, misconduct involving embezzlement is a prohibited activity pursuant to subdivision (k) regardless of a conviction, and a conviction for embezzlement would be substantially related pursuant to subdivision (a). Crimes involving a breach of fiduciary responsibility are another example of these types of offenses.<sup>18</sup>

Other crimes are not so clear-cut but can still be substantially related to the practice of accountancy, though that determination may hinge to a greater degree upon the particular facts and circumstances. A crime of assault, standing alone, may not be substantially related, but the assault of a client while preparing a tax return contains elements directly reflective of, and arising in the performance of, the practice of accountancy, and probably reflects upon the licensee's fitness to practice accountancy. To determine whether a crime is substantially related to the profession, the facts and circumstances should be reviewed in terms of how they reflect on the profession and whether they provide any insight into whether a licensee is fit and competent to perform within the profession. When there is a conviction, the goal is not to re-prosecute the licensee or re-litigate the criminal case. Moreover, a failure to reach a conviction does not mean that the act itself cannot be reviewed by CBA to determine if the act alone is substantially related to the practice of accounting.

The fact that a crime occurs outside the practice of accounting does not foreclose the need for a substantial relationship analysis. The crime may require a more nuanced analysis of the facts, applicable laws, and standards, to determine whether the licensee is fit and competent to practice, with a constant eye toward public safety. With the insight given by the offense and related circumstances, a connection to the practice of accountancy may be present, and protection of the public can be preventative, rather than a response to actual harm.

Driving under the influence (DUI) incidents have been raised as an example of a crime that cannot be substantially related to the practice of a profession. However, regulatory authorities, including boards and bureaus, and the courts have consistently found that a DUI incident can be substantially related to a profession because it reflects more information about the licensee than the crime itself, and thus provides insight that the professional may not be fit to practice.<sup>19</sup>

---

<sup>18</sup> Cal. Code Regs., tit. 16, § 99, subd. (a).

<sup>19</sup> *In re Kelley*, *supra*, 52 Cal.3d 487 (attorneys); *Griffiths v. Superior Court* (2002) 96 Cal.App.4th 757 (physicians); *Sulla v. Bd. of Registered Nursing* (2012) 205 Cal.App.4th 1195 (nurses). The caselaw does not specifically address DUIs in the context of the accounting profession, but courts tend to apply the rationale of such cases to other licensed professions, and as noted above, California courts have equated the accounting profession with other skilled professions such as the practices of law, medicine and nursing. (*People v. Hill*, *supra*, 66 Cal.App.3d at p. 328.)

The Legislature codified its finding of the dangers of DUIs in Vehicle Code section 23249.50. In relevant part, it states:

- (a) The Legislature finds and declares all of the following:
- (1) Driving under the influence of an alcoholic beverage or a drug is a serious problem, constituting the largest group of misdemeanor violations in many counties.
  - (2) Studies of first offenders have found that more than half of first offenders are alcoholics or problem drinkers. There are higher percentages of problem drinkers among second offenders than among first offenders.
  - (3) As the link between the health and legal aspects of the problem has become recognized, the courts have sought more information on a presentence basis in determining the appropriate sentence.
  - (4) Laws relating to driving under the influence of an alcoholic beverage or a drug allow the courts to order a presentence investigation to determine whether a person can benefit from an education, training, or treatment program.

The fact that more than half of first-time DUI offenders are “alcoholics or problem drinkers” led the Legislature to conclude there is a need for education, training, or treatment. Even a single DUI may be grounds for discipline of a professional license. CBA has a duty to ensure its licensees are fit to competently and professionally exercise the duties of a licensed accountant.<sup>20</sup> Discipline is not designed to be punitive, but preventative, protective, and remedial.<sup>21</sup> Both the public and the licensee may benefit from preventative, protective, and remedial discipline imposed by CBA.

In the case of a DUI conviction with few additional facts, CBA would apply Business and Professions Code section 490 and 5100 by analyzing the facts and the law for a substantial relationship to the profession. CBA could, for instance, analyze the following circumstances:

- The Legislature’s codified concerns and guidance in Vehicle Code section 23249.50.
- Business and Professions Code section 5100 and case law affirming that the practice of accountancy is a skilled and technical profession and, as such, the public must be protected against the consequences of ignorance and incapacity.
- Does the offense provide any insight into the licensee’s ability to professionally and competently provide licensed services?
- Is there a need for or benefit in additional supervision of the licensee to ensure the public is provided professional and competent accountancy services?

---

<sup>20</sup> See Bus. & Prof. Code, § 5000, subd. (a).

<sup>21</sup> *In re Kelley* (1990) 52 Cal.3d 487, 496 (“Discipline is preventative, protective and remedial, not punitive. . . . Keeping this in mind, it is our responsibility to impose a discipline that will protect the public from this potential harm”).

- Is the licensee “qualified and ready to render professional service”?<sup>22</sup>

There may be other specific details about the case that CBA can look to in evaluating whether the crime is substantially related. The facts may demonstrate a general willingness to violate the law and risk public safety, specifically for personal gain, which may reflect on the licensee’s willingness to comply with the requirements of the practice act to act with independence and objectivity, or as a fiduciary to some clients. The facts may also generate concern about actual harm to clients or other members of the public. In the case of a DUI, facts that may not have been influential in the criminal action may be heavily impactful from a licensing standpoint. For instance, consider the following additional circumstances:

- A client and/or unsecured client records were in the vehicle, giving rise to an actual danger to a client or failure to secure confidential materials.<sup>23</sup>
- The DUI occurred immediately before work, during the lunch hour, or as the licensee is leaving the office, giving rise to questions about practicing accounting while intoxicated, and the licensee’s judgment and ability to competently engage in the practice of accountancy.<sup>24</sup>

Finally, a factor that is sometimes difficult to quantify is whether the conduct undermines the public’s confidence in the profession.<sup>25</sup> Along these lines, it may be helpful to consider the following:

- A licensee violating confidential requirements of jury service might generate a perception that licensees need not adhere to client confidentiality. This could detrimentally affect a client’s willingness to be fully transparent during document preparation.
- A child or dependent adult was in the vehicle during a DUI, which might generate a perception that if an accountant is willing to be reckless with the safety of vulnerable dependents in their care, they might also be willing to be reckless with financial statements.

There are numerous instances in which the courts have identified a connection between a licensee’s criminal misconduct and the practice of a profession. Many are identified in the training materials supplied to the CBA in 2014 and provided again with this memo. Depending on the specific offense before the CBA, in addition to the foregoing analysis, the prior caselaw may offer other useful guidance on how the courts previously drew a connection between misconduct and professional practice.

## CONCLUSION

---

<sup>22</sup> Bus. & Prof. Code, § 5051, subd. (a) (accountancy involves persons “skilled in the . . . practice of accounting, and . . . qualified and ready to render professional service . . .”).

<sup>23</sup> *Id.*; Bus. & Prof. Code, § 5100, subd. (c) (gross negligence resulting in a violation of professional standards that indicate a lack of competency in the practice of accountancy).

<sup>24</sup> Bus. & Prof. Code, §§ 5051 and 5100, subd. (a).

<sup>25</sup> See *Griffiths v. Superior Court*, *supra*, 96 Cal.App.4th at pp. 770-771.

## Substantially Related Crimes

May 11, 2021

Page 8 of 8

As discussed, the facts and law determine if a crime is substantially related to the practice of accountancy, and whether preventative, protective, and/or remedial discipline is necessary to protect the public. As each matter is fact- and individual-specific, we cannot have precise and simple rules for what conduct is and is not substantially related.

Nonetheless, the ultimate touchstone is whether the conduct bears on the licensee's fitness or competency to practice. The guidance noted above—the statutes, regulations, disciplinary guidelines, standards, and case law—all play an important role in that evaluation.



**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](http://www.cba.ca.gov)



## Attachment

# MEMORANDUM

<b>DATE</b>	May 13, 2021
<b>TO:</b>	Stakeholders
<b>FROM</b>	California Board of Accountancy
<b>SUBJECT</b>	<b>CBA Item IV.A. – Training Regarding Substantially Related Convictions and Acts to the Practice of Public Accountancy</b>

The attached memorandum was prepared by California Board of Accountancy (CBA) member Dan Jacobson, Esq. Please be advised that Mr. Jacobson is a CBA member and not an attorney for the CBA. The memorandum is not legal advice to the CBA, and does not represent the CBA's views on the subject.

FROM: Dan Jacobson, Member of the Board of Accountancy

TO: Fellow Members of the Board of Accountancy

DATE: June 27, 2019 (some typos corrected, some slight changes made for purposed of syntax and clarity, and *Hall v. Court Reporters Board* discussion altered on June 10, 2020.)

RE: The lawful meaning of “substantially related to [the practice of accountancy].”

**Table of Contents**

<b>Introduction</b> .....	<b>3</b>
<i>Issue</i> .....	<b>3</b>
<i>How this memorandum deliberates the question posed</i> .....	<b>4</b>
<b>Re-Examination</b> .....	<b>4</b>
<b>Statutory Law and Case Law</b> .....	<b>4</b>
<b>The Plain Meaning Rule</b> .....	<b>5</b>
<i>How the “plain meaning” of statutory words is derived</i> .....	<b>5</b>
<i>General dictionary definition of “substantially related”</i> .....	<b>6</b>
<u>Substantially</u> .....	<b>6</b>
<u>Related</u> .....	<b>6</b>
<b>Ejusdem generis</b> .....	<b>7</b>
<i>The Board of Accountancy’s regulation</i> .....	<b>7</b>
<i>Application of ejusdem generis to the Board’s regulation</i> .....	<b>8</b>
<u>Current version of 16 CCR 99</u> .....	<b>8</b>
<u>Newly promulgated version of 16 CCR 99</u> .....	<b>9</b>
<i>Conclusion of application of ejusdem generis to the Board’s regulation</i> .....	<b>11</b>

///

<b>Case law</b> .....	<b>11</b>
<i>Case law is law</i> .....	<b>11</b>
<i>Methodology of pulling a rule from a case</i> .....	<b>12</b>
<i>Cases that are not analogous to the meaning of substantial relationship to [the practice of accountancy]</i> .....	<b>12</b>
<u>Healing arts cases</u> .....	<b>12</b>
<u>Lawyer cases</u> .....	<b>14</b>
<i>Case analogous to accountancy</i> .....	<b>15</b>
<u><i>Question that Hall requires be asked, when deciding whether an accountant can be disciplined</i></u> .....	<b>17</b>
<b>Conclusion</b> .....	<b>18</b>

///

///

///

**Introduction:**

There has been discussion as to the meaning of the phrase “substantially related,” as that phrase is applied to the law related to discipline by the California Board of Accountancy.

Please note that there are rules of statutory construction cited in this memorandum. “[S]tatutes must be interpreted in accordance with the applicable rules of construction.”<sup>1</sup>

This memorandum is meant to accompany a presentation regarding this issue. The Board has discussed this previously. Although this memorandum is dated and is being emailed to Executive Director Patti Bowers on 06/27/19, it may be delivered to you at a relatively later date, as part of your “packet” for the meeting at which Board President Famalett, in conjunction with Ms. Bowers, calender that presentation.

*Issue:*

What does the law say that the term “substantially related” means, as that term is applied to the discipline of accountants, or the denial of an accounting license?<sup>2</sup> This question is vital because accountants and applicants for accountancy licenses can be disciplined or denied a license only for conviction of a crime that is *substantially related* to the practice of accountancy, or for an act of misconduct that is *substantially related* to the practice of accountancy.<sup>3</sup>

To be clear, there are particular wrongdoings that can cause accountant-discipline or licensure denial, but those particular wrongdoings are axiomatically substantially related to the practice of accountancy.<sup>4</sup> So again, it is vital that the Board understand the meaning of “substantially related to [the practice of accounting].” [This par. added for clarity on 10/13/19.]

///

///

///

---

<sup>1</sup> *Pennisi v. Department of Fish & Game* (1979) 97 Cal.App.3d 268, 276. [Underscoring added.]

<sup>2</sup> For these purposes “license” means “permit” or “certificate” to practice accountancy.

<sup>3</sup> Business and Professions Code §§ 5100(a); 480 [both the current and soon to be implemented versions]; and 481 [both the current and soon to be implemented versions]. [Italics added.]

<sup>4</sup> See Business and Professions Code §§ 5100(b)-(m), and 480(d).



*How this memorandum deliberates the question posed:*

In order to answer the question as to the meaning of “substantially related” as that term is applied to the discipline of accountants,<sup>5</sup> this memorandum does the following:

First, this memorandum examines the meaning of “substantially related” under the statutory construction rule called, “the plain meaning rule;”<sup>6</sup>

Second, this memorandum examines the meaning of “substantially related” under the statutory construction rule known as “*ejusdem generis*,” which means, “of the same kind;”<sup>7</sup>

Third, this memorandum examines the meaning of “substantially related” under mandatory case law, that is case law that the Board of Accountancy (and everyone else in California) must obey.<sup>8</sup>

**Re-examination:**

It is acknowledged that the Board worked on this or a similar issue five years ago. Since this issue is key to many of the Board’s disciplinary decisions, this memorandum’s fresh look, from varying perspectives is important; much like the Board’s cyclical “sunset review” is important.

**Statutory law and case law:**

Please note that both statutory law and case law – are *the law*. So, whether the legislature puts a rule into a statute or an appellate court puts a rule into an opinion, the Board is bound by either such rule. *It is the law.*<sup>9</sup>

///

---

<sup>5</sup> When the context requires such, as it does here, “discipline” includes denial of licensure.

<sup>6</sup> See *Berry v. State of California* (1992) 2 Cal.App.4th 688, 691; *Auto Equity Sales, Inc. v. Superior Court* (1962) 57 Cal.2d 450.

<sup>7</sup> *Manhattan Loft v. Mercury Liquors* (2009) 173 Cal.App.4th 1040, 1044.

<sup>8</sup> See Civil Code § 22.2.; *Auto Equity Sales, Inc. v. Superior Court* (1962) 57 Cal.2d 450.

<sup>9</sup> See *Auto Equity Sales, Inc. v. Superior Court* (1962) 57 Cal.2d 450.

**The plain meaning rule:**

Under the “‘plain meaning rule’ . . . the Legislature is presumed to have meant what it said, and the *plain meaning* of the language governs.”<sup>10</sup> Here’s the law’s explanation of the rationale for the plain meaning rule:<sup>11</sup>

“It is the language of the statute itself that has successfully braved the legislative gauntlet. It is that language which has been lobbied for, lobbied against, studied, proposed, drafted, restudied, redrafted, voted on in committee, amended, re-amended, analyzed, reanalyzed, voted on by two houses of the Legislature, sent to a conference committee, and after perhaps more lobbying, debate and analysis, finally signed ‘into law’ by the Governor.”

*How the “plain meaning” of statutory words is derived:*

In order to derive the “plain meaning” the words in a statute one must “give effect to the usual and ordinary import of those.”<sup>12</sup>

The law tells us that “the ‘ordinary’ sense of a word is to be found in its dictionary definition.”<sup>13</sup> “[C]ourts . . . turn to general dictionaries when they seek to ascertain the ‘ordinary’ meaning of words used in a statute.”<sup>14</sup>

///

---

<sup>10</sup> *Berry v. State of California* (1992) 2 Cal.App.4th 688, 691. [italics added.]

<sup>11</sup> *Halbert’s Lumber v. Lucky Stores, Inc.* 6 Cal.App.4th 1233, 1238.

<sup>12</sup> *Abernathy v. Superior Court (The People)* (2007) 157 Cal.App.4th 642, 648.

<sup>13</sup> *Scott v. Continental Insurance Company* (1996) 44 Cal.App.4th 24, 29-30.

<sup>14</sup> *Stamm Theatres v. Hartford Casualty* (2001) 93 Cal.App.4th 531, 540.

Please note that the law doesn't require or even allow the use of a law dictionary or any other sort of specialized dictionary.<sup>15</sup> Rather, it is a *general dictionary* that must be used.<sup>16</sup>

*General dictionary definition of "substantially related":*

Because "substantially related" is a phrase, each word in that phrase must be defined.

Substantially:

"Substantially" is an adverb, which means, "solidly; firmly; with strength."<sup>17</sup>

Related:

Related" is a past participle, which means, "connected."<sup>18</sup>

So, the "ordinary definition" – the definition that the law requires the Board to apply,<sup>19</sup> to the phrase "substantially related" has to be –

"solidly, firmly, or with strength connected"<sup>20</sup>

///

---

<sup>15</sup> Unless the statutory language is unclear or ambiguous. (*P, G & E v. Hart-High Voltage* (2017) 18 Cal.App.5th 415, 429.) As will be seen from the dictionary itself, the phrase "substantially related" is clear and unambiguous.

<sup>16</sup> *Stamm*, supra; *Scott*, supra.

<sup>17</sup> *Webster's New Twentieth Century Dictionary, Second Edition*, p. 1817. ["in a substantial manner" omitted.]

<sup>18</sup> *Webster's New Twentieth Century Dictionary, Second Edition*, p. 1525. [Underscoring added.] [2nd definition; "associated" omitted therefrom. 1st definition is "narrated, recounted; told."]

<sup>19</sup> See *Berry v. State of California* (1992) 2 Cal.App.4th 688, 691; *Halbert's Lumber v. Lucky Stores, Inc.* 6 Cal.App.4th 1233, 1238; *Scott v. Continental Insurance Company* (1996) 44 Cal.App.4th 24, 29-30; and, *Stamm Theatres v. Hartford Casualty* (2001) 93 Cal.App.4th 531, 540.

<sup>20</sup> Or its equivalent.

And the definition of “substantially related to the practice of accountancy” has to be –  
  
solidly, firmly, or with strength connected  
to the practice of accountancy.<sup>21</sup>

**Ejusdem generis:**

“Ejusdem generis (literally, ‘of the same kind’) [citations], means that where . . . specific words follow general words in a statutory enumeration, the general words are construed to *embrace only things similar in nature to those enumerated* by the specific words.<sup>22</sup> “The rules of statutory construction also govern [the] interpretation of regulations promulgated by administrative agencies.”<sup>23</sup>

*The Board of Accountancy’s regulation:*

The Government Code says that, “[n]o state agency [including the Board of Accountancy]<sup>24</sup> shall . . . enforce . . . any . . . rule<sup>25</sup> . . . , unless the . . . rule has been adopted as a regulation.”<sup>26</sup> The Board of Accountancy’s regulation is Section 99 of Title 16 of the California Code of Regulations (“16 CCR 99”).

///

---

<sup>21</sup> Or its equivalent.

<sup>22</sup> *California Farm Bureau Federation v. California Wildlife Conservation Bd.* (2009) 143 Cal.App.4th 173,189. [Italics added.]

<sup>23</sup> *Butts v. Board of Trustees of California State University* (2014) 225 Cal.App.4th 825, 835.

<sup>24</sup> A Board is an “agency.” (Government Code § 111405.30.)

<sup>25</sup> See Government Code § 11342.600.

<sup>26</sup> Chapter 4.5 of the Government Code of which Government Code § 11340.5 is a part, is applicable to CBA hearings. (“This chapter [4.5 of the Government Code] applies to all agencies of the state. ¶ “except as otherwise expressly provided by statute.” (Government Code § 11410.20(a) & (b).) No statute could be found that provides otherwise.)

The statutory construction doctrine of *eiusdem generis* (“of the same kind”) is a tremendous aid in understanding 16 CCR 99, because 16 CCR 99 has “specific words” that “follow general words in a [regulation].” Those “general words are construed to *embrace only things similar in nature to those enumerated by the specific words.*”<sup>27</sup>

*Application of ejusdem generis to the Board’s regulation:*

In 2019 the Board promulgated a new version of 16 CCR 99; so, the below portion of this memorandum first applies *eiusdem generis* to the current version of 16 CCR 99, then to it applies that doctrine to the newly promulgated 16 CCR 99.

Current version of 16 CCR 99:

The subject “general words” in the current version of 16 CCR 99 are “crime” and “act.” They are followed by the “specific words” that define those general words. In the words of the courts, “[those] general words are construed to *embrace only things similar in nature to those enumerated by the specific words.*”<sup>28</sup>

Here are the “specific words.” “Dishonesty,” “fraud,” “breach of fiduciary responsibility of any kind;”<sup>29</sup> “[f]raud or deceit in obtaining a[n] [accountancy license;]”<sup>30</sup> “[g]ross negligence in the practice of public accountancy or in the performance of the bookkeeping operations described in Section 5052 of the code;”<sup>31</sup> and, “[v]iolation of any of the provisions of [the accountancy act.]”<sup>32</sup>

///

---

<sup>27</sup> *California Farm Bureau Federation v. California Wildlife Conservation Bd.* (2009) 143 Cal.App.4th 173,189. [Italics added.]

<sup>28</sup> *California Farm Bureau Federation v. California Wildlife Conservation Bd.* (2009) 143 Cal.App.4th 173,189. [Italics added.]

<sup>29</sup> 16 CCR 99(a).

<sup>30</sup> 16 CCR 99(b).

<sup>31</sup> 16 CCR 99(c).

<sup>32</sup> 16 CCR 99(d).

“Dishonesty,” “fraud,” “deceit,” “gross negligence regarding certain *accountancy* practices,” “violation of the *accountancy act*.” Would the next words in this list of words, be drunk driving, or weekend drug usage, or anything other than words that are of “the same general nature or class as [the] enumerated [words].”<sup>33</sup> Under the ejusdem generis rule of construction, which the Board must follow – they can’t be. In other words, under the doctrine of ejusdem generis, when there a non-exhaustive list of specific crimes or acts, as there is in 16 CCR 99, any crime or act that isn’t enumerated must be of “the same general nature or class as th[e] enumerated” crimes or acts.<sup>34</sup>

The class of “crimes” and “acts” in the current version of 16 CCR 99 are defined by words like dishonesty, fraud, deceit, practice of Accountancy, etc. – all issues to which accountants are particularly susceptible – all issues that are *actually*:

solidly, firmly, or with strength connected  
to the practice of accountancy.

Thus, the doctrine of ejusdem generis, as applied to the current version of 16 CCR 99 supports the same conclusion as does the plain meaning rule. “Substantially related” to the practice of accountancy means:

solidly, firmly, or with strength connected  
to the practice of accountancy.

Newly promulgated version of 16 CCR 99:

The newly promulgated version of 16 CCR 99 has these general words, “crime,” “professional misconduct,” and “act.”<sup>35</sup> They are followed by the “specific words” that define those general words. In the words of the courts, they are “follow[ed] [by] general words[.] [Those general words] are construed to *embrace only things similar in nature to those enumerated by the specific words*.”<sup>36</sup>

---

<sup>33</sup> *Harris v. Capital Growth Investors XIV* (1991) 52 Cal.3d 1142, 1660. [Internal citations and quotation marks omitted.]

<sup>34</sup> *Harris v. Capital Growth Investors XIV* (1991) 52 Cal.3d 1142, 1660. [Internal citations and quotation marks omitted.]

<sup>35</sup> 16 CCR 99(a), recently promulgated version.

<sup>36</sup> *California Farm Bureau Federation v. California Wildlife Conservation Bd.* (2009) 143 Cal.App.4th 173,189. [Italics added.]

Here are the “specific words.” “[D]ishonesty,” “fraud,” “breach of fiduciary responsibility;”<sup>37</sup> “[f]raud or deceit in obtaining a[n] [accountancy license;]”<sup>38</sup> “[g]ross negligence in the practice of public accountancy or in the performance of the bookkeeping operations described in Section 5052 of the code;”<sup>39</sup>; “[an] act of professional misconduct reflect[ing] a lack of sound professional or personal judgment relevant<sup>40</sup> to the practice of public accountancy, regardless of whether harm occurred to a consumer;”<sup>41</sup> “[v]iolation of any of the provisions of [the accountancy act].”

“[D]ishonesty,” “fraud,” “deceit,” “breach of fiduciary responsibility,” “[g]ross negligence regarding certain *accountancy* practices,” “*professional misconduct* reflecting a lack of sound professional or personal judgment relevant to the *practice of accountancy*.” Would the next words in *this* list of words, be drunk driving, or weekend drug usage, or anything other than words that are of “the same general nature or class as th[e] enumerated” words.”<sup>42</sup>

The class of “crimes,” “professional misconduct,” and “acts” in the newly promulgated 16 CCR 99 are defined by words like dishonesty, fraud, deceit, practice of Accountancy, etc. – all issues to which accountants are particularly susceptible – all issues that are *actually*:

solidly, firmly, or with strength connected  
to the practice of accountancy.

///

---

<sup>37</sup> 16 CCR 99(c)(1), recently promulgated version.

<sup>38</sup> 16 CCR 99(c)(2), recently promulgated version..

<sup>39</sup> 16 CCR 99(c)(3), recently promulgated version.

<sup>40</sup> Relevant means, “pertinent.” bearing upon or relating to the matter in hand; to the (*Webster’s New Twentieth Century Dictionary, Second Edition*, p. 1826. [part of second definition; first definition is “relieving. [Rare.]. Omitted part of second definition is “bearing upon or relating to the matter in hand; to the point; [pertinent]; applicable; as [example given].”

<sup>41</sup> 16 CCR 99(c)(4), recently promulgated version.

<sup>42</sup> *Harris v. Capital Growth Investors XIV* (1991) 52 Cal.3d 1142, 1660. [Internal citations and quotation marks omitted.]

*Conclusion of application of ejusdem generis to the Board's regulation:*

Thus, the doctrine of ejusdem generis, as applied to the newly promulgated version of 16 CCR 99 supports the same conclusion as does application of that rule to the current version of the regulation; and, it supports the same conclusion reached when the plain meaning rule is applied to the relevant statutes (and to each of the versions of 16 CCR 99). "Substantially related" to the practice of accountancy means:

solidly, firmly, or with strength connected  
to the practice of accountancy.

**Case law:**

*Case law is law:*

While the scope of this memorandum does not and cannot include the hundreds of years of the development of English common law, that is law created to a great extent by judges; it should suffice to say that California follows English common law. "The common law of England, so far as it is not repugnant to or inconsistent with the Constitution of the United States, or the Constitution of the State, is the rule of decisions in all the courts of this State."<sup>43</sup>

In continual adherence to the common law, a rule stated by the California's Supreme Court and California's Courts of Appeal *are the law of our State*, just as are the Legislature's statutes.<sup>44</sup>

///

---

<sup>43</sup> Civil Code § 22.2.

<sup>44</sup> *Auto Equity Sales, Inc. v. Superior Court* (1962) 57 Cal.2d 450; also, see *People v. Williams* (2013) 57 Cal.4th 776, 782.



*Methodology of pulling a rule from a case:*

As discussed, rules written into opinion by Appellate Court judges are law. But, that law can only be applied to cases with analogous material facts.<sup>45</sup> For example, a U.S. Supreme Court case with which most are familiar is *Miranda v. Arizona*.<sup>46</sup> Ernie Miranda was arrested for rape, and was interviewed by the police *while in custody*, without the police informing him of certain Constitutional rights. The U.S. Supreme Court ruled that the authorities could not use any evidence that they gained during an *in-custody* interrogation, unless they first inform a suspect of certain of his/her rights.<sup>47</sup>

Mr. Miranda had to be re-tried without admission of the subject evidence.

If the police were to ask someone a question, without advising him/her of the *Miranda* rights and that individual were *not in custody*, the rule in *Miranda* would not be implicated, because the individual was not in custody.

The same rule of analogy is used in 49 of the states; states that follow English common law.<sup>48</sup>

*Cases that are not analogous to the meaning of “substantial relationship to [the practice of accountancy]:”*

Healing arts cases:

The legislature and the courts treat members of the healing arts professions differently than they do members of other professions.

///

---

<sup>45</sup> See *County of Sonoma v. Superior Court (Sonoma County Law Enforcement Association)* (2009) 173 Cal.App.4th 322, fn. 14.

<sup>46</sup> (1966) 384 U.S. 436.

<sup>47</sup> Rights that quickly became known as “*Miranda* rights.”

<sup>48</sup> Louisiana law is not based in English common law, but rather in the Napoleonic Code.

Put another way, put a way that the courts have put it – and thus the way the law puts it:

“The courts have had opportunity to describe the ‘unique position’ of influence of those who are licensed to practice the healing arts. [Citation.<sup>49</sup>]”  
The profession is one of ‘technical complexity’ which, by its very nature, has an *‘intimate relationship to the public interest and welfare.’* [Citation.<sup>50</sup>] ‘There is *no profession* where the patient passes so *completely within the power and control of the operator as does the medical patient.*’ [Citation.<sup>51</sup>] . . . [T]he unlearned patient ‘has an abject dependence upon and trust in his physician.’ [Citation.<sup>52</sup>]”<sup>53</sup>

To review some of what the courts have ruled:

- \*\*\* Healing professions practitioners have a “‘unique position’ of influence.”
- \*\*\* The healing professions themselves, have “‘technical complexity’ which, by its very nature, has an *intimate relationship to the public interest and welfare.*”
- \*\*\* “There is *no profession* where the patient passes so *completely within the power and control of the operator as does the medical patient.*”

///

---

<sup>49</sup> *Thorpe v. Board of Examiners* (1980) 104 Cal.App.3d 111, 116.

<sup>50</sup> *D’Amico v. Board of Medical Examiners* (1974) 11 Cal.3d 1, 18. [Italics added.]

<sup>51</sup> *Fuller v. Board of Medical Examiners* (1936) 14 Cal.App.2d 734, 741. [Italics added.]

<sup>52</sup> *Cobbs v. Grant* (1972) 8 Cal.3d 229, 242.

<sup>53</sup> *Board of Medical Quality Assurance v. Superior Court (Willis)* (1980) 114 Cal.App.3d 272, 278. [Italics added.]

The courts simply don't say these things about accountants. In fact, because of issues like the above, the law regarding professional misconduct is much broader and stricter on practitioners of the healing arts than on accountants – and any other professionals, except perhaps lawyers (see “Lawyer cases” below). For example, there is a “stricter standard” regarding doctors' conduct, when it comes to administrative revocation of medical licensure.<sup>54</sup> There is even a specific statute that bars nurses from certain excessive drinking.<sup>55</sup>

None of the above makes healing arts cases analogous to the accountancy profession; and, all of the above make healing arts cases *non*-analogous to the accountancy profession.

Lawyer cases:

Attorney cases are far removed from those involving accountants, because there is a specific statute that specifically restricts lawyers from committing “*any act involving moral turpitude, dishonesty, or corruption* [–] whether the act is committed in the course of [the lawyer's] relations *as an attorney or otherwise*.” The commission of such an act is ground “for *disbarment or suspension*.”<sup>56, 57</sup>

So, attorneys – at all times – are subject to “disbarment or suspension,” if they commit an act of “moral turpitude, dishonesty, or corruption.” No law exists – in statute, in case law, or in regulatory law – that subjects accountants to discipline – at all times, whether they are conducting an audit, engaging in a financial transaction, or driving to their mothers' house on the weekend. No law subjects accountants to discipline for acts *because* those acts involve “moral turpitude” or “corruption.”<sup>58</sup>

---

<sup>54</sup> *Board of Medical Quality Assurance v. Superior Court (Willis)* (1980) 114 Cal.App.3d 272, 278.

<sup>55</sup> Business and Professions Code § 2762(b) & (c); *Sulla v. Board of Registered Nursing* (2005) 205 Cal.App. 1195, 1199.

<sup>56</sup> Business and Professions Code § 6106. [Italics added.]

<sup>57</sup> While some may question the constitutionality of a statute with such wide breadth, at least one California District Court has pronounced the statute constitutional, at least on the issues raised. (*Canatella v. Stovitz* (2005) (N.D. Cal.) 365 F.Supp.2d 1064, affirmed at 213 Fed.Appx. 515.)

<sup>58</sup> Of course, accountants *are* subject to discipline for acts involving moral turpitude or corruption; but, not *because* those acts involve moral turpitude or corruption.

*Case analogous to accountancy:*

*Hall v. Court Reporters Board*<sup>59</sup> is a particularly important case, because it explains a judicial path for determining of what a particular profession exists. After all, the task of deciding if an act is substantially related to a particular profession is particularly tough if one does not know what that profession is, of what it consists.

Some professions are hard to fully define. For instance, in *Baron v. City of L.A.* (1970) 2 Cal.3d 535, 543 the Supreme Court said, “ascertaining whether a particular activity falls within this general definition [of the practice of law] may be a formidable endeavor.” In fact, “[t]he [Business and Professions] code provides no definition for the term ‘practicing law.’”<sup>60</sup>

That is not the case for the court reporting profession (the professions that was the subject of *Hall*), as the court reporting (or “shorthand reporting”) profession is explicitly defined by statute. As will be seen, the accountancy profession is also explicitly defined by statute. This makes *Hall* particularly analogous and binding as to the methodology for deciding what is substantially related to accountancy.

Mr. Hall was a certified shorthand reporter, licensed by the Court Reporters Board.<sup>61</sup> Mr. Hall contracted with clients to be their court reporter. He then subcontracted with 25 other court reporters to do some of the work. Of course, he was supposed to pay his fellow court reporters; but, he did not pay them. In fact, he shorted them about \$30,000.00; this, even though Mr. Hall’s clients, or at least some of them paid Mr. Hall. The Court Reporters Board filed accusations against Mr. Hall. Mr. Hall’s only argument to the Court of appeal was that his misdeeds were “unrelated to the practice of shorthand reporting.”<sup>62</sup>

Because of the accusations involved, the *Hall* Court’s job was to decide whether Mr. Hall’s stiffing of his subcontracting court reporters was done “in the practice of shorthand reporting.”<sup>63</sup> The *Hall* Court ruled that it first needed to find the definition of court reporting; and *then* decide whether Mr. Hall’s not paying his fellow court reporters for his subcontracted court reporting work was something that was done “in the practice of shorthand reporting.”<sup>64</sup>

---

<sup>59</sup> (2002) 98 Cal.App.4th 633.

<sup>60</sup> *People v. Landlords’ Professional Service* (1989) 215 Cal.App.3d 1599, 1604.

<sup>61</sup> *Hall* at p. 635.

<sup>62</sup> *Hall* at p. 635.

<sup>63</sup> *Hall* at p. 638.

<sup>64</sup> See *Hall* at pp. 638 and 639.

Doing otherwise would have been akin to deciding if Des Moines was in Iowa without knowing the boundaries of Iowa.

This methodology may have been difficult with a hard to define profession, such as law,<sup>65</sup> but worked beautifully in *Hall*, where the subject profession of shorthand reporting is explicitly defined by statute.<sup>66</sup> With this methodology the *Hall* Court was logically and with assuredness able to rule that not paying one's fellow court reporters for his subcontracted court reporting work was something that was done "in the practice of shorthand reporting."

The similarities between deciding whether something takes place in the practice of a profession that is well-defined by statute and deciding whether something is substantially related to a profession that is well-defined by statute are striking. In fact, there appears to be no substantive difference between the two, as the practice of accountancy is also well-defined by statute.<sup>67</sup> *Hall* taught that at least when a profession is statutorily well-defined, one must find

---

<sup>65</sup> See p. 15 of this memorandum and *Baron v. City of L.A.* (1970) 2 Cal.3d 535, 543

<sup>66</sup> "The practice of shorthand reporting is defined as the making, by means of written symbols or abbreviations in shorthand or machine shorthand writing, of a verbatim record of any oral court proceeding, deposition, court ordered hearing or arbitration . . . and the accurate transcription thereof." *Hall* at p. 638, citing and quoting Business and Professions Code § 8017

<sup>67</sup> As with the shorthand reporting profession, the accounting profession is well-defined by statute. With limited exceptions, not relevant to this discussion, "a person shall be deemed to be engaged in the practice of accountancy . . . if he or she does any of the following: ¶ (a) Holds himself or herself out to the public in any manner as one skilled in the knowledge, science, and practice of accounting, and as qualified and ready to render professional service therein as a public accountant for compensation. ¶ (b) Maintains an office for the transaction of business as a public accountant. ¶ (c) Offers to prospective clients to perform for compensation, or who does perform on behalf of clients for compensation, professional services that involve or require an audit, examination, verification, investigation, certification, presentation, or review of financial transactions and accounting records. ¶ (d) Prepares or certifies for clients reports on audits or examinations of books or records of account, balance sheets, and other financial, accounting and related schedules, exhibits, statements, or reports that are to be used for publication, for the purpose of obtaining credit, for filing with a court of law or with any governmental agency, or for any other purpose. ¶ (e) In general or as an incident to that work, renders professional services to clients for compensation in any or all matters relating to accounting procedure and to the recording, presentation, or certification of financial information or data. ¶ (f) Keeps books, makes trial balances, or prepares statements, makes audits, or prepares reports, all as a part of bookkeeping operations for clients. ¶ (g) Prepares or signs, as the tax preparer, tax returns for clients. ¶ (h) Prepares personal financial or investment plans or provides to clients products or services of others in implementation of personal financial or investment plans. ¶ (I) Provides management consulting services to clients. ¶ The activities set forth in subdivisions (f) to (I), . . . are "public accountancy" only when performed by a certified public accountant or public accountant . . . ." (Business and Professions Code § 5051.)

that definition, and then ask the relevant question. In *Hall* that question was whether the charged conduct is “in the practice” of the profession. When the Board is deciding whether to discipline an accountant or allow an applicant to become an accountant, the question is whether the subject person was convicted of a crime or committed a misdeed that is *substantially related to the practice of accountancy*.<sup>68</sup>

*Specific question that Hall requires be asked, when deciding whether an accountant can be disciplined:*

After defining the profession, *Hall* requires that the question be posed as to whether the charge or charges have the requisite relationship to the subject profession. Regarding the subject accountancy discipline issue, that question is whether the act, crime, or professional misconduct charged is substantially related to the practice of accountancy.

The meaning of “substantial relationship” has been discussed above. Thus, a way to phrase the relevant question is this: Is the act, crime, or professional misconduct charged solidly, firmly, or with strength connected to the practice of accountancy? A longer, but more precise question would include in its predicate the statutory description of accountancy. In other words, this question:

Is the act, crime, or professional misconduct charged solidly, firmly, or with strength connected to:

- (a) holding one’s self out as a compensatable public accountant; or
- (b) maintaining an office for the transaction of business as a public accountant; or
- (c) offering to perform or performing for clients professional services that involve or require an audit, examination, verification, investigation, certification, presentation, or review of financial transactions and accounting records (for compensation); or
- (d) preparing or certifying for clients reports on audits or examinations of books or records of account, balance sheets, and other financial, accounting and related schedules, exhibits, statements, or reports; or
- (e) for compensation, rendering professional services to clients in any matter related to accounting procedure and to recording, presentation, or certification of financial information or data; or,
- (f) keeping books, making trial balances, or preparing statements, making audits, or preparing reports, as part of a bookkeeping operation for clients; or,

---

<sup>68</sup> Business and Professions Code §§ 5100(a), 480, and 481.

- (g) preparing or signing, as tax preparer, tax returns for clients, or
- (h) for clients, preparing or providing other persons' investment/financial plans; or
- (i) providing management services to clients, or attestation activity?<sup>69</sup>

**Conclusion:**

So, the issue has been posed; and, has been answered. Under the law, including the plain meaning rule, the doctrine of ejusdem generis, case law, the Business and Professions Code, including the accountancy act, and the Board's own disciplinary regulation, this question must be asked when there is potential accountant discipline:

Is the act, crime, or professional misconduct charged solidly, firmly, or with strength connected to the practice of accountancy? As shown above, there is a much longer and more particular form of this question; but, the basic question is the one posed in this paragraph.

The Board is well aware that "protection of the public [is the Board's] highest priority."<sup>70</sup> The Board is also aware that it can only and must protect the public with the tools of the law. The question of who "the public" is has been long-answered. Prosecutors represent "The People;" and, the law is zealous in its insistence that the "'People' includes the defendant" that the prosecutor is prosecuting.<sup>71</sup> Similarly, the accountants who are governed by the Board are members of the "public." The Board owes accountants no less fairness than it does to any other member of the public.

---

<sup>69</sup> The provision of attestation services is specifically codified as being part of the practice of public accounting. Subsection (a) of Business and Professions Code § 5100.5 says that the Board may "permanently restrict or limit the practice of a licensee." Subsection (e) of that statute then defines "permanently restrict or limit the practice of," as used in subsection (a) as including "the prohibition on engaging in or performing any attestation engagement, audits, or compilations."

<sup>70</sup> Business and Professions Code § 5000.1.

<sup>71</sup> *People v. Seumanu* (2015) 61 Cal.4th 1293, 1343.

Memorandum to Members of the Board of Accountancy  
June 27, 2019  
Page 19

The Board's highest priority is indeed the protection of the public, lawful protection of the public. As this memorandum demonstrates, that lawful protection leads to the conclusion that the Board must ask itself if the crime, act, or professional misconduct charged against an accountant is solidly, firmly, or with strength connected to the practice of accountancy, as that practice is defined by California law.

///



## Department of Consumer Affairs

# California Board of Accountancy



## RESOLUTION

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

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

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

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

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

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

---

*Nancy J. Corrigan, CPA, President*

---

*Mark J. Silverman, Esq., Secretary/Treasurer*

*Dated: May 14, 2021*

## Department of Consumer Affairs

# California Board of Accountancy



## RESOLUTION

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

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

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

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

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

---

*Nancy J. Corrigan, CPA, President*

---

*Mark J. Silverman, Esq., Secretary/Treasurer*

*Dated: May 14, 2021*

## Department of Consumer Affairs

# California Board of Accountancy



## RESOLUTION

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

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

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

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

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

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

---

*Nancy J. Corrigan, CPA, President*

---

*Mark J. Silverman, Esq., Secretary/Treasurer*

*Dated: May 14, 2021*

## Department of Consumer Affairs

# California Board of Accountancy



## RESOLUTION

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

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

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

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

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

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

---

*Nancy J. Corrigan, CPA, President*

---

*Mark J. Silverman, Esq., Secretary/Treasurer*

*Dated: May 14, 2021*



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

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



**CBA Item IV.F.**  
May 13-14, 2021

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

**Presented by: Nancy J. Corrigan, CPA, President**

---

### **Purpose of the Item**

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

### **Consumer Protection Objectives**

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

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

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

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

### **Comments**

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

### **Application Process**

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

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

Page 2 of 4

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

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

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

### Senate Appointments

Senate Rules Committee

Contact: Jane Brown

(916) 319-2800

### Assembly Appointments

Speaker of the Assembly

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

916-319-2063

### Understanding the Role of a CBA Member

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

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

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

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

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

Page 3 of 4

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

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

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

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

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

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

### Resources to Assist in Becoming a Successful CBA Member

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

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

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

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

Page 4 of 4

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

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

There is also a significant amount of information available on the CBA website at [www.cba.ca.gov](http://www.cba.ca.gov) including;

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

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

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

### **Attachment**

California Board of Accountancy Guidelines and Procedures Manual



# California Board of Accountancy

---

**CBA Member**

## **Guidelines and Procedures Manual**

CALIFORNIA BOARD OF  
ACCOUNTANCY

---

Updated  
January 2021



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

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

Revised and Restated  
January, 2010

Amendments to the Guidelines and Procedures Manual

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

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

# Table of Contents

<b>SECTION I. THE CALIFORNIA BOARD OF ACCOUNTANCY</b> -----	<b>1</b>
A. MISSION AND VISION OF THE CBA.-----	2
B. COMPOSITION (REF. BUSINESS & PROFESSIONS CODE §§ 5000 & 5001.) -----	2
C. QUALIFICATIONS (REF. BUSINESS & PROFESSIONS CODE §§ 5000.5 & 5001.)-----	2
D. CBA MEMBER RESPONSIBILITIES AND DUTIES (REF. BUSINESS & PROFESSIONS CODE § 5000.1)-----	3
1. <i>Responsibilities.</i> -----	3
2. <i>Duties.</i> -----	3
3. <i>Mentoring.</i> -----	3
4. <i>Executive Officer Evaluation.</i> -----	4
E. TENURE (REF. BUSINESS & PROFESSIONS CODE § 5002).-----	4
F. OFFICERS (REF. BUSINESS & PROFESSIONS CODE §§ 5003, 5004 & 5007).-----	5
1. <i>Election of Officers.</i> -----	5
2. <i>Vacancy.</i> -----	5
3. <i>Duties.</i> -----	6
a. <i>President.</i> -----	6
b. <i>Vice-President.</i> -----	6
c. <i>Secretary/Treasurer.</i> -----	7
G. MEETINGS (REF. BUSINESS & PROFESSIONS CODE §§ 5016 & 5017).-----	7
1. <i>Frequency.</i> -----	7
2. <i>Locations.</i> -----	7
3. <i>Attendance.</i> -----	7
4. <i>Agenda.</i> -----	8
5. <i>Notice Requirements.</i> -----	8
6. <i>Closed Session.</i> -----	8
7. <i>Minutes.</i> -----	8
8. <i>Voting.</i> -----	8
a. <i>Recording.</i> -----	8
b. <i>Abstentions.</i> -----	9
c. <i>Mail Votes.</i> -----	9
9. <i>Webcast. (Ref. Business and Professions Code § 5017.5)</i> -----	9
10. <i>Adjournment.</i> -----	9
H. APPEALS TO THE CBA.-----	9
I. PETITION FOR REINSTATEMENT OR REDUCTION OF PENALTY.-----	10
J. PRESENTATIONS.-----	10
K. COMMITTEES AND TASK FORCES.-----	10
L. APPOINTMENTS TO THE ENFORCEMENT ADVISORY COMMITTEE, PEER REVIEW OVERSIGHT COMMITTEE AND QUALIFICATIONS COMMITTEE.-----	10
M. RESPONSIBILITY OF CBA MEMBER LIAISONS TO COMMITTEES AND TASK FORCES.-----	10
N. EXAMINATION, LICENSURE, AND LICENSE RENEWAL PROGRAMS-----	11
1. <i>Uniform CPA Examination.</i> -----	11
2. <i>Initial Licensing.</i> -----	11
3. <i>License Renewal and Continuing Competency.</i> -----	11
O. ENFORCEMENT PROGRAM.-----	12
1. <i>Default Decision</i> -----	12
2. <i>Stipulated Settlement</i> -----	13
3. <i>Proposed Decisions.</i> -----	13
P. CBA MEMBER CONFLICT OF INTEREST IN DISCIPLINARY MATTERS.-----	15
1. <i>Investigative Consultants.</i> -----	16
2. <i>Conflict of Interest Disclosure Statement.</i> -----	16
3. <i>Ex parte Communications.</i> -----	16

**SECTION II. CBA COMMITTEES AND TASK FORCES-----17**

A. STATUTORY COMMITTEES (REF. BUSINESS & PROFESSIONS CODE §§ 5020, 5023, 5024, 5076.1, AND 5096.21).-----17

1. *Enforcement Advisory Committee.*-----17

    a. Purpose.-----17

    b. Membership.-----18

    c. Meetings/Minutes.-----18

2. *Peer Review Oversight Committee.*-----18

    a. Purpose.-----18

    b. Membership.-----19

    c. Meetings/Minutes.-----19

3. *Qualifications Committee.*-----19

    a. Purpose.-----19

    b. Membership.-----19

    c. Meetings/Minutes.-----19

4. *Mobility Stakeholder Group.*-----20

    a. Purpose.-----20

    b. Membership.-----20

    c. Meetings/Minutes.-----20

5. *Other Committees.*-----20

B. STANDING, AD HOC, AND OTHER COMMITTEES/TASK FORCES.-----20

1. *Committee on Professional Conduct.*-----20

    a. Purpose.-----20

    b. Membership.-----21

    c. Meetings/Minutes.-----21

2. *Enforcement Program Oversight Committee.*-----21

    a. Purpose.-----21

    b. Membership.-----21

    c. Meetings/Minutes.-----21

3. *Legislative Committee.*-----21

    a. Purpose.-----21

    b. Membership.-----22

    c. Meetings/Minutes.-----22

5. *Task Forces.*-----22

6. *National Committees.*-----22

**SECTION III. REPRESENTATIONS ON BEHALF OF THE CBA-----23**

A. USE OF CBA STATIONERY.-----23

B. TESTIMONY BEFORE THE LEGISLATURE.-----23

C. PUBLIC AND MEDIA RELATIONS.-----23

D. NEWS RELEASES.-----24

E. RESPONDING TO INQUIRIES.-----24

F. SPEAKING ENGAGEMENTS.-----25

G. UPDATE (REFERENCE BUSINESS AND PROFESSIONS CODE SECTION 5008).-----25

**SECTION IV.-----27**

**BOARD MEMBER REQUIRED TRAINING AND FORMS-----27**

A. CONFLICT OF INTEREST - GENERAL GUIDELINES.-----27

1. *Disqualification.*-----27

2. *Financial Disclosure.*-----28

3. *DCA's Policy: Incompatible Activities (Reference Government Code Section 19990).*-----28

B. ETHICS TRAINING REQUIREMENT-----29

C. SEXUAL HARASSMENT PREVENTION TRAINING-----29

D. DEFENSIVE DRIVERS TRAINING REQUIREMENT-----29

E. BOARD MEMBER ORIENTATION TRAINING .....	30
<b>SECTION V. EXPENSE REIMBURSEMENT .....</b>	<b>31</b>
A. PER DIEM AND TRAVEL. ....	31
1. Board Member Travel .....	31
2. Lodging for Board/Committee Meeting. ....	31
3. Reimbursement for Travel and Per Diem expenses. ....	31
<b>SECTION VI. COMMONLY USED ACRONYMS .....</b>	<b>33</b>
<b>SECTION VII. RESOURCE LIST .....</b>	<b>35</b>

This page intentionally left blank

## SECTION I.

### THE CALIFORNIA BOARD OF ACCOUNTANCY

---

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

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

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

By authority of the California Accountancy Act, the CBA:

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

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

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

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

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

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

#### A. MISSION AND VISION OF THE CBA

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

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

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

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

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

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

Each public member of the CBA must not:

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

Each licensee member of the CBA must:

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



All members of the CBA must:

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

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

1. Responsibilities.

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

2. Duties.

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

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

3. Mentoring.

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

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

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

4. Executive Officer Evaluation.

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

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

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

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

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

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

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

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

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

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

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

1. Election of Officers.

The process for the election of officers is as follows:

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

2. Vacancy.

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

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

3. Duties.

a. President.

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

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

b. Vice-President.

The Vice-President shall perform the following:

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

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

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

c. Secretary/Treasurer.

The Secretary/Treasurer shall perform the following:

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

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

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

1. Frequency.

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

2. Locations.

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

3. Attendance.

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

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

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

4. Agenda.

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

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

5. Notice Requirements.

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

6. Closed Session.

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

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

7. Minutes.

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

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

8. Voting.

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

a. Recording.

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

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

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

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

b. Abstentions.

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

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

c. Mail Votes.

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

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

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

10. Adjournment.

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

H. APPEALS TO THE CBA.

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

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

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

I. PETITION FOR REINSTATEMENT OR REDUCTION OF PENALTY.

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

J. PRESENTATIONS.

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

K. COMMITTEES AND TASK FORCES.

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

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

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

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

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

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



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

## N. EXAMINATION, LICENSURE, AND LICENSE RENEWAL PROGRAMS.

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

### 1. Uniform CPA Examination.

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

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

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

### 2. Initial Licensing.

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

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

### 3. License Renewal and Continuing Competency.

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

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

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

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

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

## O. ENFORCEMENT PROGRAM.

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

### 1. Default Decision.

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

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

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

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

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

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

## 2. Stipulated Settlement.

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

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

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

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

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

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

## 3. Proposed Decisions.

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

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

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

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

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

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

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

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

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

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

---

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

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

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

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

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

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

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

**P. CBA MEMBER CONFLICT OF INTEREST IN DISCIPLINARY MATTERS.**

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

1. Investigative Consultants.

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

2. Conflict of Interest Disclosure Statement.

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

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

3. *Ex parte* Communications.

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

## SECTION II.

### CBA COMMITTEES AND TASK FORCES

---

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

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

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

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

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

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

1. Enforcement Advisory Committee.

a. Purpose.

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

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

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

b. Membership.

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

c. Meetings/Minutes.

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

2. Peer Review Oversight Committee.

a. Purpose.

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

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



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

b. Membership.

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

c. Meetings/Minutes.

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

3. Qualifications Committee.

a. Purpose.

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

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

b. Membership.

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

c. Meetings/Minutes.

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

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

4. Mobility Stakeholder Group.

a. Purpose.

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

b. Membership.

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

c. Meetings/Minutes.

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

5. Other Committees.

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

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

1. Committee on Professional Conduct.

a. Purpose.

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

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

b. Membership.

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

c. Meetings/Minutes.

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

2. Enforcement Program Oversight Committee.

a. Purpose.

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

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

b. Membership.

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

c. Meetings/Minutes.

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

3. Legislative Committee.

a. Purpose.

To assist the CBA in its activities by:

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

b. Membership.

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

c. Meetings/Minutes.

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

5. Task Forces.

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

6. National Committees.

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

## SECTION III.

### REPRESENTATIONS ON BEHALF OF THE CBA

---

#### A. USE OF CBA STATIONERY.

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

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

#### B. TESTIMONY BEFORE THE LEGISLATURE.

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

#### C. PUBLIC AND MEDIA RELATIONS.

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

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

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

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

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

#### D. NEWS RELEASES.

The CBA issues three categories of news releases:

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

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

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

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

#### E. RESPONDING TO INQUIRIES.

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

F. SPEAKING ENGAGEMENTS.

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

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

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

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

This page intentionally left blank.



## SECTION IV.

### BOARD MEMBER REQUIRED TRAINING AND FORMS

---

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

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

#### A. CONFLICT OF INTEREST - GENERAL GUIDELINES.

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

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

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

##### 1. Disqualification.

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

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

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

## 2. Financial Disclosure.

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

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

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

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

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

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

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

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

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

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

#### B. ETHICS TRAINING REQUIREMENT.

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

#### C. SEXUAL HARASSMENT PREVENTION TRAINING.

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

#### D. DEFENSIVE DRIVERS TRAINING REQUIREMENT.

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

E. BOARD MEMBER ORIENTATION TRAINING.

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

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

## SECTION V.

### EXPENSE REIMBURSEMENT

---

#### A. PER DIEM AND TRAVEL.

##### 1. CBA Member Travel.

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

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

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

##### 2. Lodging for CBA/Committee Meeting.

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

##### 3. Reimbursement for Travel and Per Diem expenses.

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

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

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

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

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

## SECTION VI.

### COMMONLY USED ACRONYMS

---

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

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



## SECTION VII.

### RESOURCE LIST

---

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

#### **APPENDICES AVAILABLE UPON REQUEST**



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

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



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

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

**Presented by: Nancy J. Corrigan, CPA, President**

---

### **Purpose of the Item**

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

### **Consumer Protection Objectives**

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

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

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

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

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

### **Comments**

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

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

Page 2 of 3

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

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

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

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

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

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

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

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

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

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

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

Page 3 of 3

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

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

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

### **Fiscal/Economic Impact Considerations**

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

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachments**

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

## Overview of the AICPA Volunteer Environment

### History of AICPA

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

### History of Committees

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

### Need for Volunteer Groups

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

### Volunteering for Service

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

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

### Term of Appointment

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

### Appointing Volunteers

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

### Volunteer Year

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

## TYPES OF VOLUNTEER GROUPS

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

### Advisory Group

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

### Audit Quality Center

The objectives of the Audit Quality Center include:

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

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

## Board

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

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

## Board of Directors

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

The Board of Director consists of:

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

## Board Committees

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

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

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

### Board of Examiners

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

### Council

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

The Council consists of the following members:

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

### Expert Panel

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

Current Expert Panels include:

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



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

### Joint Trial Board

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

### Nominations Committee

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

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

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

### Peer Review Board

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

### Senior & Executive Committees and Boards

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

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

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

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

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

### Subcommittee

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

### Task Force

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

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

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

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

### Tax Technical Resource Panel

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

Current Tax Technical Resource Panels:

- Corporations and Shareholders Taxation

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

### Volunteer Group

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

### Virtual Group

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

## PUBLIC STATEMENT AUTHORIZATION

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

The Senior Committees are as follows:

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

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

## DEFINITIONS OF VOLUNTEER ROLES

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

### Current Roles

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

### Board Chair

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

### Board Liaison

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

### Chair

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

### Elected Members

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

### Ex-Officio

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

### Member-At-Large

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

### Member

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

### President

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

### Public Members

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

### Secretary of Institute

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

### Staff Liaison

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

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

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

### State Rep

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

### Vice Chairman of the Board

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

---



## Volunteer Service Agreement

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

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

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

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

### **Confidentiality and Conflict of Interest**

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



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

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

### **Communications**

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

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

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

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

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

### **Actions That May Discredit the Association, AICPA or CIMA**





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

### **Meetings**

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

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

### **Ownership/Assignment of Copyright**

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

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



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

### **Verification and Agreement**

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

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



**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](http://www.cba.ca.gov)



**CBA Item IV.H.**  
May 13-14, 2021

## **Discussion Regarding Remote Proctoring of the Uniform Certified Public Accountant Examination**

**Presented by: Michelle Center, Chief, Licensing Division**

---

### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the opportunity to discuss the National Association of State Boards of Accountancy (NASBA) response to the Department of Consumer Affairs (DCA), Office of Professional Exam Services (OPES) regarding the use of remote proctoring. Remote proctoring would allow candidates to take the Uniform Certified Public Accountant Examination (CPA Exam) outside of a test center.

### **Consumer Protection Objectives**

The practice of public accountancy has been determined an essential function and the ability to securely test CPA Exam candidates during times of emergency when testing centers are closed would benefit the candidates and uphold the CBA's mission to protect consumers.

### **Action(s) Needed**

No specific action is required on this agenda item, although staff welcome input that CBA members may have.

### **Background**

The COVID-19 pandemic (COVID-19) identified the need for an alternative approach to ensure testing continues in times of emergency. Due to COVID-19, Prometric testing centers shut down from March 18 through April 30, 2020. The shutdown and reduced testing center capacity resulted in delayed test administrations for candidates.

The testing center closures impacted numerous professions beyond the CBA, which prompted consideration of using remote proctoring. In September 2020, DCA's OPES recommended boards evaluate certain factors prior to making decisions on remote proctoring.

At the January 2021 CBA meeting, NASBA presented on Prometric's ProProctor product, which is a web-based application that would allow the CPA Exam to be taken

## **Discussion Regarding Remote CPA Exam Proctoring**

Page 2 of 3

outside of a testing center using both human proctors and artificial intelligence to monitor the administration.

NASBA, the American Institute of Certified Public Accountants and Prometric (NAP) is preparing for live candidate pilots of ProProctor beginning in June 2021. The piloting with live candidates is a vital aspect of the approach to test and analyze the feasibility of the implementation of ProProctor in support of remote proctoring.

### **Comments**

Staff have been working with NASBA to obtain information regarding remote proctoring, specifically addressing the following factors raised by DCA's OPES:

- Type of examination (e.g., format of items)
- Length of examination (i.e., number of questions / administration time)
- Number of breaks allowed, if any
- Materials or equipment used
- Ratio of candidates to proctors
- Technology requirements
- Security analytics and measures implemented
- Impact of potential examination subversion on program item banks and on the safety of consumers or patients
- Legal issues related to candidate privacy

NASBA provided a response (**Attachment**) addressing the factors identified by DCA OPES regarding remote proctoring.

Staff will monitor the outcome of the analyses of ProProctor that NAP is undertaking. With the assistance of legal counsel and DCA, staff will evaluate the ProProctor solution using the factors recommended by OPES and any regulatory or statutory restrictions, and any additional considerations recommended by the CBA.

Staff will report back on the results of such evaluation, in addition to the feedback regarding the factors raised by DCA's OPES at a future meeting for CBA consideration.

### **Fiscal/Economic Impact Considerations**

The tri-party agreement will be updated to include remote proctoring through the use of ProProctor. At this time, staff are not aware of any additional fees that will be charged to boards or examinees for use of the remote proctoring option.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

## **Discussion Regarding Remote CPA Exam Proctoring**

Page 3 of 3

### **Attachment**

Remote Testing of the CPA Examination Pilot Program, California Board of Accountancy  
Discussion Responses

## 1 Executive Summary

This document is in response to a request from the California Board of Accountancy for specific information pertaining to the possible remote proctoring pilot of the Uniform CPA Examination (CPA Exam or Exam). Information provided herein includes policies and procedures that remain under review and are subject to change.

### 1.1 Remote Testing Background

In 20Q2, the world, including the administration of the CPA Exam, was significantly impacted by the Covid-19 pandemic. Prometric closed its test centers in North America and beyond for an extended period and 26,000 CPA candidate appointments were cancelled. Many were rescheduled upon reopening of test centers, but over many months. Some candidates have not yet rescheduled their appointments. Are they taking advantage of the extended notice to schedule (NTS) periods and credit extensions, or have some of them dropped out of the CPA pipeline? It remains too early to tell. Since July 2020, Prometric has been open at nearly 100% available capacity.

All jurisdictions responded to the pandemic by providing scheduling and credit extensions to candidates; blanket extensions for all in early months of the crisis and generally now on a case-by-case basis. One jurisdiction even had an executive order requiring that all licensing boards grant provisional licenses without examination until tests once again became available. Some states tried to pass legislation that would make it legal to practice without credentials or a license, since candidates could not complete testing and secure that credential or license. The uncontrollable reaction of state legislatures and executive orders lend further urgency and necessity to have a remote solution at the ready for emergency use if test centers are closed.

In March 2020, when the test centers were closed, NASBA and AICPA executive leadership decided it was prudent to investigate the possibility of remote proctoring of the CPA Exam as a contingency and back-up solution if, and when, test centers must again close for any significant period. Since then, NASBA-AICPA-Prometric (NAP) have been working together to evaluate and plan for the possibility of ensuring the availability of potential future remote testing of the CPA Exam for emergency use. Our joint teams of technology, operations, legal, data privacy, cybersecurity and other experts have been progressing in their efforts to prepare for the possibility of remote testing, while at the same time assessing risk and focusing on mitigation strategies.

NASBA and AICPA believe a Remote Testing Pilot (RT Pilot or Pilot), as proposed, allows NAP to test, learn from, and reassess remote testing before the AICPA, NASBA, or the boards of accountancy would ever consider deploying remote testing at a larger scale for emergency use. NAP is planning to complete a Pilot, provide the results of the Pilot to the accountancy boards, and then work with the boards to assess the viability of remote testing for possible future use.

## 2 Examination Information

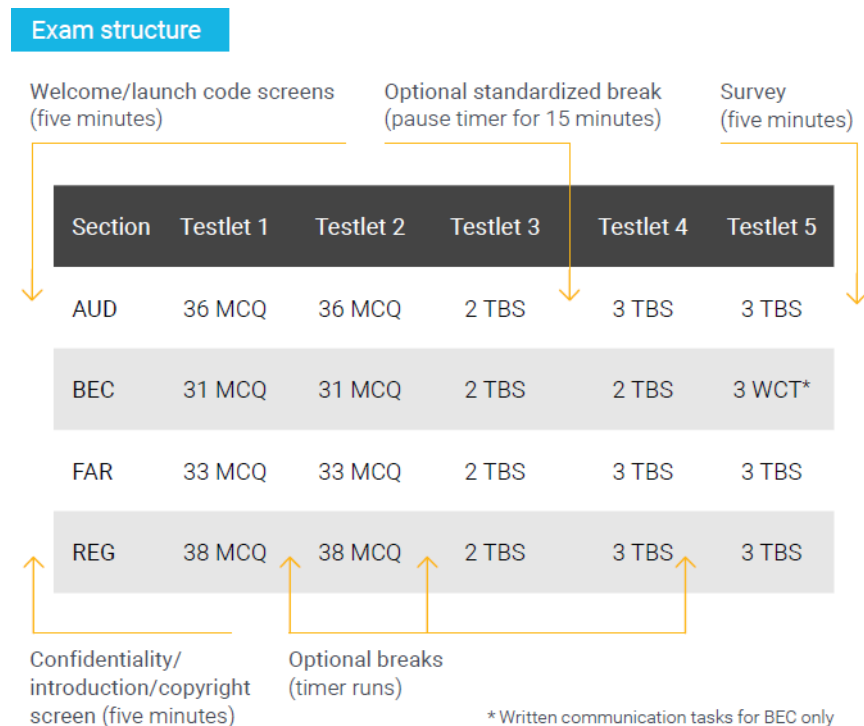
The Uniform CPA Examination is given in four parts: Audit and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR) and Regulation (REG). Each section is four hours in length and can be scheduled and taken at separate times. All sections must be passed within an 18-month timeframe. Each exam section is divided into small segments called testlets. There are five testlets per section.

Candidates can choose to pause the exam timer to take a break for 15 minutes after the third testlet of each section, or they can choose to continue testing and not pause the exam timer. They may also take breaks after all other testlets. However, the exam timer will not be paused for those breaks.

Three types of questions (items) are utilized in the CPA Exam.

1. Multiple-Choice Questions (MCQ) appear in Testlets 1 and 2 in each Exam section.
2. Task-Based Simulations (TBS) are case studies that allow candidates to demonstrate their knowledge and skills by working through problems. TBSs typically require use of spreadsheets and / or search of the Exam’s authoritative literature. TBSs appear in Testlets 3, 4 and 5 of the AUD, BEC and FAR Exam sections, and in Testlets 3 and 4 of the BEC Exam section.
3. Written Communication Tasks (WCT) are found only in Testlet No.5 of the BEC section. In a WCT a candidate must read a scenario and write a clear, coherent response.

The following table outlines the sections and structure of the CPA Exam and the number of item types in each testlet, as well as the timing of breaks and administrative tasks.



The AICPA's Psychometric Oversight Committee (POC) has affirmed that the Uniform CPA Examination remains uniform whether administered in a Prometric Test Center or remotely via ProProctor. The same content and skills, following the Uniform CPA Examination Blueprint and utilizing the same item types and exam structure, will be given via remote proctor as would be administered in a Prometric test center.

The CPA Exam is a nondisclosed, closed-book examination. No outside materials may be utilized when taking the Exam. Tools are provided within the Exam system, including a calculator and Excel, as well as access to authoritative literature during the TBS Testlets.

To maintain security, minimize risk, and provide adequate data for NAP review, the CPA Exam to be delivered in the Pilot is currently defined as follows:

- All sections (AUD, FAR, REG, and BEC) will be available
- 250 - 1,000 total sections across all four sections will be administered during the Pilot
- Exams will be offered during a two-to-three-week Pilot period at a yet-to-be-determined date, during the hours of 8am-11pm ET, 7 days each week, Monday-Sunday.
- The type of the Exam, the length of the Exam, the timing of the Exam, the scoring of the Exam, and the number of breaks allowed in the Exam administered remotely will be identical to the Exam administered in the Prometric test centers.

In addition, the following restrictions are also defined for the Pilot:

- Domestic candidates only, as approved by the three or four State Boards agreeing to allow their candidates to volunteer for Pilot participation.
- Candidates may not be first-time test takers.
- Candidates may take multiple sections during the Pilot but may only take each discreet section once remotely.
- Candidates requiring test accommodations will not test as part of the Pilot. NAP continues to develop plans and solutions for supporting fully compliant test accommodations.

### 3 Candidate Technical Requirements

Remote Testing of the CPA Exam requires the candidate to utilize specific hardware and software. The candidate will utilize their own equipment (computer, monitor, keyboard, mouse, webcam). They will be advised to run the Prometric System Readiness Check tool prior to scheduling and again prior to the day of the Exam at the location they plan to use for the actual test. The candidate must also run it again at the start of the Exam. This is a minimum system check.

Additional technical requirements include:

1. Screen Resolution: **1920 x 1080** in *>32-bit color*
  - a. **NOTE: Candidate will not be able to test remotely if the candidate's computer screen resolution is not 1920 x 1080, as checked by the Exam Driver.**
  - b. Scale and Layout needs to be set at 100%.
2. RAM: 4GB+



3. Download Speed: 5 Mbps Download
4. Upload Speed: 1 Mbps Upload
5. Ports: Test for outbound https connection on port 443
6. 20" to 28" HD monitor is required. 23" is ideal.

The **Prometric System Readiness Check** will check the following:

1. Candidate Operating systems: Windows 8, Windows 8.1, Windows 10 or later. On Mac OS X Yosemite 10.10 or later.
2. Microphone: Verify microphone is working
3. WebCam
4. SD screen resolution
5. Download and upload speed of 0.5 Mbps

## 4 Candidate Environmental Requirements

The testing environment used by the candidate must also meet minimum requirements. A sterile space and a clear desk are required. No paper, phones, food, drink or additional equipment are allowed. Detailed communications and preparation checklists regarding technology and environmental requirements will be provided to candidates prior to scheduling.

At the beginning of the testing appointment, before the candidate is allowed to test, a

**ProProctor Readiness Agent** will check for the following:

1. Stand-alone camera / webcam required (not built into the monitor)
2. Dual monitors are not allowed
3. If a laptop and separate HD monitor are used, the Readiness Agent will verify that the laptop screen is off, and a stand-alone keyboard and mouse are needed.
4. A handheld calculator is not allowed
5. Scratch paper is not allowed
6. SEE PROMETRIC PROPROCTOR USER GUIDE for full set of ProProctor environment requirements and prohibited items (link below)
  - a. [https://www.prometric.com/sites/default/files/2020-04/PrometricProUserGuide\\_3.1\\_1.pdf](https://www.prometric.com/sites/default/files/2020-04/PrometricProUserGuide_3.1_1.pdf)

In addition, numerous communications and suggestions to the candidate will include:

1. If testing from a home, ask others within the household to avoid internet use during your exam session.
2. Wired internet connection is highly preferred to tethering to a mobile hotspot or wireless router.
3. Active anti-virus scanning should be paused while taking an exam. Some anti-virus software could cause performance issues.
4. A candidate should not connect over a VPN when taking an exam.
5. It will be recommended to not use a work computer due to company-specific computer security settings possibly interfering with the ProProctor system requirements.

## 5 Security Analytics and Measures Implemented

Many security measures are built into the ProProctor system, including that the system locks down the candidate's computer during the initialization process and does not allow any software other than the ProProctor software to run. It does also not allow free access to the internet during the Exam session. Remote testing does require a stable internet connection for the candidate to use of the ProProctor driver. The candidate's connection is tested prior to starting the Exam and any lengthy disconnect will abort the Exam administration.

The candidate will receive a reminder email prior to exam day. On the day and time of exam the candidate will:

1. Possess a printed copy of the Notice to Schedule (NTS). NTS has candidate name and ESID on it.
2. Perform system check.
3. Download the ProProctor software if the software has not already been downloaded and launch the Exam session using the URL provided in the scheduling confirmation.
4. Perform image capture.
5. Perform ID capture.
6. Review Checklist provided to confirm completion of all items before testing.
7. Proceed to ProProctor Readiness Agent.

A ProProctor Readiness Agent will (1:1):

1. Confirm exam session information
2. Confirm candidate identification
3. Examine the NTS to ensure there are no handwritten notes on front or back.
4. Perform a 360-degree environment check, including the candidate's person and surrounding environment including:
  - a. Glasses (full rotation, inner/outer frame)
  - b. Ears (no Bluetooth devices)
  - c. Hats and any hair accessories must be removed (unless for religious reasons)
  - d. Remove jewelry (inspect front/back, remove from testing area)
  - e. Wedding/engagement bands are allowed upon inspection.
  - f. No writing utensils.
  - g. Hands (front, back, fingernails)
  - h. Sleeves/Wrists (push up/pull down, tattoos)
  - i. Tie (slowly roll upward, looking for bulges)
  - j. Pockets: Pants - Shirt (front/back pockets) Check to see if they have a coin or hidden pant pocket.
  - k. Hoodie/Outerwear (check pockets, shake out hood, collar) It must be worn for the entire exam, placed on the back of their chair or removed from the area.
    1. When complete, turns the session over to the Proctor
5. The Proctor begins the Exam session.

Each Proctor may observe up to eight testing candidates. The Proctor can magnify each candidate on their screen to review more closely while at the same time continuing to observe the other testing candidates. All testers are under the observation of a Readiness Agent, Proctor or Security Agent during their entire examination experience, except when they leave their chair for a break. Upon return from a break, the check in process is again completed by a Security Agent before the CPA Exam is continued. Since breaks are only allowed between testlets, no live questions are accessible during the breaks and candidates will not have the ability to revisit answers to questions in testlets already completed as they will have been closed prior to the break.

If a Proctor is concerned that a security issue might possibly be occurring, the Proctor may refer the testing candidate to a Security Agent. The Security Agent takes over the observation of the candidate (1:1) and has the ability to review notes regarding possible concerns and rewind the video of the candidate testing to observe the points in time of possible issues. The Security Agent may talk to the testing candidate, ask questions, require that they use their webcam to rescan the testing environment and more. Using the policies of the CPA Exam program, the Security Agent has the authority to terminate the examination appointment in certain circumstances of observed cheating behaviors or for not following testing policies.

Video and audio can be reviewed by internal Prometric resources and the results made available to NASBA, on behalf of any accountancy board. As in test centers, video and audio recordings of testing events will be available for NASBA and Board review, as necessary, for a prescribed period of time.

All ProProctor Proctors go through extensive uniform training and their performance is continuously monitored. All Proctors are in constant communication with their Team Leads (TL) through Microsoft Teams, which includes alerting their TLs when taking and returning from breaks and any issues they are facing that may affect their work performance or candidate testing.

Potential issues that may occur during the launch of ProProctor or prior to the launch of the exam include:

Issue	Procedures
Candidate cannot launch ProProctor	The candidate will contact Prometric through the help desk/eHelp chat. The current process will be utilized to determine whether or not a free retest should be provided.
Candidate fails System Readiness Check on the day of the exam.	The candidate has the responsibility to ensure their systems meet the requirements before exam day. If they are having difficulties doing so, they are considered a no show and will not be able to test.
Candidate's name is not on the appointment schedule	For remote testing, a candidate can only launch ProProctor within 15 minutes of scheduled time/day. A candidate's name will be verified against an appointment schedule that covers all

	candidates scheduled to remotely test (date and time), so they can comply with the current policy and responses.
--	--

Most exam administration policies and procedures will remain as similar as possible to the current test center policies and procedures. Below are several areas of note.

- **Introductory Screens:** The policy for the screens and any exceptions will be the same as the test center:
  - Candidate Declines Policy Statement and Agreement - Exam terminates
  - Login Error on the Authentication Screen or Time-Out on the Introduction Screens – same procedures will be followed
- **Breaks:** Same policies/process as in the test center where the environment check by the Security Agent takes the place of the Test Center Administrator (TCA) check each time the candidate returns from a break.
- **Irregularities:** As a general rule, it is expected the online Proctor and Security Agent will have the same responsibility and authority to deal with irregularities and suspected cheating as a TCA in a test center and to only stop testing in scenarios where the TCA could stop testing (such as a second offense after a warning).

Note that the AICPA produces approximately 12 statistically equivalent versions of each of the four sections (AUD, REG, BEC, FAR) for each quarter. For the Pilot, a small number of versions for each of the four sections will ONLY be administered to candidates in the Pilot. These versions are applicable for scoring and licensing. Isolating these versions for only the Pilot allows AICPA to maximize security, minimize risk, and conduct additional performance analysis of the pilot candidates. In addition, AICPA will deploy enhanced web monitoring to monitor for item sharing on social media and websites.

Numerous network and security practices are in place by the AICPA Exams Team, in the transmission of the software and the Exam to Prometric, and in the transmission by Prometric to the test centers. Similar system and network practices are in place between the AICPA, Prometric, and the candidate's system to protect the Exam and its software and to ensure a secure administration. A security risk assessment is being conducted in advance of the pilot which includes third party reviews of the ProProctor system. Metrics and data from the pilot will also be reviewed by the NAP team.

The pilot administration of the CPA Exam by remote proctor will not utilize facial recognition software for any automated decision making. All decisions will be ultimately made by human reviewers.



**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 V.A.1.**  
May 13-14, 2021

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

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

---

### **Purpose of the Item**

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

### **Consumer Protection Objectives**

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

### **Action(s) Needed**

It is requested that the CBA adopt the recommendation.

### **Background**

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

### **Comments**

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

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

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

Page 2 of 2

Prior to making a decision to recommend Alan M. Gittelson for appointment to the EAC, I performed all the steps previously mentioned. I believe Alan M. Gittelson has the skills and knowledge to serve on the EAC, which will allow the EAC to assist the CBA with its Enforcement Program.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Based on the information above, and in consultation with Douglas Aguilera, CPA, Chairperson of the EAC, I recommend that Alan M. Gittelson, CPA, be appointed for two years to the EAC, effective May 14, 2021 until May 31, 2023.

### **Attachments**

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



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

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



**CBA Item V.B.1.**  
May 13-14, 2021

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

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

---

### **Purpose of the Item**

The purpose of this agenda item is to recommend that Jeffrey T. Baginski, 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 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 Jeffrey T. Baginski for appointment to the QC, I performed all the steps previously mentioned. I believe Jeffrey T. Baginski 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 Nasi Raissian, CPA, Chairperson of the QC, I recommend that Jeffrey T. Baginski, CPA, be appointed for two years to the QC, effective May 14, 2021 until May 31, 2021.

### **Attachments**

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





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

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



**CBA Item V.B.2.**  
May 13-14, 2021

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

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

---

### **Purpose of the Item**

The purpose of this agenda item is to recommend that Hanzhao Meng, 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 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 Hanzhao Meng for appointment to the QC, I performed all the steps previously mentioned. I believe Hanzhao Meng 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 Nasi Raissian, CPA, Chairperson of the QC, I recommend that Hanzhao Meng, CPA, be appointed for two years to the QC, effective May 14, 2021 until May 31, 2021.

### **Attachments**

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

---

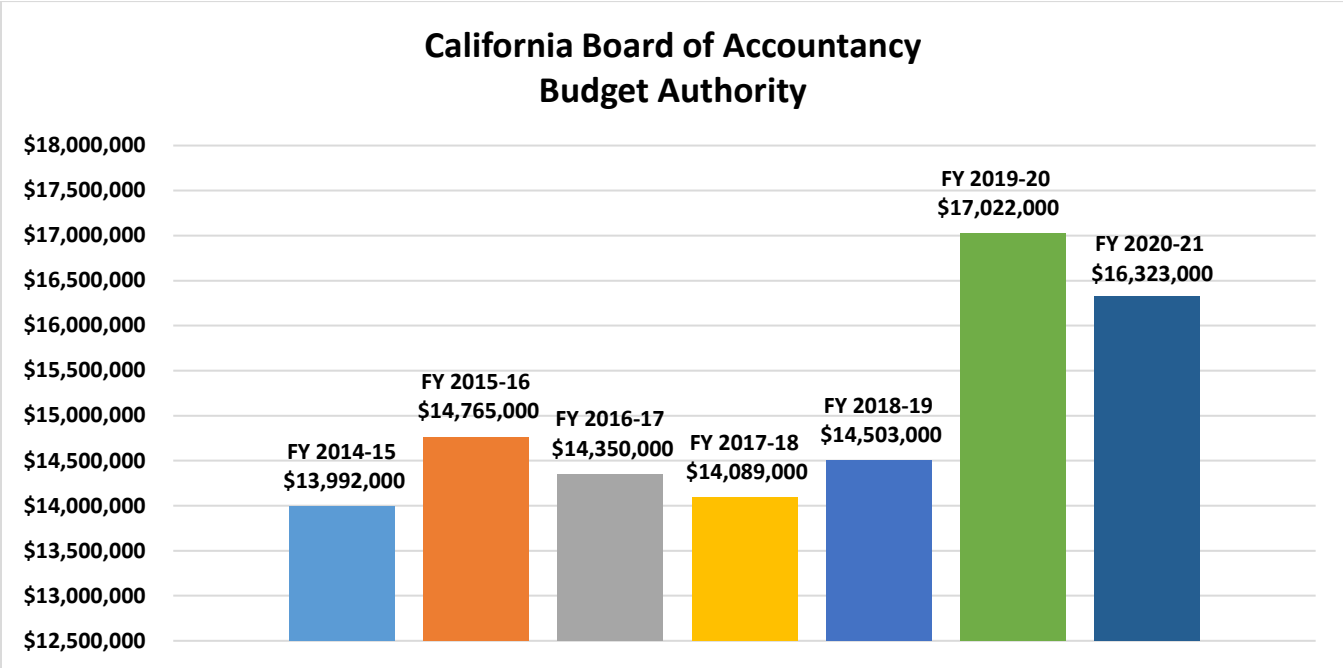
**CALIFORNIA BOARD OF ACCOUNTANCY  
REPORT OF THE  
SECRETARY/TREASURER  
MARK J. SILVERMAN, ESQ.**

---

Fiscal Year 2020-21  
Fiscal Month 8 Financial Report

**Budget Authority**

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



# Financial Statement as of Fiscal Month 8

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

## Expenditures

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

Below is information regarding key budget items.

### General Expense (Line 7)

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

### Printing (Line 8)

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

### Postage (Line 10)

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

### In-State Travel (Line 12)

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

### Out-of-State Travel (Line 13)

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

### C/P Services Internal (Line 16)

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

### C/P Services External (Line 17)

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

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

Department Pro Rata (Line 18)

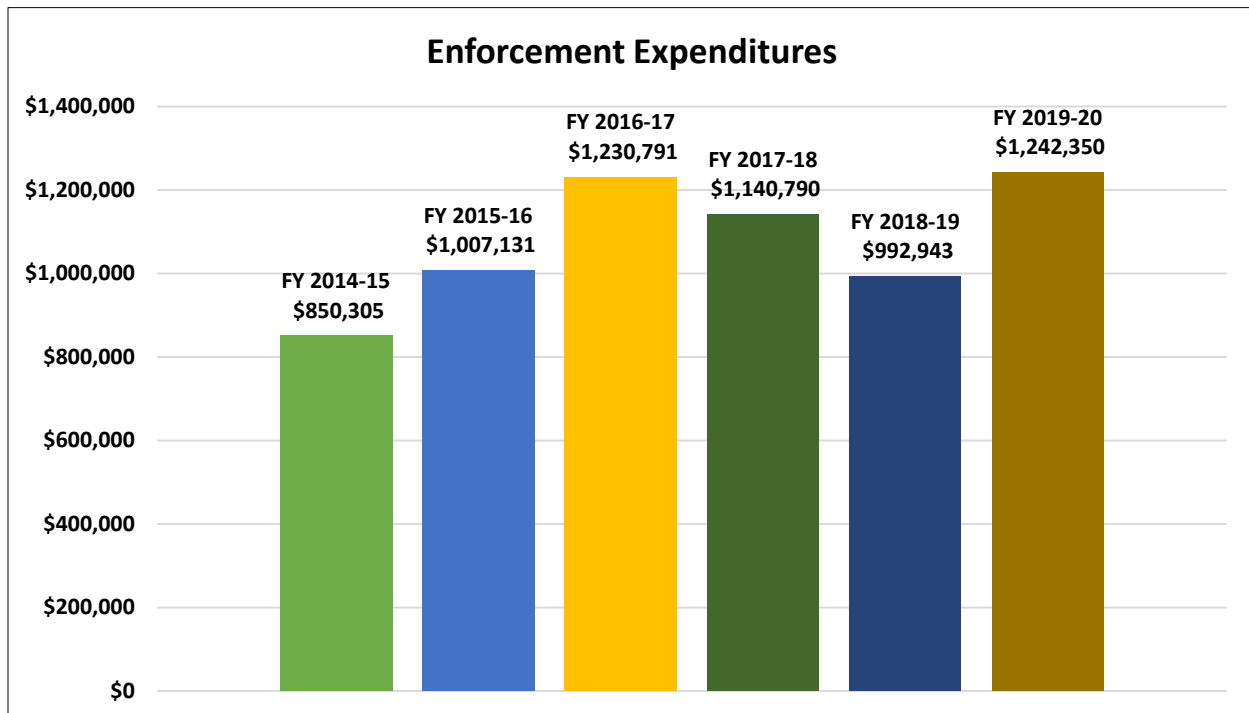
Expenses for the Division of Investigation are now grouped under this line item and consist of both internal and external investigative services.

## Enforcement Expenditures

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

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

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



## Revenue

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

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

### Scheduled and Unscheduled Reimbursements

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

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

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

# California Board of Accountancy Fund Condition

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

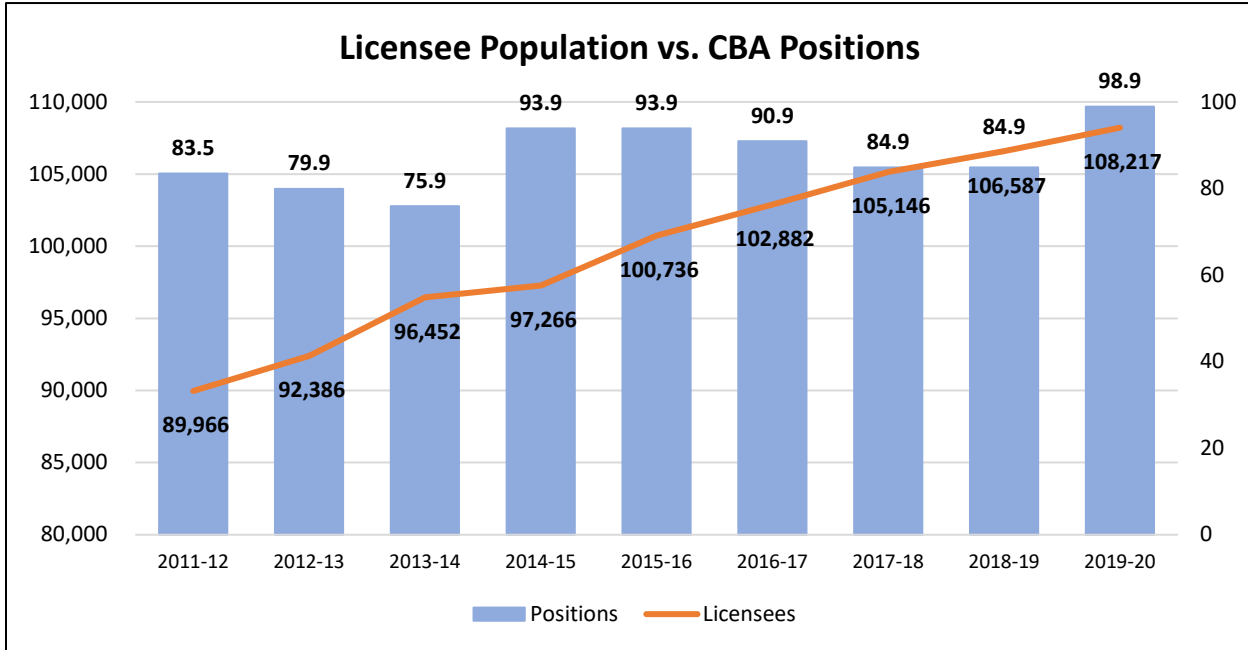
The General Fund loan for \$10 million dollars is shown under transfer to other funds, and its impact is reflected in the months in reserve at the end of FY 2020-21 and beyond. The loan is scheduled to be repaid in FY 2024-25.

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



## License Population vs. Staff Level

The CBA presently has 98.9 authorized positions.





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

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



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

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

**Presented by: Deanne Pearce, Assistant Executive Officer**

---

### **Purpose of the Item**

The purpose of this agenda item is twofold:

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

### **Consumer Protection Objectives**

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

### **Action(s) Needed**

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

### **Background**

#### Overview of Proposed Regulatory Changes

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

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

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

Page 2 of 4

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

### Rulemaking Process

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

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

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

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

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

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

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

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

---

<sup>1</sup> Department of Consumer Affairs, Business, Consumer Services and Housing Agency, and Department of Finance

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

Page 3 of 4

According to OAL:

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

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

### Comments

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

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

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

### Consideration of Public Comments

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

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

### Adoption of Proposed Regulatory Text

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

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

Page 4 of 4

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

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

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

- Approve the modified regulatory text to Title 16, California Code of Regulations section 12.5, including sending out the modified text for an additional 15-day comment period,
- If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations and adopt the proposed regulations as described in the modified notice; and
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL.

**Fiscal/Economic Impact Considerations**

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

**Recommendation**

Adoption of Proposed Regulatory Text

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

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

**Attachments**

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

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

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

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

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

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

Authority and Reference:

Pursuant to the authority vested by sections 5010 and 5095 of the Business and Professions Code<sup>1</sup> (BPC) and to implement, interpret, or make specific sections 5092, 5093, and 5095 of the BPC, the CBA is considering changes to Division 1 of Title 16 of the California Code of Regulations<sup>2</sup> (CCR), as described herein.

**INFORMATIVE DIGEST**

A. Informative Digest

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

<sup>1</sup> Unless otherwise specified, all sections refer to the Business and Professions Code.

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

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

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

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

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

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

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

#### Section V – Qualifying Experience

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

#### Section VI – Number of Hours

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

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

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

#### Personal Information Collection and Access

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

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

#### B. Policy Statement Overview/Anticipated Benefits of Proposal

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

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

#### C. Consistency and Compatibility with Existing State Regulations

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



## INCORPORATION BY REFERENCE

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

## FISCAL IMPACT ESTIMATES

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

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

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

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

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

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

The proposed regulatory changes are considerably consistent with SSARS 21.

