



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



REVISED

**CALIFORNIA BOARD OF ACCOUNTANCY
PUBLIC MEETING NOTICE FOR THE CONSIDERATION OF THE CPA
EXPERIENCE REQUIREMENTS TASKFORCE**

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

Thursday, September 15, 2022, beginning at 12:00 p.m.

INSTRUCTIONS FOR PARTICIPATION:

The California Board of Accountancy (CBA) will hold a public meeting in-person at the CBA headquarters with WebEx access for the public pursuant to the provisions of Government Code section 11133. If joining the Thursday, September 15, 2022 meeting by computer, the event address for attendees is: <https://dca-meetings.webex.com/dca-meetings/j.php?MTID=mc34f6066eac1fc2e2f26a15d79ea2e57>.

If joining using the link above

Webinar number: 2482 924 7283

Webinar password: CBA09152022

If joining by phone

+1-415-655-0001 US Toll

Access code: 248 492 47283

Passcode: 22209152

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

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

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

CERT Meeting September 15, 2022

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



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

**CALIFORNIA BOARD OF ACCOUNTANCY
CONSIDERATION OF THE CPA EXPERIENCE REQUIREMENTS TASKFORCE**

MEETING AGENDA

REVISED

**Thursday, September 15, 2022
12:00 p.m. until Adjournment**

The California Board of Accountancy will hold a public meeting in-person at the CBA headquarters with WebEx access for the public.

**California Board of Accountancy
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Important Notice to the Public

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

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

Agenda Item

- I. Public Comments for Items not on the Agenda.*
- II. Approve Minutes of the May 19th, 2022 Consideration of the CPA Experience Requirements Taskforce Meeting.
- III. Information Regarding the Purpose and Goal of the Consideration of the CPA Experience Requirements Taskforce Materials for the September 2022 Meeting (**Katrina L. Salazar, CPA, Chair**).

- IV. Additional Information Regarding Whether Other States Intend to Make Modifications to Their Existing Experience Requirements for CPA Licensure (**Written Report Only**).
- V. Information Regarding the American Institute of Certified Public Accountants' *Report on Enhancing Audit Quality – 2021 Highlights and Progress* (**Written Report Only**).
- VI. Information Regarding the California Board of Accountancy Enforcement Division Processing Timeframes (**Dominic Franzella, Chief, Enforcement Division**).
- VII. Information Regarding the California Board of Accountancy's Continuing Education Requirements (**Sarah Benedict, Licensing Manager**).
- VIII. Discussion and Overview of California's Requirements Associated with the Accounting Profession's Requirements to Adhere to Professional Standards (**Dominic Franzella, Chief, Enforcement Division**).
- IX. Discussion and Overview Regarding Peer Review Reporting Standards and How Firm Deficiencies Correspond to Receiving a Pass with Deficiencies or Substandard (Fail) Peer Review Rating (**Michelle Center, Chief, Licensing Division and Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee**).
- X. Discussion and Overview of California Board of Accountancy Advisory Committees' Feedback Regarding the Necessity of the Attest Experience Requirement (**Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee, Michael Williams, CPA, Chair, Qualifications Committee, and Doug Aguilera, CPA, Chair, Enforcement Advisory Committee**).
- XI. Discussion and Overview of the Attest Experience Requirement Survey (**Dominic Franzella, Chief, Enforcement Division**).
- XII. Discussion Regarding Possible Recommendations to the California Board of Accountancy Regarding Experience Required for CPA Licensure (**Dominic Franzella, Chief, Enforcement Division**).
- XIII. Discussion and Possible Action to Approve the Proposed November Meeting Date for the Consideration of the CPA Experience Requirements Taskforce (**Dominic Franzella, Chief, Enforcement Division**).
- XIV. Agenda Items for Future Consideration of the CPA Experience Requirements Taskforce 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 Consideration of the CPA Experience Requirements Taskforce prior to the Consideration of the CPA Experience Requirements Taskforce taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Consideration of the CPA Experience Requirements Taskforce, but the Consideration of the CPA Experience Requirements Taskforce Chair may, at their discretion, apportion available time among those who wish to speak. Individuals may appear before the Consideration of the CPA Experience Requirements Taskforce to discuss items not on the agenda; however, the Consideration of the Certified Public Accountant Experience Requirements Taskforce 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 Consideration of the CPA Experience Requirements Taskforce may be attending the meeting. However, if a majority of members of the full board are present at the Consideration of the CPA Experience Requirements Taskforce meeting, members who are not Consideration of the Certified Public Accountant Experience Requirements Taskforce members may attend the meeting only as observers.

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



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CERT Item II.
September 15, 2022
DRAFT

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

**MINUTES OF THE
May 19, 2022
CONSIDERATION OF THE CPA EXPERIENCE REQUIREMENTS TASKFORCE
TELECONFERENCE MEETING**

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

**CalCPA Office
1710 Gilbreth Road
Burlingame, CA 94010
Telephone: (909) 292-6442**

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

Katrina L. Salazar, CPA, Consideration of the CPA Experience Requirements Taskforce (CERT) Chair, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) CERT at 9:00 a.m. on Thursday, May 19, 2022.

Chair Salazar read the following into the record:

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

CERT Members

Katrina L. Salazar, CPA, Chair
Karriann Farrell Hinds, Esq., Vice Chair
Nancy J. Corrigan, CPA
Daniel J. Dustin, CPA
Kathy A. Johnson, CPA
John Kabateck
Luz Molina Lopez
David Senteney, Ph.D., CPA
Rich Simitian, CPA

May 19, 2022

9:00 a.m. to 12:08 p.m.
9:00 a.m. to 12:08 p.m.
9:00 a.m. to 12:08 p.m.
9:00 a.m. to 12:08 p.m.
9:00 a.m. to 12:08 p.m.
Absent
9:00 a.m. to 12:08 p.m.
9:00 a.m. to 12:08 p.m.
9:00 a.m. to 12:08 p.m.

CBA Members

Michael M. Savoy, CPA, President
Kristian Latta, CPA
Yen C. Tu
Evangeline Ward

Other Committee Members

Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee (PROC)
Michael L. Williams, CPA, Chair, Qualifications Committee (QC)

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Michelle Center, Chief, Licensing Division
Elizabeth Coronel, Strategic Business Analyst, Department of Consumer Affairs (DCA)
Mary Kate Cruz Jones, Staff Services Manager, Executive Unit, DCA
Theodore Dracar, Deputy Attorney General, Department of Justice
Emmanuel Estacio, Information Technology Support Analyst
Paul Fisher, Supervising Investigative CPA, Enforcement Division
Dominic Franzella, Chief, Enforcement Division
Helen Geoffrey, Legal Counsel, DCA
Patrick Ibarra, Information and Planning Officer
Amir Larian, Information Technology Associate
Michael Lieberman, Manager, Licensing Division
Rebecca Reed, Board Relations Analyst
Wayne Wilson, Special Projects Analyst
Matt Woodcheke, Television Specialist, Office of Public Affairs, DCA

Other Participants

Jason Fox, Vice President of Government Relations, California Society of Certified Public Accountants (CalCPA)
Denise Froemming, CPA, President and CEO, CalCPA
Pat Joyce, KP Public Affairs
Cheryl Smith, Executive Assistant, CalCPA

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

No public comments were received.

- II. Approve Minutes of the March 30, 2022 Consideration of the CPA Experience Requirements Taskforce Meeting.