Cost Impact on Representative Private Person or Business:

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

Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS

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

RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

Impact on Jobs/Businesses:

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

Benefits of Regulation:

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

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

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

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

CONSIDERATION OF ALTERNATIVES

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

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

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

#### INITIAL STATEMENT OF REASONS AND INFORMATION

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

#### TEXT OF PROPOSAL

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

#### AVAILABILITY OF CHANGED OR MODIFIED TEXT

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

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

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

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

#### CONTACT PERSON

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

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

The backup contact person is:

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

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

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

**Hearing Date:** May 4, 2021

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

**Section(s) Affected:** 12.5

**Introduction**

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

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

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

**Specific Purpose of each adoption, amendment, or repeal:**

**Problem being addressed:**

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

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

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

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

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

Anticipated benefits from this regulatory action:

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

Factual Basis/Rationale

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

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

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

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

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

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

To qualify to sign attest reports, BPC section 5095 requires an applicant for licensure to complete a minimum of 500 hours, to the satisfaction of the CBA, in attest services. BPC section 5095 authorizes the CBA to adopt regulations to implement this section, including, but not limited to, a procedure for applicants under Section 5092<sup>1</sup> or Section 5093 to qualify under this section.

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

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

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

#### Section V – Qualifying Experience

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

#### Section VI – Number of Hours

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

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

---

<sup>1</sup> Effective January 1, 2014, Business and Professions Code section 5092 became inoperative.

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

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

#### Personal Information Collection and Access

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

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

#### Underlying Data

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

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

#### Business Impact



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

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

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

### Economic Impact Assessment

This regulatory proposal will have the following effects:

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

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

#### Specific Technologies or Equipment

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

#### Consideration of Alternatives

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

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

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



**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



## Proposed Regulatory Language

## Attachment 3

### California Board of Accountancy Regulations Section 12.5

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

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

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

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

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

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

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

## California Board of Accountancy Regulations

### Sections 12.5

Page 2 of 3

following:

- (1) Experience in the planning of the audit including the selection of the procedures to be performed.
  - (2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements.
  - (3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.
  - (4) Experience in the preparation of written explanations and comments on the work performed and its findings.
  - (5) Experience in the preparation of and reporting on full disclosure financial statements.
- (c) Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is not qualifying.
- (d) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised by a person holding a valid active license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.
- (1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required.
  - (2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.
  - (3)(A) All verifications shall be submitted to the Board on Form 11A-6A (~~44/47~~ 4/20) for public accounting experience or on Form 11A-6 (~~44/47~~ 4/20) for private industry or governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.
  - (B) If the applicant is unable to obtain the verifications required in subsection (d)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (d)(3)(A).
- (e) In order to demonstrate the completion of qualifying experience, an applicant for or holder of a California Certified Public Accountant license may be required to appear before the Qualifications Committee to present work papers, or other evidence, substantiating that his or her experience meets the requirements of Section 5095 of the Business and Professions Code and of subsection (b) of this section.

## California Board of Accountancy Regulations

### Sections 12.5

Page 3 of 3

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

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

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

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

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

(A) 16 hours in financial accounting standards.

(B) 16 hours in auditing standards.

(C) 8 hours in compilation and review.

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

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

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

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

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

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

# CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

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

PRINT OR TYPE

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

## PERIOD OF EMPLOYMENT

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

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

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

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

## QUALIFYING EXPERIENCE

Yes    No

I.	A.	Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?		
	B.	In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?		
II.	A.	Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
	B.	In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
III.	A.	Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?		
	B.	In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
IV.	A.	Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?		
	B.	In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
V.	A.	Does the applicant have experience in the preparation of and reporting on full disclosure financial statements <u>as part of the Audit or other Attest Services</u> ? This does not include experience earned through the performance of preparation engagements in accordance with the provisions of the Statements on Standards for Accounting and Review Services (SSARS).		
	B.	In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?		

## NUMBER OF HOURS

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

VII.	Is the applicant related to anyone in your firm?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	(If yes, explain relationship)
------	--	------------------------------	-----------------------------	--------------------------------

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

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

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

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

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

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

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

## PERSONAL INFORMATION COLLECTION AND ACCESS

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

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

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

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



## CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

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

PRINT OR TYPE

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

### PERIOD OF EMPLOYMENT

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

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

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

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

### QUALIFYING EXPERIENCE

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

### NUMBER OF HOURS

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

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

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

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

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

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

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

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

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

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

## PERSONAL INFORMATION COLLECTION AND ACCESS

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

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

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

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



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

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



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

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

**Presented by: Deanne Pearce, Assistant Executive Officer**

---

### **Purpose of the Item**

The purpose of this agenda item is twofold:

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

### **Consumer Protection Objectives**

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

### **Action(s) Needed**

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

### **Background**

#### Overview of Proposed Regulatory Changes

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

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

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

Page 2 of 5

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

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

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

### Rulemaking Process

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

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

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

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

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

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

---

<sup>1</sup> Department of Consumer Affairs, Business, Consumer Services and Housing Agency, and Department of Finance

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

Page 3 of 5

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

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

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

According to OAL:

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

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

### Comments

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

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

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

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

Page 4 of 5

### Consideration of Public Comments

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

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

### Adoption of Proposed Regulatory Text

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

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

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

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

- Approve the modified regulatory text to Title 16, California Code of Regulations section 19, including sending out the modified text for an additional 15-day comment period,
- If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations and adopt the proposed regulations as described in the modified notice; and
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL.

### **Fiscal/Economic Impact Considerations**

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

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

Page 5 of 5

## Recommendation

### Adoption of Proposed Regulatory Text

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

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

## Attachments

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



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

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

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

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

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

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

**INFORMATIVE DIGEST**

A. Informative Digest

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

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

BPC sections 5096.21 authorizes that if the CBA determines that allowing individuals from a particular state<sup>1</sup> to practice in California pursuant to a practice privilege violates the CBA’s duty to protect the public, it shall require individuals licensed from that state to submit a notification form and pay the applicable fees as required by BPC section 5096.22. The CBA is required to make this determination through a majority vote at a regularly scheduled meeting. Additionally, the individual cannot exercise a practice privilege in California prior to submitting the notification form in these instances.

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

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

The regulatory proposal is as follows:

### **Amend Title 16, CCR Section 19**

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

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

---

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

## **INCORPORATION BY REFERENCE**

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

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

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

#### **Section A: Contact Information**

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

#### **Section B: State of Licensure**

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

#### **Section C: Safe Harbor**

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

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

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

---

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

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

#### Section D: Acknowledgement

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

#### Section E: Penalty of Perjury Statement

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

#### Notice of Personal Information Collection and Access

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

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

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

#### B. Policy Statement Overview/Anticipated Benefits of Proposal

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

#### C. Consistency and Compatibility with Existing State Regulations

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

## **FISCAL IMPACT ESTIMATES**

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

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

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

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

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

### **Nondiscretionary Costs/Savings to Local Agencies:**

None

### **Local Mandate:**

None

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

None

### **Business Impact:**

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

### **Cost Impact on Representative Private Person or Business:**

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

### **Effect on Housing Costs:**

None

## **EFFECT ON SMALL BUSINESS**

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

## **RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS**

### **Impact on Jobs/Businesses:**

The CBA has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

### **Benefits of Regulation:**

The CBA has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents, worker safety, and state's environment:

The Practice Privilege Notification and Agreement Form (PP-16 (11/19)) is the mechanism to allow the CBA to meet its consumer protection mandate related to having individuals from a particular state notify the CBA prior to practicing pursuant to a practice privilege.

## **CONSIDERATION OF ALTERNATIVES**

The CBA must determine no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons that the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

## **INITIAL STATEMENT OF REASONS AND INFORMATION**

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

## **TEXT OF PROPOSAL**

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to

the hearing upon request from the CBA at 2450 Venture Oaks Way, Ste. 300, Sacramento, California, 95833.

**AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE**

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

**CONTACT PERSON**

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Deanne Pearce  
Address: 2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833  
Telephone No.: 916-561-1740  
Fax No.: 916-263-3675  
E-Mail Address: [deanne.pearce@cba.ca.gov](mailto:deanne.pearce@cba.ca.gov)

The backup contact person is:

Name: Peter Renevitz  
Address: 2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833  
Telephone No.: 916-561-1742  
Fax No.: 916-263-3678  
E-Mail Address: [peter.renevitz@cba.ca.gov](mailto:peter.renevitz@cba.ca.gov)

**Website Access:**

Materials regarding this proposal can be found at <http://www.dca.ca.gov/cba/about-cba/laws-and-rules.shtml>.

## CALIFORNIA BOARD OF ACCOUNTANCY

## INITIAL STATEMENT OF REASONS

Hearing Date: May 4, 2021

Subject Matter of Proposed Regulations: Notification Forms – Practice Privilege Forms  
for Individuals

Section Affected: 19

Problem being addressed

The California Board of Accountancy (CBA) is mandated, pursuant to Business and Professions Code (BPC) section 5000.1, to ensure that the protection of the public is its highest priority in exercising its licensing, regulatory, and disciplinary authority. In achieving this mandate, the CBA regulates the accounting profession for the protection of the public. The CBA currently regulates over 108,000 licensees, including individual Certified Public Accountants/Public Accountants (CPAs/PAs), accountancy partnerships, accountancy corporations and out-of-state registered firms.

Pursuant to BPC section 5010, the CBA may adopt, repeal, or amend such regulations as may be reasonably necessary and expedient for the orderly conduct of its affairs and for the administration of the Accountancy Act. BPC section 5096.6 authorizes the CBA to adopt regulations to implement, interpret, or make specific the provisions of Article 5.1 of the Accountancy Act – Practice Privileges.

BPC section 5096.21 authorizes that if the CBA determines that allowing individuals from a particular state<sup>1</sup> to practice in California pursuant to a practice privilege violates the CBA's duty to protect the public, it shall require individuals licensed from that state to submit a notification form and pay the applicable fees as required by BPC section 5096.22. The CBA is required to make this determination through a majority vote at a regularly scheduled meeting. Additionally, the individual cannot exercise a practice privilege in California prior to submitting the notification form in these instances.

BPC section 5096.22 requires individuals to notify the CBA prior to practicing and the notification shall be on a form in a manner prescribed by the CBA in regulation. Further, it states that a practice privilege subject to notification shall commence when the individual submits a properly completed form (with the CBA receiving the fee within 30 days), and that the CBA shall permit individuals to submit the notification form to the CBA electronically. BPC section 5096.22 allows for two safe harbor provisions related to notification:

1. That the individual files the notification form within five business days of the date practice begins, and
2. That the individual (presumably already practicing in California) submits the notification form within 60 days of the CBA action pursuant to BPC section 5096.21.

---

<sup>1</sup> BPC section 5032 defines "state" when not specifically referring to California, "means any state, territory or insular possession of the United States, or the District of Columbia."



This regulatory proposal seeks to update Title 16, California Code of Regulations section 19 by adding a new form for individuals to submit and incorporating said form by reference. This will ensure that the CBA has a mechanism as required by BPC sections 5096.21 and 5096.22 for individuals to submit the required notification form should one become necessary.

Individuals whose principal place of business is not in California and who hold a valid and current license, certificate, or permit to practice public accountancy from another state, subject to certain conditions and limitations, may engage in the practice of public accountancy in California under a practice privilege without obtaining a certificate or license.

To qualify, individuals must meet any of the following:

- Continually practiced public accountancy as a certified public accountant issued by any state for at least four of the last 10 years,
- Have a license, certificate, or permit from a state that the CBA has determined to have education, examination, and experience qualifications for licensure substantially equivalent to California's qualifications under BPC section 5093, or
- Possesses education, examination, and experience qualifications for licensure that the CBA has determined to be substantially equivalent to California's qualifications under BPC section 5093.<sup>2</sup>

Individuals who qualify for a practice privilege may engage in the practice of public accountancy without notification, with limited exceptions,<sup>3</sup> and payment of a fee.

As part of the enabling statutes (Senate Bill (SB) 1405, Chapter 411 of the Statutes of 2012) that enacted the majority of the present practice privilege statutes, BPC section 5096.21 required the CBA to evaluate other states to determine whether allowing individuals from a particular state pursuant to a practice privilege violated the CBA's duty to protect the public. If so, the CBA would, through a majority vote at a regularly scheduled meeting, require individuals for that state to submit the notification form that was required under BPC section 5096 as added by Chapter 921 of the Statutes of 2004.

The CBA was required to make these determinations on or after January 1, 2016. The CBA was required to provide a preliminary report to the Legislature, Department of Consumer Affairs Director, and the public by July 1, 2015. The CBA was required to provide a final report to the Legislature, Department of Consumer Affairs Director, and the public by January 1, 2018 related to various criteria, of which the CBA provided its final determinations on the states. The CBA's original determinations found that all states had met the criteria outlined in 5096.21.

---

<sup>2</sup> The CBA adopted Title 16, CCR section 5.5 – Substantial Equivalency to address the two qualifications related to substantial equivalency.

<sup>3</sup> BPC section 5096, subdivision (e)(6), subparagraphs (6)-(9), inclusive, requires certain individuals to notify the CBA of their intent to exercise a practice privilege and receive written notification from the CBA prior to exercising the privilege. The CBA requires these individuals to submit a Pre-Notification form that the CBA has promulgated in Title 16, CCR section 19, subdivision (a).

SB 1405 codified a sunset provision of January 1, 2019 for the practice privileges (for no notice, no fee). The Legislature required the report referenced above so it could be used as a basis for evaluating the overall provisions.

The Legislature removed the sunset provisions associated with the practice privilege provisions with the passage of SB 795 (Chapter 447 of the Statutes of 2018). As part of the amendments to the practice privilege provisions, SB 795 revised the notification requirements made under BPC section 5096.21 and adopted BPC section 5096.22 that outlines the notification requirements.

BPC section 5096.21, as amended by SB 795, no longer requires individuals to notify the CBA using the notification form that that was required under BPC section 5096 as added by Chapter 921 of the Statutes of 2004; rather, individuals must notify as required under BPC section 5096.22. BPC section 5096.22 requires the CBA to adopt a form via regulation. This proposal seeks to amend Title 16, CCR section 19 to include a new form that the CBA will incorporate by reference to comply with BPC section 5096.22.

#### Anticipated benefits from this regulatory action

The proposed regulatory language will allow the CBA to comply with BPC section 5096.22 to develop a form by which individuals may notify the CBA, if required. Individuals will, therefore, have a consistent form to use when needing to notify the CBA should the CBA ever determine individuals exercising a practice privilege should be required to provide notification.

#### Specific Purpose/Factual Basis/Rationale

The CBA proposes the following amendment to Section 19:

##### Section 19

Title 16, CCR, Division 1, Article 3 includes regulations to implement, interpret, or make specific the provisions of Article 5.1 of the Accountancy Act – Practice Privileges. Included in Article 3, the CBA adopted Title 16, CCR section 19, which includes various forms that individuals use when they must submit certain notifications to the CBA.

The CBA proposes amending Title 16, CCR section 19 to include a new subdivision, specifically subdivision (e). This section will require individuals whose principal place of business is in a state subject to action by the CBA pursuant to BPC section 5096.21 to use the Practice Privilege Notification and Agreement Form (PP-16 (11/19)) prior to practicing.

The form incorporated by reference in Title 16, CCR section 19 would be cumbersome, unduly expensive, and otherwise impractical to publish in the CCRs. This form will be available on the CBA website and from the CBA upon request.

#### *Practice Privilege Notification and Agreement Form (PP-16 (11/19))*

The proposed form to be incorporated by reference contains the following five sections:

(A) Contact Information, (B) State of Licensure, (C) Safe Harbor, (D) Acknowledgement, (E) Penalty of Perjury Statement.

### Section A: Contact Information

This section includes necessary personal information regarding the individual seeking to notify the CBA. This includes their name, address information for purposes of contacting the individual in writing and for serving any notices or subpoenas as necessary, telephone and fax number to provide additional options for making contact with individuals, and email.<sup>4</sup> This section also contains an instruction informing the party filling out the form all information in Section A of the form is required unless otherwise noted. This instruction will prevent confusion about which information is required, and will prevent incomplete forms from being submitted, promoting better compliance with BPC section 5096.22 requiring the submission of notices.

### Section B: State of Licensure

Individuals are only required to use this form if the CBA takes action pursuant to BPC section 5096.21. Requesting that individuals provide licensure information (which includes an individual's state of admission, license number, and the date of issuance and expiration of the license) will allow the CBA to determine if individuals were required to submit the form or if they notified the CBA in error. A form submitted in error will be identified based on action by the CBA pursuant to BPC section 5096.21 and comparing it to the state of admission listed on the form.

Section B of the proposed form also contains an instruction to the party filling out the form to "provide the state of licensure that has required you to notify the CBA prior to exercising a practice privilege." This instruction clarifies which state licensing information the CBA is requesting, which will prevent confusion for parties with licenses in more than one state, or parties who otherwise are unclear about which state to report. This instruction thereby promotes better compliance with BPC section 5096.22 requiring the submission of notices for practitioners based in states subject to an action arising out of a determination by the CBA made pursuant to BPC section 5096.21.

### Section C: Safe Harbor

Individuals are required to notify the CBA prior to exercising the practice privilege, in accordance with BPC section 5096.22. BPC section 5096.22, in addition to restating that the notification shall occur prior to exercising the practice privilege, provides for two safe harbors:

1. BPC section 5096.22, subdivision (c), provides that individuals do not violate this section solely because individuals practice public accounting in California prior to notifying the CBA provided the notice is given within five business days of the date practice began.
2. BPC section 5096.22, subdivision (d), provides that if notification was the result of action taken by the CBA under BPC section 5096.21, individuals do not violate the notification requirement of this section provided they notify the CBA within 60 days of the date of the CBA's action.

---

<sup>4</sup> AB 1521 (Chapter 359 of the Statutes of 2019) requires individuals to provide an email if they have one.

The form will allow individuals to select under what period they are notifying the CBA and for the two safe harbors listed above, if applicable, the dates they began practice. This will allow the CBA the opportunity to evaluate whether individuals complied with the safe harbor.

The CBA is including a fourth option of “Other” should an individual’s specific circumstances not apply to the other three options. They will need to provide a start date of when the individual began practice and require that the individual attach a written explanation as to why the other options do not apply.

Section C of the form also contains an instruction to the party filling out the form to check the appropriate box regarding the Safe Harbor option and to identify, if requested, the date the licensee began or will begin practicing in the State of California. This instruction clarifies that the individual must check a box to identify when they intend to, or began, practicing public accountancy in California.

#### Section D: Acknowledgement

An acknowledgement section is necessary as it provides important information regarding exercising a practice privilege in California. It is included to direct individuals completing the notification form on where to obtain information on the BPC sections referenced in the acknowledgement section and to inform the individual that by submission of the form, they are aware of the provisions it contains. The Board has determined an affirmative acknowledgement of a listing of relevant practice privilege provisions along with an internet link to those provisions is an effective way of ensuring parties engaging the practice privilege are informed and will be compliant with the relevant laws, because they will have attested to having read them prior to submitting the form. The proposed acknowledgement text also contains references to each of these provisions to ensure parties filling out the form are aware of which requirements come from which laws.

The acknowledgement contains statements the licensee is adhering to, which are based on requirements established in BPC section 5096 and 5096.5 as follows:

BPC section 5096(a)(1-3) identifies the criteria an individual must meet prior to exercising a practice privilege in California. Additionally, BPC section 5096.5 requires individuals seeking a practice privilege that will afford them the right to sign reports on attestation engagements to meet the requirements of BPC section 5095.

BPC section 5096(i)(1) requires individuals to obtain CBA approval prior to exercising a practice privilege in California. CCR section 19 incorporates by reference the form that the individual uses to notify the CBA of any pre-notification or disqualifying conditions that require CBA approval prior to exercising a practice privilege.

BPC section 5096(e)(1) states that an individual exercising a practice privilege is subject to CBA laws and the courts of California.

BPC section 5096(e)(2) identifies the criteria for being deemed to have met the continuing education and ethics examination requirements in California.

BPC section 5096(e)(3) states that individuals exercising a practice privilege in California cannot have an office located in this state.

BPC section 5096(e)(4) identifies the agent of service for any notices, subpoenas, or other documents as the state that issued the individuals certificate, license, or permit.

BPC section 5096(e)(5) requires that the individual must cooperate in any proceeding held or conducted by the CBA.

BPC sections 5096(e)(6-9) identifies the instances in which an individual who is exercising a practice privilege in California must cease.

BPC section 5096(f) requires individuals to notify the CBA within 15 days of when they ceased practice. CCR section 19 incorporates by reference the form that the individual uses to notify the CBA when they must cease practice.

#### Section E: Penalty of Perjury Statement

This section requires individuals to ensure that they are providing accurate and complete information to the CBA. This will allow the CBA to evaluate the form to determine compliance with BPC section 5096.22.

The Penalty of Perjury Statement requires the individuals to provide their signature, printed name, and the date the form was completed. Each of these will assist the CBA in identifying who completed the form, when the form was completed and that they are acknowledging that the information is accurate and complete.

#### Notice of Personal Information Collection and Access

Per California Civil Code section 1798.17 any form used by a state agency to collect personal information must contain a notice with:

- a) The name of the agency and the division within the agency that is requesting the information.
- b) The title, business address, and telephone number of the agency official who is responsible for the system of records and who shall, upon request, inform an individual regarding the location of his or her records and the categories of any persons who use the information in those records.
- c) The authority, whether granted by statute, regulation, or executive order which authorizes the maintenance of the information.
- d) With respect to each item of information, whether submission of such information is mandatory or voluntary.
- e) The consequences, if any, of not providing all or any part of the requested information.
- f) The principal purpose or purposes within the agency for which the information is to be used.

- g) Any known or foreseeable disclosures which may be made of the information pursuant to subdivision (e) or (f) of Section 1798.24.
- h) The individual's right of access to records containing personal information which are maintained by the agency.

Here, the proposed Notice of Personal Information Collection and Access satisfies this statutory requirement by:

- a) Describing the agency as the CBA,
- b) Describing by title, business address, and telephone number the Executive Officer of the CBA is responsible for the information in this form and may be contacted regarding the location of the records and the categories of any persons who use the information in those records.
- c) Describing BPC sections 5096 through 5096.22 as authorizing the maintenance of the information,
- d) Declaring the submission of all requested information is mandatory,
- e) Describing the consequences of not providing all or any part of the requested information as being grounds for rejection of the form as being incomplete,
- f) Declaring the principal purposes of the information as to determine whether the party filling out the form qualifies for practice privilege in California,
- g) Describing known or foreseeable disclosures by stating:

Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in California Civil Code section 1798.24.

- h) Noting the right of the party filling out the form to access the records containing the personal information maintained by the agency by stating:

Each individual has the right to review his or her file, except as otherwise provided by the California Information Practices Act.

The Notice of Personal Information Collection and Access contains a statement advising the party filling out the form certain information provided may be disclosed to a member of the public upon request under the California Public Records Act.

Collectively, these advisories comply with statutorily-mandated standards and notify parties filling out the form of their rights, the purposes and uses their information may be put to, and the authority under which personal information may be collected, accessed, or disclosed. These advisories promote government transparency and ensure the responsible collection and use of personal information.

#### Consumer Protection Benefits Anticipated

BPC section 5096.21 mandates that the CBA take action to require individuals to notify the CBA prior to exercising a practice privilege when the CBA determines that allowing

individuals from a particular state to practice in California without notification violates the CBA's consumer protection mandate.

The Practice Privilege Notification and Agreement Form (PP-16 (11/19)) is the mechanism to allow the CBA to meet its consumer protection mandate related to having individuals from a particular state notify the CBA prior to practicing pursuant to a practice privilege.

### Underlying Data

Technical, theoretical, or empirical studies, reports, or documents relied upon:

- Minutes of the November 21, 2019 CBA Meeting
- Minutes of the November 21, 2019 Mobility Stakeholder Group Meeting
- CBA Agenda Item XIII.A.2

### Business Impact

The CBA has made an initial determination that the proposed regulatory action would not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

- This regulation will not have a significant adverse economic impact on businesses.
- This proposal impacts individuals seeking to exercise a practice privilege should the CBA take action pursuant to BPC section 5096.21. The practice privilege provisions include in the Accountancy Act do not require notification, except in very limited circumstances. As a result, the CBA cannot calculate the number individuals from a particular state may be impacted by filing a notice.
- The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.
- Title 16, CCR section 19 incorporates a form by reference and will only be needed should the CBA take action pursuant to BPC section 5096.21.

### Economic Impact Assessment

This regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California because the requirement does not prohibit individuals from a particular state from exercising a practice privilege simply that in those instances where notification is required they must complete the notification form, and, therefore, cost impact to individuals is considered negligible.

- It will not create new businesses or eliminate existing businesses within the State of California because out-of-state licensed individuals must follow regulatory requirements associated with practice privilege.
- It will not affect the expansion of businesses currently doing business within the State of California because out-of-state licensed individuals must follow regulatory requirements associated with practice privilege.
- This regulatory proposal benefits the health and welfare of California residents because the proposal creates the notification form required pursuant to an action taken by the CBA in compliance with BPC section 5096.21.
- This regulatory proposal does not affect worker safety because it has nothing to do with worker safety.
- This regulatory proposal does not affect the state's environment because it has nothing to do with the environment.

#### Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

#### Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

Maintain status quo – Presently, the CBA does not have a form to address the scenario provided for in BPC section 5096.21 or the form required under BPC section 5096.22. As the Administrative Procedure Act requires forms be properly promulgated via the rulemaking process, the CBA must take action to initiate and adopt regulations to incorporate the form by reference.





**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



### Attachment 3

## **CALIFORNIA BOARD OF ACCOUNTANCY** **Title 16, California Code of Regulations Section 19**

### **§19. – Practice Privilege Forms for Individuals**

- (a) An individual who is required to provide notification to the Board pursuant to Section 5096(i)(1) of the Business and Professions Code shall do so on the Practice Privilege Pre-Notification of Listed Events Form (PP-10 (11/17)), which is hereby incorporated by reference.
- (b) An individual who is required to provide notification to the Board pursuant to Section 5096(f) of the Business and Professions Code shall do so on the Notification of Cessation of Practice Privilege Form (PP-11 (11/17)), which is hereby incorporated by reference.
- (c) An individual applying for reinstatement of a practice privilege under Section 5096.2(c) of the Business and Professions Code shall do so on the Application for Reinstatement of Practice Privilege (PP-12 (11/17)), which is hereby incorporated by reference.
- (d) An individual who is required to provide notification to the Board pursuant to Section 5096(e)(10) of the Business and Professions Code shall do so on the Practice Privilege Notification of Pending Criminal Charges (PP-15 (11/17)) form, which is hereby incorporated by reference.
- (e) An individual whose principal place of business is in a state subject to an action of the Board pursuant to Section 5096.21 of the Business and Professions Code shall, prior to practicing, submit the Practice Privilege Notification and Agreement Form (PP-16 (11/19)), which is hereby incorporated by reference.

**NOTE:** Authority cited: Sections 5010 and 5096.9, Business and Professions Code.  
Reference: Sections 5096, ~~and~~ 5096.2, 5096.21, and 5096.22, Business and Professions Code.

## PRACTICE PRIVILEGE NOTIFICATION AND ACKNOWLEDGEMENT FORM

### **Section A: Contact Information**

**Instructions:** Unless otherwise noted, all of the below information is required.

Name

<u>Address of Principal Place of Business (Mailing Address)</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>
---	-------------	--------------	-----------------

<u>Address of Record (If different than above)</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>
--	-------------	--------------	-----------------

Telephone Number

(    )

Fax Number

(    )

E-mail

### **Section B: State of Licensure**

**Instructions:** Please provide the state of licensure that has required you to notify the CBA prior to exercising a practice privilege.

State: \_\_\_\_\_ License #: \_\_\_\_\_ Date Issued: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

### **Section C: Safe Harbor**

**Instructions:** Check the appropriate box and, if requested, identify the date you began or will begin practicing in the State of California.

- I am submitting this notice to the CBA before I begin the practice of public accountancy in the State of California.
- I am submitting this notice within five business days of the date I began the practice of public accountancy in the State of California. Please include the date:    /    /
- I am submitting this notice to the CBA within 60 days of the action taken by the CBA to require licensees of a particular state to submit this notification form.
- Other: If none of the options above apply please provide the date you began practice in California and attach a written explanation as to why the options above do not apply. Please include the date:    /    /

## Practice Privilege Notification and Acknowledgement Form

Page 2 of 3

### **Section D: Acknowledgement**

**Instructions:** By submitting this form, you are acknowledging the information below. You can find information on the Business and Professions Code sections referenced below on the CBA website at [www.cba.ca.gov](http://www.cba.ca.gov).

- You meet the qualifications to exercise a practice privilege pursuant to Business and Professions Code section 5096, or 5096.5 should you want to sign reports on attestation engagements (Business and Professions Code sections 5096(a) and 5096.5).
- If you have any pre-notification or disqualifying conditions as outlined in Business and Professions Code section 5096, subdivision (i)(1), that you will not begin exercising a practice privilege until such time you have received written permission from the CBA (Business and Professions Code section 5096(i)). If you have any pre-notification or disqualifying conditions that require CBA approval prior to exercising a practice privilege, complete and attach the Practice Privilege Pre-Notification of Listed Events Form (Form PP-10 (1/19)) (California Code of Regulations Title 16, Section 19).
- You are subject to the personal and subject matter jurisdiction and disciplinary authority of the CBA and the courts of the State of California (Business and Professions Code section 5096(e)(1)).
- You shall comply with the provisions of California Accountancy Act (Business and Professions Code section 5000 *et seq.*), CBA Regulations (California Code of Regulations, Title 16, Division 1), other laws, regulations and professional standards of the practice of public accountancy by the licensees of this state and to any other laws and regulations applicable to individuals practicing under practice privileges in this state, except that you are deemed, solely for the purpose of engaging in the practice of public accountancy in California under a practice privilege without obtaining a certificate or license to practice under the California Accountancy Act, to have met the continuing education requirements and ethics examination requirements of the State of California when you have met the examination and continuing education requirements of the state in which you hold the valid license, certificate, or permit on which the substantial equivalency is based (Business and Professions Code section 5096(e)(2)).
- You shall not provide public accountancy services in the State of California from any offices located in the State of California, except as an employee of a firm registered in this state. This does not apply to public accountancy services provided to a client at the client's place of business or residence (Business and Professions Code section 5096(e)(3)).
- You are deemed to have appointed the regulatory agency of the state that issued your certificate, license, or permit upon which substantial equivalency is based as your agent on whom notices, subpoenas, or other process may be served in any action or proceeding by the CBA against you (Business and Professions Code section 5096(e)(4)).
- You shall cooperate with any CBA investigation or inquiry and shall timely respond to a CBA investigation, inquiry, request, notice, demand, or subpoena for information or documents and timely provide to the CBA the identified information and documents (Business and Professions Code section 5096(e)(5)).
- You shall cease exercising the practice privilege in the State of California if the regulatory agency in the state in which your certificate, license, or permit was issued takes disciplinary

# Practice Privilege Notification and Acknowledgement Form

Page 3 of 3

action resulting in the suspension or revocation, including stayed suspension, stayed revocation, or probation of your certificate, license, or permit, or takes other disciplinary action against your certificate, license, or permit for any of the reasons listed in Business and Professions Code section 5096, subdivision (e)(6) to (9), inclusive (Business and Professions Code sections 5096(e)(6) through (e)(9)).

If you are required to cease practice pursuant to Business and Professions Code section 5096, subdivision (e)(6) to (9), inclusive, you shall notify the CBA within 15 calendar days and shall not practice public accountancy in the State of California pursuant a practice privilege until you have received written permission from the CBA (Business and Professions Code section 5096(f)). Such notification to the CBA shall be made pursuant to the Notification of Cessation of Practice Privilege Form (PP-11 (1/19)) (California Code of Regulations Title 16, section 19).

## **Section E: Penalty of Perjury Statement**

I hereby certify, under penalty of perjury under the laws of the State of California, that all statements, answers, and representations on this form and any accompanying attachments are true, complete, and accurate.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

**NOTICE OF PERSONAL INFORMATION COLLECTION AND ACCESS:** The information provided in this form will be used by the California Board of Accountancy to determine whether you qualify for practice privilege in California. Sections 5096 through 5096.22 of the California Business and Professions Code authorize the collection of this information. Submission of all requested information is mandatory, unless otherwise specified. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in California Civil Code section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the California Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833, telephone number (916) 263-3680 regarding the location of the records and the categories of any persons who use the information in those records.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item VIII.A.**  
May 13-14, 2021

## **Discussion Regarding the Development of the California Board of Accountancy 2022-2024 Strategic Plan**

**Presented by: Patrick Ibarra, Information and Planning Officer**

---

### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an overview of the upcoming activities to develop its 2022-2024 Strategic Plan.

### **Consumer Protection Objectives**

This agenda item helps ensure that the CBA develops a strategic plan with goals and objectives in line with its consumer protection mission.

### **Action(s) Needed**

No specific action is required, but staff welcome any feedback CBA members may have.

### **Background**

Strategic planning is a systematic process of envisioning a desired future, and translating this vision into defined goals that include a sequence of objectives to achieve the goals. Strategic planning builds a foundation for making state government programs and operations more efficient and effective. Strategic planning produces fundamental decisions and actions that shape and guide an organization's purpose and goals.

The California Department of Finance (DOF) found agencies that have seriously engaged in strategic planning demonstrated better organization management and better service delivery to their customers. The DOF uses agency strategic plans in setting priorities and providing budgetary allocations of limited resources. All state agencies, departments, programs, commissions, and offices are required by DOF to complete a strategic plan.

The Department of Consumer Affairs (DCA), in its oversight capacity, is required to ensure its programs complete a strategic plan and the public receives responsive, efficient, and effective services.

The CBA's 2022-2024 Strategic Plan will contain goals and objectives for the next three years.

# Discussion Regarding the Development of the California Board of Accountancy 2022-2024 Strategic Plan

Page 2 of 3

## Comments

In February 2021, staff, working collaboratively with the DCA Strategic Organizational Leadership and Individual Development (SOLID) Planning Solutions, initiated work to develop the CBA's 2022-2024 Strategic Plan.

### Environmental Scan

Significant work will be completed this year to gather information as part of an Environmental Scan<sup>1</sup> that will be used during a Strategic Planning Workshop scheduled to occur at the CBA's September 2021 meeting. The following provides an overview of activities to be undertaken in order to develop the Environmental Scan:

- DCA SOLID will conduct telephone interviews with CBA members between July 5, and July 16, 2021.
- An online survey will be sent to all members of the CBA's statutory committees.
- A survey will be sent to CBA stakeholders, including individuals on the CBA's E-News list.
- DCA SOLID will hold an interview with the CBA's Senior Management.
- DCA SOLID will conduct a focus group with CBA managers.

The information collected during these activities will assist in identifying the CBA's strengths and weaknesses. Additionally, input will be requested on any trends or changes that could impact the CBA, as well as any opportunities and threats the CBA should consider.

### Workshop

A workshop will be conducted at the CBA's September 2021 meeting. During the workshop, DCA SOLID will facilitate the discussion, which will include a review of the Environmental Scan to determine what, if any, changes may be necessary to the CBA's current mission, vision, values, and goals. Additionally, the CBA will, based on identified future priorities, develop objectives for each goal.

### Draft Strategic Plan

Following the workshop, DCA SOLID will prepare a Draft 2022-2024 Strategic Plan, which will be presented for review and possible approval at the November 2021 CBA meeting.

## **Fiscal/Economic Impact Considerations**

None.

## **Recommendation**

Staff do not have a recommendation for this item.

---

<sup>1</sup> An Environmental Scan compiles and analyzes the data from the completed interviews and surveys.

**Discussion Regarding the Development of the California Board of Accountancy  
2022-2024 Strategic Plan**

Page 3 of 3

**Attachment**

California Board of Accountancy Strategic Plan 2019-2021



CALIFORNIA BOARD  
OF ACCOUNTANCY  
STRATEGIC PLAN  
2019-2021



## Table of Contents

Members of the California Board of Accountancy .....	1
About the Board.....	2
Mission .....	3
Vision.....	3
Values.....	3
2019-2021 Strategic Plan Goals .....	4
Goal 1: Enforcement .....	4
Goal 2: Licensing .....	5
Goal 3: Customer Service.....	6
Goal 4: Outreach .....	7
Goal 5: Laws and Regulations .....	8
Goal 6: Emerging Technologies.....	9
Goal 7: Organizational Effectiveness .....	10

## Members of the California Board of Accountancy

George Famalett, CPA, President

Mark J. Silverman, Esq., Vice-President

Nancy J. Corrigan, CPA, Secretary/Treasurer

Alicia Berhow

Jose A. Campos, CPA

Mary M. Geong, CPA

Karriann Farrell Hinds, Esq.

Dan Jacobson, Esq.

Xochitl A. León

Luz Molina Lopez

Carola A. Nicholson, CPA

Deidre Robinson

Katrina L. Salazar, CPA

Michael M. Savoy, CPA

Gavin Newsom, Governor

Alexis Podesta, Secretary, Business, Consumer Services, and Housing Agency

Dean R. Grafilo, Director, Department of Consumer Affairs

Patti Bowers, Executive Officer, California Board of Accountancy

## About the Board

For over 100 years, the California Legislature has entrusted the California Board of Accountancy (CBA) with protecting the public related to the practice of public accountancy in California. The CBA's mission evokes this charge: "To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards."

The breadth of the CBA's influence in the regulatory environment stretches beyond California's borders. The CBA regulates over 105,000 licensees, including individuals (certified public accountants and public accountants) and accounting firms (partnerships and corporations). Many of the accounting firms that the CBA regulates have national footprints and some with footprints worldwide. Certified Public Accountants (CPAs) work in a wide range of areas including, accounting firms, private industry, government, and academia, and provide services to clients of all sizes and needs.

The CBA recognizes the scope of its regulatory influence. With stakeholders ranging from consumers needing accounting services; lenders, shareholders, and investors that rely on services rendered by CPAs; and businesses – large and small – that use CPAs to establish internal accounting controls (to name a few), the protection of the public shapes the policies, regulations, and enforcement decisions reached by the CBA.

## Mission

To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

## Vision

All consumers are well-informed and receive quality accounting services from licensees they can trust.

## Values

**CONSUMER PROTECTION** – The CBA will make effective and informed decisions in the best interest and for the safety of consumers.

**INTEGRITY** – The CBA will act in an honest, ethical, and professional manner in all endeavors and fully disclose all pertinent information.

**QUALITY AND PROFESSIONALISM** – The CBA will ensure that qualified, proficient, and skilled staff provide services to CBA stakeholders. The CBA will deliver high quality service, information, and products that reflect excellence and professionalism.

**TRANSPARENCY** – The CBA will actively promote the sharing of ideas and information throughout the organization and with the public and be receptive to new ideas.

**INITIATIVE** – The CBA will encourage creatively looking at problems and processes and actively seek solutions and improvements.

**RESPECT** – The CBA will be responsive, considerate, and courteous to all, both within and outside the organization.

**ACCOUNTABILITY** – The CBA will take ownership and responsibility for its actions and their results.

**TEAMWORK** – The CBA will promote cooperation and trust at all levels by working with and soliciting the ideas and opinions of CBA stakeholders.

## 2019-2021 Strategic Plan Goals

### Goal 1: Enforcement

*Maintain an active, effective, and efficient program to maximize consumer protection.*

- 1.1 Inform stakeholders on enforcement efforts being performed regarding unlicensed practice.
- 1.2 Maintain adequate staffing to support efficient case management.
- 1.3 Acquire leading technologies for case management and simplify the process to reduce case completion timeframes.
- 1.4 Reduce the average number of days to complete the enforcement process for those matters resulting in formal discipline, consist with Department of Consumer Affairs' Formal Enforcement Performance Measures.

## Goal 2: Licensing

*Maintain an active, effective, and efficient program to maximize consumer protection.*

- 2.1 Review and amend, if necessary, licensing requirements to accommodate evolving education methodologies used by colleges and universities.
- 2.2 Obtain adequate staffing resources to process examination, licensure, and renewal applications within 30 days.
- 2.3 Update the content on the CBA website, including the use of videos and interactive tools, to provide clear guidance to applicants and licensees.

## Goal 3: Customer Service

*Deliver the highest level of customer service.*

- 3.1 Use the CBA Stakeholder Survey and Department of Consumer Affairs' Consumer Survey to identify areas of improvement to provide the highest level of service.
- 3.2 Improve online stakeholder services that will increase operational efficiency and customer access.

## Goal 4: Outreach

*Provide and maintain an effective and timely outreach to all CBA stakeholders.*

- 4.1 Increase communications to stakeholders to better inform them regarding CBA activities including, but not limited to, succession planning and information security.
- 4.2 Maintain partnerships with professional organizations, academic organizations, colleges, universities, and other regulatory bodies to share information regarding the CBA and its consumer protection mandate.
- 4.3 Leverage social media resources to engage and inform stakeholders.
- 4.4 Educate licensees on common violations of the Accountancy Act and CBA Regulations via the CBA's UPDATE publication.
- 4.5 Collaborate with state and national organizations regarding the peer reviewer population and ensure the peer review program is maintained and continues to protect consumers.
- 4.6 Formulate a communication strategy surrounding the mission of the CBA to improve stakeholders' understanding of its public policy efforts.



## Goal 5: Laws and Regulations

*Maintain an active presence and leadership role that efficiently leverages the CBA's position of legislative influence.*

- 5.1 Work with the Department of Consumer Affairs to develop more frequent access to staff training on the rulemaking process.
- 5.2 Work with the Department of Consumer Affairs and other control agencies to reduce the time required to complete the rulemaking process.

## Goal 6: Emerging Technologies

*Improve efficiency and information security through the use of existing and emerging technologies.*

- 6.1 Collaborate with the Department of Consumer Affairs to build and implement an Information Technology solution that will provide automated and on-line services to CBA stakeholders.
- 6.2 Monitor compliance with Department of Consumer Affairs' and California Department of Technology's policies to ensure the security of electronic information.

## Goal 7: Organizational Effectiveness

*Maintain an efficient and effective team of leaders and professionals by promoting staff development and retention.*

7.1 Analyze and identify professional development and training opportunities for staff to preserve institutional knowledge and retain staff.

Prepared by SOLID Planning Solutions  
Department of Consumer Affairs  
California Board of Accountancy  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833  
Phone: (916) 263-3680  
[www.cba.ca.gov](http://www.cba.ca.gov)



# Communications and OUTREACH

CBA Item VIII.B.  
May 13-14, 2021

[www.cba.ca.gov](http://www.cba.ca.gov) May 2021

## OUTREACH EVENTS

The California Board of Accountancy (CBA) is having a busy spring with three virtual outreach events happening over the span of three weeks.

### San Jose State University

On April 14, the CBA took part in an outreach event with San Jose State University attended by approximately 80 students. CBA President Nancy J. Corrigan, CPA, spoke about the role of the CBA and the value of the CPA title, including how it made a difference in her career. Presenting with President Corrigan were CBA Examination Unit Manager Suzanne Gracia and Initial Licensing Unit Coordinator Jennifer Huddy, who covered the topics of the qualifications and application process for the Uniform CPA Examination (CPA Exam) and CPA licensure, along with a mention of changes coming to the CPA Exam in 2024. CBA staff also answered a variety of student questions after the presentations.



### California State Polytechnic University, Pomona

Following a successful outreach event with California State Polytechnic University, Pomona (Cal Poly) in fall 2020, Cal Poly staff invited the CBA to partner with staff for a similar event in the spring. The event, which featured an hour of presentations and four hours of one-on-one student educational assessments, occurred on April 21, and was watched by over 100 students. President Corrigan, Ms. Gracia, and CBA Initial Licensing Manager



Ramona Bermudez, were joined by CBA staff member David Hemphill for the presentation portion of the afternoon, speaking about a similar slate of topics as at San Jose State University. Thirty Cal Poly students met individually with CBA staff members Ms. Huddy, Jennifer Jackson, Diane Edwards, and Delia Tomas to discuss their coursework, and where the students stand in fulfilling the education requirements to sit for the CPA Exam and apply for CPA licensure.

### California State University, San Bernardino

The third event of the spring will happen on May 4. In addition to President Corrigan, Ms. Bermudez, and Mr. Hemphill's usual presentations, California State University, San Bernardino alumni members of the Inland Empire chapter of California Society of CPAs (CalCPA) will give opening remarks and discuss their CPA career journeys from graduation to today.



## Upcoming Statewide Outreach Event

In addition to the outreach events produced with California universities, the CBA is also planning to host an event in 2021 open to anyone who is interested. The transition from in-person to virtual allows the CBA to think bigger with audience reach for these events. Topics to cover, and which CBA members or CBA staff may give presentations, is all being discussed. Staff look forward to providing more specific information as these events get closer.

## ONLINE LICENSING APPLICATION

Increasing awareness of the CBA's new Online Licensing Application was an important task beginning with its soft launch on April 20. The front page of the CBA website was updated with a prominent link to the Online Licensing Application. Changes to language were necessary on many pages of the website to reflect the new ability to apply online. A social media push began in tandem with the official launch. Multiple messages across all of our platforms, Facebook, Twitter, and LinkedIn, announced the big news. This included new banners displayed at the top of each of the social media pages.



## PODCASTING

The CBA is beginning preliminary work on podcasting. This audio medium is one of the fastest growing modes of communications, and one that gives the CBA another avenue to spread our message and share important information with stakeholders. Staff will keep the CBA updated as it pursues this new opportunity.

## CALIFORNIA'S REOPENING

Governor Gavin Newsom announced that the reopening of California's economy will be June 15, contingent upon COVID-related public health data continuing to improve. A small number of CBA staff are in the office performing vital operations and maintaining physical distancing, while the majority of staff are still teleworking. The health and safety of staff and public is a top priority. The CBA anticipates a new directive regarding teleworking in the near future.

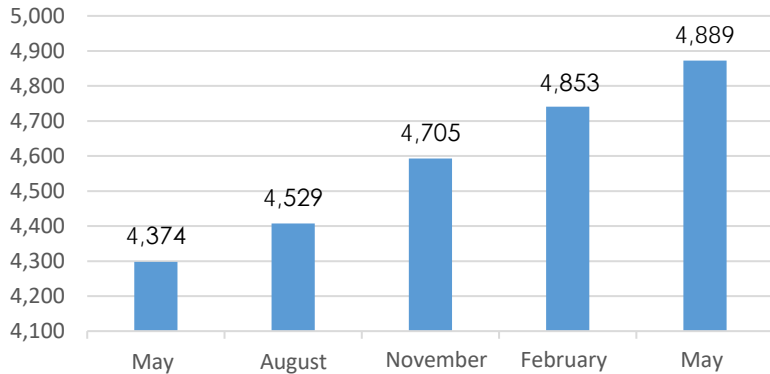
## E-NEWS

E-News Subscriptions	Total
Consumer Interest	5,187
Examination Applicant	3,285
Licensing Applicant	4,007
California Licensee	11,039
Out-of-State Licensee	2,764
Statutory/Regulatory	8,922
CBA Meeting Information & Agenda Materials	4,386
UPDATE Publication	8,902
<b>Total Subscriptions</b>	<b>48,492</b>
<b>Total Subscribers</b>	<b>104,865</b>

## SOCIAL MEDIA

In addition to the announcement of the new Online Licensing Application, the CBA social media platforms have been busy posting about a variety of topics such as the CBA military liaison, expedited license application processing for refugees/asylees/special immigrant visa holders, processing dates calendars, an UPDATE newsletter release announcement, and vaccination messaging coming from the Governor’s office. Another 100 followers were added since the March meeting, with the CBA’s total following rapidly approaching 10,000, a benchmark that will be reached later this year.

### 12-month Facebook Growth

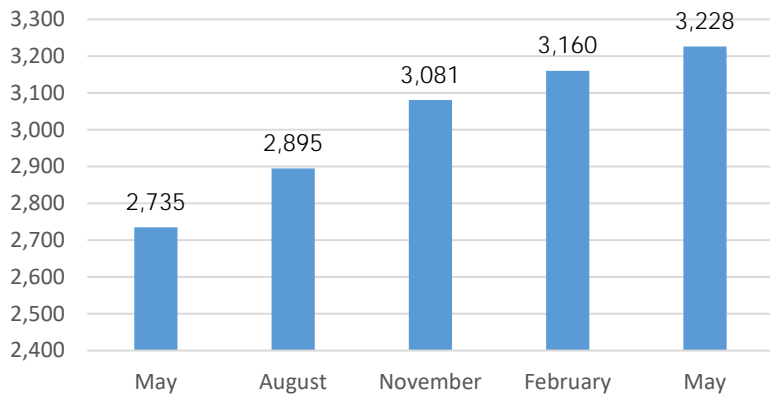


Total followers: 4,889

Growth last 3 mos.: +36, +0.7%

Growth last 12 mos.: +515, +11.8%

### 12-month Twitter Growth

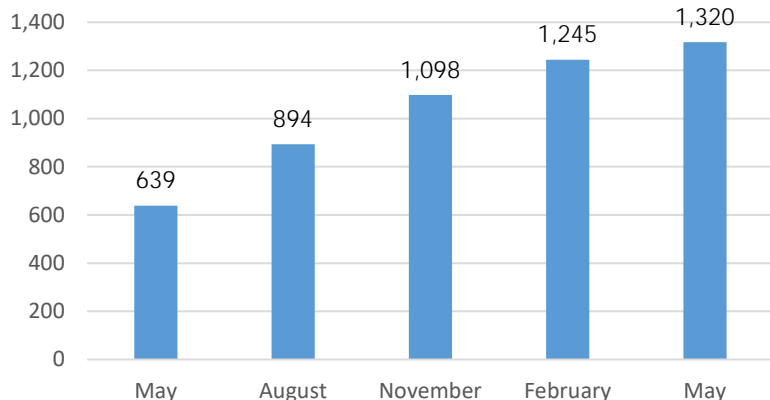


Total followers: 3,228

Growth last 3 mos.: +68, +2.2%

Growth last 12 mos.: +493, +18.0%

### 12-month LinkedIn Growth



Total followers: 1,320

Growth last 3 mos.: +75, +6.0%

Growth last 12 mos.: +681, +106.6%



California Board of Accountancy

# ENFORCEMENT ACTIVITY REPORT

[www.cba.ca.gov](http://www.cba.ca.gov)

As of March 31, 2021

## COMPLAINTS RECEIVED

The California Board of Accountancy’s (CBA) Enforcement Division receives complaints from both internal and external sources. Complaints received are issued complaint numbers and assigned a Complaint Type (CT) based on the initial matter identified. The CT may change as the case investigation proceeds and may result in multiple violations.

### Complaints/Records of Convictions Received

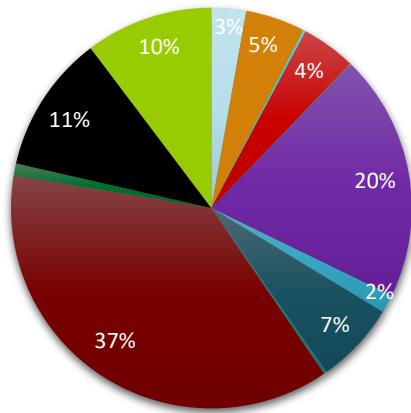
<b>FY 2020/21</b> (9 months of data)	<b>2,040 Received</b> – Internal 1,046 – External 994
<b>FY 2019/20</b>	<b>2,295 Received</b> – Internal 1,506 – External 789
<b>FY 2018/19</b>	<b>3,060 Received</b> – Internal 1,941 – External 1,119

- For the first nine months of fiscal year (FY) 2020/21, the CBA received 2,040 complaints, with 51 percent of these complaints being internal referrals. The total number of complaints received has decreased by three percent compared to the same period in FY 2019/20.



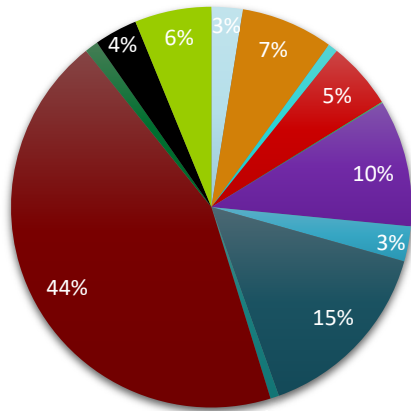
# COMPLAINT TYPES RECEIVED

## Fiscal Year 2020/2021



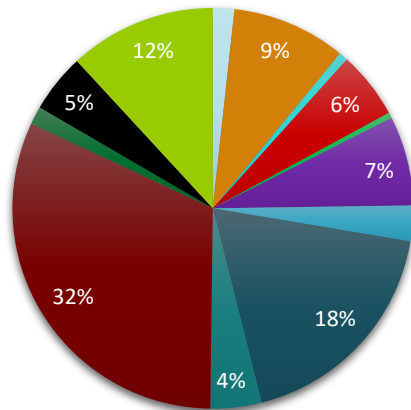
- Accountancy Licensee Database (57, 3%)
- Applications (98, 5%)
- Audit (4, >0%)
- Convictions and Subsequent Arrest (90, 4%)
- Employee Benefit Plan Audit (1, >0%)
- Other (407, 20%)
- PCAOB/SEC and Out-of-State (30, 2%)
- Peer Review Related (134, 7%)
- Practice Privilege (5, >0%)
- Renewal Deficiency (757, 37%)
- Reportable Events (20, 1%)
- Tax (227, 11%)
- Unlicensed Activity (210, 10%)

## Fiscal Year 2019/2020



- Accountancy Licensee Database (58, 3%)
- Applications (171, 7%)
- Audit (18, 1%)
- Convictions and Subsequent Arrest (125, 5%)
- Employee Benefit Plan Audit (2, >0%)
- Other (235, 10%)
- PCAOB/SEC and Out-of-State (65, 3%)
- Peer Review Related (348, 15%)
- Practice Privilege (16, 1%)
- Renewal Deficiency (1,010, 44%)
- Reportable Events (25, 1%)
- Tax (80, 4%)
- Unlicensed Activity (142, 6%)

## Fiscal Year 2018/2019



- Accountancy Licensee Database (53, 2%)
- Applications (282, 9%)
- Audit (22, 1%)
- Convictions and Subsequent Arrest (166, 6%)
- Employee Benefit Plan Audit (14, >0%)
- Other (221, 7%)
- PCAOB/SEC and Out-of-State (88, 3%)
- Peer Review Related (564, 18%)
- Practice Privilege (126, 4%)
- Renewal Deficiency (972, 32%)
- Reportable Events (44, 1%)
- Tax (145, 5%)
- Unlicensed Activity (363, 12%)

“Other” may include cases involving: Breach of Confidential Relationship, Advertising, Record Retention, and Fiscal Dishonesty. The volumes of these cases are low, and do not warrant individual categorization.

## INVESTIGATIONS

The number of complaints assigned for investigations and closed.

Investigations	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Investigations Assigned	3,060	2,295	2,040
Investigations Closed	3,688	2,199	1,925
Average Days to Close	127	82	118

- The average number of days to close slightly decreased from the last report, from 123 to 118.

Investigations Closed	FY 2020/21 9 months of data
Total Closed FY 2020/21	1,925
Closed within 0-6 Months	1,426
Closed within 6-12 Months	389
Closed within 12-18 Months	87
Closed within 18-21 Months	11
Closed within 21-24 Months	5
Closed >24 Months	7

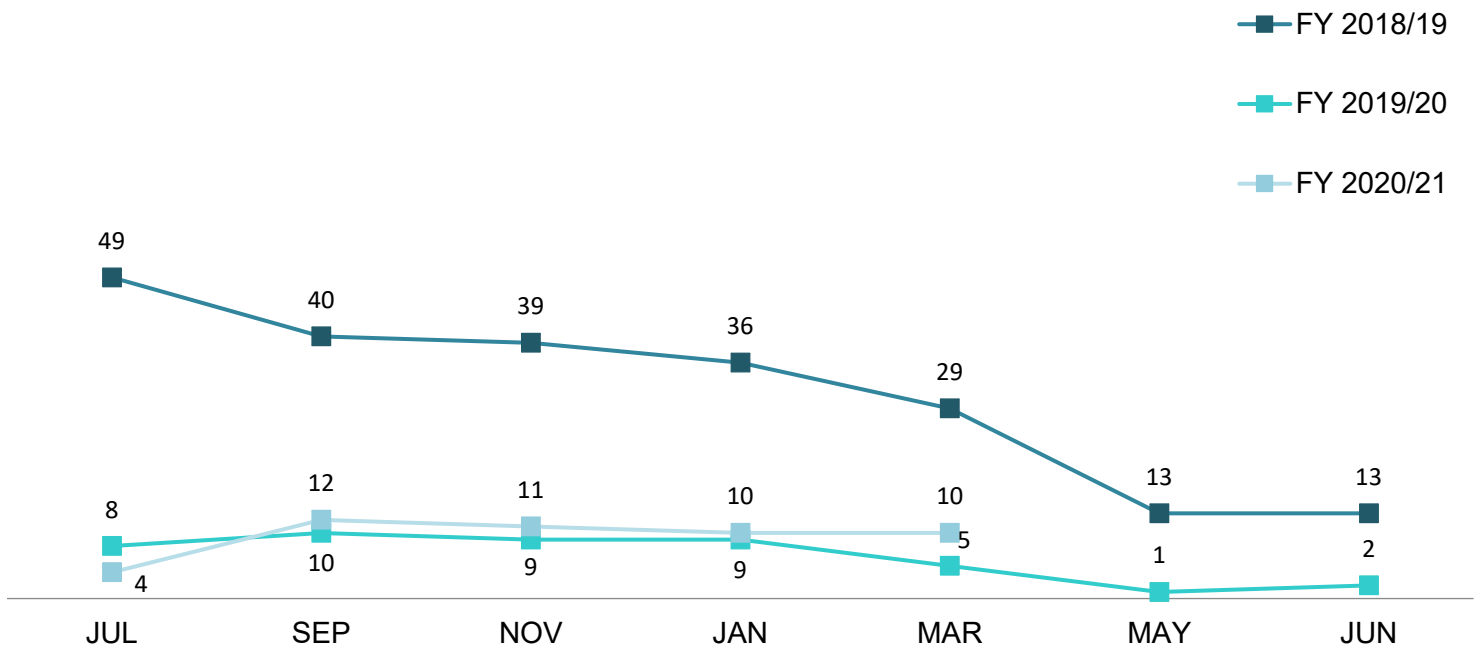
- Of the total 1,925 investigations closed during FY 2020/21, 1,426 or 74 percent were closed within six months from the initial complaint investigation date. Further, 1,815 investigations or 94 percent were closed within one year.

## INVESTIGATIONS PENDING

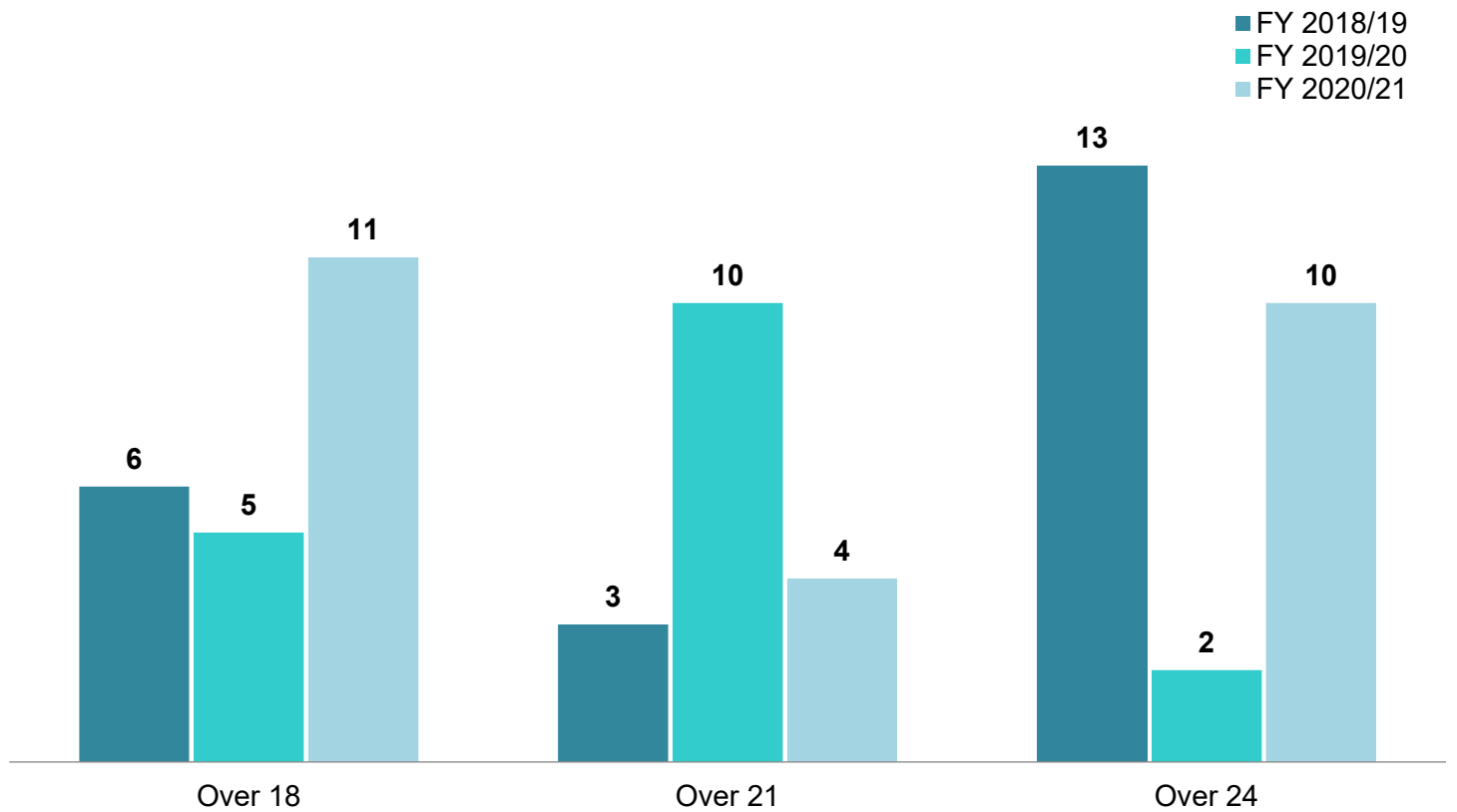
Investigations Pending	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Total Investigations Pending	550	684	823
0-6 Months	447	446	709
6-12 Months	64	189	59
12-18 Months	17	32	30
18-21 Months	6	5	11
21-24 Months	3	10	4
>24 Months	13	2	10
Average Age of Open Cases (days)	125	169	112

- Of the total 823 pending cases as of March 31, 2021 86 percent were less than six months old and approximately 93 percent were less than one year old.
- Staff worked diligently at the onset of the pandemic to handle the cases over 24 months. This focus created some cases in the 21-24 month category to age over 24 months. As a result, the number of cases over 24 months as of March 31, 2021 is 10.
- Of the 10 investigations pending over 24 months, staff have completed the investigation report for five cases, and the cases will be referred to the Attorney General's (AG) Office or closed prior to the next report. One case is pending an Investigative Hearing, which is scheduled to take place on May 6, 2021.

## INVESTIGATIONS PENDING | OVER 24 MONTHS



## INVESTIGATIONS PENDING | OVER 18, 21, and 24 MONTHS



## DISCIPLINE

As part of its mission of consumer protection, the CBA referred matters to the AG's Office for imposition of discipline.

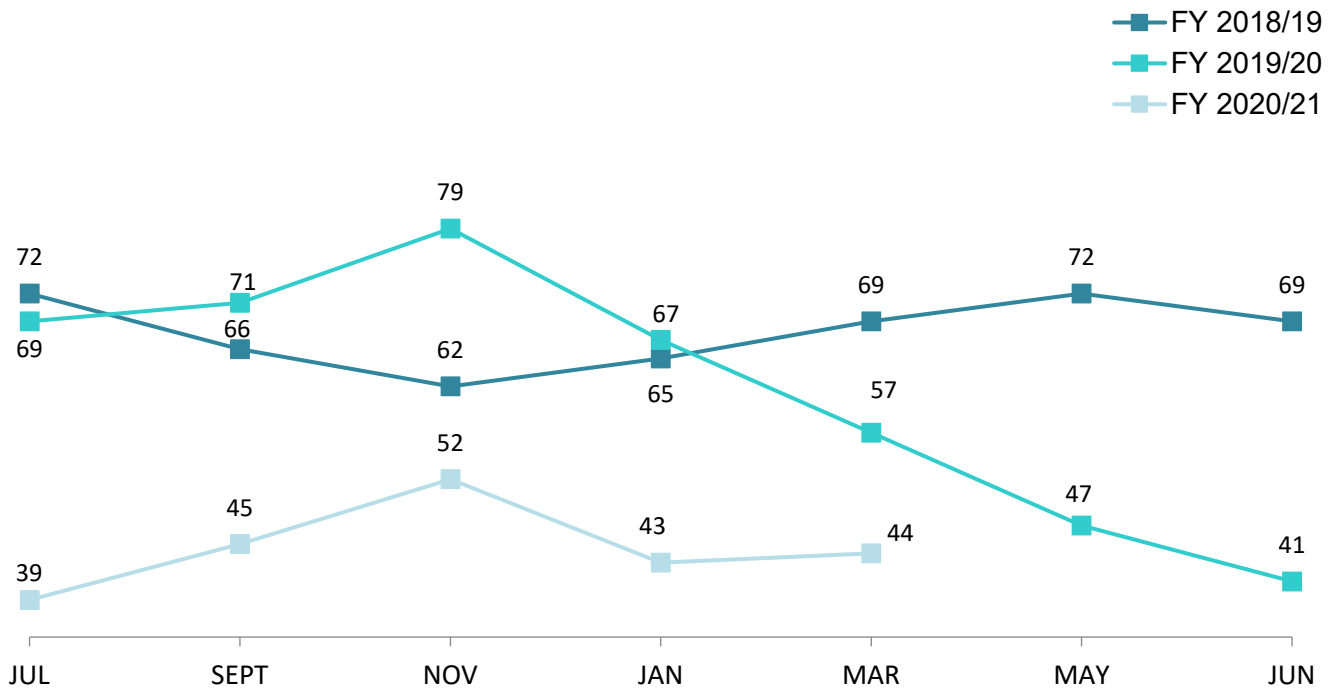
Discipline	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Attorney General Referrals	79	51	40
Accusations Filed	68	53	33
Statement of Issues Filed	1	1	2
Petitions for Revocation Filed	6	4	1

## DISCIPLINE | AGE of COMPLAINTS PENDING at ATTORNEY GENERAL'S OFFICE

Pending at AG	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
<i>Total Pending at AG's Office</i>	69	41	44
0-6 Months	37	12	18
6-12 Months	23	17	21
12-18 Months	3	8	4
18-21 Months	1	3	0
21-24 Months	2	0	0
>24 Months	3	1	1

- Of the 44 cases at the AG's Office approximately 89 percent are less than 12 months old.
- The sole case over 24 months has a Decision and Order that is set to take effect at the beginning of May.

## DISCIPLINE | COMPLAINTS PENDING AT ATTORNEY GENERAL'S OFFICE



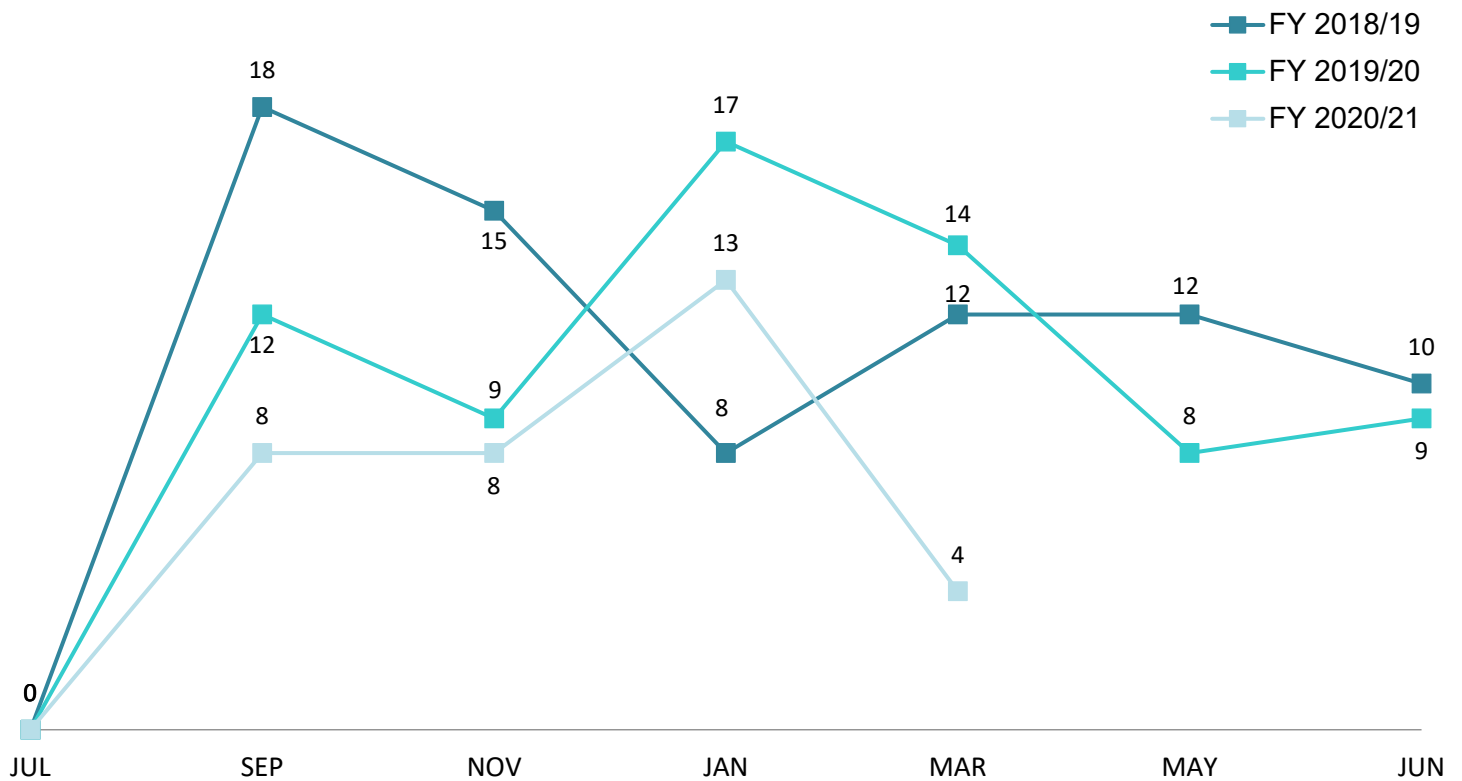
- As of March 31, 2021, there were 44 complaints pending at the AG's Office. Staff work diligently to address aging disciplinary cases by actively monitoring for the filing of a Notice of Defense (NOD). If no NOD is received, staff request that the AG's Office prepare a default decision. When an NOD is received, staff work quickly to offer settlement terms and if a settlement cannot be reached, to set the matter for hearing.

## DISCIPLINE | FINAL ORDERS

Disciplinary Actions	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Final Decision Orders	75	69	33
– <i>Stipulated Settlement</i>	48	57	24
– <i>Proposed Decision</i>	6	6	5
– <i>Default Decision</i>	21	6	4

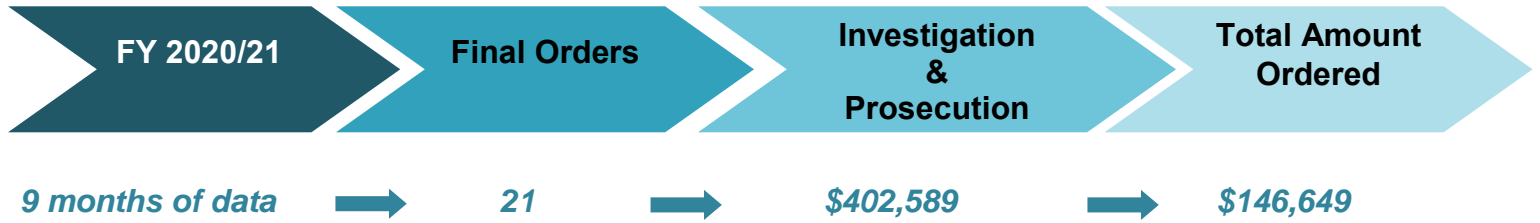
- As of March 31, 2021 the CBA took action on 33 matters, the majority of which were through stipulated settlements.

## DISCIPLINE | FINAL ORDER TREND



## DISCIPLINE | COST ORDERS

Pursuant to Business and Professions Code section 5107, the Legislature authorizes the CBA to recover investigation and prosecution costs. These costs include the time spent by staff to conduct the investigation and the time spent by the AG's Office to prosecute each case.



- Cost Recovery ordered has amounted to 36 percent of total investigation and prosecution cost.

## COST RECOVERY

Cost Recovery	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Amount Ordered	\$321,110	\$630,538	\$146,649
– Number of Decisions	46	42	21
Amount Collected	\$315,253	\$227,756	\$165,999

- Disciplinary cases resulting in ordered cost recovery are generally the result of a licensee placed on probation. Licensees typically pay cost recovery in monthly payments throughout the term of probation. Therefore, the costs are paid within a two to two-and-one-half year timeframe.
- The “Amount Collected” referenced above includes payments on cost recovery amounts ordered from both prior and current years. The “Amount Ordered” reflects only the amount ordered in FY 2020/21 and will never reconcile with the “Amount Collected.”

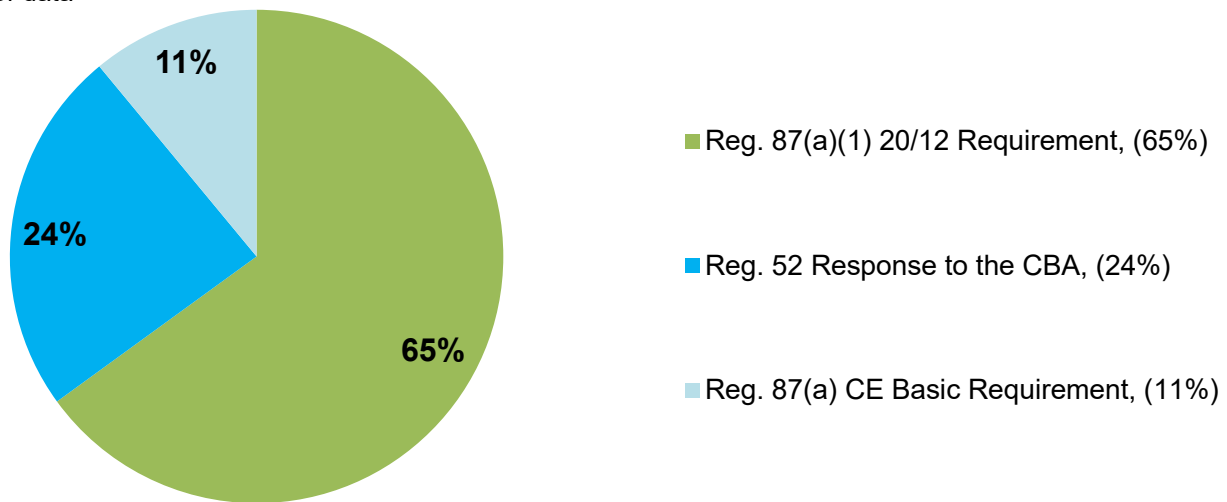


## CITATIONS AND FINES

Citations	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data
Total Citations Issued	517	174	281
Total Fines Assessed	\$155,950	\$49,275	\$89,950
Fine Average	\$302	\$286	\$320
Average Number of Days from Receipt of Complaint to Issuance of Citation	163	110	198

## CITATIONS AND FINES | FY 2020/21 TOP 3 VIOLATIONS

9 months of data



- The fine amount assessed varies from \$100 to \$5,000 and is determined on a case-by-case basis. Factors that may increase or decrease the fine amount include aggravating or mitigating circumstances, and length of time the violation occurred.
- The total number of citations issued for FY 2020/21 as of March 31, 2021 is 281. The average number of days from receipt of a complaint to issuance of a citation has decreased since the last report, from 222 to 198.

Citation and Fine Appeals and Outcomes	FY 2020/21
Citation and Fine Appeals Received	49
Citations Modified	2
Citations Withdrawn	36
Citations Affirmed/Upheld	8

- The number of outcomes (modified, withdrawn, affirmed/upheld) does not reconcile with the amount of citations and fine appeals received, as some appeals were received in the previous fiscal year, and the outcome did not occur until the present fiscal year.
- A citation may be withdrawn for reasons such as financial hardship, health-related matters, or submission of mitigating evidence to prove compliance.

## UNLICENSED ACTIVITY

Complaints received and initially identified to be “Unlicensed” CTs have matters involving CPAs or firms operating with an expired license, individuals without a CPA license, or unregistered accounting firms.

Complaints Received	FY 2019/20	FY 2020/21 9 months of data
Practice without Permit	57	153
Individuals without a CPA License	41	34
Unregistered Firms	44	22
<b>Total</b>	<b>142</b>	<b>209</b>
Investigations	FY 2019/20	FY 2020/21 9 months of data
Investigations Pending	65	96
<i>-Referred to Division of Investigation</i>	10	2
<b>Total</b>	<b>75</b>	<b>98</b>
Outcomes	FY 2019/20	FY 2020/21 9 months of data
Citations Issued	11	9
Closed for Compliance	173	190
Referred to District Attorney / Local Law Enforcement	2	2
<b>Total</b>	<b>186</b>	<b>201</b>

## FRANCHISE TAX BOARD | INTERCEPT PROGRAM

In FY 2015/16 the CBA began using the Franchise Tax Board (FTB) Intercept Program in an effort to collect unpaid administrative fines associated with the issuance of citations. The initial collection amount submitted to the FTB was significant and the pool of unpaid administrative fines dated back to FY 2011/12.

Between FY 2015/16 and FY 2020/21, the CBA referred to FTB a total of \$353,500 of uncollected fees associated with the issuance of citations. By the end of third quarter of FY 2020/21, the FTB retrieved \$83,081 of uncollected fees, resulting in a current balance of \$270,419 of uncollected fees.

FTB Intercept Program	FY 2018/19	FY 2019/20	FY 2020/21 9 months of data	BALANCE
Referred to FTB	\$21,050	\$18,500	\$2,300	\$353,500
Collected by FTB	\$7,480	\$4,872	\$250	\$83,081
Uncollected				\$270,419

## PROBATION MONITORING

Monitoring Activity	FY 2020/21
Number of Licensees on Probation as of Last Report	128
New Probationers Since the Last Report	3
Number of Probationers Off Probation	9
Total Number of Probationers	122
Out-of-State Probationers	15
Probation Orientations Held Since Last Report	3
Total Probation Orientations Completed	19
Number of Practice Investigations Completed	0
Number of Scheduled Probation Orientations to Occur	6
Number of Work Samples Reviewed in FY 2020/21	0
Referrals to Revoke Probation	1

## PROBATION MONITORING | VIOLATIONS DETECTED

CPAs disciplined for various violations may be placed on probation for an ordered amount of time with required terms. To ensure probationers successfully fulfill their probationary terms, the CBA Probation Monitoring Unit continuously reviews individual probation files and identifies violations, notifies probationers, records all monitoring activities, and communicates with the probationers to obtain compliance with probation terms.

Violations detected for FY 2020/21 as of March 31, 2021 include:

Probation Violation(s) Types	Detected
Cost Reimbursement	15
Obey All Laws	1
Submit Written Quarterly Report	28
Active License Status	3
Restricted Practice	0
Regulatory Review Course	0
Peer Review	0
Continuing Education	9
Administrative Penalty	4
Violation of Citation	2
<b>TOTAL</b>	<b>62</b>

## DIVISION HIGHLIGHTS AND RECRUITMENT EFFORTS

The CBA Enforcement Division is recruiting for the following positions:

- Three full-time Investigative CPAs for the Technical Investigations Unit
- One full-time Supervising Investigative CPA for the Technical Investigations Unit

---

# CALIFORNIA BOARD OF ACCOUNTANCY LICENSING ACTIVITY REPORT

---

July 1, 2020 – March 31, 2021

## Licensing Division Snapshot

Table 1: Fiscal Year (FY) 2020/21 (July 1 – March 31, 2021)

Applications Received	Count
First Time Exam	4,521
Repeat Exam	10,950
CPA License	2,754
Accounting Firms	378
Renewal	34,079
<b>TOTAL</b>	<b>52,682</b>

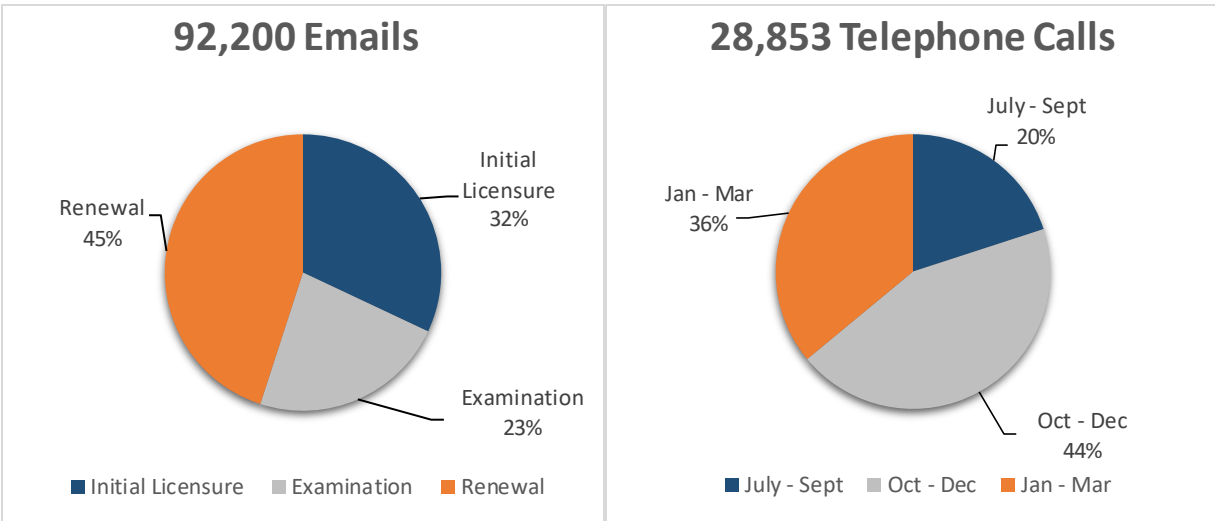
## Highlights

- The online application for initial CPA licensure launched in mid-April.
- The Department of Consumer Affairs issued a new continuing education extension waiver on March 30, 2021. The new waiver supersedes all previous waivers. All licenses expiring between March 2020 and May 2021 have until September 30, 2021 to complete their continuing education requirements.
- CBA Staff participated in a virtual outreach event with San Jose State University. CBA President Nancy Corrigan provided opening remarks and CBA Staff presented on the CPA Exam and Licensure Process.
- Additionally, CBA President Nancy Corrigan and CBA Staff participated in a virtual outreach event with California State Polytechnic University, Pomona (Cal Poly). This event included student assessment sessions where CBA staff provided one-on-one guidance regarding education requirements. This was the third time CBA Staff have been invited to Cal Poly.
- CBA Staff will be participating in an upcoming virtual outreach event with the California State University, San Bernardino in the near future.
- CPA Exam changes will be launched July 2021. The changes focus on the impact of technology in the profession. The content of the exam is documented in the exam blueprint that can be found on the American Institute of Certified Public

Accountants' website. (<https://future.aicpa.org/resources/download/learn-what-is-tested-on-the-cpa-exam> - copies available upon request)

- The Licensing Division is currently recruiting to fill the following vacancies: one Associate Governmental Program Analyst, one Office Assistant, and two Seasonal Clerks.

## Stakeholder Inquiries



## Uniform CPA Examination Statistics

Table 2: CPA Exam Statistics by Fiscal Year

Approved to Test	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-Mar
First-Time Sitter	6,927	5,211	5,017
Repeat Sitter	15,742	13,640	10,950
<b>Approved to Test</b>	<b>22,669</b>	<b>18,851</b>	<b>15,967</b>

- As of March 31, 2021, the Examination Unit is currently processing first-time CPA Exam applications within 20 days of receipt.<sup>1</sup>
- As of March 31, 2021, there are 468 first-time CPA Exam applications with a deficiency where additional documentation is required from the applicant to approve their application. Deficiencies may include, but are not limited to, a

<sup>1</sup> Processing is defined as an initial review of an application where applicants either receive an approval to test or a deficiency letter identifying any outstanding items

shortage of accounting units or not including the conferral date of a bachelor's degree.

Table 3: CPA Exam Statistics as of March 31 by Fiscal Year

Examination Request	FY 2018/19 July-Mar	FY 2019/20 July-Mar	FY 2020/21 July-Mar
Received	4,696	4,611	4,521
<b>Approved to Test</b>	<b>5,600</b>	<b>4,665</b>	<b>5,017</b>

- For the first nine months of FY 2020/21, the total number of first-time applications received decreased by nearly two percent compared to the same period in FY 2019/20, from 4,611 to 4,521.
- For the first nine months of FY 2020/21, the total number of first-time applications approved has increased by greater than seven percent compared to the same period in FY 2019/20, from 4,665 to 5,017.
- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

## Initial Licensing Statistics

- As of March 31, 2021, the Initial Licensing Unit is processing initial CPA license applications and accounting firm applications within 41 days of receipt.<sup>2</sup>
- As of March 31, 2021, there are 821 initial CPA applications with a deficiency where additional documentation is required from the applicant to approve the application. Deficiencies may include, but are not limited to, shortage of education units, inaccurate information reflected on experience forms, fingerprint clearance results not received from Department of Justice, and incomplete applications.

---

<sup>2</sup> Processing is defined as an initial review of an application and other licensure requirements to ensure all applicants meet all qualifications.



Table 4: Initial CPA Licensure Statistics as of March 31 by Fiscal Year

Initial Licensure Application	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
Received	2,781	2,733	2,771
<b>Approved</b>	<b>3,352</b>	<b>2,438</b>	<b>2,965</b>

- For the first nine months of FY 2020/21, the total number of CPA applications received has increased by over one percent compared to the same period in FY 2019/20, from 2,733 to 2,771.
- For the first nine months of FY 2020/21, the total number of CPA applications approved has increased by twenty-one percent compared to the same period in FY 2019/20, from 2,438 to 2,965.
- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

Table 5: Initial CPA License Approvals by Fiscal Year

License Type	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-March
Attest Authority	1,132	659	934
General Authority	3,268	1,936	2,031
<b>Total Approved</b>	<b>4,400</b>	<b>2,595</b>	<b>2,965</b>

- For the two previous fiscal years, approximately 26 percent of the licenses approved were with attest authority. For the current fiscal year through March 31, 2021, it is approximately 32 percent.

Table 6: Initial Firm License Approvals by Fiscal Year

License Type	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-March
Corporation	173	279	191
Partnership	48	66	46
Fictitious Name Permit	84	169	87
Out-of-State Firm	49	82	54
<b>Total Approved</b>	<b>354</b>	<b>596</b>	<b>378</b>

- The number of firms approved in FY 2020/21 may be less than approved in FY 2019/20 given that firm applications may not be approved until the following fiscal year.

## License Renewal Statistics

Table 7: License Renewal Statistics as of March 31 by Fiscal Year

License Type	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
CPA/PA	33,496	34,326	32,793
Accounting Firms	2,715	2,015	1,961
<b>Total Approved<sup>3</sup></b>	<b>36,211</b>	<b>36,341</b>	<b>34,754</b>

- The total number of renewals in FY 2020/21 is slightly less than the number of renewals at the same point in time in FYs 2018/19 and 2019/20.

<sup>3</sup> Approved is defined as successful payment of the renewal fee.

Table 8: License Renewal Application Reviews as of March 31 by Fiscal Year

Review Outcome	FY 2018/19 July-March	FY 2019-20 July-March	FY 2020/21 July-March
Deficient <sup>4</sup> Applications	1,963	1,609	2,660
Non-Deficient Applications	17,446	45,526	11,495
<b>Total Reviewed</b>	<b>19,409</b>	<b>47,135</b>	<b>14,155</b>

- License Renewal Application Review is the process where staff examine continuing education worksheets that list self-reported courses at time of license renewal to determine fulfillment of all continuing education requirements. Staff also review the Peer Review Reporting Form for firms, which includes sole proprietors, update shareholders and partners in the database when appropriate, and check to confirm that fingerprints are on file for CPAs.

Table 9: Deficiency Outcomes as of March 31 by Fiscal Year

Deficiency Outcome	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
Resolved Deficiencies	1,901	1,542	2,005
Outstanding Deficiencies	62	67	655
<b>Total Deficiencies</b>	<b>1,963</b>	<b>1,609</b>	<b>2,660</b>

- Of the 2,660 deficiencies identified in Table 8, 2,005 have been resolved. A total of 655 remain outstanding. This includes licensees who have been given extra time to fulfill their continuing education requirements due to the COVID-19 extensions granted by DCA.

---

<sup>4</sup> Deficient applications include those who were granted an extension to complete continuing education in response to the Governor's COVID-19 CE Waivers.