It was moved by Member Corrigan and seconded by Vice-Chair Hinds to approve the minutes of the March 30, 2022 CERT meeting on the condition staff would verify the language of the minutes that documented a public comment made on CERT Agenda Item VI., and granting authority to staff to address any non-substantive edits.

Yes: Nancy J. Corrigan, Daniel J. Dustin, Karriann Farrell Hinds, Kathy A. Johnson, Katrina L. Salazar, David Senteney, and Rich Simitian.

No: None.

Abstain: Luz Molina Lopez.

Absent: John Kabateck.

The motion passed.

- III. Information Regarding the Purpose and Goal of the Consideration of the CPA Experience Requirements Taskforce Materials for the May 2022 Meeting (**Dominic Franzella, Chief, Enforcement Division**).

Mr. Franzella stated that the purpose of this agenda item is to provide CERT members with a framework for the materials for this meeting. He explained that the primary question for CERT consists of two parts, the necessity and the sufficiency of the present attest experience requirement. He noted that under **CERT Agenda Item XI.**, CERT members will have the opportunity to determine if they are ready to make a recommendation on the necessity of the attest experience requirement.

No public comments were received.

- IV. Information on Prior California Board of Accountancy, Committee, and Taskforce Consideration of the Experience for Requirement for Licensure (Written Report Only).

No public comments were received.

- V. Information Regarding February 2015 US Supreme Court Decision: North Carolina State Board of Dental Examiners v. Federal Trade Commission, Related Opinion from the Office of the Attorney General, Federal Trade Commission Staff Guidance and Legislative Hearings (Written Report Only).

No public comments were received.

VI. Discussion and Overview of the Initial Licensing Unit Application Review Process for Applicants Seeking the Authority to Sign Reports on Attest Engagements, Including the Role of the Qualifications Committee (**Michael Lieberman, Manager, Initial Licensing Unit and Michael L. Williams, CPA, Chair, Qualifications Committee**).

Mr. Lieberman provided an overview of the Initial Licensing Unit's application review process for applicants seeking the authority to sign reports on attest engagements. Mr. Williams provided an overview of the role of the QC.

Member Corrigan inquired as to whether the QC has had any discussion recently on the sufficiency of the attest experience requirements including the minimum of 500 hours and the specific criteria that has to be satisfied. Ms. Center responded that there was not a public QC meeting in between the CERT meetings, so the QC has not had the opportunity to have that conversation, but would be happy to bring that to a future meeting.

VII. Discussion and Overview of California's Peer Review Requirement (**Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee**).

Mr. De Lyser provided an overview of the peer review requirement in California.

CERT members discussed the various areas of the peer review requirement for California firms including:

- Between 2010 and 2013, California phased in firms to have mandatory peer reviews, and about 50% of firms had never gone through peer reviews before which resulted in an increase in failure rates.
- Whether there is a correlation to how the peer review results compare to the national level in other jurisdictions that may not require 500 hours of attest experience.
- The different reasons why a firm might fall within a substandard review and the pass with deficiency rate.
- The different types of follow-up actions required from firms that pass with a deficiency.

No public comments were received.

VIII. Information Regarding Whether Other States Intend to Make Modifications to Their Existing Experience Requirements for CPA Licensure (**Michelle Center, Chief, Licensing Division**).

Ms. Center provided the survey results on whether other states intend to make modifications to their existing experience requirements for CPA licensure.

Member Lopez inquired as to whether any of the jurisdictions with larger populations responded to the survey, and requested that staff follow up with New York to find out if it

has any plans to evaluate or modify their attest experience requirements as this information may be valuable.

IX. Discussion and Overview of the Consideration of the CPA Experience Requirements Taskforce-Requested California Board of Accountancy Enforcement Statistics (**Dominic Franzella, Chief, Enforcement Division**).

Mr. Franzella provided an overview of the CBA's enforcement statistics requested by CERT members.

X. Information Regarding the California Board of Accountancy's Evaluation of the National Association of State Boards of Accountancy's Guiding Principles of Enforcement, Including the California Board of Accountancy's Determinations on States' Enforcement Practices (**Dominic Franzella, Chief, Enforcement Division**).

Mr. Franzella provided information regarding the CBA's evaluation of the National Association of State Boards of Accountancy's Guiding Principles of Enforcement and the evaluation other states' enforcement practices.

XI. Discussion Regarding Possible Recommendations to the California Board of Accountancy Regarding Experience Required for CPA Licensure (**Dominic Franzella, Chief, Enforcement Division**).

Mr. Franzella provided an overview of this item and noted that the primary question for CERT's review is whether the present attest experience requirement is necessary and sufficient to support the CBA's mission to protect consumers. He noted that the agenda item gives CERT the opportunity to discuss an initial recommendation regarding the necessity of the attest experience requirement.

CERT members discussed various topics and raised various questions regarding the attest and general accounting experience requirements, as it related to California and nationally including:

- What the alternative would be if there was no attest experience requirement for licensure.
- Out-of-state licensees applying for licensure in California being able to perform attest functions without providing verification of their attest experience to the CBA as long as they were authorized to provide attest services by the other state board of accountancy.
- How the American Institute of CPAs' Code of Professional Conduct impacts professional standards.
- Concerns regarding the ability for candidates to gain attest experience if it's not a requirement for licensure.
- How other states without the attest experience requirement ensure appropriate safeguards.
- The difference in the authority to sign reports on attest engagements between individual licenses and firm licenses.

Mr. Fox commented that he agreed with Chair Salazar's approach to determine the necessity of the attest experience requirement with regards to questioning why California has different requirements and whether this is appropriate.

The members did not take action on this item.

XII. Agenda Items for Future CERT Meetings.

None.

No public comments were received.

There being no further business to conduct, Chair Salazar adjourned the meeting at 12:08 p.m.

Katrina L. Salazar, CPA, Chair
Consideration of the CPA Experience Requirements Taskforce

Prepared by: Katrina Martinez, Licensing Coordinator



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CERT Item III.
September 15, 2022

Information Regarding the Purpose and Goal of the Consideration of the CPA Experience Requirements Taskforce Materials for the September 2022 Meeting

Presented by: Katrina Salazar, CPA, Chair, Consideration of the CPA Experience Requirements Taskforce

Purpose of the Item

The purpose of this agenda item is to provide the Consideration of the CPA Experience Requirements Taskforce (CERT) a framework for the materials provided for the September 2022 meeting.

Consumer Protection Objectives

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

Action(s) Needed

No specific action is required on this item.

Background

At its March 2022 meeting, CERT discussed various topics and raised various questions regarding the attest and general accounting experience requirement, as it related to California and nationally. These included:

- Possible ramifications should California eliminate the attest experience requirement.
- Concerns regarding consumer confusion on the types of services performed between licensees who completed general accounting or attest experience.
- Understanding the application review process for licensees applying with attest experience, including the role of the Qualifications Committee.
- How peer review ties into the licensure process.
- California disciplinary information, including information on out-of-state registered firms.
- How other states without the attest experience requirement ensure appropriate safeguards.

Information Regarding the Purpose and Goal of the Consideration of the CPA Experience Requirements Taskforce Materials for the September 2022 Meeting

Page 2 of 3

- Whether there is a potential long-term impact related to the decreasing number of individuals applying for a license with attest experience.
- Whether other states are considering an increase, change, or elimination of an attest experience requirement.

At its May 2022 meeting, CERT continued the discussion and raised further questions regarding the attest and general accounting experience requirement, as it relates to California and nationally. CERT members requested additional information be brought to future meetings including, but not limited to:

- Obtaining feedback from the CBA advisory committees regarding the attest experience requirement.
- Enforcement statistics related to how the CBA compares with other states regarding the length of time for discipline to be imposed.
- Information on relevant American Institute of CPA Professional Codes of Conduct and how that code is being captured within the CBA Statutes and Regulations.
- Follow-up with the other state boards that didn't respond to our prior survey regarding possible changes to their experience requirements.

Comments

As I highlighted at our March 2022 CERT meeting, the CBA established a primary question for CERT work:

Is the present attest experience requirement necessary and sufficient to support the CBA mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with professional standards?

At its core, this question consists of two parts: (1) necessity and (2) sufficiency. Necessity in this respect focuses on applicants seeking to have the authority to sign reports on attest engagements complete the required attest experience requirement.

As CERT members will recall, our discussions focused primarily on the area of necessity and whether CERT will recommend the continuation of the attest experience requirement. The materials that staff prepared and we discussed in May and now for September are focused on aiding in addressing the necessity question.

After consideration and discussion on the proceeding items, under **CERT Agenda Item XII.**, CERT will have the opportunity to determine if members are in a position to make a recommendation on the necessity of the attest experience requirement.

As CERT consider the materials before them and how this information will help us each form our thoughts on addressing the necessity area of the attest experience requirement, I would like to remind members of our role with the overall process. Any

Information Regarding the Purpose and Goal of the Consideration of the CPA Experience Requirements Taskforce Materials for the September 2022 Meeting

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recommendation CERT makes will be provided to the full CBA for its consideration. Depending on the nature of the recommendation, it may require the CBA to seek a legislative change which would necessitate that the CBA seek an author to carry a bill to effectuate any change.

As members make any recommendations, especially those that would require legislative changes, it is incumbent upon members to provide information and rationale on the nature of the change, with a focus on how the change is consistent with or enhances the CBA's consumer protection mission.

Fiscal/Economic Impact Considerations

At this time, there are no fiscal/economic impacts to consider.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

None.



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CERT Item IV.
September 15, 2022

Additional Information Regarding Whether Other States Intend to Make Modifications to Their Existing Experience Requirements for CPA Licensure

Presented by: Written Report Only

Purpose of the Item

The purpose of this agenda item is to provide the Consideration of the CPA Experience Requirements Taskforce (CERT) with information from other state licensing boards regarding their experience requirements for Certified Public Accountant (CPA) licensure in comparison to the California Board of Accountancy's (CBA) experience requirements.

Consumer Protection Objectives

Completion of supervised accounting experience is a requirement for a CPA license. Accounting experience, along with education and examination requirements, provides assurance to state boards of accountancy that individuals possess the minimum level of technical knowledge and skills necessary to qualify for a CPA license, safeguarding consumers by ensuring only qualified individuals practice public accountancy.

Action(s) Needed

No specific action is required on this agenda item.

Background

At its March 30, 2022 meeting, staff provided CERT with information regarding the experience requirement for CPA licensure in select jurisdictions, noting that the vast majority of jurisdictions only require one year of accounting experience for initial licensure consistent with the Uniform Accountancy Act. California requires, in addition to completing one year of accounting experience, applicants complete a minimum of 500 hours of attest experience to qualify for the authority to sign reports on attest engagements.

CERT requested that staff gather additional data related to whether any other state licensing boards are considering amending or removing the attest experience requirement for CPA licensure with attest authority. Staff coordinated with the National Association of State Boards of Accountancy (NASBA) to conduct a survey of all jurisdictions to answer questions regarding the experience requirements for CPA licensure in their state or jurisdiction.

Additional Information Regarding Whether Other States Intend to Make Modifications to Their Existing Experience Requirements for CPA Licensure

Page 2 of 4

At its May 19, 2022 meeting, staff provided CERT with the results of an Attest Experience Quick Poll that NASBA sent to jurisdictions on CBA's behalf. The CBA received twenty-six jurisdictions responses to that survey. CERT requested that staff reach out to large jurisdictions (*i.e.*, Florida, New York, Texas) who did not respond to the survey.

Comments

In early April 2022, NASBA sent a survey via its quick poll system titled: "California Board of Accountancy – Attest Experience Quick Poll." A total of 26 jurisdictions responded to the poll. In May 2022, staff reached out to directly to Florida, New York, and Texas for responses. The tables below detail the responses the CBA received from the quick poll as well as the direct outreach to larger jurisdictions.

Table 1: Does your state require attest experience as a condition of CPA licensure?

Response Option	Number of Jurisdictions (percentage of responding jurisdictions)
Yes	4 (14%)
No	25 (86%)

Four jurisdictions¹ responded that they require attest experience as a condition of CPA licensure and summarized their attest experience requirement as follows:

- A jurisdiction indicated they have a non-attest license for those without attest experience. An Attest license requires a minimum of 1,000 hours of attest experience under the direct supervision of someone authorized to perform attest work and sign attest reports.
- A jurisdiction indicated they require two years of experience for those individuals responsible for supervising attest services and those who sign, or authorize another person to sign, the accountant's report on the financial statements on behalf of the firm. This experience is evaluated during firm licensure rather than individual licensure.
- A jurisdiction indicated that non-routine accounting involves attest services or professional accounting services or professional accounting work and the use of independent judgment, applying professional accounting knowledge and skills to select, correct, organize, interpret, and present real-world data as accounting entries, reports, statements, and analyses extending over a diverse range of tax, accounting, assurance, and control situations.

¹ Out of professional courtesy, jurisdictions are not named because express permission wasn't requested at the time of the survey. The survey results received by the CBA are public information and subject to disclosure upon request.

Additional Information Regarding Whether Other States Intend to Make Modifications to Their Existing Experience Requirements for CPA Licensure

- A jurisdiction indicated that acceptable experience may consist of providing any type of business services or advice using accounting, attest services, compilation, management advisory, financial advisory, tax, or consulting skills. The Board shall consider such factors as the complexity and diversity of the work.
- A large jurisdiction indicated that it does not distinguish attest experience from other work experience. They require one year of work experience involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills verified by certified public accountant.
- Two large jurisdictions indicated that they do not have an attest experience requirement.

Table 2: Does your state plan to modify the attest experience requirement for CPA licensure?

Response Option	Number of Jurisdictions (percentage of responding jurisdictions)
Yes, we plan to add an attest experience requirement for all applicants.	0 (0%)
Yes, we plan to add an attest experience requirement for those applicants who request attest authority.	0 (0%)
Yes, we plan to remove our attest experience requirement.	0 (0%)
No	29 (100%)

No jurisdictions responded indicating that they intend to modify the attest experience. However, one jurisdiction responded that they are “very interested in the continued discussions of this initiative, possibly by the UAA Committee in the future,” and that they are “are open minded to this requirement and believe it does have merit for consideration.”

Table 3: Does your state have a distinct authority for firms that perform attest engagements?