Table 10: Top 3 Reasons for Enforcement Referral as of March 31 by Fiscal Year

Enforcement Referrals	FY 2020/21 July-March
20/12 <sup>5</sup> First Year	71%
Non-Response – Deficiency Letter	13%
Peer Review <sup>6</sup>	5%
Other <sup>7</sup>	11%

- The Renewal and Continuing Competency Unit referred 697 cases to the Enforcement Division. The majority of the referrals were for failure to complete the 20/12 continuing education requirement the first year of the license renewal cycle.

Table 11: Continuing Education Audits by Fiscal Year

Review Outcome	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-March
Pending Audits	0	0	142
Compliant Audits	629	114	54
Deficient Audits	N/A <sup>8</sup>	N/A	4
Enforcement Referrals	N/A <sup>9</sup>	N/A	0

<sup>5</sup> A failure to meet the CE requirement of completing at least 20 hours of CE each year of the renewal cycle with at least 12 of those 20 hours being in a technical subject matter.

<sup>6</sup> Peer Review Deficiencies include substandard peer reviews, failure to complete a peer review, or an outdated peer review.

<sup>7</sup> Other Enforcement Referrals include reporting a conviction or discipline, second year 20/12 violations, operating with an unlicensed firm, and discrepancies between the application and the peer review form regarding services performed.

<sup>8</sup> Deficient audits were not previously tracked.

<sup>9</sup> Enforcement referrals for audits were not previously tracked.

- The CBA conducts continuing education audits by randomly selecting licensees to submit documentation substantiating the completion of the continuing education they reported at the time of license renewal. Once the CBA receives all required documentation, staff confirm that the continuing education was accurately reported, completed, and conformed to all laws and rules. In totality, staff review of continuing education takes the form of continuing education audits as well as license renewal application reviews (Table 8).
- Between July 1, 2020 and March 31, 2021, a total of 200 licensees were selected for a continuing education audit.
- A deficient audit receives a deficiency letter and an opportunity to correct the deficiency.

Table 12: Retired Status Applications as of March 31 by Fiscal Year

Status	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
Applications Approved	298	355	476
Applications Denied <sup>10</sup>	6	7	24
<b>Total Received</b>	<b>304</b>	<b>362</b>	<b>500</b>

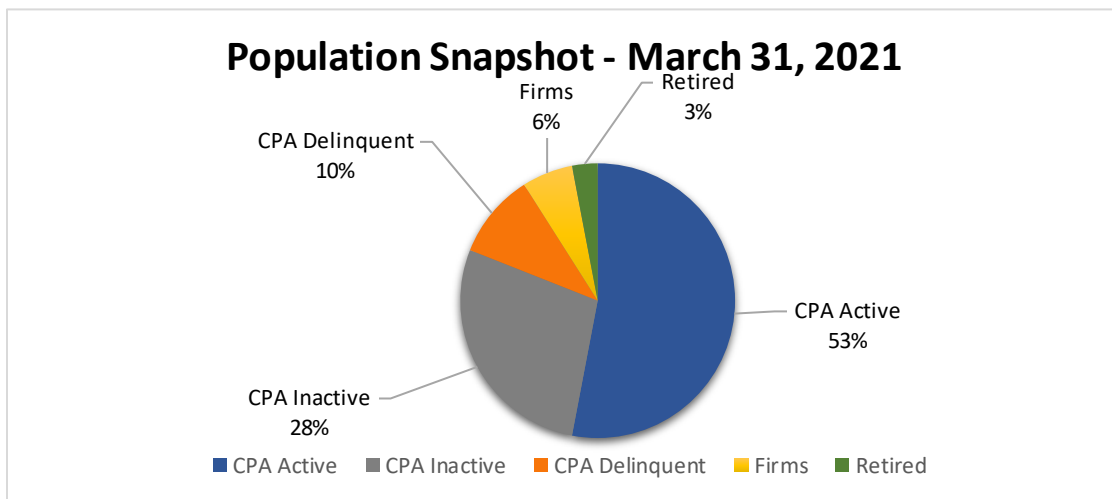
---

<sup>10</sup> Retired Status Applications are most often denied because the licensee does not meet the qualifications set forth in CBA Regulation section 15.1.

## Population Statistics

Table 13: Population Statistics as of March 31 by Fiscal Year

License Type	FY 2018/19 July-March	FY 2019/20 July-March	FY 2020/21 July-March
Active CPA/PA	57,746	57,162	58,014
Inactive CPA	30,629	30,658	30,601
Delinquent CPA	9,333	10,973	11,519
CPA Retired	2,453	3,112	3,568
<b>Total CPA/PA</b>	<b>100,161</b>	<b>101,905</b>	<b>103,702</b>
Accountancy Corporations	4,358	4,242	4,338
Accountancy Partnerships	1,393	1,349	1,350
Out-of-State Firm Registrations	675	721	821
<b>Total Accountancy Firms</b>	<b>6,426</b>	<b>6,312</b>	<b>6,509</b>
<b>Grand Total</b>	<b>106,587</b>	<b>108,217</b>	<b>110,211</b>



## Military and Refugee/Asylee/Special Immigrant Visa Holders Statistics

The CBA provides assistance programs for past and present military personnel and their spouses/domestic partners, as well as refugees, asylees, and special immigrant visa holders, collectively referred to as “refugee.”

The CBA began tracking this data as of January 2021; therefore, historical data is unavailable.

Table 14: Military and Refugee Inquiries as of March 31 by Fiscal Year

Inquiries	FY 2020/21 Jan-March
Email (Military)	41
Telephone Calls (Military)	4
Email (Refugee)	0
Telephone Calls (Refugee)	0

Table 15: Military Applications Received and Approved as of March 31 by Fiscal Year

Application Type	Received FY 2020/21 Jan-March	Approved FY 2020/21 Jan-March
CPA Exam	1	1
CPA License	11	5
CPA Renewal	1	1

- As of March 31, 2021, the CBA is processing military applications within 16 days of receipt. This processing time is below all applications processing time and is expected to decrease over time as procedures for expediting applications are more fully implemented.

- The processing time for refugee applications are calculated by received date to when the initial license fee letter was issued. Due to deficiencies applicants have not yet been approved.

Table 16: Refugee Applications Received and Approved as of March 31 by Fiscal Year

Application Type	Received FY 2020/21 Jan-March	Approved FY 2020/21 Jan-March
CPA Exam	0	0
CPA License	2	0
CPA Renewal	N/A	N/A

- As of March 31, 2021, the CBA is processing refugee applications within 20 days of receipt. This processing time is below all applications processing time and is expected to decrease over time as procedures for expediting applications are more fully implemented.
- The processing time for refugee applications are calculated by received date to when the initial license fee letter was issued. Due to deficiencies applicants have not yet been approved.





**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



**CBA Item XII.A.**  
 May 13-14, 2021  
**DRAFT**

**DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE  
 March 25-26, 2021  
 CALIFORNIA BOARD OF ACCOUNTANCY  
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President Nancy J. Corrigan, CPA, called the meeting to order at 10:04 a.m. on Thursday, March 25, 2021. The CBA held the meeting via teleconference, consistent with the provisions of Governor Newsom’s Executive Order N-29-20 dated March 17, 2020. The CBA recessed at 12:43 p.m. The CBA reconvened at 1:39 p.m. until 4:38 p.m. The CBA convened into closed session from 4:48 p.m. until 5:38 p.m. The CBA reconvened into open session on Friday, March 26, 2021 at 10:03 a.m. until 11:14 a.m. The meeting reconvened into closed session at 11:25 a.m. until 12:20 p.m. President Corrigan adjourned the meeting at 12:21 p.m.

President Corrigan read the following into the record:

“The CBA’s mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.”

CBA Members

Nancy J. Corrigan, CPA, President  
 Michael M. Savoy, CPA, Vice-President  
 Mark J. Silverman, Esq., Secretary/Treasurer  
 George Famalett, CPA  
 Mary M. Geong, CPA  
 Karriann Farrell Hinds, Esq.

March 25, 2021

10:04 a.m. to 5:38 p.m.  
 10:04 a.m. to 5:38 p.m.  
 11:10 a.m. to 5:13 p.m.  
 Absent  
 Absent  
 10:04 a.m. to 11:30 a.m.  
 1:30 p.m. to 5:38 p.m.

CBA Members

Dan Jacobson, Esq.  
Xochitl A. León  
Luz Molina Lopez  
Zuhdia "Dee Dee" Owens, CPA  
Ariel Pe  
Deidre Robinson  
Katrina L. Salazar, CPA  
Yen Tu

March 25, 2021

10:04 a.m. to 5:38 p.m.  
10:04 a.m. to 5:38 p.m.  
10:04 a.m. to 5:38 p.m.  
10:04 a.m. to 5:38 p.m.  
10:04 a.m. to 5:38 p.m.  
10:04 a.m. to 5:38 p.m.  
10:04 a.m. to 5:38 p.m.  
10:04 a.m. to 5:38 p.m.

CBA Members

Nancy J. Corrigan, CPA, President  
Michael M. Savoy, CPA, Vice-President  
Mark J. Silverman, Esq., Secretary/Treasurer  
George Famalett, CPA  
Mary M. Geong, CPA  
Karriann Farrell Hinds, Esq.  
Dan Jacobson, Esq.  
Xochitl A. León  
Luz Molina Lopez  
Zuhdia "Dee Dee" Owens, CPA  
Ariel Pe  
Deidre Robinson  
Katrina L. Salazar, CPA  
Yen Tu

March 26, 2021

10:03 a.m. to 12:21 p.m.  
10:03 a.m. to 12:21 p.m.  
10:03 a.m. to 12:21 p.m.  
Absent  
Absent  
10:03 a.m. to 12:21 p.m.  
10:03 a.m. to 12:21 p.m.  
10:03 a.m. to 11:51 a.m.  
10:03 a.m. to 12:21 p.m.  
10:03 a.m. to 12:21 p.m.  
10:03 a.m. to 12:21 p.m.  
Absent  
10:03 a.m. to 12:21 p.m.  
10:03 a.m. to 12:21 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Melissa Alcalde, Section Chief, Business Integration and Project Management Office,  
Department of Consumer Affairs (DCA)  
Rich Andres, Information Technology (IT) Staff  
Michelle Center, Chief, Licensing Division  
Victoria Cesar, Office of Public Affairs, DCA  
Elizabeth Coronel, Strategic Business Analyst, DCA  
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)  
Emmanuel Estacio, IT Support Analyst  
Dominic Franzella, Chief, Enforcement Division  
Helen Geoffroy, Legal Counsel, DCA  
Patrick Ibarra, Information and Planning Officer  
Amir Larian, Website Analyst  
Heidi Lincer, Chief, Office of Professional Examination Services (OPES), DCA  
Tracy Montez, Chief, Division of Programs and Policy Review, DCA  
Sean O'Connor, Chief, Project Delivery and Administrative Services, DCA  
Danielle Owens, Trainer, DCA  
Ryan Perez, Board and Bureau Relations, DCA  
Rebecca Reed, Board Relations Analyst

### Committee Chairs and Members

Douglas Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)

Kathy Johnson, CPA, Vice-Chair, EAC

Renee Graves, CPA, Chair, Peer Review Oversight Committee (PROC)

### Other Participants

Wen Chen, Petitioner

Colleen Conrad, Vice-President and Chief Operating Officer, National Association of State Boards of Accountancy (NASBA)

Patricia D

Jason Fox, Vice President of Government Relations, California Society of CPAs (CalCPA)

Kimberly Johnson

Pat Joyce, KP Public Affairs

Hamid Kabani, Petitioner

Stephanie Perkins, Esq.

Wim van Rooyen, Administrative Law Judge, Office of Administrative Hearings

Ryan Sanjeet, Diamond Court Reporters

Amber Setter

Seth Weinstein, Esq.

#### I. Public Comments for Items Not on the Agenda.

Public comment was received from Amber Setter, inactive certified public accountant, requesting the CBA to consider continuing education (CE) related to personal growth courses be an acceptable form of CE.

#### II. Report of the President.

##### A. Discussion Regarding the California Board of Accountancy's Business Modernization Project.

Sean O'Connor, DCA's Chief of Project Delivery and Administrative Services, stated the CBA is one of 17 programs currently going through the business modernization process to improve their services.

Mr. O'Connor stated depending upon the requirements or process of the program, the scope of the modernization efforts are different. He stated each program goes through planning steps first, including business process mapping and functional requirements identification, which the CBA has already completed. The next step is starting the California Department of Technology's (CDT) Project Approval Lifecycle (PAL). He stated PAL is a process that all medium to large projects go through, which is a set of predetermined check points that the CDT looks at in order to assess whether it seems like a project has everything in order before final contracts are put into place and a base-line for costs and project schedule is established.

Mr. O'Connor stated the CBA is currently completing market research to move forward with a direction on software and system integrators that can be supported by the CBA's budget.

Mr. O'Connor stated by design, this is a business driven initiative. He stated the Organizational Improvement Office wants to make sure it is scaling and providing the types of solutions that makes sense for the CBA from both a requirements and regulation standpoint as well as a staffing and feasibility standpoint. He stated on the information technology side, we have no interest in moving forward in a direction that is not going to be something that the CBA can afford or support on a staffing or feasibility side.

Mr. O'Connor stated DCA has had success with this approach with business modernization projects. He stated an example of a larger scope modernization project would be the Business Modernization Cohort 1's implementation of on-line applications, back office workflows, and enforcement functionality for these boards. He stated they have also been successful with smaller scope modernization efforts, including online renewal transactions that leverage "in house" solutions that don't require significant implementation or software solutions.

Mr. O'Connor stated the CBA is now working on stage two of the modernization project. He stated that in fall 2021 the CBA has a unique opportunity to look at a small pilot-type project where one or two key areas of the business process are used with some of DCA's existing software to see if it will meet the needs of the CBA. He stated the benefit to this is so the CBA can determine whether it can implement a pilot without needing to significantly impact the CBA's budget. He stated if the functionality works, the CBA can then look at scaling it out to other areas of the business process during the following fiscal year.

Mr. O'Connor stated one of the key changes that occurred with implementing the PAL process is that cost baselines or project schedules aren't established until all of the planning is complete and contracts are signed. He stated this is important because it establishes a real cost baseline and project schedule and is the reason why so many of the projects described have been able to come in on-schedule and within or under budget.

Mr. O'Connor stated the old way of rolling out software and implementing changes was to work on a project for three years and to implement everything all at once. He stated this caused major staff disruption and included high intensity retraining. He stated this process did not work well for DCA.

Mr. O'Connor stated this new process of rolling out software in increments allows the CBA to target specific areas of business function that can be carved out. He stated the CBA can focus on those areas and roll that out to production as opposed to waiting for three years and then doing everything at

once. He stated the benefits to this is there is less disruption over time. He stated we can look at certain areas of the board from a licensing perspective, specific applications, specific units, workflows, and roll those out in a strategic manner so we are training staff in a more manageable way. He stated the larger benefit to this is that we are able to achieve and get functionality out to production much quicker.

Mr. O'Connor stated an effective way to control vendor quality and vendor costs is through contracts that use a Work Order Authorization (WOA) process. He stated when doing a large-scale software implementation, we need to bring on a system integrator which is a group of individuals who are familiar with implementing the software that was selected. He stated that the CBA and DCA will identify a scope of work, a set of tasks of deliverables, and then break this down into chunks and create mini contracts or WOAs, within the larger contract. He stated WOAs provide a way to break up work into 30-45 day sections. He stated this allows the CBA to have the ability to pause with the vendor and let the vendor know that the tasks are not working and not to include the tasks in the next WOA. He stated this enables the project to remain on the time-frame and control costs.

Ms. Owens inquired regarding the timeline of the CBA's business modernization project.

Mr. O'Connor stated that implementation for the pilot project is scheduled for the fall of 2021. He stated the exact timeline is not yet set. He stated after the pilot is implemented, CBA and DCA will evaluate it and then determine whether to move forward with the software vendor for a large scope of the project. He stated the larger scope project would likely begin in fiscal year 2022-23.

#### B. Report on the Department of Consumer Affairs' President's Training.

President Corrigan reported she and Vice-President Savoy attended DCA's President's Training on February 2, 2021. She stated DCA developed the training to assist board presidents in understanding the scope of a President's role, board member management and administrative duties, managing relationships with the Executive Officer, and understanding how to run an effective board meeting.

President Corrigan stated DCA discussed the scope of a President's role, which included the skills that are necessary to the effectiveness of any board president.

President Corrigan indicated part of her role as President is board member management, which ensures that board members are in compliance with required trainings and are performing their duties as a member of the board.

President Corrigan stated there was also discussion regarding the importance of managing the relationship with the Executive Officer to ensure she is effective in her oversight of daily operations. She stated it is the daily operations of the CBA that effectuate the decisions made by the CBA and implement our vision.

President Corrigan stated the final item discussed at the training was understanding how to run an effective board meeting. She stated some of the steps in conducting an effective meeting include:

- Providing sufficient time for board member deliberation
- Ensuring public comment is requested and considered
- Dealing with difficult topics and varying opinions
- Deciding when to call a vote
- Keeping the meeting running

President Corrigan stated it is important to ensure all members have uninterrupted time to share their comments, which during our WebEx meetings involves extreme organization and reliance on members to use the “hand raise” feature so they can be fully heard.

President Corrigan encouraged any CBA member serving as President or Vice-President in the future to participate in the President’s Training.

- C. Resolution for Retired California Board of Accountancy Member, Carola Ana Nicholson, CPA.

**It was moved by Ms. Salazar and seconded by Ms. Hinds to approve the resolution for Carola Ana Nicholson, CPA.**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Mr. Silverman.**

**Abstain: None.**

- D. Resolution for Retiring Qualifications Committee Member, Kristian George, CPA.
- E. Resolution for Retired Qualifications Committee Member, Charles W. Hester, Sr., CPA.
- F. Resolution for Retired Qualifications Committee Member,

Cliff J. Leiker, Jr., CPA.

- G. Resolution for Retiring Enforcement Advisory Committee Member, Thomas Gilbert, CPA.
- H. Resolution for Retiring Peer Review Oversight Committee Member, Jeffrey De Lyser, CPA.
- I. Resolution for Retired Peer Review Oversight Committee Member, Iryna Oreshkova, CPA.

**It was moved by Ms. Robinson and seconded by Ms. Tu to approve the following resolutions:**

- **Kristian George, CPA**
- **Charles W. Hester, Sr., CPA**
- **Cliff J. Leiker, Jr., CPA**
- **Thomas Gilbert, CPA**
- **Jeffrey De Lyser, CPA**
- **Iryna Oreshkova, CPA**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Mr. Silverman.**

**Abstain: None.**

- J. Discussion Regarding the Proposed California Board of Accountancy and Committee Meeting Format and Announcement of the New Committee and Liaison Assignments.

President Corrigan stated due to provisions of Governor Gavin Newsom's Executive Order N-29-20 as a result of the COVID-19 pandemic, travel restrictions and social distancing requirements necessitated CBA meetings be conducted by way of video conference. She stated as a result of the change, there have been no committee meetings and all committee business has been conducted under the President's report as part of the CBA meeting agenda. She stated now that the CBA, stakeholders, and members of the public have become acclimated to the virtual meeting format, it is important to resume the standing committee meetings.

President Corrigan stated beginning in May 2021, the standing committees will resume meetings in conjunction with the CBA meeting. She stated the

committee and CBA meetings will be conducted over a two-day format, with committee meetings held on Thursdays, followed by any scheduled petition hearings at 1:30 p.m., and closed session being conducted just after the hearings. She stated the CBA public meeting portion will be conducted on Fridays starting in the morning.

President Corrigan stated the change in the meeting format will allow sufficient time for consumers, members, and staff to transition between committee meetings in the video conference format. She stated this would also provide sufficient time for staff to prepare talking points for the committee Chairpersons to assist in their committee reports during the Friday CBA meeting.

President Corrigan stated no appointments are being made to the Mobility Stakeholder Group (MSG). She stated the MSG's purpose was to assist the CBA with the implementation of its mobility program, which has concluded. She stated additional work, if any, can be conducted within one of the standing committees or at a future CBA meeting. She stated staff will be providing a presentation on a proposed statutory change to disband the MSG at a future meeting.

Ms. Molina Lopez inquired if the meeting is only a one-day meeting, when will the committee reports be provided to committee chairs.

President Corrigan stated starting in May, the CBA meetings will be two-day meetings.

Ms. Hinds inquired if there has been any updates on when the CBA will be able to resume in-person meetings.

Ms. Bowers stated there have been no indication when in-person meetings will resume.

K. National Association of State Boards of Accountancy Committee Interest Form.

President Corrigan stated members interested in serving on a NASBA committee should submit an application by the deadline of May 7, 2021.

L. Discussion and Possible Action on the Acceptance of Scores from the Pilot Administration of the Uniform Certified Public Accountant Examination by Remote Proctor.

Ms. Center provided an overview of this agenda item.

Ms. Center stated from March 18 through April 30, 2020 Prometric testing centers shut down due to COVID-19 and reopened in May 2020 with



additional safety measures and limited capacity. She stated the COVID-19 pandemic experience has identified the need for an alternate approach to ensure testing continues in times of emergency. She stated NASBA and the American Institute of Certified Public Accountants (AICPA) agreed that it is prudent to perform a small-scale live test of the Uniform CPA Examination (CPA Exam) remote proctoring before it may be needed for emergency use.

Ms. Center stated at the January 2021 CBA meeting, NASBA presented on Prometric's ProProctor product and the phased pilot approach it is undertaking.

Ms. Center stated NASBA, AICPA, and Prometric released a White Paper titled *Proposed Pilot of Remote Proctoring of the CPA Examination: Update and FAQs for Boards of Accountancy*. She stated the remote proctor pilot is being structured to test a true remote proctored production environment that will test software, systems, interfaces, and processes while also reducing risk by restricting the exam content, candidates, and testing window.

Ms. Center stated the piloting with actual CPA candidates is anticipated to begin in the second quarter of 2021 and is a vital aspect of the approach to test and analyze the feasibility of the implementation of ProProctor in support of remote proctoring. She stated the remote proctor pilot will include a small number of volunteer candidates from selected boards of accountancy. She stated candidates will not be required to participate in the remote proctor pilot.

Ms. Center stated while the remote proctor pilot will not include California candidates, it is possible that candidates from other states who do participate may seek licensure in California. She stated these candidates would be required to transfer their CPA Exam scores to California as a requirement of the CPA licensure application process.

Ms. Center stated NASBA sent a letter to all boards requesting them to determine if they have authority to not accept scores from the remote proctor pilot. She stated after review of California statutes, CBA legal counsel did not find any statute that would provide the CBA authority to not accept scores determined by AICPA to be valid.

**It was moved by Ms. Robinson and seconded by Mr. Pe to submit a letter to NASBA informing them that California will accept valid scores from candidates participating in the remote proctor pilot for licensure in California.**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Mr. Silverman.**

**Abstain: None.**

M. Review and Consideration of Possible Positions on Legislation.

1. Assembly Bill 29 – State Bodies: Meetings.

Mr. Ibarra stated Assembly Bill (AB) 29 would require that any public meeting notice issued pursuant to the Bagley-Keene Open Meeting Act must also include all writings or materials in connection with a matter subject to discussion or consideration at that meeting. He stated these writings or materials are to be made available on the state body's internet website, and to any person who requests the writings or materials in writing, on the same day they are distributed to members of the state body or at least 72 hours in advance of the meeting, whichever is earlier.

Mr. Ibarra stated AB 29 would prohibit a state body from distributing or discussing materials that do not comply with this requirement. He stated although it is possible the provisions could impact CBA discussions, the ultimate goal is transparency, which is the focus of the Open Meeting Act.

Ms. Hinds inquired if the author's office is accepting any comments on AB 29 or have staff considered submitting any comments. She stated it seems like there should be some kind of exception or a way to allow meeting materials to be distributed and discussed but maybe not acted upon. She stated while the CBA continues to operate under the pandemic and current circumstances there should be a way for state bodies to have last minute items up for discussion.

Ms. Pearce stated the reason staff were focusing on a Watch position on AB 29 is because the CBA is not being precluded from taking action on anything. She stated it is being precluded from providing any more written materials past the 72-hour timeframe. She stated staff can provide information to the CBA within a verbal update. She stated one of the things it would impact the most is legislation. She stated staff receive frequent updates regarding legislation and often just before a meeting.

Ms. Hinds requested further discussions regarding AB 29. She stated it puts the CBA at a disadvantage to properly review and consider information that staff receive within that 72-hour time-frame, especially as it pertains to legislative items.

Ms. Pearce inquired if Ms. Hinds wanted the CBA to pursue some sort of exemption from the 72-hour requirement for legislative type meeting items.

Ms. Hinds stated that is one of the exemptions she would like staff to pursue with the author's office.

Ms. Molina Lopez stated her concerns are AB 29 would slow down board business and the CBA would not be able to conduct business in an efficient manner.

Ms. Molina Lopez inquired on how AB 29 would affect the receipt of meeting materials for closed session.

Ms. Pearce stated AB 29 would not impact closed session materials.

Mr. Jacobson stated transparency is very important, however, AB 29 seems to require staff to be so involved with transparency that staff may not be able to complete other work. He stated he might support AB 29 if the materials were just required to be posted to the website.

Ms. Salazar stated that she understands a verbal report on additional items would impact the brevity of a meeting. She requested in conjunction with the verbal report, members be provided written report. She stated some learners are visual, verbal and some may need to take time with translations. She stated presenting information with full transparency might be a way to compromise by allowing multiple modes.

**It was moved by Ms. Hinds and seconded by Ms. Salazar to adopt a Watch position on AB 29 with the request that staff report back to the CBA after discussions with the author's office.**

**Yes: Ms. Corrigan, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: Mr. Jacobson.**

**Absent: Mr. Famalett and Ms. Geong.**

**Abstain: None.**

2. Assembly Bill 107 – Licensure: Veterans and Military Spouses.

Mr. Ibarra stated AB 107 would expand the existing provisions for the granting of temporary licenses to include the California Board of Accountancy, as well as seven other Department of Consumer Affairs boards, and requires the issuance of that license within 30 days.

Mr. Ibarra stated for boards which currently do not offer temporary licensure, this bill would require them to issue a regular license after appropriate investigation, if the applicant meets specified requirements.

Mr. Ibarra stated the provisions requiring the issuance of a temporary license would not apply to a board that has a process in place by which an out-of-state licensed applicant in good standing who meets the veteran or military spouse criteria identified in the bill and is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year.

Mr. Ibarra stated AB 107 also makes other provisions for the Department of Consumer Affairs and the Department of Veterans Affairs that does not directly impact the CBA.

Mr. Ibarra stated the CBA would be excluded from the provisions of the bill as there is a process in place by which an individual who meets the specified qualifications can receive expedited licensure or qualify to practice under the current mobility provisions.

Mr. Ibarra stated AB 107 has passed the Assembly Business and Professions Committee, and is now scheduled for a hearing in the Assembly Military and Veterans Affairs Committee.

Mr. Jacobson inquired how AB 107 relates to AB 225.

Ms. Pearce stated there are similarities with AB 107 and AB 225. She stated AB 107 would require the issuance of a temporary license and AB 225 would require issuance of a permanent license that can be withdrawn at a later time.

Ms. Tu inquired if there is a sunset on AB 107.

Ms. Pearce stated the CBA would be excluded from AB 107 because the CBA has a provision in place that allows for expedited licensure or for an individual to practice under mobility provisions.

Ms. Molina Lopez stated the language in AB 107 identifies a 30-day period for the issuance of these temporary licenses. She inquired if the CBA's process falls within a 30-day time-frame.

Ms. Pearce stated the CBA's expedited process for military individuals takes about 1-2 days for licensure. She stated under the mobility provision there are no fees and those practice rights are immediate.

**It was moved by Ms. Molina Lopez and seconded by Ms. Owens to adopt a Support position on AB 107.**

**Yes: Ms. Corrigan, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: Mr. Jacobson.**

**Absent: Mr. Famalett and Ms. Geong.**

**Abstain: None.**

**Ms. Tu's vote was not captured due to technical issues.**

3. Assembly Bill 225 – Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.

Ms. Pearce stated AB 225 would require the CBA, and several other boards within DCA who do not presently offer a temporary license, to issue a license to an applicant who meets specified criteria.

Ms. Pearce stated the CBA has provisions that enable immediate practice rights and provisions that require expedited licensure for military-related individuals who seek a CPA license.

Ms. Pearce stated because of these existing provisions, staff have been working with the author's office on amendments to exclude boards and bureaus that can facilitate immediate practice rights. She stated the author's office seemed amenable to our proposed amendments and staff are awaiting for additional information.

**It was moved by Ms. Molina Lopez and seconded by Mr. Jacobson to adopt a Support if Amended position on AB 225.**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett and Ms. Geong.**

**Abstain: None.**

4. Assembly Bill 298 – Accountancy: California Board of Accountancy.

Ms. Pearce stated AB 298, a bill that is sponsored by the CBA, contained the following provisions:

- Authorizes an applicant to take the CPA Exam prior to completing the necessary educational requirements.
- Provides specific authority for the secretary-treasurer to preside at meetings of the CBA and authorizes the CBA President to designate a non-officer board member to preside if all officers of the board are absent or unable to act at that meeting.
- Clarifies that email addresses provided by applicants and licensees are not to be considered a public record and not disclosed under the Public Records Act.

Ms. Pearce stated working with stakeholders, staff have identified amendments to AB 298 for CBA consideration.

Ms. Pearce stated the first amendments relate to the CPA Exam before education completion proposal. She stated the proposed amendments provide more detail, including the timeframe for submission of an application for the CPA Exam and the timeframe for the submission of transcripts documenting completion of the educational requirements.

Ms. Pearce stated the second proposed amendment relates to the ethics education requirement for CPA licensure, specifically the provision that requires a minimum of three semester units or four quarter units in courses devoted to accounting ethics or accountants' professional responsibilities.

Ms. Pearce stated based on feedback from stakeholders, this requirement may be creating a barrier for out-of-state applicants to complete their education.

Ms. Pearce stated working with stakeholders, staff is proposing to include two additional course options that would meet this specific requirement which are Auditing and Fraud. She stated these additional courses still maintain a strong foundation in ethics education that applicants must meet before CPA licensure.

Ms. Pearce stated staff are also proposing to make some non-substantive edits to provisions that are outdated.

Mr. Fox stated CalCPA supports both of the changes to continuing education requirements and the changes are going to be very helpful to a lot of candidates coming through the pipeline.

Mr. Joyce stated he also supports the changes as the changes are very important to accounting firms in terms of removing barriers.

**It was moved by Ms. Robinson and seconded by Mr. Jacobson to:**

- **Maintain the CBA’s Sponsor position on AB 298**
- **Approve the proposed new language for Business and Professions Code section 5093.5 regarding taking the CPA Exam prior to completion of the education requirements**
- **Approve the proposed language in Business and Professions Code section 5094.3 regarding the ethics education requirement**
- **Direct staff to work with the author’s office to have both proposals amended into AB 298**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.**

**Abstain: None.**

5. Assembly Bill 646 – Department of Consumer Affairs: Boards: Expunged Convictions.

Mr. Ibarra stated AB 646 would require a licensing board under DCA, including the CBA, to update information on its website regarding licensees who have had their licenses revoked due to criminal convictions that are subsequently expunged, pursuant to Penal Code section 1203.4.

Mr. Ibarra stated AB 646 raises various implementation concerns that need to be addressed with the author’s office. He stated potential amendments the CBA may seek to pursue include:

- Consider requesting the author amend the bill to clarify that the terms “reapplies” and “relicensed” have the same meaning as “petition” and “reinstated.”
- Clarify that the actions required of a DCA board or bureau only apply in situations where all criminal convictions associated with the revocation are expunged pursuant to PC section 1203.4.
- Clarify that a revocation that includes both criminal and non-criminal violations of the law is excluded from the requirements of AB 646.
- Clarify how a board/bureau should reference the status of a license displayed through the online License Lookup search tool under these circumstances.

Mr. Ibarra stated AB 646 has passed the Assembly Business and Professions Committee, and is now scheduled for a hearing in the Assembly Appropriations Committee.

Mr. Ibarra stated as AB 646 presently exists, there could be a fiscal impact and staff are continuing to work on that analysis. He stated that there is a fee for an individual to pursue this option, which may offset some costs.

Mr. Jacobson requested additional information regarding the criminal and non-criminal issues with the potential amendments to AB 646. He inquired how a non-criminal issue would be involved if it involves expungement of criminal issues.

Mr. Franzella stated there are certain board accusations and final decisions that result in dispositions that charge not only criminal actions but also charge other violations that would be non-criminal in nature. He stated there could be final disposition with both elements. He stated AB 646 does not provide clarity when a situation like this exists.

Mr. Jacobson inquired if this bill was introduced in 2020 as a two-year bill and if so, did the CBA take a watch position.

Mr. Franzella stated staff were planning to present the bill at the March 2020 meeting which was cancelled due to COVID-19. He stated that was the end of the two-year session so the bill has been reintroduced as part of the new two-year bill cycle.

**It was moved by Mr. Jacobson and seconded by Ms. Robinson to adopt a Watch position on AB 646.**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, and Mr. Silverman.**

**No: Ms. Salazar and Ms. Tu.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.**

**Abstain: None.**

6. Assembly Bill 1026 – Business Licenses: Veterans.

Mr. Ibarra stated AB 1026 would require DCA and any board within DCA, to grant a 50 percent fee reduction for an initial license to applicants who provide satisfactory evidence that they have served as an active duty member of the United States Armed Forces or the California National Guard and were honorably discharged.



Ms. León inquired if the CBA currently provides any fee reductions for licensees.

Ms. Pearce stated that this would be the first piece of legislation that staff have seen that is proposing this type of fee reduction. She stated that the CBA does have a provision in place for license renewal that does allow for waiver of fees for a military individual.

Ms. León stated there are many communities that have been impacted recently by COVID-19, including people with disabilities and low to moderate income areas. She stated there are many that could use a reduction in fees so we can remove any financial barriers.

Ms. Robinson requested this bill include other communities that may be as impacted as the military. She inquired if it would be appropriate for staff to talk with the author's office regarding including additional communities within AB 1026.

Ms. Salazar requested staff not request the author's office to include additional communities within AB 1026. She stated we are in the beginning of the legislative session and additional bills could be addressing this. She stated with other legislation regarding the military often it was a specific reaction to the movement that is forced upon members of the military and not necessarily a financial issue.

**It was moved by Ms. Tu and seconded by Ms. León to adopt a Support position on AB 1026.**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.**

**Abstain: None.**

7. Assembly Bill 1386 – License Fees: Military Partners and Spouses.

Mr. Ibarra stated AB 1386 would prohibit a board within DCA from charging an initial or original license fee to an applicant who meets the existing expedited licensing requirements for spouses, domestic partners, or other legal partners of members of the armed forces with an assigned duty station in California.

Mr. Ibarra stated AB 1386 has been referred to the Assembly Business and Professions Committee and is awaiting a hearing date.

**It was moved by Mr. Jacobson and seconded by Ms. Owens to adopt a Support position on AB 1386.**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.**

**Abstain: None.**

8. Senate Bill 772 – Professions and Vocations: Citations: Minor Violations.

Mr. Ibarra stated Senate Bill (SB) 772 would prohibit any board, bureau, or commission within DCA from assessing an administrative fine for a violation of the applicable licensing act or any adopted regulation if the violation is a minor violation.

Mr. Ibarra stated the bill defines a minor violation as one in which specified conditions are met.

Mr. Ibarra stated according to SB 772, one of the conditions is a violation is minor if there is no evidence that the violation was willful. He stated the language in SB 772 does not define what willful would entail.

Mr. Ibarra stated historically, for administrative matters, the courts do not view willful as intentional; rather, the typical standard for willful is an act where a violator knew or should have known of the violation and have chosen to ignore the rule of law. He stated accordingly, by committing the violation, the act is willful. He stated this would appear to run contrary to the author's intentions.

Mr. Ibarra stated SB 772 also does not clearly define what constitutes "notice." He stated is a notice, for this purpose, the initial letter informing the licensee that there is a potential violation, or is the notice the citation itself, which is issued when a violation occurs and is accompanied by the fine assessment. He stated under existing law, there appears to be no ability to separately issue the citation and the accompanying fine.

Mr. Ibarra stated the CBA's largest number of citations are issued for failing to comply with the minimum yearly continuing education requirement. He stated since this violation is not one that can be corrected

and would not meet the last condition previously mentioned in SB 772, if this measure were to pass, there would likely be a minimal fiscal impact to the CBA, which staff are presently working on and will be presented at the May CBA meeting.

**It was moved by Ms. Molina Lopez and seconded by Ms. Robinson to adopt a Watch position on SB 772 and directed staff to send a letter to the author identifying concerns regarding the lack of a definition for the term “notice” and “willful.”**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.**

**Abstain: None.**

9. Assembly Bill 339 – State and Local Government: Open Meetings.

Ms. Pearce stated AB 339 would make changes to the three primary Open Meeting Acts in California, which apply to state agencies, local governmental entities and the Legislature. She stated the CPA operates under the Bagley-Keene Open Meeting Act.

Ms. Pearce stated in addition to the existing provisions of the Bagley-Keene Open Meetings Act, AB 339:

- Revises the definition of a “meeting” of a state body under the Bagley-Keene Act to include a virtual congregation of a majority of members of a state body using teleconference technology.
- Requires that all meetings include an opportunity for all persons to attend via a call-in option or an internet-based service option that provides closed captioning services. Both a call-in and an internet-based service option shall be provided to the public.
- Requires that at least one member of the state body shall be physically present at the location specified in the notice of the meeting to ensure that members of the public are able to give public comment in person. This location must be publicly accessible and able to accommodate a reasonable amount of people, given the circumstances.
- Requires that instructions on how to attend the meeting of the state body via call-in or internet-based service will be posted online along with the meeting agenda at least 72 hours before all regular meetings and at least 24 hours before all special meetings.

- Requires that, consistent with the Dymally-Alatorre Bilingual Services Act, the posted meeting instructions shall be translated into all languages of which 5 percent of the population of the state body's jurisdiction speaks.

Ms. Pearce stated as proposed, there may be some minor impacts to the CBA, however, all are focused on increased transparency and public participation.

Ms. Pearce stated the author's office has informed DCA that this bill may undergo amendments, which may remove impacts to state agencies. She stated if AB 339 is not amended, staff will provide further analysis for consideration at the May CBA meeting.

Ms. Pearce stated staff recommend the CBA monitor AB 339 and not take a formal position. She stated staff will continue to monitor AB 339 for amendments that may exclude state entities.

Ms. Molina Lopez inquired on how monitoring a bill is different from a Watch position.

Ms. Pearce stated that staff monitoring the bill is internal and taking a Watch position is on the record.

Ms. Salazar stated the CBA should weigh in on critical items in the bill. She stated she would support staff monitoring the AB 339.

There was no position taken on AB 339 and staff will monitor AB 339 for amendments.

N. Review and Consideration of Possible Positions on Legislation the California Board of Accountancy is Monitoring.

1. Assembly Bill 2 – Regulations: Legislative Review: Regulatory Reform.
2. Assembly Bill 54 – COVID-19 Emergency Order Violation: License Revocation.
3. Assembly Bill 69 – State of Emergency: Termination After 60 Days: Extension by the Legislature.
4. Assembly Bill 343 – California Public Records Act Ombudsperson.
5. Assembly Bill 473 – California Public Records Act.
6. Assembly Bill 587 – Consumers.

7. Assembly Bill 703 – Open Meetings: Local Agencies: Teleconferences.
8. Assembly Bill 770 – Business.
9. Assembly Bill 821 – Local Government: Open Meetings.
10. Assembly Bill 830 – Department of Consumer Affairs: Director: Powers and Duties.
11. Assembly Bill 884 – State Agencies: Audits.
12. Assembly Bill 1291 – State Bodies: Open Meetings.
13. Senate Bill 102 – COVID-19 Emergency Order Violation: License Revocation.
14. Senate Bill 209 – State of Emergency: Termination After 7 Days. Extension by the Legislature.
15. Senate Bill 534 – Department of Consumer Affairs.
16. Senate Bill 600 – Administrative Procedure Act.

Mr. Ibarra stated CBA Item II.N.1-16. are bills that staff are monitoring and will bring to the CBA for consideration if any develop into a proposal that is relevant to the CBA.

- O. Legislative Items for Future Meetings. The California Board of Accountancy may discuss other items of legislation in sufficient detail to determine whether such items should be on a future Legislative Committee agenda and/or whether to hold a special meeting of the Legislative Committee to discuss such items pursuant to Government Code section 11125.4.

There was no report on this agenda item.

- P. Department of Consumer Affairs Director's Report on Departmental Activities.

Mr. Perez reported COVID-19 has effected every aspect of our work. He stated DCA offices remain open with preventative measures in place to safeguard the health and safety of staff and visitors. He stated DCA boards and bureaus maximizing telework to help reduce the transmission risk to all employees.

Mr. Perez stated on January 12, 2021 Monica Vargas was appointed as DCA's Deputy Director of Communications and on February 2, 2021 Sara Murillo was appointed as DCA's Deputy Director of Administrative Services.

Mr. Perez stated one of the top priorities of Board and Bureau Relations (BBR) is appointments. He stated the CBA currently has one vacancy which was previously held by Carola Nicholson, CPA. He stated CBA member Dan Jacobson is currently serving his grace period, which will end on January 1, 2022, unless Mr. Jacobson is reappointed. He stated information for anybody interested in serving on a board can be found on DCA's website under board member resources.

Mr. Perez stated 2021 is a mandatory Sexual Harassment Prevention training year. He stated all DCA board members and employees are required to take the training this year. He stated the Form 700 filings are due by April 1, 2021.

Mr. Perez stated BBR recently held a Brown Bag training on the topic of stakeholder engagement for board leadership. He stated the purpose of the training was to discuss the most effective ways to include all members' voices while maintaining appropriate boundaries and keeping focus on consumer protection. He stated the DCA Executive Office, Legal, Legal Affairs Division, and Communications Division joined in the discussion of transparency, perceptions, and the legal requirements for interacting with industry associations, advocates, licensees, and the public.

Mr. Perez stated the DCA Executive Office also recently hosted a meeting for board leadership. He stated Director Kimberly Kirchmeyer and Deputy Director Christine Lally provided updates on a variety of topics, including licensing compacts, COVID-19 related issues, and reappointment guidance. He stated the department has received positive feedback relating to these sessions and there will be more to come.

Mr. Perez reported on two new initiatives launched by DCA. He stated the first is the Executive Officer Cabinet. He stated this group of board and bureau executives will maintain regular communication, provide feedback and information to DCA, and assist with special projects that will impact all boards and bureaus. He stated the second initiative is the Enlighten Licensing Project. He stated this group is being formed to utilize licensing subject matter experts within the entire department. He stated the group will help individual boards and bureaus streamline and make their licensing process more effective and efficient by utilizing best practices, information technology, and other cost-saving measures.

Mr. Jacobson inquired on his grace period end date. He stated he was appointed on September 1, 2017 by the Speaker of the Assembly. He inquired if his full term would end on September 1, 2021, not including his grace period.

Mr. Perez stated his records do show that Mr. Jacobson was appointed on September 1, 2017 with an expiration of January 1, 2021. Staff will check Mr. Jacobson's term expiration date and grace period.

President Corrigan stated she, along with Vice-President Savoy, attended the Brown Bag training that was held on March 19, 2021. She stated the topic of the session was consumer protection. She stated DCA plans to continue having brown bag sessions. She stated the sessions are very valuable.

President Corrigan stated she and Vice-President Savoy also attended a meeting on March 23, 2021. She stated they received updates on what was happening within DCA. She stated CBA Licensing Chief, Michelle Center will be representing the CBA for the Enlightening Licensing Project.

Vice-President Savoy stated the meetings were very enlightening and it was good to hear from other members within DCA.

III. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

**It was moved by Mr. Savoy and seconded by Mr. Jacobson to:**

- **Reappoint Doug Aguilera, CPA**
- **Reappoint David L. Kral, CPA**
- **Reappoint Chris V. Tegtmeyer, CPA**
- **Appoint Nathan Cowley, CPA**
- **Appoint Jennifer E. Ziegler, CPA**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.**

**Abstain: None.**

B. Recommendations or Appointment(s)/Reappointment(s) to the Qualifications Committee.

**It was moved by Mr. Savoy and seconded by Ms. Tu to reappoint Angela Honzik, CPA and José Palma, CPA.**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.**

**Abstain: None.**

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

**It was moved by Mr. Savoy and seconded by Ms. Salazar to reappoint Sharon Selleck, CPA and Kevin Harper, CPA.**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Hinds.**

**Abstain: None.**

- D. Update on Activities for Committee Recruitment.

Mr. Savoy stated staff have been actively recruiting to fill several vacancies on the advisory committees; however, the CBA has received very little interest. He stated currently the EAC, PROC, and QC have one or more vacancies within each committee.

Mr. Savoy stated current recruitment efforts include:

- Maintaining a permanent page on the CBA's website that focuses on volunteering and serving on a CBA advisory committee and enhancing the visibility of the committee information on the homepage.
- Providing committee interest information in the *UPDATE* publication and the Monthly Report of the Executive Officer.
- CalCPA sharing the information with their membership.
- Direct emails to current and recently retired committee members seeking assistance with committee recruitment.

Mr. Savoy stated for future recruitment efforts, staff are working on the following:

- Creating a video regarding serving on an advisory committee
- Creating a brochure for distribution at meetings and events
- An email campaign
- Social Media
- Including information on the insert with the CPA renewal applications



Mr. Savoy stated although staff are increasing recruitment efforts, any assistance that CBA members can provide by sharing information with colleagues on this opportunity would be welcomed.

Ms. Tu stated trying to recruit during tax season may be difficult as it is a busy time for CPAs. She requested staff send an email out with information regarding the committee information and time constraints.

Ms. Robinson inquired if there was a specific staff member that is responsible for committee recruitment. She stated usually when there is such difficulty when doing recruitment, there needs to be one person that may be leading the process.

Ms. Bowers stated she is the primary contact for those interested in serving on a committee. She stated she has a team of staff that assist with the recruitment.

Ms. Robinson inquired on what type of information has been received from the recruitment effort. She inquired if staff are expanding recruitment efforts to be included in outreach events. She inquired on how she could assist with recruitment.

Ms. Bowers stated interest has been minimal. She stated staff have started to include recruitment efforts during outreach events. She stated she welcomes any suggestions from members regarding recruitment.

Ms. Salazar suggested a long view effort for recruitment. She stated the members volunteer their time to participate on the committees. She inquired if there could be more recognition for these members or if members can be highlighted within the *UPDATE* publication. She stated this would help others be aware of the opportunity to serve on a committee.

Mr. Savoy requested committee members speak at the next few CBA meetings regarding their service on a committee.

Mr. Pe suggested the CBA go a little bit granular with committee recruitment. He suggested the CBA utilize an app in which licensees could submit their committee interest.

Ms. Tu inquired if staff reach out to any of the large CPA firms for committee recruitment.

Ms. Bowers stated staff do reach out to firms and there are committee members and past board members that staff have worked with to reach out to their colleges within the large firms.

Mr. Fox stated CalCPA is committed to assisting the CBA with committee recruitment.

IV. Report of the Secretary/Treasurer.

A. Discussion of the Fiscal Year 2020-21 Mid-Year Financial Statement.

Mr. Silverman reported the CBA budget authority for the current fiscal year is now set at \$16,323,000. He stated the budget reflects adjustments made for the 9.23 percent reduction in staff compensation and the accompanying reduction in pro rata expenses.

Mr. Silverman stated actual expenditures and encumbrances as of December 31, 2020 were nearly \$8.1 million and represent about 49.4 percent of the CBA budget. He stated based on these figures, the CBA is currently projected to end fiscal year 2020-21 with a budget surplus of 7.88 percent. He stated enforcement expenditures through December 31, 2020 totaled \$390,134.

Mr. Silverman stated revenue through fiscal month six totaled approximately \$9.1 million, which is an increase of almost 64 percent over revenues for the same period in the previous fiscal year. He stated the increase was due to the license renewal and initial licensing fee increases that became effective January 1, 2020. He stated revenue projections through the end of fiscal year 2020-21 are over \$17.7 million.

Mr. Silverman stated the projections reflect that the CBA will end the current fiscal year with 8.2 months in reserve. He stated the projection for future fiscal years indicates increased revenue due to the license renewal and initial licensure fee increase to \$250 that was implemented January 1, 2020.

Mr. Silverman stated all state agencies will assume a permanent 5 percent reduction to their operating budget beginning in fiscal year 2021-22. He stated following the January CBA meeting, DCA informed the CBA that its 5 percent reduction target was modified from \$190,000 to \$53,000. He stated the reduction plan is currently undergoing review by the Department of Finance.

Mr. Silverman reported work is resuming on the Fee Analysis that is being conducted by Crowe, LLP. He stated this analysis of CBA business processes is necessary in order to insure that the CBA's fees are appropriately structured. He stated an initial meeting was held in early March 2021 and progress updates will be presented to the board and the results of the analysis are expected to be presented at the November CBA meeting.

V. Petition Hearings.

A. Wen Chen, CPA 137781 – Petition for Reinstatement of Surrendered Certificate.

The CBA heard Wen Chen's petition for reinstatement of surrendered certificate.

B. Hamid Kabani, CPA 58074/Kabani & Company, Inc., COR 4710 – Petition for Reinstatement of Surrendered Certificates.

The CBA heard Hamid Kabani's petition for reinstatement of surrendered certificates.

VI. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy will Convene into Closed Session to Deliberate on the Above Petitions.

VII. Report of the Executive Officer.

A. Discussion and Possible Action Regarding the California Board of Accountancy 2021 Communications and Outreach Plan (2021 Plan).

Mr. Ibarra stated the goal of the Communications and Outreach Plan is to provide a framework that discusses the CBA's strategic communication goals and how it intends to increase the volume and effectiveness of its activities in pursuit of those goals.

Mr. Ibarra stated while many priorities set out in the California Board of Accountancy 2020 Communications and Outreach Plan were accomplished last year, not all that were identified were achieved. He stated of those that are still outstanding, most have been included as a priority for 2021.

Mr. Ibarra stated many aspects of the 2021 Plan are consistent with the CBA-approved 2020 Plan, including target audiences, messaging goals, and priorities. He stated the 2021 Plan also discusses the role of partnerships and communication assets enlisted by the CBA to reach target audiences, including the *UPDATE* newsletter, the CBA website, social media, and both virtual and possibly in-person outreach events in 2021.

Mr. Ibarra stated staff identified new priorities for consideration in the 2021 Plan, including developing new partnerships with educational institutions and consumer protection organizations; an increased number of outreach events this year, including one hosted by the CBA; video and audio-based opportunities, such as a video series and podcast; enhanced social media engagement and website updates; and increased military support and assistance to refugees, asylees, and special immigrant visa holders.

Mr. Ibarra stated staff are on track to publish three *UPDATE* newsletters. He stated the redesigned look, which was a priority task from 2020, has been well received and provides more interactive links. He stated to further

enhance the readability, staff will continue exploring online publishing options this year.

Mr. Ibarra stated outreach events continue to be an ongoing priority in 2021, as many are already planned for spring and beyond. He stated the CBA participated in five outreach events in 2020, with a mixture of in-person and virtual events due to COVID-19 adjustments. He stated there have already been two outreach event in 2021 and three more scheduled through May. He stated staff also plan to explore the CBA hosting its own statewide virtual event this year.

Mr. Ibarra stated the CBA will resume its effort to accomplish a video series in collaboration with CalCPA that would explain to applicants and consumers the examination, education and experience requirements for licensure. He stated this was originally planned for 2020, but ultimately rescheduled production of that series for 2021.

Mr. Ibarra stated staff will continue to pursue enhancements to the CBA's website to provide new resources and clear information for our web visitors. He stated staff will continue work on the consumer pages and will also add information and resources to the website on how to help prevent elder financial abuse, as well as provide quick access to information about expedited licensing opportunities through the CBA's Military and Refugee Liaison.

Mr. Ibarra stated the CBA's social media channels continue to increase in followers on channels like Facebook, Twitter, LinkedIn, and YouTube. He stated the CBA will continue to use these channels to increase its messaging reach about CBA meetings, licensing requirements, and other items of interest to stakeholders.

Mr. Ibarra stated information regarding application processing times was added to the CBA's website as a weekly update in 2020 and that will continue, to provide transparency regarding application processing timeframes. He stated staff are also finding new ways to use social media channels, such as promoting open positions with Investigative CPA and committee member recruitment messaging.

Ms. Salazar stated that the CBA may wish to comment on the multilingual outreach options on the CBA website. She stated it does compliment the Communications and Outreach Plan by adding more information regarding multilingual resources.

**It was moved by Mr. Silverman and seconded by Ms. Hinds to approve the 2021 Communications and Outreach Plan.**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León,**

**Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.**

**Abstain: None.**

**B. Update on the California Board of Accountancy's Communications and Outreach.**

Mr. Ibarra reported the CBA participated in two virtual outreach events in the first two months of the year, with three more on the calendar in the next two months.

Mr. Ibarra stated on January 25, 2021 the CBA teamed up with Golden Gate University (GGU) for an event titled "CPA – Game Changer!" He stated President Corrigan spoke about the role of the CBA and value of the CPA title, and CBA Managers Suzanne Gracia and Ramona Bermudez explained the qualifications and application process for the CPA Exam and licensure. He stated GGU staff was highly appreciative and said the event was valuable to their students.

Mr. Ibarra stated CalCPA invited the CBA to speak at an event with San Francisco State University on February 11 titled, "Pathways to Success in Accounting." He stated President Corrigan again represented the CBA along with Ms. Gracia and Ms. Bermudez, who spoke about the upcoming changes to the CPA Exam in 2024, in addition to the topics presented at the January event.

Mr. Ibarra stated future events included events with San Jose State University on April 14, 2021, California State Polytechnic University, Pomona on April 21, 2021, and California State University, San Bernardino on May 4, 2021.

Mr. Ibarra stated the CBA website was updated to reflect new resources available to our military members and their spouses, as well as refugees, asylees, and special immigrant visa holders.

Mr. Ibarra stated the CBA was increasing recruitment efforts to fill the CBA's vacant Investigative CPA positions and promoting service on the three CBA advisory committees. He stated an email was sent to a targeted group of approximately 40,000 licensees informing them of the openings in both areas. He stated additional communications are being developed to increase awareness of the committee openings, including the creation of a flyer, and reaching out directly to licensees who participated in outreach events the CBA was involved with, at the suggestion of President Corrigan.

Ms. Molina Lopez inquired if there were any plans to update the CBA website to make it more visually appealing.

Ms. Pearce stated staff are in the process of developing a new template for the CBA website. She stated there would be some reorganization of some items to enhance user functions.

Ms. Molina Lopez requested staff recognize members of the CBA's advisory committees in either the *UPDATE* publication or the Executive Officer's monthly report.

Ms. Pearce stated in the past, staff have highlighted various committee members in the CBA's *UPDATE* publication. She stated the upcoming *UPDATE* will highlight former CBA member, Jose Campos, CPA. She stated staff have done several interviews that have been included in past issues of the *UPDATE* publication.

Ms. Pearce stated staff are presently working on a brochure for the CBA's committee recruitment activities. She stated one of the ideas that staff came up with was to include quotes from different committee members who have served on committees, as part of the brochure.

Mr. Fox recognized CBA staff and the partnership with CalCPA staff on the outreach efforts. He stated CalCPA is happy and willing to assist the CBA in future outreach efforts.

VIII. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the February 4, 2021 Enforcement Advisory Committee Meeting.

Mr. Aguilera reported the EAC successfully conducted two off-cycle Investigative Hearings via WebEx and plan to conduct more hearings at the next EAC meeting.

B. Qualifications Committee.

There was no report on this agenda item.

C. Peer Review Oversight Committee.

1. Report of the February 12, 2021 Peer Review Oversight Committee Meeting.

Ms. Center reported the PROC discussed and provided feedback regarding the approval of the December 11, 2020 meeting minutes and discussed PROC oversight activities for 2021. She stated the PROC also reviewed, provided edits, and approved the 2020 PROC Annual Report.

2. Presentation and Possible Adoption of the Peer Review Oversight Committee 2020 Annual Report.

Ms. Center stated the 2020 PROC Annual Report included information on various activities and accomplishments, information on the oversight functions performed by the PROC, and various statistical information.

Ms. Center stated at the February 12, 2021 PROC meeting, the PROC reviewed and approved the PROC 2020 Annual Report. She stated the following sections and sub-sections were added to the report:

- PROC Observed Oversight Activities Conclusion
- Peer Review Report and Publication Review Conclusion
- Statistical Monitoring and Reporting on California Peer Review Statistics

Ms. Center stated the PROC 2020 Annual Report had a slightly new format in order to make it compliant with the Americans with Disabilities Act. She stated most notably, the tables have been updated to remove merged cells, the graphs have been updated to include different line styles instead of relying solely on color, and headings are no longer fully capitalized.

Ms. Center stated based on the PROC's oversight, it concluded that the AICPA Peer Review Program functioned effectively in accordance with the standards adopted by the CBA.

**It was moved by Ms. Hinds and seconded by Mr. Silverman to adopt the PROC's 2020 Annual Report.**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.**

**Abstain: None.**

IX. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this agenda item.

Ms. Molina Lopez inquired if the CBA has received any requests for relief on citations or fines.

Mr. Franzella stated a licensee has the option to appeal a citation or fine. He stated staff review appeals for citations and fines on a case-by-case basis. He stated information regarding appeal requests can be provided in a future report.

X. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Center provided an overview of this agenda item.

Mr. Fox recognized Ms. Center and CBA staff on the work they have done to address the backlog due to COVID-19. He stated he is excited for the CBA's Business Modernization Project to streamline and create more efficient processes.

XI. Meeting Minutes.

A. Adoption of the Minutes of the January 14, 2021 California Board of Accountancy Meeting.

**It was moved by Mr. Silverman and seconded by Mr. Pe to adopt the minutes of the January 14, 2021 California Board of Accountancy meeting, which included non-substantive edits that were noted after the minutes were received.**

**Yes: Ms. Corrigan, Ms. Hinds, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.**

**Abstain: Mr. Jacobson and Ms. León.**

B. Adoption of the Minutes of the November 21, 2019 Mobility Stakeholder Group Meeting.



**It was moved by Ms. Salazar and seconded by Mr. Silverman to adopt the minutes of the November 21, 2019 Mobility Stakeholder Group meeting minutes.**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.**

**Abstain: None.**

- C. Acceptance of the Minutes of the December 3, 2020 Enforcement Advisory Committee Meeting.
- D. Acceptance of the Minutes of the December 11, 2020 Peer Review Oversight Committee Meeting.

**It was moved by Ms. Owens and seconded by Mr. Silverman to accept items IX.C. and IX.D., which include non-substantive edits that were noted after the minutes were received.**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, and Ms. Robinson.**

**Abstain: None.**

XII. Other Business.

A. American Institute of Certified Public Accountants.

- 1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.
  - a. State Board Committee.

Ms. Salazar reported the next State Board Committee meeting will be in May 2021.

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Salazar reported a regional call was held on February 16, 2021. She stated the regional calls happen two times a year and enable neighboring states to discuss issues, updates, and concerns.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

- a. Continuing Professional Education Committee.

There was no report on this agenda item.

- b. Relations With Member Boards Committee.

Ms. Salazar reported this is the NASBA committee that help develop and lead some of the summertime programming.

Ms. Salazar announced NASBA will conduct new board member orientation virtually on June 8, 2021.

Ms. Salazar stated the NASBA Eastern and Western Regional Meeting will be held virtually as a single combined meeting on June 22-23, 2021. She stated there will be subsequent communications from NASBA when registration is open.

Ms. Salazar stated CPA Evolution continues to move forward. She stated there is a NASBA webcast that's available to CBA members regarding CPA Evolution. She stated CPA Evolution is creating changes with what is needed in terms of education so universities and academia are working to navigate what that means for them. She stated NASBA and AICPA have completed an accounting program curriculum gap Analysis Report.

Ms. Salazar reported AICPA is highlighting the new Ethics Exposure Draft on non-compliance with laws and regulation, which is also referred to as NOCLAR. She stated there are distinctions being made between members in industry and those in public practice.

Ms. Salazar stated she is in her last year as NASBA Regional Director for the Pacific Region. She stated the Pacific Region will be looking to elect a new Regional Director at the NASBA Annual Meeting. She stated that members have an opportunity to participate in the

discussion to elect the new Regional Director at the NASBA Annual Meeting which will be held October 31 through November 3, 2021.

Ms. Molina Lopez thanked Ms. Salazar for her representation at NASBA meetings. She also encouraged new members to participate in the NASBA new member orientation. She stated when she attended the new member orientation it was very informative and the discussions were robust.

c. Strategic Planning Task Force.

There was no report on this agenda item.

3. Discussion and Approval of Staff Responses to the National Association of State Boards of Accountancy's Focus Questions.

Ms. Reed reported the purpose of this item was to provide the CBA with staff proposed responses to the NASBA Focus Questions.

**It was moved by Mr. Silverman and seconded by Ms. Owens to approve staff responses to the NASBA Focus Questions.**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Mr. Famalett, Ms. Geong, Ms. Robinson, and Mr. Savoy.**

**Abstain: None.**

XIII. Closing Business.

A. Agenda Items for Future California Board of Accountancy Meetings.

Mr. Jacobson requested a discussion regarding what is substantially related to the practice of public accounting be placed on a future agenda.

Ms. Molina Lopez requested a discussion of allowing personal growth courses as allowable continuing education be placed on a future agenda.

Ms. León requested a discussion related to equality and inclusion in licensing be placed on a future agenda.

Ms. Hinds requested the discussion regarding equality and inclusion also include a discussion regarding the effect of COVID-19 on female licensees and how better to recruit women into the CPA profession.

- XIV. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene Into Closed Session to Receive Advice From Legal Counsel on Litigation.
- A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.
  - B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.
  - C. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.
- XV. Closed Session: Pursuant to Government Code Section 11126(c) (3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Enforcement Matters.

President Corrigan adjourned the meeting at 12:21 p.m. on Friday, March 26, 2021.

\_\_\_\_\_ Nancy J. Corrigan, CPA, President

\_\_\_\_\_ Mark J. Silverman, Esq., Secretary/Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* www.cba.ca.gov



**DRAFT**  
**LC Item II.**  
**CBA Item XII.B.**  
 May 13-14, 2021

**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE**  
**January 16, 2020**  
**LEGISLATIVE COMMITTEE MEETING**

California Board of Accountancy  
 2450 Venture Oaks Way, Suite 420  
 Sacramento, CA 95833  
 Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Acting Chair Luz Molina Lopez called the meeting of the California Board of Accountancy's (CBA) Legislative Committee (LC) to order at 9:27 a.m. on Thursday, January 16, 2020 at the California Board of Accountancy. Ms. Molina Lopez requested that the roll be called.

LC Members

January 16, 2020

Carola A. Nicholson, CPA, Chair	Absent
Dan Jacobson, Esq., Vice-Chair	Absent
Mary M. Geong, CPA	Absent
Karriann Farrell Hinds, Esq.	9:27 a.m. to 10:32 a.m.
Luz Molina Lopez (Acting Chair)	9:27 a.m. to 10:32 a.m.
Ariel Pe	9:27 a.m. to 10:32 a.m.
Michael M. Savoy, CPA	9:27 a.m. to 10:32 a.m.

CBA Members Observing

Nancy J. Corrigan, CPA, President  
 Jose A. Campos, CPA  
 Mark J. Silverman, Esq., Vice-President

CBA Committee Chairs and Members Observing

Doug Aguilera, CPA, Chair, Enforcement Advisory Committee  
 Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer

Deanne Pearce, Assistant Executive Officer  
Dominic Franzella, Chief, Enforcement Division  
Paul Fisher, Enforcement Supervising ICPA  
Aaron Bone, Information and Planning Officer  
Ileana Butu, Legal Counsel, Department of Consumer Affairs  
Rebecca Reed, Board Relations Analyst  
Rich Andres, Information Technology Staff  
Peter Renevitz, Legislative Analyst  
Wayne Wilson, Special Projects Analyst  
Alegra Keith, Assistant Human Relations Liaison  
Theodore Drcar, Deputy Attorney General, Department of Justice

Other Participants

Jason Fox, Division Director, California Society of CPAs (CalCPA)  
Pilar Oñate-Quintana, The Oñate Group  
Jon Ross, KP Public Affairs  
Tom Burke, Center for Public Interest Law

- I. Approve Minutes of the November 21, 2019 LC Meeting.

**It was moved by Mr. Savoy and seconded by Mr. Pe to approve the minutes of the November 21, 2019 LC meeting, as amended to adjust meeting times.**

**Yes: Ms. Molina Lopez, Mr. Pe, Mr. Savoy.**

**No: None.**

**Abstain: Ms. Hinds.**

**Absent: Mr. Jacobson, Ms. Nicholson, Ms. Geong.**

**The motion passed.**

- II. Overview of the California Legislative Process and the Legislative Committee's Role.

This was a written report.

- III. Update, Discussion and Possible Action on Legislation which the California Board of Accountancy Has Taken a Position.

Mr. Bone provided an update on two measures introduced in 2019, which passed out of their respective policy committees on January 13 and 14, 2020. Assembly Bill (AB) 535 (Low) passed out of the Assembly Revenue and Taxation Committee to the Assembly Appropriations Committee. AB 1525 (Jones-Sawyer), which passed out of the Assembly Business and Professions Committee with amendments to address CBA concerns, was referred to the Assembly Appropriations Committee.

The LC did not take action on this item.

IV. Agenda Legislative Items for Future Meeting. The California Board of Accountancy may discuss other items of legislation in sufficient detail to determine whether such items should be on a future Legislative Committee meeting agenda and/or whether to hold a special meeting of the Legislative Committee to discuss such items pursuant to Government Code section 11125.4.

None.

V. Public Comments

None.

VI. Agenda Items for Next Meeting

None.

There being no further business to be conducted, the meeting was adjourned at 10:32 a.m.



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



**DRAFT**  
**CPC Item II.**  
**CBA Item XII.C.**  
 May 13-14, 2021

**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE**  
**January 16, 2020**  
**COMMITTEE ON PROFESSIONAL CONDUCT MEETING**

California Board of Accountancy  
 2450 Venture Oaks Way, Suite 420  
 Sacramento, CA 95833  
 Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Kariann Farrell Hinds, Esq., Chair, called the meeting of the California Board of Accountancy's (CBA) Committee on Professional Conduct (CPC) to order at 9:00 a.m. on Thursday, January 16, 2020 at the California Board of Accountancy. Ms. Hinds requested that the roll be called.

CPC Members

Kariann Farrell Hinds, Esq., Chair  
 Mark J. Silverman, Esq., Vice-Chair  
 Jose A. Campos, CPA  
 Nancy J. Corrigan, CPA  
 Dan Jacobson, Esq.  
 Ariel Pe  
 Michael M. Savoy, CPA

January 16, 2020

9:00 a.m. to 9:25 a.m.  
 9:00 a.m. to 9:25 a.m.  
 9:00 a.m. to 9:25 a.m.  
 9:00 a.m. to 9:25 a.m.  
 Absent  
 9:00 a.m. to 9:25 a.m.  
 9:00 a.m. to 9:25 a.m.

CBA Members Observing

Luz Molina Lopez

CBA Committee Chairs and Members Observing

Doug Aguilera, CPA, Chair, Enforcement Advisory Committee  
 Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Deanne Pearce, Assistant Executive Officer



Dominic Franzella, Chief, Enforcement Division  
Paul Fisher, Enforcement Supervising ICPA  
Aaron Bone, Information and Planning Officer  
Ileana Butu, Legal Counsel, Department of Consumer Affairs  
Rebecca Reed, Board Relations Analyst  
Rich Andres, Information Technology Staff  
Peter Renevitz, Legislative Analyst  
Wayne Wilson, Special Projects Analyst  
Amir Larian, Website Analyst  
Alegra Keith, Assistant Human Relations Liaison  
Theodore Dracar, Deputy Attorney General, Department of Justice

Other Participants

Jason Fox, Division Director, California Society of CPAs  
Pilar Oñate-Quintana, The Oñate Group  
Jon Ross, KP Public Affairs  
Thomas Burke, Center for Public Interest Law (CPIL)

I. Approve Minutes of the November 21, 2019 CPC Meeting.

**It was moved by Mr. Campos and seconded by Mr. Silverman to adopt the minutes of the November 21, 2019 CPC meeting.**

**Yes: Mr. Campos, Mr. Pe, and Mr. Silverman.**

**No: None.**

**Abstain: Ms. Hinds, Ms. Corrigan.**

**Absent: Mr. Jacobson**

**The motion passed.**

II. Discussion and Possible Action Regarding CPA Firm Mobility.

Mr. Franzella provided an overview of this item. He noted that the Uniform Accountancy Act (UAA) provides requirements for complete CPA firm mobility. California has CPA firm mobility, with the exception of one narrow requirement for CPA firms performing select services for California-headquartered entities. He noted that this item provided the opportunity for the CPC to discuss and potentially take action, if the CBA wishes to seek a statutory change in order to move towards a full CPA firm mobility.

The CPC did not take any action on this item.

III. Discussion and Possible Action Regarding Accounting Firms Providing Attest Services with Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement.

Mr. Franzella provided an overview of this item. He stated the purpose of this agenda item was to provide the CPC the opportunity to consider possible enhancements to requirements for licensees who have not completed the attest experience requirement who are sole owners of accounting firms that provide attest services.

**It was moved by Mr. Campos and seconded by Ms. Corrigan for the CPC to recommend the CBA to direct staff to explore possible statutory changes, regulatory changes, or both associated with requiring accounting firms to:**

- **Include in their engagement letters for attest services, a notification to the client of the name and license number of the CPA that the firm has authorized to sign the attest report on behalf of the accounting firm.**
- **Require accounting firms to disclose to their peer reviewers that no owner is authorized to sign reports on attest engagements.**
- **Require ownership take the same responsibilities as accounting firms or as if they were the licensees who performed the engagement.**
- **Require accounting firms to make available the working papers to the licensee who signed the report on the attest engagement should the licensee no longer be employed with the accounting firm for purposes of any investigation conducted by the CBA.**

**Yes: Ms. Hinds, Mr. Campos, Mr. Pe, and Mr. Silverman.**

**No: Mr. Savoy.**

**Abstain: None.**

**Absent: Mr. Jacobson.**

**The motion passed.**

IV. Discussion and Possible Action to Initiate a Rulemaking to Amend sections of Title 16, Division 1, Article 12, California Code of Regulations Regarding Continuing Education Rules, including but not limited to Sections 80.1 – Continuing Education Requirements for Renewing an Expired License, 87 – Basic Requirements, 87.6 – Records Review Continuing Education Requirements, 87.8 – Regulatory Review Course, 87.9 – Offering a Regulatory Review Course, 88 – Programs Which Qualify, 88.1 – Provider Requirements, 88.2 – Program Measurements, 89 – Control and Reporting, and 90 – Exceptions and Extensions.

This item was deferred to a later meeting.

V. Public Comments.

None.

VI. Agenda Items for Next Meeting.

None.

There being no further business, the meeting was adjourned at 9:25 a.m.



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* www.cba.ca.gov



**DRAFT**  
**EPOC Item II.**  
**CBA Item XII.D.**  
 May 13-14, 2021

**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE**  
**November 21, 2019**  
**ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE MEETING**

California Board of Accountancy  
 2450 Venture Oaks Way, Suite 420  
 Sacramento, CA 95833  
 Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Nancy J. Corrigan, CPA, Chair, called the meeting of the California Board of Accountancy's (CBA) Enforcement Program Oversight Committee (EPOC) to order at 9:38 a.m. on Thursday, November 21, 2019 at the CBA Office in Sacramento. Ms. Corrigan requested that the roll be called.

EPOC Members

Nancy J. Corrigan, CPA, Chair  
 Karriann Farrell Hinds, Esq.  
 Dan Jacobson, Esq.  
 Katrina L. Salazar, CPA  
 Michael M. Savoy, CPA  
 Mark J. Silverman, Esq.

November 21, 2019

9:38 a.m. – 9:54 a.m.  
 Absent  
 9:38 a.m. – 9:54 a.m.  
 9:38 a.m. – 9:54 a.m.  
 9:38 a.m. – 9:54 a.m.  
 9:38 a.m. – 9:54 a.m.

CBA Members Observing

Jose A. Campos, CPA  
 Mary M. Geong, CPA  
 Xochitl Leon  
 Luz Molina Lopez  
 Carola A. Nicholson, CPA  
 Ariel Pe  
 Deidra Robinson

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Rebecca Reed, Board Relations Analyst  
Alegra Keith, Assistant Human Resources Liaison  
Rich Andres, Information Technology Staff  
Aaron Bone, Information and Planning Officer  
Paul Fisher, CPA, Supervising Investigative CPA  
Dominic Franzella, Chief, Enforcement Division  
Christine Baker, Office Technician  
Ben Simcox, Deputy Chief, Enforcement Division  
Corey Faiello- Riordan, Enforcement Manager  
Melissa Winchell, Enforcement Manager  
Peter Renevitz, Legislation Analyst  
Wayne Wilson, Special Projects Analyst  
Roberto Mendoza, Enforcement Analyst  
Shauna Palacios, Enforcement Analyst  
Ileana Butu, Legal Counsel, Department of Consumer Affairs  
Ted Drcar, Deputy Attorney General, Department of Justice

Other Participants

Jason Fox, California Society of Certified Public Accountants  
Pilar Oñate-Quintana, The Oñate Group  
Jeff De Lyser, Peer Review Oversight Committee Chair

- I. Approve Minutes of the July 25, 2019 Enforcement Program Oversight Committee Meeting.

**It was moved by Mr. Savoy and seconded by Mr. Silverman to approve the minutes of the July 25, 2019 EPOC meeting.**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Farrell Hinds.**

**The motion passed.**

- II. Discussion and Possible Action Regarding Revisions to the Petition Form.

Ms. Palacios provided the EPOC an overview of the agenda item.

Ms. Palacios explained that the Petition Form Cover Letter has been updated with information to assist petitioners with completing the Petition Form with the most accurate information.

Ms. Palacios also stated that boxes and sections were added to the Petition Form to clearly identify petition requests and information was also provided regarding the need to write a narrative explanation.

Ms. Palacios finally noted that the *California Board of Accountancy Petition Hearings* manual was added as an informative attachment to the Petition Form.

- III. Discussion and Possible Action to Amend the Proposed Regulatory Text for Title 16, California Code of Regulations Section 98, Disciplinary Guidelines and Model Orders, and Section 99.1 Rehabilitation Criteria for Denials, Suspensions, Revocations, Restorations, Reduction of Penalty.

Mr. Franzella provided the EPOC an overview of proposed modifications to the previously adopted text associated with rehabilitation criteria. He noted that the text was under review at the Department of Consumer Affairs and the Legal Office requested some structural changes to the language.

Mr. Franzella noted a revised subsection (b) and (c) have been created to address how the CBA will evaluate certain criteria as it pertains to individuals who are applying for initial licensure.

Mr. Franzella stated that a new subsection (d) has been added to explain how the CBA will evaluate the completion of a criminal sentence when considering the suspension, revocation, and petition for reinstatement of a license, or petition of reduction of penalty.

**It was moved by Mr. Silverman and seconded by Mr. Jacobson to:**

- **Approve the proposed modifications to the regulatory text for CBA Regulations section 98, and the accompanying Disciplinary Guidelines and Model Orders, and section 99.1; and**
- **Direct staff to submit the proposed changes to the existing rulemaking file under review by the Department of Consumer Affairs and Business, Consumer Services, and Housing Agency**

**Yes: Ms. Corrigan, Mr. Jacobson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Farrell Hinds.**

**The motion passed.**

- IV. Public Comments.

None.

V. Agenda for Next Meeting.

None.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at 9:54 a.m.



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



**CBA Item XII.E.**  
 May 13-14, 2021

**DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE  
 February 4, 2021  
 ENFORCEMENT ADVISORY COMMITTEE MEETING  
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Douglas Aguilera, CPA, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC) at 9:06 a.m. on February 4, 2021. The EAC held the meeting via teleconference, consistent with the provisions of Governor Newsom’s Executive Order N-29-20 dated March 17, 2020.

Mr. Aguilera read the following into the record:

“The CBA’s mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.”

Members

Douglas Aguilera, CPA, Chair	9:01 a.m. – 9:26 a.m.
Kathy Johnson, CPA, Vice-Chair	9:01 a.m. – 9:26 a.m.
Thomas Gilbert, CPA	9:01 a.m. – 9:26 a.m.
Jackson Johnson, CPA	9:01 a.m. – 9:26 a.m.
Michael Johnson, CPA	9:01 a.m. – 9:26 a.m.
David Kral, CPA	9:01 a.m. – 9:26 a.m.
José Palma, CPA	9:01 a.m. – 9:26 a.m.
Nasi Raissian, CPA	9:01 a.m. – 9:26 a.m.
Jim Songey, CPA	9:01 a.m. – 9:26 a.m.
Chris Tegtmeyer, CPA	9:01 a.m. – 9:26 a.m.

CBA Members

Mary M. Geong, CPA



CBA Staff and Legal Counsel

Patti Bowers, Executive Officer

Ted Dracar, Deputy Attorney General, Department of Justice

Paul Fisher, Supervising Investigative CPA

Dominic Franzella, Chief, Enforcement Division

Denise Murata, Enforcement Analyst

Kari O'Connor, Enforcement Manager

I. Report of the Committee Chair (**Douglas Aguilera, CPA**).

A. Approval of the December 3, 2020 EAC Meeting Minutes.

**It was moved by Ms. Raissian and seconded by Mr. Gilbert to approve the minutes of the December 3, 2020 EAC meeting.**

**Yes: Mr. Aguilera, Mr. Gilbert, Mr. J. Johnson, Ms. K. Johnson, Mr. M. Johnson, Mr. Kral, Mr. Palma, Ms. Raissian, and Mr. Tegtmeyer.**

**No: None.**

**Abstain: Mr. Songey.**

**Absent: None.**

**The motion passed.**

II. Report of the CBA Liaison

A. Report on the January 14, 2021 California Board of Accountancy Meetings.

Ms. Geong reported that the National Association of State Boards of Accountancy (NASBA) Executive Vice President and Chief Operating Officer, Colleen Conrad, CPA, and American Institute of Certified Public Accountants' (AICPA) Vice President of Examinations, Michael A. Decker, provided a presentation regarding remote proctoring for the Uniform Certified Public Accountant Examination (CPA Exam). Remote proctoring would allow candidates to take the CPA Exam outside of a test center, if testing centers should experience another emergency closure.

Ms. Geong stated that NASBA's Director of Legislative and Governmental Affairs, John W. Johnson and AICPA's Vice President of State Regulatory and Legislative Affairs, Marta Zaniewski, provided a presentation regarding the Alliance for Responsible Professional Licensing (ARPL). ARPL protects the public by ensuring a baseline level of proven qualification and expertise, which helps protect consumers from unqualified practitioners.

Ms. Geong announced that the CBA approved the 2022 CBA meeting dates and locations.

Ms. Geong noted that the CBA will hold its next meeting via WebEx on March 25-26, 2021.

### III. Report of the Enforcement Chief (**Dominic Franzella**).

#### A. Enforcement Activity Report (EAR).

Mr. Franzella provided an overview of this item. The report covered the first five months of fiscal year (FY) 2020/21. He reported that the CBA received approximately 1,064 complaints and 1,053 cases have been closed.

Mr. Franzella stated that the CBA has referred 27 matters to the Attorney General's Office and taken disciplinary action on 16 matters in the first five months of FY 2020/21.

Mr. Franzella reported that the CBA has issued 145 citations during FY 2020/21.

#### B. Report on Accusations and Final Disciplinary Orders Effective November 1, 2020 to December 31, 2020.

Mr. Franzella reported on this agenda item. He noted that between November 1, 2020 to December 31, 2020, the CBA filed six accusations and had taken 15 disciplinary actions.

### IV. Public Comments for Items not on the Agenda.

No public comment was given.

### V. Adjournment.

Having no further business to conduct, the EAC meeting open session adjourned at approximately 9:26 a.m.

---

Douglas Aguilera, CPA, Chair  
Enforcement Advisory Committee

Prepared by: Denise Murata, Enforcement Analyst



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



**CBA Item XII.F.**  
 May 13-14, 2021

**DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE  
 February 12, 2021  
 PEER REVIEW OVERSIGHT COMMITTEE MEETING  
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Renee Graves, CPA, Peer Review Oversight Committee (PROC) Chair, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) PROC at 9:00 a.m. on February 12, 2021. The PROC held the meeting via video conference, consistent with the provisions of Governor Newsom’s Executive Order N-29-20 dated March 17, 2020. The meeting adjourned at 10:21 a.m.

Ms. Graves 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

Renee Graves, CPA, Chair  
 Sharon Selleck, CPA, Vice-Chair  
 Kevin Harper, CPA  
 Alan Lee, CPA  
 Fiona Tam, CPA  
 Jeffrey De Lyser, CPA

February 12, 2021

9:00 a.m. – 10:21 a.m.  
 9:00 a.m. – 10:21 a.m.  
 9:00 a.m. – 10:21 a.m.  
 9:00 a.m. – 10:21 a.m.  
 9:00 a.m. – 10:21 a.m.  
 9:00 a.m. – 10:21 a.m.

CBA Member

Nancy J. Corrigan, CPA, CBA President

CBA Staff

Patti Bowers, Executive Officer

Deanne Pearce, Assistant Executive Officer

Michelle Center, Licensing Chief

Sarah Benedict, License Renewal Manager

Matthew Parsons, License Renewal Coordinator

Other Participants

Vinit Shrawagi, California Society of Certified Public Accountants (CalCPA)

I. Public Comments for Items Not on the Agenda

None.

II. Report of the Committee Chair (**Renee Graves, CPA**).

A. Approval of the December 11, 2020 PROC Meeting Minutes.

**It was moved by Ms. Selleck and seconded by Mr. De Lyser to approve the minutes of the December 11, 2020 PROC meeting.**

**Yes: Ms. Graves, Ms. Selleck, Mr. De Lyser, Mr. Lee, Mr. Harper, Ms. Tam.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

III. Report of the January 14, 2021 California Board of Accountancy Meeting (**Nancy J. Corrigan, CPA, CBA President**).

President Corrigan noted that due to Governor Newsom's Executive Order regarding COVID-19, the January 14, 2021 CBA meeting was conducted via WebEx. Future CBA meetings will be held via video conference until Governor Newsom lifts the order regarding public gatherings.

President Corrigan further stated that:

- At the January 14, 2021 CBA meeting, National Association of State Boards of Accountancy's (NASBA) Executive Vice President and Chief Operating Officer,

Colleen Conrad, CPA, and the American Institute of Certified Public Accountants (AICPA) Vice President of Examinations, Michael A. Decker, provided a presentation regarding remote proctoring for the Uniform Certified Public Accountant Examination or CPA Exam. Remote proctoring would allow candidates to take the CPA Exam outside of a test center, if testing centers should experience another emergency closure. At this time, NASBA and AICPA are engaged in investigating the feasibility of remote proctoring.

- NASBA's Director of Legislative and Governmental Affairs, John W. Johnson, and AICPA's Vice President of State Regulatory and Legislative Affairs, Marta Zaniewski, provided a presentation regarding the Alliance for Responsible Professional Licensing (ARPL). ARPL protects the public by ensuring a baseline level of proven qualification and expertise, which helps protect consumers from unqualified practitioners.
- The CBA approved the 2022 CBA meeting dates and locations.

The CBA will hold its next meeting via video conference on March 25, 2021.

IV. Report on Peer Review Oversight Committee Oversight Activities Since December 11, 2020 and Future Activities (**Renee Graves, CPA**).

A. Report on the California Society of Certified Public Accountants Report Acceptance Body Meetings, the California Society of Certified Public Accountants Peer Review Committee Meeting, and the American Institute of Certified Public Accountants' Peer Review Board Open Meeting.

This was a written report only.

B. Report on the Peer Review Oversight Committee Oversight of Out-of-State Administering Entities and Revised Process (Florida and New York).

This was a written report only.

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.

This was a written report only.

D. Assignment of Future Peer Review Oversight Committee Oversight Roles, Responsibilities, Activities, and Assignments (**Matthew Parsons, Renewal and Continuing Competency Unit Coordinator**).

Ms. Graves highlighted upcoming PROC oversight activities and requested PROC members to participate and accept new assignments.

## Peer Review-Related Updates for April 2021 PROC Meeting

- AICPA and National Websites – Ms. Selleck

## Out-of-State Administering Entities

- Virginia and Washington – Mr. De Lyser and Mr. Harper

## CalCPA Report Acceptance Body Meetings

- February 23, 2021 at 2:00 p.m. – Ms. Tam
- February 25, 2021 at 2:00 p.m. – Mr. Lee

## CBA Meeting

- March 25-26, 2021– Ms. Graves

## V. Report of the Licensing Chief (**Michelle Center, Chief, Licensing Division**).

### A. Discussion and Action of the Draft 2020 Peer Review Oversight Committee Annual Report.

Ms. Center reported on this agenda item. She stated that the comments, edits, and input provided to this point by PROC members have been considered and were incorporated where necessary into the Draft 2020 Peer Review Oversight Committee Annual Report. Ms. Center said the updated report also reflects formatting changes, web accessibility compliance, the addition of the peer review report and publication review conclusion section, updated statistics provided by CalCPA, and statistical monitoring and reporting data. Additional data from AICPA will be considered and incorporated in future reports.

PROC members provided overarching input, as well as additional minor edits. Overall, the feedback was positive and Ms. Center asked PROC members to provide any further edits prior to the final presentation scheduled for the March 25, 2021 CBA Meeting.

There were no public comments.

**It was moved by Mr. Harper and seconded by Mr. De Lyser to approve the 2020 Peer Review Oversight Committee Annual Report with edits and delegated authority for the Chair to work with staff on additional changes to the Annual Report prior to its presentation at the March 2021 CBA meeting.**

**Yes: Ms. Graves, Ms. Selleck, Mr. De Lyser, Mr. Lee, Mr. Harper, Ms. Tam.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

- B. Discussion and Action on Updating the Checklists for the California Society of Certified Public Accountants Report Acceptance Body Meetings, the California Society of Certified Public Accountants Peer Review Committee Meeting, the American Institute of Certified Public Accountants' Peer Review Board Open Meeting, and Oversight of Out-of-State Administering Entities.

Ms. Center reported on this agenda item. Ms. Center stated that the purpose of this item is to provide the PROC the opportunity to review the proposed changes to the oversight activities checklists.

In 2020, oversight reports presented by PROC members to the committee transitioned from verbal to written reports. It was determined that the written reports may require further discussion at PROC meetings. In response, staff updated the oversight checklists to include a box that members may check to recommend that the report be discussed at an upcoming PROC meeting. Ms. Center stated that in order for the item to be considered for discussion, it must be submitted by the due date. The checklists were also updated to include the CBA's current letterhead, and the recent name change of NASBA's Compliance Assurance Committee to the NASBA Peer Review Oversight Committee.

PROC members discussed the purpose of the new box, and further discussed when it would be appropriate to check. Ms. Center stated that while it isn't anticipated that the box will be checked often, staff wanted to provide PROC members an additional opportunity for further discussion on select reports. Mr. Harper suggested that he would reserve additional time to review the checklists. Ms. Selleck and Mr. Lee expressed support for the updated checklists and suggested following up once the checklists have been put into practice.

There were no public comments.

**It was moved by Mr. De Lyser and seconded by Mr. Lee to approve the updated checklists.**

**Yes: Ms. Graves, Ms. Selleck, Mr. De Lyser, Mr. Lee, Mr. Harper, Ms. Tam.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**The motion passed.**

VI. Closing Business (**Renee Graves, CPA**).

A. Agenda Items for Future Peer Review Oversight Committee Meetings

Mr. Harper recommended the PROC add a future agenda item to discuss training for PROC members.

VII. Adjournment

Having no further business to conduct, the PROC meeting adjourned at approximately 10:21 a.m.