Response Option	Number of Jurisdictions (percentage of responding jurisdictions)
Yes	8 (28%)
No	21 (72%)

Jurisdictions responding that they have distinct authority for firms that perform attest engagements were provided the opportunity to include additional information regarding how the license requirements are different. Eight jurisdictions provided such information:

Additional Information Regarding Whether Other States Intend to Make Modifications to Their Existing Experience Requirements for CPA Licensure

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- A jurisdiction indicated that licensees that perform attest engagements must be enrolled in Peer Review.
- A jurisdiction indicated that firms are required to submit an Engagement Report and Acceptance Letter of Peer Review with renewal every two years.
- A jurisdiction indicated that any firm performing attest engagements is subject to following rule requirement: A CPA or CPA firm providing any of the following services to the public shall participate in a peer review program: (1) audits; (2) reviews of financial statements; (3) compilations of financial statements; or (4) any engagement to be performed in accordance with the Statements on Standards for Attestation Engagements.
- A jurisdiction indicated that firms that perform attest services must provide proof at renewal of an accepted peer review issued during the prior three-year licensing cycle, not previously used to register the firm.
- A jurisdiction indicated that firms providing attest services must complete a peer review every three years. A current peer review must be on file to renew.
- A jurisdiction indicated that they distinguish between firms with and without attest authority.
- A jurisdiction indicated that firms may not provide attest services or use the title “CPAs,” “CPA Firm,” “Certified Public Accountants,” “Certified Public Accounting Firm,” or “Auditing Firm” or a variation of one of those titles unless the firm holds a firm license or practices in this state under a privilege.
- A jurisdiction indicated that firms that provide attest functions must submit a peer review upon initial licensure as well as every renewal.
- A large jurisdiction indicated that no distinct authority is provided but firms that provide attest services are required to be enrolled in a peer review program.
- A large jurisdiction indicated that firms that provide attest services are required to register with them and are subject to peer review.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

None.



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CERT Item V.
September 15, 2022

Information Regarding the American Institute of Certified Public Accountants' *Report on Enhancing Audit Quality – 2021 Highlights and Progress*

Presented by: Written Report Only

Purpose of the Item

The purpose of this item is to provide the Consideration of the CPA Experience Requirements Taskforce (CERT) with the American Institute of Certified Public Accountants' (AICPA) *Report on Enhancing Audit Quality – 2021 Highlights and Progress (Attachment)*.

Consumer Protection Objectives

Providing the California Board of Accountancy (CBA) with current information regarding audit quality will assist in their consideration of appropriate experience requirements for initial CPA licensure to ensure that applicants enter the practice of accountancy with knowledge of applicable professional standards.

Action(s) Needed

No specific action is required on this agenda item.

Background

The AICPA launched the Enhancing Audit Quality Initiative in 2014. The purpose of the initiative was to promote high-quality auditing and assurance, with a focus on subject matter that has created challenges for practitioners. This report was published following the May 2022 CERT meeting. It is being provided at the request of a CERT member.

Comments

This report is being provided to allow CERT members to consider information regarding the AICPA's efforts and findings regarding enhancing audit quality.

The report includes information regarding the following focus areas:

- COVID-19 audit implications
- Risk assessment and Response
- Auditing Revenue Recognition

**Information Regarding the American Institute of Certified Public Accountants'
Report on Enhancing Audit Quality – 2021 Highlights and Progress
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- Emerging Attest Engagements
- Engagement Acceptance and Continuance

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

AICPA Report on Enhancing Audit Quality – 2021 Highlights and Progress



Enhancing Audit Quality

2021 highlights and progress



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Thank you for your interest in the AICPA's 2021 Enhancing Audit Quality (EAQ) Highlights Report.

When I think about the environment we face today, I can confidently say I have never seen a time of greater complexity — when the pace of change was this fast — in over 30 years of serving the profession.

As we developed this report, the Russia-Ukraine war filled the headlines with reports of international conflict. Many businesses were navigating the suspension of their activities in Russia while contending with rising interest rates, heightened inflation and continued staff shortages. The Securities and Exchange Commission had just proposed a new rule mandating climate-related disclosures for public companies.

In times like these, faith in our capital markets becomes more important than ever, and our profession plays a vital role in imbuing that confidence. When an entity's financial statements have been audited by a CPA, users know they can rely on that information because they trust us to approach our engagements with objectivity, integrity and competence. We have earned that reputation. Maintaining it requires continued dedication to performing our audit engagements at the highest levels of quality.

This is what makes the EAQ initiative so important. Since 2014, we have worked to drive improvements in audit quality, and those efforts are yielding results. We've seen significant quality gains illuminated through our Peer Review Program and, as peer reviewers have become more adept at detecting issues, more firms are getting the remediation they need to perform their best.

This has led to tangible results. In fact, according to a survey of peer reviewers, over 95% have seen improvement in our EAQ areas of focus since 2018. This is a testament to our great profession and our enduring commitment to quality performance.

Here are a few of our top successes in 2021:

- When the pandemic resulted in historic amounts of federal aid to non-federal entities, we estimated that the result would be at least 10,000 new single audit engagements. The Governmental Audit Quality Center (GAQC) took a multi-pronged approach to supporting auditors and recipients of federal funding. In addition to reaching thousands with their resources and education, they undertook significant advocacy efforts and played a vital role in securing relief for firms and their clients.
- Our effort to modernize professional standards continued. We finalized a new audit risk assessment standard designed to provide increased clarity and drive enhanced quality, and we proposed a suite of new quality management standards to support proactive identification and mitigation of risks to a firm's A&A practice.
- The value of corporate integrity rising, and because of the trust we've earned, the profession is being asked to move into emerging areas like environmental, social and governance (ESG) assurance. We developed numerous resources to support high-quality work as assurance providers begin entering this space.

Looking to the future, I'm excited about what I see. The opportunities for audit and assurance providers are vast and, because of the trust we've earned and our commitment to quality, we are well-positioned to seize them. I've never been prouder to be a part of this profession.

Sincerely,



Susan S. Coffey, CPA, CGMA

Chief Executive Officer — Public Accounting Association of International Certified Professional Accountants



Overview

Through the [Enhancing Audit Quality initiative \(EAQ\)](#), the American Institute of CPAs® (AICPA®) promotes high-quality auditing and assurance, with a focus on subject matter that has created challenges for practitioners. The initiative, which began in 2014, aligns with AICPA activities to support and enhance the quality of private company assurance¹ work.

Our approach

EAQ takes a data-driven approach to audit quality:

- First, we gather auditor performance data from the AICPA Peer Review Program and other sources.
- Then, we analyze that data, including the planned actions of standard setters and other prevailing environmental trends to identify areas where quality challenges may arise.
- Each year, working in concert with volunteers from AICPA senior technical committees, we use that analysis to identify areas of focus for EAQ.

- We then help auditors avoid or correct those quality challenges by enhancing guidance, clarifying requirements in the standards, developing education and resources, and emphasizing the focus areas during the Peer Review process.

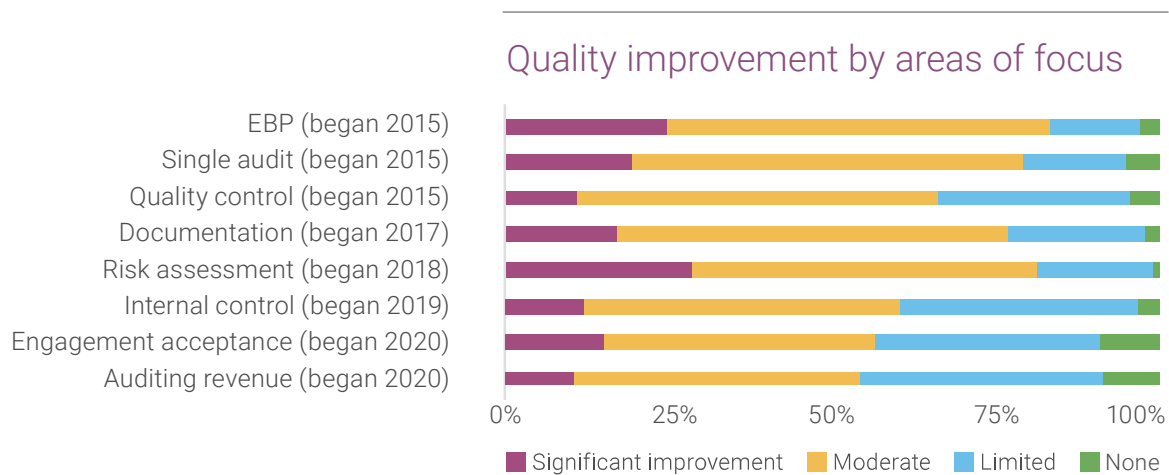
In 2021, we followed this approach to identify the below areas of focus to be addressed during the year:

- COVID-19 audit implications
- Auditing revenue recognition
- Risk assessment and response
- Engagement acceptance and continuance
- Emerging attest engagements

¹ For purposes of this report, "private company assurance" refers to assurance for non-SEC registrants, including but not limited to not-for-profit organizations, employee benefit plans and governmental entities.

At a glance: Top 2021 accomplishments

In a 2021 survey, peer reviewers were asked, “Compared to 2018, to what degree have you seen quality improvement in the following EAQ areas of focus?” Over 250 peer reviewers responded, and the results appear below. These results are a promising sign that the EAQ initiative is having the desired effect and that the longer the AICPA focuses on an area, the more quality improves.



Specific to our 2021 areas of focus, below are a few of EAQ’s top accomplishments:

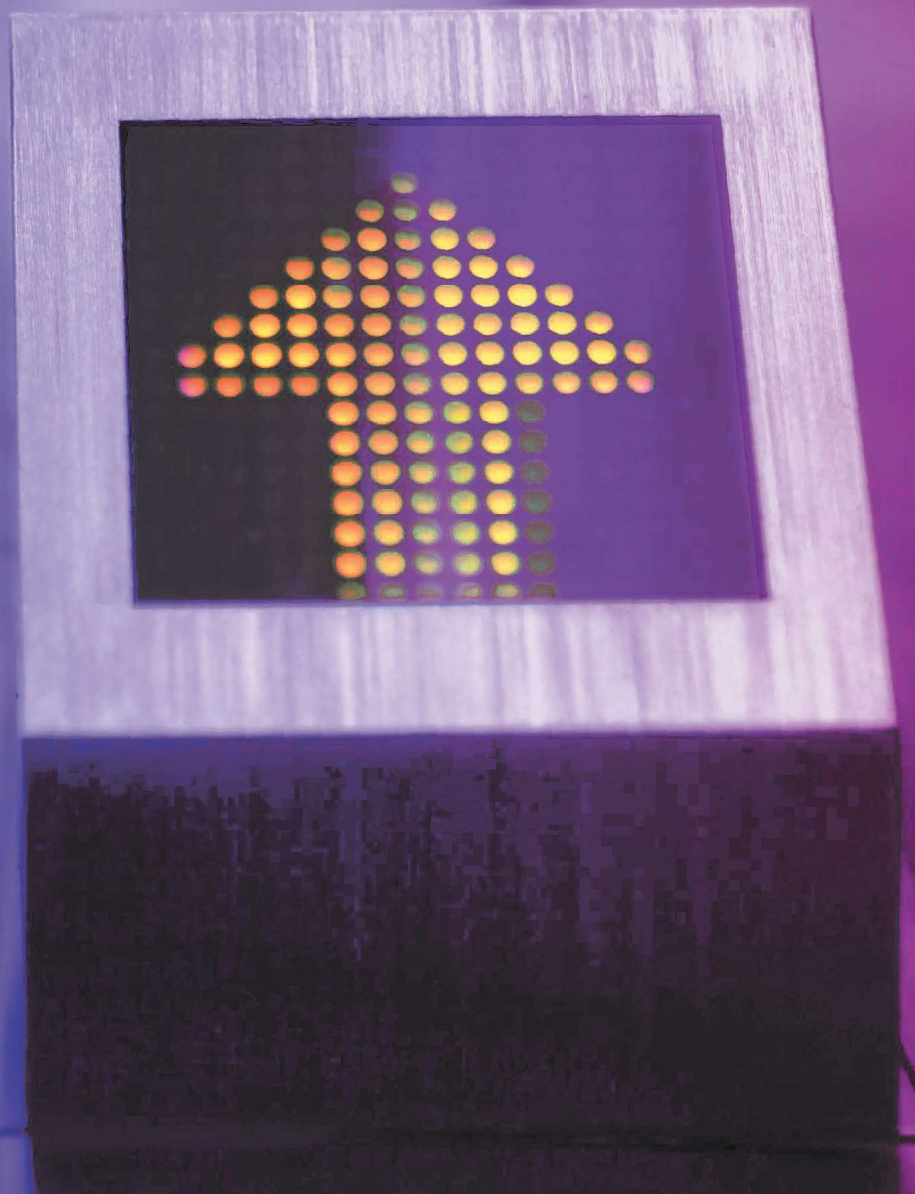
- **COVID-19 audit implications** — Continued efforts from 2020 to support practitioners in a variety of areas, with an emphasis on single audit engagements, fraud risks and remote auditing. The AICPA was active in our advocacy efforts around single audit and secured relief from practitioners and their clients.
- **Risk assessment and response** — Finalized a new risk assessment standard, which is designed to drive better risk assessments and enhance audit quality.
- **Engagement acceptance and continuance** — Proposed a suite of new Quality Management

standards which introduce a risk-based approach, require a firm’s quality control system to be customized, and emphasize the responsibility of firm leadership to proactively manage A&A quality.

- **Auditing revenue recognition** — Analyzed where auditors struggle with FASB ASC 606, Revenue From Contacts With Customers, and produced learning and resources to support them.
- **Emerging attestation engagements** — Produced a variety of tools and resources to support assurance providers as they perform in System and Organization Controls (SOC), ESG assurance and third-party assessments.

More detail and accomplishments for each area of focus are discussed in the rest of this report.

2021 Enhancing Audit Quality areas of focus



2021 EAQ areas of focus

COVID-19 audit implications

Why COVID-19 audit implications?

Throughout 2021, COVID-19 continued to affect the performance of audits and present new challenges for auditors. For example, the historic amounts of federal relief funding provided in response to the pandemic resulted in a significant increase in the total number of single audit engagements, with many auditees needing a single audit for the first time. Remote auditing became the new normal for many firms, and they sought guidance and support as they wrestled with the transition away from in-person fieldwork. And, the potential for fraudulent activity continued to be a concern — in its September 2020 benchmarking report², the Association of Certified Fraud Examiners noted that 77% of the Certified Fraud Examiners it surveyed had observed an increase in the overall level of fraud and 92% expected to see further increases in 2021.

What we did in 2021

Throughout 2021, the AICPA aided practitioners as they navigated myriad challenges brought on by the pandemic.