---

Renee Graves, CPA, Chair  
Peer Review Oversight Committee

Prepared by: Matthew Parsons, Renewal and Continuing Competency Unit Coordinator



# Executive Directors and Board Staff Virtual Conference



April 12-14, 2021

## Agenda

**MONDAY, APRIL 12, 2021**

*All times are central time zone*

**12:00 – 12:15 pm**

**Welcome**

**Presiding:** **Kent Absec, Executive Director**  
Idaho State Board of Accountancy

**12:15 – 12:45 pm**

**NASBA Report**

**Speakers:** **Carlos Barrera, CPA, 2020-2021 Chair**  
NASBA  
**Ken L. Bishop, President & CEO**  
NASBA

**12:45 – 1:15 pm**

**Legislative Update/Anti-Regulation & ARPL**

**Speakers:** **John Johnson Director, Legislative and Governmental Affairs**  
NASBA  
**Marta Zaniewski, Vice President, State Regulatory  
and Legislative Affairs**  
AICPA

.....  
**1:15 – 1:30 pm**

**Break**  
.....

**1:30 – 2:30 pm**

**Succession Planning for CPA Firms**

**Speakers:** **Bill Pirolli, Vice Chair**  
AICPA  
**David Nance, Deputy Director**  
North Carolina State Board of CPA Examiners  
**Jim R. Titus, Esq., Legal Counsel**  
Nebraska State Board of Public Accountancy

**2:30 – 3:15 pm**

**Investigations**

**Speaker:** **Peter DelVecchia, CPA**  
Peter DelVecchia, CPA, PLLC

.....  
**3:15 – 3:30 pm**

**Break**  
.....

## MONDAY, APRIL 12, 2021 continued

All times are central time zone

3:30 – 4:00 pm

### Disciplinary Action

Speakers: **Frank Trainor, Esq., Staff Attorney**  
North Carolina State Board of CPA Examiners

**Taylor Shahon, Investigator**  
Washington State Board of Accountancy

4:00 – 4:30 pm

### Legal Cases and Other Developments Impacting the Profession

Speaker: **Elizabeth Wolfe, Esq., Regulatory Counsel**  
NASBA

---

## TUESDAY, APRIL 13, 2021

10:00 – 11:00 am

### Digital Accessibility: A Civil Right for Disabled Test-takers and Others in the CPA Community

Speaker: **Lainey Feingold, Esq.**  
Law Office of Lainey Feingold  
Author, *Structured Negotiations: A Winning Alternative to Lawsuits*

11:00 – 11:45 am

### CPA Examination Update

Speakers: **Colleen Conrad, CPA, Executive Vice President & COO**  
NASBA

**Michael Decker, Vice President, Examinations**  
AICPA

11:45 am – 12:00 pm

### Break

12:00 – 12:45 pm

### CPA Evolution

Speakers: **Daniel J. Dustin, CPA, Vice President State Board Relations**  
NASBA

**Carl Mayes, CPA, Senior Technical Manager**  
AICPA

12:45 – 1:15 pm

### Ramifications of Waiving Requirements Due to Emergency/COVID-19

Speakers: **John Patterson, Esq., Executive Director**  
Accountancy Board of Ohio

**Jennifer Nelson, Executive Director**  
Wyoming Board of CPAs

**Russ Friedewald, Executive Director**  
Illinois Board of Examiners

1:15 – 1:45 pm

### Break

1:45 – 2:15 pm

### Cyber Security – Ransomware

Speaker: **Michael French, Special Agent**  
Federal Bureau of Investigations

## TUESDAY, APRIL 13, 2021 continued

All times are central time zone

2:15 – 2:45 pm

### Peer Review Update

**Speakers:** **Beth Thoresen, Director, Peer Review Operations**  
AICPA

**Wendy Garvin, Executive Director**  
Tennessee State Board of Accountancy

**Viki Windfeldt, Executive Director**  
Nevada State Board of Accountancy

2:45 – 3:30 pm

### Substantial Equivalency

**Speaker:** **Stephanie Saunders, CPA**  
Saunders & Saunders PC

3:30 – 4:00 pm

### Raffle

---

## WEDNESDAY, APRIL 14, 2021

10:00 am – 12:00 pm

### Q & A Session with NASBA Leadership (Closed Session)

Executive Directors only

**Presiding:** **Kent Absec, Executive Director**  
Idaho State Board of Accountancy

11:00 am – 12:00 pm

### Government by Algorithm: Artificial Intelligence in Federal Administrative Agencies

(This session is part of the 26th Annual Conference for Board of Accountancy Legal Counsel. Executive Directors and Board Staff are invited to attend.)

**Speaker:** **Professor Catherine M. Sharkey**  
Segal Family Professor of Regulatory Law and Policy  
New York University School of Law

.....  
12:00 – 1:00 pm

### Break

.....

1:00 – 2:00 pm

### Administrative Proceedings: Order Preparation and Deliberation

(This session is part of the 26th Annual Conference for Board of Accountancy Legal Counsel. Executive Directors and Board Staff are invited to attend.)

**Speaker:** **Judge Steve Darnell**  
Administrative Law Judge  
State of Tennessee, Administrative Hearings Division

# Legal Counsel Virtual Conference

April 12-14, 2021

## Agenda

**MONDAY, APRIL 12, 2021**

*All times are central time zone*

**12:00 – 12:15 pm**      **Welcome**      **(All of Monday will be Joint Sessions using the ED link)**  
**Presiding:**      **Kent Absec, Executive Director**  
Idaho State Board of Accountancy

**12:15 – 12:45 pm**      **NASBA Report**  
**Speakers:**      **Carlos Barrera, CPA, 2020-2021 Chair**  
NASBA  
**Ken L. Bishop, President & CEO**  
NASBA

**12:45 – 1:15 pm**      **Legislative Update/Anti-Regulation & ARPL**  
**Speakers:**      **John Johnson Director, Legislative and Governmental Affairs**  
NASBA  
**Marta Zaniewski, Vice President, State Regulatory and**  
**Legislative Affairs**  
AICPA

.....  
**1:15 – 1:30 pm**      **Break**  
.....

**1:30 – 2:30 pm**      **Succession Planning for CPA Firms**  
**Speakers:**      **Bill Pirolli, Vice Chair**  
AICPA  
**David Nance, Deputy Director**  
North Carolina State Board of CPA Examiners  
**Jim R. Titus, Esq., Legal Counsel**  
Nebraska State Board of Public Accountancy

**2:30 – 3:15 pm**      **Investigations**  
**Speaker:**      **Peter DelVecchia, CPA**  
Peter DelVecchia, CPA, PLLC

.....  
**3:15 – 3:30 pm**      **Break**  
.....

## MONDAY, APRIL 12, 2021 continued

All times are central time zone

3:30 – 4:00 pm

### Disciplinary Action

**Speakers:** **Frank Trainor, Esq., Staff Attorney**  
North Carolina State Board of CPA Examiners  
**Taylor Shahon, Investigator**  
Washington State Board of Accountancy

4:00 – 4:30 pm

### Legal Cases and Other Developments Impacting the Profession

**Speaker:** **Elizabeth Wolfe, Esq., Regulatory Counsel**  
NASBA

---

## TUESDAY, APRIL 13, 2021

10:00 – 11:00 am

### Digital Accessibility: A Civil Right for Disabled Test-takers and Others in the CPA Community (Will begin using ED Link for Joint Sessions)

**Speaker:** **Lainey Feingold, Esq.**  
Law Office of Lainey Feingold  
Author, *Structured Negotiations: A Winning Alternative to Lawsuits*

11:00 – 11:45 am

### CPA Examination Update (Joint Session ED Link)

**Speakers:** **Colleen Conrad, CPA, Executive Vice President & COO**  
NASBA  
**Michael Decker, Vice President, Examinations**  
AICPA

.....  
11:45 am – 12:00 pm

### Break

.....

12:00 – 12:45 pm

### CPA Evolution (Joint Session ED Link)

**Speakers:** **Daniel J. Dustin, CPA, Vice President, State Board Relations**  
NASBA  
**Carl Mayes, Senior Technical Manager**  
AICPA

12:45 – 1:15 pm

### Ramifications of Waiving Requirements Due to Emergency/COVID-19 (Joint Session ED Link)

**Speakers:** **John Patterson, Esq., Executive Director**  
Accountancy Board of Ohio  
**Jennifer Nelson, Executive Director**  
Wyoming Board of CPAs  
**Russ Friedewald, Executive Director**  
Illinois Board of Examiners

.....  
1:15 – 1:45 pm

### Break

.....

1:45 – 2:45 pm

### IRS Office of Professional Responsibility Session (Ethics)

(Begin Legal Link)  
**Speaker:** **Sharyn M. Fisk, Director, Office of Professional Responsibility**  
Internal Revenue Service

## TUESDAY, APRIL 13, 2021 continued

All times are central time zone

2:45 – 3:45 pm

**Lawyer Well-Being Session** (Legal Link)

**Speaker:** **Bree Buchanan, Esq., Senior Advisor**  
Krill Strategies, LLC

3:45 – 5:00 pm

**Roll Call** (Legal Only)

**Moderators:** **Elizabeth Wolfe, Esq., Regulatory Counsel**  
NASBA

**Maria L. Caldwell, Esq., Chief Legal Officer and  
Director, Compliance Services**  
NASBA

---

## WEDNESDAY, APRIL 14, 2021

10:00 – 11:00 am

**Roll Call** (Legal Only - Legal Link)

**Moderators:** **Elizabeth Wolfe, Esq., Regulatory Counsel**  
NASBA

**Maria Caldwell, Esq., Chief Legal Officer and  
Director, Compliance Services**  
NASBA

11:00 am – 12:00 pm

**Government by Algorithm: Artificial Intelligence in Federal Administrative Agencies** (Executive Directors and Board Staff are invited to attend this Legal Conference session.)

**Speaker:** **Professor Catherine M. Sharkey**  
Segal Family Professor of Regulatory Law and Policy  
New York University School of Law

.....  
12:00 – 12:30 pm

.....  
**Break**  
.....

12:30 – 1:00 pm

**Roll Call** (Legal Only - Legal Link)

**Moderators:** **Elizabeth Wolfe, Esq., Regulatory Counsel**  
NASBA

**Maria Caldwell, Esq., Chief Legal Officer and  
Director, Compliance Services**  
NASBA

1:00 – 2:00 pm

**Administrative Proceedings: Order Preparation and Deliberation**

(Executive Directors and Board Staff are invited to attend this Legal Conference session.)

**Speaker:** **Judge Steve Darnell, Administrative Law Judge**  
State of Tennessee, Administrative Hearings Division

.....  
2:00 – 2:15 pm

.....  
**Break**  
.....

2:15 – 3:30 pm

**Roll Call/Q&A/Wrap Up/Adjourn** (Legal Counsel only)

**Moderators:** **Elizabeth Wolfe, Esq., Regulatory Counsel**  
NASBA

**Maria L. Caldwell, Esq., Chief Legal Officer and  
Director, Compliance Services**  
NASBA



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



**LC Item III.**  
**CBA Item XIV.A.2.**  
 May 13-14, 2021

## California Board of Accountancy 2021 Legislative Tracking Chart

Bill #	Author	Topic	Version	CBA Position	Location/Status (As of April 21, 2021)
AB 29	Cooper	State Bodies: Meetings	12/07/20	Watch	Assembly Appropriations Committee
AB 107	Salas	Licensure: Veterans and Military Spouses	4/20/21	Support	Assembly Military and Veterans Affairs Committee
AB 225	Gray	Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses	4/20/21	Support, if Amend	Assembly Military and Veterans Affairs Committee
AB 298	Irwin	Accountancy: California Board of Accountancy	3/30/21	Sponsor	Assembly Floor
AB 646	Low	Department of Consumer Affairs: Boards: Expunged Convictions	4/14/21	Watch	Assembly Appropriations Committee
AB 1026	Smith	Business Licenses: Veterans	2/18/21	Support	Assembly Appropriations Committee
AB 1386	Cunningham	License Fees: Military Partners and Spouses	2/19/21	Support	Assembly Business and Professions Committee
SB 772	Ochoa Bogh	Professions and Vocations: Citations: Minor Violations.	2/19/2021	Watch	Senate Business, Professions and Economic Development Committee

**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
AB 29**

---

<b>Subject:</b>	State Bodies: Meetings.	<b>CBA Position:</b>	Support
<b>Version:</b>	December 7, 2020	<b>Author:</b>	Cooper
<b>Status:</b>	Assembly Appropriations Committee	<b>Sponsor:</b>	Author

---

### **Summary**

Assembly Bill (AB) 29 (**Attachment 1**) would require that any public meeting notice issued pursuant to the Bagley-Keene Open Meeting Act (Bagley-Keene) must also include all writings or materials in connection with a matter subject to discussion or consideration at that meeting. The bill prohibits a state body from distributing or discussing materials that do not comply with this requirement.

### **Recommendation**

**Maintain Watch Position.** Staff recommend the California Board of Accountancy (CBA) maintain its Watch position on this bill. The bill has not been amended since the March CBA meeting.

Following the March CBA meeting, CBA staff have been in discussions with the author's staff regarding a possible exception to the 72-hour deadline as it would pertain to legislative materials. Language has been proposed for the author's consideration.

### **Background**

#### **Bagley-Keene**

The Bagley-Keene was created on the premise that public agencies exist to aid in the conduct of the people's business and that the proceedings of public agencies should be conducted openly so that the public may remain informed. Therefore, the concepts of transparency in decision making and public access to information are given priority.

Whenever a state body meets, the Bagley-Keene requires those bodies to take certain actions prior to, during, and after a meeting, including:

- Issue a public notice at least 10 days in advance
- Prepare formal agendas
- Conduct meetings in public
- Accept public testimony
- Record the meeting
- Publish meeting minutes



### Existing Notice Requirements

Presently, the Bagley-Keene requires a state body to publish a public meeting notice on its website, and to any person who requests it in writing, at least 10 days prior to that meeting. The notice shall include, among other items, a specific agenda for the meeting and a brief description of the items of business to be transacted or discussed in either open or closed session.

### **Analysis**

According to the fact sheet (**Attachment 2**), the author's office states that:

The bill will ensure the public has access to all information associated with an agenda item prior to a meeting of a state agency, board or commission. Additionally, the measure ensures the public has sufficient time to review all documents and materials prior to the meeting in order to provide substantive, efficient, and informed comments.

### Provisions of the Bill

AB 29 would provide that the notice for a meeting of a state body issued pursuant to the Bagley-Keene must include all writings or materials provided for the noticed meeting to a member of the state body by the staff of a state agency, board, or commission, or another member of the state body that are in connection with a matter subject to discussion or consideration at the meeting.

These writings or materials are to be made available on the state body's internet website, and to any person who requests the writings or materials in writing, on the same day as the dissemination of the writings and materials to members of the state body or at least 72 hours in advance of the meeting, whichever is earlier.

A state body may not distribute or discuss writings or materials, or take action on an item to which those writings or materials pertain, at a meeting of the state body unless the state body has complied with this requirement.

### Impacts to California Board of Accountancy (CBA) and Consumers

Under this bill, the CBA loses the ability to include new materials or edit materials already distributed following the 72-hour deadline. This could result in the CBA not receiving timely written information, staff may have to verbally detail and read any updated information during the presentation, or items may have to be deferred to a future meeting. This could hinder the CBA's ability to make decisions on key issues that impact its consumer protection mission.

Particularly for complex and detailed items, the lack of having written materials at a meeting could inhibit the CBA's ability to make an informed decision, impacting the public's understanding of that item.

For example, CBA analyses of legislation are often subject to last-minute changes to accommodate amendments or new information unavailable prior to the 72-hour public

agenda notice deadline. This bill could prevent staff from effectively analyzing and informing the CBA and the public of the late amendments or other relevant information.

Although the provisions could impact CBA discussions, the ultimate goal is transparency, which is the focus of the Bagley-Keene.

### **Fiscal Estimate**

The bill places limitations on the timing of material distribution; however, it does not require an additional work load on CBA staff. The existing personnel and infrastructure exists to comply with this bill should it become enacted. Any costs to CBA should be absorbable within existing resources.

### **Support/Opposition**

Support: California Association of Realtors  
California Municipal Utilities Association  
California Senior Legislature  
California Sportsman's Lobby, INC.bv  
California Taxpayers Association (CALTAX)  
Health Access California  
Oakland Privacy  
Outdoor Sportsmen's Coalition of California  
Safari Club International - California Chapters.

Opposition: None.

### **Effective/Operative Date**

January 1, 2022.

### **Related Bills**

- AB 2028 (Aguiar-Curry), 2019-2020 Legislative Session. Would have required that the meeting notice must also include all writings or materials in connection with a matter subject to discussion or consideration at that meeting. The bill prohibits a state body from distributing or discussing materials that do not comply with this requirement.

### **Attachments**

1. AB 29
2. AB 29 Fact sheet

**ASSEMBLY BILL****No. 29**

---

---

**Introduced by Assembly Member Cooper  
(Coauthor: Assembly Member Blanca Rubio)**

December 7, 2020

---

---

An act to amend Section 11125 of the Government Code, relating to public meetings.

## LEGISLATIVE COUNSEL'S DIGEST

AB 29, as introduced, Cooper. State bodies: meetings.

Existing law, the Bagley-Keene Open Meeting Act, requires that all meetings of a state body, as defined, be open and public, and that all persons be permitted to attend any meeting of a state body, except as otherwise provided in that act. Existing law requires the state body to provide notice of its meeting, including specified information and a specific agenda of the meeting, as provided, to any person who requests that notice in writing and to make that notice available on the internet at least 10 days in advance of the meeting.

This bill would require that notice to include all writings or materials provided for the noticed meeting to a member of the state body by the staff of a state agency, board, or commission, or another member of the state body that are in connection with a matter subject to discussion or consideration at the meeting. The bill would require those writings or materials to be made available on the state body's internet website, and to any person who requests the writings or materials in writing, on the same day as the dissemination of the writings and materials to members of the state body or at least 72 hours in advance of the meeting, whichever is earlier. The bill would prohibit a state body from discussing those writings or materials, or from taking action on an item to which

those writings or materials pertain, at a meeting of the state body unless the state body has complied with these provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 11125 of the Government Code is  
2 amended to read:

3 11125. (a) The state body shall provide notice of its meeting  
4 to any person who requests that notice in writing. Notice shall be  
5 given and also made available on the ~~Internet~~ *state body's internet*  
6 *website* at least 10 days in advance of the ~~meeting~~, *meeting* and  
7 shall include the name, address, and telephone number of any  
8 person who can provide further information ~~prior to~~ *before* the  
9 ~~meeting~~, *meeting* but need not include a list of witnesses expected  
10 to appear at the meeting. The written notice shall additionally  
11 include the address of the ~~Internet site~~ *internet website* where  
12 notices required by this article are made available.

13 (b) The notice of a meeting of a body that is a state body shall  
14 include a specific agenda for the meeting, containing a brief  
15 description of the items of business to be transacted or discussed  
16 in either open or closed session. A brief general description of an  
17 item generally need not exceed 20 words. A description of an item  
18 to be transacted or discussed in closed session shall include a  
19 citation of the specific statutory authority under which a closed  
20 session is being held. No item shall be added to the agenda  
21 subsequent to the provision of this notice, unless otherwise  
22 permitted by this article.

23 (c) (1) *A notice provided pursuant to subdivision (a) shall*  
24 *include all writings or materials provided for the noticed meeting*  
25 *to a member of the state body by the staff of a state agency, board,*  
26 *or commission, or another member of the state body that are in*  
27 *connection with a matter subject to discussion or consideration*  
28 *at the meeting.*

29 (2) *The writings or materials described in paragraph (1) shall*  
30 *be made available on the state body's internet website, and to any*  
31 *person who requests the writings or materials in writing, on the*  
32 *same day as the dissemination of the writings and materials to*

1 *members of the state body or at least 72 hours in advance of the*  
2 *meeting, whichever is earlier.*

3 *(3) A state body may not distribute or discuss writings or*  
4 *materials described in paragraph (1), or take action on an item*  
5 *to which those writings or materials pertain, at a meeting of the*  
6 *state body unless the state body has complied with this subdivision.*

7 ~~(e)~~

8 *(d) Notice of a meeting of a state body that complies with this*  
9 *section shall also constitute notice of a meeting of an advisory*  
10 *body of that state body, provided that the business to be discussed*  
11 *by the advisory body is covered by the notice of the meeting of*  
12 *the state body, provided that the specific time and place of the*  
13 *advisory body's meeting is announced during the open and public*  
14 *state body's meeting, and provided that the advisory body's*  
15 *meeting is conducted within a reasonable time of, and nearby, the*  
16 *meeting of the state body.*

17 ~~(d)~~

18 *(e) A person may request, and shall be provided, notice pursuant*  
19 *to subdivision (a) for all meetings of a state body or for a specific*  
20 *meeting or meetings. In addition, at the state body's discretion, a*  
21 *person may request, and may be provided, notice of only those*  
22 *meetings of a state body at which a particular subject or subjects*  
23 *specified in the request will be discussed.*

24 ~~(e)~~

25 *(f) A request for notice of more than one meeting of a state body*  
26 *shall be subject to the provisions of Section 14911.*

27 ~~(f)~~

28 *(g) The notice shall be made available in appropriate alternative*  
29 *formats, as required by Section 202 of the Americans with*  
30 *Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal*  
31 *rules and regulations adopted in implementation thereof, upon*  
32 *request by any person with a disability. The notice shall include*  
33 *information regarding how, to whom, and by when a request for*  
34 *any disability-related modification or accommodation, including*  
35 *auxiliary aids or services may be made by a person with a disability*  
36 *who requires these aids or services in order to participate in the*  
37 *public meeting.*

# Assembly Bill 29

## State Bodies: Increasing Public Access

### Assemblymember Jim Cooper

#### SUMMARY

---

AB 29 will ensure the public has adequate access and sufficient time to review all documents, information and agendas prior to the meeting of a state agency, board or commission. Specifically, the bill requires all *materials* and *writings* associated with an agenda item to be publicly available at least 72 hours prior to any meeting.

large amounts of information which are not always available in advance of a meeting. As a result, public participation can suffer and lead to important decisions being made lacking sufficient public input and transparency.

AB 29 expands Bagley-Keene open meeting requirements to apply to agenda *writings* and *materials* and provides state entities the same timeframe provided to the Legislature by Proposition 54 - 72 hours.

#### BACKGROUND

---

In 2016 California voters overwhelmingly passed Proposition 54, the California Legislature Transparency Act, which established the 72-hour in print rule; requiring all bills in the California Legislature to be in print 72-hours before final passage by the body.

The bill will ensure the public has access to all information associated with an agenda item prior to a meeting of a state agency, board or commission. Additionally, the measure ensures the public has sufficient time to review all documents and materials prior to the meeting in order to provide substantive, efficient, and informed comments.

The impetus behind Proposition 54 was to increase government transparency and provide the public with adequate time to review, analyze and voice their opinions on legislative proposals prior to receiving a final vote.

Increasing the public's access to information in a timely manner will result in both greater public participation and transparency of all state decision making bodies.

Currently, under the Bagley-Keene Open Meeting Act (Bagley-Keene), a state body must disclose their agenda ten days prior to holding a meeting. Additionally the state body must make the agenda available on the internet ten days prior to the meeting.

#### STATUS

---

Assembly Governmental Organization  
Committee

#### CONTACT

---

Roy Siañez  
Legislative Director  
roy.sianez@asm.ca.gov  
Phone: (916) 319-2009

While agendas are required to be produced and posted on the internet ten days in advance, the disclosure requirement does not extend to *writings* and *materials* associated with agenda items. Agenda items can range simple to complex and sometimes contain

**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
AB 107**

---

<b>Subject:</b>	Licensure: Veterans and Military Spouses.	<b>CBA Position:</b>	Support
<b>Version:</b>	April 20, 2021	<b>Author:</b>	Salas
<b>Status:</b>	Assembly Business and Professions Committee	<b>Sponsor:</b>	Author

---

### Summary

Assembly Bill (AB) 107 (**Attachment 1**) requires a board within the Department of Consumer Affairs (DCA) to, after appropriate investigation, issue a temporary license to practice a profession or vocation to an applicant who meets the following requirements:

1. Is married to, or in a domestic partnership or other legal union with, an active duty member of the United States (U.S.) Armed Forces assigned to a duty station in California
2. Has a current, active, and unrestricted license to practice their profession in another state or U.S. jurisdiction
3. Submits a signed affidavit attesting to the fact that they meet all requirements for a temporary license and that all information submitted in the application is accurate. It shall also include written verification from the applicant's original licensing jurisdiction stating that the applicant's license is in good standing
4. Has not committed an act, in any jurisdiction, that would have constituted grounds for denial, suspension, or revocation of the license issued by the board
5. Has not been disciplined by a licensing entity in another jurisdiction and shall not be the subject of an unresolved complaint, review procedure, or disciplinary proceeding conducted by a licensing entity in another jurisdiction
6. The applicant shall furnish fingerprints for the purposes of conducting a criminal background check

The bill requires boards to issue a temporary license pursuant to this section within 30 days following receipt of the specified documentation, if the results of the criminal background check do not show grounds for denial.

The temporary licensure provisions of this bill shall not apply to a board that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces is able to:

- Receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year, or

- Is able to receive an expedited license by endorsement with no additional requirements.

It requires DCA, the Commission on Teacher Credentialing, the Department of Real Estate, and the State Department of Public Health to compile information on military, veteran, and spouse licensure into an annual report for the Legislature.

## **Recommendation**

**Maintain Support Position.** Staff recommend the California Board of Accountancy (CBA) maintain its Support position on this bill. The bill has not been amended in a manner that would impact the CBA.

## **Background**

Business and Professions Code (BPC) section 5087 authorizes the CBA, as specified, to issue a certified public accountant (CPA) license to applicants who hold a current, active, and unrestricted CPA license issued by another jurisdiction.

Pursuant to CBA Regulations section 36.1, which implements BPC section 5087, applicants licensed in another U.S. jurisdiction will be considered to have met the education, examination, and experience requirements to be issued a California CPA license if they have practiced as a licensed CPA in another state for four of the 10 years preceding the application date.

Those applicants may be considered to have met the attest experience requirement if they show satisfactory evidence they have been authorized to provide attest services and was practicing in another state during the same timeframe.

Under BPC sections 5096 to 5096.22, the CBA's mobility program allows qualified out-of-state CPAs to practice public accountancy in California without obtaining a California CPA license. Pursuant to BPC section 5088, if CPAs otherwise qualify to practice in this state pursuant to that program, but their principal place of business is in California, the CBA allows them to continue to practice if they submit an application for a CBA license.

### **Expedited Licensure for Military Spouses**

Currently, under BPC section 115.5, all DCA boards shall expedite the licensure process for an applicant who:

- Supplies evidence satisfactory that the applicant is married to, or in a legal union with, an active duty member of the U.S. Armed Forces who is assigned to a duty station under orders; and
- Holds a current license in another state or jurisdiction in the profession or vocation for which he or she seeks a license from the board.

BPC section 115.6 currently requires nine DCA boards to issue temporary licenses to qualified applicants and permits boards to adopt regulations to implement this requirement.



## **Analysis**

### Temporary Licensure Expansion

AB 107 would expand provisions regarding the issuance of temporary licenses by specified boards within the Department of Consumer Affairs (DCA) to all boards.

The bill specifies that:

- Boards shall issue a temporary license within 30 days following receipt of the required documentation from an applicant, if results of a criminal background check do not show grounds for denial.
- Temporary licenses shall expire 12 months after issuance, upon issuance of a standard license, upon issuance of a license by endorsement, or upon issuance of an expedited license.
- Boards, if necessary, would be required to submit to DCA for approval draft regulations to administer the temporary license provisions by June 15, 2022.

### Impact to the California Board of Accountancy

The bill's provisions would not apply to a board, such as CBA, that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year.

### Reporting

DCA, along with three other state agencies, would be required to compile information on military, veteran, and spouse licensure into an annual report for the Legislature, including the following information:

- number of applications
- licenses issued and denied
  - reason for any denials
- licenses suspended or revoked
- applications for waived renewal fees received
- fee waivers issued
- average length of time between application and license issuance

## **Fiscal Estimate**

There are no known costs at this time.

## **Support/Opposition**

Support: California Board of Accountancy (**Attachment 2**)  
California Association for Health Services At Home  
San Diego Military Advisory Council  
United States Department of Defense

Opposition: None.

## **Effective/Operative Date**

January 1, 2022.

## **Related Bills**

- AB 225 (Muratsuchi) of 2021. Would expand the eligibility for a temporary license under certain boards to individuals who are: 1) a veteran of the Armed Forces of the United States who within six months separated under an other-than-dishonorable discharge; 2) an active duty member of the Armed Forces of the United States with official orders to separate within 90 days with an other-than-dishonorable discharge; and 3) has a current, active, and unrestricted license to practice their profession in another jurisdiction. (CBA Position: Support, if Amended)
- SB 607 (Roth) of 2021. This bill would, in part, require all boards within DCA to waive all fees charged by the board associated with the application and initial license for applicants who are married to, in a domestic partnership or other legal union with an active duty member of the United States Armed Forces assigned to a duty station in California, and who holds a current license in another United States jurisdiction for which the applicant seeks a license from the board.
- AB 2045 (Salas) of 2020. Would have added the CBA and three other boards within DCA to a list of boards required to issue a 12-month, temporary license to qualified applicants within 30 days. The bill would have exempted boards with a process for out-of-state licensed applicants in good standing, who are married to or in a legal union with an active duty member of the U.S. Armed Forces to receive expedited, temporary authorization to practice while meeting state-specific standards for a least one year.

## **Attachments**

1. AB 107
2. California Board of Accountancy Support Position Letter
3. AB 107 Fact Sheet

AMENDED IN ASSEMBLY APRIL 20, 2021  
AMENDED IN ASSEMBLY MARCH 24, 2021  
AMENDED IN ASSEMBLY FEBRUARY 25, 2021  
CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL**

**No. 107**

---

---

**Introduced by Assembly Member Salas**

December 16, 2020

---

---

An act to amend Sections 115.6 and 5132 ~~of of~~, and to add Section 115.8 to, the Business and Professions Code, and to add Section 95 to the Military and Veterans Code, relating to licensure, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 107, as amended, Salas. Licensure: veterans and military spouses.  
(1) ~~Under~~

*Under* existing law, the Department of Consumer Affairs (department), under the control of the Director of Consumer Affairs, is comprised of various boards that license and regulate various professions and vocations. Existing law requires an applicant seeking a license from a board within the department to meet specified requirements and to pay certain licensing fees. Existing law requires a board within the department to issue, after appropriate investigation, certain types of temporary licenses to an applicant if the applicant meets specified requirements, including that the applicant supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders and the applicant submits an

application to the board that includes a signed affidavit attesting to the fact that the applicant meets all of the requirements for a temporary license and that the information submitted in the application is accurate, to the best of the applicant's knowledge. Under existing law, some of the funds within the jurisdiction of a board consist of revenue from fees that are continuously appropriated. Existing law authorizes a board to adopt regulations necessary to administer these provisions.

This bill would expand the requirement to issue temporary licenses to practice a profession or vocation to include licenses issued by any board within the department, except as provided. The bill would require a board to issue a temporary license within 30 days of receiving the required documentation if the results of a criminal background check do not show grounds for denial. The bill would specifically direct revenues from fees for temporary licenses issued by the California Board of Accountancy to be credited to the Accountancy Fund, a continuously appropriated fund. The bill would require, if necessary to implement the bill's provisions, a board to submit to the department for approval draft regulations necessary to administer these provisions by June 15, 2022. The bill would exempt from these provisions a board that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one ~~year~~ *year or is able to receive an expedited license by endorsement with no additional requirements superseding those for a temporary license, as described above.* The bill would make conforming changes. By expanding the scope of the crime of perjury, the bill would impose a state-mandated local program. The bill's expansion of the requirement to issue temporary licenses would result in revenues from fees for certain licenses being deposited into continuously appropriated funds. By establishing a new source of revenue for those continuously appropriated funds, the bill would make an appropriation.

~~(2) Existing law requires the Department of Veterans Affairs to develop a transition assistance program for veterans who have been discharged from the Armed Forces of the United States designed to assist them in successfully transitioning from military to civilian life in California. Existing law requires the program to include, among other topics, higher education benefits, vocational training assistance, small business resources and information, and housing information. Existing~~

~~law establishes the Department of Consumer Affairs in the Business, Consumer Services, and Housing Agency to, among other things, ensure that certain businesses and professions that have potential impact upon the public health, safety, and welfare are adequately regulated. Existing law establishes the Commission on Teacher Credentialing to establish professional standards, assessments, and examinations for entry and advancement in the education profession. Existing law makes it unlawful for a person to engage in the business of, act in the capacity of, advertise as, or assume to act as a real estate broker or real estate salesperson without first obtaining a real estate license from the Department of Real Estate. Under existing law, the State Department of Public Health is responsible for issuing licenses for the operation of health facilities, clinics, and other facilities, as specified.~~

*Existing law provides that these temporary licenses shall expire 12 months after issuance, upon issuance of an expedited license, or upon denial of the application for expedited licensure by the board, whichever occurs first.*

*This bill would instead provide that these temporary licenses shall expire 12 months after issuance, upon issuance of a standard license, upon issuance of a license by endorsement, or upon issuance of an expedited license, whichever occurs first.*

~~This bill would require the Department of Consumer Affairs, the Commission on Teacher Credentialing, the Department of Real Estate, and the State Department of Public Health to each place a prominently displayed military licensure icon or hyperlink on the home page of its internet website that is linked to information about each occupational board or program for licensure or certification that it administers along with additional information relating to the professional licensure of veterans, service members, and their spouses, as specified. The bill requires the Department of Veterans Affairs to have a prominently displayed military licensure icon or hyperlink at an appropriate location on its internet website that links to those websites. The bill would *also* require an annual report to the Legislature containing specified information relating to the professional licensure of veterans, service members, and their spouses.~~

~~(3) The~~

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. The Legislature finds and declares the following:~~  
2     ~~(a) If active duty military personnel, veterans, service members~~  
3     ~~separating from military service, and their spouses are able to~~  
4     ~~maintain careers through frequent moves and key transitions, they~~  
5     ~~are able to help support their families while providing critical~~  
6     ~~services to their communities. Yet, if a military spouse is~~  
7     ~~transferred to California, or a service member leaves the Armed~~  
8     ~~Forces of the United States and returns to or remains in California,~~  
9     ~~these professionals may face difficulty transporting their~~  
10    ~~professional licenses obtained in another state.~~  
11    ~~(b) The process for transferring licenses for professional careers~~  
12    ~~can be long, burdensome, redundant, and expensive and can prevent~~  
13    ~~some military spouses, veterans, and separating service members~~  
14    ~~from obtaining employment in their field.~~  
15    ~~(c) Removing barriers to license transfers for spouses of active~~  
16    ~~duty service members, separating service members, and veterans~~  
17    ~~would ease the burden of relocation and transition and provide~~  
18    ~~vital stability to military families and the communities they serve.~~  
19    ~~(d) Prioritizing military spouses as part of state economic~~  
20    ~~recovery efforts must be viewed proactively in a way that~~  
21    ~~recognizes their preexisting challenge of substantially higher~~  
22    ~~unemployment and underemployment than their civilian~~  
23    ~~counterparts and with broader goals, such as bridging gender gaps~~  
24    ~~in wage earning, reducing military and veteran financial insecurity,~~  
25    ~~ensuring successful transitions into veteran life, and fostering~~  
26    ~~successful community participation and sense of belonging.~~  
27    ~~SEC. 2.~~  
28    ~~SECTION 1. Section 115.6 of the Business and Professions~~  
29    ~~Code is amended to read:~~  
30    ~~115.6. (a) (1) Except as provided in subdivision (i), a board~~  
31    ~~within the department shall, after appropriate investigation, issue~~  
32    ~~a temporary license to practice a profession or vocation to an~~  
33    ~~applicant who meets the requirements set forth in subdivision (c).~~

1 (2) Revenues from fees for temporary licenses issued by the  
2 California Board of Accountancy shall be credited to the  
3 Accountancy Fund in accordance with Section 5132.

4 (b) The board may conduct an investigation of an applicant for  
5 purposes of denying or revoking a temporary license issued  
6 pursuant to this section. This investigation may include a criminal  
7 background check.

8 (c) An applicant seeking a temporary license pursuant to this  
9 section shall meet the following requirements:

10 (1) The applicant shall supply evidence satisfactory to the board  
11 that the applicant is married to, or in a domestic partnership or  
12 other legal union with, an active duty member of the Armed Forces  
13 of the United States who is assigned to a duty station in this state  
14 under official active duty military orders.

15 (2) The applicant shall hold a current, active, and unrestricted  
16 license that confers upon the applicant the authority to practice,  
17 in another state, district, or territory of the United States, the  
18 profession or vocation for which the applicant seeks a temporary  
19 license from the board.

20 (3) The applicant shall submit an application to the board that  
21 shall include a signed affidavit attesting to the fact that the  
22 applicant meets all of the requirements for the temporary license,  
23 and that the information submitted in the application is accurate,  
24 to the best of the applicant's knowledge. The application shall also  
25 include written verification from the applicant's original licensing  
26 jurisdiction stating that the applicant's license is in good standing  
27 in that jurisdiction.

28 (4) The applicant shall not have committed an act in any  
29 jurisdiction that would have constituted grounds for denial,  
30 suspension, or revocation of the license under this code at the time  
31 the act was committed. A violation of this paragraph may be  
32 grounds for the denial or revocation of a temporary license issued  
33 by the board.

34 (5) The applicant shall not have been disciplined by a licensing  
35 entity in another jurisdiction and shall not be the subject of an  
36 unresolved complaint, review procedure, or disciplinary proceeding  
37 conducted by a licensing entity in another jurisdiction.

38 (6) The applicant shall, upon request by a board, furnish a full  
39 set of fingerprints for purposes of conducting a criminal  
40 background check.

1 (d) A board shall issue a temporary license pursuant to this  
2 section within 30 days following receipt of the documentation  
3 specified in subdivision (c) if the results of the criminal background  
4 check do not show grounds for denial.

5 (e) A temporary license issued pursuant to this section may be  
6 immediately terminated upon a finding that the temporary  
7 licenseholder failed to meet any of the requirements described in  
8 subdivision (c) or provided substantively inaccurate information  
9 that would affect the person's eligibility for temporary licensure.  
10 Upon termination of the temporary license, the board shall issue  
11 a notice of termination that shall require the temporary  
12 licenseholder to immediately cease the practice of the licensed  
13 profession upon receipt.

14 (f) An applicant seeking a temporary license as a civil engineer,  
15 geotechnical engineer, structural engineer, land surveyor,  
16 professional geologist, professional geophysicist, certified  
17 engineering geologist, or certified hydrogeologist pursuant to this  
18 section shall successfully pass the appropriate California-specific  
19 examination or examinations required for licensure in those  
20 respective professions by the Board for Professional Engineers,  
21 Land Surveyors, and Geologists.

22 (g) A temporary license issued pursuant to this section shall  
23 expire 12 months after issuance, upon issuance of *a standard*  
24 *license, upon issuance of a license by endorsement, or upon*  
25 *issuance of an expedited license pursuant to Section 115.5, a license*  
26 ~~by endorsement, or upon denial of the application for expedited~~  
27 ~~licensure by the board,~~ whichever occurs first.

28 (h) A board shall submit to the department for approval, if  
29 necessary to implement this section, draft regulations necessary  
30 to administer this section by June 15, 2022. These regulations shall  
31 be adopted pursuant to the Administrative Procedure Act (Chapter  
32 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
33 Title 2 of the Government Code).

34 (i) (A) This section shall not apply to a board that has a process  
35 in place by which an out-of-state licensed applicant in good  
36 standing who is married to, or in a domestic partnership or other  
37 legal union with, an active duty member of the Armed Forces of  
38 the United States is able to receive expedited, temporary  
39 authorization to practice while meeting state-specific requirements  
40 for a period of at least one ~~year.~~ *year or is able to receive an*



1 *expedited license by endorsement with no additional requirements*  
2 *superseding those described in subdivision (c).*

3 (B) This section shall apply only to the extent that it does not  
4 amend an initiative or violate constitutional requirements.

5 SEC. 2. *Section 115.8 is added to the Business and Professions*  
6 *Code, to read:*

7 *115.8. The Department of Consumer Affairs, the Commission*  
8 *on Teacher Credentialing, the Department of Real Estate, and the*  
9 *State Department of Public Health shall compile information on*  
10 *military, veteran, and spouse licensure into an annual report for*  
11 *the Legislature, which shall be submitted in conformance with*  
12 *Section 9795 of the Government Code. The report shall include*  
13 *all of the following:*

14 (a) *The number of applications for a temporary license*  
15 *submitted by active duty service members, veterans, or military*  
16 *spouses per calendar year, pursuant to Section 115.6.*

17 (b) *The number of applications for expedited licenses submitted*  
18 *by veterans and active duty spouses pursuant to Sections 115.4*  
19 *and 115.5.*

20 (c) *The number of licenses issued and denied per calendar year*  
21 *pursuant to Sections 115.4, 115.5, and 115.6.*

22 (d) *The number of licenses issued pursuant to Section 115.6*  
23 *that were suspended or revoked per calendar year.*

24 (e) *The number of applications for waived renewal fees received*  
25 *and granted pursuant to Section 114.3 per calendar year.*

26 (f) *The average length of time between application and issuance*  
27 *of licenses pursuant to Sections 115.4, 115.5, and 115.6 per board*  
28 *and occupation.*

29 SEC. 3. *Section 5132 of the Business and Professions Code is*  
30 *amended to read:*

31 5132. (a) *All moneys received by the board under this chapter*  
32 *from any source and for any purpose and from a temporary license*  
33 *issued under Section 115.6 shall be accounted for and reported*  
34 *monthly by the board to the Controller and at the same time the*  
35 *moneys shall be remitted to the State Treasury to the credit of the*  
36 *Accountancy Fund.*

37 (b) *The secretary-treasurer of the board shall, from time to time,*  
38 *but not less than once each fiscal year, prepare or have prepared*  
39 *on their behalf, a financial report of the Accountancy Fund that*

1 contains information that the board determines is necessary for  
2 the purposes for which the board was established.

3 (c) The report of the Accountancy Fund, which shall be  
4 published pursuant to Section 5008, shall include the revenues and  
5 the related costs from examination, initial licensing, license  
6 renewal, citation and fine authority, and cost recovery from  
7 enforcement actions and case settlements.

8 ~~SEC. 4. Section 95 is added to the Military and Veterans Code,~~  
9 ~~to read:~~

10 ~~95. (a) The Department of Veterans Affairs shall place a~~  
11 ~~prominently displayed military licensure icon or hyperlink on its~~  
12 ~~internet website, in an appropriate location pertaining to licensure~~  
13 ~~and employment opportunities for veterans, service members, and~~  
14 ~~spouses, that links to the internet websites identified in this section.~~

15 ~~(b) The Department of Consumer Affairs, the Commission on~~  
16 ~~Teacher Credentialing, the Department of Real Estate, and the~~  
17 ~~State Department of Public Health shall place a prominently~~  
18 ~~displayed military licensure icon or hyperlink on the home page~~  
19 ~~of their internet websites, linked to information for each~~  
20 ~~occupational board or program for licensure or certification that~~  
21 ~~it administers. In addition to general licensure or certificate~~  
22 ~~information, the following information shall be displayed:~~

23 ~~(1) Each licensing agency's process for expediting applications~~  
24 ~~for service members, veterans, and spouses, including the average~~  
25 ~~processing times for expedited applications and the number of~~  
26 ~~expedited applications requested in the calendar year.~~

27 ~~(2) The availability of temporary or provisional licensure,~~  
28 ~~specific requirements needed to obtain a temporary or provisional~~  
29 ~~license, and how long the provisional or temporary license is valid.~~

30 ~~(c) (1) The Department of Consumer Affairs shall establish a~~  
31 ~~specific gateway aligned with the existing "Board and Bureau~~  
32 ~~Military Contact Information," "Expedited Licensure," and~~  
33 ~~"Renewal Fee Waivers" gateways on their Military Member~~  
34 ~~Resources page, including a list of all boards that provide~~  
35 ~~temporary or provisional licensure, with hyperlinks linking to each~~  
36 ~~board's military licensure data.~~

37 ~~(2) The Department of Consumer Affairs shall establish a~~  
38 ~~"Licensure by Endorsement" section on its internet website listing~~  
39 ~~all boards that offer an option for licensure by endorsement,~~

1 accompanied by a hyperlink to each board's military licensure  
2 data:

3 ~~(d) The Department of Consumer Affairs, the Commission on  
4 Teacher Credentialing, the Department of Real Estate, and the  
5 State Department of Public Health shall compile information on  
6 military, veteran, and spouse licensure into an annual report for  
7 the Legislature, which shall be submitted in conformance with  
8 Section 9795 of the Government Code. The report shall include  
9 all of the following:~~

10 ~~(1) The number of applications for a license submitted by active  
11 duty service members, separating service members, veterans, or  
12 military spouses per calendar year.~~

13 ~~(2) The number of licenses issued and denied, including reason  
14 for denial, to active duty service members, separating service  
15 members, veterans, and military spouses per calendar year.~~

16 ~~(3) The number of licenses of active duty service members,  
17 separating service members, veterans, or military spouses that  
18 were suspended or revoked per calendar year.~~

19 ~~(4) The number of applications for waived renewal fees received  
20 from active duty service members and military spouses per calendar  
21 year.~~

22 ~~(5) The number of fee waivers issued to active duty service  
23 members and military spouses per calendar year.~~

24 ~~(6) The average length of time between application and issuance  
25 of licenses for active duty service members, separating service  
26 members, veterans, or military spouses per board and occupation.~~

27 ~~SEC. 5.~~

28 *SEC. 4.* No reimbursement is required by this act pursuant to  
29 Section 6 of Article XIII B of the California Constitution because  
30 the only costs that may be incurred by a local agency or school  
31 district will be incurred because this act creates a new crime or  
32 infraction, eliminates a crime or infraction, or changes the penalty  
33 for a crime or infraction, within the meaning of Section 17556 of  
34 the Government Code, or changes the definition of a crime within  
35 the meaning of Section 6 of Article XIII B of the California  
36 Constitution.

**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](http://www.cba.ca.gov)

April 12, 2021

The Honorable Rudy Salas, Jr.  
State Capitol, Room 4016  
Sacramento, CA 95814**Bill: AB 107**  
**Position: Support**

Dear Assemblymember Salas:

At its March 25, 2021 meeting, the California Board of Accountancy (CBA) voted to take a Support position on Assembly Bill (AB) 107, as introduced on February 25, 2021.

The bill would expand the existing provisions for the granting of temporary licenses to include the California Board of Accountancy (CBA), as well as seven other Department of Consumer Affairs boards. For boards which currently do not offer temporary licensure, this bill would require them to issue a regular license after appropriate investigation, if the applicant meets specified requirements.

The provisions requiring the issuance of a temporary license would not apply to a board that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the United States Armed Forces is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year.

Although this bill would not apply to the CBA as there are provisions in place to allow immediate practice rights and expedited licensing, the CBA has taken a Support position consistent with its continued practice of assisting members of the military and their families. Further, the CBA has established a military liaison to provide individual assistance to these individuals as they navigate their options to practice as a CPA in California.

If you have questions, please contact CBA Assistant Executive Officer Deanne Pearce at (916) 561-1740 or [deanne.pearce@cba.ca.gov](mailto:deanne.pearce@cba.ca.gov).

Sincerely,

A handwritten signature in cursive script, appearing to read 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA  
President

- c: Members, California Board of Accountancy  
Patti Bowers, Executive Officer, California Board of Accountancy  
Members, Assembly Business and Professions Committee  
Members, Senate Business, Professions and Economic Development Committee



**Assemblymember Rudy Salas, 32<sup>nd</sup> District**  
**ASSEMBLY BILL 107 – MILITARY SPOUSAL LICENSING**  
 FACT SHEET

## BACKGROUND

Military families face many challenges as they navigate through deployments, relocations, and the costs associated with frequent, unexpected lifestyle changes. The financial burden of moving can be a huge setback for a military family. There may be a need for new child care services in short order, they must pay for the delivery of all their possessions, or they may have to rent vehicles. All of these costs add up quickly, and could even occur multiple times in a single year.

In 2019, the Blue Star Families' annual military family survey found that service members and their spouses ranked financial stress as their greatest concern, even over deployment. A separate 2019 report from the National Foundation for Credit Counseling found that almost 90 percent of service members and 84 percent of spouses or partners have worries about their personal finances.

The gender wage gap between women and men also has a significant impact on the income of military families. Women make up 93 percent of active duty military spouses, and 74 percent have children at home. The Blue Star Families' survey found that 49 percent of male military spouses worked full time, compared to only 27 percent of female military spouses. On top of this, 44 percent of male military spouses earned more than \$50,000 in 2016, while only 19 percent of female military spouses earned the same or more.

## ISSUE

Every financial obstacle that a military family faces is compounded when a spouse struggles to find employment. A 2017 Department of Defense survey showed that 24 percent of military spouses were unemployed, compared with 9 percent unemployment nationally. These unemployed spouses on average search for work for 4 months. Employment itself is not always the issue, many military spouses suffer from underemployment as they transition into a new state.

Importantly, almost 35 percent of military spouses work in a profession that requires a license in order to be employed. The process of transferring a license or applying for a new California license can be time consuming and take months for approval, time that many military families don't have. In light of this, AB 186 (Maienschein, 2014) created a temporary license program for military spouses that allows a military spouse to quickly receive a California license that expires after 12 months or after an expedited license is issued. This program currently covers registered nursing licenses, medical licenses, veterinarian licenses, and others.

There are, however, some professions that are left out of this program that stand to benefit many military spouses. A 2012 Department of Defense report found that jobs such as accountants, auditors, and dental assistants rank among the top occupations for military spouses, yet these licenses are not covered by the program that AB 186 created. AB 107 expands the amount of licenses that

military spouses are likely to benefit from in order to increase the efficacy of this program and ease the burdens placed on military spouses and military families.

## EXISTING LAW

AB 186 (Maienschein, 2014) added Section 115.6 to the Business and Professions Code, which established a temporary licensure process for specified licensed professions for military spouses. Section 115.6 also prescribes requirements for applicants to be issued a temporary license, including holding a current, active, and unrestricted license in another jurisdiction.

## SUPPORT

United States Department of Defense

## THIS BILL

AB 107 amends Sections 115.6 of the Business and Professions Code to add all licenses issued by the Dental Board, the Dental Hygiene Board, the Board of Pharmacy, the Board of Accountancy, the Veterinary Medical Board, the Board of Barbering and Cosmetology, the Board of Psychology, the Board of Occupational Therapy, and the Physical Therapy Board. AB 107 also requires that these boards issue temporary licenses to qualified applicants within 30 days of receiving the required documentation. Boards who already have a process in place to provide expedited, temporary licenses for military spouses are exempt from this bill. AB 107 also requires boards not listed Section 115.6 to issue a license to a military spouse applicant if they satisfy certain requirements, such as holding a current license in another state and have not been previously disciplined. Finally, AB 107 requires various state departments to prominently display links for military spouses licensure on their websites and report data on military spouse licensure applicants to the Legislature. This bill will help ensure that military spouses can seamlessly become employed in some of the most commonly held jobs and continue to support their families.

## FOR MORE INFORMATION

Michael Dyar  
 P: (916) 319-2032  
 F: (916) 319-2132  
[Michael.Dyar@asm.ca.gov](mailto:Michael.Dyar@asm.ca.gov)

**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
AB 225**

---

<b>Subject:</b>	Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.	<b>CBA Position:</b>	Support, if Amended
<b>Version:</b>	April 20, 2021	<b>Author:</b>	Gray
<b>Status:</b>	Assembly Business and Professions Committee	<b>Sponsor:</b>	Author

---

### **Summary**

Assembly Bill (AB) 225 (**Attachment 1**) would require some boards within the Department of Consumer Affairs (DCA) to issue a temporary license to an applicant who meets specified requirements.

### **Recommendation**

**Move to Monitor List.** Staff recommend the CBA discontinue its position and instead move this item to our list of bills to monitor. Following discussions with the author's office, the bill was amended to remove any application to the CBA.

### **Background**

Not applicable.

### **Analysis**

During the March meeting, the CBA took a support if amended position on AB 225. At that time, staff was working with the author to amend the proposal to provide an exemption to the CBA as we have a process in place to provide immediate practice rights to individuals without the need for a temporary license and without creating a new application process.

Since that time, AB 225 was amended to not apply to the CBA and only apply to temporary licenses issued by the Board of Registered Nursing, the Board of Vocational Nursing and Psychiatric Technicians of the State of California, the Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board, the Veterinary Medical Board, the Board for Professional Engineers, Land Surveyors, and Geologists, the Medical Board of California, and the Podiatric Medical Board of California.

### **Fiscal Estimate**

There are no costs to the CBA.

### **Support/Opposition**

Support: Beale Military Liaison Council, Inc.

## **AB 225**

Page 2 of 2

California Defense Community Alliance  
City of Camarillo  
County of Ventura  
San Diego Military Advisory Council  
Solano County Board of Supervisors  
South Bay Aerospace Alliance  
Travis Community Consortium.

Opposition: None.

### **Effective/Operative Date**

January 1, 2022.

### **Related Bills**

- AB 107 (Salas) of 2021. Would expand the existing provisions granting temporary licenses to honorably discharged veterans, their spouses, and domestic partners, to include the CBA, as well as seven other boards. Would require boards which do not currently offer temporary licenses to issue a regular license after appropriate investigation if the applicant is an honorably discharged veteran, or in a legal union with an active duty member of the Armed Forces currently assigned to a duty station in California, who hold an unrestricted license in good standing in another jurisdiction. Establishes requirements for website postings and reports to the Legislature.
- AB 3045 (Gray), 2020 Legislative Session. AB 225 is a reintroduction of AB 3045 from last session.

### **Attachments**

1. AB 225
2. AB 225 Fact Sheet



AMENDED IN ASSEMBLY APRIL 20, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL****No. 225****Introduced by Assembly Members Gray, Gallagher, and Patterson**

January 11, 2021

---

An act to amend Section 115.6 of, and to add Section 115.7 to, of the Business and Professions Code, relating to professions and vocations, and making an appropriation therefor.

## LEGISLATIVE COUNSEL'S DIGEST

AB 225, as amended, Gray. Department of Consumer Affairs: boards: veterans: military spouses: licenses.

Under existing law, the Department of Consumer Affairs, under the control of the Director of Consumer Affairs, is comprised of various boards that license and regulate various professions and vocations, including healing arts licensees. Existing law requires an applicant seeking a license from a board within the department to meet specified requirements and to pay certain licensing fees. Existing law requires specified boards within the department to issue, after appropriate investigation, certain types of temporary licenses to an applicant if the applicant meets specified requirements, including that the applicant supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders and the applicant holds a current, active, and unrestricted license that confers upon the applicant the authority to practice, in another state, district, or territory of the United States, the profession or vocation for which the applicant seeks a temporary license from the

board. Existing law requires these temporary licenses to expire 12 months after issuance. Under existing law, some of the funds within the jurisdiction of a board consist of revenue from fees that are continuously appropriated.

This bill would require the temporary licenses described above to expire ~~30~~ 18 months after issuance. The bill would ~~require boards not responsible for the licensure and regulation of healing arts licensees and not subject to the temporary licensing provisions described above to issue licenses to an applicant if the applicant meets specified requirements, including that the~~ *expand the eligibility for a temporary license to an applicant who meets the specified criteria and who supplies evidence satisfactory to the board that the applicant is an honorably discharged a veteran of the Armed Forces of the United States within 6 months of separation from active duty under other-than-dishonorable conditions, and an applicant who supplies evidence satisfactory to the board that the applicant is or is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States, as provided. States with official orders for separation within 90 days under other-than-dishonorable conditions.* The bill would require an application for a license to include a signed affidavit attesting to the fact that the applicant meets all requirements for a license. The bill would authorize the immediate termination of a license issued pursuant to these provisions upon a finding that the licenseholder failed to meet specified requirements or provided substantively inaccurate information that would affect the person's eligibility for licensure, as provided. By expanding the scope of the crime of perjury, the bill would impose a state-mandated local program. The bill's expansion of the requirement to issue *temporary* licenses would result in revenues from fees for certain licenses being deposited into continuously appropriated funds. By establishing a new source of revenue for those continuously appropriated funds, the bill would make an appropriation.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 115.6 of the Business and Professions  
2 Code is amended to read:

3 115.6. (a) A board within the department shall, after  
4 appropriate investigation, issue the following eligible temporary  
5 licenses to an applicant if the applicant meets the requirements set  
6 forth in subdivision (c):

7 (1) Registered nurse license by the Board of Registered Nursing.

8 (2) Vocational nurse license issued by the Board of Vocational  
9 Nursing and Psychiatric Technicians of the State of California.

10 (3) Psychiatric technician license issued by the Board of  
11 Vocational Nursing and Psychiatric Technicians of the State of  
12 California.

13 (4) Speech-language pathologist license issued by the  
14 Speech-Language Pathology and Audiology and Hearing Aid  
15 Dispensers Board.

16 (5) Audiologist license issued by the Speech-Language  
17 Pathology and Audiology and Hearing Aid Dispensers Board.

18 (6) Veterinarian license issued by the Veterinary Medical Board.

19 (7) All licenses issued by the Board for Professional Engineers,  
20 Land Surveyors, and Geologists.

21 (8) All licenses issued by the Medical Board of California.

22 (9) All licenses issued by the Podiatric Medical Board of  
23 California.

24 (b) The board may conduct an investigation of an applicant for  
25 purposes of denying or revoking a temporary license issued  
26 pursuant to this section. This investigation may include a criminal  
27 background check.

28 (c) An applicant seeking a temporary license pursuant to this  
29 section shall meet the following requirements:

30 (1) The applicant shall supply evidence satisfactory to the board  
31 that the applicant is ~~married~~ *one of the following:*

32 (A) *Married* to, or in a domestic partnership or other legal union  
33 with, an active duty member of the Armed Forces of the United  
34 States who is assigned to a duty station in this state under official  
35 active duty military orders.

36 (B) *A veteran of the Armed Forces of the United States within*  
37 *six months of separation from active duty under*  
38 *other-than-dishonorable conditions.*

1 (C) *An active duty member of the Armed Forces of the United*  
2 *States with official orders for separation within 90 days under*  
3 *other-than-dishonorable conditions.*

4 (2) The applicant shall hold a current, active, and unrestricted  
5 license that confers upon the applicant the authority to practice,  
6 in another state, district, or territory of the United States, the  
7 profession or vocation for which the applicant seeks a temporary  
8 license from the board.

9 (3) The applicant shall submit an application to the board that  
10 shall include a signed affidavit attesting to the fact that the  
11 applicant meets all of the requirements for the temporary license  
12 and that the information submitted in the application is accurate,  
13 to the best of the applicant's knowledge. The application shall also  
14 include written verification from the applicant's original licensing  
15 jurisdiction stating that the applicant's license is in good standing  
16 in that jurisdiction.

17 (4) The applicant shall not have committed an act in any  
18 jurisdiction that would have constituted grounds for denial,  
19 suspension, or revocation of the license under this code at the time  
20 the act was committed. A violation of this paragraph may be  
21 grounds for the denial or revocation of a temporary license issued  
22 by the board.

23 (5) The applicant shall not have been disciplined by a licensing  
24 entity in another jurisdiction and shall not be the subject of an  
25 unresolved complaint, review procedure, or disciplinary proceeding  
26 conducted by a licensing entity in another jurisdiction.

27 (6) The applicant shall, upon request by a board, furnish a full  
28 set of fingerprints for purposes of conducting a criminal  
29 background check.

30 (d) A board may adopt regulations necessary to administer this  
31 section.

32 (e) A temporary license issued pursuant to this section may be  
33 immediately terminated upon a finding that the temporary  
34 licenseholder failed to meet any of the requirements described in  
35 subdivision (c) or provided substantively inaccurate information  
36 that would affect the person's eligibility for temporary licensure.  
37 Upon termination of the temporary license, the board shall issue  
38 a notice of termination that shall require the temporary  
39 licenseholder to immediately cease the practice of the licensed  
40 profession upon receipt.

1 (f) An applicant seeking a temporary license as a civil engineer,  
2 geotechnical engineer, structural engineer, land surveyor,  
3 professional geologist, professional geophysicist, certified  
4 engineering geologist, or certified hydrogeologist pursuant to this  
5 section shall successfully pass the appropriate California-specific  
6 examination or examinations required for licensure in those  
7 respective professions by the Board for Professional Engineers,  
8 Land Surveyors, and Geologists.

9 (g) A temporary license issued pursuant to this section shall  
10 expire ~~30~~ 18 months after issuance, upon issuance of *a standard*  
11 *license, a license by endorsement, or an expedited license* pursuant  
12 to Section 115.5, ~~or upon denial of the application for expedited~~  
13 ~~licensure by the board, whichever occurs first.~~

14 ~~SEC. 2. Section 115.7 is added to the Business and Professions~~  
15 ~~Code, to read:~~

16 ~~115.7. (a) A board not specified in Division 2 (commencing~~  
17 ~~with Section 500) or subdivision (a) of Section 115.6 shall, after~~  
18 ~~appropriate investigation, issue a license to an applicant if the~~  
19 ~~applicant meets all of the following requirements:~~

20 ~~(1) The applicant shall supply evidence satisfactory to the board~~  
21 ~~that the applicant is an honorably discharged veteran of the Armed~~  
22 ~~Forces of the United States or is married to, or in a domestic~~  
23 ~~partnership or other legal union with, an active duty member of~~  
24 ~~the Armed Forces of the United States who is assigned to a duty~~  
25 ~~station in this state under official active duty military orders.~~

26 ~~(2) The applicant shall hold a current, active, and unrestricted~~  
27 ~~license that confers upon the applicant the authority to practice,~~  
28 ~~in another state, district, or territory of the United States, the~~  
29 ~~profession or vocation for which the applicant seeks a license from~~  
30 ~~the board.~~

31 ~~(3) The applicant shall submit an application to the board that~~  
32 ~~shall include a signed affidavit attesting to the fact that the~~  
33 ~~applicant meets all of the requirements for the license and that the~~  
34 ~~information submitted in the application is accurate, to the best of~~  
35 ~~the applicant's knowledge. The application shall also include~~  
36 ~~written verification from the applicant's original licensing~~  
37 ~~jurisdiction stating that the applicant's license is in good standing~~  
38 ~~in that jurisdiction.~~

39 ~~(4) The applicant shall not have committed an act in any~~  
40 ~~jurisdiction that would have constituted grounds for denial,~~

1 suspension, or revocation of the license under this code at the time  
2 the act was committed. A violation of this paragraph may be  
3 grounds for the denial or revocation of a license issued by the  
4 board.

5 ~~(5) The applicant shall not have been disciplined by a licensing  
6 entity in another jurisdiction and shall not be the subject of an  
7 unresolved complaint, review procedure, or disciplinary proceeding  
8 conducted by a licensing entity in another jurisdiction.~~

9 ~~(6) The applicant shall, upon request by a board, furnish a full  
10 set of fingerprints for purposes of conducting a criminal  
11 background check.~~

12 ~~(b) A board may adopt regulations necessary to administer this  
13 section.~~

14 ~~(c) A license issued pursuant to this section may be immediately  
15 terminated pursuant to the board's procedural due process  
16 requirements, upon a finding that the licenseholder failed to meet  
17 any of the requirements described in subdivision (a) or provided  
18 substantively inaccurate information that would affect the person's  
19 eligibility for licensure. Upon termination of the license, the board  
20 shall issue a notice of termination that shall require the  
21 licenseholder to immediately cease the practice of the licensed  
22 profession or vocation upon receipt.~~

23 ~~SEC. 3.~~

24 ~~SEC. 2. No reimbursement is required by this act pursuant to  
25 Section 6 of Article XIII B of the California Constitution because  
26 the only costs that may be incurred by a local agency or school  
27 district will be incurred because this act creates a new crime or  
28 infraction, eliminates a crime or infraction, or changes the penalty  
29 for a crime or infraction, within the meaning of Section 17556 of  
30 the Government Code, or changes the definition of a crime within  
31 the meaning of Section 6 of Article XIII B of the California  
32 Constitution.~~



## FACT SHEET

AB 225 (Gray, Gallagher, and Patterson)  
Veterans and Military Spouse Licensure

### SUMMARY

---

With some exemptions, AB 225 requires licensing boards at the Department of Consumer Affairs, to issue professional licenses to veterans and military spouses of active duty service members if they possess a valid and unrestricted license in that profession from another state. The bill also extends from 12 months to 30 months the validity of temporary licenses for military spouses already required under current law.

### PROBLEM

---

Over the last 60 years, the number of jobs requiring an occupational license, or government approval to practice a profession, has grown from about 1-in-20 to almost 1-in-4. Licensing laws are implemented to protect the health and safety of consumers, but excessively onerous requirements can create barriers to employment for many individuals without any demonstrated public benefit.

Military families are disproportionately affected by occupational licensing barriers especially as it relates to licensing portability. The military trains veterans in skills applicable to 962 civilian licensed occupations and more than a third of military spouses are employed in a field that requires licensure. Challenges to finding a job exacerbated by licensing regulations contributes to the 70% of veterans who report difficulty making the transition back to civilian life and the 22% of military spouses who report their greatest challenge for employment is the inability to transfer

professional licenses to another location. Military families move 2.4 times as often as civilian families, and this fact is at odds with the trend among licensed professionals to move between states nearly 40% less often than average, in part because of the difficult licensing process. Failure to recognize our veterans' unique experiences can discourage them from entering or remaining in the labor market and has led to unemployment rates among military spouses nearly four times that of the general population.

California routinely lags behind other states in our treatment and accommodation of veterans and their families despite being home to more veterans than any other state. The US Department of Labor ranks California's military spouse licensure recognition in the bottom third of states, while California is one of the least veteran-friendly states as measured by veterans' economic conditions (46<sup>th</sup>), veteran homelessness (48<sup>th</sup>), and affordable housing (50<sup>th</sup>).

### SOLUTION

---

AB 225 requires licensing boards under the Department of Consumer Affairs to honor the out-of-state professional license of a veteran or activity duty military spouse. The bill exempts the healing arts, most of which are already required to grant temporary licenses to military spouses under current law. AB 225 requires these temporary licenses to be valid for a minimum of 30 months, up from 12 months, to conform with the average length of military deployment.



## FACT SHEET

AB 225 (Gray, Gallagher, and Patterson)  
Veterans and Military Spouse Licensure

Thirty-seven other states have license recognition laws more veteran-friendly than California and fifteen other states, including Oregon, Utah, and Michigan have laws requiring even greater license portability than AB 225 proposes. The reforms created by this bill will make California a more desirable place for military families to live during and after their service to this country.

The National Defense Authorization Act (NDAA) now requires the Department of Defense to consider a state's military family readiness policies, including interstate licensure portability for military families, in determining whether to proceed with any basing decisions or establishing major headquarters in the US. If California does not improve our policies around veteran and military spouse licensure, the state may be vulnerable to additional base closures and be ineligible for future base expansions.

California is home to 1.8 million veterans, 162,000 active duty military personnel, 57,000 reserve service members, and more than 500,000 full-time jobs created as a result of military investments in the state. National security activities contribute \$181.2 billion annually, producing \$23.2 billion in tax revenue for the state and local governments. There is no other state in the nation that has as much to lose as California under the military readiness provisions of the NDAA.

AB 225 is a major step in the right direction to ensure California becomes a leading family readiness state.

## STAFF CONTACT

---

Adam Capper  
(916) 319-2021



**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
AB 298**

---

<b>Subject:</b>	Accountancy: California Board of Accountancy.	<b>CBA Position:</b>	Sponsor
<b>Version:</b>	March 30, 2021	<b>Author:</b>	Irwin
<b>Status:</b>	Assembly Floor	<b>Sponsor:</b>	California Board of Accountancy

---

### **Summary**

Assembly Bill (AB) 298 (**Attachment 1**) contains the following provisions as requested by the California Board of Accountancy (CBA):

- To authorize applicants to take the Uniform Certified Public Accountant Examination (CPA Exam) prior to completing the necessary educational requirements if the applicants meet specified conditions.
- The bill also updates the ethics education requirements, makes clarifying changes regarding email confidentiality and who is eligible to preside over CBA meetings.

### **Recommendation**

**Maintain Sponsor Position.** Staff recommend the CBA maintain its Sponsor position on this bill.

### **Background**

In 2020, the CBA sponsored AB 2267 (Irwin) that included the following provisions as approved by the CBA during its November 2019 meeting:

- Allow applicants to sit for the CPA Exam prior to degree conferral
- Authorize the CBA Secretary/Treasurer or another CBA member, as specified, to preside over CBA meetings
- Clarify existing provisions of the Accountancy Act related to the privacy of applicant and licensee email addresses

Because of the abbreviated legislative year due to the COVID-19 pandemic, AB 2267 did not move forward in the legislative process.

Assemblymember Jacqui Irwin reintroduced the provisions included in AB 2267 in 2020 in AB 298 and, again, made the CBA the sponsor.

At the March meeting, the CBA approved proposed amendments to the provisions of the bill relating to taking the CPA Exam prior to completion of the educational requirements. Additionally, the CBA approved expanding the available courses to meet the ethics study requirement.

## **Analysis**

According to the author's fact sheet (**Attachment 2**):

"This bill will streamline the process for applicants to complete the Uniform CPA Exam, support the CBA's authority to conduct its board meetings, and clarify the privacy of CBA licensee and applicant email addresses."

Under the March 30, 2021 version of the bill, applicants can apply for the CPA Exam 180 days before they will complete the educational requirements typically required for the CPA Exam, which includes:

- A baccalaureate degree or higher conferred by a degree-granting college or university accredited by a United States regional institutional accrediting agency or national accrediting agency, (or foreign equivalent evaluated by a CBA-approved foreign academic credentials evaluation service).
- 24 semester units of accounting subjects
- 24 semester units of business-related subjects

The bill also requires that within 240 days from the submission of the application for the CPA Exam, they must submit documents (transcripts) reflecting completion of the requirements. For an applicant applying 180 days prior to their anticipated completion date, this would provide roughly 60 days after they have completed their education to submit the required documents (transcripts) to the CBA.

Further, to address the concerns identified by stakeholders, prevent any unintended barriers, and continue to uphold strong ethics education requirements for California CPA licensure, the ethics language in Business and Professions Code section 5094.3(c), specific to the three semester or four quarter units, now reflects language to include "auditing" and "fraud."

The provisions relating to email privacy and who is authorized to preside over CBA meetings have not changed. The bill:

- Provides specific authority for the secretary-treasurer to preside at meetings of the CBA. It authorizes the CBA president to designate a non-officer board member to preside if all officers of the board are absent or unable to act at that meeting.

- Clarifies that electronic mail (email) addresses provided by applicants and licensees are not to be considered a public record and not disclosed under the Public Records Act, unless required pursuant to court order.

### **Fiscal Estimate**

CBA costs are minor and absorbable within existing resources. There will be initial set-up costs utilizing existing staff of \$16,016. There will be no on-going costs.

### **Support/Opposition**

Support: California Board of Accountancy (Sponsor) (**Attachment 3**)  
California Society of CPAs (CalCPA)  
California State Treasurer

Opposition: None.

### **Effective/Operative Date**

January 1, 2022.

### **Related Bills**

- **AB 2267** (Irwin, 2020). Proposed the following: permit the CBA to authorize an applicant to take the CPA Exam prior to completing the necessary educational requirements; provide specific authority for the secretary-treasurer to preside at meetings of the CBA, authorize the CBA president to designate a non-officer board member to preside if all officers of the board are absent or unable to act at that meeting; and clarify that electronic mail (email) addresses provided by applicants and licensees are not to be considered a public record and not disclosed under the Public Records Act, unless required pursuant to court order.
- **SB 773** (Negrete-McLeod) Chap. 344 of 2011. Required, after December 31, 2013, the total educational program required for licensure as a CPA to include a minimum of 10 units of ethics study as specified by this bill and 20 units of accounting study consistent with regulations to be adopted by the CBA by January 1, 2012.

### **Attachments**

1. AB 298
2. AB 298 Fact Sheet
3. California Board of Accountancy Sponsor Position Letter

AMENDED IN ASSEMBLY MARCH 30, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL****No. 298****Introduced by Assembly Member Irwin**

January 25, 2021

---

---

An act to amend Sections 5007, 5070, ~~and 5070.5~~ 5070.5, and 5094.3 of, and to add Sections 5009.5 and 5093.5 to, the Business and Professions Code, relating to professions and vocations.

## LEGISLATIVE COUNSEL'S DIGEST

AB 298, as amended, Irwin. Accountancy: California Board of Accountancy.

Existing law establishes the California Board of Accountancy in the Department of Consumer Affairs for the purpose of licensing and regulating the practice of accountancy and provides that the officers of the board are a president, vice president, and a secretary-treasurer. Existing law requires the president to preside at all meetings of the board, and in the event of the president's absence or inability to act, requires the vice president to preside.

This bill would require the secretary-treasurer to preside at meetings of the board if both the president and vice president are absent or unable to act. The bill would authorize the president to designate a board member who is not an officer to preside at a meeting of the board if all officers of the board are absent or unable to act at that meeting.

Existing law prohibits a person from engaging in the practice of public accountancy in this state unless the person holds a valid permit issued by the board or a practice privilege, as specified. Existing law requires an applicant to report to the board a valid email address if the applicant has one, at the time of application for, or renewal of, a public accountant

license. Existing law provides that these email addresses are not considered public records and prohibits these email addresses from being disclosed pursuant to specified provisions of law, unless required pursuant to a court order.

This bill would recast these provisions to, in the interest of protecting the privacy of applicants and licensees, prohibit from disclosure all email addresses provided by applicants or licensees, and would make conforming changes.

Existing law sets forth the requirements for an applicant to qualify for the certified public accountant license and requires an applicant for admission to the examination to present evidence to the board that the applicant has completed specified education requirements.

This bill would, instead, authorize the board to admit an applicant to the certified public accountant examination before the applicant completes those education requirements if the applicant ~~satisfies the conditions specified by the board. The bill would authorize the board to withhold the release of an applicant's examination scores if an applicant fails to timely complete the education requirements or comply with the board's regulations.~~ *is enrolled in a degree-granting university, college, or other institution of learning and is within 180 days of completing the educational requirements to qualify for the certified public accountant license, as specified. The bill would require an applicant for licensure to provide documentation of completion of specified coursework, including coursework in ethics or accountants' professional responsibilities, auditing, or fraud.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 5007 of the Business and Professions
- 2 Code is amended to read:
- 3 5007. The president shall preside at all meetings of the board,
- 4 and in the event of the president's absence or inability to act, the
- 5 vice president shall preside. If both the president and vice president
- 6 are absent or unable to act, the secretary-treasurer shall preside at
- 7 meetings of the board. The president may designate a board
- 8 member who is not an officer to preside at a meeting of the board
- 9 if all officers of the board are absent or unable to act at that
- 10 meeting. Other duties of the president, vice president, and the

1 duties of the secretary-treasurer, shall be such as the board may  
2 prescribe.

3 SEC. 2. Section 5009.5 is added to the Business and Professions  
4 Code, to read:

5 5009.5. In the interest of protecting the privacy of applicants  
6 and licensees, an email address provided by applicants or licensees  
7 to the board pursuant to this chapter shall not be considered a  
8 public record and shall not be disclosed pursuant to Section 27 or  
9 pursuant to a request under the California Public Records Act  
10 (Chapter 3.5 (commencing with Section 6250) of Division 7 of  
11 Title 1 of the Government Code), unless required pursuant to a  
12 court order by a court of competent jurisdiction.

13 SEC. 3. Section 5070 of the Business and Professions Code is  
14 amended to read:

15 5070. (a) Permits to engage in the practice of public  
16 accountancy in this state shall be issued by the board only to  
17 holders of the certificate of certified public accountant issued under  
18 this chapter and to those partnerships, corporations, and other  
19 persons who, upon application approved by the board, are  
20 registered with the board under this chapter. Notwithstanding any  
21 other law, the board may register an entity organized and authorized  
22 to practice public accountancy under the laws of another state for  
23 the purpose of allowing that entity to satisfy the registration  
24 requirement set forth in Section 5096.12, if (1) the certified public  
25 accountants providing services in California qualify for the practice  
26 privilege, and (2) the entity satisfies all other requirements to  
27 register in this state, other than its form of legal organization.

28 (b) All applicants for registration shall furnish satisfactory  
29 evidence that the applicant is entitled to registration and shall pay  
30 the fee as provided in Article 8 (commencing with Section 5130).  
31 Every partnership, corporation, and other person to whom a permit  
32 is issued shall, in addition to any other fee that may be payable,  
33 pay the initial permit fee provided in Article 8 (commencing with  
34 Section 5130).

35 (c) Each applicant who has a valid email address shall report to  
36 the board that email address at the time of application or  
37 registration.

38 (d) Each partnership, corporation, and other person issued a  
39 permit by the board to practice as a certified public accountant or

1 as a public accountant shall be furnished with a suitable certificate  
2 evidencing that registration.

3 SEC. 4. Section 5070.5 of the Business and Professions Code  
4 is amended to read:

5 5070.5. (a) (1) A permit issued under this chapter to a certified  
6 public accountant or a public accountant expires at 12 midnight  
7 on the last day of the month of the legal birthday of the licensee  
8 during the second year of a two-year term if not renewed.

9 (2) To renew an unexpired permit, a permitholder shall, before  
10 the time at which the permit would otherwise expire, apply for  
11 renewal on a form prescribed by the board, pay the renewal fee  
12 prescribed by this chapter, and give evidence satisfactory to the  
13 board that the permitholder has complied with the continuing  
14 education provisions of this chapter.

15 (3) Each applicant for renewal who has a valid email address  
16 shall report that email address to the board on the renewal form  
17 described in paragraph (1).

18 (b) A permit to practice as an accountancy partnership or an  
19 accountancy corporation expires at 12 midnight on the last day of  
20 the month in which the permit was initially issued during the  
21 second year of a two-year term if not renewed. To renew an  
22 unexpired permit, the permitholder shall, before the time at which  
23 the permit would otherwise expire, apply for renewal on a form  
24 prescribed by the board, pay the renewal fee prescribed by this  
25 chapter, and provide evidence satisfactory to the board that the  
26 accountancy partnership or accountancy corporation is in  
27 compliance with this chapter.

28 (c) On or before July 1, 2020, each permitholder who has a valid  
29 email address shall provide that email address to the board.

30 (d) A permitholder shall notify the board within 30 days of any  
31 change to their email address on file with the board. The board  
32 may periodically, as it determines necessary, require permitholders  
33 to confirm that their email address on file with the board is current.

34 SEC. 5. Section 5093.5 is added to the Business and Professions  
35 Code, to read:

36 5093.5. (a) Notwithstanding subdivision (b) of Section 5093,  
37 the board may admit an applicant to the certified public accountant  
38 examination before the applicant completes the education  
39 requirements set forth in ~~Section 5093~~. 5093, *if the applicant is*  
40 *enrolled in a degree-granting university, college, or other*

1 institution of learning, as defined in Section 5094, and is within  
2 180 days of completing the educational requirements set forth in  
3 paragraph (1) of subdivision (b) of Section 5093.

4 (b) Within 240 days of submitting an application pursuant to  
5 subdivision (a), the applicant shall provide the board with  
6 satisfactory evidence that they have completed the educational  
7 requirements set forth in paragraph (1) of subdivision (b) of Section  
8 5093.

9 (c) Failure to comply with subdivision (b) may result in the loss  
10 of any credit received for passage of any part of the certified public  
11 accountant examination before the requirement described in  
12 subdivision (b) was met.

13 ~~(b) The board shall adopt regulations pursuant to this section  
14 that shall specify, at a minimum, both of the following:~~

15 ~~(1) The timeframe in which an applicant must complete their  
16 education following submission of the application for admission  
17 to the examination.~~

18 ~~(2) The manner in which an applicant shall provide satisfactory  
19 evidence of their education requirements.~~

20 ~~(c) The board may withhold the release of an applicant's  
21 examination scores if an applicant fails to timely complete the  
22 education requirements or comply with the regulations adopted  
23 by the board pursuant to this section.~~

24 *SEC. 6. Section 5094.3 of the Business and Professions Code  
25 is amended to read:*

26 5094.3. (a) An applicant for licensure as a certified public  
27 accountant shall, to the satisfaction of the board, provide  
28 documentation of the completion of 10 semester units or 15 quarter  
29 units of ethics study, as set forth in paragraph (2) of subdivision  
30 (b) of Section 5093, in the manner prescribed in this section.

31 ~~(b) (1) Between January 1, 2014, and December 31, 2016,  
32 inclusive, an applicant shall complete 10 semester units or 15  
33 quarter units in courses described in subdivisions (d), (e), and (f).~~

34 ~~(2)~~

35 (b) Beginning January 1, 2017, an applicant shall complete 10  
36 semester units or 15 quarter units in courses described in  
37 subdivisions (c), (d), (e), and (f).

38 (c) A minimum of three semester units or four quarter units in  
39 courses at an upper division level or higher devoted to accounting  
40 ethics or accountants' professional responsibilities, *auditing, or*



1 *fraud* unless the course was completed at a community college, in  
2 which case it need not be completed at the upper division level or  
3 higher.

4 ~~(d) Between January 1, 2014, and December 31, 2016, inclusive,~~  
5 ~~a maximum of 10 semester units or 15 quarter units, and on and~~  
6 ~~after January 1, 2017, a~~ A maximum of 7 semester units or 11  
7 quarter units, in the following subjects relating to ethics:

8 (1) Business, government, and society.

9 (2) Business law.

10 (3) Corporate governance.

11 (4) Corporate social responsibility.

12 (5) Ethics.

13 (6) Fraud.

14 (7) Human resources management.

15 (8) Business leadership.

16 (9) Legal environment of business.

17 (10) Management of organizations.

18 (11) Morals.

19 (12) Organizational behavior.

20 (13) Professional responsibilities.

21 (14) Auditing.

22 (e) (1) A maximum of three semester units or four quarter units  
23 in courses taken in the following disciplines:

24 (A) Philosophy.

25 (B) Religion.

26 (C) Theology.

27 (2) To qualify under this subdivision, the course title shall  
28 contain one or more of the terms “introduction,” “introductory,”  
29 “general,” “fundamentals of,” “principles,” “foundation of,” or  
30 “survey of,” or have the name of the discipline as the sole name  
31 of the course title.

32 (f) A maximum of one semester unit of ethics study for  
33 completion of a course specific to financial statement audits.

34 (g) An applicant who has successfully passed the examination  
35 requirement specified under Section 5082 on or before December  
36 31, 2013, is exempt from this section unless the applicant fails to  
37 obtain the qualifying experience as specified in Section 5092 or  
38 5093 on or before December 31, 2015.

O



## AB 298 (Irwin) California Board of Accountancy

### **SUMMARY**

AB 298 makes various, non-controversial changes to the California Board of Accountancy (CBA or Board) and their regulation of licensees.

### **BACKGROUND**

Established in 1901, the CBA is charged with regulating the accounting profession for the public interest. The Board establishes licensure for entry into the profession and oversees the professional conduct of over 107,000 licensees in the state.

Existing law requires accountant licensee applicants to meet certain educational requirements, such as a conferral of a Bachelor's degree, prior to being authorized by the CBA to sit for the official Certified Public Accountant (CPA) Exam. The CBA has found that some applicants must wait several weeks for their college or university to produce an official transcript that reflects degree conferral. Upon submission of the licensee's application, the CBA then requires up to 30 days to review and authorize qualified applicants to sit for the CPA Exam. Due to these timeframes, applicants must often wait three months or longer, thereby delaying their passage of the CPA Exam and entry into the CPA profession.

The Business and Professions Code also provides for the election of the CBA officers and provides authority for the President, or the Vice-President in his/her absence, to preside at CBA meetings. However, as currently written, there is no provision in statute to permit an individual other than the President or Vice-President including the Secretary/Treasurer, to preside over meetings. An occurrence could arise when all three of the board officers are unable to act as chair, while the other members have gathered for a noticed meeting.

Lastly, pursuant to AB 1521 (2019), beginning January 1, 2020, the CBA began collecting email addresses from all applicants and licensees. This requirement also extends to out-of-state CPAs required to receive written permission from the CBA prior to practicing in California under the mobility program. The new requirement did not include the pre-existing language exempting that information from public disclosure, leaving all the private email addresses collected by the Board visible to the public and jeopardizing privacy.

### **THIS BILL**

AB 298 makes the following three changes:

- Permits the CBA to authorize an applicant to take the CPA Exam prior to the completion of the educational requirements necessary for licensure.
- Clarifies the authority for the CBA to conduct its business, in the unlikely event that the officers are unable to attend, unable to act, or have to recuse themselves from a particular agenda item.
- Safeguards the confidentiality of a CBA's applicant and licensee email addresses by ensuring that the information will not be considered a public record subject to disclosure pursuant to a California Public Records Act (PRA) request or posted on the internet pursuant to BPC section 27, unless required by a court order.

This bill will streamline the process for applicants to apply and complete the CPA Exam, allow for the Board to continue to conduct its consumer protection mission in the event of a special circumstance, and protect the privacy of CBA licensees and applicants.

### **SUPPORT**

California Board of Accountancy (Sponsor)

### **OPPOSITION**

None registered.

### **CONTACT**

Lucia Saldivar  
Office of Assemblymember Jacqui Irwin  
(916) 319-2044  
Lucia.Saldivar@asm.ca.gov

**California Board of Accountancy**2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



April 12, 2021

The Honorable Jacqui Irwin  
State Capitol, Room 5119  
Sacramento, CA 95814**Bill: AB 298**  
**Position: Sponsor**

Dear Assemblymember Irwin:

On behalf of the California Board of Accountancy (CBA), thank you for introducing Assembly Bill (AB) 298. The CBA is pleased to Sponsor this bill.

AB 298 authorizes the CBA to admit an applicant to the Uniform Certified Public Accountant Examination (CPA Exam) if they are within 180 days of completing the necessary educational requirements. Early entry to the CPA Exam could reduce the timeframe for applicants to obtain a CPA license by several weeks, or longer, without changing the requirements for licensure.

The bill would also clarify additional provisions of existing law, including confidentiality of licensee email addresses provided to the CBA and who may preside over CBA meetings.

Additionally, AB 298 would add two additional courses that would meet California's ethics education requirements, resolving potential barriers out-of-state applicants face to meet the CPA licensure requirements. These two courses continue to support the CBA's strong foundation in ethics.

Thank you again for your support of the CBA and its consumer protection mission.

If you have questions, please contact Patti Bowers, Executive Officer, at (916) 561-1711 or [patti.bowers@cba.ca.gov](mailto:patti.bowers@cba.ca.gov).

Sincerely,

A handwritten signature in cursive script, appearing to read 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA  
President

c: Members, California Board of Accountancy  
Patti Bowers, Executive Officer, California Board of Accountancy  
Members, Assembly Business and Professions Committee  
Members, Senate Business, Professions and Economic Development Committee

**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
AB 646**

---

<b>Subject:</b>	Department of Consumer Affairs: Boards: Expunged Convictions.	<b>CBA Position:</b>	Watch
		<b>Author:</b>	Low
<b>Version:</b>	April 14, 2021	<b>Sponsor:</b>	Author
<b>Status:</b>	Assembly Appropriations Committee		

---

### **Summary**

Assembly Bill (AB) 646 (**Attachment 1**) would require a licensing board under the Department of Consumer Affairs (DCA), including the California Board of Accountancy (CBA), to update information on its website regarding licensees who have had their licenses revoked due to criminal convictions that are subsequently expunged, pursuant to Penal Code (PC) section 1203.4.

### **Recommendation**

**Maintain Watch Position.** Staff recommend the CBA maintain its Watch position on this bill, which has not had any substantive edits that impact the CBA.

Staff has been in contact with the author's office regarding the implementation concerns identified in the analysis and they have been acknowledged. It is possible as the bill moves through the legislative process that further discussions may be held.

### **Background**

#### Criminal Record Relief

Various provisions of the PC allow or require eligible individuals convicted of certain crimes to have their records dismissed or expunged following completion of their sentences, subject to specified conditions.

PC section 1203.4, which is the expungement statute referenced in AB 646, states an individual sentenced to probation may petition the Superior Court to change their plea or have a guilty verdict set aside if the individual meets all of the following conditions:

- Not serving a sentence for any offense
- No longer on probation for any offense
- Currently not charged with committing any offense
- Fulfilled the conditions for probation for the entire period of probation, or was discharged prior to the termination of probation, or the court agrees that relief should be granted in the interest of justice

Under PC section 17(b), individuals previously sentenced to a felony may be eligible to have their sentence later classified as a misdemeanor, subject to certain conditions.

#### Requirement to Post Enforcement Documents Online

Business and Professions Code (BPC) section 27 requires the CBA, and other DCA boards and bureaus, to publish certain information about its licensees, including accusations and disciplinary decisions, on its website.

BPC section 2027 requires the California Medical Board (CMB) to post certain licensee information on its website, including felony convictions, and misdemeanor convictions that result in a disciplinary action or accusation not subsequently withdrawn or dismissed. If the CMB receives an expungement order pursuant to PC section 1203.4 for the felony or misdemeanor conviction of one of its licensees, BPC section 2027 requires CMB to post notification of the order, and the date of the order, to its website within six months of receipt.

### **Analysis**

According to the author's fact sheet (**Attachment 2**):

For rehabilitated individuals that were convicted of a crime, the permanent nature of a criminal record can create challenges in finding employment and stability after incarceration. While an expungement does not eliminate the person's record, it provides a potential opportunity for a rehabilitated individual to secure employment through state licensure. If the individual agrees to not seek to practice in the profession for which the license was revoked, it is fair, provided expungement, to give the individual a chance for a new start.

AB 646 requires DCA boards and bureaus to take certain actions related to licensees who were revoked due to a criminal conviction.