The [AICPA's Governmental Audit Quality Center \(GAQC\)](#) continued to support practitioners delivering single audit services, developing [articles](#) and [blogs](#), [alerts](#), [web events](#) and many other [related COVID-19 resources, tools and practice aids](#). Due to the crisis, the GAQC made the majority of its work available to all AICPA members and the public. The GAQC was heavily engaged with the Office of Management and Budget (OMB) during the development of the 2021 *Compliance Supplement*, advocating for clear, implementable guidance. Significant other advocacy efforts during the year were undertaken with OMB and various other federal agencies, focusing on potential challenges associated with federal relief funding and developing

workable solutions for the profession. In response to concerns raised by the GAQC, the OMB provided a six-month extension for single audits through June 30, 2021, year-ends, providing relief to practitioners and their clients.

To support practitioners in understanding the nuances of remote auditing, the AICPA created the webcast "[Conducting a Remote Audit](#)" and converted it into a [self-study course](#) that was accessible on-demand.

Concerning fraud risk, the AICPA delivered the webcast "[Understanding Fraud Risks: Auditing During the Pandemic](#)," featuring the AICPA Chief Auditor and industry experts highlighting the areas where risk might be heightened in the current environment. The AICPA further produced the Journal of Accountancy article "[Diving deeper into smaller frauds due to COVID-19](#)" and related quiz "[Check your knowledge of fraud considerations in an audit](#)," with over 10,000 views combined.

Beyond these areas, the AICPA issued a wide variety of guidance and support to aid auditors during the pandemic. Examples include:

- Technical Question and Answer 5270.01, "[Recipient Accounting for Shuttered Venue Operators Grants and Restaurant Revitalization Fund Grants Received Under the Small Business Administration COVID-19 Relief Programs](#)".
- Blog posts addressing "[COVID-19 challenges in commercial real estate audits](#)" and "[Top audit challenges in 2021: peer reviewers weigh in](#)" covering COVID-19 and other hot topics for 2021. Together, these blog posts garnered nearly 5,000 visitors.

²Fraud in the Wake of COVID-19: Benchmarking Report, September 2020 Edition, ACFE

2021 EAQ areas of focus

- Various reports from the [AICPA's Center for Plain English Accounting \(CPEA\)](#), including [Employee Retention Credit \(ERC\): Financial Reporting & Disclosure Examples](#), [Auditing Estimates of Future Cash Flows: Impact of COVID & Auditing Tips](#) and [PPP Loans: Debits, Credits, and Financial Reporting FAQs](#).
- New tools and resources developed by the AICPA's [Employee Benefit Plan Audit Quality Center \(EBPAQC\)](#) to aid practitioners in planning their 2021 EBP audits, including the informational document "[ERISA employee benefit plan financial statement audit special considerations—2021](#)" and the non-authoritative practice aid "[Firm preparedness checklist for ERISA EBP audits](#)".

Risk assessment and response

Why risk assessment and response

Deficiencies in the auditor's risk assessment procedures are a common issue practice monitoring programs in the United States and worldwide identify. In 2020 U.S. peer reviews, AU-C section 315, Understanding the Entity and Its Environment and Assessing Risks of Material Misstatement, was the leading source of matters for further consideration (MFCs), constituting 25 percent of MFCs.

What we did in 2021

In October 2021, the Auditing Standards Board (ASB) completed a project to revise AU-C section 315, which was intended to appropriately address the following:

- Understanding the entity's system of internal control, in particular, relating to the auditor's work effort to obtain the necessary understanding
- Modernizing the standard concerning IT considerations, including addressing risks arising from an entity's use of IT
- Determining risks of material misstatement, including significant risks

Through [Statements on Auditing Standards \(SAS\) No. 145](#), the ASB clarified and enhanced certain aspects of the identification and assessment of the risks of material misstatement to drive better risk assessments and, therefore, enhance audit quality. SAS No. 145 does not, however, fundamentally change the key concepts underpinning audit risk, which is a function of the risks of material misstatement and detection risk. SAS No. 145 is effective for audits of financial statements for periods ending on or after Dec. 15, 2023. Early implementation is permitted.

To support auditors as they prepare to implement SAS No. 145, the AICPA launched [two articles](#) to raise awareness, generating over 8,000 combined views, and presented an informational webcast, "[Preparing for the New Risk Assessment Standard](#)." The AICPA is also in the process of updating its risk assessment guide to assist practitioners in performing risk assessments. This guide will be published in 2022.

In addition to those standard-setting activities, the AICPA continued to provide support to auditors as they seek to comply with the extant risk assessment standard.

- The AICPA produced [two courses](#) and related webcasts highlighting the requirements of extant standards and addressing issues noted in a Peer Review MFCs, which generated over 6,200 attendees combined.
- The AICPA's [EBPAQC](#) developed a FAQ, "[Cybersecurity and employee benefit plans: questions and answers](#)," covering the topics to help plan auditors understand cybersecurity risk, responsibilities, preparedness, and response to plan clients.
- The [CPEA](#) produced reports and analysis on the topic, including "[Improving Risk Assessments in Private Company Audits](#)" and "[Auditors' Responsibilities Related to Cybersecurity Risks — Including Audits of EBP Plans](#)."

2021 EAQ areas of focus

Engagement acceptance and continuance

Why engagement acceptance and continuance

In 2019, the AICPA analyzed engagements subject to enhanced oversights and found a correlation between the experience of the engagement partner and the quality of the engagement. Supporting auditors in evaluating the risks associated with prospective clients and making sound engagement acceptance and continuance decisions remained a top priority for 2021.

What we did in 2021

In February 2021, the ASB exposed the Proposed Statements On Quality Management Standards (SQMS), "[A Firm's System of Quality Management Engagement Quality Reviews](#)" (Proposed SQMS No. 1), the Proposed SQMS, "[Engagement Quality Reviews](#)" (Proposed SQMS No. 2), and the Proposed Statement On Auditing Standards, "[Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards](#)."

The development of the proposed standards was influenced by concerns about audit quality, as indicated by the results of peer reviews and studies by other regulators.

Proposed SQMS No. 1 takes a new approach that emphasizes the responsibility of firm leadership for proactively managing quality, focusing firms' attention on risks that may have an impact on engagement

quality. This includes risks relative to the acceptance and continuance of client relationships and specific engagements. The proposed standard takes a proactive approach to quality management, with an increased emphasis on a continual flow of remediation and improvement.

As this EAQ Highlights report is being developed, the ASB is working to finalize the standards and their effective date.

Auditing revenue recognition

Why auditing revenue recognition

The Financial Accounting Standards Board's (FASB's) *Revenue from Contracts with Customers* (Topic 606), which was effective for annual reporting periods beginning after Dec. 15, 2019, presented a significant accounting change for many auditees. In 2021, the AICPA continued to focus on identifying common missteps and supporting auditors in their understanding and application of this standard.

What we did in 2021

The AICPA analyzed common challenges resulting from Topic 606, analyzing Peer Review MFCs and conducting discussion groups with practitioners. We offered the webcast, "ASC 606: What auditors need to know: staff training presentation," which was then made [available to download](#) for use by firms to train their staff.

The AICPA further produced the *Journal of Accountancy* article "[Revenue recognition: 4 top concerns noted by peer reviewers](#)," which was viewed over 1,500 times, to aid practitioners in navigating common challenges detected through the peer review program.

2021 EAQ areas of focus continued

Emerging attest engagements

Why emerging attest engagements

As more firms begin to offer clients services such as SOC for Cybersecurity, SOC for Supply Chain, environmental, social and governance (ESG) attestation and third-party assessment engagements, the importance of quality assurance work is front and center.

What we did in 2021

Related to SOC, the AICPA developed numerous communications and resources to support quality performance, including:

- [Frequently asked questions on SOC 2® and SOC 3® examinations](#), to provide nonauthoritative guidance on commonly asked questions in connection with SOC 2 and SOC 3 examinations.
- [FAQs – Effect of the use of software tools on SOC 2 examinations](#) that addresses the benefits, risks, and responsibilities of using such tools in a SOC 2 examination.
- A new virtual conference, “[AICPA & CIMA SOC & Third-Party Risk Management Online Conference](#),” is to be held in May 2022.

Various AICPA activities were designed to drive quality relative to emerging opportunities in ESG assurance, including:

- A joint AICPA/International Federation of Accountants (IFAC) global benchmarking study, [State of Play in Sustainability Assurance](#), to better understand the global sustainability assurance landscape and participated in multiple roundtables with IFAC.
- A new chapter of the AICPA Guide, “Attestation Engagements on Sustainability Information Guide (Including Greenhouse Gas Emissions Information),” on

climate-related financial information.

- A joint webcast with the Center for Audit Quality, which is affiliated with the AICPA, and Bloomberg on ESG Reporting and Assurance, “[Building Trust and Confidence in ESG Reporting](#)”.
- An update to the [AICPA Sustainability Assurance Engagements](#) self-study on-demand course and to develop an ESG Foundations course

Related to third-party assessments, the AICPA developed Technical Question and Answer 9550, “[Performing a Third-Party Assessment Engagement Under a Third-Party Assessment Program](#),” in January 2021 to guide CPAs engaged to perform services in connection with third-party assessment engagements.

2022 EAQ areas of focus

Single audit

This remains a focus area for 2022 as significant federal relief funding in response to the pandemic will continue to be expended by recipients. The 2021 infrastructure law will also lead to more federal dollars being subject to single audit. Numerous entities will continue to undergo single audits, with many first-time auditees. We will continue our strong advocacy work and focus on supporting auditors with the resources they need to perform high-quality work, as well as raise awareness with auditees about the importance of selecting a qualified auditor.

Risk assessment and response

We will continue to support members in the area of risk assessment and response, with a focus on SAS No. 145 awareness and interpretation, navigating heightened fraud risk in the current environment and compliance with the extant risk assessment standard.

Audit evidence and gathering evidence remotely

In July 2020, the AICPA Auditing Standards Board issued Statement on Auditing Standards No. 142, [Audit Evidence](#). SAS No. 142 supersedes AU-C section 500, *Audit Evidence*, and amends various other sections of SAS 122, *Statements on Auditing Standards: Clarification and Recodification*, as amended. Along with the changes due to SAS No. 142, the rise of auditing remotely is putting additional focus on gathering sufficient, appropriate audit evidence using remote procedures.

Auditing accounting estimates

In 2021, failures relative to accounting estimates were the most common engagement-level deficiencies noted in practice monitoring programs worldwide.³ In addition, FASB's ASU No. 2016-02, *Leases (Topic 842)*, a major accounting change that requires critical accounting estimates, is effective for nonpublic entities with fiscal years beginning after Dec. 15, 2021. The AICPA will continue to support auditors as they evaluate accounting estimates relative to leases and other areas in 2021.

Emerging attestation engagements, including environmental, social and governance (ESG) assurance

In response to stakeholder demands and potential regulatory requirements, entities are increasingly reporting on their environmental, social and governance performance in addition to financial reporting measures. As this trend is rapidly increasing, so too is the need for assurance services over this information and the systems and processes used to generate it.

³ [IFIAR 2021 Survey of Inspection Findings](#)



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CERT Item VI.
September 15, 2022

Information Regarding the California Board of Accountancy Enforcement Division Processing Timeframes

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

The purpose of this item is to provide the Consideration of the CPA Experience Requirements Taskforce (CERT) with information regarding the California Board of Accountancy (CBA) Enforcement Division processing timeframes.

Consumer Protection Objectives

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

Action(s) Needed

No specific action is required on this item.

Background

At its March 2022 meeting, CERT inquired about how other states addressed enforcement and safeguards associated with not having an attest experience requirement. In an effort to assist the CERT in understanding other states' enforcement practices, staff provided information on work the CBA undertook regarding substantial equivalency with respect to other states' enforcement programs.

This undertaking was mandated by the Legislature when it enacted California's mobility provisions. Staff noted that the review looked at the whole of the other states' enforcement programs, including determinations reached by the CBA regarding the equivalency of the programs.

Staff informed CERT that one of the alternatives the Legislature provided the CBA in performing its work was comparing California's and other states' enforcement programs to a set of standards developed by the National Association of State Boards of Accountancy (NASBA). These standards became known as the NASBA Guiding Principles of Enforcement (**Attachment 1**).

Information Regarding the California Board of Accountancy Enforcement Division Processing Timeframes

Page 2 of 2

At its May 2022 meeting, CERT inquired about how other states' enforcement processing time compared to the CBA Enforcement Division's processing time.

Comments

The comparison performed by the CBA for the mobility provisions was a multiyear effort and took extensive coordination with NASBA to perform the work. The CBA found the NASBA Guiding Principles of Enforcement were equivalent to CBA's Enforcement Program, and the CBA deemed other states maintained standards equivalent to the NASBA Guiding Principles of Enforcement. As such, staff are providing the comparison of the CBA's Enforcement Program's Performance Measures to the NASBA Guiding Principles of Enforcement.

For its Enforcement Program, the CBA uses the Department of Consumer Affairs (DCA)-developed Consumer Protection Enforcement Initiative Performance Measures. These performance measures have been used by the CBA since approximately 2010. Like NASBA's Guiding Principles, these performance measures provide targeted time frames associated with various enforcement outcomes, from complaint intake through formal discipline and probation monitoring.

The table in **Attachment 2** illustrates how DCA Performance Measures compare to the NASBA Guiding Principles of Enforcement and the actual CBA performance for FY2021/22.

Fiscal/Economic Impact Considerations

At this time, there are no fiscal/economic impacts to consider.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

1. NASBA Guiding Principles of Enforcement
2. Comparison of the DCA/CBA Performance Measures and NASBA Guiding Principles of Enforcement

NASBA Guiding Principles of Enforcement

The purpose of issuing these Guiding Principles is to promote consumer protection by promoting uniformly effective board enforcement and disclosure policies and practices nationally as a reinforcing compliment to mobility, which depends upon all states having confidence in the enforcement and disclosure policies and practices of the home state of the mobile licensee. While of course not binding on boards, these Guiding Principles are based on exhaustive, multi-year research into the enforcement and disclosure practices and policies of the boards of the 55 jurisdictions, and represent NASBA identifying common practices for boards to consider and, potentially, against which to measure themselves.

ENFORCEMENT

Board enforcement throughout the nation is largely complaint driven. How boards handle complaints is, therefore, foundational to how well its enforcement program works to benefit consumers.

What follows are the performance-based hallmarks of enforcement programs and Guiding Principles related to each. How fast are complaints addressed? How are complaints prioritized? How fast are urgent complaints addressed? What discipline is imposed? What is the quality of the resources available and the capacity of those resources? These are some of the key questions to be weighed when evaluating an enforcement program.