Under the bill, if the CBA is provided a certified copy of an expungement order pursuant to PC section 1203.4 pertaining to a criminal offense that led to revocation of a license, the CBA shall do either of the following:

- Post notification of the expungement order on its website, if the person reapplies for licensure or is relicensed
- Remove the initial posting on its website that the person's license was revoked, if the person is not currently licensed and does not reapply for licensure

AB 646 requires a board/bureau to take action within 90 days of receiving the expungement order, unless otherwise prohibited by law or other terms or conditions. The board may charge a fee to the licensee in question, that does not exceed the reasonable administrative costs. Further, the bill states that if it conflicts with the similar CMB statute, that the CMB's statute will prevail.

#### Implementation Questions and Concerns

The bill proposes to enable an individual with a prior criminal conviction to provide the individual a new start. While the goal is laudable, AB 646 raises various implementation questions and concerns, as discussed below.

#### Certain Terms Do Not Reflect CBA Licensure Practice

The actions required in AB 646 hinge upon whether the licensee “reapplies” or has been “relicensed,” following their revocation. Under BPC section 5115, if a revoked licensee wishes to resume the practice of public accounting, that person must “petition” to have their license “reinstated.” The CBA may wish to consider requesting the author amend the bill to clarify that the terms “reapplies” and “relicensed” have the same meaning as “petition” and “reinstated,” respectively.

#### Revoked License due to a Criminal Conviction

The bill addresses circumstances when a licensee has been revoked due to a criminal conviction that is later expunged. AB 646, however, does not address the following situations (involving an expunged conviction) that may occur:

- Revocations involving multiple convictions, but not all are expunged pursuant to PC section 1203.4
- Revocations involving a criminal conviction and violations of the Accountancy Act or CBA Regulations related to the underlying criminal conviction (e.g. failure to conform to professional standards)
- Revocations involving a criminal conviction, including violations of the Accountancy Act or CBA Regulations unrelated to the underlying criminal conviction (e.g. unprofessional conduct)

The CBA may wish to request the author amend the bill to clarify that:

1. The actions required of a DCA board/bureau only apply in situations where all criminal convictions associated with the revocation are expunged pursuant to PC section 1203.4
2. A revocation that includes both criminal and non-criminal violations of the law is excluded from the requirements of AB 646

#### License Status on CBA Website

Pursuant to BPC section 27, the CBA must post the status of every license on its website, including accusations filed, citations, and final disciplinary orders.

Presently, when the CBA revokes a license, the status of the license displayed on License Lookup is “Revoked.” If an individual with a revoked license qualifies under AB 646 and has not petitioned for reinstatement, the CBA would be required to “remove the initial posting” that the person’s license was revoked. To comply with AB 646, the CBA would remove the licensee’s disciplinary order and no longer display a revoked licensure status.

## **AB 646**

Page 4 of 4

By removing reference to the licensee's revocation, but otherwise allowing other information about the licensee to remain online, the bill does not indicate how a board/bureau should reference the status of a license displayed through the online License Lookup search tool under these circumstances.

The bill does not indicate whether the CBA would have to use a different license status or remove the revoked licensee from License Lookup.

### **Fiscal Estimate**

Unknown at this time, but likely offset by fee revenue.

### **Support/Opposition**

Support: California Psychological Association  
Contractors State License Board

Opposition: None.

### **Effective/Operative Date**

January 1, 2022.

### **Related Bills**

- AB 1616 (Low) of 2020. Would have required a licensing board under DCA to update information on its website related to licensees who are revoked due to criminal convictions that are subsequently expunged, pursuant to a specified PC section. (Died in Senate Business, Professions and Economic Development Committee.)
- AB 2138 (Chiu/Low, Chapter 995, Statutes of 2018) limits the grounds for a DCA board/bureau to deny an applicant for licensure who has a history of criminal or unprofessional conduct.

### **Attachments**

1. AB 646
2. AB 646 Fact Sheet

AMENDED IN ASSEMBLY APRIL 14, 2021

AMENDED IN ASSEMBLY APRIL 12, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL**

**No. 646**

---

---

**Introduced by Assembly Members Low, Cunningham, and Gipson**  
(Coauthor: Senator Roth)

February 12, 2021

---

---

An act to add Section 493.5 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 646, as amended, Low. Department of Consumer Affairs: boards: expunged convictions.

Existing law establishes the Department of Consumer Affairs, which is composed of various boards, and authorizes a board to suspend or revoke a license on the ground that the licensee has been convicted of a crime substantially related to the qualifications, functions, or duties of the business or profession for which the license was issued. Existing law, the Medical Practice Act, provides for the licensure and regulation of the practice of medicine by the Medical Board of California and requires the board to post certain historical information on current and former licensees, including felony and certain misdemeanor convictions. Existing law also requires the Medical Board of California, upon receipt of a certified copy of an expungement order from a current or former licensee, to post notification of the expungement order and the date thereof on its internet website.

This bill would require a board within the department that has posted on its internet website that a person's license was revoked because the



person was convicted of a crime, within 90 days of receiving an expungement order for the underlying offense from the person, if the person reapplies for licensure or is relicensed, to post notification of the expungement order and the date thereof on the board's internet website. The bill would require the board, on receiving an expungement order, if the person is not currently licensed and does not reapply for licensure, to remove within the same period the initial posting on its internet website that the person's license was revoked and information previously posted regarding arrests, charges, and convictions. The bill would authorize the board to charge a fee to the ~~person in an amount up to \$50;~~ *person*, not to exceed the cost of administering the bill's provisions. The bill would require the fee to be deposited by the board into the appropriate fund and would make the fee available only upon appropriation by the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 493.5 is added to the Business and  
2 Professions Code, to read:  
3 493.5. (a) A board within the department that has posted on  
4 its internet website that a person's license was revoked because  
5 the person was convicted of a crime, upon receiving from the  
6 person a certified copy of an expungement order granted pursuant  
7 to Section 1203.4 of the Penal Code for the underlying offense,  
8 shall, within 90 days of receiving the expungement order, unless  
9 it is otherwise prohibited by law, or by other terms or conditions,  
10 do either of the following:  
11 (1) If the person reapplies for licensure or has been relicensed,  
12 post notification of the expungement order and the date thereof on  
13 its internet website.  
14 (2) If the person is not currently licensed and does not reapply  
15 for licensure, remove the initial posting on its internet website that  
16 the person's license was revoked and information previously posted  
17 regarding arrests, charges, and convictions.  
18 (b) A board within the department may charge a fee to a person  
19 described in subdivision ~~(a) in an amount up to fifty dollars (\$50);~~  
20 *(a)*, not to exceed the reasonable cost of administering this section.

- 1 The fee shall be deposited by the board into the appropriate fund
- 2 and shall be available only upon appropriation by the Legislature.
- 3 (c) For purposes of this section, “board” means an entity listed
- 4 in Section 101.
- 5 (d) If any provision in this section conflicts with Section 2027,
- 6 Section 2027 shall prevail.

O

**CAPITOL OFFICE**  
 State Capitol, Room 4126  
 Sacramento, CA 95814  
 (916) 319-2028  
 Fax (916) 319-2128

**DISTRICT OFFICE**  
 20111 Stevens Creek Blvd, Suite 220  
 Cupertino, CA 95014  
 (408) 446-2810  
 Fax (408) 446-2815



**WEBSITE**  
<http://asmdc.org/members/a28/>

**E-MAIL**  
[Assemblymember.Low@assembly.ca.gov](mailto:Assemblymember.Low@assembly.ca.gov)

## OFFICE OF ASSEMBLYMEMBER

**Evan Low**

TWENTY-EIGHTH ASSEMBLY DISTRICT  
 CHAIR, BUSINESS & PROFESSIONS COMMITTEE

# ASSEMBLY BILL 646: Department of Consumer Affairs: Boards: Expunged Convictions

## SUMMARY

AB 646 requires professional licensing boards under the Department of Consumer Affairs (DCA) that post information on their internet website about a revoked license due to a criminal conviction to update or remove information about the revoked license should the board receive an expungement order related to the conviction.

releases a person convicted of a crime from the negative consequences of a conviction by setting aside a guilty verdict or permit withdrawal of the guilty or nolo contendere plea and dismissing the accusation or complaint.

## BACKGROUND

Boards under the jurisdiction of DCA exercise the authority to take disciplinary action against a current licensee. Under California Business and Profession Code section 490, boards may suspend or revoke a license if the licensee has been convicted of a crime that is substantially related to the qualifications, functions, or duties of the professions.

In order to be eligible for an expungement, a person must have completed the term of their probation in its entirety. In addition, they must not be serving a sentence nor be charged with another criminal offence. Expungement cannot be granted if a person is convicted for specified sex crimes or Vehicle Code violations.

For rehabilitated individuals that were convicted of a crime, the permanent nature of a criminal record can create challenge in finding employment and stability after incarceration.

In 2018, the Legislature enacted AB 2138, which, among other provisions, reduces barriers to licensure, enumerates what criteria the boards must consider to determine whether a crime is substantially related to the profession. Effective July 1, 2020, boards will need to examine factors such as the nature and gravity of the offense, the number of years elapsed since the offense, and evidence of rehabilitation.

## SOLUTION

AB 646 requires DCA boards to update its required website posting for a person whose license was revoked because they were convicted of a crime, upon receiving a certified copy of an expungement order for that offense.

While an expungement does not eliminate the person's record, it provides a potential opportunity for a rehabilitated individual to secure employment through state licensure.

If the individual agrees to not seek to practice in the profession for which the license was revoked, it is fair, provided expungement, to give the individual a chance for a new start.

## PROBLEM

To allow for consumer transparency, certain boards under the DCA are required to post on their internet website disciplinary information on a licensee. Members of the public can access information online and check the validity of a license, its issuance and expiration date, and if it has faced disciplinary action from the board.

The California Penal Code grants judicial courts discretionary authority to issue expungements – a process also known as a dismissal. An expungement generally

## SUPPORT

None on file.

CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
AB 1026

---

<b>Subject:</b>	Business Licenses: Veterans.	<b>CBA Position:</b>	Support
<b>Version:</b>	February 18, 2021	<b>Author:</b>	Smith
<b>Status:</b>	Assembly Appropriations Committee	<b>Sponsor:</b>	Author

---

### Summary

Assembly Bill (AB) 1026 (**Attachment 1**) would require the Department of Consumer Affairs (DCA) and any board within DCA to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the United States (U.S.) Armed Forces or the California National Guard and was honorably discharged.

### Recommendation

**Maintain Support Position.** Staff recommend the CBA maintain its Support position on this bill, which has not been amended since the March CBA meeting.

### Background

Under Business and Professions Code section 115.4, any board within DCA is required to expedite, and may also assist with, the initial licensure process for an applicant who supplies satisfactory evidence to the board that the applicant has served as an active duty member of the U.S. Armed Forces and were honorably discharged.

### Analysis

According to the fact sheet (**Attachment 2**), the author's office states that:

Reducing initial licensing fees for boards within DCA by 50 percent would help remove the financial barrier for veterans looking to enter licensed professions. ... Veterans often gain valuable job skills during military service, which can be used upon entering the civilian workforce. Easing this financial barrier will bring skilled labor into California and help chip away at the growing issue of veteran homelessness in the state.

### Provisions of the Bill

AB 1026 would require the DCA and any board within DCA to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the U.S. Armed Forces or the California National Guard and was honorably discharged.

The bill defines "satisfactory evidence" as a copy of a current and valid driver's license or identification card with the word "Veteran" printed on its face.

## **Fiscal Estimate**

The initial fee for a certified public accountant license is \$250, or \$125 if the timeframe between the issuance of the license and the first expiration date is 12 months or less. In 2020, there were 27 applicants who applied with military credentials. If the volume is consistent in future years, staff estimate the fiscal impact would be a possible revenue loss of \$3,400 annually.

## **Support/Opposition**

Support: American Legion – Department of California  
Amvets – Department of California  
California State Commanders Veterans Council  
California Board of Accountancy.

Opposition: None.

## **Effective/Operative Date**

January 1, 2022.

## **Related Bills**

- AB 2631 (Cunningham) of the 2020 Legislative Session. Would have prohibited a board within the DCA from charging an initial or original license fee to an applicant who meets the existing expedited licensing requirements for spouses of members of the armed forces with an assigned duty station in California.
- SB 1226 (Correa), Ch. 657 of 2014. Requires the DCA boards and bureaus to expedite applications from honorably discharged veterans, and permits a person registered and hired as a proprietary private security officer to submit a verification of military training in lieu of completing a course in security officer skills, as specified.

## **Attachments**

1. Assembly Bill 1026
2. Assembly Bill 1026 Fact Sheet
3. California Board of Accountancy Support Position Letter

**ASSEMBLY BILL****No. 1026**

---

---

**Introduced by Assembly Member Smith**February 18, 2021

---

---

An act to amend Section 115.4 of the Business and Professions Code, relating to business licenses.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1026, as introduced, Smith. Business licenses: veterans.

Existing law establishes the Department of Consumer Affairs under the direction of the Director of Consumer Affairs and sets forth its powers and duties relating to the administration of the various boards under its jurisdiction that license and regulate various professions and vocations.

Existing law requires an applicant seeking a license from a board to meet specified requirements and to pay certain licensing fees. Existing law requires a board to expedite, and authorizes a board to assist, in the initial licensure process for an applicant who supplies satisfactory evidence to the board that the applicant has served as an active duty member of the Armed Forces of the United States and was honorably discharged. Existing law authorizes a board to adopt regulations necessary to administer those provisions.

This bill would require the department and any board within the department to grant a 50% fee reduction for an initial license to an applicant who provides satisfactory evidence, as defined, the applicant has served as an active duty member of the United States Armed Forces or the California National Guard and was honorably discharged. This bill would authorize a board to adopt regulations necessary to administer these provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 115.4 of the Business and Professions  
2 Code is amended to read:

3 115.4. (a) Notwithstanding any other law, on and after July 1,  
4 2016, a board within the department shall expedite, and may assist,  
5 the initial licensure process for an applicant who supplies  
6 satisfactory evidence to the board that the applicant has served as  
7 an active duty member of the Armed Forces of the United States  
8 and was honorably discharged.

9 (b) *The department and any board within the department shall*  
10 *grant a 50-percent fee reduction for an initial license to an*  
11 *applicant who provides satisfactory evidence the applicant has*  
12 *served as an active duty member of the United States Armed Forces*  
13 *or the California National Guard and was honorably discharged.*

14 (c) *Satisfactory evidence, as referenced in this section, shall be*  
15 *a copy of a current and valid driver’s license or identification card*  
16 *with the word “Veteran” printed on its face.*

17 ~~(b)~~

18 (d) A board may adopt regulations necessary to administer this  
19 section.



## Assembly Bill 1026 – Reduced Licensing Fees for Veterans

### SUMMARY

AB 1026 would require every board within the Department of Consumer Affairs to grant a 50 percent fee reduction for an initial license to an applicant who has served as an active duty member of the California National Guard or the United States Armed Forces and was honorably discharged.

### PROBLEM

Veterans face numerous challenges when transitioning from active duty to the civilian workforce. Initial licensing fees for boards within the Department of Consumer Affairs (DCA) can prove burdensome, especially for lower income veterans. In 2017, the National Conference of State Legislatures published “The State of Occupational Licensing: Research, State Policies, and Trends” which asserted that strict licensing negatively impacts those seeking economic mobility through licensed professions, including veterans. These financial barriers to licensing may ultimately result in veterans choosing to move out of state to enter licensed professions.

### SOLUTION

Reducing initial licensing fees for boards within DCA by 50 percent would help remove the financial barrier for veterans looking to enter licensed professions. A reduction in initial licensing fees would ease the burden for veterans currently residing in California to apply for licenses. Veterans often gain valuable job skills during military service which can be used upon entering the civilian workforce. Easing this financial barrier will bring skilled labor into California and help chip away at the growing issue of veteran homelessness in the state.

### STAFF CONTACT INFORMATION

Matt Gallagher  
(916) 319-2033  
Matt.Gallagher@asm.ca.gov



**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](http://www.cba.ca.gov)



April 12, 2021

The Honorable Thurston "Smitty" Smith  
State Capitol, Room 4015  
Sacramento, CA 95814

**Bill: AB 1026**  
**Position: Support**

Dear Assemblymember Smith:

At its March 25, 2021 meeting, the California Board of Accountancy (CBA) voted to take a Support position on Assembly Bill (AB) 1026, as introduced on February 18, 2021.

This bill would require the Department of Consumer Affairs, and any of its boards, to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the United States Armed Forces or the California National Guard and was honorably discharged.

The CBA has taken a Support position on AB 1026, consistent with its continued practice of assisting members of the military and their families, which includes expediting licensure and providing individual assistance via the CBA's military liaison.

If you have questions, please contact CBA Assistant Executive Officer Deanne Pearce at (916) 561-1740 or [deanne.pearce@cba.ca.gov](mailto:deanne.pearce@cba.ca.gov).

Sincerely,

A handwritten signature in cursive script that reads 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA  
President

c: Members, California Board of Accountancy  
Patti Bowers, Executive Officer, California Board of Accountancy  
Members, Assembly Business and Professions Committee  
Members, Senate Business, Professions and Economic Development Committee

**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
AB 1386**

---

<b>Subject:</b>	License Fees: Military Partners and Spouses.	<b>CBA Position:</b>	Support
<b>Version:</b>	April 27, 2021	<b>Author:</b>	Cunningham
<b>Status:</b>	Assembly Business and Professions Committee	<b>Sponsor:</b>	Author

---

### **Summary**

Assembly Bill (AB) 1386 (**Attachment 1**) would prohibit a board within the Department of Consumer Affairs (DCA) from charging an initial application fee, an initial license issuance fee, or an initial examination fee to an applicant who meets the existing expedited licensing requirements for spouses, domestic partners, or other legal partners of members of the United States (U.S.) Armed Forces with an assigned duty station in California. The initial examination fee shall only be waived if the examination is administered by the board.

### **Recommendation**

**Maintain Support Position.** Staff recommend the California Board of Accountancy (CBA) maintain its Support position on this bill, which has been amended to also prohibit the collection of certain examination fees.

### **Background**

Existing law provides, under Business and Professions Code section 115.5, for an expedited licensure process for applicants who:

- Supply evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the U.S. Armed Forces assigned to a duty station under orders.
- Hold a current license in another state or jurisdiction in the profession or vocation for which he or she seeks a license from the board.

### **Analysis**

According to the fact sheet (**Attachment 2**), the author indicates that:

[A] recent study found that spouses of active military members earned 14% less than their counterparts during the year of a move due to transitional job costs (Burke & Miller, 2016). [This bill] seeks to ease some of the burden placed on military families who move so frequently to serve our country.

### **Provisions of the Bill**

AB 1386 would prohibit a board from charging an initial or original license fee, or an initial examination fee from applicants who meet the expedited licensing requirements.

Since the implementation of the expedited licensing of military spouses, the number of actual applicants applying under those provisions have been minimal. The CBA does not anticipate that this measure will have a significant impact on CBA revenues. In addition, this measure is consistent with the CBA's desire to aid the families of those who serve.

As the CBA does not administer its own examination, the amendment relating to examination fees would not apply.

### **Fiscal Estimate**

In 2020, there were 27 applicants who applied with military-related credentials. The application fee and initial license fee are both \$250. If this volume is consistent in future years, the CBA could realize a revenue loss of approximately \$13,000 annually.

### **Support/Opposition**

Support: California Board of Accountancy (**Attachment 2**)

Opposition: None.

### **Effective/Operative Date**

January 1, 2022.

### **Related Bills**

- AB 1026 (Smith) of 2021, would require DCA and any board within DCA to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the U.S. Armed Forces or the California National Guard and was honorably discharged. (CBA Position: Support)
- AB 2631 (Cunningham) of the 2020 Legislative Session. Would have prohibited a board within the DCA from charging an initial or original license fee to an applicant who meets the existing expedited licensing requirements for spouses of members of the U.S. Armed Forces with an assigned duty station in California.
- AB 1904 (Block, Chapter 399, Statutes of 2012). Requires a board under DCA to issue an expedited license to the spouse or domestic partner of a military member on active duty.

### **Attachments**

1. Assembly Bill 1386
2. California Board of Accountancy Support Position Letter
3. Assembly Bill 1386 Fact Sheet

**ASSEMBLY BILL****No. 1386****Introduced by Assembly Member Cunningham**

February 19, 2021

An act to amend Section 115.5 of the Business and Professions Code, relating to professions and vocations.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1386, as introduced, Cunningham. License fees: military partners and spouses.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law requires a board to expedite the licensure process for an applicant who holds a current license in another jurisdiction in the same profession or vocation and provides evidence that they are married to or in a domestic partnership or other legal union with an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders.

This bill would prohibit a board from charging an initial or original license fee to an applicant who meets these expedited licensing requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 115.5 of the Business and Professions
- 2 Code is amended to read:

1 115.5. (a) A board within the department shall expedite the  
2 licensure process for an applicant who meets both of the following  
3 requirements:  
4 (1) Supplies evidence satisfactory to the board that the applicant  
5 is married to, or in a domestic partnership or other legal union  
6 with, an active duty member of the Armed Forces of the United  
7 States who is assigned to a duty station in this state under official  
8 active duty military orders.  
9 (2) Holds a current license in another state, district, or territory  
10 of the United States in the profession or vocation for which the  
11 applicant seeks a license from the board.  
12 *(b) A board shall not charge an applicant who meets the*  
13 *requirements in subdivision (a) an initial or original license fee.*  
14 ~~(b)~~  
15 (c) A board may adopt regulations necessary to administer this  
16 section.

**California Board of Accountancy**2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* www.cba.ca.gov

April 12, 2021

The Honorable Jordan Cunningham  
State Capitol, Room 4102  
Sacramento, CA 95814**Bill:            AB 1386**  
**Position:       Support**

Dear Assemblymember Cunningham:

At its March 25, 2021 meeting, the California Board of Accountancy (CBA) voted to take a Support position on Assembly Bill (AB) 1386, as introduced on February 19, 2021.

This bill would prohibit a board within the Department of Consumer Affairs, including the CBA, from charging an initial or original license fee to an applicant who meets the existing expedited licensing requirements for spouses, domestic partners, or other legal partners of members of the United States Armed Forces with an assigned duty station in California.

The CBA has taken a Support position on AB 1386, consistent with its continued practice of assisting members of the military and their families, which includes expediting licensure and providing individual assistance via the CBA's military liaison.

If you have questions, please contact CBA Assistant Executive Officer Deanne Pearce at (916) 561-1740 or [deanne.pearce@cba.ca.gov](mailto:deanne.pearce@cba.ca.gov).

Sincerely,

A handwritten signature in black ink that reads 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA  
President

c:    Members, California Board of Accountancy  
     Patti Bowers, Executive Officer, California Board of Accountancy  
     Members, Assembly Business and Professions Committee  
     Members, Senate Business, Professions and Economic Development Committee



# JORDAN CUNNINGHAM

REPRESENTING THE 35TH ASSEMBLY DISTRICT



## AB 1386: Military Spouse Licensing Fees

### BACKGROUND

Military families move significantly more often than their civilian counterparts; on average they relocate every 2 to 3 years. Having to constantly relocate can have lasting effects on the earnings of military spouses. In fact, a recent study found that spouses of active military members earned 14% less than their counterparts during the year of a move due to transitional job costs (Burke & Miller, 2016). Assembly Bill 1386 seeks to ease some of the burden placed on military families who move so frequently to serve our country.

### SUMMARY

AB 1386 will waive licensure fees from the Department of Consumer Affairs (DCA) for spouses of active military members if they (1) already hold a license in another state and (2) have been relocated due to their spouse's military duties.

### CURRENT LAW

Currently, the Department of Consumer Affairs expedites licenses for spouses of active military members that have been relocated (Chap. 640, Stats 2014). This bill simply adds on to existing law and prohibits the Department from charging an original licensing fee during that process.

### SUPPORT

None on file

### OPPOSITION

None on file

### STAFF CONTACT

Noah Billyeu  
[noah.billyeu@asm.ca.gov](mailto:noah.billyeu@asm.ca.gov)  
(916) 319-2035

**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
SB 772**

---

<b>Subject:</b>	Professions and Vocations: Citations: Minor violations.	<b>CBA Position:</b>	Watch
<b>Version:</b>	February 19, 2021	<b>Author:</b>	Ochoa Bogh
<b>Status:</b>	Senate Business, Professions and Economic Development Committee	<b>Sponsor:</b>	Author

---

### **Summary**

Senate Bill (SB) 772 (**Attachment 1**) would prohibit any board, bureau, or commission within the Department of Consumer Affairs (DCA), including the California Board of Accountancy (CBA), from assessing an administrative fine for a violation of the applicable licensing act or any adopted regulation if the violation is a minor violation, as specified.

The bill defines a minor violation as one in which all of the following conditions are met:

- The violation did not pose a serious health or safety threat.
- There is no evidence that the violation was willful.
- The licensee was not on probation at the time of the violation.
- The licensee does not have a history of committing the violation.
- The licensee corrects the violation within 30 days from the date notice of the violation is sent to the licensee.

### **Recommendation**

**Maintain Watch Position.** Staff recommend the CBA maintain its Watch position on this bill, which has not been amended since the March CBA meeting.

The author's office has been provided with the implementation concerns expressed in the analysis and they have relayed that this may turn into a two-year bill.

### **Background**

#### Citation Authority for Boards and Bureaus

Business and Professions Code (BPC) section 125.9 provides that any board, bureau, or commission within DCA may by regulation establish citations including the orders of abatement, or the assessment of an administrative fine for violation of the applicable licensing act or regulation.

Citations are required to be in writing and shall describe, in detail, the nature of the violation, including specific reference to the provision of law determined to have been violated. When appropriate, the citation shall contain an order of abatement fixing a reasonable time for abatement of the violation.



### Flexibility of Citation Authority

Existing law provides for flexibility in fixing citations:

- A citation may be issued without the assessment of an administrative fine.
- Assessment of administrative fines may be limited to only particular violations of the applicable licensing act.
- Notwithstanding any other provision of law, if a fine is paid to satisfy an assessment based on the finding of a violation, payment of the fine and compliance with the order of abatement, if applicable, shall be represented as satisfactory resolution of the matter for purposes of public disclosure.
- Administrative fines collected pursuant to this section shall be deposited in the special fund of the particular board, bureau, or commission.

Statute also provides that no assessed administrative fine shall exceed \$5,000 for each inspection or each investigation made with respect to the violation. In assessing a fine, the board, bureau, or commission shall give due consideration to the appropriateness of the amount of the fine with respect to factors such as the gravity of the violation, the good faith of the licensee, and the history of previous violations.

### Availability of Hearing

A board or bureau will inform licensees that they may seek a hearing to contest the finding of the underlying violation. Such a hearing shall be requested by the licensee in writing to the board, bureau or commission within 30 days of the date of issuance of the citation or assessment. If a hearing is not requested, payment of any fine will not constitute an admission of the violation.

### Failure to Pay a Fine

Licensees who fail to pay a fine or comply with an order of abatement, or both, within 30 days of the date of assessment or order, unless the citation is being appealed, may be subject to a disciplinary action being taken by the board, bureau, or commission. Where a citation is not contested and a fine is not paid, the full amount of the assessed fine will be added to the fee for renewal of the license. A license shall not be renewed without payment of the renewal fee and fine.

## **Analysis**

According to the fact sheet (**Attachment 2**), the author's stated intent for this bill is that:

[Many business] owners [are left] in the precarious position of making minor mistakes due to misinterpretation or lack of awareness, rather than outright disregard for the law, simply because they do not possess a law degree or legal team. These mistakes, although minor, result in costly penalties. Creating a business environment in the state that is conducive to growth, especially after the damaging effects the COVID-19 shutdowns have had on small businesses, will be integral to economic recovery. Providing financial relief, at a time when many business owners and licensed professionals are facing the decision of closing their doors permanently, is inherent to restoring confidence for current and prospective businesses in California.

### Provisions of the Bill

SB 772 would prohibit any board, bureau, or commission within the DCA, including the CBA, from assessing an administrative fine for a violation of the applicable licensing act or any adopted regulation if the violation is a minor violation.

The bill defines a minor violation as one in which all of the following conditions are met:

- The violation did not pose a serious health or safety threat.
- There is no evidence that the violation was willful.
- The licensee was not on probation at the time of the violation.
- The licensee does not have a history of committing the violation.
- The licensee corrects the violation within 30 days from the date notice of the violation is sent to the licensee.

### Willful Violations

According to the bill (condition 2), a violation is minor if there is no evidence that the violation was willful. The language does not define what willful would entail. Historically, for administrative matters, the courts do not view willful as intentional; rather, typical standard for willful is an act where a violator knew or should have known of the violation and have chosen to ignore the rule of law. Thus, by committing the violation, the act is willful. This would appear to run contrary to the author's intentions.

### Violation Correction

According to the bill (condition 5), a violation is minor if the licensee corrects the violation within 30 days from the date the notice of the violation is sent to the licensee. The bill does not define what constitutes "notice." Is the notice the initial letter informing the licensee that there is a potential violation or is the notice the citation itself? If it is the former (that is the initial notice of a potential violation), for the CBA, there is, generally, an opportunity to correct a violation (for example, complete outstanding continuing education or respond to a written request by the CBA) prior to a citation and fine being issued.

If, however, it is the latter (the notice being the citation itself), the administrative fine accompanies the citation. Under current law, there appears to be no ability to separately issue the citation and the accompanying fine. Further, for the CBA, there are certain violations that are not correctable and, thus, would not qualify for the proposed definition of a minor violation.

The citation most issued by the CBA is for failing to complete the minimum yearly Continuing Education requirement of 20 hours per licensure year, with 12 hours in technical subject matter (commonly referred to as 20/12). Looking to the present fiscal year (FY) 2020-21, of the 204 citations issued, 61 percent were issued to licensees for failing to complete the 20/12 requirement. Looking back to FY 2019-20, of the 174 citations issued, 82 percent were issued to licensees for failing to complete the 20/12 requirement.

### **Fiscal Estimate**

The costs to the CBA are unknown at this time. However, it should be noted that the CBA issued 174 citations in FY 2019-2020 in the amount of \$49,275.

### **Support/Opposition**

Support: National Federation of Independent Business  
Professional Beauty Federation of California  
Southwest California Legislative Council

Opposition: None.

### **Effective/Operative Date**

January 1, 2022.

### **Related Bills**

- **SB 960 (Morrell)** Chap. 247 of 2014. Authorized the Board of Pharmacy (BOP) to issue a letter of admonishment to applicants for licensures who have committed violations of law that BOP deems does not merit license denial or probationary status.
- **AB 1005 (Calderon)** of 2017. Would have provided for non-healing arts boards under DCA to issue a citation for a violation of any provision of the BPC also include the authority to issue an abatement order, in lieu of a fine. It would have provided that a person who is issued such an order 30 days in which to correct the violation before being issued a fine.

### **Attachments**

1. Senate Bill 772
2. Senate Bill 772 Fact Sheet

**SENATE BILL****No. 772**

---

---

**Introduced by Senator Ochoa Bogh  
(Coauthor: Senator Borgeas)**February 19, 2021

---

---

An act to amend Section 125.9 of the Business and Professions Code, relating to professions and vocations.

## LEGISLATIVE COUNSEL'S DIGEST

SB 772, as introduced, Ochoa Bogh. Professions and vocations: citations: minor violations.

Existing law authorizes the State Board of Chiropractic Examiners, the Osteopathic Medical Board of California, and any board within the Department of Consumer Affairs to issue a citation to a licensee, which may contain an order of abatement or an order to pay an administrative fine assessed by the board.

This bill would prohibit the assessment of an administrative fine for a minor violation, and would specify that a violation shall be considered minor if it meets specified conditions, including that the violation did not pose a serious health or safety threat and there is no evidence that the violation was willful.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 125.9 of the Business and Professions  
2 Code is amended to read:  
3 125.9. (a) Except with respect to persons regulated under  
4 Chapter 11 (commencing with Section 7500), any board, bureau,  
5 or commission within the department, the State Board of

1 Chiropractic Examiners, and the Osteopathic Medical Board of  
2 California, may establish, by regulation, a system for the issuance  
3 to a licensee of a citation which may contain an order of abatement  
4 or an order to pay an administrative fine assessed by the board,  
5 bureau, or commission where the licensee is in violation of the  
6 applicable licensing act or any regulation adopted pursuant thereto.

7 (b) The system shall contain the following provisions:

8 (1) Citations shall be in writing and shall describe with  
9 particularity the nature of the violation, including specific reference  
10 to the provision of law determined to have been violated.

11 (2) Whenever appropriate, the citation shall contain an order of  
12 abatement fixing a reasonable time for abatement of the violation.

13 (3) In no event shall the administrative fine assessed by the  
14 board, bureau, or commission exceed five thousand dollars (\$5,000)  
15 for each inspection or each investigation made with respect to the  
16 violation, or five thousand dollars (\$5,000) for each violation or  
17 count if the violation involves fraudulent billing submitted to an  
18 insurance company, the Medi-Cal program, or Medicare. In  
19 assessing a fine, the board, bureau, or commission shall give due  
20 consideration to the appropriateness of the amount of the fine with  
21 respect to factors such as the gravity of the violation, the good  
22 faith of the licensee, and the history of previous violations.

23 (4) A citation or fine assessment issued pursuant to a citation  
24 shall inform the licensee that if the licensee desires a hearing to  
25 contest the finding of a violation, that hearing shall be requested  
26 by written notice to the board, bureau, or commission within 30  
27 days of the date of issuance of the citation or assessment. If a  
28 hearing is not requested pursuant to this section, payment of any  
29 fine shall not constitute an admission of the violation charged.  
30 Hearings shall be held pursuant to Chapter 5 (commencing with  
31 Section 11500) of Part 1 of Division 3 of Title 2 of the Government  
32 Code.

33 (5) Failure of a licensee to pay a fine or comply with an order  
34 of abatement, or both, within 30 days of the date of assessment or  
35 order, unless the citation is being appealed, may result in  
36 disciplinary action being taken by the board, bureau, or  
37 commission. Where a citation is not contested and a fine is not  
38 paid, the full amount of the assessed fine shall be added to the fee  
39 for renewal of the license. A license shall not be renewed without  
40 payment of the renewal fee and fine.

- 1 (c) The system may contain the following provisions:  
2 (1) A citation may be issued without the assessment of an  
3 administrative fine.  
4 (2) Assessment of administrative fines may be limited to only  
5 particular violations of the applicable licensing act.  
6 (d) Notwithstanding any other provision of law, if a fine is paid  
7 to satisfy an assessment based on the finding of a violation,  
8 payment of the fine and compliance with the order of abatement,  
9 if applicable, shall be represented as satisfactory resolution of the  
10 matter for purposes of public disclosure.  
11 (e) Administrative fines collected pursuant to this section shall  
12 be deposited in the special fund of the particular board, bureau, or  
13 commission.  
14 (f) *A licensee shall not be assessed an administrative fine for a*  
15 *violation of the applicable licensing act or any regulation adopted*  
16 *pursuant to the act if the violation is a minor violation. A violation*  
17 *shall be considered minor if all of the following conditions are*  
18 *satisfied:*  
19 (1) *The violation did not pose a serious health or safety threat.*  
20 (2) *There is no evidence that the violation was willful.*  
21 (3) *The licensee was not on probation at the time of the*  
22 *violation.*  
23 (4) *The licensee does not have a history of committing the*  
24 *violation.*  
25 (5) *The licensee corrects the violation within 30 days from the*  
26 *date notice of the violation is sent to the licensee.*

# SB 772: Abatement of Minor Business Violation Fees

## Senator Rosilic Ochoa Bogh

### IN BRIEF

SB 772 will provide financial relief to businesses and licensed professionals by allowing them to correct minor violations without being subject to a monetary penalty.

### THE ISSUE

Small businesses make up over 99%<sup>1</sup> of all businesses in California and they employ over 7 million employees. That is why they are the cornerstone of our economy. These businesses, however, are facing an increasingly difficult business environment in the state.

Without the legal resources of their corporate counterparts, many small business owners are left to navigate and interpret the extremely nuanced Business and Professions Code on their own. This leaves many owners in the precarious position of making minor mistakes due to misinterpretation or lack of awareness, rather than outright disregard for the law, simply because they do not possess a law degree or legal team. These mistakes, although minor, result in costly penalties.

Overregulation has become a barrier to entry, especially among lower-income households.<sup>2</sup> It deters entrepreneurship through the fear of costly lawsuits accompanied by state penalty fees. This can be detrimental, particularly among women and communities of color who are already less likely to become entrepreneurs<sup>3</sup> compared to their white, male counterparts. Overregulation not only drives current business owners out of business, but it also disincentivizes new businesses from entering the market.

Additionally, as small businesses leave the market due to infeasible regulatory conditions, larger corporations, who are able to maneuver the complex regulatory environment, will be able to gain a monopolistic-like share of the market. This ultimately results in higher prices, lower quality, and less choice<sup>4</sup> for the consumer.

Creating a business environment in the state that is conducive to growth, especially after the damaging effects the COVID-19 shutdowns have had on small businesses,<sup>5</sup> will be integral to economic recovery. Providing financial relief, at a time when many business owners and licensed professionals are facing the decision of closing their doors permanently, is inherent to restoring confidence for current and prospective businesses in California.

### EXISTING LAW

Currently, Business and Professions Code Section 125.9 authorizes boards and bureaus that fall under the Department of Consumer Affairs (DCA) to issue citations without assessing an accompanying administrative fine. This, however, is at the discretion of the licensing entity.

In Fiscal Year 2014-2015, the Bureau of Household Goods and Services implemented the \$0 citation abatement program to take initial action against a business without imposing a monetary penalty. This allowed the bureau to provide outreach and education to the business to achieve long-term compliance. Any subsequent violations by the business would warrant the assessment of a monetary fine.<sup>6</sup>

### THE SOLUTION

SB 772 would require all boards and bureaus within the DCA to adopt a program that allows licensees and business owners to correct minor violations before being subject to a monetary penalty.

This bill would also direct boards and bureaus to adopt regulations to identify what types of violations are considered to be minor and would qualify for the \$0 citation program.

### FOR MORE INFORMATION

Staff: Alessandra Magnasco  
(916) 651-4023  
(916) 651-4923[Fax]  
[Alessandra.Magnasco@sen.ca.gov](mailto:Alessandra.Magnasco@sen.ca.gov)

Bill text and status can be found at:  
<http://leginfo.legislature.ca.gov/>

<sup>1</sup><https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142641/2019-Small-Business-Profiles-CA.pdf>

<sup>2</sup>[https://www.pacificresearch.org/wp-content/uploads/2019/10/Barriers\\_Pathways\\_finalWeb.pdf](https://www.pacificresearch.org/wp-content/uploads/2019/10/Barriers_Pathways_finalWeb.pdf)

<sup>3</sup><https://www.entrepreneur.com/article/312943>

<sup>4</sup><https://www.bbc.com/news/business-34666150>

<sup>5</sup><https://www.ppic.org/blog/the-economic-toll-of-covid-19-on-small-business/>  
<sup>6</sup>[https://bhgs.dca.ca.gov/forms\\_pubs/sunset\\_2017.pdf](https://bhgs.dca.ca.gov/forms_pubs/sunset_2017.pdf)

**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
AB 885**

---

<b>Subject:</b>	Bagley-Keene Open Meeting Act: Teleconferencing.	<b>Author:</b>	Quirk
<b>Version:</b>	March 24, 2021	<b>Sponsor:</b>	Author
<b>Status:</b>	Assembly Governmental Organization Committee		

---

## **Summary**

Assembly Bill (AB) 885 (**Attachment 1**) revises the Bagley-Keene Open Meeting Act (Bagley-Keene) to encourage greater accessibility for both the public and members of a state body, when state bodies elect to use teleconferencing technology. The bill would define teleconferencing as participation in a meeting both audibly and visually. Under provisions of the bill, members of a state body participating remotely would count towards a quorum and would only require public disclosure of the designated primary physical meeting location from which the public may participate.

## **Background**

### Open Meetings of State Bodies

The Bagley-Keene was created on the premise that public agencies exist to aid in the conduct of the people's business and that the proceedings of public agencies should be conducted openly so that the public may remain informed. Therefore, the concepts of transparency in decision making and public access to information are given priority. Whenever a state body meets, the Bagley-Keene requires those bodies to take certain actions prior to, during, and after a meeting, including:

- Issue a public notice at least 10 days in advance
- Prepare formal agendas
- Conduct meetings in public
- Accept public testimony
- Record the meeting
- Publish meeting minutes

Presently, the Bagley-Keene requires a state body to publish a public meeting notice on its website, and to any person who requests it in writing, at least 10 days prior to that meeting. The notice shall include, among other items, a specific agenda for the meeting and a brief description of the items of business to be transacted or discussed in either open or closed session.

Under existing law, a state body which uses teleconferencing for its meetings must provide notice to the public at least 24 hours before the meeting identifying any member



who will participate remotely by posting the notice on its website and by emailing notice to any person who has requested notice of meetings of the state body under this article. The location of a member of a state body who will participate remotely is not required to be disclosed in the public notice or email and need not be accessible to the public.

## **Analysis**

According to the fact sheet (**Attachment 2**), the author states this bill is intended to expand the public's access to their representatives in government:

The Governor's Executive Order of suspending Bagley-Keene requirements is only temporary. Under current law, there are many barriers to conducting meetings via teleconference for state bodies that are not operating in an advisory capacity. However, the Governor's Executive Order has demonstrated that allowing for remote participations increases the public's access to their representatives. Lack of travel to a physical location provides certain advantages including the elimination of the expenses of transportation, childcare, and taking time off from work.

### Provisions of the Bill

The bill would amend the Bagley-Keene with regard to state bodies that elect to use teleconferencing for their meetings. Specifically, the bill would require:

- Teleconferenced meetings held by state bodies, to be open to the public, shall be available to the public both audibly and visually at the location specified in the notice of the meeting.
- A state body that elects to conduct a meeting by teleconference, must post the meeting's agenda at the designated primary physical meeting location identified in the notice of meeting where members of the public may physically attend the meeting and participate.
- Makes provisions for the failure of remote access technology, including requiring adjournment. It would also require the state body to provide notice to the public of its adjournment, and when the meeting may reconvene.
- The definition of a state body to which the above would apply includes a board, commission, committee, subcommittee or similar multimember body that may hold an open meeting by teleconference, but does not include advisory bodies.
- When establishing a quorum of members of the state body, members participating in-person physically, via teleconference at the primary physical meeting location, or remotely would all count towards establishing a quorum.

AB 885 contains legislative findings and declarations that state by removing the requirement for meeting agendas to be placed at the location of each public official participating in a public meeting remotely, including the member's private home or hotel room, this bill protects the personal, private information of public officials and their families while preserving the public's right to access information concerning the conduct of the people's business.

Impacts to California Board of Accountancy (CBA) and Consumers

Due to the current COVID-19 circumstances, the CBA has been conducting its meetings via teleconferencing with members and participants interacting remotely, using a combined audio and visual capability.

Under the bill, the CBA would continue to have the ability to conduct its meetings via teleconferencing when the current Governor's order has expired. The bill would provide that in these circumstances meetings would need to be available to the public both audibly and visually at the location specified in the notice of the meeting.

The bill specifies that in establishing a quorum for a teleconferenced meeting, all members, whether present physically at the primary meeting site, or remotely, would be eligible to be counted in order to constitute the required attendance.

Under the bill, in the event that a means of remote access fails during a meeting, the CBA would need to end or adjourn the meeting. It would require the CBA to provide notice of the meeting's end or adjournment on its internet website and by email to any person who has requested notice of meetings of the state body.

In circumstances when the meeting will be adjourned and reconvened on the same day, the notice may be provided by an automated message on a telephone line posted on the state body's agenda, or by a similar means, that will communicate when the state body intends to reconvene the meeting and how a member of the public may observe the meeting, both audibly and visually.

AB 885 would protect member's location, and personal information, while permitting the public access to those conducting the people's business.

The CBA, for a teleconferenced meeting, would be required to post its agenda at the designated primary physical location identified in the meeting notice, as is the current practice.

**Recommendation**

Staff recommend the CBA adopt a **Support** position on this bill. This measure would enable the CBA to elect to continue using teleconferencing for the conduct of its meetings after the current emergency, while ensuring that the public has a maximum ability to interact with state agencies.

**Fiscal Estimate**

The fiscal impact of AB 885 to CBA would be minimal, and consistent with the costs currently incurred for teleconferenced meetings.

## **AB 885**

Page 4 of 4

### **Support/Opposition**

Support: Board for Engineers, Land Surveyors, and Geologists  
California Taxpayers Association  
Little Hoover Commission

Opposition: None.

### **Effective/Operative Date**

January 1, 2022

### **Related Bills**

- AB 339 (Lee) of 2021. Would establish additional requirements for meetings of the state Legislature, and legislative bodies of local agencies.
- AB 2958 (Quirk) Chapter 881 of 2019. Authorizes a method of holding a meeting by teleconference, provided it also complies with all other applicable requirements of the Bagley-Keene Open Meeting Act

### **Attachments**

1. Assembly Bill 885
2. Assembly Bill 885 Fact sheet

AMENDED IN ASSEMBLY MARCH 24, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL****No. 885****Introduced by Assembly Member Quirk**

February 17, 2021

---

An act to amend Sections 11123 and 11123.5 of the Government Code, relating to state government.

## LEGISLATIVE COUNSEL'S DIGEST

AB 885, as amended, Quirk. Bagley-Keene Open Meeting Act: teleconferencing.

The Bagley-Keene Open Meeting Act (Bagley-Keene Act), requires, with specified exceptions, that all meetings of a state body, as defined, be open and public, and all persons be permitted to attend any meeting of a state body, except as provided. The Bagley-Keene Act, among other things, requires a state body that elects to conduct a meeting or proceeding by teleconference to make the portion of the meeting that is required to be open to the public audible to the public at the location specified in the notice of the meeting. *The Bagley-Keene Act requires a state body that elects to conduct a meeting or proceeding by teleconference to post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and requires each teleconference location to be accessible to the public.* That law authorizes any meeting of a state body that is an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body to hold an open meeting by teleconference if the meeting complies with the requirements of the act, except as provided. Existing law requires that when a member of a multimember state advisory body

participates remotely the body provide a means by which the public may remotely hear audio of the meeting or remotely observe the meeting. Existing law requires a multimember state advisory body to end or adjourn a meeting if it discovers that a required means of remote access has failed during the meeting, and, if the meeting is to adjourn and reconvene on the same day, that law requires the body to communicate, among other things, how a member of the public may hear audio of the meeting or observe the meeting.

This bill would require a state body that elects to conduct a meeting or proceeding by teleconference to make the portion that is required to be open to the public both audibly and visually observable. *The bill would require a state body that elects to conduct a meeting or proceeding by teleconference to post an agenda at the designated primary physical meeting location in the notice of the meeting where members of the public may physically attend the meeting and participate.* The bill would extend the above requirements of meetings of multimember advisory bodies that are held by teleconference to meetings of all multimember state bodies. The bill would require a multimember state body to provide a means by which the public may both audibly and visually remotely observe a meeting if a member of that body participates remotely. The bill would further require any body that is to adjourn and reconvene a meeting on the same day to communicate how a member of the public may both audibly and visually observe the meeting. The bill would also make nonsubstantive changes to those provisions.

*Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.*

*This bill would make legislative findings to that effect.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 11123 of the Government Code is  
2 amended to read:

1 11123. (a) All meetings of a state body shall be open and  
2 public and all persons shall be permitted to attend any meeting of  
3 a state body except as otherwise provided in this article.

4 (b) (1) This article does not prohibit a state body from holding  
5 an open or closed meeting by teleconference for the benefit of the  
6 public and state body. The meeting or proceeding held by  
7 teleconference shall otherwise comply with all applicable  
8 requirements or laws relating to a specific type of meeting or  
9 proceeding, including the following:

10 (A) The teleconferencing meeting shall comply with all  
11 requirements of this article applicable to other meetings.

12 (B) The portion of the teleconferenced meeting that is required  
13 to be open to the public shall be both audibly and visually  
14 observable to the public at the location specified in the notice of  
15 the meeting.

16 (C) If the state body elects to conduct a meeting or proceeding  
17 by teleconference, it shall ~~post agendas~~ *an agenda* ~~at all~~  
18 ~~teleconference locations~~ *the designated primary physical meeting*  
19 *location in the notice of the meeting where members of the public*  
20 *may physically attend the meeting and participate*, and conduct  
21 teleconference meetings in a manner that protects the rights of any  
22 party or member of the public appearing before the state body.  
23 ~~Each teleconference location shall be identified in the notice and~~  
24 ~~agenda of the meeting or proceeding, and each teleconference~~  
25 ~~location shall be accessible to the public.~~ The agenda shall provide  
26 an opportunity for members of the public to address the state body  
27 *via teleconference* directly pursuant to Section 11125.7 at each  
28 teleconference location.

29 (D) All votes taken during a teleconferenced meeting shall be  
30 by rollcall.

31 (E) The portion of the teleconferenced meeting that is closed  
32 to the public may not include the consideration of any agenda item  
33 being heard pursuant to Section 11125.5.

34 (F) At least one member of the state body shall be physically  
35 present at the location specified in the notice of the meeting.

36 (2) For the purposes of this subdivision, “teleconference” means  
37 a meeting of a state body, the members of which are at different  
38 locations, connected by electronic means, through both audio and  
39 video. This section does not prohibit a state body from providing  
40 members of the public with additional locations in which the public

1 may observe or address the state body by electronic means, through  
2 either audio or both audio and video.

3 (c) The state body shall publicly report any action taken and the  
4 vote or abstention on that action of each member present for the  
5 action.

6 SEC. 2. Section 11123.5 of the Government Code is amended  
7 to read:

8 11123.5. (a) In addition to the authorization to hold a meeting  
9 by teleconference pursuant to subdivision (b) of Section 11123,  
10 any state body that is a board, commission, committee,  
11 subcommittee, or similar multimember body may hold an open  
12 meeting by teleconference as described in this section, provided  
13 the meeting complies with all of the section's requirements and,  
14 except as set forth in this section, it also complies with all other  
15 applicable requirements of this article.

16 (b) A member of a state body as described in subdivision (a)  
17 who participates in a teleconference meeting from a remote location  
18 subject to this section's requirements shall be listed in the minutes  
19 of the meeting.

20 (c) The state body shall provide notice to the public at least 24  
21 hours before the meeting that identifies any member who will  
22 participate remotely by posting the notice on its internet website  
23 and by emailing notice to any person who has requested notice of  
24 meetings of the state body under this article. The location of a  
25 member of a state body who will participate remotely is not  
26 required to be disclosed in the public notice or email and need not  
27 be accessible to the public. The notice of the meeting shall also  
28 identify the primary physical meeting location designated pursuant  
29 to subdivision (e).

30 (d) This section does not affect the requirement prescribed by  
31 this article that the state body post an agenda of a meeting at least  
32 10 days in advance of the meeting. The agenda shall include  
33 information regarding the physical meeting location designated  
34 pursuant to subdivision (e), but is not required to disclose  
35 information regarding any remote location.

36 (e) A state body described in subdivision (a) shall designate the  
37 primary physical meeting location in the notice of the meeting  
38 where members of the public may physically attend the meeting  
39 and participate. A quorum of the members of the state body shall  
40 be in attendance *via teleconference or in person physically* at the

1 primary physical meeting location, and members of the state body  
2 participating remotely shall ~~not~~ count towards establishing a  
3 quorum. All decisions taken during a meeting by teleconference  
4 shall be by rollcall vote. The state body shall post the agenda at  
5 the primary physical meeting location, but need not post the agenda  
6 at a remote location.

7 (f) When a member of a state body described in subdivision (a)  
8 participates remotely in a meeting subject to this section's  
9 requirements, the state body shall provide a means by which the  
10 public may remotely observe the meeting's proceedings, both  
11 audibly and visually, including the members of the state body  
12 participating remotely. The applicable teleconference phone  
13 number or internet website, or other information indicating how  
14 the public can access the meeting remotely, shall be in the 24-hour  
15 notice described in subdivision (a) that is available to the public.

16 (g) Upon discovering that a means of remote access required  
17 by subdivision (f) has failed during a meeting, the state body  
18 described in subdivision (a) shall end or adjourn the meeting in  
19 accordance with Section 11128.5. In addition to any other  
20 requirements that may apply, the state body shall provide notice  
21 of the meeting's end or adjournment on its internet website and  
22 by email to any person who has requested notice of meetings of  
23 the state body under this article. If the meeting will be adjourned  
24 and reconvened on the same day, further notice shall be provided  
25 by an automated message on a telephone line posted on the state  
26 body's agenda, or by a similar means, that will communicate when  
27 the state body intends to reconvene the meeting and how a member  
28 of the public may observe the meeting, both audibly and visually.

29 (h) For purposes of this section:

30 (1) "Participate remotely" means participation in a meeting at  
31 a location other than the physical location designated in the agenda  
32 of the meeting.

33 (2) "Remote location" means a location other than the primary  
34 physical location designated in the agenda of a meeting.

35 (3) "Teleconference" has the same meaning as in Section 11123.

36 (i) This section does not limit or affect the ability of a state body  
37 to hold a teleconference meeting under another provision of this  
38 article.

39 *SEC. 3. The Legislature finds and declares that Section 1 of*  
40 *this act, which amends Section 11123 of the Government Code,*



1 *imposes a limitation on the public's right of access to the meetings*  
2 *of public bodies or the writings of public officials and agencies*  
3 *within the meaning of Section 3 of Article I of the California*  
4 *Constitution. Pursuant to that constitutional provision, the*  
5 *Legislature makes the following findings to demonstrate the interest*  
6 *protected by this limitation and the need for protecting that*  
7 *interest:*

8 *By removing the requirement for agendas to be placed at the*  
9 *location of each public official participating in a public meeting*  
10 *remotely, including from the member's private home or hotel room,*  
11 *this act protects the personal, private information of public officials*  
12 *and their families while preserving the public's right to access*  
13 *information concerning the conduct of the people's business.*



Attachment 2

**BACKGROUND**

The Bagley-Keene Open Meeting Act of 1967 provides the public the ability to actively engage with its government and be a part of the decision-making process. Bagley-Keene mandates open meetings for California State agencies, boards, committees, and commissions and facilitates transparency of government activities to protect the rights of citizens to participate in state government proceedings.

In June of 2015, The Little Hoover Commission released a report, *Conversations for a Workable Government*, that reviewed the consequences of changes the Legislature made to the Brown Act and the Bagley-Keene Act in 2008 and 2009. The report concluded that the changes to the state’s open meeting acts has hindered government decision-making processes and created less transparency instead of more. The Commission encouraged the Legislature to find ways to modernize public participation.

The COVID-19 global pandemic has disrupted the way organizations function, just as it has disrupted daily life in general. In 2019, as California’s infection rates began to climb, California implemented stay-at-home orders and businesses (both private and public) shut down physical work sites in an attempt to reduce the spread of infection caused by the virus. The lockdown prompted Governor Newsom to issue Executive Order N-29-20, which suspended Bagley-Keene requirements and authorized any local legislative body or state body to hold public meetings via teleconference.

**EXISTING LAW**

Under existing law, any meeting of a state body that is an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body may hold an open meeting by teleconference if the meeting complies with the requirements of the Bagley-Keene Act. Existing law requires that when a member of a multimember state advisory body participates remotely the body provide a means by which the

public may remotely hear audio of the meeting or remotely observe the meeting.

**PROBLEM**

The Governor’s Executive Order of suspending Bagley-Keene requirements is only temporary. Under current law, there are many barriers to conducting meetings via teleconference for state bodies that are not operating in an advisory capacity. However, the Governor’s Executive Order has demonstrated that allowing for remote participation increases the public’s access to their representatives. Lack of travel to a physical location provides certain advantages including the elimination of the expenses of transportation, childcare, and taking time off from work.

**SOLUTION**

AB 885 modernizes the teleconferencing statute of Bagley-Keene to encourage more participation and engagement in public service. This bill ensures accessibility for both the public, as well as members of a state body. AB 885 maintains that public meetings remain transparent, by requiring public meetings that are conducted via teleconference to be observable to the public both audibly and visually. Additionally, AB 885 clarifies that members of a state body participating remotely shall count towards a quorum and would only require public disclosure of the designated primary physical meeting location from which the public may participate. Lastly, the reform in this bill is not replacing physical meetings, but authorizing state bodies to have the ability to have a meeting via teleconference in addition to a physical meeting location.

**SUPPORT**

- Board for Engineers, Land Surveyors, and Geologists
- California Taxpayers Association
- Little Hoover Commission

**FOR MORE INFORMATION**

Evan Gyorkos, *Legislative Director*  
(916) 319-2020  
evan.gyorkos@asm.ca.gov

CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
AB 1316

---

<b>Subject:</b>	School Accountability: Financial and Performance Audits: Charter Schools: contracts.	<b>Author:</b>	O'Donnell
<b>Version:</b>	May 4, 2021	<b>Sponsor:</b>	Author
<b>Status:</b>	Assembly Education Committee		

---

### Summary

Assembly Bill (AB) 1316 (**Attachment 1**) would establish new requirements for non-classroom based (NCB) charter schools in the areas of auditing and accounting standards, the funding determination process, adding requirements to the contracting process, Independent Study (IS) program requirements, required teacher to pupil ratios, limiting authorization of NCB charters by small districts, and adding specificity to the authorizer oversight process, as specified.

The bill totals over 80 pages and effects primarily the California Education Code (EDC). In developing this analysis, staff have focused on those provisions of the bill that either add or amend new law directly affecting the California Board of Accountancy (CBA).

The areas of the bill specific to the CBA include:

Section 1, Page 8: Section 5027 of the Business and Professions Code

Section 12, Page 20: Section 41020.6 as proposed to be added to the EDC

Section 13, Page 21: Section 41020.7 as proposed to be added to the EDC

The bill affects the CBA in two primary areas: Continuing Education (CE) and Peer Review, as outlined below.

#### CE for School Auditors

This bill would require that by January 1, 2023, the CBA, in consultation with the Chief Executive Officer of the County Office Fiscal Crisis and Management Assistance Team (FCMAT), adopt regulations requiring specific CE criteria as a condition of license renewal for certified public accountants (CPA) who audit local educational agencies (LEA).

The regulations would require CPAs, who are engaged in financial and compliance audits of LEAs, to complete 12 of the existing 80 CE hours required for active status license renewal, be in the areas of accounting, auditing, or related subjects pertaining to LEAs. The CE must include:

- Training on the specific requirements included in the Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.
- Training on compliance topics such as attendance, independent study, charter schools, non-classroom-based instruction, school calendars, and instructional minutes.

The CE requirements shall apply irrespective if the LEA is a governmental agency or a nonprofit organization.

### Peer Review

The bill requires that by January 1, 2023, the CBA, in consultation with the Chief Executive Officer of the County Office FCMAT, adopt regulations, for peer review, prior to an audit firm performing audits of LEAs. The regulations will address the minimum requirements for a peer review program, including all of the following:

- A reference to LEAs as distinct from governmental agencies (e.g. government versus non-profit schools).
- A requirement, for those firms undergoing a peer review that conduct financial and compliance audits of LEAs, that the cross-section of a firm's engagement includes (i) at least one audit of an LEA, and (ii) if the firm conducts financial or compliance audits of charter schools, at least one audit of a charter school.
- A requirement that firms engaged in peer reviews of firms performing financial and compliance audits for LEAs have current knowledge of the professional standards related to accounting and auditing of LEAs, including where applicable, charter schools.

The peer review provisions shall apply irrespective if the LEA is a governmental agency or a nonprofit organization.

The bill would provide authorization for the CBA to prescribe, amend or repeal regulations pertaining to the requirements prescribed for all auditors of school districts, county offices of education, or charter schools.

## **Background**

### State Controller Responsibility

EDC section 14500 assigns primary responsibility to the State Controller's Office (SCO) for implementing and overseeing the program to review and report on financial and compliance audits of school districts and the offices of county superintendents of schools. Additionally, EDC section 41020 includes requirements for annual audits, scope of examinations, licensing requirements and other limitations, contents of auditor's reports, corrections, and certifications.

The firms and individuals authorized by the SCO are CPAs in good standing with the CBA. In addition, the firms/individuals listed have been deemed qualified pursuant to EDC section 41020(f) to conduct audits of K-12 LEAs. The SCO, in listing these firms

does not endorse any particular firm nor provide any assurances or guarantees regarding the quality or accuracy of the services provided by these firms. SCO, pursuant to EDC section 14503, requires financial and compliance audits to be performed in accordance with General Accounting Office standards for financial and compliance audits.

#### CBA CE Requirements, Including Government Auditing and Fraud

Business and Professions Code (BPC) section 5027 establishes authority for the CBA to prescribe, amend, or repeal regulations for CE. The CBA has adopted various regulations to implement CE requirements designed to maintain and increase licensees' competency in practice or public accounting.

CBA Regulations section 87 lays the foundational hours that licensees must complete ever two years as part of renewing a license in the active status. The CBA has determined that, at a minimum, licensees must complete 80 hours of CE. The 80 hours includes a minimum amount of hours in ethics education and a minimum amount of hours yearly.

Additionally, based on work performed by licensees, the Legislature and CBA mandate that a subset of the required 80 hours be in specified subject areas. One such mandate exists if licensees plan, direct, conduct substantial portions of field work, or report on financial or compliance audits of a governmental agency (BPC section 5027(b) and CBA Regulations section 87(c)). The CBA requires these licensees to complete 24 of the 80 hours in subject areas of governmental accounting, auditing, or related subjects.

The CBA defines a governmental agency as any department, office, commission, authority, board, government-owned corporation, or other independent establishment of any branch of federal, state or local government. As for related subjects, the CBA defines these as subjects which maintain or enhance the licensee's knowledge of governmental operations, laws, regulations or reports; any special requirements of governmental agencies; subjects related to the specific or unique environment in which the audited entity operates; and other auditing subjects which may be appropriate to government auditing engagements.

For those licensees required to complete the 24 hours described above, the CBA also requires that licensees complete a minimum of four hours in Fraud CE (CBA Regulations section 87(f)). The course subjects must specifically relate to the prevention, detection, and/or reporting of fraud affecting financial statements.

#### CPA Peer Review

Since 2010, the Legislature has required accounting firms, which includes licensees operating as sole proprietorships, to complete peer review once every three years. This requirement is a condition for license renewal (BPC section 5076). Peer review is a systematic review of a firm's accounting and auditing services performed by a peer

reviewer who is unaffiliated with the firm being reviewed to ensure work performed conforms to professional standards.

The Legislature authorized the CBA to adopt regulations to implement the peer review requirement, including regulations for becoming a CBA-recognized peer review program provider, standards for administering peer review, document submission, etc. The CBA adopted CBA Regulations section 48, which identifies the minimum requirements a peer review program provider must have for purposes of administering peer reviews. And, CBA Regulations section 48.1 states that the American Institute of Certified Public Accountants (AICPA) Peer Review Program meets the minimum requirements as adopted by the CBA.

#### Fiscal Crisis and Management Assistance Team (FCMAT)

The FCMAT's primary mission to help California's local K-14 educational agencies identify, prevent and resolve financial, operational and data management challenges by providing management assistance and professional learning opportunities.

FCMAT may be asked to provide fiscal crisis or management assistance by any of the following: school district, charter school, community college, county office of education, or state Superintendent of Public Instruction, or as assigned by the state Legislature. Services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials, and help to create efficient organizational operations. FCMAT's data management services are used to help LEAs meet state reporting responsibilities, improve data quality, and inform instructional program decisions. The Legislature established FCMAT as a response to a number of financially failing school districts in the early 1990s.

### **Analysis**

According to the fact sheet (**Attachment 2**) provided by the author's office, AB 1316 proposes to do the following:

AB 1316 increases the quality of independent study programs offered to students by both school districts and charter schools by:

- enhancing safety requirements and improving the quality of services provided to students by vendor personnel;
- eliminating public education funding from paying for private religious education;
- creating parity in the audit and accounting systems;
- closing student attendance loopholes;
- restructuring the flawed funding determination process;
- increasing authorizer training by re-establishing the charter authorizer training network; and
- improving authorizer oversight by limiting small district authorizing of non-classroom based(NCB) charter schools

The author's office stated the following regarding the need for AB 1316:

Upon the discovery of large scale fraud perpetrated by a number of non-classroom based charter schools [NCB], the Legislature imposed a two-year moratorium on the establishment of new NCB charter schools in 2020, with a commitment to reform NCB charter schools during that time period.

One example of such fraud includes *People v. McManus*, where the San Diego County District Attorney's Office indicted 11 defendants in a fraud scheme involving nineteen A3 Charter Schools. A3 Charter Schools created a partnership with a little league summer sports program and enrolled little league players in their charter school during the summer months to generate state attendance funding, despite A3 Charter Schools having never provided instruction to these little league players. A3 Charter Schools also transferred pupils between charter schools in their network to collect more than one school year of funding per pupil. The A3 Charter Schools case revealed many weaknesses in the State's education system in the areas of pupil data tracking, auditing, and school finance.

The Assembly Education Committee's analysis identified the following as it pertains to the provisions impacting the CBA:

The annual audits required by law found little to no malpractice by A3 schools. First, auditors are not required to complete any specialized up-front or ongoing training in school finance or law to audit a charter school. Second, charter schools can choose their auditors—A3 schools were shown to have fired their auditing firms and hired less experienced firms in the rare event that audit findings were made. Third, NCB charter schools are allowed to pick their own samples of pupil documentation showing compliance with independent study laws—enabling A3 to hide the fraudulent aspects of their operation from auditors. Fourth, auditors are not required to audit the education program received by pupils, only compliance with documentation. In the A3 schools, many children were enrolled from sports teams believing they were participating in a fundraiser and had no knowledge they were enrolled in a charter school at all.

As the CBA deliberates on AB 1316, and discusses the various implementation questions regarding both the CE and peer review components of the bill, it may wish to consider the following:

### ***Population of Impacted Licensees***

The SCO is required to establish a list of CPAs qualified to conduct LEA audits. In doing so, the SCO must check with the CBA to determine if the licensee is in good standing with the CBA. The SCO must publish on its website the list of CPAs, which is found in a section titled "CPADS" (Certified Public Accountants Directory Service).

According to the list found on this website, there are 96 accounting firms approved by the SCO to perform LEA audits. This is a very limited group of approved accounting firms. Of the 96 listed, only 62 accounting firms have performed audits between fiscal year 2016-17 and 2018-19.<sup>1</sup> Presently, that represents approximately one percent of

---

<sup>1</sup> These fiscal years are the only data available on the SCO website.

accounting firms<sup>2</sup> that perform this type of work. As AB 1316 proposes to include non-profit based organizations subject to audit, it's possible the volume of licensees may increase.

***Current professional standards require licensees to take steps necessary to ensure they are qualified to undertake specified work***

The AICPA Code of Professional Conduct AU Section 230 focuses on due professional care in the performance of work. Additionally, the CBA emphasizes that CPAs be “qualified” and not just “authorized” to sign reports on attest engagements.

Professional standards require the CPA to undertake only those professional services that can reasonably be completed with professional competence, including achieving a level of competence that will assure that the quality of service meets the high level of professionalism required. It is the responsibility of the CPA to evaluate whether their specific education, experience, and judgment are adequate to perform the services being requested.

***Existing CE Requirements for Governmental Auditing***

CE requirements for Governmental Auditing do not prohibit licensees from completing CE that is focused on LEAs and supports this concept without creating an additional regulatory requirement. As part of the qualifying subjects for Governmental Auditing found in CBA Regulations section 88(c) subjects related to the specific or unique environment in which the audited entity operates meet the CE requirement.

The 12 hours of CE proposed under BPC section 5027(a)(8) related to audits of LEAs appears separate and apart from the prescribed 24 hours of Governmental Auditing CE. If this is true, it will require licensees to complete 44 hours of prescribed CE.

As part of the 80 hours of required CE, a minimum of four hours must be completed in ethics, regardless of the work performed by licensees. Additionally, licenses performing governmental auditing work must complete a minimum of 24 hours in specified CE and four hours of Fraud CE. Licensees needing to complete Governmental Auditing, therefore, have a prescribed 32 hours of CE.

***Existing Peer Review Requirements for Governmental Audits***

For peer review, when selecting engagements, the peer reviewer looks at a cross-section of the engagements, with an emphasis on high-risk engagements. The engagements selected must include those performed under *Government Auditing Standards*, audits of employee benefit plans, audits of depository institutions (with assets of \$500 million or greater), audits of carrying broker-dealers, and examinations of service organizations (SOC 1<sup>®</sup> and SOC 2<sup>®</sup> engagements) when applicable. These are commonly referred to as must-select engagements.

---

<sup>2</sup> Although accounting firms includes sole proprietors, this percentage is based solely on the number of corporations and partnerships. As the CBA doesn't license sole proprietors, the percentage including this group would likely be less than one percent.



***Deviation from National Standards to Implement Peer Review***

The LEA audits referenced above are performed using multiple standards, with the *Government Auditing Standards* being the primary professional standards used. Based on the must-select engagement criteria used under the AICPA Peer Review Program, these types of engagements would fall under the criteria as possible selections.

A peer reviewer uses their professional judgment to select those must-select engagements. The peer reviewer is assessing high-risk engagements from the list both as it relates the representative amount of work certain engagements make up of accounting firms' practices and the type of engagement performed.

The CBA, as with other states that require peer review, use the AICPA Peer Review Program to administer and conduct peer reviews. The standards used by the AICPA are national standards applicable across the various states.

As proposed by AB 1316, the CBA, in consultation with the Chief Executive Officer of the County Office FCMAT, adopt regulations, for peer review, prior to an audit firm performing audits of LEAs. The regulations will address the minimum requirements for a peer review program, including all of the following:

- A requirement, for those firms undergoing a peer review that conduct financial and compliance audits of LEAs, that the cross-section of a firm's engagement includes (i) at least one audit of an LEA, and (ii) if the firm conducts financial or compliance audits of charter schools, at least one audit of a charter school.
- A requirement that firms engaged in peer reviews of firms performing financial and compliance audits for LEAs have current knowledge of the professional standards related to accounting and auditing of LEAs, including where applicable, charter schools.

If enacted, AB 1316 will require that within the AICPA Peer Review Program standards and the must-select engagement criteria, the peer reviewer will no longer use their professional judgment in selecting LEA-related engagements. The peer review will need to select such engagements. Presumably, the peer reviewer will need to consider selecting additional engagements as the LEA-related engagements may not represent a sufficiently high risk. As a result, the peer review costs for accounting firms could potentially increase.

Staff have been in discussions with the California Society of Certified Public Accountants (CalCPA) regarding the impact creating a carve-out to the national standards may create. Staff will continue to engage with CalCPA and the AICPA to understand the possible impacts and report the information to the CBA.

Considerations and Implementation Questions

Below are considerations the CBA may wish to share with the author, and staff-identified implementation questions that the CBA may wish to obtain greater clarity from the author's office.

**1) *Creating CE focused primarily on the auditing of LEAs may not address the issues raised by the author's office.***

The author's fact sheet and the Assembly Education Committee analysis point to fraud as the basis for needing the increased CE. The CE being proposed will provide increased understanding of the requirements for auditing an LEA, but may not address fraud. The CBA already maintains a CE requirement specifically related to the prevention, detection, and/or reporting of fraud affecting financial statements.

**2) *Require SCO to confirm completion of training prior to approval to perform LEA audits***

Given the limited number of accounting firms and CPAs operating in this environment, the author may wish to require the CE be a part of the SCO review process, as opposed to requiring the CBA to adopt regulations affecting such a small group. The CE could continue to apply towards the CE requirements for license renewal, but the concept of adding prescribed CE within the Accountancy Act and CBA Regulations would not be needed.

**3) *Should the subject areas related to the CE found in EDC section 41020.6 be removed and added to the Accountancy Act and do the 12 hours apply to the 24 Governmental Auditing?***

If the author continues to believe that additional CE is required, the CBA may wish to ask that the underlying subject areas be placed in the BPC for consistency with other CE requirements enforced and adopted by the CBA.

Additionally, in the April 14, 2021 version of AB 1316, the 12 hours of CE were contemplated as part of the 24 hours of Governmental Auditing. As part of the present amendments (May 4, 2021 version), the 12 hours of CE are part of the 80-hour requirement and a separate subdivision of BPC section 5027. The CBA may wish to clarify with the author whether completion of the 12 hours of LEA-related CE can apply to the hours for Governmental Auditing.

**4) *Seek amendments to remove the term auditor from the Accountancy Act.***

Throughout the existing and amended sections of the bill, the word auditor is regularly used. For purposes of this bill, it appears that the term is used synonymously with CPA. This includes adding the word to the Accountancy Act as part of revisions to BPC section 5027(a)(8).

As this is not a word used in the Accountancy Act and to maintain consistency with terminology found in the Accountancy Act regarding CE, should the CE requirements continue to be mandated by AB 1316, the CBA may wish the author to amend the language to say licensees.

**5. *Seek clarification regarding the word “adopt” for purposes of the regulatory changes the CBA needs to adopt by January 1, 2023.***

The proposed language requires the CBA to “adopt” regulations by January 1, 2023. The CBA may wish to obtain clarity from the author as to whether adopt as used in AB 1316 means have in place or that by that date the CBA has undertaken the rulemaking process and has adopted the proposed language.

If the author’s intent is to have the regulations in place by January 1, 2023, given the current process the CBA must undertake, the CBA would likely not have the regulations in place by January 1, 2023. The present rulemaking process under which the CBA operates and established by the Department of Consumer Affairs generally takes a minimum of 18-24 months to complete.

**5. *Discuss with the author’s office the purpose and timing of peer review.***

The CBA may wish to have staff engage in dialogue with the author’s office regarding the purpose of peer review. As noted earlier in this section, peer review does not seek to evaluate the engagements themselves, but more how the engagements conform to accounting firms’ system of quality control. Peer review reports, regardless of the final outcome, do not identify specific engagements.

Additionally, the CBA may wish to inquire with the author’s office regarding the timing of peer reviews. AB 1316 requires that a licensee, as a condition of performing an audit of an LEA, complete a peer review; however, a peer review is typically done after audit work is completed to ensure it meets requisite standards. As structured, it could create an impediment for accounting firms to engage in this work if these accounting firms are not already performing the work.

**Recommendation**

CBA staff do not have a position recommendation on AB 1316.

**Fiscal Estimate**

There will be a fiscal impact to the CBA; however, those costs can’t be finalized until the CBA receives clarification on the items identified in the analysis. At this time the following have been identified as having a possible fiscal impact:

- Required rulemaking for CE (BPC 5027(a)(8) and EC 41020.6(b)) and peer review (EC 41020.7(b))

- Implementation of new CE requirement: update forms, databases, website, informational materials, outreach, etc.
- Increased staff time to review the LEA-specific CE
- Peer Review implementation
- Respond to SCO requests regarding specific licensee eligibility to be added to CPADS (<https://cpads.sco.ca.gov/>)

**Support/Opposition**

Support:

- California Federation of Teachers
- California Labor Federation
- California School Employees Association
- California Teachers Association
- San Diego County District Attorney's Office

Opposition:

Association of Personalized Learning Schools & Services (APLUS+)	California Connections Academy
California Charter Schools Association	California Pacific Charter Schools
360 Accelerator Education Partners	Camino Nuevo Charter Academy
Academia Avance	Century Community Charter School
Achieve Charter School of Paradise	CHAMPS Charter High School of the Arts
Aerostem Academy (charter School)	Charter Schools Development Center
Alder Grove Charter School	Chime Institute
Alliance College-ready Public Schools	Circle of Independent Charter School
Alma Fuerte Public School	Circle of Independent Learning Charter School
Alpha Public Schools	Citizens of the World Charter School
Ambassador Sanchez Public Charter	Citrus Springs Charter School
American River Charter School	City Charter Schools
Apex Academy	Clarksville Charter School
Arts in Action Community Charter Schools	Clayton Valley Charter High School
Aspire Public Schools	Connecting Waters Charter Schools
Assurance Learning Academy	Core Butte Charter School
Audeo Charter School	Core Charter School
Baypoint Preparatory Academy	Creekside Charter School
Bella Mente Montessori Academy	Crescent View South, INC.
Big Sur Charter School	Crescent View West Public Charter School
Birmingham Community Charter High School	Da Vinci Schools
Blue Ridge Academy	Desert Sands Charter School
Bright STAR Schools	Desert Trails Preparatory Academy
Caliber Schools	Diego Hills Central Charter School

Ednovate Educationimpact.us Element Education Elite Academic Academy Empire Springs Charter School Encore High School Charter School Endeavor College Prep Environmental Charter Schools Epic Charter School Escuela Popular Evergreen Institute of Excellence Excel Academy Charter School Extera Public Schools Family Partnership Charter School Fenton Charter Public Schools Five Keys Schools and Programs Forest Charter School Fusion Charter Future Is Now Schools Girls Athletic Leadership Schools Los Angeles Global Education Collaborative Goethe International Charter School Golden Eagle Charter School Gorman Learning Charter Network Granada Hills Charter High School Great Valley Academy Charter School Great Valley Academy Salida Greater San Diego Academy Charter School Green DOT Public Schools California Griffin Technology Academies Grossmont Secondary School Growth Public Schools Guajome Schools Harbor Springs Charter School Harvest Ridge Cooperative Charter School Hawking Steam Charter School Heartwood Charter School Heritage K8 Charter School Heritage Peak Charter School Hickman Charter School Hickman Community Charter District	High Tech Los Angeles Homeschool Concierge ICEF Public Schools iLead California Charter Schools Innovation High School Innovative Education Management Intellectual Virtues Academy Charter School of Long Beach International School for Science and Culture Ivytech Charter School James Jordan Middle School John Adams Academy John Muir Charter Schools Julian Charter School Kairos Public Schools Kavod Charter School Key Charter Advisors, LLC Kid Street Learning Center Charter School Kipp Bay Area Public Schools Kipp Socal Public Schools L.A. Coalition for Excellent Public Schools LA Vida Charter School Larchmont Charter School Lashon Academy Learn 4 Life Learn 4 Life Concept Charter Schools Learn 4 Life Assurance Learning Academy Learn 4 Life Marconi Learning Academy Learn 4 Life Paseo Grande Charter Learning for Life Charter School Legislation Take Action Liberty Charter High School Lincoln Street Charter School Literacy First Charter Schools Long Valley Charter School Los Angeles Academy of Arts and Enterprise Los Angeles Leadership Academy Los Feliz Charter School for The Arts Matrix for Success Academy Method Schools
--	--

<p>Mirus Secondary School  Mission View Public Charter, INC.  Mission Vista Academy  Moxiebox Art INC.  Multicultural Learning Center  National Action Network  Natomas Charter School  Nevada City School of The Arts  New Designs Charter School  New Heights Charter School  New Horizons Charter Academy  New Millennium Secondary School  New West Charter  Northern United-Siskiyou  Northern United Charter Schools  Ocean Grove Charter School  Odyssey Charter Schools  Olive Grove Charter School  Opportunities for Learning-Baldwin Park  Opportunities for Learning Duarte, INC.  Options for Youth-San Gabriel  Options for Youth-San Juan  Options for Youth Charter School  Duarte  Options for Youth Charter Schools  Options for Youth-Acton  Options for Youth-Victor Valley  Orange County Academy of Sciences  and Arts  Orange County Workforce Innovation  High School  Pacific Charter Institute  Pacific Community Charter School  Pacific Springs Charter School  Pacific View Charter School  Palisades Charter High School  Para Los Ninos  Partnership Schools of The Central  Coast  Partnerships to Uplift Communities  Schools  Pathways Charter School  Perseverance Prep  Plumas Charter School  Public Policy Charter School</p>	<p>Public Safety Academy of San  Bernardino  Public Works Group  Puc National  Redwood Academy of Ukiah  Redwood Coast Montessori  Redwood Preparatory Charter  Renaissance Arts Academy  Resolute Academy  Rex and Margaret Fortune School of  Education  Rio Valley Charter School  River Montessori Charter School  River Oaks Academy  River Springs Charter School  River Valley Charter School  Rocketship Public Schools  Samueli Academy  San Diego Cooperative Charter Schools  San Diego Workforce &amp; Innovation High  School- Lakeside and Lemon Grove  Santa Rosa Academy  Scholarship Prep Charter School  Sebastopol Independent Charter  Shasta Charter Academy  Shasta View Academy  Sherman Thomas Charter School  Sierra Charter School  Sky Mountain Charter School  Soar Charter Academy  Soleil Academy  South Sutter Charter School  Springs Charter Schools  Stellar Charter School  Stem Prep Schools  Stockton Collegiate International  Schools  Stride, INC.  Summit Public Schools  Sutter Peak Charter Academy  Sweetwater Secondary School  Synergy Academies  Temecula Preparatory School  The Charter School of San Diego  The Circle of Independent Learning</p>
---	--

<p>The Classical Academies The Cottonwood School The Learning Choice Academy Charter School Tracy Learning Center Twin Ridges Home Study Charter School Uncharted Shores &amp; Academy Union Street Charter School Urban Discovery Academy Valley View Charter Prep Vaughn Next Century Learning Center Ventura Charter School of Arts and Global Education Village Charter Academy Visions in Education Vista Charter Public Schools Vista Real Charter High School Vista Springs Charter School Volunteers of America Community Education and Development Corporation Vox Collegiate of Los Angeles West Park Charter Academy Western Sierra Charter Schools Westlake Charter School Wonderful College Prep Academy Young, Minney &amp; Corr, Llp Youth Policy Institute Charter Schools Yuba River Charter School Numerous Individuals</p>	
---	--

**Effective/Operative Date**

January 1, 2022

**Related Bills**

- SB 593 (Glazer) of 2021. Would require the County Office FCMAT, on or before July 1, 2022, to begin offering training, updated each fiscal year, for auditors of nonclassroom-based charter schools. This training shall relate to the review of charter school financial documents for a better understanding of the process of conducting an annual, independent financial audit and how to identify irregular practices and documents. Prohibits auditors from performing any aspect of a nonclassroom-based charter school audit for the 2022–23 school year or thereafter before receiving such training.

**AB 1316**

Page 14 of 14

**Attachments**

1. Assembly Bill 1316
2. Assembly Bill 1316 Fact sheet



AMENDED IN ASSEMBLY MAY 4, 2021

AMENDED IN ASSEMBLY APRIL 14, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1316**

---

---

**Introduced by Assembly Members O’Donnell, Cristina Garcia, and  
McCarty  
(~~Coauthor: Assembly Member Kalra~~)  
(Coauthors: Assembly Members Kalra and Lee)**

February 19, 2021

---

---

An act to amend Sections 5027 and 5029 of the Business and Professions Code, to amend Sections 14500, 14502.1, 17604, 17605, 37670, 41020.5, 46100, 46110, 46112, 46113, 46114, 46117, 46141, 46142, 46307, 47604.32, 47605, 47605.6, 47612, 47612.5, 47613, 47634.2, 51745, 51745.6, 51747, 51747.3, 51747.5, and 51748 of, to add Sections 33309.5, 37670.1, 41020.4, 41020.6, 41020.7, ~~46101~~, 47604.2, 47604.35, 47605.8, 47605.10, 47609, 47613.3, and 51747.6 to, to amend and repeal Sections 51749.5 and 51749.6 of, and to add and repeal Section 46306 of, the Education Code, and to amend Section 20110 of the Public Contract Code, relating to school accountability.

LEGISLATIVE COUNSEL’S DIGEST

AB 1316, as amended, O’Donnell. School accountability: financial and performance audits: charter schools: contracts.

(1) Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. 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.

*This bill would require the board to prescribe rules relating to the requirements established in this bill for all auditors of school districts, county offices of education, and charter schools, as described in (6) below.*

(1)

(2) Existing law requires the Controller, in consultation with the Department of Finance and the State Department of Education, to develop a plan to review and report on financial and compliance audits, and with representatives of other entities, to recommend the statements and other information to be included in the audit reports filed with the state by local educational agencies, and to propose the content of an audit guide.

This bill would require the Education Audits Appeal Panel to include in the audit guide, Standards and Procedures for Audits of California ~~K-12~~ K-12 Local Educational Agencies, certain requirements on school districts, county offices of education, charter schools, and auditors relating to attendance accounting documentation for independent study, including requiring auditors to analyze enrollment at a charter school classified as a nonclassroom-based charter school each fiscal year, and to report to the State Department of Education any instance where enrollment increases or decreases by more than 5% at the charter school during any month over the prior month. By imposing additional duties on local educational agencies, the bill would impose a state-mandated local program.

(2)

(3) Existing law, whenever in the Education Code the power to contract is invested in the governing board of a school district or any member thereof, ~~authorizees~~ *authorizes* that power, by a majority vote of the governing board, to be delegated to its district superintendent, or to any persons the district superintendent may designate, or if there is no district superintendent, to any other officer or employee of the district that the governing board may designate, as specified. Existing law similarly authorizes the designation of school district officers or employees to exercise the authority to purchase supplies, materials, apparatus, equipment, and services on behalf of the district. In the event of malfeasance in office, existing law requires the school district officer or employee invested by the governing board with the power to contract to be personally liable for any and all moneys of the school district paid out as a result of the malfeasance.

This bill would add to existing law similar provisions relating to charter school governing bodies and charter school officials that may be designated by those governing bodies in these instances.

(3)

(4) Existing law establishes the State Department of Education, under the administration of the Superintendent of Public Instruction, and assigns to it numerous duties relating to the governance and financing of the public elementary and secondary schools of this state.

This bill would establish the Office of Inspector General in the department. The bill would provide for the appointment of the Inspector General by the Governor, subject to confirmation by a vote of the majority of the membership of the Senate. The bill would require the Inspector General to conduct and supervise audits and investigations relating to the programs and operations of the department, to provide leadership and coordination and recommend policies to prevent and detect fraud and abuse in programs and operations of the department, and to provide a means for keeping the Superintendent and the Legislature fully and currently informed about problems and deficiencies relating to the administration of the programs and operations of the department and the necessity for and progress of corrective actions that the Inspector General deems to be appropriate.

(4)

(5) Existing law, with specified exceptions, authorizes school districts to operate programs of multitrack year-round scheduling at one or more schools within the district.

This bill, beginning in the 2022–23 school year, would prohibit a school district, county office of education, or charter school from operating a program of multitrack year-round scheduling unless a multitrack calendar is authorized by the State Board of Education due to impacted facilities, as specified.

(5)

(6) Existing law requires county superintendents of schools to provide for an audit of all funds under their jurisdiction and control, and requires the governing boards of each local educational agency to either provide for an audit of the books and accounts of the agency or make arrangements with county superintendents of schools to provide for that auditing.

This bill, commencing with the 2022–23 fiscal year Guide for Annual Audits of ~~K–12~~ K–12 Local Education Agencies and State Compliance Reporting, would require the Controller to include instructions requiring

specified supplemental information and schedules in audit report components for charter school audits. The bill would also require specified training to be provided, pursuant to regulations adopted, on or before January 1, 2023, by the California Board of Accountancy, in consultation with other entities as prescribed, to certified public accountants who audit local educational agencies, including charter schools. The bill would also require the board, in consultation with the prescribed entities, to adopt regulations, on or before January 1, 2023, providing for peer review of auditors, as specified.

(6)

(7) Existing law establishes a system of financing public elementary and secondary schools in this state. This system includes the apportionment of state funds to local educational agencies based, to a significant degree, on the average daily attendance of pupils as reported to the State Department of Education by those local educational agencies.

This bill would require the department to provide a report, including specified data, to the Legislature relating to the possible integration of the California Longitudinal Pupil Achievement Data System and the average daily attendance apportionment data system. *The bill would authorize the State Board of Education to adopt regulations as it deems appropriate and consistent with these provisions. The bill would also, upon the enactment of a minimum day requirement for charter schools pursuant to specified provisions of the bill, require the state board to adopt regulations specifying that the record of daily engagement is no longer required of a charter school day of nonclassroom-based independent study attendance.*

(7)

(8) The Charter Schools Act of 1992 authorizes the establishment, operation, and governance of charter schools. Existing law requires a petition to establish a charter school to include reasonably comprehensive descriptions of certain things, including the manner in which annual, independent financial audits shall be conducted, and the manner in which audit exceptions and deficiencies shall be resolved to the satisfaction of the chartering authority.

The bill would require, not later than May 1 of each fiscal year, each chartering authority to provide for an audit of all funds of charter schools authorized by that authority, and would expressly require the governing body of each charter school to either provide for an audit of the books

and accounts of the charter school or to make arrangements with the chartering authority to provide for that audit, as specified.

The bill would require each chartering authority to certify specified data relating to the verification of the reporting of average daily attendance by nonclassroom-based charter schools.

The bill would require the state board, in consultation with the Superintendent, to revise regulations to require charter schools to report periodic and annual financial data in the same manner and on the same form prescribed for school districts. The bill would phase in, from the 2023–24 fiscal year to the 2025–26 fiscal year, inclusive, and based on the average daily attendance of the charter school, the requirement that charter schools report this data in the same manner and on the same form prescribed for school districts.

The bill would require the state board to appoint an advisory committee on charter schools that would include representatives from school district superintendents, charter schools, teachers, members of the governing boards of school districts, county superintendents of schools, and the Superintendent.

The bill would limit the size of the totality of nonclassroom-based charter schools that a school district may authorize based on the average daily attendance of the school district.

The bill would establish the Charter Authorizing Support Team program, which would be implemented only upon an appropriation for its purposes in the annual Budget Act or other statute, to be administered by the County Office Fiscal Crisis and Management Assistance Team, as an initiative to expand uniform charter school authorizing and oversight practices. The bill would specify the goals and proposed activities of the program, including the appointment of a 12-member advisory board with designated membership and responsibilities. The bill would require the Legislative Analyst's Office to submit to the Governor and the appropriate education policy and budget committees, on or before December 1, 2026, an evaluation of the program.

The bill would require charter schools, in addition to complying with existing requirements relating to minimum minutes of instruction, to adhere to designated minimum schoolday requirements in applicable statutes generally relating to school districts. The bill, pursuant to provisions that would become operative on July 1, 2022, would add charter schools to the scope of numerous statutes relating to the minimum length of schooldays.

Existing law authorizes a chartering authority to charge for the actual costs of supervisory oversight of a charter school (A) not to exceed 1% of the revenue of the charter school, or (B) not to exceed 3% of the revenue of the charter school if the charter school is able to obtain substantially rent-free facilities from the chartering authority.

The bill would gradually change the costs a chartering authority can charge such that, on and after July 1, 2023, the chartering authority could charge for the actual costs of supervisory oversight of a charter school (A) not to exceed 3% of the revenue of the charter school, or (B) not to exceed 2% of the revenue of the charter school if the charter school is able to obtain substantially rent-free facilities from the chartering authority.

On and after July 1, 2022, the bill would require charter schools to comply with specified requirements relating to the expenditure of public funds for the payment of vendors, and would require the extent of the charter school's compliance with these requirements to be reviewed and reported as part of the annual, independent financial audit that the charter school is required to submit.

The bill would revise and recast provisions of the act relating to the reporting of average daily attendance by charter schools, and would distinguish between the reporting of average daily attendance for classroom-based instruction and the reporting of average daily attendance for nonclassroom-based instruction.

To the extent that these additions to the act would impose new duties on local educational agencies, they would constitute a state-mandated local program.

The bill would also make various conforming changes to the act.

(8)

(9) Existing law requires community school and independent study average daily attendance to be claimed by school districts, county superintendents of schools, and charter schools only for pupils who are residents of the county in which the apportionment claim is reported, or who are residents of a county immediately adjacent to the county in which the apportionment claim is reported.

This bill would delete the provision allowing community school and independent study average daily attendance to be claimed for residents of a county immediately adjacent to the county in which the apportionment claim is reported.

(9)

(10) Existing law authorizes the governing boards of school districts and county offices of education to offer independent study to meet the educational needs of pupils when certain requirements are met. Existing law prohibits courses that are required for high school graduation from being offered exclusively through independent study.

This bill would recast and revise provisions related to the calculation of average daily attendance for independent study ~~pupils~~; *pupils, and extend the scope of those provisions to charter schools*. These provisions would become operative on July 1, 2022.

~~(10)~~

(11) Existing law prohibits a school district or county office of education from being eligible to receive apportionments for independent study by pupils unless the school district or county office has adopted written policies, and implemented those policies, in accordance with rules and regulations adopted by the Superintendent, as specified.

This bill would extend this prohibition to charter schools, and would add requirements to the independent study policies and procedures. The bill would require that an independent study written agreement, with specified content, be agreed to and signed, under penalty of perjury. This provision would impose a state-mandated local program by imposing new duties on local educational agencies and by creating a new crime.

The bill would require the course of study, including specific courses, offered through independent study to be annually certified by a school district, county office of education, or charter school governing board or body resolution, to be of the same rigor and educational quality as an equivalent classroom-based course of study, and to be aligned to relevant local and state content standards.

These provisions would become operative on July 1, 2022, and to the extent that they impose new duties on local educational agencies, would constitute a state-mandated local program.

~~(11)~~

(12) This bill would make certain provisions relating to independent study, and rendered duplicative by other provisions added by this bill, inoperative on July 1, 2022, and would repeal these provisions as of January 1, 2023.

~~(12)~~

(13) The Local Agency Public Construction Act regulates, among other things, the letting of contracts by school district governing boards involving an expenditure of more than \$50,000 for specified purposes,

including the purchase of equipment, materials, or supplies to be furnished, sold, or leased to the district, services other than construction services, and repairs, including maintenance, as defined.

This bill would extend to charter schools the provisions of the act that currently apply to school districts. To the extent the bill would impose additional duties on charter schools, the bill would impose a state-mandated local program.

~~(13)~~

(14) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 5027 of the Business and Professions  
2 Code is amended to read:

3 5027. (a) The board shall by regulation prescribe, amend, or  
4 repeal rules including, but not necessarily limited to, all of the  
5 following:

6 ~~(a)~~

7 (1) A definition of basic requirements for continuing education.

8 ~~(b)~~

9 (2) A licensee who plans, directs, or approves any financial or  
10 compliance audit report on any governmental agency shall  
11 complete a minimum of 24 hours of qualifying continuing  
12 education in the area of governmental accounting and auditing or  
13 related subjects during the two-year license renewal period.

14 ~~(c)~~

15 (3) A licensee who provides audit, review, other attestation  
16 services, or issues compiled financial statement reports shall, during  
17 the two-year license renewal period, complete a minimum of 24



1 hours of qualifying continuing education in the area of accounting  
2 and auditing related to reporting on financial statements.

3 ~~(d)~~

4 (4) A licensee with a valid permit to practice public accountancy  
5 shall, within a six-year period, complete a continuing education  
6 course on the provisions of this chapter and the rules of  
7 professional conduct.

8 ~~(e)~~

9 (5) A licensee on inactive status shall complete the continuing  
10 education course required by ~~subdivision (d)~~ prior to *paragraph*  
11 *(4) before* reentering public practice.

12 ~~(f)~~

13 (6) A delineation of qualifying programs for maintaining  
14 competency.

15 ~~(g)~~

16 (7) A system of control and compliance reporting.

17 (8) *The requirements prescribed for all auditors of school*  
18 *districts, county offices of education, or charter schools pursuant*  
19 *to Sections 41020.6 and 41020.7 of the Education Code.*

20 ~~In~~

21 (b) *In* exercising its power under this section for the interests  
22 of consumer protection, the board shall establish standards ~~which~~  
23 *that* will assure reasonable currency of knowledge as a basis for  
24 a high standard of practice by licensees. The standards shall be  
25 established in a manner to assure that a variety of alternatives are  
26 available to licensees to comply with the continuing education  
27 requirements for renewal of licenses and taking cognizance of  
28 specialized areas of practice.

29 *SEC. 2. Section 5029 of the Business and Professions Code is*  
30 *amended to read:*

31 5029. The board may establish an advisory continuing  
32 education committee of nine members, six of whom shall be  
33 certified public accountants, two of whom shall be board members,  
34 one of whom is a public member of the board, and one of whom  
35 shall be a public accountant, to perform any of the following duties:

36 (a) To evaluate programs and advise the board as to whether  
37 they qualify under the regulations adopted by the board pursuant  
38 to *paragraph (6) of subdivision ~~(f)~~ (a) of Section 5027.* Educational  
39 courses offered by professional accounting societies shall be  
40 accepted by the board as qualifying if the courses are approved by

1 the committee as meeting the requirements of the board under the  
2 regulations.

3 (b) To consider applications for exceptions as permitted under  
4 Section 5028 and provide a recommendation to the board.

5 (c) To consider other advisory matters relating to the  
6 requirements of this article as the board may assign to the  
7 committee.

8 **SECTION 1.**

9 *SEC. 3.* Section 14500 of the Education Code is amended to  
10 read:

11 14500. It is the intent of the Legislature in enacting this chapter  
12 to promote accountability over public educational funding by  
13 establishing a new program to review and report on financial and  
14 compliance audits of school districts, county offices of education,  
15 and charter schools. It is further the intent of the Legislature that  
16 the Controller shall have the primary responsibility for  
17 implementing and overseeing the program.

18 ~~*SEC. 2.*~~

19 *SEC. 4.* Section 14502.1 of the Education Code is amended to  
20 read:

21 14502.1. (a) The Controller, in consultation with the  
22 Department of Finance and the State Department of Education,  
23 shall develop a plan to review and report on financial and  
24 compliance audits. The plan shall commence with the 2003–04  
25 fiscal year for audits of school districts, other local educational  
26 agencies, and the offices of county superintendents of schools.  
27 The Controller, in consultation with the Department of Finance,  
28 the State Department of Education, and representatives of the  
29 California School Boards Association, the California Association  
30 of School Business Officials, the California County  
31 Superintendents Educational Service Association, the California  
32 Teachers Association, *and* the California Society of Certified  
33 Public Accountants, shall recommend the statements and other  
34 information to be included in the audit reports filed with the state,  
35 and shall propose the content of an audit guide to carry out the  
36 purposes of this chapter. A supplement to the audit guide may be  
37 suggested in the audit year, following the above process, to address  
38 issues resulting from new legislation in that year that changes the  
39 conditions of apportionment. The proposed content of the audit  
40 guide and any supplement to the audit guide shall be submitted by

1 the Controller to the Education Audits Appeal Panel for review  
2 and possible amendment.

3 (b) The audit guide and any supplement shall be adopted by the  
4 Education Audits Appeal Panel pursuant to the rulemaking  
5 procedures of the Administrative Procedure Act as set forth in  
6 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division  
7 3 of Title 2 of the Government Code. It is the intent of the  
8 Legislature that, for the 2003–04 fiscal year, the audit guide be  
9 adopted by July 1 of the fiscal year to be audited. A supplemental  
10 audit guide may be adopted to address legislative changes to the  
11 conditions of apportionment. It is the intent of the Legislature that  
12 supplements be adopted before March 1 of the audit year.  
13 Commencing with the 2004–05 fiscal year, and each fiscal year  
14 thereafter, the audit guide shall be adopted by July 1 of the fiscal  
15 year to be audited. ~~A supplemental audit guide may be adopted to~~  
16 ~~address legislative changes to the conditions of apportionment.~~  
17 The supplements shall be adopted before March 1 of the audit  
18 year. To meet these goals and to ensure the accuracy of the audit  
19 guide, the process for adopting emergency regulations set forth in  
20 Section 11346.1 of the Government Code may be followed to  
21 adopt the audit guide and supplemental audit guide. It is the intent  
22 of the Legislature that once the audit guide has been adopted for  
23 a fiscal year, as well as any supplement for that year, thereafter  
24 only suggested changes to the audit guide and any additional  
25 supplements need be adopted pursuant to the rulemaking  
26 procedures of the Administrative Procedure Act. The audit guide  
27 and any supplement shall be issued in booklet form and may be  
28 made available by any means deemed appropriate. The Controller  
29 and consultants in the development of the suggested audit guide  
30 and any supplement shall work cooperatively on a timeline that  
31 will allow the Education Audits Appeal Panel to meet the July 1  
32 and March 1 issuance dates. Consistent with current practices for  
33 development of the audit guide before the 2003–04 fiscal year, the  
34 Controller shall provide for the adoption of procedures and  
35 timetables for the development of the suggested audit guide, any  
36 supplement, and the format for additions, deletions, and revisions.

37 (c) For the audit of school districts or county offices of education  
38 electing to take formal action pursuant to Sections 22714 and  
39 44929, the audit guide content proposed by the Controller shall  
40 include, but not be limited to, the following:

1 (1) The number and type of positions vacated.

2 (2) The age and service credit of the retirees receiving the  
3 additional service credit provided by Sections 22714 and 44929.

4 (3) A comparison of the salary and benefits of each retiree  
5 receiving the additional service credit with the salary and benefits  
6 of the replacement employee, if any.

7 (4) The resulting retirement cost, including interest, if any, and  
8 postretirement health care benefits costs, incurred by the employer.

9 (d) The Controller shall annually prepare a cost analysis, based  
10 on the information included in the audit reports for the prior fiscal  
11 year, to determine the net savings or costs resulting from formal  
12 actions taken by school districts and county offices of education  
13 pursuant to Sections 22714 and 44929, and shall report the results  
14 of the cost analysis to the Governor and the Legislature by April  
15 1 of each year.

16 (e) All costs incurred by the Controller to implement subdivision  
17 (c) shall be absorbed by the Controller.

18 (f) On or before January 1, 2015, the Controller, in consultation  
19 with the State Allocation Board, the Department of Finance, and  
20 the State Department of Education, shall submit content to the  
21 Education Audits Appeal Panel to be included in the audit guide,  
22 Standards and Procedures for Audits of California ~~K-12~~ K-12  
23 Local Educational Agencies beginning in the 2015-16 fiscal year,  
24 that is related to the financial and performance audits required for  
25 school facility projects, as described in Section 15286.

26 (g) Commencing with the 2022-23 fiscal year, the Education  
27 Audits Appeal Panel shall include both of the following in the  
28 audit guide, Standards and Procedures for Audits of California  
29 ~~K-12~~ K-12 Local Educational Agencies:

30 (1) Auditors shall receive all attendance accounting  
31 documentation, including master agreements and work samples,  
32 for independent study from school districts, county offices of  
33 education, and charter schools, and shall choose the samples  
34 themselves to audit. *Auditors shall verify pupil residences with*  
35 *pupil enrollment documentation, using a sample of pupil addresses,*  
36 *from the master agreements of independent study programs.*

37 (2) Auditors shall analyze enrollment at a charter school  
38 classified as a nonclassroom-based charter school for each fiscal  
39 year, and shall report to the department any instance where

1 enrollment increases or decreases at the charter school by more  
2 than 5 percent during any month over the prior month.

3 ~~SEC. 3.~~

4 *SEC. 5.* Section 17604 of the Education Code is amended to  
5 read:

6 17604. (a) Wherever in this code the power to contract is  
7 invested in the governing board of the school district, the governing  
8 body of a charter school, or any member thereof, the power may,  
9 by a majority vote of the governing board or body, be delegated  
10 to its district superintendent or charter school administrator, or to  
11 any persons that the district superintendent or charter school  
12 administrator may designate, or if there is no district superintendent  
13 or charter school administrator, then to any other officer or  
14 employee of the district or charter school that the governing board  
15 or body may designate. The delegation of power may be limited  
16 as to time, ~~money~~ *money*, or subject matter or may be a blanket  
17 authorization in advance of its exercise, all as the governing board  
18 or body may direct. However, no contract made pursuant to the  
19 delegation and authorization shall be valid or constitute an  
20 enforceable obligation against the school district or charter school  
21 unless and until the same shall have been approved or ratified by  
22 the governing board or body, the approval or ratification to be  
23 evidenced by a motion of the governing board or body duly passed  
24 and adopted.

25 (b) In the event of malfeasance in office, the school district or  
26 charter school official invested by the governing board or body  
27 with the power of contract shall be personally liable to the school  
28 district or charter school employing the official for any and all  
29 moneys of the school district or charter school paid out as a result  
30 of the malfeasance.

31 ~~SEC. 4.~~

32 *SEC. 6.* Section 17605 of the Education Code is amended to  
33 read:

34 17605. (a) The governing board or body, by majority vote,  
35 may adopt a rule, delegating to any officer or employee of the  
36 school district or charter school as the board may designate, the  
37 authority to purchase supplies, materials, apparatus, equipment,  
38 and services. No rule shall authorize any officer or employee to  
39 make any purchases involving an expenditure by the school district  
40 or charter school in excess of the amount specified by Section

1 20111 of the Public Contract Code. The rule shall prescribe the  
 2 limits of the delegation as to time, money, and subject matter. All  
 3 transactions entered into by the officer or employee shall be  
 4 reviewed by the governing board or governing body every 60 days.

5 (b) In the event of malfeasance in office, the school district or  
 6 charter school officer or employee invested by the governing board  
 7 or governing body with the power to contract shall be personally  
 8 liable for any and all moneys of the school district or charter school  
 9 paid out as a result of the malfeasance.

10 ~~SEC. 5.~~

11 *SEC. 7.* Section 33309.5 is added to the Education Code, to  
 12 read:

13 33309.5. (a) The Office of the Inspector General is hereby  
 14 established in the department. The Inspector General shall be  
 15 appointed by the Governor, subject to confirmation by a majority  
 16 of the membership of the Senate, without regard to political  
 17 affiliation, and solely on the basis of integrity and demonstrated  
 18 ability in accounting, auditing, financial analysis, law, management  
 19 analysis, public administration, or investigations. The Inspector  
 20 General shall report to, and be under the general supervision of,  
 21 the Superintendent. The Superintendent shall not prevent or  
 22 prohibit the Inspector General from initiating, carrying out, or  
 23 completing any audit or investigation, or from issuing any subpoena  
 24 during the course of any audit or investigation.

25 (b) The Office of the Inspector General shall be responsible for  
 26 all of the following:

27 (1) Conducting and supervising audits and investigations relating  
 28 to the programs and operations of the department.

29 (2) Providing leadership and coordination relating to, and  
 30 recommending policies for, the prevention and detection of fraud  
 31 and abuse in the programs and operations of the department.

32 (3) Providing a means for keeping the ~~superintendent~~  
 33 *Superintendent* and the Legislature fully and currently informed  
 34 about problems and deficiencies relating to the administration of  
 35 the programs and operations of the department, and the necessity  
 36 for and progress of corrective actions that the Inspector General  
 37 deems to be appropriate.

38 ~~SEC. 6.~~

39 *SEC. 8.* Section 37670 of the Education Code is amended to  
 40 read:

1 37670. (a) Beginning in the 2022–23 school year, a school  
2 district, county office of education, or charter school shall not  
3 operate a program of multitrack year-round scheduling. A school  
4 district, county office of education, or charter school may be  
5 authorized to operate a multitrack calendar by the state board,  
6 pursuant to Section 37670.1, due to impacted facilities.

7 (b) Except as provided in Article 2 (commencing with Section  
8 37680), a school district may operate a program of multitrack  
9 year-round scheduling at one or more schools within the district  
10 with state board approval pursuant to Section 37670.1. A program  
11 of multitrack year-round scheduling may operate at a schoolsite  
12 for as few as 163 days in each fiscal year if the governing board  
13 of the school district adopts a resolution at a regularly scheduled  
14 board meeting certifying that both of the following criteria are met  
15 at the schoolsite:

16 (1) The number of annual instructional minutes is not less than  
17 that of schools of the same grade levels—~~utilizing~~ using the  
18 traditional school calendar.

19 (2) It is not possible for the school to maintain a multitrack  
20 schedule containing the same number of instructional days as are  
21 provided in schools of the district using the traditional school  
22 calendar given the facilities, program, class sizes, and projected  
23 number of pupils enrolled at the schoolsite.

24 (c) A certificated employee working under a program described  
25 in this section, except one serving under an administrative or  
26 supervisory credential who is assigned full time to a school in a  
27 position requiring qualifications for certification, shall work the  
28 same number of days and shall increase the number of minutes  
29 worked daily on a uniform basis.

30 (d) A program conducted pursuant to this section is eligible for  
31 apportionment from the State School Fund.

32 ~~SEC. 7:~~

33 *SEC. 9.* Section 37670.1 is added to the Education Code, to  
34 read:

35 37670.1. The state board may waive the requirements of  
36 subdivision (a) of Section 37670 and subdivision (e) of Section  
37 47612 if a school district, county office of education, or a  
38 classroom-based charter school demonstrates that it is unable to  
39 serve all of the pupils in a school without operating with facilities

1 at maximum capacity year round, as determined by basic loading  
2 standards.

3 ~~SEC. 8.~~

4 *SEC. 10.* Section 41020.4 is added to the Education Code, to  
5 read:

6 41020.4. (a) Commencing with the 2022–23 fiscal year Guide  
7 for Annual Audits of ~~K–12~~ K–12 Local Education Agencies and  
8 State Compliance Reporting, the Controller shall include, but is  
9 not necessarily limited to, instructions necessary to require, at a  
10 minimum, all of the following supplemental information and  
11 schedules in audit report components for an audit of a charter  
12 school:

13 (1) Schedule of pupil enrollment: schedule of pupil enrollment  
14 by month, including beginning enrollment, additions, subtractions,  
15 and transfers, reconciled to ending enrollment and categorized by  
16 classroom based, independent study, summer schedule, enrichment,  
17 and other.

18 (2) Schedule of pupil attendance: schedule of pupil attendance  
19 by month, including beginning attendance, additions, subtractions,  
20 and transfers, reconciled to ending attendance and categorized by  
21 classroom based, independent study, summer schedule, enrichment,  
22 and other.

23 (3) Schedule of payments or transfers: schedule of the largest  
24 25 payments or transfers of assets to organizations, determined by  
25 value accumulated over the fiscal year, including to individuals,  
26 corporations, partnerships, nonprofit ~~organizations~~ organizations,  
27 and other organizations, but excluding governmental entities.

28 (4) Related ~~parties~~, parties: determining if a related entity, such  
29 as an entity managing a charter school, as defined by Section  
30 47604.1, or similar third party with financial, economic, or  
31 controlling membership interest, exists with the charter school.

32 (A) If such a relationship exists, evaluate the level of the  
33 relationship to determine if it is material. For purposes of  
34 materiality, determine if the related party has a material financial,  
35 economic, or controlling interest in the charter school or can  
36 exercise material control, such as common management or board,  
37 majority voting interest, or sole corporate or statutory member or  
38 other arrangement.

39 (B) If such a relationship is material, ensure that the financial  
40 statements of the related entity are reviewed through a separate



1 independent audit and consolidated into the charter school’s audit  
2 report pursuant to the related party disclosure rules of the Financial  
3 Accounting Standards Board Accounting Standards Codification  
4 and pronouncements, and other generally accepted accounting  
5 principles and constraints regarding when financial statement  
6 consolidation is required, permitted, and prohibited.

7 (C) If such a relationship is material and consolidation of  
8 financial reporting is required, then prepare a side-by-side  
9 comparison of board members and executive management.

10 (b) Commencing with the 2022–23 fiscal year Guide for Annual  
11 Audits of ~~K–12~~ K–12 Local Education Agencies and State  
12 Compliance Reporting, the Controller shall include, but is not  
13 necessarily limited to, instructions necessary to require, at a  
14 minimum, that all of the following compliance procedures are  
15 performed in an audit of a charter school:

16 (1) Sample selection: where representative samples of pupils,  
17 pupil work product, financial transactions, or other sampling is  
18 required to be performed and selected, the auditor shall identify  
19 and make that selection personally.

20 (2) Enrollment: for nonclassroom-based instruction and  
21 independent study, verify enrollment of pupils.

22 (A) Using appropriate sampling techniques, verify pupil  
23 enrollment, including obtaining a written confirmation from the  
24 parent or guardian of an enrolled pupil. *The sampling shall include*  
25 *at least one sample from each attendance month.*

26 (B) If any inappropriately reported enrollment is identified, state  
27 that in a finding.

28 (3) Attendance: determine whether P2 and annual reports of  
29 attendance submitted to the department include any days of  
30 attendance dedicated solely to enrichment activities and exclusive  
31 of instruction in core curricular areas.

32 (A) Verify the number of days of attendance.

33 (B) Verify that each day of each pupil’s attendance was recorded  
34 for any calendar day on which school was in session.

35 (C) Verify if the charter petition included a description of such  
36 enrichment activities.

37 (D) Report the number of days of attendance of such enrichment  
38 activities in the schedule of pupil attendance by month pursuant  
39 to paragraph (2) of subdivision (a).

1 (4) Teacher certification and misassignments: verify that each  
2 teacher possesses a valid certification document and is an employee  
3 of the charter school pursuant to subdivision (l) of Section 47605.

4 (5) Independent study.

5 (A) Verify that the frequency that certificated employees of the  
6 charter school and each pupil generating average daily attendance  
7 through nonclassroom-based instruction complies with Section  
8 51747.6.

9 (B) Verify that, if the charter school offers nonclassroom-based  
10 instruction, the charter school also provides classroom-based  
11 instruction for those pupils who the charter school determines shall  
12 return to another program in the charter school for which the pupil  
13 is enrolled, pursuant to subdivision (f) of Section 51747.

14 (c) Commencing with the 2022–23 fiscal year Guide for Annual  
15 Audits of ~~K–12~~ K–12 Local Education Agencies and State  
16 Compliance Reporting, the Controller shall include, but is not  
17 necessarily limited to, instructions that ensure all of the following:

18 (1) All charter schools are audited, irrespective of the type of  
19 organizational entity. For materiality purposes, charter schools  
20 that are a component entity of a school district or county office of  
21 education and who report financial data in the general fund as  
22 opposed to other funds of the school district or county  
23 superintendent of schools, the auditor shall sample transactions of  
24 the charter school as if the financial data of the charter school  
25 represented a major fund of the school district or county  
26 superintendent of schools.

27 (2) Auditor transaction sampling includes sample size and  
28 materiality levels appropriate for charter schools.

29 (3) All school districts, county offices of education, and charter  
30 schools shall follow the staffing ratios for independent study  
31 pursuant to Section 51745.6.

32 (4) All school districts, county offices of education, and charter  
33 schools are audited to verify the certification of methodology for  
34 time value assigned to pupil work pursuant to Section 51747.5.

35 (5) All school districts, county offices of education, and charter  
36 schools are audited to verify minimum instructional minutes,  
37 pursuant to Chapter 2 (commencing with Section 46100) of Part  
38 26 of Division 4.

39 (d) Commencing with the 2022–23 fiscal year Guide for Annual  
40 Audits of ~~K–12~~ K–12 Local Education Agencies and State

1 Compliance Reporting, the Controller shall incorporate, but is not  
2 necessarily limited to, all of the requirements and instructions  
3 contained in the Controller’s Desk Review Checklist for ~~K-12~~  
4 *K-12* local educational agencies.

5 ~~SEC. 9.~~

6 *SEC. 11.* Section 41020.5 of the Education Code is amended  
7 to read:

8 41020.5. (a) (1) If the Controller determines by two  
9 consecutive quality control reviews pursuant to Section 14504.2,  
10 or if a county superintendent of schools determines, that audits  
11 performed by a certified public accountant or public accountant  
12 under Sections 41020 and 47604.2 were not performed in  
13 substantial conformity with provisions of the audit guide, or that  
14 the audit reports, including amended reports, submitted by February  
15 15 following the close of the fiscal year audited, for two  
16 consecutive years do not conform to provisions of the audit guide  
17 as required by Section 14504, the Controller or the county  
18 superintendent of schools, as appropriate, shall notify in writing  
19 the certified public accountant or public accountant and the  
20 California Board of Accountancy.

21 (2) If the certified public accountant or public accountant does  
22 not file an appeal in writing with the California Board of  
23 Accountancy within 30 calendar days after receipt of the  
24 notification from the Controller or county superintendent of  
25 schools, the determination of the Controller or county  
26 superintendent of schools pursuant to this section shall be final.

27 (b) If an appeal is filed with the California Board of  
28 Accountancy, the board shall complete an investigation of the  
29 appeal within 90 days of the filing date. On the basis of the  
30 investigation, the board may do either of the following:

31 (1) Find that the determination of the Controller or county  
32 superintendent of schools should not be upheld and has no effect.

33 (2) Schedule the appeal for a hearing, in which case, the final  
34 action on the appeal shall be completed by the board within one  
35 year from the date of filing the appeal.

36 (c) If the determination of the Controller or county  
37 superintendent of schools under subdivision (a) becomes final, the  
38 certified public accountant or public accountant shall be ineligible  
39 to conduct audits under Sections 41020 and 47604.2 for a period  
40 of three years, or, in the event of an appeal, for any period, and

1 subject to the conditions, that may be ordered by the California  
 2 Board of Accountancy. Not later than the first day of March of  
 3 each year, the Controller shall notify each school district, charter  
 4 school, and county office of education of those certified public  
 5 accountants or public accountants determined to be ineligible under  
 6 this section. School districts, charter schools, and county offices  
 7 of education shall not use the audit services of a certified public  
 8 accountant or public accountant ineligible under this section.

9 (d) For purposes of this section, “certified public accountant or  
 10 public accountant” includes any person or firm entering into a  
 11 contract to conduct an audit under Sections 41020 and 47604.2.

12 (e) This section shall not preclude the California Board of  
 13 Accountancy from taking any disciplinary action it deems  
 14 appropriate under other laws.

15 ~~SEC. 10.~~

16 *SEC. 12.* Section 41020.6 is added to the Education Code, to  
 17 read:

18 41020.6. (a) The Legislature finds and declares all of the  
 19 following:

20 (1) High quality audits of local educational agencies are  
 21 necessary for consistent financial and compliance transparency  
 22 and to produce essential accountability measures.

23 (2) The quality of audits of local educational agencies is directly  
 24 influenced by the quality of certified public accountants who serve  
 25 as auditors.

26 (3) The quality of individual auditors’ work product is correlated  
 27 to training and experience.

28 (b) On or before January 1, 2023, the California Board of  
 29 Accountancy, in consultation with the Chief Executive Officer of  
 30 the County Office Fiscal Crisis and Management Assistance Team,  
 31 shall adopt regulations, as a condition of licensure renewal, for  
 32 specific continuing education requirements for certified public  
 33 accountants who audit local educational agencies. The state board  
 34 shall address in those regulations, at a minimum, all of the  
 35 following:

36 (1) Within the existing ~~24~~ of 80 hours in a two-year period  
 37 preceding license expiration, ~~required for auditors of governmental~~  
 38 ~~agencies~~, a requirement that 12 of the ~~24~~ 80 hours shall be in the  
 39 areas of accounting, auditing, or related subjects pertaining to  
 40 California local educational agencies for auditors ~~that~~ *who* are

1 engaged in financial and compliance audits of a local educational  
2 agency.

3 (2) Among other training referenced in paragraph (1), the  
4 training shall include both of the following:

5 (A) Training on the specific requirements included in the Guide  
6 for Annual Audits of ~~K-12~~ K-12 Local Education Agencies and  
7 State Compliance Reporting.

8 (B) Training on compliance topics such as attendance,  
9 independent study, charter schools, nonclassroom-based instruction,  
10 school calendars, and instructional minutes.

11 (3) That such requirements shall apply to audits of local  
12 educational agencies, irrespective if the local educational agency  
13 is a governmental agency or a nonprofit organization.

14 (c) For purposes of this section, a “local educational agency”  
15 means a school district, county office of education, or charter  
16 school.

17 ~~SEC. 11.~~

18 *SEC. 13.* Section 41020.7 is added to the Education Code, to  
19 read:

20 41020.7. (a) The Legislature finds and declares both of the  
21 following:

22 (1) High quality audits of local educational agencies, including  
23 traditional and charter public schools, are necessary for consistent  
24 financial and compliance transparency and to produce essential  
25 accountability measures.

26 (2) The quality of audits of local educational agencies is  
27 influenced and enhanced by a peer review process.

28 (b) On or before January 1, 2023, the California Board of  
29 Accountancy, in consultation with the Chief Executive Officer of  
30 the County Office Fiscal Crisis and Management Assistance Team,  
31 shall adopt regulations, for peer review, as a condition of an audit  
32 firm’s ability to perform audits of local educational agencies. The  
33 state board shall address in those regulations, at a minimum, all  
34 of the following:

35 (1) Definitions shall include a reference to local educational  
36 agencies as distinct from governmental agencies.

37 (2) Minimum requirements for a peer review program that shall  
38 include all of the following:

39 (A) A reference to local educational agencies as distinct from  
40 governmental agencies.

1 (B) A requirement, for those firms undergoing a peer review  
 2 that conduct financial and compliance audits of local educational  
 3 agencies, that the cross-section of a firm’s engagement includes  
 4 (i) at least one audit of a local educational agency, and (ii) if the  
 5 firm conducts financial or compliance audits of charter schools,  
 6 at least one audit of a charter school.

7 (C) A requirement that firms engaged in peer reviews of firms  
 8 performing financial and compliance audits for local educational  
 9 agencies have current knowledge of the professional standards  
 10 related to accounting and auditing of local educational agencies,  
 11 including where applicable, charter schools.

12 (c) For purposes of this section, a “local educational agency”  
 13 means a school district, county office of education, or charter  
 14 school.

15 ~~SEC. 12.~~

16 *SEC. 14.* Section 46100 of the Education Code is amended to  
 17 read:

18 46100. The governing board of each school district and the  
 19 governing body of each charter school shall, subject to the  
 20 provisions of this chapter, fix the length of the schoolday for the  
 21 several grades and classes of the schools maintained by the district  
 22 or charter school.

23 *SEC. 15.* Section 46101 is added to the Education Code,  
 24 immediately following Section 46100, to read:

25 46101. The state board may adopt regulations as it deems  
 26 appropriate and consistent with this part. Upon the enactment of  
 27 a minimum day requirement for charter schools, pursuant to  
 28 Sections 46100, 46110, 46112, 46113, 46114, 46117, 46141, and  
 29 46142, the state board shall adopt regulations specifying that the  
 30 record of daily engagement is no longer required of a charter  
 31 school day of nonclassroom-based independent study attendance.

32 ~~SEC. 13.~~

33 *SEC. 16.* Section 46110 of the Education Code is amended to  
 34 read:

35 46110. No pupil in a kindergarten or in any grade of an  
 36 elementary school operated by a school district or charter school  
 37 shall be credited with more than one day of attendance in any  
 38 calendar day and nothing in this article shall be construed to the  
 39 contrary.

1 ~~SEC. 14.~~

2 *SEC. 17.* Section 46112 of the Education Code is amended to  
3 read:

4 46112. The minimum schoolday in grades 1, 2, and 3 in  
5 elementary schools operated by a school district or charter school,  
6 except in opportunity schools, classes, or programs, is 230 minutes,  
7 except where the governing board of a school district or governing  
8 body of a charter school has prescribed a shorter length for the  
9 schoolday because of lack of school facilities which requires double  
10 sessions, in which case the minimum schoolday in such grades  
11 shall be 200 minutes.

12 ~~SEC. 15.~~

13 *SEC. 18.* Section 46113 of the Education Code is amended to  
14 read:

15 46113. The minimum schoolday in grades 4, 5, 6, 7, and 8 in  
16 elementary schools operated by a school district or charter school,  
17 and in special day and evening classes of an elementary school  
18 district, except in opportunity schools, classes, or programs, is 240  
19 minutes.

20 ~~SEC. 16.~~

21 *SEC. 19.* Section 46114 of the Education Code is amended to  
22 read:

23 46114. (a) The minimum schoolday in grades 1, 2, and 3 in  
24 elementary schools operated by a school district or charter school  
25 may be computed by determining the number of minutes of  
26 attendance in any 10 consecutive schooldays and dividing that  
27 number by 10. If the resulting quotient is 230 or more, the pupils  
28 shall be deemed to have complied with Section 46112, even if the  
29 number of minutes attended in any one schoolday is less than 230,  
30 but not less than 170.

31 (b) The minimum schoolday in grades 4, 5, 6, 7, and 8 in  
32 elementary schools operated by a school district or charter school  
33 may be computed by determining the number of minutes of  
34 attendance in any 10 consecutive schooldays and dividing that  
35 number by 10. If the resulting quotient is 240 or more, the pupils  
36 shall be deemed to have complied with Section 46113, even if the  
37 number of minutes attended in any one schoolday is less than 240,  
38 but not less than 180.

39 (c) The minimum schoolday in kindergarten in elementary  
40 schools operated by a school district or charter school may be

1 computed by determining the number of minutes of attendance in  
2 any 10 consecutive schooldays and dividing that number by 10.  
3 If the resulting quotient is 180 or more, pupils shall be deemed to  
4 have complied with Section 46117, even if the number of minutes  
5 attended in any one schoolday is less than 180, but not less than  
6 60.

7 (d) No computation authorized by this section shall result in  
8 any increase in state apportionments.

9 ~~SEC. 17.~~

10 *SEC. 20.* Section 46117 of the Education Code is amended to  
11 read:

12 46117. The minimum schoolday for pupils in kindergartens  
13 operated by a school district or charter school is 180 minutes  
14 inclusive of recesses, and no units of average daily attendance  
15 shall be credited for attendance in kindergarten classes if the  
16 minimum schoolday of those classes is less than 180 minutes.

17 ~~SEC. 18.~~

18 *SEC. 21.* Section 46141 of the Education Code is amended to  
19 read:

20 46141. The minimum schoolday in a high school operated by  
21 a school district or charter school is 240 minutes, except in an  
22 evening high school, an early college high school, a middle college  
23 high school, a regional occupational center, an opportunity school  
24 and in opportunity classes, a continuation high school, in  
25 continuation education classes, in late afternoon or Saturday  
26 occupationally organized vocational training programs conducted  
27 under a federally approved plan for vocational education, and for  
28 pupils enrolled in a work experience education program approved  
29 under the provisions of Article 7 (commencing with Section 51760)  
30 of Chapter 5 of Part 28.

31 ~~SEC. 19.~~

32 *SEC. 22.* Section 46142 of the Education Code is amended to  
33 read:

34 46142. (a) The minimum schoolday in any junior high school  
35 or high school operated by a school district or charter school  
36 described in Section 46141 may be computed by determining the  
37 number of minutes of attendance in any two consecutive  
38 schooldays and dividing that number by two. If the resulting  
39 quotient is 240 or more, the pupils shall be deemed to have  
40 complied with Section 46141, even if the number of minutes



1 attended in any one schoolday is less than 240, but not less than  
2 180.

3 (b) No computation authorized by this section shall result in  
4 any increase in state apportionments.

5 ~~SEC. 20.~~

6 *SEC. 23.* Section 46306 is added to the Education Code, to  
7 read:

8 46306. (a) The department, in consultation with the County  
9 Office Fiscal Crisis and Management Assistance Team, shall  
10 provide a report to the Legislature detailing the business and  
11 alternatives analysis of integrating the California Longitudinal  
12 Pupil Achievement Data System (CALPADS) and the average  
13 daily attendance apportionment data system for purposes of  
14 monitoring statewide average daily attendance by unique pupil  
15 identifier.

16 (b) The report shall include, but not necessarily be limited to,  
17 all of the following:

18 (1) A procurement and cost analysis to integrate CALPADS  
19 and the average daily attendance apportionment data system.

20 (2) The necessary timeline to complete an integration of  
21 CALPADS and the average daily attendance apportionment data  
22 system.

23 (3) The logistical and state- and end-user requirements for  
24 integrating CALPADS and the average daily attendance  
25 apportionment data system.

26 (4) A recommendation regarding the most efficient state  
27 department or entity to house an integrated CALPADS and the  
28 average daily attendance apportionment data system.

29 (5) A recommendation for a reasonable frequency for local  
30 educational agencies to report attendance information to the state.

31 (c) The report with recommendations shall be completed by  
32 January 1, 2024, and be presented to the appropriate policy and  
33 fiscal committees in the Legislature in compliance with Section  
34 9795 of the Government Code.

35 (d) Pursuant to Section 10231.5 of the Government Code, this  
36 section shall remain in effect only until January 1, 2025, and as of  
37 that date is repealed.

38 ~~SEC. 21.~~

39 *SEC. 24.* Section 46307 of the Education Code is amended to  
40 read:

1 46307. Attendance of individuals with exceptional needs in a  
2 school district or charter school, identified pursuant to Chapter 4  
3 (commencing with Section 56300) of Part 30, enrolled in a special  
4 day class or given instruction individually or in a home, hospital,  
5 or licensed children's institution who attend school for either the  
6 same number of minutes that constitutes a minimum schoolday  
7 pursuant to Chapter 2 (commencing with Section 46100), or for  
8 the number of minutes of attendance specified in that pupil's  
9 individualized education program developed pursuant to Article  
10 3 (commencing with Section 56340) of Chapter 4 of Part 30,  
11 whichever is less, shall constitute a day of attendance.

12 ~~SEC. 22.~~

13 SEC. 25. Section 47604.2 is added to the Education Code, to  
14 read:

15 47604.2. (a) The Legislature finds and declares all of the  
16 following:

17 (1) Accountability within public educational funding is the  
18 expressed interest of the Legislature.

19 (2) High quality audits of local educational agencies, including  
20 traditional and charter public schools, are necessary for financial  
21 and compliance transparency and to produce essential  
22 accountability measures.

23 (3) Consistent audit standards and reporting formats across local  
24 educational agencies is essential.

25 (b) (1) It is the intent of the Legislature to encourage sound  
26 fiscal management practices among charter schools for the most  
27 efficient and effective use of public funds for the education of  
28 ~~children~~ *pupils* by strengthening fiscal accountability at the charter  
29 schools.

30 (2) Furthermore, it is the intent of the Legislature that all charter  
31 schools shall be audited, including those charter schools that are  
32 component entities of school districts, county offices of education,  
33 or nonprofit corporations.

34 (c) (1) No later than May 1 of each fiscal year, each chartering  
35 authority shall provide for an audit of all funds of charter schools  
36 authorized by that chartering authority, and the governing body  
37 of each charter school shall either provide for an audit of the books  
38 and accounts of the charter school, including an audit of income  
39 and expenditures by source of funds, or make arrangements with  
40 the chartering authority to provide for that auditing.

1 (2) If the governing body of a charter school has not provided  
2 for an audit of the books and accounts of the charter school by  
3 April 1, the chartering authority shall provide for the audit of the  
4 charter school.

5 (3) An audit conducted pursuant to this section shall comply  
6 with the applicable professional financial reporting and auditing  
7 standards promulgated in this nation.

8 (d) Each audit conducted in accordance with this section shall  
9 include all funds of the charter school, including the student body  
10 funds and accounts and any other funds under the control or  
11 jurisdiction of the charter school. Each audit shall also include an  
12 audit of pupil attendance procedures. Each audit shall include a  
13 determination of whether funds were expended pursuant to a local  
14 control and accountability plan or an approved annual update to a  
15 local control and accountability plan pursuant to Section 47606.5.

16 (e) All audit reports for each fiscal year shall be developed and  
17 reported using a format established by the Controller after  
18 consultation with the Superintendent and the Director of Finance.

19 (f) (1) The cost of the audits provided for by the chartering  
20 authority shall be paid from the revenue of the charter school.

21 (2) The cost of the audit provided for by a governing body of a  
22 charter school shall be paid from the revenue of the charter school.

23 (g) (1) The audits shall be conducted by a certified public  
24 accountant or a public accountant, licensed by the California Board  
25 of Accountancy, and selected by the charter school or chartering  
26 authority, as applicable, from a directory of certified public  
27 accountants and public accountants deemed by the Controller as  
28 qualified to conduct audits of local educational agencies, which  
29 shall be published by the Controller not later than December 31  
30 of each year.

31 (2) It is unlawful for a public accounting firm to provide audit  
32 services to a charter school if the lead audit partner, or coordinating  
33 audit partner, having primary responsibility for the audit, or the  
34 audit partner responsible for reviewing the audit, has performed  
35 audit services for that charter school in each of the six previous  
36 fiscal years. The Education Audits Appeal Panel may waive this  
37 requirement if the panel finds that no otherwise eligible auditor is  
38 available to perform the audit.

39 (3) In determining certified public accountants and public  
40 accountants to include in the directory, the Controller shall use the

1 same criteria as provided for in paragraph (3) of subdivision (f) of  
2 Section 41020.

3 (h) (1) The auditor’s report shall include all of the following:

4 (A) A statement that the audit was conducted pursuant to  
5 standards and procedures developed in accordance with Chapter  
6 3 (commencing with Section 14500) of Part 9 of Division 1 of  
7 Title 1.

8 (B) A summary of audit exceptions and management  
9 improvement recommendations.

10 (C) ~~Each audit of a charter school shall include an~~ An evaluation  
11 by the auditor on whether there is substantial doubt about the ability  
12 of the charter school to continue as a going concern for a reasonable  
13 period of time. This evaluation shall be based on the Statement on  
14 Auditing Standards (SAS) No. 59, as issued by the American  
15 Institute of Certified Public Accountants regarding disclosure  
16 requirements relating to the ability of the entity to continue as a  
17 going concern.

18 (2) To the extent possible, a description of correction or plan  
19 of correction shall be incorporated in the audit report, describing  
20 the specific actions that are planned to be taken, or that have been  
21 taken, to correct the problem identified by the auditor. The  
22 descriptions of specific actions to be taken or that have been taken  
23 shall not solely consist of general comments such as “will  
24 implement,” “accepted the recommendation,” or “will discuss at  
25 a later date.”

26 (i) No later than December 15, a report of each charter school  
27 audit for the preceding fiscal year shall be filed with the chartering  
28 authority, county superintendent of schools of the county in which  
29 the charter school is located, the department, and the Controller.  
30 The Superintendent shall make any adjustments necessary in future  
31 apportionments of all state funds, to correct any audit exceptions  
32 revealed by those audit reports.

33 (j) (1) Each chartering authority shall be responsible for  
34 reviewing the audit exceptions contained in an audit of a charter  
35 school under its jurisdiction and determining whether the  
36 exceptions have been either corrected or an acceptable plan of  
37 correction has been developed.

38 (2) If a description of the correction or plan of correction has  
39 not been provided as part of the audit required by this section, the  
40 chartering authority shall notify the charter school and request the

1 governing body of the charter school to provide to the chartering  
2 authority a description of the corrections or plan of correction by  
3 March 15.

4 (3) The chartering authority shall review the description of  
5 correction or plan of correction and determine its adequacy. If the  
6 description of the correction or plan of correction is not adequate,  
7 the chartering authority shall require the charter school to resubmit  
8 that portion of its response that is inadequate.

9 (k) A chartering authority shall certify to the county  
10 superintendent of schools, the Superintendent, and the Controller,  
11 no later than May 15, that the staff of the chartering authority has  
12 reviewed all audits of charter schools under its jurisdiction for the  
13 prior fiscal year, that all exceptions that the charter schools were  
14 required to review were reviewed, and that all of those exceptions,  
15 except as otherwise noted in the certification, have been corrected  
16 by the charter schools or that an acceptable plan of correction has  
17 been submitted to the chartering authority. In addition, the  
18 chartering authority shall identify any attendance-related audit  
19 exception or exceptions involving state funds, and require the  
20 charter school to which the audit exceptions were directed to submit  
21 appropriate reporting forms for processing by the Superintendent.

22 (l) If the exceptions have not been corrected, in the audit of a  
23 charter school for a subsequent year, the auditor shall review the  
24 correction or plan or plans of correction submitted by the charter  
25 school to determine if the exceptions have been resolved. If not,  
26 the auditor shall immediately notify the appropriate chartering  
27 authority, county superintendent of schools, and the Superintendent,  
28 and restate the exception in the audit report. After receiving that  
29 notification, the Superintendent shall either consult with the charter  
30 school to resolve the exception or require the chartering authority  
31 to follow up with the charter school.

32 (m) (1) The Superintendent is responsible for ensuring that  
33 charter schools have either corrected or developed plans of  
34 correction for any one or more of the following:

35 (A) All federal and state compliance audit exceptions identified  
36 in the audit.

37 (B) Exceptions that the chartering authority certifies as of May  
38 15 have not been corrected.

39 (C) Repeat audit exceptions that are not assigned to the  
40 chartering authority to correct.

1 (2) The Superintendent shall report annually to the Controller  
2 on the Superintendent’s actions to ensure that charter schools have  
3 either corrected or developed plans of correction for any of the  
4 exceptions described in paragraph (1).

5 (n) To facilitate correction of the exceptions identified by the  
6 audits issued pursuant to this section, the Controller shall require  
7 auditors to categorize audit exceptions in each audit report in a  
8 manner that will make it clear to the chartering authority, the  
9 county superintendent of schools, and the Superintendent which  
10 exceptions they are responsible for ensuring the correction of by  
11 a charter school. In addition, the Controller annually shall select  
12 a sampling of chartering authorities and perform a followup of the  
13 audit resolution process of those chartering authorities and report  
14 the results of that followup to the applicable chartering authority,  
15 county superintendent of schools, and the Superintendent.

16 (o) If the governing board of a charter school or the chartering  
17 authority fails or is unable to make satisfactory arrangements for  
18 the audit pursuant to this section, the Controller shall make  
19 arrangements for the audit and the cost of the audit shall be paid  
20 from the revenue of the charter school.

21 (p) By January 31 of each year, the governing body of a charter  
22 school shall review, at a public meeting, the annual audit of the  
23 charter school for the prior fiscal year, any audit exceptions  
24 identified in that audit, the recommendations or findings of any  
25 management letter issued by the auditor, and any description of  
26 correction or plans to correct any exceptions or management letter  
27 issue. The review shall be placed on the agenda of the meeting  
28 pursuant to Sections 35145 and 47604.

29 (q) The Controller shall ensure that all charter schools are  
30 audited, and that the Controller reviews and monitors audits of  
31 charter schools pursuant to Section 14504.

32 ~~SEC. 23.~~

33 *SEC. 26.* Section 47604.32 of the Education Code is amended  
34 to read:

35 47604.32. (a) Each chartering authority, in addition to any  
36 other duties imposed by this part, shall do all of the following with  
37 respect to each charter school under its authority:

38 (1) Identify at least one staff member as a contact person for  
39 the charter school.

40 (2) Visit each charter school at least annually.

1 (3) Ensure that each charter school under its authority complies  
2 with all reports required of charter schools by law, including the  
3 local control and accountability plan and annual update to the local  
4 control and accountability plan required pursuant to Section  
5 47606.5.

6 (4) Monitor the fiscal condition of each charter school under its  
7 authority.

8 (5) Provide timely notification to the department if any of the  
9 following circumstances occur or will occur with regard to a charter  
10 school for which it is the chartering authority:

11 (A) A renewal of the charter is granted or denied.

12 (B) The charter is revoked.

13 (C) The charter school will cease operation for any reason.

14 (6) (A) Verify all of the following for a nonclassroom-based  
15 charter school:

16 (i) Annually verify that an appropriate methodology exists for  
17 teachers to determine the time value of pupil work product used  
18 to compute average daily attendance.

19 (ii) Annually verify the  
20 average-daily-attendance-to-certificated-teacher ratio used by the  
21 charter school pursuant to ~~section 51745.6~~. *Section 51745.6, across*  
22 *a teacher's entire assignment at schools operated by the entity*  
23 *managing the charter school.*

24 (iii) Verify average daily attendance at the first, ~~second~~ *second*,  
25 and annual principal apportionment reporting, including subsequent  
26 corrected reports, after performing reasonable testing of monthly  
27 enrollment and monthly attendance reports to be submitted to the  
28 chartering authority by the charter school to determine enrollment  
29 and attendance trends and averages.

30 (I) Monthly enrollment reports shall reflect sufficient details by  
31 month, including beginning enrollment, additions, subtractions,  
32 and transfers, reconciled to ending enrollment. Attendance reports  
33 shall reflect sufficient details to enable the chartering authority to  
34 determine a reasonable alignment of enrollment to attendance.

35 (II) Types of analysis regarding both enrollment and attendance  
36 trends and averages may include, but are not necessarily limited  
37 to, all of the following:

38 (ia) A comparison of the total first, second, and annual principal  
39 apportionment attendance to the total respective data reported in  
40 the prior year.

1 (ib) A comparison of California Longitudinal Pupil Achievement  
2 Data System (CALPADS) Fall 1 data to first and second period  
3 principal apportionment attendance using historical ratios.

4 (ic) Comparable trending of enrollment and attendance in a  
5 given period.

6 (III) If the enrollment or attendance verification fails to support  
7 the applicable first, second, or annual principal apportionment  
8 reporting, including subsequent corrected reports, submitted to the  
9 chartering authority, the chartering authority shall not certify the  
10 applicable principal apportionment report.

11 (B) A charter school shall provide the chartering authority the  
12 necessary supporting documentation in order for the chartering  
13 authority to perform the verification described in subparagraph  
14 (A).

15 (7) A chartering authority shall notify the auditor of a charter  
16 school if a charter school does not provide the required  
17 documentation pursuant to paragraph (6). Failure of a charter  
18 school to provide the documentation required pursuant to paragraph  
19 (6) shall result in the auditor reporting an attendance apportionment  
20 finding in their annual audit report and a corresponding reduction  
21 in allowable attendance apportionment by the charter school.

22 (b) The cost of performing the duties required by this section  
23 shall be funded with supervisorial oversight fees collected pursuant  
24 to Section 47613.

25 ~~SEC. 24.~~

26 *SEC. 27.* Section 47604.35 is added to the Education Code,  
27 immediately following Section 47604.33, to read:

28 47604.35. (a) To ensure consistency in financial reporting,  
29 and promote transparency and accountability of all local  
30 educational agencies, the state board, in consultation with the  
31 Superintendent, shall revise regulations to require that charter  
32 schools report periodic and annual financial data in the same  
33 manner and on the same form prescribed for school districts.

34 (b) Commencing with the 2023–24 fiscal year, charter schools  
35 with an average daily attendance of 5,000 or more pupils shall  
36 report periodic and annual financial data in the same manner and  
37 on the same form prescribed for school districts.

38 (c) Commencing with the 2024–25 fiscal year, charter schools  
39 with an average daily attendance of 2,500 or more pupils but fewer  
40 than 5,000 pupils shall report periodic and annual financial data



1 in the same manner and on the same form prescribed for school  
2 districts.

3 (d) Commencing with the 2025–26 fiscal year, charter schools  
4 with an average daily attendance of 2,499 or fewer pupils shall  
5 report periodic and annual financial data in the same manner and  
6 on the same form prescribed for school districts.

7 ~~SEC. 25.~~

8 *SEC. 28.* Section 47605 of the Education Code is amended to  
9 read:

10 47605. (a) (1) Except as set forth in paragraph (2), a petition  
11 for the establishment of a charter school within a school district  
12 may be circulated by one or more persons seeking to establish the  
13 charter school. A petition for the establishment of a charter school  
14 shall identify a single charter school that will operate within the  
15 geographic boundaries of that school district. A charter school  
16 may propose to operate at multiple sites within the school district  
17 if each location is identified in the charter school petition. The  
18 petition may be submitted to the governing board of the school  
19 district for review after either of the following conditions is met:

20 (A) The petition is signed by a number of parents or legal  
21 guardians of pupils that is equivalent to at least one-half of the  
22 number of pupils that the charter school estimates will enroll in  
23 the charter school for its first year of operation.

24 (B) The petition is signed by a number of teachers that is  
25 equivalent to at least one-half of the number of teachers that the  
26 charter school estimates will be employed at the charter school  
27 during its first year of operation.

28 (2) A petition that proposes to convert an existing public school  
29 to a charter school that would not be eligible for a loan pursuant  
30 to subdivision (c) of Section 41365 may be circulated by one or  
31 more persons seeking to establish the charter school. The petition  
32 may be submitted to the governing board of the school district for  
33 review after the petition is signed by not less than 50 percent of  
34 the permanent status teachers currently employed at the public  
35 school to be converted.

36 (3) A petition shall include a prominent statement that a  
37 signature on the petition means that the parent or legal guardian  
38 is meaningfully interested in having their child or ward attend the  
39 charter school, or in the case of a teacher’s signature, means that

1 the teacher is meaningfully interested in teaching at the charter  
2 school. The proposed charter shall be attached to the petition.

3 (4) After receiving approval of its petition, a charter school that  
4 proposes to expand operations to one or more additional sites or  
5 grade levels shall request a material revision to its charter and shall  
6 notify the chartering authority of those additional locations or  
7 grade levels. The chartering authority shall consider whether to  
8 approve those additional locations or grade levels at an open, public  
9 meeting. If the additional locations or grade levels are approved  
10 pursuant to the standards and criteria described in subdivision (c),  
11 they shall be a material revision to the charter school's charter.

12 (5) (A) A charter school that established one site outside the  
13 boundaries of the school district, but within the county in which  
14 that school district is located before January 1, 2020, may continue  
15 to operate that site until the charter school submits a request for  
16 the renewal of its charter petition. To continue operating the site,  
17 the charter school shall do either of the following:

18 (i) First, before submitting the request for the renewal of the  
19 charter petition, obtain approval in writing from the school district  
20 where the site is operating.

21 (ii) Submit a request for the renewal of the charter petition  
22 pursuant to Section 47607 to the school district in which the charter  
23 school is located.

24 (B) If a Presidential declaration of a major disaster or emergency  
25 is issued in accordance with the federal Robert T. Stafford Disaster  
26 Relief and Emergency Assistance Act (42 U.S.C. Sec. 5121 et  
27 seq.) for an area in which a charter schoolsite is located and  
28 operating, the charter school, for not more than five years, may  
29 relocate that site outside the area subject to the Presidential  
30 declaration if the charter school first obtains the written approval  
31 of the school district where the site is being relocated to.

32 (C) Notwithstanding subparagraph (A), if a charter school was  
33 relocated from December 31, 2016, to December 31, 2019,  
34 inclusive, due to a Presidential declaration of a major disaster or  
35 emergency in accordance with the federal Robert T. Stafford  
36 Disaster Relief and Emergency Assistance Act (42 U.S.C. Sec.  
37 5121 et seq.), that charter school shall be allowed to return to its  
38 original campus location in perpetuity.

39 (D) (i) A charter school in operation and providing educational  
40 services to pupils before October 1, 2019, located on a federally

1 recognized California Indian reservation or rancheria or operated  
2 by a federally recognized California Indian tribe shall be exempt  
3 from the geographic restrictions of paragraph (1) and subparagraph  
4 (A) of this paragraph and the geographic restrictions of subdivision  
5 (a) of Section 47605.1.

6 (ii) The exemption to the geographic restrictions of subdivision  
7 (a) of 47605.1 in clause (i) does not apply to nonclassroom-based  
8 charter schools operating pursuant to Section 47612.5.

9 (E) The department shall regard as a continuing charter school  
10 for all purposes a charter school that was granted approval of its  
11 petition, that was providing educational services to pupils before  
12 October 1, 2019, and is authorized by a different chartering  
13 authority due to changes to this paragraph that took effect January  
14 1, 2020. This paragraph shall be implemented only to the extent  
15 it does not conflict with federal law. In order to prevent any  
16 potential conflict with federal law, this paragraph does not apply  
17 to covered programs as identified in Section 8101(11) of the federal  
18 Elementary and Secondary Education Act of 1965 (20 U.S.C. Sec.  
19 7801) to the extent the affected charter school is the restructured  
20 portion of a divided charter school pursuant to Section 47654.

21 (6) Commencing January 1, 2003, a petition to establish a charter  
22 school shall not be approved to serve pupils in a grade level that  
23 is not served by the school district of the governing board  
24 considering the petition, unless the petition proposes to serve pupils  
25 in all of the grade levels served by that school district.

26 (b) No later than 60 days after receiving a petition, in accordance  
27 with subdivision (a), the governing board of the school district  
28 shall hold a public hearing on the provisions of the charter, at  
29 which time the governing board of the school district shall consider  
30 the level of support for the petition by teachers employed by the  
31 school district, other employees of the school district, and parents.  
32 Following review of the petition and the public hearing, the  
33 governing board of the school district shall either grant or deny  
34 the charter within 90 days of receipt of the petition, provided,  
35 however, that the date may be extended by an additional 30 days  
36 if both parties agree to the extension. A petition is deemed received  
37 by the governing board of the school district for purposes of  
38 commencing the timelines described in this subdivision on the day  
39 the petitioner submits a petition to the district office, along with a  
40 signed certification that the petitioner deems the petition to be

1 complete. The governing board of the school district shall publish  
2 all staff recommendations, including the recommended findings  
3 and, if applicable, the certification from the county superintendent  
4 of schools prepared pursuant to paragraph (8) of subdivision (c),  
5 regarding the petition at least 15 days before the public hearing at  
6 which the governing board of the school district will either grant  
7 or deny the charter. At the public hearing at which the governing  
8 board of the school district will either grant or deny the charter,  
9 petitioners shall have equivalent time and procedures to present  
10 evidence and testimony to respond to the staff recommendations  
11 and findings.

12 (c) In reviewing petitions for the establishment of charter schools  
13 pursuant to this section, the chartering authority shall be guided  
14 by the intent of the Legislature that charter schools are and should  
15 become an integral part of the California educational system and  
16 that the establishment of charter schools should be encouraged.  
17 The governing board of the school district shall grant a charter for  
18 the operation of a school under this part if it is satisfied that  
19 granting the charter is consistent with sound educational practice  
20 and with the interests of the community in which the school is  
21 proposing to locate. The governing board of the school district  
22 shall consider the academic needs of the pupils the school proposes  
23 to serve. The governing board of the school district shall not deny  
24 a petition for the establishment of a charter school unless it makes  
25 written factual findings, specific to the particular petition, setting  
26 forth specific facts to support one or more of the following  
27 findings:

28 (1) The charter school presents an unsound educational program  
29 for the pupils to be enrolled in the charter school.

30 (2) The petitioners are demonstrably unlikely to successfully  
31 implement the program set forth in the petition.

32 (3) The petition does not contain the number of signatures  
33 required by subdivision (a).

34 (4) The petition does not contain an affirmation of each of the  
35 conditions described in subdivision (e).

36 (5) The petition does not contain reasonably comprehensive  
37 descriptions of all of the following:

38 (A) (i) The educational program of the charter school, designed,  
39 among other things, to identify those whom the charter school is  
40 attempting to educate, what it means to be an “educated person”

1 in the 21st century, and how learning best occurs. The goals  
2 identified in that program shall include the objective of enabling  
3 pupils to become self-motivated, competent, and lifelong learners.

4 (ii) The annual goals for the charter school for all pupils and  
5 for each subgroup of pupils identified pursuant to Section 52052,  
6 to be achieved in the state priorities, as described in subdivision  
7 (d) of Section 52060, that apply for the grade levels served, and  
8 specific annual actions to achieve those goals. A charter petition  
9 may identify additional school priorities, the goals for the school  
10 priorities, and the specific annual actions to achieve those goals.

11 (iii) If the proposed charter school will serve high school pupils,  
12 the manner in which the charter school will inform parents about  
13 the transferability of courses to other public high schools and the  
14 eligibility of courses to meet college entrance requirements.  
15 Courses offered by the charter school that are accredited by the  
16 Western Association of Schools and Colleges may be considered  
17 transferable and courses approved by the University of California  
18 or the California State University as creditable under the “A to G”  
19 admissions criteria may be considered to meet college entrance  
20 requirements.

21 (B) The measurable pupil outcomes identified for use by the  
22 charter school. “Pupil outcomes,” for purposes of this part, means  
23 the extent to which all pupils of the charter school demonstrate  
24 that they have attained the skills, knowledge, and attitudes specified  
25 as goals in the charter school’s educational program. Pupil  
26 outcomes shall include outcomes that address increases in pupil  
27 academic achievement both schoolwide and for all pupil subgroups  
28 served by the charter school, as that term is defined in subdivision  
29 (a) of Section 52052. The pupil outcomes shall align with the state  
30 priorities, as described in subdivision (d) of Section 52060, that  
31 apply for the grade levels served by the charter school.

32 (C) The method by which pupil progress in meeting those pupil  
33 outcomes is to be measured. To the extent practicable, the method  
34 for measuring pupil outcomes for state priorities shall be consistent  
35 with the way information is reported on a school accountability  
36 report card.

37 (D) The governance structure of the charter school, including,  
38 but not limited to, the process to be followed by the charter school  
39 to ensure parental involvement.

1 (E) The qualifications to be met by individuals to be employed  
2 by the charter school.

3 (F) The procedures that the charter school will follow to ensure  
4 the health and safety of pupils and staff. These procedures shall  
5 require all of the following:

6 (i) That each employee of the charter school furnish the charter  
7 school with a criminal record summary as described in Section  
8 44237.

9 (ii) The development of a school safety plan, which shall include  
10 the safety topics listed in subparagraphs (A) to (J), inclusive, of  
11 paragraph (2) of subdivision (a) of Section 32282.

12 (iii) That the school safety plan be reviewed and updated by  
13 March 1 of every year by the charter school.

14 (G) The means by which the charter school will achieve a  
15 balance of racial and ethnic pupils, special education pupils, and  
16 English learner pupils, including redesignated fluent English  
17 proficient pupils, as defined by the evaluation rubrics in Section  
18 52064.5, that is reflective of the general population residing within  
19 the territorial jurisdiction of the school district to which the charter  
20 petition is submitted. Upon renewal, for a charter school not  
21 deemed to be a local educational agency for purposes of special  
22 education pursuant to Section 47641, the chartering authority may  
23 consider the effect of school placements made by the chartering  
24 authority in providing a free and appropriate public education as  
25 required by the federal Individuals with Disabilities Education Act  
26 (Public Law 101-476), on the balance of pupils with disabilities  
27 at the charter school.

28 (H) Admission policies and procedures, consistent with  
29 subdivision (e).

30 (I) The manner in which annual, independent financial audits  
31 shall be conducted pursuant to Section 47604.2, which shall employ  
32 generally accepted accounting principles, and the manner in which  
33 audit exceptions and deficiencies shall be resolved to the  
34 satisfaction of the chartering authority.

35 (J) The procedures by which pupils can be suspended or expelled  
36 from the charter school for disciplinary reasons or otherwise  
37 involuntarily removed from the charter school for any reason.  
38 These procedures, at a minimum, shall include an explanation of  
39 how the charter school will comply with federal and state

1 constitutional procedural and substantive due process requirements  
2 that is consistent with all of the following:

3 (i) For suspensions of fewer than 10 days, provide oral or written  
4 notice of the charges against the pupil and, if the pupil denies the  
5 charges, an explanation of the evidence that supports the charges  
6 and an opportunity for the pupil to present the pupil's side of the  
7 story.

8 (ii) For suspensions of 10 days or more and all other expulsions  
9 for disciplinary reasons, both of the following:

10 (I) Provide timely, written notice of the charges against the pupil  
11 and an explanation of the pupil's basic rights.

12 (II) Provide a hearing adjudicated by a neutral officer within a  
13 reasonable number of days at which the pupil has a fair opportunity  
14 to present testimony, evidence, and witnesses and confront and  
15 cross-examine adverse witnesses, and at which the pupil has the  
16 right to bring legal counsel or an advocate.

17 (iii) Contain a clear statement that no pupil shall be involuntarily  
18 removed by the charter school for any reason unless the parent or  
19 guardian of the pupil has been provided written notice of intent to  
20 remove the pupil no less than five schooldays before the effective  
21 date of the action. The written notice shall be in the native language  
22 of the pupil or the pupil's parent or guardian or, if the pupil is a  
23 foster child or youth or a homeless child or youth, the pupil's  
24 educational rights holder, and shall inform the pupil, the pupil's  
25 parent or guardian, or the pupil's educational rights holder of the  
26 right to initiate the procedures specified in clause (ii) before the  
27 effective date of the action. If the pupil's parent, guardian, or  
28 educational rights holder initiates the procedures specified in clause  
29 (ii), the pupil shall remain enrolled and shall not be removed until  
30 the charter school issues a final decision. For purposes of this  
31 clause, "involuntarily removed" includes disenrolled, dismissed,  
32 transferred, or terminated, but does not include suspensions  
33 specified in clauses (i) and (ii).

34 (K) The manner by which staff members of the charter schools  
35 will be covered by the State Teachers' Retirement System, the  
36 Public Employees' Retirement System, or federal social security.

37 (L) The public school attendance alternatives for pupils residing  
38 within the school district who choose not to attend charter schools.

39 (M) The rights of an employee of the school district upon  
40 leaving the employment of the school district to work in a charter

1 school, and of any rights of return to the school district after  
2 employment at a charter school.

3 (N) The procedures to be followed by the charter school and  
4 the chartering authority to resolve disputes relating to provisions  
5 of the charter.

6 (O) The procedures to be used if the charter school closes. The  
7 procedures shall ensure a final audit of the charter school to  
8 determine the disposition of all assets and liabilities of the charter  
9 school, including plans for disposing of any net assets and for the  
10 maintenance and transfer of pupil records.

11 (6) The petition does not contain a declaration of whether or  
12 not the charter school shall be deemed the exclusive public  
13 employer of the employees of the charter school for purposes of  
14 Chapter 10.7 (commencing with Section 3540) of Division 4 of  
15 Title 1 of the Government Code.

16 (7) The charter school is demonstrably unlikely to serve the  
17 interests of the entire community in which the school is proposing  
18 to locate. Analysis of this finding shall include consideration of  
19 the fiscal impact of the proposed charter school. A written factual  
20 finding under this paragraph shall detail specific facts and  
21 circumstances that analyze and consider the following factors:

22 (A) The extent to which the proposed charter school would  
23 substantially undermine existing services, academic offerings, or  
24 programmatic offerings.

25 (B) Whether the proposed charter school would duplicate a  
26 program currently offered within the school district and the existing  
27 program has sufficient capacity for the pupils proposed to be served  
28 within reasonable proximity to where the charter school intends  
29 to locate.

30 (8) The school district is not positioned to absorb the fiscal  
31 impact of the proposed charter school. A school district satisfies  
32 this paragraph if it has a qualified interim certification pursuant to  
33 Section 42131 and the county superintendent of schools, in  
34 consultation with the County Office Fiscal Crisis and Management  
35 Assistance Team, certifies that approving the charter school would  
36 result in the school district having a negative interim certification  
37 pursuant to Section 42131, has a negative interim certification  
38 pursuant to Section 42131, or is under state receivership. Charter  
39 schools proposed in a school district satisfying one of these  
40 conditions shall be subject to a rebuttable presumption of denial.



1 (d) (1) Charter schools shall meet all statewide standards and  
2 conduct the pupil assessments required pursuant to Section 60605  
3 and any other statewide standards authorized in statute or pupil  
4 assessments applicable to pupils in noncharter public schools.

5 (2) Charter schools shall, on a regular basis, consult with their  
6 parents, legal guardians, and teachers regarding the charter school's  
7 educational programs.

8 (e) (1) In addition to any other requirement imposed under this  
9 part, a charter school shall be nonsectarian in its programs,  
10 admission policies, employment practices, and all other operations,  
11 shall not charge tuition, and shall not discriminate against a pupil  
12 on the basis of the characteristics listed in Section 220. Except as  
13 provided in paragraph (2), admission to a charter school shall not  
14 be determined according to the place of residence of the pupil, or  
15 of that pupil's parent or legal guardian, within this state, except  
16 that an existing public school converting partially or entirely to a  
17 charter school under this part shall adopt and maintain a policy  
18 giving admission preference to pupils who reside within the former  
19 attendance area of that public school.

20 (2) (A) A charter school shall admit all pupils who wish to  
21 attend the charter school.

22 (B) If the number of pupils who wish to attend the charter school  
23 exceeds the charter school's capacity, attendance, except for  
24 existing pupils of the charter school, shall be determined by a  
25 public random drawing. Preference shall be extended to pupils  
26 currently attending the charter school and pupils who reside in the  
27 school district except as provided for in Section 47614.5.  
28 Preferences, including, but not limited to, siblings of pupils  
29 admitted or attending the charter school and children of the charter  
30 school's teachers, staff, and founders identified in the initial charter,  
31 may also be permitted by the chartering authority on an individual  
32 charter school basis. Priority order for any preference shall be  
33 determined in the charter petition in accordance with all of the  
34 following:

35 (i) Each type of preference shall be approved by the chartering  
36 authority at a public hearing.

37 (ii) Preferences shall be consistent with federal law, the  
38 California Constitution, and Section 200.

39 (iii) Preferences shall not result in limiting enrollment access  
40 for pupils with disabilities, academically low-achieving pupils,

1 English learners, neglected or delinquent pupils, homeless pupils,  
2 or pupils who are economically disadvantaged, as determined by  
3 eligibility for any free or reduced-price meal program, foster youth,  
4 or pupils based on nationality, race, ethnicity, or sexual orientation.

5 (iv) In accordance with Section 49011, preferences shall not  
6 require mandatory parental volunteer hours as a criterion for  
7 admission or continued enrollment.

8 (C) In the event of a drawing, the chartering authority shall  
9 make reasonable efforts to accommodate the growth of the charter  
10 school and shall not take any action to impede the charter school  
11 from expanding enrollment to meet pupil demand.

12 (3) If a pupil is expelled or leaves the charter school without  
13 graduating or completing the school year for any reason, the charter  
14 school shall notify the superintendent of the school district of the  
15 pupil's last known address within 30 days, and shall, upon request,  
16 provide that school district with a copy of the cumulative record  
17 of the pupil, including report cards or a transcript of grades, and  
18 health information. If the pupil is subsequently expelled or leaves  
19 the school district without graduating or completing the school  
20 year for any reason, the school district shall provide this  
21 information to the charter school within 30 days if the charter  
22 school demonstrates that the pupil had been enrolled in the charter  
23 school. This paragraph applies only to pupils subject to compulsory  
24 full-time education pursuant to Section 48200.

25 (4) (A) A charter school shall not discourage a pupil from  
26 enrolling or seeking to enroll in the charter school for any reason,  
27 including, but not limited to, academic performance of the pupil  
28 or because the pupil exhibits any of the characteristics described  
29 in clause (iii) of subparagraph (B) of paragraph (2).

30 (B) A charter school shall not request a pupil's records or require  
31 a parent, guardian, or pupil to submit the pupil's records to the  
32 charter school before enrollment.

33 (C) A charter school shall not encourage a pupil currently  
34 attending the charter school to disenroll from the charter school  
35 or transfer to another school for any reason, including, but not  
36 limited to, academic performance of the pupil or because the pupil  
37 exhibits any of the characteristics described in clause (iii) of  
38 subparagraph (B) of paragraph (2). This subparagraph shall not  
39 apply to actions taken by a charter school pursuant to the

1 procedures described in subparagraph (J) of paragraph (5) of  
2 subdivision (c).

3 (D) The department shall develop a notice of the requirements  
4 of this paragraph. This notice shall be posted on a charter school's  
5 internet website. A charter school shall provide a parent or  
6 guardian, or a pupil if the pupil is 18 years of age or older, a copy  
7 of this notice at all of the following times:

8 (i) When a parent, guardian, or pupil inquires about enrollment.

9 (ii) Before conducting an enrollment lottery.

10 (iii) Before disenrollment of a pupil.

11 (E) (i) A person who suspects that a charter school has violated  
12 this paragraph may file a complaint with the chartering authority.

13 (ii) The department shall develop a template to be used for filing  
14 complaints pursuant to clause (i).

15 (5) Notwithstanding any other law, a charter school in operation  
16 as of July 1, 2019, that operates in partnership with the California  
17 National Guard may dismiss a pupil from the charter school for  
18 failing to maintain the minimum standards of conduct required by  
19 the Military Department.

20 (f) The governing board of a school district shall not require an  
21 employee of the school district to be employed in a charter school.

22 (g) The governing board of a school district shall not require a  
23 pupil enrolled in the school district to attend a charter school.

24 (h) The governing board of a school district shall require that  
25 the petitioner or petitioners provide information regarding the  
26 proposed operation and potential effects of the charter school,  
27 including, but not limited to, the facilities to be used by the charter  
28 school, the manner in which administrative services of the charter  
29 school are to be provided, and potential civil liability effects, if  
30 any, upon the charter school and upon the school district. The  
31 description of the facilities to be used by the charter school shall  
32 specify where the charter school intends to locate. The petitioner  
33 or petitioners also shall be required to provide financial statements  
34 that include a proposed first-year operational budget, including  
35 startup costs, and cashflow and financial projections for the first  
36 three years of operation. If the school is to be operated by, or as,  
37 a nonprofit public benefit corporation, the petitioner shall provide  
38 the names and relevant qualifications of all persons whom the  
39 petitioner nominates to serve on the governing body of the charter  
40 school.

1 (i) In reviewing petitions for the establishment of charter schools  
2 within the school district, the governing board of the school district  
3 shall give preference to petitions that demonstrate the capability  
4 to provide comprehensive learning experiences to pupils identified  
5 by the petitioner or petitioners as academically low achieving  
6 pursuant to the standards established by the department under  
7 Section 54032, as that section read before July 19, 2006.

8 (j) Upon the approval of the petition by the governing board of  
9 the school district, the petitioner or petitioners shall provide written  
10 notice of that approval, including a copy of the petition, to the  
11 applicable county superintendent of schools, the department, and  
12 the state board.

13 (k) (1) (A) (i) If the governing board of a school district denies  
14 a petition, the petitioner may elect to submit the petition for the  
15 establishment of a charter school to the county board of education.  
16 The petitioner shall submit the petition to the county board of  
17 education within 30 days of a denial by the governing board of the  
18 school district. At the same time the petition is submitted to the  
19 county board of education, the petitioner shall also provide a copy  
20 of the petition to the school district. The county board of education  
21 shall review the petition pursuant to subdivisions (b) and (c). If  
22 the petition submitted on appeal contains new or different material  
23 terms, the county board of education shall immediately remand  
24 the petition to the governing board of the school district for  
25 reconsideration, which shall grant or deny the petition within 30  
26 days. If the governing board of the school district denies a petition  
27 after reconsideration, the petitioner may elect to resubmit the  
28 petition for the establishment of a charter school to the county  
29 board of education.

30 (ii) The county board of education shall review the appeal  
31 petition pursuant to subdivision (c). If the denial of the petition  
32 was made pursuant to paragraph (8) of subdivision (c), the county  
33 board of education shall also review the school district's findings  
34 pursuant to paragraph (8) of subdivision (c).

35 (iii) As used in this subdivision, "material terms" of the petition  
36 means the signatures, affirmations, disclosures, documents, and  
37 descriptions described in subdivisions (a), (b), (c), and (h), but  
38 shall not include minor administrative updates to the petition or  
39 related documents due to changes in circumstances based on the  
40 passage of time related to fiscal affairs, facilities arrangements, or

1 state law, or to reflect the county board of education as the  
2 chartering authority.

3 (B) If the governing board of a school district denies a petition  
4 and the county board of education has jurisdiction over a single  
5 school district, the petitioner may elect to submit the petition for  
6 the establishment of a charter school to the state board. The state  
7 board shall review a petition submitted pursuant to this  
8 subparagraph pursuant to subdivision (c). If the denial of a charter  
9 petition is reversed by the state board pursuant to this subparagraph,  
10 the state board shall designate the governing board of the school  
11 district in which the charter school is located as the chartering  
12 authority.

13 (2) If the county board of education denies a petition, the  
14 petitioner may appeal that denial to the state board.

15 (A) The petitioner shall submit the petition to the state board  
16 within 30 days of a denial by the county board of education. The  
17 petitioner shall include the findings and documentary record from  
18 the governing board of the school district and the county board of  
19 education and a written submission detailing, with specific citations  
20 to the documentary record, how the governing board of the school  
21 district or the county board of education, or both, abused their  
22 discretion. The governing board of the school district and county  
23 board of education shall prepare the documentary record, including  
24 transcripts of the public hearing at which the governing board of  
25 the school district and county board of education denied the charter,  
26 at the request of the petitioner. The documentary record shall be  
27 prepared by the governing board of the school district and county  
28 board of education no later than 10 business days after the request  
29 of the petitioner is made. At the same time the petition and  
30 supporting documentation is submitted to the state board, the  
31 petitioner shall also provide a copy of the petition and supporting  
32 documentation to the school district and the county board of  
33 education.

34 (B) If the appeal contains new or different material terms, as  
35 defined in clause (iii) of subparagraph (A) of paragraph (1), the  
36 state board shall immediately remand the petition to the governing  
37 board of the school district to which the petition was submitted  
38 for reconsideration. The governing board of the school district  
39 shall grant or deny the petition within 30 days. If the governing

1 board of the school district denies a petition after reconsideration,  
2 the petitioner may elect to resubmit the petition to the state board.

3 (C) Within 30 days of receipt of the appeal submitted to the  
4 state board, the governing board of the school district or county  
5 board of education may submit a written opposition to the state  
6 board detailing, with specific citations to the documentary record,  
7 how the governing board of the school district or the county board  
8 of education did not abuse its discretion in denying the petition.  
9 The governing board of the school district or the county board of  
10 education may submit supporting documentation or evidence from  
11 the documentary record that was considered by the governing  
12 board of the school district or the county board of education.

13 (D) The state board's Advisory Commission on Charter Schools  
14 shall hold a public hearing to review the appeal and documentary  
15 record. Based on its review, the Advisory Commission on Charter  
16 Schools shall submit a recommendation to the state board whether  
17 there is sufficient evidence to hear the appeal or to summarily deny  
18 review of the appeal based on the documentary record. If the  
19 Advisory Commission on Charter Schools does not submit a  
20 recommendation to the state board, the state board shall consider  
21 the appeal, and shall either hear the appeal or summarily deny  
22 review of the appeal based on the documentary record at a regular  
23 public meeting of the state board.

24 (E) The state board shall either hear the appeal or summarily  
25 deny review of the appeal based on the documentary record. If the  
26 state board hears the appeal, the state board may affirm the  
27 determination of the governing board of the school district or the  
28 county board of education, or both of those determinations, or may  
29 reverse only upon a determination that there was an abuse of  
30 discretion. If the denial of a charter petition is reversed by the state  
31 board, the state board shall designate, in consultation with the  
32 petitioner, either the governing board of the school district or the  
33 county board of education in which the charter school is located  
34 as the chartering authority.

35 (3) A charter school for which a charter is granted by either the  
36 county board of education or the state board based on an appeal  
37 pursuant to this subdivision shall qualify fully as a charter school  
38 for all funding and other purposes of this part.

39 (4) A charter school that receives approval of its petition from  
40 a county board of education or from the state board on appeal shall

1 be subject to the same requirements concerning geographic location  
2 to which it would otherwise be subject if it received approval from  
3 the chartering authority to which it originally submitted its petition.  
4 A charter petition that is submitted to either a county board of  
5 education or to the state board shall meet all otherwise applicable  
6 petition requirements, including the identification of the proposed  
7 site or sites where the charter school will operate.

8 (5) Upon the approval of the petition by the county board of  
9 education, the petition or petitioners shall provide written notice  
10 of that approval, including a copy of the petition, to the governing  
11 board of the school district in which the charter school is located,  
12 the department, and the state board.

13 (6) If either the county board of education or the state board  
14 fails to act on a petition within 180 days of receipt, the decision  
15 of the governing board of the school district to deny the petition  
16 shall be subject to judicial review.

17 (l) (1) Teachers in charter schools shall hold the Commission  
18 on Teacher Credentialing certificate, permit, or other document  
19 required for the teacher's certificated assignment and be an  
20 employee of the charter school. These documents shall be  
21 maintained on file at the charter school and are subject to periodic  
22 inspection by the chartering authority. A governing body of a  
23 direct-funded charter school may use local assignment options  
24 authorized in statute and regulations for the purpose of legally  
25 assigning certificated teachers, in accordance with all of the  
26 requirements of the applicable statutes or regulations in the same  
27 manner as a governing board of a school district. A charter school  
28 shall have authority to request an emergency permit or a waiver  
29 from the Commission on Teacher Credentialing for individuals in  
30 the same manner as a school district.

31 (2) By July 1, 2020, all teachers in charter schools shall obtain  
32 a certificate of clearance and satisfy the requirements for  
33 professional fitness pursuant to Sections 44339, 44340, and 44341.

34 (3) The Commission on Teacher Credentialing shall include in  
35 the bulletins it issues pursuant to subdivision (k) of Section 44237  
36 to provide notification to local educational agencies of any adverse  
37 actions taken against the holders of any commission documents,  
38 notice of any adverse actions taken against teachers employed by  
39 charter schools and shall make this bulletin available to all

1 chartering authorities and charter schools in the same manner in  
2 which it is made available to local educational agencies.

3 (m) A charter school may encourage parental involvement, but  
4 shall notify the parents and guardians of applicant pupils and  
5 currently enrolled pupils that parental involvement is not a  
6 requirement for acceptance to, or continued enrollment at, the  
7 charter school.

8 (n) The requirements of this section shall not be waived by the  
9 state board pursuant to Section 33050 or any other law.

10 ~~SEC. 26.~~

11 *SEC. 29.* Section 47605.6 of the Education Code is amended  
12 to read:

13 47605.6. (a) (1) In addition to the authority provided by  
14 Section 47605.5, a county board of education may also approve a  
15 petition for the operation of a charter school that operates at one  
16 or more sites within the geographic boundaries of the county and  
17 that provides instructional services that are not generally provided  
18 by a county office of education. A county board of education may  
19 approve a countywide charter only if it finds, in addition to the  
20 other requirements of this section, that the educational services to  
21 be provided by the charter school will offer services to a pupil  
22 population that will benefit from those services and that cannot be  
23 served as well by a charter school that operates in only one school  
24 district in the county. A petition for the establishment of a  
25 countywide charter school pursuant to this subdivision may be  
26 circulated throughout the county by any one or more persons  
27 seeking to establish the charter school. The petition may be  
28 submitted to the county board of education for review after either  
29 of the following conditions is met:

30 (A) The petition is signed by a number of parents or guardians  
31 of pupils residing within the county that is equivalent to at least  
32 one-half of the number of pupils that the charter school estimates  
33 will enroll in the school for its first year of operation and each of  
34 the school districts where the charter school petitioner proposes  
35 to operate a facility has received at least 30 days' notice of the  
36 petitioner's intent to operate a charter school pursuant to this  
37 section.

38 (B) The petition is signed by a number of teachers that is  
39 equivalent to at least one-half of the number of teachers that the  
40 charter school estimates will be employed at the school during its



1 first year of operation and each of the school districts where the  
2 charter school petitioner proposes to operate a facility has received  
3 at least 30 days' notice of the petitioner's intent to operate a charter  
4 school pursuant to this section.

5 (2) An existing public school shall not be converted to a charter  
6 school in accordance with this section.

7 (3) After receiving approval of its petition, a charter school that  
8 proposes to establish operations at additional sites within the  
9 geographic boundaries of the county board of education shall notify  
10 the school districts where those sites will be located. The charter  
11 school shall also request a material revision of its charter by the  
12 county board of education that approved its charter and the county  
13 board of education shall consider whether to approve those  
14 additional locations at an open, public meeting, held no sooner  
15 than 30 days following notification of the school districts where  
16 the sites will be located. If approved, the location of the approved  
17 sites shall be a material revision of the charter school's approved  
18 charter.

19 (4) A petition shall include a prominent statement indicating  
20 that a signature on the petition means that the parent or guardian  
21 is meaningfully interested in having their child or ward attend the  
22 charter school, or in the case of a teacher's signature, means that  
23 the teacher is meaningfully interested in teaching at the charter  
24 school. The proposed charter shall be attached to the petition.

25 (b) No later than 60 days after receiving a petition, in accordance  
26 with subdivision (a), the county board of education shall hold a  
27 public hearing on the provisions of the charter, at which time the  
28 county board of education shall consider the level of support for  
29 the petition by teachers, parents or guardians, and the school  
30 districts where the charter school petitioner proposes to place  
31 school facilities. Following review of the petition and the public  
32 hearing, the county board of education shall either grant or deny  
33 the charter within 90 days of receipt of the petition. However, this  
34 date may be extended by an additional 30 days if both parties agree  
35 to the extension. A petition is deemed received by the county board  
36 of education for purposes of commencing the timelines described  
37 in this subdivision when the petitioner submits a petition, in  
38 accordance with subparagraph (A) or (B) of paragraph (1) of  
39 subdivision (a), to the county office of education. The county board  
40 of education shall publish all staff recommendations, including

1 the recommended findings, regarding the petition at least 15 days  
2 before the public hearing at which the county board of education  
3 will either grant or deny the charter. At the public hearing at which  
4 the county board of education will either grant or deny the charter,  
5 petitioners shall have equivalent time and procedures to present  
6 evidence and testimony to respond to the staff recommendations  
7 and findings. A county board of education may impose any  
8 additional requirements beyond those required by this section that  
9 it considers necessary for the sound operation of a countywide  
10 charter school. A county board of education may grant a charter  
11 for the operation of a charter school under this part only if it is  
12 satisfied that granting the charter is consistent with sound  
13 educational practice and that the charter school has reasonable  
14 justification for why it could not be established by petition to a  
15 school district pursuant to Section 47605. The county board of  
16 education shall deny a petition for the establishment of a charter  
17 school if it finds one or more of the following:

18 (1) The charter school presents an unsound educational program  
19 for the pupils to be enrolled in the charter school.

20 (2) The petitioners are demonstrably unlikely to successfully  
21 implement the program set forth in the petition.

22 (3) The petition does not contain the number of signatures  
23 required by subdivision (a).

24 (4) The petition does not contain an affirmation of each of the  
25 conditions described in subdivision (e).

26 (5) The petition does not contain reasonably comprehensive  
27 descriptions of all of the following:

28 (A) (i) The educational program of the charter school, designed,  
29 among other things, to identify those pupils whom the charter  
30 school is attempting to educate, what it means to be an “educated  
31 person” in the 21st century, and how learning best occurs. The  
32 goals identified in that program shall include the objective of  
33 enabling pupils to become self-motivated, competent, and lifelong  
34 learners.

35 (ii) The annual goals for the charter school for all pupils and  
36 for each subgroup of pupils identified pursuant to Section 52052,  
37 to be achieved in the state priorities, as described in subdivision  
38 (d) of Section 52060, that apply for the grade levels served by the  
39 charter school, and specific annual actions to achieve those goals.  
40 A charter petition may identify additional school priorities, the

1 goals for the school priorities, and the specific annual actions to  
2 achieve those goals.

3 (iii) If the proposed charter school will enroll high school pupils,  
4 the manner in which the charter school will inform parents  
5 regarding the transferability of courses to other public high schools.  
6 Courses offered by the charter school that are accredited by the  
7 Western Association of Schools and Colleges may be considered  
8 to be transferable to other public high schools.

9 (iv) If the proposed charter school will enroll high school pupils,  
10 information as to the manner in which the charter school will  
11 inform parents as to whether each individual course offered by the  
12 charter school meets college entrance requirements. Courses  
13 approved by the University of California or the California State  
14 University as satisfying their prerequisites for admission may be  
15 considered as meeting college entrance requirements for purposes  
16 of this clause.

17 (B) The measurable pupil outcomes identified for use by the  
18 charter school. "Pupil outcomes," for purposes of this part, means  
19 the extent to which all pupils of the charter school demonstrate  
20 that they have attained the skills, knowledge, and aptitudes  
21 specified as goals in the charter school's educational program.  
22 Pupil outcomes shall include outcomes that address increases in  
23 pupil academic achievement both schoolwide and for all pupil  
24 subgroups served by the charter school, as that term is defined in  
25 subdivision (a) of Section 52052. The pupil outcomes shall align  
26 with the state priorities, as described in subdivision (d) of Section  
27 52060, that apply for the grade levels served by the charter school.

28 (C) The method by which pupil progress in meeting those pupil  
29 outcomes is to be measured. To the extent practicable, the method  
30 for measuring pupil outcomes for state priorities shall be consistent  
31 with the way information is reported on a school accountability  
32 report card.

33 (D) The location of each charter school facility that the petitioner  
34 proposes to operate.

35 (E) The governance structure of the charter school, including,  
36 but not limited to, the process to be followed by the charter school  
37 to ensure parental involvement.

38 (F) The qualifications to be met by individuals to be employed  
39 by the charter school.

1 (G) The procedures that the charter school will follow to ensure  
2 the health and safety of pupils and staff. These procedures shall  
3 require all of the following:

4 (i) That each employee of the charter school furnish the charter  
5 school with a criminal record summary as described in Section  
6 44237.

7 (ii) The development of a school safety plan, which shall include  
8 the safety topics listed in subparagraphs (A) to (J), inclusive, of  
9 paragraph (2) of subdivision (a) of Section 32282.

10 (iii) That the school safety plan be reviewed and updated by  
11 March 1 of every year by the charter school.

12 (H) The means by which the charter school will achieve a  
13 balance of racial and ethnic pupils, special education pupils, and  
14 English learner pupils, including redesignated fluent English  
15 proficient pupils as defined by the evaluation rubrics in Section  
16 52064.5, that is reflective of the general population residing within  
17 the territorial jurisdiction of the county board of education to which  
18 the charter petition is submitted. Upon renewal, for a charter school  
19 not deemed to be a local educational agency for purposes of special  
20 education pursuant to Section 47641, the chartering authority may  
21 consider the effect of school placements made by the chartering  
22 authority in providing a free and appropriate public education as  
23 required by the federal Individuals with Disabilities Education Act  
24 (Public Law 101-476), on the balance of pupils with disabilities  
25 at the charter school.

26 (I) The manner in which annual, independent financial audits  
27 shall be conducted pursuant to Section 47604.2, in accordance  
28 with regulations established by the state board, and the manner in  
29 which audit exceptions and deficiencies shall be resolved.

30 (J) The procedures by which pupils can be suspended or expelled  
31 from the charter school for disciplinary reasons or otherwise  
32 involuntarily removed from the charter school for any reason.  
33 These procedures, at a minimum, shall include an explanation of  
34 how the charter school will comply with federal and state  
35 constitutional procedural and substantive due process requirements  
36 that is consistent with all of the following:

37 (i) For suspensions of fewer than 10 days, provide oral or written  
38 notice of the charges against the pupil and, if the pupil denies the  
39 charges, an explanation of the evidence that supports the charges

1 and an opportunity for the pupil to present the pupil’s side of the  
2 story.

3 (ii) For suspensions of 10 days or more and all other expulsions  
4 for disciplinary reasons, both of the following:

5 (I) Provide timely, written notice of the charges against the pupil  
6 and an explanation of the pupil’s basic rights.

7 (II) Provide a hearing adjudicated by a neutral officer within a  
8 reasonable number of days at which the pupil has a fair opportunity  
9 to present testimony, evidence, and witnesses and confront and  
10 cross-examine adverse witnesses, and at which the pupil has the  
11 right to bring legal counsel or an advocate.

12 (iii) Contain a clear statement that no pupil shall be involuntarily  
13 removed by the charter school for any reason unless the parent or  
14 guardian of the pupil has been provided written notice of intent to  
15 remove the pupil no less than five schooldays before the effective  
16 date of the action. The written notice shall be in the native language  
17 of the pupil or the pupil’s parent or guardian or, if the pupil is a  
18 foster child or youth or a homeless child or youth, the pupil’s  
19 educational rights holder, and shall inform the pupil, the pupil’s  
20 parent or guardian, or the pupil’s educational rights holder of the  
21 right to initiate the procedures specified in clause (ii) before the  
22 effective date of the action. If the pupil’s parent, guardian, or  
23 educational rights holder initiates the procedures specified in clause  
24 (ii), the pupil shall remain enrolled and shall not be removed until  
25 the charter school issues a final decision. For purposes of this  
26 clause, “involuntarily removed” includes disenrolled, dismissed,  
27 transferred, or terminated, but does not include suspensions  
28 specified in clauses (i) and (ii).

29 (K) The manner by which staff members of the charter school  
30 will be covered by the State Teachers’ Retirement System, the  
31 Public Employees’ Retirement System, or federal social security.

32 (L) The procedures to be followed by the charter school and the  
33 county board of education to resolve disputes relating to provisions  
34 of the charter.

35 (M) Admission policy and procedures, consistent with  
36 subdivision (e).

37 (N) The public school attendance alternatives for pupils residing  
38 within the county who choose not to attend the charter school.

39 (O) The rights of an employee of the county office of education,  
40 upon leaving the employment of the county office of education,

1 to be employed by the charter school, and any rights of return to  
2 the county office of education that an employee may have upon  
3 leaving the employment of the charter school.

4 (P) The procedures to be used if the charter school closes. The  
5 procedures shall ensure a final audit of the charter school to  
6 determine the disposition of all assets and liabilities of the charter  
7 school, including plans for disposing of any net assets and for the  
8 maintenance and transfer of public records.

9 (6) A declaration of whether or not the charter school shall be  
10 deemed the exclusive public school employer of the employees of  
11 the charter school for purposes of the Educational Employment  
12 Relations Act (Chapter 10.7 (commencing with Section 3540) of  
13 Division 4 of Title 1 of the Government Code).

14 (7) Any other basis that the county board of education finds  
15 justifies the denial of the petition.

16 (c) A county board of education that approves a petition for the  
17 operation of a countywide charter may, as a condition of charter  
18 approval, enter into an agreement with a third party, at the expense  
19 of the charter school, to oversee, monitor, and report to the county  
20 board of education on the operations of the charter school. The  
21 county board of education may prescribe the aspects of the charter  
22 school's operations to be monitored by the third party and may  
23 prescribe appropriate requirements regarding the reporting of  
24 information concerning the operations of the charter school to the  
25 county board of education.

26 (d) (1) Charter schools shall meet all statewide standards and  
27 conduct the pupil assessments required pursuant to Section 60605  
28 and any other statewide standards authorized in statute or pupil  
29 assessments applicable to pupils in noncharter public schools.

30 (2) Charter schools shall on a regular basis consult with their  
31 parents and teachers regarding the charter school's educational  
32 programs.

33 (e) (1) In addition to any other requirement imposed under this  
34 part, a charter school shall be nonsectarian in its programs,  
35 admission policies, employment practices, and all other operations,  
36 shall not charge tuition, and shall not discriminate against any  
37 pupil on the basis of ethnicity, national origin, gender, gender  
38 identity, gender expression, or disability. Except as provided in  
39 paragraph (2), admission to a charter school shall not be determined

1 according to the place of residence of the pupil, or of the pupil's  
2 parent or guardian, within this state.

3 (2) (A) A charter school shall admit all pupils who wish to  
4 attend the charter school.

5 (B) If the number of pupils who wish to attend the charter school  
6 exceeds the charter school's capacity, attendance, except for  
7 existing pupils of the charter school, shall be determined by a  
8 public random drawing. Preference shall be extended to pupils  
9 currently attending the charter school and pupils who reside in the  
10 county except as provided for in Section 47614.5. Preferences,  
11 including, but not limited to, siblings of pupils admitted or  
12 attending the charter school and children of the charter school's  
13 teachers, staff, and founders identified in the initial charter, may  
14 also be permitted by the chartering authority on an individual  
15 charter school basis. Priority order for any preference shall be  
16 determined in the charter petition in accordance with all of the  
17 following:

18 (i) Each type of preference shall be approved by the chartering  
19 authority at a public hearing.

20 (ii) Preferences shall be consistent with federal law, the  
21 California Constitution, and Section 200.

22 (iii) Preferences shall not result in limiting enrollment access  
23 for pupils with disabilities, academically low-achieving pupils,  
24 English learners, neglected or delinquent pupils, homeless pupils,  
25 or pupils who are economically disadvantaged, as determined by  
26 eligibility for any free or reduced-price meal program, foster youth,  
27 or pupils based on nationality, race, ethnicity, or sexual orientation.

28 (iv) In accordance with Section 49011, preferences shall not  
29 require mandatory parental volunteer hours as a criterion for  
30 admission or continued enrollment.

31 (C) In the event of a drawing, the county board of education  
32 shall make reasonable efforts to accommodate the growth of the  
33 charter school and in no event shall take any action to impede the  
34 charter school from expanding enrollment to meet pupil demand.

35 (3) If a pupil is expelled or leaves the charter school without  
36 graduating or completing the school year for any reason, the charter  
37 school shall notify the superintendent of the school district of the  
38 pupil's last known address within 30 days and shall, upon request,  
39 provide that school district with a copy of the cumulative record  
40 of the pupil, including report cards or a transcript of grades, and

1 health information. If the pupil is subsequently expelled or leaves  
2 the school district without graduating or completing the school  
3 year for any reason, the school district shall provide this  
4 information to the charter school within 30 days if the charter  
5 school demonstrates that the pupil had been enrolled in the charter  
6 school. This paragraph applies only to pupils subject to compulsory  
7 full-time education pursuant to Section 48200.

8 (4) (A) A charter school shall not discourage a pupil from  
9 enrolling or seeking to enroll in the charter school for any reason,  
10 including, but not limited to, academic performance of the pupil  
11 or because the pupil exhibits any of the characteristics described  
12 in clause (iii) of subparagraph (B) of paragraph (2).

13 (B) A charter school shall not request a pupil's records or require  
14 a parent, guardian, or pupil to submit the pupil's records to the  
15 charter school before enrollment.

16 (C) A charter school shall not encourage a pupil currently  
17 attending the charter school to disenroll from the charter school  
18 or transfer to another school for any reason, including, but not  
19 limited to, academic performance of the pupil or because the pupil  
20 exhibits any of the characteristics described in clause (iii) of  
21 subparagraph (B) of paragraph (2). This subparagraph shall not  
22 apply to actions taken by a charter school pursuant to the  
23 procedures described in subparagraph (J) of paragraph (5) of  
24 subdivision (b).

25 (D) The department shall develop a notice of the requirements  
26 of this paragraph. This notice shall be posted on a charter school's  
27 internet website. A charter school shall provide a parent or  
28 guardian, or a pupil if the pupil is 18 years of age or older, a copy  
29 of this notice at all of the following times:

30 (i) When a parent, guardian, or pupil inquires about enrollment.

31 (ii) Before conducting an enrollment lottery.

32 (iii) Before disenrollment of a pupil.

33 (E) (i) A person who suspects that a charter school has violated  
34 this paragraph may file a complaint with the chartering authority.

35 (ii) The department shall develop a template to be used for filing  
36 complaints pursuant to clause (i).

37 (5) Notwithstanding any other law, a charter school in operation  
38 as of July 1, 2019, that operates in partnership with the California  
39 National Guard may dismiss a pupil from the charter school for



1 failing to maintain the minimum standards of conduct required by  
2 the Military Department.

3 (f) The county board of education shall not require an employee  
4 of the county or a school district to be employed in a charter school.

5 (g) The county board of education shall not require a pupil  
6 enrolled in a county program to attend a charter school.

7 (h) The county board of education shall require that the  
8 petitioner or petitioners provide information regarding the proposed  
9 operation and potential effects of the charter school, including, but  
10 not limited to, the facilities to be used by the charter school, the  
11 manner in which administrative services of the charter school are  
12 to be provided, and potential civil liability effects, if any, upon the  
13 charter school, any school district where the charter school may  
14 operate, and upon the county board of education. The petitioner  
15 or petitioners shall also be required to provide financial statements  
16 that include a proposed first-year operational budget, including  
17 startup costs, and cashflow and financial projections for the first  
18 three years of operation. If the charter school is to be operated by,  
19 or as, a nonprofit public benefit corporation, the petitioner shall  
20 provide the names and relevant qualifications of all persons whom  
21 the petitioner nominates to serve on the governing body of the  
22 charter school.

23 (i) In reviewing petitions for the establishment of charter schools  
24 within the county, the county board of education shall give  
25 preference to petitions that demonstrate the capability to provide  
26 comprehensive learning experiences to pupils identified by the  
27 petitioner or petitioners as academically low achieving pursuant  
28 to the standards established by the department under Section 54032,  
29 as that section read before July 19, 2006.

30 (j) Upon the approval of the petition by the county board of  
31 education, the petitioner or petitioners shall provide written notice  
32 of that approval, including a copy of the petition, to the school  
33 districts within the county, the Superintendent, and the state board.

34 (k) If a county board of education denies a petition, the petitioner  
35 shall not elect to submit the petition for the establishment of the  
36 charter school to the state board.

37 (l) (1) Teachers in charter schools shall be required to hold the  
38 Commission on Teacher Credentialing certificate, permit, or other  
39 document required for the teacher's certificated assignment and  
40 be an employee of the charter school. These documents shall be

1 maintained on file at the charter school and shall be subject to  
 2 periodic inspection by the chartering authority. A governing body  
 3 of a direct-funded charter school may use local assignment options  
 4 authorized in statute and regulations for the purpose of legally  
 5 assigning certificated teachers, in accordance with all of the  
 6 requirements of the applicable statutes or regulations in the same  
 7 manner as a governing board of a school district. A charter school  
 8 shall have authority to request an emergency permit or a waiver  
 9 from the Commission on Teacher Credentialing for individuals in  
 10 the same manner as a school district.

11 (2) The Commission on Teacher Credentialing shall include in  
 12 the bulletins it issues pursuant to subdivision (k) of Section 44237  
 13 to provide notification to local educational agencies of any adverse  
 14 actions taken against the holders of any commission documents,  
 15 notice of any adverse actions taken against teachers employed by  
 16 charter schools. The Commission on Teacher Credentialing shall  
 17 make this bulletin available to all chartering authorities and charter  
 18 schools in the same manner in which it is made available to local  
 19 educational agencies.

20 (m) A charter school may encourage parental involvement but  
 21 shall notify the parents and guardians of applicant pupils and  
 22 currently enrolled pupils that parental involvement is not a  
 23 requirement for acceptance to, or continued enrollment at, the  
 24 charter school.

25 (n) The requirements of this section shall not be waived by the  
 26 state board pursuant to Section 33050 or any other law.

27 ~~SEC. 27.~~

28 *SEC. 30.* Section 47605.8 is added to the Education Code, to  
 29 read:

30 47605.8. The state board shall appoint an advisory committee  
 31 on charter schools. The advisory committee shall include, but shall  
 32 not necessarily be limited to, representatives from school district  
 33 superintendents, charter schools, teachers, parents, members of  
 34 the governing boards of school districts, county superintendents  
 35 of schools, and the Superintendent.

36 ~~SEC. 28.~~

37 *SEC. 31.* Section 47605.10 is added to the Education Code,  
 38 immediately following Section 47605.9, to read:

39 47605.10. (a) Notwithstanding any other law, a school district  
 40 ~~or a county office of education~~ shall be limited in the size of the

1 totality of the nonclassroom-based charter schools that it may  
2 authorize based on the following:

3 (1) A school district ~~or a county office of education~~ with an  
4 average daily attendance of fewer than 2,500 pupils shall not  
5 authorize a nonclassroom-based charter school or approve a  
6 material revision to expand an existing nonclassroom-based charter  
7 school to more than 100 percent of the average daily attendance  
8 of the school district ~~or county office of education~~ authorizing the  
9 charter.

10 (2) A school district ~~or a county office of education~~ with an  
11 average daily attendance of 2,500 pupils or more but fewer than  
12 5,000 pupils shall not authorize a nonclassroom-based charter  
13 school or approve a material revision to expand an existing  
14 nonclassroom-based charter school to an average daily attendance  
15 of more than 2,500 pupils.

16 (3) A school district ~~or a county office of education~~ with an  
17 average daily attendance of 5,000 pupils or more but fewer than  
18 10,000 pupils shall not authorize a nonclassroom-based charter  
19 school or approve a material revision to expand an existing  
20 nonclassroom-based charter school to more than 50 percent of the  
21 average daily attendance of the school district ~~or county office of~~  
22 ~~education~~ authorizing the charter.

23 (b) For purposes of this section, the determination of the average  
24 daily attendance used shall be the second principal apportionment  
25 in the prior year.

26 (c) *A nonclassroom-based charter school authorized and in*  
27 *operation before December 31, 2021, with an average daily*  
28 *attendance above the limits referenced in subdivision (a) may*  
29 *continue to be authorized by that school district if the charter*  
30 *school's average daily attendance does not exceed the average*  
31 *daily attendance of the charter school calculated at the second*  
32 *principal apportionment in the 2021–22 school year.*

33 ~~SEC. 29.~~

34 *SEC. 32.* Section 47609 is added to the Education Code, to  
35 read:

36 47609. (a) The Legislature finds and declares all of the  
37 following:

38 (1) The Charter Accountability Resource and Support Network  
39 established a successful model for building strong charter school

1 authorizing practices in California, with small charter school  
2 authorizers in mind.

3 (2) The strength of the Charter Accountability Resource and  
4 Support Network was in the collaboration, commitment, and  
5 coordination of resources for training and support between and  
6 among the expertise of regional lead county offices of education.

7 (3) Extending the Charter Accountability Resource and Support  
8 Network model and funding will provide essential resources to  
9 continue the positive momentum gained to date and strengthen the  
10 ability of chartering authorities to exercise their statutory charter  
11 authorization and oversight responsibilities.

12 (b) (1) The Charter Authorizing Support Team program is  
13 hereby established, to be administered by the County Office Fiscal  
14 Crisis and Management Assistance Team, as an initiative to expand  
15 uniform charter school authorizing and oversight practices in the  
16 state.

17 (2) (A) The program shall develop high-quality fiscal, academic,  
18 and governance oversight and monitoring tools for uniform charter  
19 school authorizing practices. The program shall employ the  
20 proposed values and principles to be developed by the advisory  
21 board for quality charter school authorizing practices, as provided  
22 in subdivision (e), as guidance. The program shall share and update  
23 developed tools and materials, as needed, to help strengthen charter  
24 school authorizing practices, with a special focus on charter  
25 authorizers with an average daily attendance of fewer than 2,500  
26 pupils.

27 (B) Materials and trainings provided for in this section shall  
28 ensure consistent and transparent charter school authorizing  
29 processes across the state. The trainings shall be related to subjects  
30 including, but not limited to, the charter school petition review  
31 and appeal process, memorandum of understanding development,  
32 charter school oversight practices, the charter renewal process,  
33 and the charter school intervention and charter revocation process.

34 (c) Responsibilities of the County Office Fiscal Crisis and  
35 Management Assistance Team shall include all of the following:

36 (1) Acting as the fiscal agent for the program.

37 (2) (A) Collaborating with leading chartering authorities, county  
38 offices of education, and subject matter experts in the development  
39 and dissemination of high-quality charter school authorizing and  
40 oversight tools and best practices to ensure statewide consistency.

1 (B) Consulting with the state board in the development of  
2 high-quality charter school authorizing tools and best practices.

3 (3) Creating and maintaining an online database of materials  
4 and resources that can be adapted for use by chartering authorities.

5 (4) Facilitating an annual statewide conference for chartering  
6 authorities.

7 (5) Establishing and facilitating an advisory board, as provided  
8 in subdivision (e), to provide input on the development and full  
9 implementation of services provided by the program.

10 (6) Providing information, as requested, to the Legislative  
11 Analyst's Office for purposes of subdivision (f) to measure the  
12 program's continual improvement and program fidelity, and to  
13 document the program's impact.

14 (7) Providing technical assistance and support to school districts  
15 and county offices of education when they have questions on *the*  
16 charter school petition review and appeal process, the charter  
17 renewal process, the charter school intervention and charter  
18 revocation processes, memorandum of understanding development,  
19 and the charter oversight process by and through all of the  
20 following:

21 (A) Establish and staff a help desk to respond to inquiries from  
22 chartering authorities and facilitate the connection between need  
23 and resources.

24 (B) Establish a community listserv for chartering authorities to  
25 ask each other questions, gather information, and generate  
26 feedback.

27 (C) Identify and maintain a list of school district and county  
28 office of education personnel designated as responsible for charter  
29 school authorizing or charter oversight activity. Chartering  
30 authorities shall be invited and encouraged to attend regional  
31 meetings and trainings to build their knowledge and expertise.

32 (D) Provide professional learning on best practices for the  
33 charter school petition review and appeal process, the charter  
34 renewal process, adherence to timelines, and memorandum of  
35 understanding development.

36 (E) Provide professional learning on best practices for the charter  
37 school intervention and charter revocation process.

38 (F) Provide professional learning on best practices for the charter  
39 oversight process, including ongoing monitoring and site reviews.

1 (d) In order to guide the preparation of materials and resources  
2 and provide professional learning opportunities consistent with its  
3 responsibilities, the program shall do all of the following:

4 (1) Seek input from chartering authorities across the state to  
5 determine the type of charter school materials, resources, training,  
6 and support needed in order to build the capacity of chartering  
7 authorities.

8 (2) Provide program data to assist in evaluating the effectiveness  
9 of the program in improving the quality of charter school  
10 authorizing practices.

11 (3) Offer outreach to chartering authorities that have not  
12 previously participated in program trainings or conferences.

13 (e) (1) An advisory board shall be appointed by the board of  
14 directors of the County Office Fiscal Crisis and Management  
15 Assistance Team, to be composed of 12 members, including five  
16 experienced professionals from chartering authorities, two teacher  
17 representatives, two representatives from other organizations with  
18 expertise in charter school authorizing, one charter school  
19 representative, one representative of the department, and the Chief  
20 Executive Officer of the County Office Fiscal Crisis and  
21 Management Assistance Team, or their designee.

22 (2) The board of directors of the County Office Fiscal Crisis  
23 and Management Assistance Team shall establish bylaws for the  
24 advisory board that, at a minimum, provide for all of the following:

25 (A) The role and functions of the advisory board.

26 (B) The process and qualifications for appointment as an  
27 advisory board member. At least one of the five experienced  
28 professionals from chartering authorities required in this  
29 subdivision shall be from a chartering authority with an average  
30 daily attendance of fewer than 2,500 pupils.

31 (C) The terms of advisory board members.

32 (D) The selection of a chairperson and vice chairperson, and  
33 the establishment of subcommittees.

34 (E) Meetings, including the frequency of meetings.

35 (F) The rules of order.

36 (G) The process for amending bylaws.

37 (3) Notwithstanding any other law, the advisory board shall be  
38 subject to the Bagley-Keene Open Meeting Act (Article 9  
39 commencing with Section 11120) of Chapter 1 of Part 1 of  
40 Division 3 of Title 2 of the Government Code).

1 (4) The advisory board shall develop values and principles for  
2 charter school authorizing and oversight that will provide guidance  
3 for preparation of materials and resources, professional learning  
4 opportunities, and conference materials. The values and principles  
5 developed by the advisory board shall include, but are not limited  
6 to, all of the following:

7 (A) That the actions and decisions of effective chartering  
8 authorities are guided by all of the following values:

9 (i) Responsibility: the duty to serve the state’s pupils and the  
10 public.

11 (ii) Integrity: adherence to moral and ethical principles in all  
12 aspects of charter school authorizing and oversight.

13 (iii) Fairness: impartial and just treatment of all stakeholders.

14 (iv) Knowledge: understanding of charter school law and  
15 practice.

16 (B) In complying with the requirements of this part, chartering  
17 authorities shall consider all of the following foundational  
18 principles:

19 (i) Through charter school approval and oversight, chartering  
20 authorities serve the interests of pupils and the public.

21 (ii) Chartering authorities hold charter schools accountable for  
22 results in exchange for the substantial autonomy the law grants to  
23 charter schools.

24 (iii) Accountability for results includes maintaining high  
25 standards for performance in academics, finance, personnel  
26 management, operations, and governance.

27 (iv) Standards for performance include ensuring access and  
28 pursuing achievement for all pupils.

29 (f) On or before December 1, 2026, the Legislative Analyst’s  
30 Office shall complete and submit to the Governor and the  
31 appropriate education policy and budget committees of the  
32 Legislature an evaluation of the program. The Legislative Analyst’s  
33 Office shall evaluate the program’s effectiveness in administering  
34 training programs, outreach, and the participation of chartering  
35 authorities that have not participated in trainings and conferences  
36 during previous years, and make recommendations regarding the  
37 continuation of funding.

38 (g) This section shall be implemented only upon an  
39 appropriation in the annual Budget Act or other statute for these  
40 purposes.

1     ~~SEC. 30.~~

2     *SEC. 33.* Section 47612 of the Education Code is amended to  
3 read:

4     47612. (a) A charter school shall be deemed to be under the  
5 exclusive control of the officers of the public schools for purposes  
6 of Section 8 of Article IX of the California Constitution, with  
7 regard to the appropriation of public moneys to be apportioned to  
8 any charter school, including, but not necessarily limited to,  
9 appropriations made for purposes of this chapter.

10    (b) The average daily attendance in a charter school may not,  
11 in any event, be generated by a pupil who is not a California  
12 resident. To remain eligible for generating charter school  
13 apportionments, a pupil over 19 years of age shall be continuously  
14 enrolled in public school and make satisfactory progress towards  
15 award of a high school diploma. The state board shall, on or before  
16 January 1, 2000, adopt regulations defining “satisfactory progress.”

17    (c) A charter school shall be deemed to be a “school district”  
18 for purposes of Article 1 (commencing with Section 14000) of  
19 Chapter 1 of Part 9 of Division 1 of Title 1, Section 41301, Section  
20 41302.5, Article 10 (commencing with Section 41850) of Chapter  
21 5 of Part 24 of Division 3, Section 47638, and Sections 8 and 8.5  
22 of Article XVI of the California Constitution.

23    (d) For purposes of calculating average daily attendance, no  
24 pupil shall generate more than one day of attendance in a calendar  
25 day.

26    (e) Beginning in the 2022–23 school year, a school district,  
27 county office of education, or charter school shall not operate a  
28 program of multitrack year-round scheduling. A school district,  
29 county office of education, or charter school may be authorized  
30 to operate a multitrack calendar by the state board, pursuant to  
31 Section 37670.1, due to impacted facilities.

32    (f) Notwithstanding any other law, a charter school that operates  
33 a multitrack calendar with state board approval pursuant to Section  
34 37670.1 shall comply with all of the following:

35    (1) Calculate attendance separately for each track. The divisor  
36 in the calculation shall be the calendar days in which school was  
37 taught for pupils in each track.

38    (2) Operate no more than five tracks.

39    (3) Operate each track for a minimum of 175 days. If the charter  
40 school is a conversion school, the charter school may continue its



1 previous schedule as long as it provides no fewer than 163 days  
2 of instruction in each track.

3 (4) For each track, provide the total number of instructional  
4 minutes, as specified in Section 47612.5.

5 (5) No track shall have less than 55 percent of its schooldays  
6 before April 15.

7 (g) Unless otherwise authorized by statute, a pupil shall not  
8 generate more than one unit of average daily attendance in a fiscal  
9 year.

10 (h) Compliance with the conditions set forth in this section shall  
11 be included in the audits conducted pursuant to Section 41020.

12 ~~SEC. 34.~~

13 *SEC. 34.* Section 47612.5 of the Education Code is amended  
14 to read:

15 47612.5. (a) Notwithstanding any other law and as a condition  
16 of apportionment, a charter school shall do all of the following:

17 (1) For each fiscal year, offer, at a minimum, the following  
18 number of minutes of instruction:

19 (A) To pupils in kindergarten, 36,000 minutes.

20 (B) To pupils in grades 1 to 3, inclusive, 50,400 minutes.

21 (C) To pupils in grades 4 to 8, inclusive, 54,000 minutes.

22 (D) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

23 (2) Maintain written contemporaneous records that document  
24 all pupil attendance and make these records available for audit and  
25 inspection.

26 (3) Certify that its pupils have participated in the state testing  
27 programs specified in Chapter 5 (commencing with Section 60600)  
28 of Part 33 in the same manner as other pupils attending public  
29 schools as a condition of apportionment of state funding.

30 (4) Adhere to the minimum day requirements pursuant to  
31 Sections 46100, 46112, 46113, 46114, 46117, 46141, 46142, and  
32 46307, as applicable.

33 (b) Notwithstanding any other law and except to the extent  
34 inconsistent with this section and Section 47634.2, a charter school  
35 that provides independent study shall comply with Article 5.5  
36 (commencing with Section 51745) of Chapter 5 of Part 28 and  
37 implementing regulations adopted thereunder.

38 (c) A reduction in apportionment made pursuant to subdivision  
39 (a) shall be proportional to the magnitude of the exception that  
40 causes the reduction. For purposes of paragraphs (1) and (4) of

1 subdivision (a), for each charter school that fails to offer pupils  
2 the minimum number of minutes of instruction specified in that  
3 paragraph, the Superintendent shall withhold from the charter  
4 school's apportionment for average daily attendance of the affected  
5 pupils, by grade level, the sum of that apportionment multiplied  
6 by the percentage of the minimum number of minutes of instruction  
7 at each grade level that the charter school failed to offer.

8 (d) Nonclassroom-based instruction includes, but is not limited  
9 to, independent study, home study, work study, and distance and  
10 computer-based education. In prescribing any conditions or  
11 limitations relating to the qualifications of instructional personnel,  
12 the state board shall be guided by subdivision (l) of Section 47605.

13 (e) (1) Notwithstanding any other law, and as a condition of  
14 apportionment, "classroom-based instruction" in a charter school,  
15 for purposes of this part, occurs only when charter school pupils  
16 are engaged in educational activities required of those pupils and  
17 are under the immediate supervision and control of an employee  
18 of the charter school who possesses a valid certification document  
19 registered as required by law. For purposes of calculating average  
20 daily attendance for classroom-based instruction apportionments,  
21 at least 80 percent of the instructional time offered by the charter  
22 school shall be at the schoolsite, and the charter school shall require  
23 the attendance of all pupils for whom a classroom-based  
24 apportionment is claimed at the schoolsite for at least 80 percent  
25 of the minimum instructional time required to be offered pursuant  
26 to paragraph (1) of subdivision (a).

27 (2) For the purposes of this part, "nonclassroom instruction" or  
28 "nonclassroom-based instruction" means instruction that does not  
29 meet the requirements specified in paragraph (1). The state board  
30 may adopt regulations pursuant to paragraph (1) of subdivision  
31 (d) specifying other conditions or limitations on what constitutes  
32 nonclassroom-based instruction, as it deems appropriate and  
33 consistent with this part.

34 (3) For purposes of this part, a schoolsite is a facility that is used  
35 principally for classroom instruction.

36 (4) Notwithstanding any other law, neither the state board nor  
37 the Superintendent may waive the requirements of paragraph (1)  
38 of subdivision (a).

39 (f) A charter school that offers nonclassroom-based instruction  
40 shall provide classroom-based instruction for those pupils for

1 whom the charter school determines shall return to another program  
2 in the charter school for which the pupil is ~~enrolled~~, *enrolled or a*  
3 *charter school operated by the entity managing the charter school,*  
4 pursuant to subdivision (f) of Section 51747.

5 ~~SEC. 32.~~

6 *SEC. 35.* Section 47613 of the Education Code is amended to  
7 read:

8 47613. (a) (1) For the 2021–22 fiscal year, a chartering  
9 authority may charge for the actual costs of supervisory oversight  
10 of a charter school not to exceed 1 percent of the revenue of the  
11 charter school.

12 (2) A local educational agency that is given the responsibility  
13 for supervisory oversight of a charter school, pursuant to  
14 paragraph (1) of subdivision (k) of Section 47605, may charge for  
15 the actual costs of supervisory oversight, and administrative costs  
16 necessary to secure charter school funding. A charter school that  
17 is charged for costs under this subdivision shall not be charged  
18 pursuant to paragraph (1).

19 (b) (1) For the 2022–23 fiscal year a chartering authority may  
20 charge for the actual costs of supervisory oversight of a charter  
21 school not to exceed 2 percent of the revenue of the charter school.

22 (2) A local educational agency that is given the responsibility  
23 for supervisory oversight of a charter school, pursuant to  
24 paragraph (1) of subdivision (k) of Section 47605, may charge for  
25 the actual costs of supervisory oversight, and administrative costs  
26 necessary to secure charter school funding. A charter school that  
27 is charged for costs under this subdivision shall not be charged  
28 pursuant to paragraph (1).

29 (c) (1) Notwithstanding other implementation timelines in this  
30 section, effective July 1, 2023, a chartering authority may charge  
31 for the actual costs of supervisory oversight of a charter school  
32 not to exceed 3 percent of the revenue of the charter school.

33 (2) A local educational agency that is ~~given the responsibility~~  
34 ~~for supervisory oversight of a charter school~~, *designated as the*  
35 *chartering authority pursuant to subdivision (b) or (c) of Section*  
36 *47605.9, or pursuant to subparagraph (E) of paragraph (2) of*  
37 *subdivision (k) of Section 47605, may charge for the actual costs*  
38 *of supervisory oversight, and administrative costs necessary to*  
39 ~~secure charter school funding~~. *perform the oversight duties listed*  
40 *in Section 47604.32.* A charter school that is charged for costs

1 under this subdivision shall not be charged pursuant to paragraph  
 2 (1).

3 (d) A chartering authority may charge a charter school a fee not  
 4 to exceed 2 percent of the revenue of the charter school if the  
 5 charter school is able to obtain substantially rent-free facilities  
 6 from the chartering authority.

7 (e) This section does not prevent the charter school from  
 8 separately purchasing administrative or other services from the  
 9 chartering authority or any other source.

10 (f) For purposes of this section, “chartering authority” means a  
 11 school district, county board of education, or the state board, that  
 12 granted the charter to the ~~charter school~~ *school or the governing*  
 13 *board of a school district or county board of education that was*  
 14 *designated as the chartering authority pursuant to subdivision (b)*  
 15 *or (c) of Section 47605.9 or pursuant to paragraph (1) of*  
 16 *subdivision (k) of Section 47605.*

17 (g) For purposes of this section, “revenue of the charter school”  
 18 means the amount received in the current fiscal year from the local  
 19 control funding formula calculated pursuant to Section 42238.02,  
 20 as implemented by Section 42238.03.

21 (h) For purposes of this section, “costs of supervisorial  
 22 oversight” exclude costs incurred pursuant to Section 47607.3.

23 ~~SEC. 33.~~

24 *SEC. 36.* Section 47613.3 is added to the Education Code, to  
 25 read:

26 47613.3. (a) A charter school shall comply with all of the  
 27 following:

28 (1) For purposes of providing direct services to pupils in order  
 29 to meet instructional time requirements pursuant to Sections 46100,  
 30 46110, 46112, 46113, 46114, 46117, 46141, 46142, 46307, and  
 31 47612.5, as applicable, or for purposes of claiming apportionment,  
 32 a charter school shall not expend public funds for a contract with  
 33 a vendor, unless that vendor complies with all of the following  
 34 requirements:

35 (A) The materials, programs, and organizations providing  
 36 services are nonsectarian.

37 (B) The funds that would be used to pay for direct services to  
 38 pupils are not used to pay tuition or fees at a private school.

39 (C) Any persons employed by a vendor who are responsible for  
 40 the ~~direct supervision of pupils~~ *services to pupils in order to meet*

1 *instructional time requirements as referenced in this paragraph,*  
2 shall hold the Commission on Teacher Credentialing certificate,  
3 permit, or other document required for their assignment consistent  
4 with the requirements for teachers in a charter school pursuant to  
5 subdivision (l) of Section 47605, Section 47605.4, and subdivision  
6 (l) of Section 47605.6.

7 (D) Notwithstanding subparagraph (C), direct services to pupils  
8 provided pursuant to an individualized educational program may  
9 be conducted by personnel employed by a vendor who are  
10 appropriately licensed or credentialed for their assignments.

11 (2) A charter school shall not offer any financial payments *or*  
12 *gifts* to a teacher, a pupil or prospective pupil, or to the parent or  
13 guardian of a pupil or prospective pupil for enrollment, referral,  
14 retention, *participation in school meetings or activities*, or  
15 participation in direct services to pupils by vendors.

16 (3) The salary and other income paid to an employee by a charter  
17 school or an entity managing a charter school, as defined by Section  
18 47604.1, shall not depend on pupil ~~attendance~~. *attendance or pupil*  
19 *course completion*.

20 (4) Management services, business services, marketing, and  
21 technology vendor fees shall not be calculated as a percentage of  
22 the revenue of the charter school, as defined in Section 47613.

23 (b) The extent of the charter school's compliance with  
24 subdivision (a) shall be reviewed and reported as part of the annual,  
25 independent financial audit that a charter school is required to  
26 transmit by April 1 of each year pursuant to Section 41020.

27 (c) This section does not supersede or invalidate a contract that  
28 is in effect at the time this section becomes operative. If a contract  
29 is in effect at the time this section becomes operative, the contract  
30 shall remain in effect until the parties to the agreement negotiate  
31 a successor agreement. A memorandum of understanding shall not  
32 extend a contract that is in effect at the time this section becomes  
33 operative.

34 (d) This section shall become operative on July 1, 2022.

35 ~~SEC. 34.~~

36 *SEC. 37.* Section 47634.2 of the Education Code is amended  
37 to read:

38 47634.2. (a) (1) Notwithstanding any other ~~provision of law,~~  
39 beginning July 1, 2022, the amount of funding to be allocated to  
40 a charter school on the basis of average daily attendance that is

1 generated by pupils engaged in nonclassroom-based instruction,  
2 as defined by paragraph (2) of subdivision (e) of Section 47612.5,  
3 including funding provided on the basis of average daily attendance  
4 pursuant to Section 42238.02, as modified by Section 42238.03,  
5 shall be adjusted by the Superintendent as follows:

6 (A) For pupils engaged in classroom-based instruction, as  
7 defined in paragraph (1) of subdivision (e) of Section 47612.5, for  
8 at least 80 percent of their attendance, no adjustment shall be made  
9 to the reported average daily attendance used for funding their  
10 nonclassroom-based attendance.

11 (B) For pupils engaged in classroom-based instruction, as  
12 defined in paragraph (1) of subdivision (e) of Section 47612.5, for  
13 between 60 percent and 79 percent of their attendance, the reported  
14 average daily attendance used for funding their nonclassroom-based  
15 attendance shall be reduced by a factor of 7.5 percent.

16 (C) For pupils engaged in classroom-based instruction, as  
17 defined in paragraph (1) of subdivision (e) of Section 47612.5, for  
18 between 40 percent and 59 percent of their attendance, the reported  
19 average daily attendance used for funding their nonclassroom-based  
20 attendance shall be reduced by a factor of 15 percent.

21 (D) For pupils engaged in classroom-based instruction, as  
22 defined in paragraph (1) of subdivision (e) of Section 47612.5, for  
23 between 20 percent and 39 percent of their attendance, the reported  
24 average daily attendance used for funding their nonclassroom-based  
25 attendance shall be reduced by a factor of 22.5 percent.

26 (E) For pupils engaged in classroom-based instruction, as  
27 defined in paragraph (1) of subdivision (e) of Section 47612.5, for  
28 between 0 percent and 19 percent of their attendance, the reported  
29 average daily attendance used for funding their nonclassroom-based  
30 attendance shall be reduced by a factor of 30 percent.

31 (2) This section does not authorize the Superintendent to adjust  
32 the amount of funding a charter school receives on the basis of  
33 average daily attendance generated through classroom-based  
34 instruction, as defined for purposes of calculating average daily  
35 attendance for classroom-based instruction apportionments by  
36 paragraph (1) of subdivision (e) of Section 47612.5.

37 (3) The determination for funding shall be on a percentage basis  
38 and the Superintendent shall implement the determination for  
39 funding by reducing the charter school's reported average daily

1 attendance by the determination for funding pursuant to this  
2 subdivision.

3 (b) Each charter school offering nonclassroom-based instruction  
4 shall, in each report provided to the Superintendent for  
5 apportionment purposes, identify the portion of its average daily  
6 attendance that is generated through nonclassroom-based  
7 instruction, as defined in paragraph (2) of subdivision (e) of Section  
8 47612.5, based on the percentages specified pursuant to subdivision  
9 (a).

10 (c) Notwithstanding any other law, charter schools shall be  
11 subject, with regard to subdivisions (c) and (d) of Section 47612.5  
12 and this section, to audits conducted pursuant to Section 41020.

13 ~~SEC. 35.~~

14 *SEC. 38.* Section 51745 of the Education Code is amended to  
15 read:

16 51745. (a) ~~Commencing with the 1990–91 school year, the~~  
17 ~~The governing board of a school district or district, a county office~~  
18 ~~of education education, or a charter school~~ may offer independent  
19 study to meet the educational needs of pupils in accordance with  
20 the requirements of this article. Educational opportunities offered  
21 through independent study may include, but shall not be limited  
22 to, the following:

23 (1) Special assignments extending the content of regular courses  
24 of instruction.

25 (2) Individualized study in a particular area of interest or in a  
26 subject not currently available in the regular school curriculum.

27 (3) Individualized alternative education designed to teach the  
28 knowledge and skills of the core curriculum. Independent study  
29 shall not be provided as an alternative curriculum.

30 (4) Continuing and special study during travel.

31 (5) Volunteer community service activities and leadership  
32 opportunities that support and strengthen pupil achievement.

33 (b) Not more than 10 percent of the pupils participating in an  
34 opportunity school or program, or a continuation high school,  
35 calculated as specified by the department, shall be eligible for  
36 apportionment credit for independent study pursuant to this article.  
37 A pupil who is pregnant or is a parent who is the primary caregiver  
38 for one or more of their children shall not be counted within the  
39 10 percent cap.

1 (c) An individual with exceptional needs, as defined in Section  
2 56026, shall not participate in independent study, unless their  
3 individualized education program developed pursuant to Article  
4 3 (commencing with Section 56340) of Chapter 4 of Part 30  
5 specifically provides for that participation.

6 (d) A temporarily disabled pupil shall not receive individual  
7 instruction pursuant to Section 48206.3 through independent study.

8 (e) No course included among the courses required for high  
9 school graduation under Section 51225.3 or for admission to the  
10 University of California or the California State University shall  
11 be offered exclusively through independent study.

12 (f) A pupil participating in independent study shall not be  
13 assessed a fee prohibited by Section 49011.

14 (g) A pupil shall not be excluded from participating in  
15 independent study solely on the basis that the pupil does not have  
16 the materials, equipment, or internet access that are necessary to  
17 participate in independent study.

18 ~~SEC. 36.~~

19 *SEC. 39.* Section 51745.6 of the Education Code is amended  
20 to read:

21 51745.6. (a) The ratio of average daily attendance for  
22 independent study pupils 18 years of age or less to school district,  
23 county office of education, or charter school full-time equivalent  
24 certificated employees responsible for independent study,  
25 calculated as specified by the department, shall comply with one  
26 of the following:

27 (1) It shall not exceed the equivalent ratio of average daily  
28 attendance to full-time equivalent certificated employees providing  
29 instruction in other educational programs operated by the school  
30 district, county office of education, or charter school unless a new  
31 higher or lower average daily attendance ratio for all other  
32 educational programs offered is negotiated in a collective  
33 bargaining agreement or a memorandum of understanding is  
34 entered into that indicates an existing collective bargaining  
35 agreement contains an alternative average daily attendance ratio.

36 (2) It shall not exceed the equivalent prior year ratio of average  
37 daily attendance to full-time equivalent certificated employees for  
38 all other educational programs operated by the high school or  
39 unified school district with the largest average daily attendance of  
40 pupils in the county or the collectively bargained alternative ratio



1 used by that high school or unified school district in the prior year,  
2 unless a new higher or lower average daily attendance ratio for all  
3 other educational programs offered is negotiated in a collective  
4 bargaining agreement or a memorandum of understanding is  
5 entered into that indicates an existing collective bargaining  
6 agreement contains an alternative average daily attendance ratio.  
7 In the case of a charter school serving pupils in more than one  
8 county, the ratio shall not exceed the ratio of the high school or  
9 unified school district with the average daily attendance of pupils  
10 in a county served by the charter school. The computation of the  
11 ratios shall be performed annually by the reporting agency at the  
12 time of, and in connection with, the second principal apportionment  
13 report to the Superintendent.

14 (3) It shall be calculated by using a fixed  
15 average-daily-attendance-to-certificated-employee ratio of 25 to  
16 1, or by using a ratio of less than 25 pupils per certificated  
17 employee. A new higher or lower ratio for all other educational  
18 programs offered by a school district, county office of education,  
19 or charter school may be negotiated in a collective bargaining  
20 agreement, or a memorandum of understanding indicating that an  
21 existing collective bargaining agreement contains an alternative  
22 average daily attendance ratio. All pupils of the school district,  
23 county office of education, or charter school, regardless of age,  
24 shall be included in the applicable  
25 average-daily-attendance-to-certificated-employee ratio  
26 calculations.

27 (b) The calculations performed for purposes of this section shall  
28 not include either of the following:

29 (1) The average daily attendance generated by special education  
30 pupils enrolled in special day classes on a full-time basis, or the  
31 teachers of those classes.

32 (2) The average daily attendance or teachers in necessary small  
33 schools that are eligible to receive funding pursuant to Article 4  
34 (commencing with Section 42280) of Chapter 7 of Part 24 of  
35 Division 3.

36 ~~SEC. 37.~~

37 *SEC. 40.* Section 51747 of the Education Code is amended to  
38 read:

39 51747. A school district, county office of education, or charter  
40 school shall not be eligible to receive apportionments for

1 independent study by pupils, regardless of age, unless it has  
2 adopted written policies, and has implemented those policies,  
3 pursuant to rules and regulations adopted by the Superintendent,  
4 that include, but are not limited to, all of the following:

5 (a) The maximum length of time, by grade level and type of  
6 program, that may elapse between the time an independent study  
7 assignment is made and the date by which the pupil must complete  
8 the assigned work.

9 (b) The level of satisfactory educational progress, pursuant to  
10 Section 51747.6, and the number of missed assignments that will  
11 be allowed before an evaluation is conducted to determine whether  
12 it is in the best interests of the pupil to remain in independent study,  
13 or whether ~~he or she~~ *the pupil* should return to the regular school  
14 program. A written record of the findings of any evaluation made  
15 pursuant to this subdivision shall be treated as a mandatory interim  
16 pupil record. The record shall be maintained for a period of three  
17 years from the date of the evaluation and, if the pupil transfers to  
18 another California public school, the record shall be forwarded to  
19 that school.

20 (c) Minimum standards and procedures for regular  
21 communication with parents and guardians regarding a pupil's  
22 satisfactory educational progress.

23 (d) The minimum standard for the frequency, duration, and  
24 content of supervising teacher-pupil contact pursuant to Section  
25 51747.5 for the school district, county office of education, or  
26 charter school.

27 (e) Procedures for tiered reengagement strategies for all pupils  
28 who are not generating attendance for more than three schooldays  
29 or 60 percent of the instructional days in a school week, or who  
30 are in violation of the written agreement pursuant to *subdivision*  
31 (g). These procedures shall include, but are not necessarily limited  
32 to, all of the following:

33 (1) Verification of current contact information for each enrolled  
34 ~~pupil~~ *pupil, including the address of the pupil's residence.*

35 (2) Daily notification to parents or guardians of absences.

36 (3) A plan for outreach from the school to determine pupil needs,  
37 including connection with health and social services as necessary.

38 (f) (1) The criteria for revoking an independent study written  
39 agreement pursuant to subdivision (g), and when a pupil shall  
40 return to another program in the school district, county office of

1 education, or charter school for which the pupil is enrolled. The  
2 criteria shall include all of the following:

3 (A) The level of satisfactory educational performance and  
4 missed assignments, as specified in subdivision (b).

5 (B) Not generating attendance, as specified in subdivision (c).

6 (C) If or when a pupil may return to independent study if their  
7 written agreement is revoked.

8 (2) For those independent study written agreements longer than  
9 20 calendar days, a pupil not generating attendance for more than  
10 12 school days or 60 percent of the instructional days in four school  
11 weeks, at a minimum, shall be in violation of the written agreement  
12 and shall return to another program in the school district, county  
13 office of education, or charter school for which the pupil is  
14 enrolled.

15 (g) Before enrolling a pupil in independent study, a school  
16 district, county office of education, or charter school shall provide  
17 the pupil and, if the pupil is less than 18 years of age, the pupil's  
18 parent or legal guardian, with a written agreement that shall be  
19 maintained on file that includes, but is not necessarily limited to,  
20 all of the following:

21 (1) A summary of the policies and procedures adopted by the  
22 governing board or body of the school district, county office of  
23 education, or charter school pursuant to subdivisions (a) to (f),  
24 inclusive, and this subdivision, as applicable.

25 (2) The manner, time, frequency, and place for submitting a  
26 pupil's assignments and for reporting ~~his or her~~ *the pupil's*  
27 progress.

28 (3) The learning objectives and expectations for each course of  
29 study or individual course in the independent study program,  
30 including, but not limited to, a description of how satisfactory  
31 educational progress is measured, when a pupil evaluation is  
32 required to determine whether the pupil should remain in the  
33 independent study program, or when a pupil shall return to another  
34 program in the school district, county office of education, or charter  
35 school for which the pupil is enrolled.

36 (4) The specific resources, including materials and personnel,  
37 that will be made available to the pupil.

38 (5) A statement of the policies adopted pursuant to subdivisions  
39 (a) to (f), inclusive, regarding the maximum length of time allowed  
40 between the assignment and the completion of a pupil's assigned

1 work, and the number of missed assignments allowed before an  
2 evaluation of whether or not the pupil should be allowed to  
3 continue in independent study.

4 (6) The duration of the independent study written agreement,  
5 including the beginning and ending dates for the pupil's  
6 participation in independent study under the written agreement.  
7 No independent study written agreement shall be valid for any  
8 period longer than one school year or span multiple school years.

9 (7) The duration of the enrolled course or courses for those  
10 pupils with a written agreement that includes a specific course or  
11 courses.

12 (8) A statement of the number of course credits or, for the  
13 elementary grades, other measures of academic accomplishment  
14 and satisfactory educational progress appropriate to the course of  
15 study specified in the written agreement, to be earned by the pupil  
16 upon completion, consistent with the certifications adopted by the  
17 governing board or body of a school district, county office of  
18 education, or charter school pursuant to Section 51747.6.

19 (9) The inclusion of a statement in each independent study  
20 written agreement that independent study is an optional educational  
21 alternative in which no pupil may be required to participate. In the  
22 case of a pupil who is referred or assigned to any school, class, or  
23 program pursuant to Section 48915 or 48917, the written agreement  
24 also shall include the statement that instruction may be provided  
25 to the pupil through independent study only if the pupil is offered  
26 the alternative of classroom instruction.

27 (10) (A) Each written agreement shall be signed, before the  
28 commencement of independent study, by the pupil, the pupil's  
29 parent, legal guardian, or caregiver, if the pupil is less than 18  
30 years of age, the certificated employee who has been designated  
31 as having responsibility for the general supervision of independent  
32 study, and all persons who have direct responsibility for providing  
33 assistance to the pupil. For purposes of this paragraph "caregiver"  
34 means a person who has met the requirements of Part 1.5  
35 (commencing with Section 6550) of Division 11 of the Family  
36 Code.

37 (B) Signed written agreements, supplemental agreements,  
38 assignment records, work samples, and attendance records  
39 assessing time value of work or evidence that an instructional  
40 activity occurred may be maintained as an electronic file.

1 (C) For purposes of this section, an electronic file includes a  
2 computer or electronic stored image of an original document,  
3 including, but not limited to, portable document format (PDF),  
4 JPEG, or other digital image file type, that may be sent via fax  
5 machine, email, or other electronic means.

6 (D) Either an original document or an electronic file of the  
7 original document is allowable documentation for auditing  
8 purposes.

9 (E) The signed written agreement constitutes permission from  
10 a pupil's parent or legal guardian, if the pupil is less than 18 years  
11 of age, for the pupil to receive instruction through independent  
12 study.

13 *(11) The verified current contact information for each enrolled*  
14 *pupil, including the address of the pupil's residence.*

15 (h) The written agreement shall be in the form of an affidavit  
16 or statement, and shall be signed under penalty of perjury.

17 ~~SEC. 38.~~

18 *SEC. 41.* Section 51747.3 of the Education Code is amended  
19 to read:

20 51747.3. (a) Notwithstanding any other law, a local educational  
21 agency, including, but not limited to, a charter school, may not  
22 claim state funding for the independent study of a pupil, whether  
23 characterized as home study or otherwise, if the local educational  
24 agency has provided any funds or other thing of value to the pupil  
25 or the pupil's parent or guardian that the local educational agency  
26 does not provide to pupils who attend regular classes or to their  
27 parents or guardians. A charter school may not claim state funding  
28 for the independent study of a pupil, whether characterized as  
29 home study or otherwise, if the charter school has provided any  
30 funds or other thing of value to the pupil or the pupil's parent or  
31 guardian that a school district could not legally provide to a  
32 similarly situated pupil of the school district, or to the pupil's  
33 parent or guardian.

34 (b) Notwithstanding paragraph (1) of subdivision (e) of Section  
35 47605 or any other law, community school and independent study  
36 average daily attendance shall be claimed by school districts,  
37 county superintendents of schools, and charter schools only for  
38 pupils who are residents of the county in which the apportionment  
39 claim is reported.

1 (c) The Superintendent shall not apportion funds for reported  
 2 average daily attendance, through full-time independent study, of  
 3 pupils who are enrolled in school pursuant to subdivision (b) of  
 4 Section 48204.

5 (d) In conformity with Provisions 25 and 28 of Item  
 6 6110-101-001 of Section 2.00 of the Budget Act of 1992, this  
 7 section is applicable to average daily attendance reported for  
 8 apportionment purposes beginning July 1, 1992. The provisions  
 9 of this section are not subject to waiver by the state board, by the  
 10 Superintendent, or under any provision of Part 26.8 (commencing  
 11 with Section 47600).

12 ~~SEC. 39.~~

13 *SEC. 42.* Section 51747.5 of the Education Code is amended  
 14 to read:

15 51747.5. (a) The independent study by each pupil shall be  
 16 coordinated, evaluated, and, notwithstanding subdivision (a) of  
 17 Section 46300, shall be under the general supervision of an  
 18 employee of the school district, charter school, or county office  
 19 of education who possesses a valid certification document pursuant  
 20 to Section 44865 or an emergency credential pursuant to Section  
 21 ~~44300 or 44300~~, subdivision (l) of Section 47605, *or subdivision*  
 22 *(l) of Section 47605.6*, registered as required by law.

23 (b) For purposes of this article, “general supervision” is defined  
 24 to mean a supervising teacher’s responsibility for all of the  
 25 following:

26 (1) Continuing oversight of the study design, implementation  
 27 plan, allocation of resources, and evaluation of a pupil’s  
 28 satisfactory educational progress for a pupil's independent study.

29 (2) Assignment and evaluation of all work products.

30 (A) *A supervising teacher shall assign pupil work products*  
 31 *before the start of each learning period. Supervising teachers or*  
 32 *other school personnel shall not delete pupil work products after*  
 33 *the learning period begins.*

34 (B) *A supervising teacher shall require all pupil work products*  
 35 *to be dated by the pupil and verified by the supervising teacher.*

36 (C) *A school district, county office of education, or charter*  
 37 *school shall maintain a copy of all pupil work products for at least*  
 38 *two years in order to be made available for auditing purposes.*

39 (3) Determination of the time values for apportionment purposes  
 40 of a pupil’s work products. *A supervising teacher shall maintain*

1 *a record of the time value for each pupil's work products. The*  
2 *record shall be in the form of an affidavit or statement, and shall*  
3 *be signed by the supervising teacher under penalty of perjury.*

4 (4) Personal determination or personal review of the  
5 determination made by another certificated teacher of the time  
6 values for apportionment purposes of a pupil's work products.

7 (c) School districts, charter schools, and county offices of  
8 education may claim apportionment credit for independent study  
9 only to the extent of the time value of pupil work products, as  
10 personally judged in each instance by a certificated teacher.

11 (d) For purposes of this section, school districts, charter schools,  
12 and county offices of education shall not be required to sign and  
13 date pupil work products when assessing the time value of pupil  
14 work products for apportionment purposes.

15 ~~SEC. 40.~~

16 *SEC. 43.* Section 51747.6 is added to the Education Code,  
17 immediately following Section 51747.5, to read:

18 51747.6. (a) (1) The course of study, including specific  
19 courses, offered through independent study shall be annually  
20 certified by a school district, county office of education, or charter  
21 school governing board or body resolution, to be of the same rigor  
22 and educational quality as equivalent classroom-based course of  
23 study, and shall be aligned to relevant local and state content  
24 standards.

25 (2) This certification shall, at a minimum, include the duration,  
26 number of equivalent daily instructional minutes for each schoolday  
27 that a pupil is enrolled, number of equivalent total instructional  
28 minutes, and as applicable, the number of course credits for each  
29 course. This information shall be consistent with that of an  
30 equivalent classroom-based educational program.

31 (b) (1) For purposes of this article, supervising teacher-pupil  
32 contact means a supervising teacher communicating with each  
33 pupil for instruction or to assess whether the pupil is making  
34 satisfactory educational progress. The supervising teacher-pupil  
35 contact shall be in person, or by any other live visual and audio  
36 connection. No more than three school days shall pass without at  
37 least one instance of supervising teacher-pupil contact.

38 (2) For purposes of this article, satisfactory educational progress  
39 includes, but is not limited to, applicable statewide accountability  
40 measures and the completion of assignments, examinations,

1 assessments, or other indicators that evidence that the pupil is  
2 working on assignments, learning required concepts, and  
3 progressing toward successful completion of the course of study  
4 or individual course, as determined by the supervising teacher  
5 providing instruction.

6 (3) If satisfactory educational progress is not being made, the  
7 supervising teacher shall notify the pupil and, if the pupil is less  
8 than 18 years of age, the pupil's parent or legal guardian, and  
9 conduct an evaluation to determine whether it is in the best interest  
10 of the pupil to remain in independent study or if the pupil should  
11 return to another program in the school district, county office of  
12 education, or charter school for which the pupil is enrolled. A  
13 written record of the findings of an evaluation made pursuant to  
14 this paragraph shall be treated as a mandatory interim pupil record.  
15 The record shall be maintained for a period of three years from  
16 the date of the evaluation and, if the pupil transfers to another  
17 California public school, the record shall be forwarded to that  
18 school.

19 (4) Written or computer-based evidence of satisfactory  
20 educational progress, as described in paragraph (2), shall be  
21 retained for each course of study, individual course, as applicable,  
22 and pupil. At a minimum, this evidence shall include a grade book  
23 or summary document that, for the course of study or for each  
24 course of the educational program, lists all assignments,  
25 examinations, and associated grades.

26 (c) A test proctor shall administer all annual summative  
27 examinations. The definition of "test proctor" is consistent with  
28 regulations adopted by the department for proctoring the California  
29 Assessment of Student Performance and Progress.

30 (d) Statewide testing results for pupils enrolled in any  
31 educational program, including specific courses, authorized  
32 pursuant to this article shall be reported and assigned to the school  
33 or charter school at which the pupil is enrolled, and to any school  
34 district, charter school, or county office of education within which  
35 that school's or charter school's testing results are aggregated.

36 (e) Statewide testing results for pupils enrolled in independent  
37 study, including specific courses, pursuant to this article shall be  
38 disaggregated for purposes of comparing the testing results of  
39 those pupils to the testing results of pupils enrolled in  
40 classroom-based courses.



1 (f) This section shall become operative on July 1, 2022.

2 ~~SEC. 41.~~

3 *SEC. 44.* Section 51748 of the Education Code is amended to  
4 read:

5 51748. School districts, charter schools, and county offices of  
6 education shall not be eligible to receive apportionment for  
7 independent study attendance by any pupil who is not otherwise  
8 identified in the written records of the district, charter school, or  
9 county board by grade level, program placement, and the school  
10 in which ~~he or she~~ *the pupil* is enrolled.

11 ~~SEC. 42.~~

12 *SEC. 45.* Section 51749.5 of the Education Code is amended  
13 to read:

14 51749.5. (a) Notwithstanding any other law, and commencing  
15 with the 2015–16 school year, a school district, charter school, or  
16 county office of education may, for pupils enrolled in kindergarten  
17 and grades 1 to 12, inclusive, provide independent study courses  
18 pursuant to the following conditions:

19 (1) The governing board or body of a participating school  
20 district, charter school, or county office of education adopts  
21 policies, at a public meeting, that comply with the requirements  
22 of this section and any applicable regulations adopted by the state  
23 board.

24 (2) A signed learning agreement is completed and on file  
25 pursuant to Section 51749.6.

26 (3) Courses are taught under the general supervision of  
27 certificated employees who hold the appropriate subject matter  
28 credential pursuant to Section 44300 or 44865, or subdivision (l)  
29 of Section 47605, and are employed by the school district, charter  
30 school, or county office of education at which the pupil is enrolled,  
31 or by a school district, charter school, or county office of education  
32 that has a memorandum of understanding to provide the instruction  
33 in coordination with the school district, charter school, or county  
34 office of education at which the pupil is enrolled.

35 (4) (A) Courses are annually certified, by school district, charter  
36 school, or county office of education governing board or body  
37 resolution, to be of the same rigor and educational quality as  
38 equivalent classroom-based courses, and shall be aligned to all  
39 relevant local and state content standards.

1 (B) This certification shall, at a minimum, include the duration,  
2 number of equivalent daily instructional minutes for each schoolday  
3 that a pupil is enrolled, number of equivalent total instructional  
4 minutes, and number of course credits for each course. This  
5 information shall be consistent with that of equivalent  
6 classroom-based courses.

7 (5) Pupils enrolled in courses authorized by this section shall  
8 meet the applicable age requirements established pursuant to  
9 Sections 46300.1, 46300.4, 47612, and 47612.1.

10 (6) Pupils enrolled in courses authorized by this section shall  
11 meet the applicable residency and enrollment requirements  
12 established pursuant to Sections 46300.2, 47612, 48204, and  
13 51747.3.

14 (7) (A) Certificated employees and each pupil shall  
15 communicate in person, by telephone, or by any other live visual  
16 or audio connection no less than twice per calendar month to assess  
17 whether each pupil is making satisfactory educational progress.

18 (B) For purposes of this section, satisfactory educational  
19 progress includes, but is not limited to, applicable statewide  
20 accountability measures and the completion of assignments,  
21 examinations, or other indicators that evidence that the pupil is  
22 working on assignments, learning required concepts, and  
23 progressing toward successful completion of the course, as  
24 determined by certificated employees providing instruction.

25 (C) If satisfactory educational progress is not being made,  
26 certificated employees providing instruction shall notify the pupil  
27 and, if the pupil is less than 18 years of age, the pupil's parent or  
28 legal guardian, and conduct an evaluation to determine whether it  
29 is in the best interest of the pupil to remain in the course or whether  
30 the pupil should be referred to an alternative program, which may  
31 include, but is not limited to, a regular school program. A written  
32 record of the findings of an evaluation made pursuant to this  
33 subdivision shall be treated as a mandatory interim pupil record.  
34 The record shall be maintained for a period of three years from  
35 the date of the evaluation and, if the pupil transfers to another  
36 California public school, the record shall be forwarded to that  
37 school.

38 (D) Written or computer-based evidence of satisfactory  
39 educational progress, as defined in subparagraph (B), shall be  
40 retained for each course and pupil. At a minimum, this evidence

1 shall include a grade book or summary document that, for each  
2 course, lists all assignments, examinations, and associated grades.

3 (8) A proctor shall administer examinations.

4 (9) (A) Statewide testing results for pupils enrolled in any  
5 course authorized pursuant to this section shall be reported and  
6 assigned to the school or charter school at which the pupil is  
7 enrolled, and to any school district, charter school, or county office  
8 of education within which that school's or charter school's testing  
9 results are aggregated.

10 (B) Statewide testing results for pupils enrolled in a course or  
11 courses pursuant to this section shall be disaggregated for purposes  
12 of comparing the testing results of those pupils to the testing results  
13 of pupils enrolled in classroom-based courses.

14 (10) A pupil shall not be required to enroll in courses authorized  
15 by this section.

16 (11) The average-daily-attendance-to-certificated-employee  
17 ratio limitations established pursuant to Section 51745.6 apply to  
18 courses authorized by this section.

19 (12) For each pupil, the combined equivalent daily instructional  
20 minutes for enrolled courses authorized by this section and enrolled  
21 courses authorized by all other laws and regulations shall meet the  
22 minimum instructional day requirements applicable to the local  
23 educational agency. Pupils enrolled in courses authorized by this  
24 section shall be offered the minimum annual total equivalent  
25 instructional minutes pursuant to Sections 46200 to 46208,  
26 inclusive, and Section 47612.5.

27 (13) Courses required for high school graduation or for  
28 admission to the University of California or California State  
29 University shall not be offered exclusively through independent  
30 study.

31 (14) A pupil participating in independent study shall not be  
32 assessed a fee prohibited by Section 49011.

33 (15) A pupil shall not be prohibited from participating in  
34 independent study solely on the basis that the pupil does not have  
35 the materials, equipment, or internet access that are necessary to  
36 participate in the independent study course.

37 (b) For purposes of computing average daily attendance for  
38 each pupil enrolled in one or more courses authorized by this  
39 section, the following computations shall apply:

1 (1) (A) For each schoolday, add the combined equivalent daily  
2 instructional minutes, as certified in paragraph (4) of subdivision  
3 (a), for courses authorized by this section in which the pupil is  
4 enrolled.

5 (B) For each schoolday, add the combined daily instructional  
6 minutes of courses authorized by all other laws and regulations in  
7 which the pupil is enrolled and for which the pupil meets applicable  
8 attendance requirements.

9 (C) For each schoolday, add the sum of subparagraphs (A) and  
10 (B).

11 (2) If subparagraph (C) of paragraph (1) meets applicable  
12 minimum schoolday requirements for each schoolday, and all other  
13 requirements in this section have been met, credit each schoolday  
14 that the pupil is demonstrating satisfactory educational progress  
15 pursuant to the requirements of this section, with up to one school  
16 day of attendance.

17 (3) (A) Using credited schoolday attendance pursuant to  
18 paragraph (2), calculate average daily attendance pursuant to  
19 Section 41601 or 47612, whichever is applicable, for each pupil.

20 (B) The average daily attendance computed pursuant to this  
21 subdivision shall not result in more than one unit of average daily  
22 attendance per pupil.

23 (4) Notwithstanding any other law, average daily attendance  
24 computed for pupils enrolled in courses authorized by this section  
25 shall not be credited with average daily attendance other than what  
26 is specified in this section.

27 (5) If more than 10 percent of the total average daily attendance  
28 of a school district, charter school, or county office of education  
29 is claimed pursuant to this section, then the amount of average  
30 daily attendance for all pupils enrolled by that school district,  
31 charter school, or county office of education in courses authorized  
32 pursuant to this section that is in excess of 10 percent of the total  
33 average daily attendance for the school district, charter school, or  
34 county office of education shall be reduced by either (A) the  
35 statewide average rate of absence for elementary school districts  
36 for kindergarten and grades 1 to 8, inclusive, or (B) the statewide  
37 average rate of absence for high school districts for grades 9 to  
38 12, inclusive, as applicable, as calculated by the department for  
39 the prior fiscal year, with the resultant figures and ranges rounded  
40 to the nearest 10th.

1 (c) For purposes of this section, “equivalent total instructional  
2 minutes” means the same number of minutes as required for an  
3 equivalent classroom-based course.

4 (d) ~~Nothing in this section shall~~ *This section shall not* be deemed  
5 to prohibit the right to collectively bargain any subject within the  
6 scope of representation pursuant to Section 3543.2 of the  
7 Government Code.

8 (e) (1) The Superintendent shall conduct an evaluation of  
9 independent study courses offered pursuant to this section and  
10 report the findings to the Legislature and the Director of Finance  
11 no later than September 1, 2019. The report shall, at a minimum,  
12 compare the academic performance of pupils in independent study  
13 with demographically similar pupils enrolled in equivalent  
14 classroom-based courses.

15 (2) The requirement for submitting a report imposed under  
16 paragraph (1) is inoperative on September 1, 2023, pursuant to  
17 Section 10231.5 of the Government Code.

18 (3) A report to be submitted pursuant to paragraph (1) shall be  
19 submitted in compliance with Section 9795 of the Government  
20 Code.

21 (f) This section shall become inoperative on July 1, 2022, and,  
22 as of January 1, 2023, is repealed.

23 ~~SEC. 43.~~

24 *SEC. 46.* Section 51749.6 of the Education Code is amended  
25 to read:

26 51749.6. (a) Before enrolling a pupil in a course authorized  
27 by Section 51749.5, each school district, charter school, or county  
28 office of education shall provide the pupil and, if the pupil is less  
29 than 18 years of age, the pupil’s parent or legal guardian, with a  
30 written learning agreement that includes all of the following:

31 (1) A summary of the policies and procedures adopted by the  
32 governing board or body of the school district, charter school, or  
33 county office of education pursuant to Section 51749.5, as  
34 applicable.

35 (2) The duration of the enrolled course or courses, the duration  
36 of the learning agreement, and the number of course credits for  
37 each enrolled course consistent with the certifications adopted by  
38 the governing board or body of the school district, charter school,  
39 or county office of education pursuant to Section 51749.5. The

1 duration of a learning agreement shall not exceed a school year or  
 2 span multiple school years.

3 (3) The learning objectives and expectations for each course,  
 4 including, but not limited to, a description of how satisfactory  
 5 educational progress is measured and when a pupil evaluation is  
 6 required to determine whether the pupil should remain in the course  
 7 or be referred to an alternative program, which may include, but  
 8 is not limited to, a regular school program.

9 (4) The specific resources, including materials and personnel,  
 10 that will be made available to the pupil.

11 (5) A statement that the pupil is not required to enroll in courses  
 12 authorized pursuant to Section 51749.5.

13 (b) (1) The learning agreement shall be signed by the pupil and,  
 14 if the pupil is less than 18 years of age, the pupil’s parent or legal  
 15 guardian, and all certificated employees providing instruction  
 16 before instruction may commence.

17 (2) The signed learning agreement constitutes permission from  
 18 a pupil’s parent or legal guardian, if the pupil is less than 18 years  
 19 of age, for the pupil to receive instruction through independent  
 20 study.

21 (3) A physical or electronic copy of the signed learning  
 22 agreement shall be retained by the school district, county office  
 23 of education, or charter school for at least three years and as  
 24 appropriate for auditing purposes.

25 (4) For purposes of this section, an electronic copy includes a  
 26 computer or electronic stored image of an original document,  
 27 including, but not limited to, portable document format, JPEG, or  
 28 other digital image file type, that may be sent via fax machine,  
 29 email, or other electronic means.

30 (c) This section shall become inoperative on July 1, 2022, and,  
 31 as of January 1, 2023, is repealed.

32 ~~SEC. 44.~~

33 *SEC. 47.* Section 20110 of the Public Contract Code is amended  
 34 to read:

35 20110. This part shall apply to contracts awarded by school  
 36 districts subject to Part 21 (commencing with Section 35000) of  
 37 Division 3 of Title 2 of the Education Code and to contracts  
 38 awarded by charter schools subject to Part 26.8 (commencing with  
 39 Section 47600) of Division 4 of Title 2 of the Education Code.

1 ~~SEC. 45.~~

2 ~~SEC. 48.~~ Sections ~~12 to 19, inclusive, 21, 35, 36, 37, and 39~~  
3 ~~14 to 22, inclusive, 24, 38, 39, 40, and 42~~ of this act shall become  
4 operative on July 1, 2022.

5 ~~SEC. 46.~~

6 ~~SEC. 49.~~ No reimbursement is required by this act pursuant to  
7 Section 6 of Article XIII B of the California Constitution for certain  
8 costs that may be incurred by a local agency or school district  
9 because, in that regard, this act creates a new crime or infraction,  
10 eliminates a crime or infraction, or changes the penalty for a crime  
11 or infraction, within the meaning of Section 17556 of the  
12 Government Code, or changes the definition of a crime within the  
13 meaning of Section 6 of Article XIII B of the California  
14 Constitution.

15 However, if the Commission on State Mandates determines that  
16 this act contains other costs mandated by the state, reimbursement  
17 to local agencies and school districts for those costs shall be made  
18 pursuant to Part 7 (commencing with Section 17500) of Division  
19 4 of Title 2 of the Government Code.



## FACT SHEET

AB 1316 (O'Donnell, C. Garcia, McCarty)  
Nonclassroom Based Charter School & Independent Study Reforms

### SUMMARY

AB 1316 increases the quality of independent study programs offered to students by both school districts and charter schools by:

- enhancing safety requirements and improving the quality of services provided to students by vendor personnel;
- eliminating public education funding from paying for private religious education;
- creating parity in the audit and accounting systems;
- closing student attendance loopholes;
- restructuring the flawed funding determination process;
- increasing authorizer training by re-establishing the charter authorizer training network; and
- improving authorizer oversight by limiting small district authorizing of non-classroom based (NCB) charter schools.

### PROBLEM

Upon the discovery of large scale fraud perpetrated by a number of non-classroom based charter schools, the Legislature imposed a moratorium in 2020.

One example of such fraud includes *People v. McManus*, where the San Diego County District Attorney's Office indicted 11 defendants in a fraud scheme involving nineteen A3 charter schools. A3 Charter Schools created a partnership with a little league summer sports program and enrolled little league players in their charter school during the summer months to generate state attendance funding, despite A3 Charter Schools having never provided instruction to these little league players. A3 Charter Schools also transferred students between charter schools in their network to nefariously collect more than one school year of funding per student. The A3 Charter Schools case revealed many weaknesses in the State's education system in the areas of student data tracking, auditing, and school finance.

### PROBLEM continued

There are also examples of NCB charter schools paying for multi-day family passes to Disneyland; paying for student courses at private religious organizations or schools; and paying uncredentialed teachers to provide instruction to students in core subjects.

Loopholes in state law have allowed these unscrupulous practices at NCB charter schools to continue unchecked, wasting State taxpayer dollars.

### SOLUTION

It is time for a correction in State law to halt the hundreds of millions of dollars in fraud and abuse recently seen among NCB charter schools.

AB 1316 corrects flaws in current law and improves parity between independent study programs offered by school districts and NCB charter schools in the following ways:

#### Audit & Accounting Standards

- Creates parity between charter schools and school districts with regard to audit procedures and schedules, and the use of the Standardized Account Code Structure.
- Requires training for school district and charter auditors as a condition of their licensure and updates the audit peer review process.
- Creates the Office of Inspector General at the California Department of Education (CDE).
- Updates the audit guide to include sampling guidance, minimum school day, time value of student work, student to teacher ratios, the top 25 largest monetary transfers, and student attendance.





## FACT SHEET

### AB 1316 (O'Donnell, C. Garcia, McCarty) Nonclassroom Based Charter School & Independent Study Reforms

#### Funding Determination

- Updates the funding determination process for NCB charter schools based on the amount of in-classroom instruction provided to students.

#### School District & Charter School Independent Study

- Beginning with the 2022-23 school year, creates parity between charter schools and school districts by establishing a single set of criteria for Independent Study (IS) including:
  - Frequency of teacher and student contact including tiered re-engagement.
  - Mode of teacher communication via in-person, live visual or audio connection.
  - Minimum school day.
  - Requirement to offer an in-person option as an alternative to serve students with exceptional needs and struggling students.
  - Metrics for ending a student's IS agreement.

#### Vendor Contracts

- Creates parity with charter school teachers by requiring vendor personnel that provide direct services to students to hold an appropriate credential.
- Prohibits private religious organizations or schools from serving as vendors.
- Creates parity between charter schools and school districts with regard to competitive bidding.
- Prohibits contracts being calculated as a percentage of charter school revenue.

#### Student Attendance Data Reform

- Requires the CDE to study the feasibility of connecting the California Longitudinal Pupil Achievement Data System (CALPADS) and the attendance accounting system to allow the State to determine when a student generates more than one year of attendance within one calendar year.

#### Teacher and Student Movement

- Requires parity in student to teacher ratios in independent study programs.
- Prohibits multi-year-round tracks for school districts and charter schools to protect the State from paying more than one year of attendance per student. Provides a waiver in the case of severe facility shortages.
- Permits NCB charter attendance only within the county in which the school is authorized to facilitate increased in-person instructional opportunities.

#### Small District Authorizers

- Matches the capacity of small school districts to provide meaningful charter oversight and permits NCB charter schools to be authorized as follows:
  - School districts < 2,500 in Average Daily Attendance (ADA) may authorize NCB charters up to 100% of district ADA.
  - School Districts of 2,500-5,000 ADA up to 2,500 ADA.
  - School Districts of 5,000-10,000 ADA up to 50% of district ADA.

#### Authorizer Oversight & Oversight Fees

- Re-establishes the Charter School Authorizer Network (CARNET) at the Fiscal Crisis and Management Assistance Team (FCMAT).
- Requires increased targeted oversight by authorizers in the following areas:
  - Attendance accounting.
  - Student to teacher ratios.
  - Time value assigned to student work.
- Improves the quality of oversight, compensates for additional responsibilities and increases oversight fees to actual costs up to 3%.

## STAFF CONTACT

Chelsea Kelley, Principal Consultant  
[Chelsea.kelley@asm.ca.gov](mailto:Chelsea.kelley@asm.ca.gov)  
(916) 319-2087

**CALIFORNIA BOARD OF ACCOUNTANCY  
LEGISLATIVE ANALYSIS  
SB 607**

---

<b>Subject:</b>	Professions and vocations.	<b>Author:</b>	Roth
<b>Version:</b>	April 13, 2021		
<b>Status:</b>	Senate Business, Professions and Economic Development Committee	<b>Sponsor:</b>	Author

---

## Summary

Senate Bill (SB) 607 (**Attachment 1**) is an omnibus bill regarding the Department of Consumer Affairs (DCA), authored by the Chair of the Senate Business, Professions and Economic Development (BPED) Committee.

The bill would, among other proposals, require all boards within DCA, including the CBA, to waive all fees charged by the board associated with the application and initial license for applicants who are married to, in a domestic partnership or other legal union with, an active duty member of the United States (U.S.) Armed Forces assigned to a duty station in California, under official active duty military orders, and who holds a current license in another U.S. jurisdiction for which the applicant seeks a license from the board.

SB 607 contains other proposals that do not impact the CBA.

## Background

### Expedited Licensure Process

Currently, Business and Professions Code section 115.5 requires a board within the DCA to expedite the licensure process for an applicant who meets both of the following requirements:

- Supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders.
- Holds a current license in another state, district, or territory of the United States in the profession or vocation for which the applicant seeks a license from the board.

## Analysis

According to the author's background sheet (**Attachment 2**), this bill:

“Waives initial licensing fees for military spouses who are currently subject to the expedited application processing.”

### Provisions Affecting CBA

The provisions of SB 607 impacting the CBA, include that in addition to providing for an expedited licensure process for specified persons, all boards within DCA shall waive all fees charged by the board associated with the application and initial license for an applicant who meets both of the following requirements:

1. Supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders.
2. Holds a current license in another state, district, or territory of the United States in the profession or vocation for which the applicant seeks a license from the board.

### **Recommendation**

Staff recommend the CBA adopt a **Support** position on this bill to assist the families of members of the U.S. Armed Forces required to relocate on a routine basis.

### **Fiscal Estimate**

In 2020, there were 27 applicants who applied with military-related credentials. The application and initial license fee are both \$250. If this volume is consistent in future years, the CBA could realize a revenue loss of approximately \$13,000 annually.

### **Support/Opposition**

Support: Dental Board of California  
Foundation for Allied Dental Education

Opposition: None.

### **Effective/Operative Date**

January 1, 2022

### **Related Bills**

- AB 1026 (Smith) of 2021, would require DCA and any board within DCA to grant a 50 percent fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the U.S. Armed Forces or the California National Guard and was honorably discharged. (CBA Position: Support)
- AB 1386 (Cunningham) of 2021. Would prohibit a board from charging an initial or original license fee to an applicant who meets these expedited licensing requirements.

## **SB 607**

Page 3 of 3

- AB 1904 (Block) Chapter 399 of 2012. Requires a board under DCA to issue an expedited license to the spouse or domestic partner of a military member on active duty.

### **Attachments**

1. Senate Bill 607
2. Senate Bill 607 Fact Sheet

AMENDED IN SENATE APRIL 13, 2021

**SENATE BILL****No. 607****Introduced by Senator Roth**

February 18, 2021

An act to amend Sections 115.5, 1724, 1753, 1753.55, 1753.6 of, to amend, repeal, and add Sections 7071.6, 7071.8, and 7071.9 of, to add Section 5650.5 to, and to repeal Section 1753.4 of, the Business and Professions Code, and to amend Section 17973 of the Health and Safety Code, relating to ~~healing arts~~: professions and vocations.

## LEGISLATIVE COUNSEL'S DIGEST

SB 607, as amended, Roth. ~~Dentistry: registered dental assistants in extended practice: clinical or practical examination.~~ Professions and vocations.

(1) Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law provides for the issuance of temporary licenses in certain fields where the applicant, among other requirements, has a license to practice within that field in another jurisdiction, as specified. Existing law requires a board within the department to expedite the licensure process for an applicant who holds a current license in another jurisdiction in the same profession or vocation and who supplies satisfactory evidence of being married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in California under official active duty military orders.

This bill would require a board to waive all fees associated with the application and initial license for an applicant who meets these expedited licensing requirements.

**Existing**

(2) *Existing* law, the Dental Practice Act, provides for the licensure and regulation of dentists and dental auxiliaries, including registered dental assistants in extended functions, by the Dental Board of California. Existing law requires a person who applies to the board for a license as a registered dental assistant in extended functions on and after January 1, 2010, to successfully complete a clinical or practical examination administered by the board. Existing law authorizes a registered dental assistant in extended functions who was licensed before January 1, 2010, to perform certain additional duties only if they pass the clinical or practical examination.

This bill would delete the clinical or practical examination requirement for registered dental assistants in extended functions and make related technical amendments.

*The Dental Practice Act authorizes a dentist to administer or order the administration of minimal sedation on pediatric patients under 13 years of age if the dentist possesses specified licensing credentials, including holding a pediatric minimal sedation permit, and follows certain procedures. Existing law requires a dentist who desires to administer or order the administration of minimal sedation to apply to the board, as specified, and to submit an application fee.*

*This bill would specify that the application fee for a pediatric minimal sedation permit cannot exceed \$1,000, and the renewal fee cannot exceed \$600.*

(3) *Existing* law provides for the licensure and regulation of landscape architects by the California Architects Board and the Landscape Architects Technical Committee of the California Architects Board.

*This bill would authorize the board to obtain and review criminal offender record information and would require an applicant, as a condition of licensure, to furnish to the Department of Justice a full set of fingerprints for the purpose of conducting a criminal history record check and criminal offender record information search. The bill would require the Department of Justice to transmit fingerprint images and related information to the Federal Bureau of Investigation for the purposes of the background check, and would require the Department of Justice to provide a state or federal response to the board. The bill would require the applicant to pay the reasonable regulatory costs for furnishing the fingerprints and conducting the searches, and would require the applicant to certify, under penalty of perjury, whether the*

*applicant's fingerprints have been furnished to the Department of Justice. By expanding the crime of perjury, the bill would impose a state-mandated local program.*

*(4) Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board within the Department of Consumer Affairs. Existing law authorizes the issuance of contractors' licenses to individual owners, partnerships, corporations, and limited liability companies, and authorizes those persons and entities to qualify for a license if specified conditions are met. Existing law requires an applicant or licensee to file or have on file with the board a contractor's bond in the sum of \$15,000, as provided. Existing law requires an applicant or licensee who is not a proprietor, a general partner, or a joint licensee to additionally file or have on file with the board a qualifying individual's bond in the sum of \$12,500, unless an exception is met.*

*This bill, beginning January 1, 2023, would instead require an applicant or licensee to file or have on file with the board a contractor's bond in the sum of \$25,000, and would, if applicable, require a qualifying individual's bond in the sum of \$25,000.*

*(5) Existing law provides authority for an enforcement agency to enter and inspect any buildings or premises whenever necessary to secure compliance with or prevent a violation of the building standards published in the California Building Standards Code and other rules and regulations that the enforcement agency has the power to enforce. Existing law requires an inspection of exterior elevated elements and associated waterproofing elements, as defined, including decks and balconies, for buildings with 3 or more multifamily dwelling units by a licensed architect, licensed civil or structural engineer, a building contractor holding specified licenses, or an individual certified as a building inspector or building official, as specified. Existing law prohibits a contractor performing the inspection from bidding on the repair work.*

*This bill would eliminate the prohibition against a contractor performing the inspection from bidding on the repair work. By altering the enforcement duties for local enforcement entities, the bill would impose a state-mandated local program.*

*(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.*

*With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 115.5 of the Business and Professions  
 2     Code is amended to read:

3     115.5. (a) A board within the department shall expedite the  
 4     licensure process *and waive all fees charged by the board*  
 5     *associated with the application and initial license* for an applicant  
 6     who meets both of the following requirements:

7     (1) Supplies evidence satisfactory to the board that the applicant  
 8     is married to, or in a domestic partnership or other legal union  
 9     with, an active duty member of the Armed Forces of the United  
 10    States who is assigned to a duty station in this state under official  
 11    active duty military orders.

12    (2) Holds a current license in another state, district, or territory  
 13    of the United States in the profession or vocation for which the  
 14    applicant seeks a license from the board.

15    (b) A board may adopt regulations necessary to administer this  
 16    section.

17    SEC. 2. Section 1724 of the Business and Professions Code,  
 18    as added by Section 13 of Chapter 929 of the Statutes of 2018, is  
 19    amended to read:

20    1724. The amount of charges and fees for dentists licensed  
 21    pursuant to this chapter shall be established by the board as is  
 22    necessary for the purpose of carrying out the responsibilities  
 23    required by this chapter as it relates to dentists, subject to the  
 24    following limitations:

25    (a) The fee for an application for licensure qualifying pursuant  
 26    to paragraph (1) of subdivision (c) of Section 1632 shall not exceed  
 27    one thousand five hundred dollars (\$1,500). The fee for an  
 28    application for licensure qualifying pursuant to paragraph (2) of



1 subdivision (c) of Section 1632 shall not exceed one thousand  
2 dollars (\$1,000).

3 (b) The fee for an application for licensure qualifying pursuant  
4 to Section 1634.1 shall not exceed one thousand dollars (\$1,000).

5 (c) The fee for an application for licensure qualifying pursuant  
6 to Section 1635.5 shall not exceed one thousand dollars (\$1,000).

7 (d) The fee for an initial license and for the renewal of a license  
8 is five hundred twenty-five dollars (\$525). On and after January  
9 1, 2016, the fee for an initial license shall not exceed six hundred  
10 fifty dollars (\$650), and the fee for the renewal of a license shall  
11 not exceed six hundred fifty dollars (\$650). On and after January  
12 1, 2018, the fee for an initial license shall not exceed eight hundred  
13 dollars (\$800), and the fee for the renewal of a license shall not  
14 exceed eight hundred dollars (\$800).

15 (e) The fee for an application for a special permit shall not  
16 exceed one thousand dollars (\$1,000), and the renewal fee for a  
17 special permit shall not exceed six hundred dollars (\$600).

18 (f) The delinquency fee shall be 50 percent of the renewal fee  
19 for such a license or permit in effect on the date of the renewal of  
20 the license or permit.

21 (g) The penalty for late registration of change of place of  
22 practice shall not exceed seventy-five dollars (\$75).

23 (h) The fee for an application for an additional office permit  
24 shall not exceed seven hundred fifty dollars (\$750), and the fee  
25 for the renewal of an additional office permit shall not exceed three  
26 hundred seventy-five dollars (\$375).

27 (i) The fee for issuance of a replacement pocket license,  
28 replacement wall certificate, or replacement engraved certificate  
29 shall not exceed one hundred twenty-five dollars (\$125).

30 (j) The fee for a provider of continuing education shall not  
31 exceed five hundred dollars (\$500) per year.

32 (k) The fee for application for a referral service permit and for  
33 renewal of that permit shall not exceed twenty-five dollars (\$25).

34 (l) The fee for application for an extramural facility permit and  
35 for the renewal of a permit shall not exceed twenty-five dollars  
36 (\$25).

37 (m) The fee for an application for an elective facial cosmetic  
38 surgery permit shall not exceed four thousand dollars (\$4,000),  
39 and the fee for the renewal of an elective facial cosmetic surgery  
40 permit shall not exceed eight hundred dollars (\$800).

1 (n) The fee for an application for an oral and maxillofacial  
 2 surgery permit shall not exceed one thousand dollars (\$1,000), and  
 3 the fee for the renewal of an oral and maxillofacial surgery permit  
 4 shall not exceed one thousand two hundred dollars (\$1,200).

5 (o) The fee for an application for a general anesthesia permit  
 6 shall not exceed one thousand dollars (\$1,000), and the fee for the  
 7 renewal of a general anesthesia permit shall not exceed six hundred  
 8 dollars (\$600).

9 (p) The fee for an onsite inspection and evaluation related to a  
 10 general anesthesia or moderate sedation permit shall not exceed  
 11 four thousand five hundred dollars (\$4,500).

12 (q) The fee for an application for a moderate sedation permit  
 13 shall not exceed one thousand dollars (\$1,000), and the fee for the  
 14 renewal of a conscious sedation permit shall not exceed six hundred  
 15 dollars (\$600).

16 (r) The fee for an application for an oral conscious sedation  
 17 permit shall not exceed one thousand dollars (\$1,000), and the fee  
 18 for the renewal of an oral conscious sedation permit shall not  
 19 exceed six hundred dollars (\$600).

20 *(s) The fee for an application for a pediatric minimal sedation*  
 21 *permit shall not exceed one thousand dollars (\$1,000), and the fee*  
 22 *for the renewal of a pediatric minimal sedation permit shall not*  
 23 *exceed six hundred dollars (\$600).*

24 ~~(s)~~  
 25 (t) The fee for a certification of licensure shall not exceed one  
 26 hundred twenty-five dollars (\$125).

27 ~~(t)~~  
 28 (u) The fee for an application for the law and ethics examination  
 29 shall not exceed two hundred fifty dollars (\$250).

30 ~~(u)~~  
 31 (v) This section shall become operative on January 1, 2022.

32 **SECTION 1.**

33 *SEC. 3.* Section 1753 of the Business and Professions Code is  
 34 amended to read:

35 1753. (a) On and after January 1, 2010, the board may license  
 36 as a registered dental assistant in extended functions a person who  
 37 submits written evidence, satisfactory to the board, of all of the  
 38 following eligibility requirements:

1 (1) Current licensure as a registered dental assistant or  
2 completion of the requirements for licensure as a registered dental  
3 assistant.

4 (2) Successful completion of a board-approved course in the  
5 application of pit and fissure sealants.

6 (3) Successful completion of either of the following:

7 (A) An extended functions postsecondary program approved  
8 by the board in all of the procedures specified in Section 1753.5.

9 (B) An extended functions postsecondary program approved  
10 by the board to teach the duties that registered dental assistants in  
11 extended functions were allowed to perform pursuant to board  
12 regulations prior to January 1, 2010, and a course approved by the  
13 board in the procedures specified in paragraphs (1), (2), (5), and  
14 (7) to (11), inclusive, of subdivision (b) of Section 1753.5.

15 (4) Passage of a written examination administered by the board.  
16 The board shall designate whether the written examination shall  
17 be administered by the board or by the board-approved extended  
18 functions program.

19 (b) A registered dental assistant in extended functions may apply  
20 for an orthodontic assistant permit or a dental sedation assistant  
21 permit, or both, by providing written evidence of the following:

22 (1) Successful completion of a board-approved orthodontic  
23 assistant or dental sedation assistant course, as applicable.

24 (2) Passage of a written examination administered by the board  
25 that shall encompass the knowledge, skills, and abilities necessary  
26 to competently perform the duties of the particular permit.

27 (c) A registered dental assistant in extended functions with  
28 permits in either orthodontic assisting or dental sedation assisting  
29 shall be referred to as an “RDAEF with orthodontic assistant  
30 permit,” or “RDAEF with dental sedation assistant permit,” as  
31 applicable. These terms shall be used for reference purposes only  
32 and do not create additional categories of licensure.

33 (d) Completion of the continuing education requirements  
34 established by the board pursuant to Section 1645 by a registered  
35 dental assistant in extended functions who also holds a permit as  
36 an orthodontic assistant or dental sedation assistant shall fulfill the  
37 continuing education requirement for such permit or permits.

38 ~~SEC. 2.~~

39 *SEC. 4.* Section 1753.4 of the Business and Professions Code  
40 is repealed.

1     ~~SEC. 3.~~

2     *SEC. 5.* Section 1753.55 of the Business and Professions Code  
3 is amended to read:

4     1753.55. (a) A registered dental assistant in extended functions  
5 is authorized to perform the additional duties as set forth in  
6 subdivision (b) pursuant to the order, control, and full professional  
7 responsibility of a supervising dentist, if the licensee meets one of  
8 the following requirements:

9       (1) Is licensed on or after January 1, 2010.

10      (2) Is licensed prior to January 1, 2010, and has successfully  
11 completed a board-approved course in the additional procedures  
12 specified in paragraphs (1), (2), (5), and (7) to (11), inclusive, of  
13 subdivision (b) of Section 1753.5.

14      (b) (1) Determine which radiographs to perform on a patient  
15 who has not received an initial examination by the supervising  
16 dentist for the specific purpose of the dentist making a diagnosis  
17 and treatment plan for the patient. In these circumstances, the  
18 dental assistant in extended functions shall follow protocols  
19 established by the supervising dentist. This paragraph only applies  
20 in the following settings:

21       (A) In a dental office setting.

22       (B) In public health settings, using telehealth, as defined by  
23 Section 2290.5, for the purpose of communication with the  
24 supervising dentist, including, but not limited to, schools, head  
25 start and preschool programs, and community clinics, under the  
26 general supervision of a dentist.

27      (2) Place protective restorations, which for this purpose are  
28 identified as interim therapeutic restorations, and defined as a  
29 direct provisional restoration placed to stabilize the tooth until a  
30 licensed dentist diagnoses the need for further definitive treatment.  
31 An interim therapeutic restoration consists of the removal of soft  
32 material from the tooth using only hand instrumentation, without  
33 the use of rotary instrumentation, and subsequent placement of an  
34 adhesive restorative material. Local anesthesia shall not be  
35 necessary for interim therapeutic restoration placement. Interim  
36 therapeutic restorations shall be placed only in accordance with  
37 both of the following:

38       (A) In either of the following settings:

39          (i) In a dental office setting, under the direct or general  
40 supervision of a dentist as determined by the dentist.

1 (ii) In public health settings, using telehealth, as defined by  
2 Section 2290.5, for the purpose of communication with the  
3 supervising dentist, including, but not limited to, schools, head  
4 start and preschool programs, and community clinics, under the  
5 general supervision of a dentist.

6 (B) After the diagnosis, treatment plan, and instruction to  
7 perform the procedure provided by a dentist.

8 (c) The functions described in subdivision (b) may be performed  
9 by a registered dental assistant in extended functions only after  
10 completion of a program that includes training in performing those  
11 functions, or after providing evidence, satisfactory to the board,  
12 of having completed a board-approved course in those functions.

13 (d) No later than January 1, 2018, the board shall adopt  
14 regulations to establish requirements for courses of instruction for  
15 the procedures authorized to be performed by a registered dental  
16 assistant in extended functions pursuant to this section using the  
17 competency-based training protocols established by the Health  
18 Workforce Pilot Project (HWPP) No. 172 through the Office of  
19 Health Planning and Development. The board shall submit to the  
20 committee proposed regulatory language for the curriculum for  
21 the Interim Therapeutic Restoration to the committee for the  
22 purpose of promulgating regulations for registered dental hygienists  
23 and registered dental hygienists in alternative practice as described  
24 in Section 1910.5. The language submitted by the board shall  
25 mirror the instructional curriculum for the registered dental  
26 assistant in extended functions. Any subsequent amendments to  
27 the regulations that are promulgated by the board for the Interim  
28 Therapeutic Restoration curriculum shall be submitted to the  
29 committee.

30 (e) The board may issue a permit to a registered dental assistant  
31 in extended functions who files a completed application, including  
32 the fee, to provide the duties specified in this section after the board  
33 has determined the registered dental assistant in extended functions  
34 has completed the coursework required in subdivision (c).

35 (f) This section shall become operative on January 1, 2018.

36 ~~SEC. 4.~~

37 *SEC. 6.* Section 1753.6 of the Business and Professions Code  
38 is amended to read:

39 1753.6. (a) Each person who holds a license as a registered  
40 dental assistant in extended functions on the operative date of this

1 section may only perform those procedures that a registered dental  
 2 assistant is allowed to perform as specified in and limited by  
 3 Section 1752.4, and the procedures specified in paragraphs (1) to  
 4 (6), inclusive, until the person provides evidence of having  
 5 completed a board-approved course in the additional procedures  
 6 specified in paragraphs (1), (2), (5), and (7) to (11), inclusive, of  
 7 subdivision (b) of Section 1753.5:

- 8 (1) Cord retraction of gingiva for impression procedures.
- 9 (2) Take final impressions for permanent indirect restorations.
- 10 (3) Formulate indirect patterns for endodontic post and core  
 11 castings.
- 12 (4) Fit trial endodontic filling points.
- 13 (5) Apply pit and fissure sealants.
- 14 (6) Remove excess cement from subgingival tooth surfaces with  
 15 a hand instrument.

16 (b) This section shall become operative on January 1, 2010.

17 *SEC. 7. Section 5650.5 is added to the Business and Professions*  
 18 *Code, to read:*

19 *5650.5. (a) Pursuant to Section 144, the board has the*  
 20 *authority to obtain and review criminal offender record*  
 21 *information. The information obtained as a result of the*  
 22 *fingerprinting shall be used in accordance with Section 11105 of*  
 23 *the Penal Code to determine whether the applicant is subject to*  
 24 *denial, suspension, or revocation of a license pursuant to Division*  
 25 *1.5 (commencing with Section 475) or Section 5660, 5675, or 5676.*

26 *(b) As a condition of application for a license, each applicant*  
 27 *shall furnish to the Department of Justice a full set of fingerprints*  
 28 *for the purpose of conducting a criminal history record check and*  
 29 *to undergo a state- and federal- level criminal offender record*  
 30 *information search conducted through the Department of Justice,*  
 31 *as follows:*

32 *(1) The board shall electronically submit to the Department of*  
 33 *Justice fingerprint images and related information required by the*  
 34 *Department of Justice of all landscape architect license applicants*  
 35 *for the purpose of obtaining information as to the existence and*  
 36 *content of a record of state or federal arrests and state or federal*  
 37 *convictions and also information as to the existence and content*  
 38 *of a record of state or federal arrests for which the Department*  
 39 *of Justice establishes that the person is free on bail or on their*  
 40 *recognizance pending trial or appeal.*

1 (2) When received, the Department of Justice shall transmit  
2 fingerprint images and related information received pursuant to  
3 this section, to the Federal Bureau of Investigation for the purpose  
4 of obtaining a federal criminal history records check. The  
5 Department of Justice shall review the information returned from  
6 the Federal Bureau of Investigation and compile and disseminate  
7 a response to the board.

8 (3) The Department of Justice shall provide a state or federal  
9 response to the board pursuant to subdivision (p) of Section 11105  
10 of the Penal Code.

11 (4) The board shall request from the Department of Justice  
12 subsequent notification service, as provided pursuant to Section  
13 11105.2 of the Penal Code, for persons described in paragraph  
14 (1).

15 (5) The Department of Justice shall charge the applicant a fee  
16 sufficient to cover the cost of processing the request described in  
17 this subdivision.

18 (c) The applicant shall certify, under penalty of perjury, when  
19 applying for a license whether the applicant's fingerprints have  
20 been furnished to the Department of Justice in compliance with  
21 this section.

22 (d) Failure to comply with the requirements of this section  
23 renders the application for a license incomplete, and the  
24 application shall not be considered until the applicant demonstrates  
25 compliance with all requirements of this section.

26 (e) Notwithstanding any other law, the results of any criminal  
27 offender record information request by either state or federal law  
28 enforcement authorities shall not be released by the board except  
29 in accordance with state and federal requirements.

30 (f) As used in this section, the term "applicant" shall be limited  
31 to an initial applicant who has never been registered or licensed  
32 by the board or to an applicant for a new licensure or registration  
33 category.

34 (g) As a condition of petitioning the board for reinstatement of  
35 a revoked or surrendered license, an applicant shall comply with  
36 subdivision (a).

37 SEC. 8. Section 7071.6 of the Business and Professions Code  
38 is amended to read:

39 7071.6. (a) The board shall require as a condition precedent  
40 to the issuance, reinstatement, reactivation, renewal, or continued

1 maintenance of a license, that the applicant or licensee file or have  
2 on file a contractor's bond in the sum of fifteen thousand dollars  
3 (\$15,000).

4 (b) Excluding the claims brought by the beneficiaries specified  
5 in subdivision (a) of Section 7071.5, the aggregate liability of a  
6 surety on claims brought against a bond required by this section  
7 shall not exceed the sum of seven thousand five hundred dollars  
8 (\$7,500). The bond proceeds in excess of seven thousand five  
9 hundred dollars (\$7,500) shall be reserved exclusively for the  
10 claims of the beneficiaries specified in subdivision (a) of Section  
11 7071.5. However, nothing in this section shall be construed so as  
12 to prevent any beneficiary specified in subdivision (a) of Section  
13 7071.5 from claiming or recovering the full measure of the bond  
14 required by this section.

15 (c) ~~No~~A bond shall *not* be required of a holder of a license that  
16 has been inactivated on the official records of the board during the  
17 period the license is inactive.

18 (d) Notwithstanding any other law, as a condition precedent to  
19 licensure, the board may require an applicant to post a contractor's  
20 bond in twice the amount required pursuant to subdivision (a) until  
21 the time that the license is renewed, under the following conditions:

22 (1) The applicant has either been convicted of a violation of  
23 Section 7028 or has been cited pursuant to Section 7028.7.

24 (2) If the applicant has been cited pursuant to Section 7028.7,  
25 the citation has been reduced to a final order of the registrar.

26 (3) The violation of Section 7028, or the basis for the citation  
27 issued pursuant to Section 7028.7, constituted a substantial injury  
28 to the public.

29 (e) (1) The board shall conduct a study to obtain information  
30 to evaluate whether the current fifteen-thousand-dollar (\$15,000)  
31 amount of the contractor bond is sufficient, or whether an increase  
32 may be necessary.

33 (2) The board shall report its findings and recommendations to  
34 the appropriate policy committees of the Legislature, in accordance  
35 with Section 9795 of the Government Code, by January 1, 2021.

36 (f) *This section shall remain in effect only until January 1, 2023,*  
37 *and as of that date is repealed.*

38 *SEC. 9. Section 7071.6 is added to the Business and Professions*  
39 *Code, to read:*



1 7071.6. (a) *The board shall require as a condition precedent*  
2 *to the issuance, reinstatement, reactivation, renewal, or continued*  
3 *maintenance of a license, that the applicant or licensee file or have*  
4 *on file a contractor’s bond in the sum of twenty-five thousand*  
5 *dollars (\$25,000).*

6 (b) *Excluding the claims brought by the beneficiaries specified*  
7 *in subdivision (a) of Section 7071.5, the aggregate liability of a*  
8 *surety on claims brought against a bond required by this section*  
9 *shall not exceed the sum of seven thousand five hundred dollars*  
10 *(\$7,500). The bond proceeds in excess of seven thousand five*  
11 *hundred dollars (\$7,500) shall be reserved exclusively for the*  
12 *claims of the beneficiaries specified in subdivision (a) of Section*  
13 *7071.5. However, nothing in this section shall be construed so as*  
14 *to prevent any beneficiary specified in subdivision (a) of Section*  
15 *7071.5 from claiming or recovering the full measure of the bond*  
16 *required by this section.*

17 (c) *A bond shall not be required of a holder of a license that*  
18 *has been inactivated on the official records of the board during*  
19 *the period the license is inactive.*

20 (d) *Notwithstanding any other law, as a condition precedent to*  
21 *licensure, the board may require an applicant to post a*  
22 *contractor’s bond in twice the amount required pursuant to*  
23 *subdivision (a) until the time that the license is renewed, under*  
24 *the following conditions:*

25 (1) *The applicant has either been convicted of a violation of*  
26 *Section 7028 or has been cited pursuant to Section 7028.7.*

27 (2) *If the applicant has been cited pursuant to Section 7028.7,*  
28 *the citation has been reduced to a final order of the registrar.*

29 (3) *The violation of Section 7028, or the basis for the citation*  
30 *issued pursuant to Section 7028.7, constituted a substantial injury*  
31 *to the public.*

32 (e) *This section shall become operative on January 1, 2023.*

33 *SEC. 10. Section 7071.8 of the Business and Professions Code*  
34 *is amended to read:*

35 7071.8. (a) *This section applies to an application for a license,*  
36 *for renewal or restoration of a license, an application to change*  
37 *officers or members of a corporation or a limited liability company,*  
38 *or for continued valid use of a license which has been disciplined,*  
39 *whether or not the disciplinary action has been stayed, made by*  
40 *any of the following persons or firms:*

1 (1) A person whose license has been suspended or revoked as  
2 a result of disciplinary action, or a person who was a qualifying  
3 individual for a licensee at any time during which cause for  
4 disciplinary action occurred resulting in suspension or revocation  
5 of the licensee's license, whether or not the qualifying individual  
6 had knowledge or participated in the prohibited act or omission.

7 (2) A person who was an officer, director, manager, partner, or  
8 member of the personnel of record of a licensee at any time during  
9 which cause for disciplinary action occurred resulting in suspension  
10 or revocation of the licensee's license and who had knowledge of  
11 or participated in the act or omission which was the cause for the  
12 disciplinary action.

13 (3) A partnership, corporation, limited liability company, firm,  
14 or association of which an existing or new officer, director,  
15 manager, partner, qualifying person, or member of the personnel  
16 of record has had a license suspended or revoked as a result of  
17 disciplinary action.

18 (4) A partnership, corporation, limited liability company, firm,  
19 or association of which a member of the personnel of record,  
20 including, but not limited to, an officer, director, manager, partner,  
21 or qualifying person was, likewise, a manager, officer, director,  
22 or partner of a licensee at any time during which cause for  
23 disciplinary action occurred resulting in suspension or revocation  
24 of the license, and who had knowledge of or participated in the  
25 act or omission which was the cause for the disciplinary action.

26 (b) The board shall require as a condition precedent to the  
27 issuance, reissuance, renewal, or restoration of a license to the  
28 applicant, or to the approval of an application to change officers  
29 of a corporation or a limited liability company, or removal of  
30 suspension, or to the continued valid use of a license which has  
31 been suspended or revoked, but which suspension or revocation  
32 has been stayed, that the applicant or licensee file or have on file  
33 a contractor's bond in a sum to be fixed by the registrar based upon  
34 the seriousness of the violation, but which sum shall not be less  
35 than fifteen thousand dollars (\$15,000) nor more than 10 times  
36 that amount required by Section 7071.6.

37 (c) The bond is in addition to, may not be combined with, and  
38 does not replace any other type of bond required by this chapter.  
39 The bond shall remain on file with the registrar for a period of at  
40 least two years and for any additional time that the registrar

1 determines. The bond period shall run only while the license is  
2 current, active, and in good standing, and shall be extended until  
3 the license has been current, active, and in good standing for the  
4 required period. Each applicant or licensee shall be required to file  
5 only one disciplinary contractor's bond of the type described in  
6 this section for each application or license subject to this bond  
7 requirement.

8 *(d) This section shall remain in effect only until January 1, 2023,*  
9 *and as of that date is repealed.*

10 *SEC. 11. Section 7071.8 is added to the Business and*  
11 *Professions Code, to read:*

12 *7071.8. (a) This section applies to an application for a license,*  
13 *for renewal or restoration of a license, an application to change*  
14 *officers or members of a corporation or a limited liability company,*  
15 *or for continued valid use of a license which has been disciplined,*  
16 *whether or not the disciplinary action has been stayed, made by*  
17 *any of the following persons or firms:*

18 *(1) A person whose license has been suspended or revoked as*  
19 *a result of disciplinary action, or a person who was a qualifying*  
20 *individual for a licensee at any time during which cause for*  
21 *disciplinary action occurred resulting in suspension or revocation*  
22 *of the licensee's license, whether or not the qualifying individual*  
23 *had knowledge or participated in the prohibited act or omission.*

24 *(2) A person who was an officer, director, manager, partner,*  
25 *or member of the personnel of record of a licensee at any time*  
26 *during which cause for disciplinary action occurred resulting in*  
27 *suspension or revocation of the licensee's license and who had*  
28 *knowledge of or participated in the act or omission which was the*  
29 *cause for the disciplinary action.*

30 *(3) A partnership, corporation, limited liability company, firm,*  
31 *or association of which an existing or new officer, director,*  
32 *manager, partner, qualifying person, or member of the personnel*  
33 *of record has had a license suspended or revoked as a result of*  
34 *disciplinary action.*

35 *(4) A partnership, corporation, limited liability company, firm,*  
36 *or association of which a member of the personnel of record,*  
37 *including, but not limited to, an officer, director, manager, partner,*  
38 *or qualifying person was, likewise, a manager, officer, director,*  
39 *or partner of a licensee at any time during which cause for*  
40 *disciplinary action occurred resulting in suspension or revocation*

1 of the license, and who had knowledge of or participated in the  
2 act or omission which was the cause for the disciplinary action.

3 (b) The board shall require as a condition precedent to the  
4 issuance, reissuance, renewal, or restoration of a license to the  
5 applicant, or to the approval of an application to change officers  
6 of a corporation or a limited liability company, or removal of  
7 suspension, or to the continued valid use of a license which has  
8 been suspended or revoked, but which suspension or revocation  
9 has been stayed, that the applicant or licensee file or have on file  
10 a contractor's bond in a sum to be fixed by the registrar based  
11 upon the seriousness of the violation, but which sum shall not be  
12 less than twenty-five thousand dollars (\$25,000) nor more than  
13 10 times that amount required by Section 7071.6.

14 (c) The bond is in addition to, may not be combined with, and  
15 does not replace any other type of bond required by this chapter.  
16 The bond shall remain on file with the registrar for a period of at  
17 least two years and for any additional time that the registrar  
18 determines. The bond period shall run only while the license is  
19 current, active, and in good standing, and shall be extended until  
20 the license has been current, active, and in good standing for the  
21 required period. Each applicant or licensee shall be required to  
22 file only one disciplinary contractor's bond of the type described  
23 in this section for each application or license subject to this bond  
24 requirement.

25 (d) This section shall become operative on January 1, 2023.

26 SEC. 12. Section 7071.9 of the Business and Professions Code  
27 is amended to read:

28 7071.9. (a) If the qualifying individual, as referred to in  
29 Sections 7068 and 7068.1, is neither the proprietor, a general  
30 partner, nor a joint licensee, ~~he or she~~ the qualifying individual  
31 shall file or have on file a qualifying individual's bond as provided  
32 in Section 7071.10 in the sum of twelve thousand five hundred  
33 dollars (\$12,500). This bond is in addition to, and ~~may~~ shall not  
34 be combined with, any contractor's bond required by Sections  
35 7071.5 to 7071.8, inclusive, and is required for the issuance,  
36 reinstatement, reactivation, or continued valid use of a license.

37 (b) Excluding the claims brought by the beneficiaries specified  
38 in paragraph (1) of subdivision (a) of Section 7071.10, the  
39 aggregate liability of a surety on claims brought against the bond  
40 required by this section shall not exceed the sum of seven thousand

1 five hundred dollars (\$7,500). The bond proceeds in excess of  
2 seven thousand five hundred dollars (\$7,500) shall be reserved  
3 exclusively for the claims of the beneficiaries specified in  
4 paragraph (1) of subdivision (a) of Section 7071.10. However,  
5 nothing in this section shall be construed to prevent any beneficiary  
6 specified in paragraph (1) of subdivision (a) of Section 7071.10  
7 from claiming or recovering the full measure of the bond required  
8 by this section. This bond is in addition to, and ~~may~~ shall not be  
9 combined with, any contractor's bond required by Sections 7071.5  
10 to 7071.8, inclusive, and is required for the issuance, reinstatement,  
11 reactivation, or continued valid use of a license.

12 (c) The responsible managing officer of a corporation shall not  
13 be required to file or have on file a qualifying individual's bond,  
14 if ~~he or she~~ *the responsible managing officer* owns 10 percent or  
15 more of the voting stock of the corporation and certifies to that  
16 fact on a form prescribed by the registrar.

17 (d) The qualifying individual for a limited liability company  
18 shall not be required to file or have on file a qualifying individual's  
19 bond if ~~he or she~~ *the qualifying individual* owns at least a  
20 10-percent membership interest in the limited liability company  
21 and certifies to that fact on a form prescribed by the registrar.

22 (e) *This section shall remain in effect only until January 1, 2023,*  
23 *and as of that date is repealed.*

24 SEC. 13. *Section 7071.9 is added to the Business and*  
25 *Professions Code, to read:*

26 7071.9. (a) *If the qualifying individual, as referred to in*  
27 *Sections 7068 and 7068.1, is neither the proprietor, a general*  
28 *partner, nor a joint licensee, the qualifying individual shall file or*  
29 *have on file a qualifying individual's bond as provided in Section*  
30 *7071.10 in the sum of twenty-five thousand dollars (\$25,000). This*  
31 *bond is in addition to, and shall not be combined with, any*  
32 *contractor's bond required by Sections 7071.5 to 7071.8, inclusive,*  
33 *and is required for the issuance, reinstatement, reactivation, or*  
34 *continued valid use of a license.*

35 (b) *Excluding the claims brought by the beneficiaries specified*  
36 *in paragraph (1) of subdivision (a) of Section 7071.10, the*  
37 *aggregate liability of a surety on claims brought against the bond*  
38 *required by this section shall not exceed the sum of seven thousand*  
39 *five hundred dollars (\$7,500). The bond proceeds in excess of*  
40 *seven thousand five hundred dollars (\$7,500) shall be reserved*

1 exclusively for the claims of the beneficiaries specified in  
2 paragraph (1) of subdivision (a) of Section 7071.10. However,  
3 nothing in this section shall be construed to prevent any beneficiary  
4 specified in paragraph (1) of subdivision (a) of Section 7071.10  
5 from claiming or recovering the full measure of the bond required  
6 by this section. This bond is in addition to, and shall not be  
7 combined with, any contractor's bond required by Sections 7071.5  
8 to 7071.8, inclusive, and is required for the issuance, reinstatement,  
9 reactivation, or continued valid use of a license.

10 (c) The responsible managing officer of a corporation shall not  
11 be required to file or have on file a qualifying individual's bond,  
12 if the responsible managing officer owns 10 percent or more of  
13 the voting stock of the corporation and certifies to that fact on a  
14 form prescribed by the registrar.

15 (d) The qualifying individual for a limited liability company  
16 shall not be required to file or have on file a qualifying individual's  
17 bond if the qualifying individual owns at least a 10-percent  
18 membership interest in the limited liability company and certifies  
19 to that fact on a form prescribed by the registrar.

20 (e) This section shall become operative on January 1, 2023.

21 SEC. 14. Section 17973 of the Health and Safety Code is  
22 amended to read:

23 17973. (a) Exterior elevated elements that include load-bearing  
24 components in all buildings containing three or more multifamily  
25 dwelling units shall be inspected. The inspection shall be performed  
26 by a licensed architect; licensed civil or structural engineer; a  
27 building contractor holding any or all of the "A," "B," or "C-5"  
28 license classifications issued by the Contractors' State License  
29 Board, with a minimum of five years' experience, as a holder of  
30 the aforementioned classifications or licenses, in constructing  
31 multistory wood frame buildings; or an individual certified as a  
32 building inspector or building official from a recognized state,  
33 national, or international association, as determined by the local  
34 jurisdiction. These individuals shall not be employed by the local  
35 jurisdiction while performing these inspections. The purpose of  
36 the inspection is to determine that exterior elevated elements and  
37 their associated waterproofing elements are in a generally safe  
38 condition, adequate working order, and free from any hazardous  
39 condition caused by fungus, deterioration, decay, or improper  
40 alteration to the extent that the life, limb, health, property, safety,

1 or welfare of the public or the occupants is not endangered. The  
2 person or business performing the inspection shall be hired by the  
3 owner of the building.

4 (b) For purposes of this section, the following terms have the  
5 following definitions:

6 (1) “Associated waterproofing elements” include flashings,  
7 membranes, coatings, and sealants that protect the load-bearing  
8 components of exterior elevated elements from exposure to water  
9 and the elements.

10 (2) “Exterior elevated element” means the following types of  
11 structures, including their supports and railings: balconies, decks,  
12 porches, stairways, walkways, and entry structures that extend  
13 beyond exterior walls of the building and which have a walking  
14 surface that is elevated more than six feet above ground level, are  
15 designed for human occupancy or use, and rely in whole or in  
16 substantial part on wood or wood-based products for structural  
17 support or stability of the exterior elevated element.

18 (3) “Load-bearing components” are those components that  
19 extend beyond the exterior walls of the building to deliver structural  
20 loads from the exterior elevated element to the building.

21 (c) The inspection required by this section shall at a minimum  
22 include:

23 (1) Identification of each type of exterior elevated element that,  
24 if found to be defective, decayed, or deteriorated to the extent that  
25 it does not meet its load requirements, would, in the opinion of the  
26 inspector, constitute a threat to the health or safety of the occupants.

27 (2) Assessment of the load-bearing components and associated  
28 waterproofing elements of the exterior elevated elements identified  
29 in paragraph (1) using methods allowing for evaluation of their  
30 performance by direct visual examination or comparable means  
31 of evaluating their performance. For purposes of this section, a  
32 sample of at least 15 percent of each type of exterior elevated  
33 element shall be inspected.

34 (3) The evaluation and assessment shall address each of the  
35 following as of the date of the evaluation:

36 (A) The current condition of the exterior elevated elements.

37 (B) Expectations of future performance and projected service  
38 life.

39 (C) Recommendations of any further inspection necessary.

1 (4) A written report of the evaluation stamped or signed by the  
2 inspector presented to the owner of the building or the owner's  
3 designated agent within 45 days of completion of the inspection.  
4 The report shall include photographs, any test results, and narrative  
5 sufficient to establish a baseline of the condition of the components  
6 inspected that can be compared to the results of subsequent  
7 inspections. In addition to the evaluation required by this section,  
8 the report shall advise which, if any, exterior elevated element  
9 poses an immediate threat to the safety of the occupants, and  
10 whether preventing occupant access or conducting emergency  
11 repairs, including shoring, are necessary.

12 (d) The inspection shall be completed by January 1, 2025, and  
13 by January 1 every six years thereafter. The inspector conducting  
14 the inspection shall produce an initial report pursuant to paragraph  
15 (4) of subdivision (c) and, if requested by the owner, a final report  
16 indicating that any required repairs have been completed. A copy  
17 of any report that recommends immediate repairs, advises that any  
18 building assembly poses an immediate threat to the safety of the  
19 occupants, or that preventing occupant access or emergency repairs,  
20 including shoring, are necessary, shall be provided by the inspector  
21 to the owner of the building and to the local enforcement agency  
22 within 15 days of completion of the report. Subsequent inspection  
23 reports shall incorporate copies of prior inspection reports,  
24 including the locations of the exterior elevated elements inspected.  
25 Local enforcement agencies may determine whether any additional  
26 information is to be provided in the report and may require a copy  
27 of the initial or final reports, or both, be submitted to the local  
28 jurisdiction. Copies of all inspection reports shall be maintained  
29 in the building owner's permanent records for not less than two  
30 inspection cycles, and shall be disclosed and delivered to the buyer  
31 at the time of any subsequent sale of the building.

32 (e) The inspection of buildings for which a building permit  
33 application has been submitted on or after January 1, 2019, shall  
34 occur no later than six years following issuance of a certificate of  
35 occupancy from the local jurisdiction and shall otherwise comply  
36 with the provisions of this section.

37 (f) If the property was inspected within three years prior to  
38 January 1, 2019, by an inspector as described in subdivision (a)  
39 and a report of that inspector was issued stating that the exterior  
40 elevated elements and associated waterproofing elements are in



1 proper working condition and do not pose a threat to the health  
2 and safety of the public, no new inspection pursuant to this section  
3 shall be required until January 1, 2025.

4 (g) An exterior elevated element found by the inspector that is  
5 in need of repair or replacement shall be corrected by the owner  
6 of the building. ~~No recommended repair shall be performed by a~~  
7 ~~licensed contractor serving as the inspector.~~ All necessary permits  
8 for repair or replacement shall be obtained from the local  
9 jurisdiction. All repair and replacement work shall be performed  
10 by a qualified and licensed contractor in compliance with all of  
11 the following:

12 (1) The recommendations of a licensed professional described  
13 in subdivision (a).

14 (2) Any applicable manufacturer's specifications.

15 (3) The California Building Standards Code, consistent with  
16 subdivision (d) of Section 17922 of the Health and Safety Code.

17 (4) All local jurisdictional requirements.

18 (h) (1) An exterior elevated element that the inspector advises  
19 poses an immediate threat to the safety of the occupants, or finds  
20 preventing occupant access or emergency repairs, including  
21 shoring, or both, are necessary, shall be considered an emergency  
22 condition and the owner of the building shall perform required  
23 preventive measures immediately. Immediately preventing  
24 occupant access to the exterior elevated element until emergency  
25 repairs can be completed constitutes compliance with this  
26 paragraph. Repairs of emergency conditions shall comply with the  
27 requirements of subdivision (g), be inspected by the inspector, and  
28 reported to the local enforcement agency.

29 (2) The owner of the building requiring corrective work to an  
30 exterior elevated element that, in the opinion of the inspector, does  
31 not pose an immediate threat to the safety of the occupants, shall  
32 apply for a permit within 120 days of receipt of the inspection  
33 report. Once the permit is approved, the owner of the building  
34 shall have 120 days to make the repairs unless an extension of time  
35 is granted by the local enforcement agency.

36 (i) (1) The owner of the building shall be responsible for  
37 complying with the requirements of this section.

38 (2) If the owner of the building does not comply with the repair  
39 requirements within 180 days, the inspector shall notify the local  
40 enforcement agency and the owner of the building. If within 30

1 days of the date of the notice the repairs are not completed, the  
2 owner of the building shall be assessed a civil penalty based on  
3 the fee schedule set by the local authority of not less than one  
4 hundred dollars (\$100) nor more than five hundred dollars (\$500)  
5 per day until the repairs are completed, unless an extension of time  
6 is granted by the local enforcement agency.

7 (3) In the event that a civil penalty is assessed pursuant to this  
8 section, a building safety lien may be recorded in the county  
9 recorder's office by the local jurisdiction in the county in which  
10 the parcel of land is located and from the date of recording shall  
11 have the force, effect, and priority of a judgment lien.

12 (j) (1) A building safety lien authorized by this section shall  
13 specify the amount of the lien, the name of the agency on whose  
14 behalf the lien is imposed, the street address, the legal description  
15 and assessor's parcel number of the parcel on which the lien is  
16 imposed, and the name and address of the recorded owner of the  
17 building.

18 (2) In the event that the lien is discharged, released, or satisfied,  
19 either through payment or foreclosure, notice of the discharge  
20 containing the information specified in paragraph (1) shall be  
21 recorded by the governmental agency. A safety lien and the release  
22 of the lien shall be indexed in the grantor-grantee index.

23 (3) A building safety lien may be foreclosed by an action  
24 brought by the appropriate local jurisdiction for a money judgment.

25 (4) Notwithstanding any other law, the county recorder may  
26 impose a fee on the city to reimburse the costs of processing and  
27 recording the lien and providing notice to the owner of the building.  
28 A city may recover from the owner of the building any costs  
29 incurred regarding the processing and recording of the lien and  
30 providing notice to the owner of the building as part of its  
31 foreclosure action to enforce the lien.

32 (k) The continued and ongoing maintenance of exterior elevated  
33 elements in a safe and functional condition in compliance with  
34 these provisions shall be the responsibility of the owner of the  
35 building.

36 (l) Local enforcement agencies shall have the ability to recover  
37 enforcement costs associated with the requirements of this section.

38 (m) For any building subject to the provisions of this section  
39 that is proposed for conversion to condominiums to be sold to the  
40 public after January 1, 2019, the inspection required by this section

1 shall be conducted prior to the first close of escrow of a separate  
2 interest in the project and shall include the inspector's  
3 recommendations for repair or replacement of any exterior elevated  
4 element found to be defective, decayed, or deteriorated to the extent  
5 that it does not meet its load requirements, and would, in the  
6 opinion of the inspector, constitute a threat to the health or safety  
7 of the occupants. The inspection report and written confirmation  
8 by the inspector that any repairs or replacements recommended  
9 by the inspector have been completed shall be submitted to the  
10 Department of Real Estate by the proponent of the conversion and  
11 shall be a condition to the issuance of the final public report. A  
12 complete copy of the inspection report and written confirmation  
13 by the inspector that any repairs or replacements recommended  
14 by the inspector have been completed shall be included with the  
15 written statement of defects required by Section 1134 of the Civil  
16 Code, and provided to the local jurisdiction in which the project  
17 is located. The inspection, report, and confirmation of completed  
18 repairs shall be a condition of the issuance of a final inspection or  
19 certificate of occupancy by the local jurisdiction.

20 (n) This section shall not apply to a common interest  
21 development, as defined in Section 4100 of the Civil Code.

22 (o) The governing body of any city, county, or city and county,  
23 may enact ordinances or laws imposing requirements greater than  
24 those imposed by this section.

25 *SEC. 15. No reimbursement is required by this act pursuant*  
26 *to Section 6 of Article XIII B of the California Constitution for*  
27 *certain costs that may be incurred by a local agency or school*  
28 *district because, in that regard, this act creates a new crime or*  
29 *infraction, eliminates a crime or infraction, or changes the penalty*  
30 *for a crime or infraction, within the meaning of Section 17556 of*  
31 *the Government Code, or changes the definition of a crime within*  
32 *the meaning of Section 6 of Article XIII B of the California*  
33 *Constitution.*

34 *However, if the Commission on State Mandates determines that*  
35 *this act contains other costs mandated by the state, reimbursement*  
36 *to local agencies and school districts for those costs shall be made*  
37 *pursuant to Part 7 (commencing with Section 17500) of Division*  
38 *4 of Title 2 of the Government Code.*

O

# Senate Bill 607

## Professions and vocations

### Senator Richard D. Roth

#### SUMMARY

---

**SB 607** is an omnibus bill, which includes several changes to a number of boards under the Department of Consumer Affairs (DCA), including the Dental Board of California, the Landscape Architects Technical Committee and the California Architects Board, the Contractors State License Board, and those applicants seeking expedited licensure as authorized for military spouses, among others.

#### BACKGROUND

---

This bill is the annual omnibus bill, which consolidates a number of provisions related to various regulatory programs and professions governed by the Business and Professions Code. Consolidating the provisions in one bill is designed to relieve the various licensing Boards, bureaus, and professions, as well as the Legislature, from the necessity and burden of having separate measures for a number of minor or technical revisions.

#### PURPOSE

---

*Military Licensure.* BPC § 115.4 requires boards under the DCA to expedite the initial licensure process for applicants who are honorably discharged veterans.

*California Landscape Architects Technical Committee.* SB 608 (Glazer, Chapter 376, Statutes of 2019), provided authority for the California Architects Board and the Landscape Architects Technical Committee to require fingerprints for background check purposes of new applicants for licensure. While SB 608 included necessary implementation language for licensure for architects, due to a technical oversight, similar language was not included in statute governing landscape architects in order for the same authority to be extended to landscape architect applicants.

*Contractors License Bond.* SB 610 (Glazer, Chapter Statutes of 2018), required the CSLB to

conduct a study to evaluate whether the current \$15,000 amount of the contractor bond is sufficient, or whether an increase may be necessary, and report its findings and recommendations to the appropriate policy committees of the Legislature by January 1, 2021.

*Inspections of Exterior Elevated Elements.* SB 721 sought to increase safety and oversight of multi-family dwellings by requiring existing exterior elevated elements to be inspected at least every six years by certain licensed persons in order to determine that those exterior elements and waterproofing elements *are in* generally safe conditions, adequate working order, and free from any hazardous conditions. SB 721 required any identified repairs to be made within a designated timeframe and set penalties for building owners who do not complete the required repairs. That bill was specific as to who could provide the inspections and specifically prohibited an individual hired as the inspector from completing any repair work.

*Dental Board of California.* SB 501 (Glazer, Chapter 929, Statutes of 2018), created a new Pediatric Minimal Sedation Permit and stated that the application and renewal fee for the new Permit shall not exceed the maximum fees for dentistry licensing and renewals. However, BPC § 1724 was not updated to provide the Dental Board the necessary authority to require an applicant to pay fees associated with the permit and permit renewal.

The Dental Board of California has worked with DCA's Office of Professional Examination Services over the past number of years and has determined that, due to ethical and practical considerations, dental licensure examinations are moving away from patient-based assessments. This trend has been accelerated by the pandemic. The Dental Board of California previously eliminated the Registered Dental Assistant practical examination.

Specifically, this bill:

- *Waives initial licensing fees for military spouses who are currently subject to the expedited application processing.*
- *Increases the current contractor bond amount by \$10,000.*
- *Remove the requirement that two separate contractors are hired for purposes of inspecting Exterior Elevated Elements.*
- *Adds the appropriate statutory authority for the CAB to begin obtaining the fingerprints required for LATC applicants.*
- *Repeals the clinical and practical examination requirements for Registered Dental Assistants in Extended Functions.*
- *Adds a maximum fee for initial issuance and renewal of a Pediatric Minimal Sedation Permit.*

**STATUS**

---

Senate Committee on Appropriations

**CONTACT**

---

Elissa Silva  
Phone: 916.651.4104  
Email: [Elissa.Silva@sen.ca.gov](mailto:Elissa.Silva@sen.ca.gov)





**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* www.cba.ca.gov



**LC Item VI.A-R.**  
**CBA Item XIV.A.5.a-r.**  
May 13-14, 2021

## **Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring**

**Presented by: Patrick Ibarra, Information and Planning Officer**

---

### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with a list of bills being monitored by staff that may eventually impact the CBA, including spot bills and certain bills regarding the regulation of public meetings and public records.

### **Consumer Protection Objectives**

This agenda item informs the CBA of potential bills that may impact the CBA and its consumer protection mandate.

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

A spot bill is a bill that amends a code section in a non-substantive way. A spot bill may be introduced to ensure it meets the legislative bill introduction deadline and is available for the author to amend with substantive provisions at a later date.

### **Comments**

The following bills are being monitored by staff as they are either spot bills or legislation that pertains to the regulation of public meetings and public records or may otherwise impact the CBA. If a bill is amended in a manner that makes it relevant to the CBA, an analysis will be conducted by staff and presented to the CBA at a future meeting, along with the text of the proposed legislation.

- A. AB 2 (Fong) – Regulations: Legislative Review: Regulatory Reform.
- B. AB 54 (Kiley) – COVID-19 Emergency Order Violation: License Revocation.
- C. AB 69 (Kiley) – State of Emergency: Termination After 60 Days: Extension by the Legislature.

## **Review and Possible Consideration of Positions on Legislation the California Board of Accountancy is Monitoring**

Page 2 of 2

- D. AB 305 (Maienschein) – Veteran Services: Notice.
- E. AB 339 (Lee) – Local Government: Open and Public Meetings.
- F. AB 343 (Fong) – California Public Records Act Ombudsperson.
- G. AB 473 (Chau) – California Public Records Act.
- H. AB 587 (Gabriel) – Social Media Companies: Terms of Service.
- I. AB 703 (Rubio, Blanca) – Open Meetings: Local Agencies: Teleconferences.
- J. AB 770 (Nguyen) – Business.
- K. AB 830 (Flora) – Business: Department of Consumer Affairs: Alarm Company Act: Real Estate Law.
- L. AB 1273 (Rodriguez) – Interagency Advisory Committee on Apprenticeship: the Director of Consumer Affairs and the State Public Health Officer.
- M. AB 1291 (Frazier) – State Bodies: Open Meetings.
- N. SB 102 (Melendez) – COVID-19 Emergency Order Violation: License Revocation.
- O. SB 209 (Dahle) – State of Emergency: Termination After 45 Days: Extension by the Legislature.
- P. SB 452 (Gonzalez) – State Government: Immigrant and Refugee Affairs Agency: Office of Immigrant and Refugee Affairs.
- Q. SB 600 (Borgeas) – Administrative Procedure Act.
- R. SB 731 (Durazo) – Criminal Records: Relief.

### **Fiscal/Economic Impact Considerations**

A fiscal/economic impact analysis will be completed if a bill is amended in a manner that makes it relevant to the CBA.

### **Recommendation**

Staff have no recommendation on this item.

### **Attachment**

None.



**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](http://www.cba.ca.gov)



**CPC Item III.**  
**CBA Item XIV.B.2.**  
May 13-14, 2021

**Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021**

**Presented by: Dominic Franzella, Chief, Enforcement Division**

---

**Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an update with respect to the American Institute of Certified Public Accountants’ (AICPA) new interpretation and revision related to staff augmentation arrangements (**Attachment 1**).

**Consumer Protection Objectives**

Independence is a cornerstone of the CPA profession. It is important that the CBA evaluate impacts that significantly affect the rules governing independence to determine whether they adversely affect the CBA’s mission of consumer protection.

**Action(s) Needed**

No specific action is required for this agenda item.

**Background**

The CBA has discussed the topic of staff augmentation arrangements on two previous occasions: July 2019 and November 2020. After discussions at the November 2020 meeting, the CBA issued a comment letter regarding concerns in enforceability related to the proposed revisions (**Attachment 2**).

In its December 2020 letter, the CBA stated the following:

Independence is a cornerstone of the CPA profession. The CBA realizes that the revised and reissued proposal included in the Exposure Draft seeks to provide enhanced guardrails for evaluating and mitigating independence. The safeguards remain, however, highly subjective and open to considerable interpretation. This ultimately would lead to potential issues with enforceability.

For these reasons, the CBA is not in a position to support the proposal at this time. The CBA will continue to monitor the issue and should the AICPA expose another revised proposal, the CBA



## Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021

Page 2 of 3

will consider any revisions for possible comment. Should the AICPA adopt the existing proposal, the CBA will consider any outcome and evaluate whether to take action to update the California Accountancy Act, CBA Regulations, or both.

### Comments

On February 9, 2021 the AICPA issued a new interpretation and related revisions to the AICPA Code of Professional Conduct adopting modifications to incorporate staffing augmentation arrangements. The official release incorporated modifications with allowances for staffing augmentation arrangements that would not be considered to impair independence under certain conditions.

These conditions include, but are not limited to (**Attachment 1**, see 1.275.007.02, subparagraphs (a)-(f)):

- The augmentation arrangement is being performed due to an unexpected situation that would create a significant hardship for the attest client to make other arrangements.
- The augmentation arrangement is not expected to reoccur.
- There is a rebuttable presumption that the augmentation arrangement would be for a short period of time not to exceed 30 days.

As with the prior exposure drafts, staff have focused its evaluation, not on the overall policy, but on the impact a revision would have to existing CBA Regulations. Staff considered the following regulations:

- CBA Regulations section 58 states “Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to, generally accepted accounting principles and generally accepted auditing standards.” The AICPA Code of Professional Conduct is a set of professional standards that licensees are required to follow when practicing public accountancy.
- CBA Regulations section 65 states “A licensee shall be independent in the performance of services in accordance with professional standards.”

The impact to California as it pertains to continued regulation, now that the AICPA adopted the proposed changes would be that the new interpretation to independence related to staff augmentation would be allowable. As previously noted during staff’s evaluations, the safeguards remain highly subjective and could prove difficult to enforce.

Given the CBA’s prior position of not supporting the proposal, staff, working with legal counsel, will begin exploring changes to the statutes, regulations, or both, which staff will bring back for CBA consideration at a future meeting. Should changes occur via the

**Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021**

Page 3 of 3

rulemaking process, this could take up to 24 months prior to any modifications becoming effective.

**Fiscal/Economic Impact Considerations**

There are no fiscal/economic impacts to consider at this time. Staff will explore the fiscal/economic impacts for any proposed modifications and report on those at that time the changes are being considered by the CBA.

**Recommendation**

Staff do not have a recommendation on this agenda item.

**Attachments**

1. American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021
2. California Board of Accountancy Comment Letter – December 6, 2020



# Official release

New interpretation and related revisions  
Staff Augmentation Arrangements

**AICPA Professional Ethics Division**

**Adopted February 9, 2021**

*© 2021 American Institute of Certified Public Accountants, Inc.  
New York, NY 10036-8775*

Permission is granted to make copies of this work provided that such copies are for personal, intraorganizational, or educational use only and are not sold or disseminated and provided further that each copy bears the following credit line: "© 2021 American Institute of Certified Public Accountants, Inc. Used with permission."

March 10, 2021

Ethics interpretations are promulgated by the executive committee of the Professional Ethics Division to provide guidelines about the scope and application of the rules but are not intended to limit such scope or application. Publication in the *Journal of Accountancy* constitutes notice to members.

At its February 2021 meeting, the Professional Ethics Executive Committee (PEEC) adopted a new interpretation under the “Independence Rule” (ET sec. 1.200.001): “Staff Augmentation Arrangements” (ET sec. 1.275.007).

PEEC also adopted these revised independence interpretations:

- “Client Affiliates” (ET sec. 1.224.010)
- “Agreed-Upon Procedure Engagements Performed in Accordance With SSAEs” (ET sec. 1.297.020)
- “Scope and Applicability of Nonattest Services (ET sec. 1.295.010)

The new and revised interpretations will be added to the [AICPA Code of Professional Conduct](#) with the March update. Notice of the interpretations will appear in the May print version of the *Journal of Accountancy*.

The interpretation and revisions to existing interpretations will be effective November 30, 2021.

## Text of Interpretation “Staff Augmentation Arrangements”

### 1.275 Current Employment or Association With an Attest Client

#### 1.275.007 Staff Augmentation Arrangements

- .01 In this interpretation, staff augmentation arrangements involve lending *firm* personnel (augmented staff) to an *attest client* whereby the *attest client* is responsible for the direction and supervision of the activities performed by the augmented staff. Under such arrangements, the *firm* bills the *attest client* for the activities performed by the augmented staff but does not direct or supervise the actual performance of the activities.
- .02 If a *partner* or professional employee of the *member’s firm* serves as augmented staff for an *attest client*, familiarity, management participation, advocacy, or self-review *threats* to the *member’s* compliance with the “[Independence Rule](#)” [1.200.001] may exist. *Threats* would not be at an *acceptable level* and *independence* would be *impaired* unless all the following *safeguards* are met:
- a. The staff augmentation arrangement is being performed due to an unexpected situation that would create a significant hardship for the *attest client* to make other arrangements.
  - b. The augmented staff arrangement is not expected to reoccur.
  - c. The augmented staff arrangement is performed for only a short period of time. There is a rebuttable presumption that a short period of time would not exceed 30 days.
  - d. The augmented staff neither participates in, nor is in a position to influence, an *attest engagement* covering any period that includes the staff augmentation arrangement.
  - e. The augmented staff performs only activities that would not be prohibited by the “Nonattest Services” subtopic [1.295] of the “Independence Rule” [1.200.001].
  - f. The *member* is satisfied that management of the *attest client* designates an individual or individuals who possess suitable skill, knowledge, and experience, preferably within senior management, to be responsible for
    - i. determining the nature and scope of the activities to be provided by the augmented staff;
    - ii. supervising and overseeing the activities performed by the augmented staff; and
    - iii. evaluating the adequacy of the activities performed by the augmented staff and the findings resulting from the activities.
- .03 Refer to the “Agreed-Upon Procedure Engagements Performed in Accordance With

SSAEs” interpretation [1. 297.020] and paragraph .02f of the “[Client Affiliates](#)” interpretation [1.224.010] of the “[Independence Rule](#)” [1.200.001] for additional guidance.

***Effective Date***

.04 This interpretation is effective November 30, 2021.

## Text of Revised Interpretation “Client Affiliates”

(Additions appear in ***bold italic*** and deletions in ~~strikethrough~~. Defined terms appear in **bold roman**)

### 1.224 Affiliates, Including State and Local Government Affiliates

#### 1.224.010 Client Affiliates

- .01 Financial interests in, and other relationships with, *affiliates* of a *financial statement attest client* may create *threats* to a *member’s* compliance with the “Independence Rule” [1.200.001].
- .02 When a *client* is a *financial statement attest client*, *members* should apply the “[Independence Rule](#)” [1.200.001] and related interpretations applicable to the *financial statement attest client* to their *affiliates*, except in the following situations:
- a. A covered *member* may have a *loan* to or from an individual who is an officer, a director, or a 10 percent or more owner of an *affiliate* of a *financial statement attest client* during the *period of the professional engagement* unless the *covered member* knows or has reason to believe that the individual is in such a position with the *affiliate*. If the *covered member* knows or has reason to believe that the individual is an officer, a director, or a 10 percent or more owner of the *affiliate*, the *covered member* should evaluate the effect that the relationship would have on the *covered member’s independence* by applying the “[Conceptual Framework for Independence](#)” [1.210.010].
  - b. A *member* or the *member’s firm* may provide prohibited nonattest services to entities described under items (c)–(l) of the definition of *affiliate* during the period of the *professional engagement* or during the period covered by the *financial statements*, provided that it is reasonable to conclude that the services do not create a self-review *threat* with respect to the *financial statement attest client* because the results of the nonattest services will not be subject to *financial statement attest* procedures. For any other *threats* that are created by the provision of the nonattest services that are not at an *acceptable level* (in particular, those relating to management participation), the *member* should apply *safeguards* to eliminate or reduce the *threats* to an *acceptable level*.
  - c. A *firm* will only have to apply the “[Subsequent Employment or Association With an Attest Client](#)” interpretation [1.279.020] of the “Independence Rule” if the former employee, by virtue of his or her employment at an entity described under items (c)–(l) of the definition of *affiliate*, is in a *key position* with respect to the *financial statement attest client*. *Individuals in a position to influence the attest engagement* and on the *attest engagement team* who are considering employment with an *affiliate* of a *financial statement attest client* will still need to report consideration of employment to an appropriate person in the *firm* and



remove themselves from the *financial statement attest engagement*, even if the position with the *affiliate* is not a *key position*.

- d. A covered member's immediate family members and close relatives may be employed in a *key position* at an entity described under items (c)–(l) of the definition of *affiliate* during the *period of the professional engagement* or during the period covered by the *financial statements*, provided they are not in a *key position* with respect to the *financial statement attest client*.
- e. A covered member who is an individual on the *attest engagement team*, an individual in a position to influence the *attest engagement*, or the *firm* may have a lease that does not meet the requirements of the "[Leases](#)" interpretation [1.260.040] under the "[Independence Rule](#)" with an entity described under items (c)–(l) of the definition of *affiliate* during the period of the professional engagement. The covered member should use the "[Conceptual Framework for Independence](#)" to evaluate whether any *threats* created by the lease are at an *acceptable level*. If the covered member concludes that *threats* are not at an *acceptable level*, the covered member should apply *safeguards* to eliminate the *threats* or reduce them to an *acceptable level*.
- f. **A member or member's firm may enter into a staff augmentation arrangement with entities described under items (c)–(l) of the definition of affiliate during the period of the professional engagement or during the period covered by the financial statements. The member should use the "[Conceptual Framework for Independence](#)" to evaluate whether any threats created by the staff augmentation arrangement are at an acceptable level. If the member concludes that threats are not at an acceptable level, the member should apply safeguards to eliminate the threats or reduce them to an acceptable level. If safeguards are not available or cannot be applied to eliminate or reduce the threats to an acceptable level, the member should not enter into the staff augmentation arrangement.**

.03 A member must expend best efforts to obtain the information necessary to identify the *affiliates* of a *financial statement attest client*. If, after expending best efforts, a member is unable to obtain the information to determine which entities are *affiliates* of a *financial statement attest client*, *threats* would be at an *acceptable level* and *independence* would not be *impaired* if the member (a) discusses the matter, including the potential impact on *independence*, with *those charged with governance*; (b) documents the results of that discussion and the efforts taken to obtain the information; and (c) obtains written assurance from the *financial statement attest client* that it is unable to provide the member with the information necessary to identify the *affiliates* of the *financial statement attest client*.

.04 This interpretation does not apply to a *financial statement attest client* that is covered by the "[Entities Included in State and Local Government Financial Statements](#)" interpretation [1.224.020] of the "[Independence Rule](#)" [1.200.001]. [Prior reference:

paragraph .20 of ET section 101]

***Acquisitions and Other Business Combinations That Involve a Financial Statement Attest Client***

- .05 The exception in [paragraph .06](#) would apply when (1) a *financial statement attest client* is acquired during the *period of the professional engagement* by either a nonclient or a nonattest client (acquirer), (2) the *attest engagement* covers only periods prior to the acquisition, and (3) the *member* or *member's firm* will not continue to provide *financial statement* attest services to the acquirer.
- .06 *Independence* will not be considered *impaired* with respect to the *financial statement attest client* because a *member* or *member's firm* has an interest in or relationship with the acquirer that may otherwise *impair independence* as a result of the requirements of this interpretation or the definition of "*attest client*" (as it relates to the entity or person that engages the member or member's firm to perform the *attest engagement*).
- .07 Notwithstanding [paragraph .06](#), a *member* should give consideration to the requirements of the "[Conflicts of Interest](#)" subtopic [1.110] under the "Integrity and Objectivity Rule" [1.100.001], with regard to any relationships that the *member* knows or has reason to believe exist with the acquirer, the *financial statement attest client*, or the *firm*.
- .08 A member should refer to [paragraph .03](#) of "Application of the AICPA Code" [0.200.020] for guidance on circumstances involving foreign network firms.

## Text of Revised Interpretation “Agreed-Upon Procedure Engagements Performed in Accordance With SSAEs”

(Additions appear in ***bold italic*** and deletions in ~~strikethrough~~. Defined terms appear in **bold roman**)

### 1.297 Independence Standards for Engagements Performed in Accordance With Statements on Standards for Attestation Engagements

#### 1.297.020 Agreed-Upon Procedure Engagements Performed in Accordance With SSAEs

- .01 For purposes of this interpretation, subject matter is as defined in the SSAEs.
- .02 When performing agreed-upon procedures (AUP) engagements in accordance with the SSAEs, the application of the “[Independence Rule](#)” [1.200.001] is modified, as described in the “[Application of the Independence Rule to Engagements Performed in Accordance With Statements on Standards for Attestation Engagements](#)” interpretation [1.297.010] of the “Independence Rule” and this interpretation.
- .03 When providing nonattest services that would otherwise *impair independence* under the *interpretations* of the “[Nonattest Services](#)” subtopic [1.295] under the “Independence Rule” [1.200.001], *threats* would be at an *acceptable level* and *independence* would not be *impaired*, provided that the nonattest services do not relate to the specific subject matter of the SSAE engagement. *Threats* would be at an *acceptable level* and *independence* would also not be *impaired* if the “[General Requirements for Performing Nonattest Services](#)” interpretation [1.295.040] of the “Independence Rule” were not applied when providing the nonattest services, provided that the nonattest services do not relate to the specific subject matter of the AUP engagement.
- .04 ***When a member or member’s firm enters into a staff augmentation arrangement as described in paragraph .01 of the “Staff Augmentation Arrangements” interpretation [1.275.007], threats would be at an acceptable level and independence would not be impaired provided that the services performed by the augmented staff are unrelated to the specific subject matter of the AUP engagement.***
- ~~.05~~ .04 In addition, when performing an AUP engagement under the SSAEs, *threats* would be at an *acceptable level* and *independence* would not be *impaired*, if the following *covered members* and their *immediate families* are independent of the responsible party(ies):
  - a. Individuals participating on the AUP engagement team
  - b. Individuals who directly supervise or manage the AUP engagement *partner* or *partner equivalent*
  - c. Individuals who consult with the attest engagement team regarding technical or industry-related issues specific to the AUP engagement
- ~~.06~~ .05 Furthermore, *threats* to compliance with the “[Independence Rule](#)” [1.200.001] would not

be at an *acceptable level* and could not be reduced to an *acceptable level* by the application of *safeguards*, and *independence* would be *impaired*, if the *firm* had a material financial relationship with the responsible party(ies) that was covered by any of the following interpretations of the “[Independence Rule](#)”:

- a. [Paragraphs .01–.02](#) of “Overview of Financial Interests” [1.240.010]
- b. “[Trustee or Executor](#)” [1.245.010]
- c. “[Joint Closely Held Investments](#)” [1.265.020]
- d. “[Loans](#)” [1.260.010] [Prior reference: paragraph .13 of ET section 101]

## **Text of Revised Interpretation “Scope and Applicability of Nonattest Services”**

(Additions appear in ***bold italic*** and deletions in ~~strikethrough~~. Defined terms appear in **bold roman**)

### **1.295 Nonattest Services**

#### **1.295.010 Scope and Applicability of Nonattest Services [excerpt]**

[No changes to par. .01–.07]

***.08 Refer to the “Staff Augmentation Arrangements” interpretation [1.275.007] when the engagement involves lending firm personnel (augmented staff) to an attest client whereby the attest client is responsible for the direction and supervision of the activities performed by the augmented staff.***



**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](http://www.cba.ca.gov)



## Attachment 2

December 6, 2020

Professional Ethics Executive Committee  
c/o Toni Lee-Andrews, Director  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775

Via e-mail: [Ethics-ExposureDraft@aicpa-cima.com](mailto:Ethics-ExposureDraft@aicpa-cima.com)

### Re: **Staff Augmentation Arrangements**

Dear Ms. Lee-Andrews:

The California Board of Accountancy (CBA) appreciates the opportunity to consider and comment on the recent iteration of the American Institute of CPAs' (AICPA) Exposure Draft titled *Proposed Interpretation of the AICPA Code of Professional Conduct – Staff Augmentation Arrangements* (Exposure Draft).

The CBA discussed the Exposure Draft at its November 19, 2020 meeting. The CBA considered the practical application of how the concept of staff augmentation would affect the CBA's mission of consumer protection and whether the proposal offered in the Exposure Draft advances or detracts from this overall mission.

Independence is a cornerstone of the CPA profession. The CBA realizes that the revised and reissued proposal included in the Exposure Draft seeks to provide enhanced guardrails for evaluating and mitigating independence. The safeguards remain, however, highly subjective and open to considerable interpretation. This ultimately would lead to potential issues with enforceability.

For these reasons, the CBA is not in a position to support the proposal at this time. The CBA will continue to monitor the issue and should the AICPA expose another revised proposal, the CBA will consider any revisions for possible comment. Should the AICPA adopt the existing proposal, the CBA will consider any outcome and evaluate whether to take action to update the California Accountancy Act, CBA Regulations, or both.

Sincerely,

A handwritten signature in cursive script that reads 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA  
CBA President

c: Ken Bishop, CEO and President, National Association of State Boards of Accountancy



**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](http://www.cba.ca.gov)



**CPC Item IV.  
CBA Item XIV.B.3.**  
May 13-14, 2021

## **Discussion and Possible Action Regarding the Fees Associated with Online Payments**

**Presented by: Deanne Pearce, Assistant Executive Officer**

---

### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information on the fees associated with online credit card transactions.

### **Consumer Protection Objectives**

The fees collected by the CBA provide the necessary funding for the CBA to carry out its consumer protection mandate pursuant to Business and Professions Code (BPC) section 5000.1.

### **Action(s) Needed**

No specific action is required unless the CBA determines that individuals should pay the fee associated with online credit card transactions.

### **Background**

At the July 2018 CBA meeting, information was presented regarding the acceptance of credit cards for online license renewal payments to determine whether the CBA or the individual would pay the associated transaction fees. The CBA was presented with information on two models for consideration: 1) the CBA pay the fees associated with online credit card transactions, and 2) the individual pay the fee associated with online credit card transactions (referred to as the "Convenience Fee Model").

Based on guidance and past experience shared by the Department of Consumer Affairs (DCA), DCA informed staff that boards would likely have a higher usage rate if they paid the fees associated with online credit card transactions. Following deliberations, the CBA approved the model whereby it would pay the fees<sup>1</sup> associated with online credit card transactions for license renewal.

At the May 2019 CBA meeting, during a budget presentation regarding future costs associated with increased license renewal fees and expanding the online credit card payment option to examination and initial licensure applicants, a CBA member

---

<sup>1</sup> Processing fees at that time ranged from 2 percent to 2.9 percent.

## Discussion and Possible Action Regarding the Fees Associated with Online Payments

Page 2 of 4

requested that the topic of credit card transaction fees be presented at a future meeting for CBA discussion.

At the September 2019 CBA meeting, a presentation was provided regarding the current and projected fees the CBA would pay associated with credit card transaction fees. During the meeting, staff provided information on current usage percentages for the CBA and other DCA entities. At the conclusion of the CBA's discussion, the CBA requested to discuss this topic again at a future meeting when credit card acceptance was to be expanded beyond license renewal payments.

### Comments

Since implementation of an online credit card payment option for license renewal, the usage rates have increased significantly. The information below demonstrates the volumes of transactions since the CBA launched this payment method in December 2018:

<b>Fiscal Year</b>	<b>Total Renewal Transactions</b>	<b>Credit Card Transactions</b>	<b>Percentage of Overall Renewals</b>
2018-19*	28,030	3,691	13%
2019-20	48,015	21,138	44%
2020-21**	34,754	22,084	64%

\*Implemented in December 2018 – seven months of fees

\*\*Through March 31, 2021

The contract with the credit card processors (Elavon and American Express) is structured to assess a fee based on the dollar amount of the transaction. The CBA's overall costs for the online credit card transactions have grown in two ways: 1) the overall volume of transactions has increased, and 2) the license renewal fee increased on January 1, 2020, which increased the amount the CBA was paying per transaction.

The information below demonstrates the increase in costs realized by the CBA since the implementation of online license renewal payments

<b>Fiscal Year</b>	<b>Contractor</b>	<b>Contract Totals</b>	<b>Invoice Totals (CBA Costs)</b>
2018-19*	American Express	\$47,000	<b>\$9,702</b>
	Elavon		
2019-20**	American Express	\$93,000	<b>\$88,238</b>
	Elavon		
2020-21***	American Express	\$163,000	<b>\$111,502</b>
	Elavon		

\*Implemented in December 2018 – seven months of fees

\*\*License renewal fee increased from \$120 to \$250 effective January 1, 2020

\*\*\*Through March 31, 2021



## Discussion and Possible Action Regarding the Fees Associated with Online Payments

Page 3 of 4

Recognizing the increased popularity of this new payment option, the CBA developed a budget change proposal (BCP) and requested a budget augmentation for \$217,000, which was approved and funds were received in fiscal year 2019-20. The augmentation request was supported with the knowledge that license renewal fees would likely increase and the credit payment option would be expanded to candidates applying for the Uniform CPA Examination (CPA Exam) and initial CPA licensure.

On April 20, 2021 the CBA launched an online CPA application, which includes online payment for the application fee and an option to pay the initial licensee fee.

With this influx of individuals applying online and paying by credit card, the CBA will experience an additional increase in credit card processing fees. The following identifies possible future costs:

Fee	Percentage of Online Users for CPA Application and Licensure		
	50%	75%	100%
Application* \$250	1,724	2,586	3,448
Initial License** \$250	1,749	2,623	3,498
<b>Potential Costs to CBA***</b>	<b>\$17,365</b>	<b>\$26,045</b>	<b>\$34,730</b>

\*Based on average number of applications in fiscal year 2018/19 and 2019/20 = 3,448

\*\*Based on average number of initial licenses issued in fiscal year 2018/19 and 2019/20 = 3,498 (estimate includes all licenses issued at the full rate of \$250)

\*\*\*Cost is based on 2 percent of the amount of each transaction.

The above information is in addition to the costs identified for license renewal and does not take into account expanding this option to CPA Exam candidates. That would be in addition to these identified costs.

The CBA is presently undergoing a fee analysis to determine if fee changes are needed. Results of the fee analysis are anticipated to be concluded in fall 2021. The outcome of this analysis could impact the associated processing fee as it is a percentage of each credit card transaction amount.

This may necessitate a request for an additional augmentation or alternatively it may require a "reverse BCP" to revert some or all of the \$217,000 credit card funding back to its Accountancy Fund Reserve. It is also possible that a statutory or regulatory change may be needed to implement this change.

### Fiscal/Economic Impact Considerations

The fiscal impact would be based on what, if any, additional transaction fees are paid by the CBA.

## **Discussion and Possible Action Regarding the Fees Associated with Online Payments**

Page 4 of 4

### **Recommendation**

Staff do not have a recommendation.

### **Attachment**

None.



**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](http://www.cba.ca.gov)



**EPOC Item III.**  
**CBA Item XIV.C.2.**  
May 13-14, 2021

## **Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1**

**Presented by: Dominic Franzella, Chief, Enforcement Division**

---

### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the opportunity to discuss possible modifications to the retired status licensure approval/denial process, specifically related to individuals who have a permanent restricted practice order stemming from prior disciplinary action imposed by the CBA.

### **Consumer Protection Objectives**

If the CBA adopts a change to the retired status license, it is important that any permanent restricted practice order previously in existence be reinstated should licensees seek to restore the license to an active status. This ensures appropriate consumer protection should licensees re-engage in the practice of public accountancy.

### **Action(s) Needed**

The CBA is being asked to direct staff to explore necessary changes to the retired status licensure approval/denial process to allow an individual with a permanent restricted practice order to be approved for a retired status license.

### **Background**

Prior to the implementation of the retired status license, licensees that wished to retire had three options: (1) continue to pay the license renewal fee for either an inactive or active (which would also require completion of the necessary continuing education) license, (2) allow the license to expire and go into a delinquent status until such time as it was canceled five years later, or (3) voluntarily surrender the license.

In 2011, the CBA sponsored Assembly Bill (AB) 431 (Hayashi, Statutes of 2011, Chapter 395) that established a process whereby the CBA could create a process for individuals to apply for and receive a retired status license. AB 431 became effective January 1, 2012. The Office of Administrative Law approved the CBA rulemaking

## Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1

Page 2 of 4

package to implement the retired status license in late 2013, with an effective date of January 1, 2014.

As part of the CBA's sunset review process in 2015, the Legislature passed AB 467 (Hill, Statutes of 2015, Chapter 456). In addition to extending the CBA's sunset date, the Legislature included a provision at the CBA's request to allow the CBA and Administrative Law Judges (ALJ) the option of including a permanent restricted practice as part of the disciplinary process. While this option was used during the stipulated settlement process, it was not something the CBA or ALJs included as part of disciplinary orders, as the CBA lacked legislative authority to include such an order.

### Comments

The passage of AB 431 allowed licensees to have the license placed in retired status, provided they met certain criteria. Additionally, the regulations adopted by the CBA allowed for licensees meeting certain criteria to apply to have the license restored to the active status, if necessary.

Recently, the CBA considered a petition request for a reduction of penalty associated with a licensee who had been on probation but was tolling as the licensee lived out of state. The disciplinary order also included a permanent restricted practice order. The licensee was requesting to have the petition granted to terminate probation and have the license placed in a retired status.

After deliberations on the matter, the CBA issued an order granting the request. The CBA order did include a provision that should the licensee ever apply to have the license restored to the active status, the previous permanent restricted practice order shall be reinstated.

One question raised regarding the ability to grant the individuals request centered on language included in the enabling statute for the retired status license found in Business and Professions Code (BPC) section 5070.1(**Attachment 1**). Specifically, subdivision (c) states "[t]he board shall deny an applicant's application to place a license in a retired status if the permit is subject to an **outstanding order of the board**, is suspended, revoked, or otherwise punitively restricted by the board, or is subject to disciplinary action under this chapter." (emphasis added)

When the CBA has enacted a disciplinary order against a license that includes a permanent restricted practice order, it, in essence, includes two orders. The primary decision and order that placed the licensee on probation with various terms and conditions (including a restricted practice during the term of probation), and a restricted practice order at the end of any probationary term.

## **Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1**

Page 3 of 4

The disciplinary order is structured this way to allow the probationary order to run its course and that after probation has ended, the licensee can come off probation, have the license fully restored, with the exception of any restricted practice order imposed by the CBA.

Staff requested information from legal counsel regarding future approval/denial of applications for retired status license when licensees have completed the probationary process but have a permanent restricted practice order. Legal counsel informed staff, that BPC section 5070.1 would require staff to deny an application for retired status if the licensee has a permanent restricted practice order, as the order is still considered an outstanding order of the CBA.

When the CBA sponsored the retired status license provisions in 2011, the CBA was not commonly using permanent restricted practice orders as part of its stipulations, nor had the CBA sought to include statutory provisions to allow for it or ALJs to include in a disciplinary order. The primary purpose behind permanent restricted practice orders is to provide the CBA with a tool to ensure consumer protection while balancing licensees' ability to continue to practice and earn a livelihood, with continued practice in areas not deemed to put the public at continued harm.

Today, the CBA has over 100 licensees (with that number growing more over time), with a permanent restricted practice order. If these licensees ever seek to have their license placed in the retired status, the CBA will need to deny such application.

While the permanent restricted practice order is still a form of discipline, it seems reasonable that should licensees ever seek to retire the license, the CBA should be able to approve such an application; however, should these same licensees seek to restore the license to the active status any such prior permanent restricted practice order be reinstated. If these licensees wished to have the permanent restricted practice order removed, they would need to petition the CBA through its normal petition process.

Staff would like CBA direction to work with legal counsel on possible steps to make modifications to the retired license status provisions – whether via statute, regulation, or both – and present these to the CBA at a future meeting.

### **Fiscal/Economic Impact Considerations**

There will likely be minor cost associated with any change. Staff will present more specific costing based on whether the change is performed via statute, or regulation, or both.

## **Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1**

Page 4 of 4

### **Recommendation**

Staff recommend that the CBA direct staff to explore necessary changes to the retired status licensure approval/denial process to allow an individual with a permanent restricted practice order to be approved for a retired status license.

### **Attachments**

1. Business and Professions Code Section 5070.1 – Retired Status
2. Example of Restricted Practice Order - Redacted



**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](http://www.cba.ca.gov)



## Attachment 1

### **Business and Professions Code Section 5070.1 – Retired Status**

- (a) The board may establish, by regulation, a system for the placement of a license into a retired status, upon application, for certified public accountants and public accountants who are not actively engaged in the practice of public accountancy or any activity that requires them to be licensed by the board.
- (b) No licensee with a license in a retired status shall engage in any activity for which a permit is required.
- (c) The board shall deny an applicant's application to place a license in a retired status if the permit is subject to an outstanding order of the board, is suspended, revoked, or otherwise punitively restricted by the board, or is subject to disciplinary action under this chapter.
- (d) (1) The holder of a license that was canceled pursuant to Section 5070.7 may apply for the placement of that license in a retired status pursuant to subdivision (a).
- (2) Upon approval of an application made pursuant to paragraph (1), the board shall reissue that license in a retired status.
- (3) The holder of a canceled license that was placed in retired status between January 1, 1994, and January 1, 1999, inclusive, shall not be required to meet the qualifications established pursuant to subdivision (e), but shall be subject to all other requirements of this section.
- (e) The board shall establish minimum qualifications to place a license in retired status.
- (f) The board may exempt the holder of a license in a retired status from the renewal requirements described in Section 5070.5.
- (g) The board shall establish minimum qualifications for the restoration of a license in a retired status to an active status. These minimum qualifications shall include, but are not limited to, continuing education and payment of a fee as provided in subdivision (h) of Section 5134.
- (h) The board shall not restore to active or inactive status a license that was canceled by operation of law, pursuant to subdivision (a) of Section 5070.7, and then placed into retired status pursuant to subdivision (d). The individual shall instead apply for a new license, as described in subdivision (c) of Section 5070.7, in order to restore the individual's license.
- (i) At the time of application, if the applicant has a valid email address, the applicant shall provide that email address to the board.

1 XAVIER BECERRA  
Attorney General of California  
2 DIANN SOKOLOFF  
Supervising Deputy Attorney General  
3 ASPASIA A. PAPAVALASSILOU  
Deputy Attorney General  
4 State Bar No. 196360  
1515 Clay Street, 20th Floor  
5 P.O. Box 70550  
Oakland, CA 94612-0550  
6 Telephone: (510) 879-0818  
Facsimile: (510) 622-2270  
7 *Attorneys for Complainant*

8  
9 **BEFORE THE**  
**CBA**  
10 **DEPARTMENT OF CONSUMER AFFAIRS**  
11 **STATE OF CALIFORNIA**

12  
13 In the Matter of the Accusation Against:

[REDACTED]

14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]

**STIPULATED SETTLEMENT AND  
DISCIPLINARY ORDER**

22 Respondents.

23  
24 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-  
25 entitled proceedings that the following matters are true:

26 **PARTIES**

27 1. Patti Bowers (Complainant) is the Executive Officer of the California Board of  
28 Accountancy (CBA). She brought this action solely in her official capacity and is represented in



1 this matter by Xavier Becerra, Attorney General of the State of California, by Aspasia A.  
2 Papavassiliou, Deputy Attorney General.

3 2. [REDACTED] (Respondents) are representing themselves in this  
4 proceeding and have chosen not to exercise their right to be represented by counsel.

5 3. On or about May 5, 2010, the CBA issued Certified Public Accountant Certificate  
6 Number CPA [REDACTED] to [REDACTED] (Respondent [REDACTED]). The Certified Public  
7 Accountant Certificate was in full force and effect at all times relevant to the charges brought in  
8 the Accusation and will expire on November 30, 2022, unless renewed.

9 4. On or about March 8, 2013, the CBA issued Certified Public Accountancy  
10 Corporation Certificate Number COR [REDACTED] to [REDACTED] (Respondent [REDACTED]). The Certified  
11 Public Accountancy Corporation Certificate was in full force and effect at all times relevant to the  
12 charges brought in the Accusation and will expire on March 31, 2021, unless renewed.

### 13 JURISDICTION

14 5. Accusation No. [REDACTED] was filed before the CBA, and is currently pending  
15 against Respondents. The Accusation and all other statutorily required documents were properly  
16 served on Respondents on June 9, 2020. Respondents timely filed their Notices of Defense  
17 contesting the Accusation.

18 6. A copy of Accusation No. [REDACTED] is attached as exhibit A and incorporated by  
19 reference.

### 20 ADVISEMENT AND WAIVERS

21 7. Respondents have carefully read, and understand the charges and allegations in  
22 Accusation No. [REDACTED]. Respondents have also carefully read, and understand the effects of  
23 this Stipulated Settlement and Disciplinary Order.

24 8. Respondents are fully aware of their legal rights in this matter, including the right to a  
25 hearing on the charges and allegations in the Accusation; the right to be represented by counsel at  
26 their own expense; the right to confront and cross-examine the witnesses against them; the right  
27 to present evidence and to testify on their own behalf; the right to the issuance of subpoenas to  
28 compel the attendance of witnesses and the production of documents; the right to reconsideration

1 and court review of an adverse decision; and all other rights accorded by the California  
2 Administrative Procedure Act and other applicable laws.

3 9. Respondents voluntarily, knowingly, and intelligently waive and give up each and  
4 every right set forth above.

5 **CULPABILITY**

6 10. Respondents admit the truth of each and every charge and allegation in Accusation  
7 No. [REDACTED].

8 11. Respondents agree that their Certified Public Accountant Certificate and Certified  
9 Public Accountancy Corporation Certificate are subject to discipline and they agree to be bound  
10 by the CBA's probationary terms as set forth in the Disciplinary Order below.

11 **CONTINGENCY**

12 12. This stipulation shall be subject to approval by the CBA. Respondents understand  
13 and agree that counsel for Complainant and the staff of the CBA may communicate directly with  
14 the CBA regarding this stipulation and settlement, without notice to or participation by  
15 Respondents. By signing the stipulation, Respondents understand and agree that they may not  
16 withdraw their agreement or seek to rescind the stipulation prior to the time the CBA considers  
17 and acts upon it. If the CBA fails to adopt this stipulation as its Decision and Order, the  
18 Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for this  
19 paragraph, it shall be inadmissible in any legal action between the parties, and the CBA shall not  
20 be disqualified from further action by having considered this matter.

21 13. The parties understand and agree that Portable Document Format (PDF) and facsimile  
22 copies of this Stipulated Settlement and Disciplinary Order, including PDF and facsimile  
23 signatures thereto, shall have the same force and effect as the originals.

24 14. This Stipulated Settlement and Disciplinary Order is intended by the parties to be an  
25 integrated writing representing the complete, final, and exclusive embodiment of their agreement.  
26 It supersedes any and all prior or contemporaneous agreements, understandings, discussions,  
27 negotiations, and commitments (written or oral). This Stipulated Settlement and Disciplinary  
28

1 Order may not be altered, amended, modified, supplemented, or otherwise changed except by a  
2 writing executed by an authorized representative of each of the parties.

3 15. In consideration of the foregoing admissions and stipulations, the parties agree that  
4 the CBA may, without further notice or formal proceeding, issue and enter the following  
5 Disciplinary Order:

6 **DISCIPLINARY ORDER**

7 IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA [REDACTED]  
8 issued to Respondent [REDACTED] and Certified Public Accountancy Corporation Certificate  
9 No. COR [REDACTED] issued to Respondent [REDACTED] are revoked. However, the revocations are stayed  
10 and Respondents are placed on probation for three (3) years on the following terms and  
11 conditions:

12 **1. Obey All Laws**

13 Respondents shall obey all federal, California, other states' and local laws, including those  
14 rules relating to the practice of public accountancy in California.

15 **2. Cost Reimbursement**

16 Respondents shall be jointly and severally responsible for reimbursing the CBA \$17,627.13  
17 for its investigation and prosecution costs. The payments shall be made in ten (10) quarterly  
18 payments (due with quarterly written reports), the final payment being due six months before  
19 probation is scheduled to terminate.

20 **3. Submit Written Reports**

21 Respondents shall submit, within 10 days of completion of the quarter, written reports to  
22 the CBA on a form obtained from the CBA. Respondents shall submit, under penalty of perjury,  
23 such other written reports, declarations, and verification of actions as are required. These  
24 declarations shall contain statements relative to Respondents' compliance with all the terms and  
25 conditions of probation. Respondents shall immediately execute all release of information forms  
26 as may be required by the CBA or its representatives.

27 **4. Personal Appearances**

28 Respondents shall, during the period of probation, appear in person at interviews/meetings

1 as directed by the CBA or its designated representatives, provided such notification is  
2 accomplished in a timely manner.

3 **5. Comply with Probation**

4 Respondents shall fully comply with the terms and conditions of the probation imposed by  
5 the CBA and shall cooperate fully with representatives of the CBA in its monitoring and  
6 investigation of the Respondents' compliance with probation terms and conditions.

7 **6. Practice Investigation**

8 Respondents shall be subject to, and shall permit, a practice investigation of the  
9 Respondents' professional practice. Such a practice investigation shall be conducted by  
10 representatives of the CBA, provided notification of such review is accomplished in a timely  
11 manner.

12 **7. Comply with Citations**

13 Respondents shall comply with all final orders resulting from citations issued by the CBA.

14 **8. Tolling of Probation for Out-of-State Residence/Practice**

15 In the event Respondents should leave California to reside or practice outside this state,  
16 Respondents must notify the CBA in writing of the dates of departure and return. Periods of non-  
17 California residency or practice outside the state shall not apply to reduction of the probationary  
18 period, or of any suspension. No obligation imposed herein, including requirements to file  
19 written reports, reimburse the CBA costs, and make restitution to consumers, shall be suspended  
20 or otherwise affected by such periods of out-of-state residency or practice except at the written  
21 direction of the CBA.

22 **9. Violation of Probation**

23 If Respondents violate probation in any respect, the CBA, after giving Respondents notice  
24 and an opportunity to be heard, may revoke probation and carry out the disciplinary order that  
25 was stayed. If an accusation or a petition to revoke probation is filed against Respondents during  
26 probation, the CBA shall have continuing jurisdiction until the matter is final, and the period of  
27 probation shall be extended until the matter is final.

28 The CBA's Executive Officer may issue a citation under California Code of Regulations,

1 Section 95, to a licensee for a violation of a term or condition contained in an Order placing that  
2 licensee on probation.

3 **10. Completion of Probation**

4 Upon successful completion of probation, Respondents' licenses will be fully restored,  
5 except as limited by the Restricted Practice Order at the end of this stipulation.

6 **11. Restricted Practice**

7 During the period of probation, Respondents shall be prohibited from engaging in and  
8 performing audits, reviews, compilations, and other attestation services.

9 **12. Ethics Continuing Education**

10 Within 180 days of the effective date of this Order, Respondent [REDACTED] shall complete four  
11 hours of continuing education in course subject matter pertaining to the following: a review of  
12 nationally recognized codes of conduct emphasizing how the codes relate to professional  
13 responsibilities; case-based instruction focusing on real-life situational learning; ethical dilemmas  
14 facing the accounting profession; or business ethics, ethical sensitivity, and consumer  
15 expectations. Courses must be a minimum of one hour as described in California Code of  
16 Regulations Section 88.2. This shall be in addition to continuing education requirements for  
17 relicensure.

18 If Respondent [REDACTED] fails to complete said courses within the time period provided,  
19 Respondent [REDACTED] shall so notify the CBA and shall cease practice until Respondent [REDACTED]  
20 completes said courses, has submitted proof of same to the CBA, and has been notified by the  
21 CBA that he or she may resume practice. Failure to complete the required courses within the time  
22 period provided shall constitute a violation of probation.

23 **13. Regulatory Review Course**

24 Within 180 days of the effective date of this Order, Respondent [REDACTED] shall complete a  
25 CBA-approved course on the provisions of the California Accountancy Act and the CBA  
26 Regulations specific to the practice of public accountancy in California emphasizing the  
27 provisions applicable to current practice. The course also will include an overview of historic and  
28 recent disciplinary actions taken by the CBA, highlighting the misconduct which led to licensees

1 being disciplined. This shall be in addition to continuing education requirements for relicensure.

2 If Respondent [REDACTED] fails to complete said courses within the time period provided,  
3 Respondent [REDACTED] shall so notify the CBA and shall cease practice until Respondent [REDACTED]  
4 completes said courses, has submitted proof of same to the CBA, and has been notified by the  
5 CBA that he or she may resume practice. Failure to complete the required courses within the time  
6 period provided shall constitute a violation of probation.

7 **14. Active License Status**

8 Respondents shall at all times maintain an active license status with the CBA, including  
9 during any period of suspension. If the license or certificate is expired at the time the CBA's  
10 Order becomes effective, the license or certificate must be renewed within 30 days of the  
11 effective date of the Order.

12 IT IS HEREBY FURTHER ORDERED that:

13 **15. Restricted Practice Order.** After the completion of probation,  
14 Respondents shall be permanently prohibited from engaging in and performing any audits,  
15 reviews, compilations, or other attestation services. This condition shall continue until such time,  
16 if ever, Respondents successfully petition the CBA for the reinstatement of the ability to perform  
17 audits, reviews, compilations, or other attestation services. Respondents understand and agree  
18 that the CBA is under no obligation to reinstate either of Respondents' ability to perform audits,  
19 reviews, compilations, or other attestation services, that the CBA has made no representations  
20 concerning whether any such reinstatement might occur, and that the decision to reinstate is  
21 within the sole discretion of the CBA.



22 **16. Full Compliance.** Respondents understand and agree that this Stipulated  
23 Settlement and Disciplinary Order as a resolution to the charges in Accusation attached hereto as  
24 Exhibit A and is based upon, *inter alia*, Respondents' full compliance with the Restricted Practice  
25 Order set forth above. If Respondents fail to satisfy the Restricted Practice Order, Respondents  
26 agree that the CBA can file an Accusation against them for unprofessional conduct based on the  
27 failure to comply with the Restricted Practice Order as an independent basis for disciplinary  
28 action, pursuant to Business and Professions Code section 5100. In addition, Respondents

1 consent that the CBA may enforce the Restricted Practice Order in any court of competent  
2 jurisdiction (including an administrative court) to enjoin them, temporarily and/or permanently,  
3 from violating the Restricted Practice Order, and may seek in such proceeding all other remedies  
4 as allowed by law.

5 ACCEPTANCE

6 I have carefully read the Stipulated Settlement and Disciplinary Order. I understand the  
7 stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into  
8 this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and  
9 agree to be bound by the Decision and Order of the CBA.

10  
11 DATED: 12/31/2020 

13 I have carefully read the Stipulated Settlement and Disciplinary Order. As an Officer and  
14 Shareholder of Respondent  I understand the stipulation and the effect it will have  
15 on  Certified Public Accountancy Corporation Certificate. I enter into this  
16 Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree  
17 to be bound by the Decision and Order of the CBA.

18  
19 DATED: 01/06/21 

22 ///  
23 ///  
24 ///  
25 ///  
26 ///  
27 ///  
28 ///

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

**ENDORSEMENT**

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the CBA.

DATED: January 6, 2021

Respectfully submitted,

XAVIER BECERRA  
Attorney General of California  
DIANN SOKOLOFF  
Supervising Deputy Attorney General



ASPASIA A. PAPAVALASSILIOU  
Deputy Attorney General  
*Attorneys for Complainant*

OK2019900678