1. Time Frames for prosecuting a complaint from intake to final disposition

General Findings: State laws often dictate the manner in which boards prosecute cases, in some cases dictating the manner in which actions are handled. For example one board may have the authority to close a complaint without merit almost immediately based solely on the decision of the Executive Director, while another board may be required to hold the file open until a vote by the board at the next scheduled meeting.

When considering a new complaint, boards should first determine whether a complaint has legal merit and, if legal merit is found, whether the state board has jurisdictional nexus on the matter. If both these criteria are satisfied and the board determines to move forward with the enforcement matter, the board should then consider whether any discipline already issued by another agency, board, etc. was sufficient to address the violations or whether the harm justifies further enforcement action by the board.

An analysis of the various jurisdictions reveals useful benchmarks for the time frame of handling complaints. Set forth below are targeted time frames that boards should strive to meet, understanding there are instances where different time frames are appropriate in light of the legal and operational considerations (e.g. volume of complaints) that may

justify different targets for certain boards.

- a. Decision to (i) close complaints for lack of legal merit or jurisdictional nexus or (ii) initiate an investigation
 - i. Target – 7 days after expiration of time period for responses with either receipt of all supporting document from parties or failure to respond, or at next scheduled board/complaint committee meeting
- b. Assignment of investigator
 - i. Target – 10 days from decision to initiate investigation
- c. Completion of investigation
 - i. Target – 180 days or less from initiation of investigation
- d. Formal Discipline at administrative level – final disposition
 - i. Target – 540 days or less from initiation of complaint
- e. Initiation of action (re-opening of complaint) or initiation of new complaint following probation violation
 - i. Target – 15 days or next scheduled board/complaint committee meeting

2. Enforcement resources to adequately staff investigations

General Findings: Both consumers and licensees have an interest in seeing complaints processed expeditiously, with a board enjoying adequate enforcement resources to ensure a fair and efficient process. Generally, the appropriate level of enforcement resources in a given jurisdiction is a function of the size of the jurisdiction's licensee population, and the number and nature of complaints typically handled by that jurisdiction. A board with 70,000 licensees will need a much more robust investigative unit with more personnel, but a board with 1,500 licensees may be able to utilize board members with specialized knowledge to handle investigations. Overall, 33 jurisdictions have less than 10,000 licensees ("small" jurisdictions); 13 jurisdictions have 10,000-20,000 licensees ("mid-size"); and nine have more than 20,000 licensees ("large").

- a. In determining adequate staffing resources a board should routinely evaluate staffing levels to ensure that the appropriate number of staff are assigned to the right positions and at the right time. A board should evaluate their respective program needs, taking into consideration workload projections and any new anticipated workload over the coming years (possibly as a result of law or rule changes). When evaluating staffing workload, a board should consider identified core tasks to complete investigations, general duration of time to complete the tasks, and the number of staff presently assigned to handle investigation. Based on this evaluation, a board should determine if any overages or shortages in workload exist and seek to align staffing resources accordingly.
- b. Factors that may warrant modification (up or down) to such ratios:
 - i. Ratio of administrative complaints to practice complaints – history of practice claims in a particular jurisdiction would warrant more investigators per licensee. Administrative complaints are typically less

complicated and would include violations like failure to renew, failure to obtain CPE (“Administrative Complaints”). Practice complaints are generally more complex and would include violations such as failure to follow standards, failure to follow the code of conduct and actions involving dishonesty or fraud (“Practice Complaints”).

- ii. Ratio of complaints involving firms with offices in multiple states versus smaller firms with local offices. The prevalence of complex cases, such as cases against the auditors in Enron and against big firms that involve representation by outside law firms may require an increase in the ratio of investigators to licensees, to handle the added workload associated with periodic complex cases.
- c. Qualification and training of investigators
- i. Large, mid-size and small accountancy boards should all seek to utilize CPAs, law enforcement, board staff, or other individuals with accounting or investigative training (such as the Investigator Training Series identified in Section 2 (c)(iii) below or the training offered by the Council on Licensure, Enforcement and Regulation (CLEAR)) as an investigator whenever possible;
 - ii. Encourage investigative staff to attend investigative training seminars such as those hosted by CLEAR;
 - iii. Encourage investigative staff to complete the Investigator Training Series on NASBA.org
 - iv. Boards should establish and follow a process for determining appropriate utilization of CPA investigators and/or CPA board members or staff and non-CPA investigators, which considers whether the case involves an Administrative Complaint or involves a Practice Complaint.
 - v. Boards should utilize subject matter experts for complex investigations involving highly technical areas and standards, such as ERISA, Yellow Book, cases involving complicated tax issues, and fraud.
 - 1. Work with NASBA to identify a means of obtaining the necessary resources if costs are prohibitive to boards
 - 2. Use NASBA pool of available expert witnesses, if needed, to address complex issues, such as those items referenced in subsection (v) above
 - 3. Referral to a board member with expertise that is case specific
 - a. In such cases, the Board member should recuse himself/herself from further participation in any formal disciplinary action in the specific matter
- d. Boards should be able to access funds in a timely manner to handle a case against a big firm, as a demand arises, either through an appropriation process, the board, the umbrella agency, or the prosecuting agency.

3. Case management

General Findings: The volume of complaints considered by a board will also have a

bearing regarding case management for a particular board. For example, a board handling 3,000 complaints a year typically should have a system in place to prioritize those cases based upon the potential for harm, while a board receiving only 1-3 complaints will not need a prioritization system because each complaint can receive immediate attention. If the number of complaints received by board requires prioritization in order to adequately address all complaints and best allocate board resources to achieve maximum protection of the public, then such jurisdiction should identify cases for potential to cause greatest harm, or offenses that are indicators of problems that could lead to such harm and adopt procedures to manage Administrative Complaints by handling them in a manner similar to that outlined below in Section 3(a) and Practice Complaints by handling them in a manner similar to that outlined below in Section 3(b).

- a. Administrative Complaints involving matters of licensing deficiencies such as, failure to timely renew or obtain CPE, improper firm names, other administrative matters and certain first-time misdemeanor offenses, generally pose a lesser threat to the public and as such may be processed as follows:
 - i. Attorney, Executive Director, and/or qualified staff review informal matters
 - ii. Cases can be closed based on voluntary compliance
 - iii. Informal conference may be scheduled to assist in reaching a settlement or if there is non-compliance with an agreed resolution
- b. Practice Complaints generally involving matters of incompetence, dishonesty, violation of any rule of professional ethics or professional conduct, failing to timely complete an engagement, failure to communicate, criminal convictions, breach of fiduciary duty or fraud or disclosing confidential information pose a greater threat to the public and as such are generally processed as follows:
 - i. Summary of investigation is reviewed by Attorney, Executive Director, appointed Board member, or Complaint Committee (depending upon board structure)
 - ii. Further investigation may be requested
 - iii. Information Conference may be scheduled to aid settlement
 - iv. Upon determination of a violation, corrective (remedial) or disciplinary action is taken (either by consent agreement or proceeding to formal hearing) upon approval of the Board
- c. Boards should review discipline from other agencies, such as the DOL, SEC, PCAOB, and AICPA, included in the NASBA Quarterly Enforcement Report to determine whether such discipline should give rise to disciplinary action by the Board.
- d. Boards should use a method of tracking probationary matters with assigned personnel (staff or investigator) to monitor compliance with probationary terms, such as follow up phone calls or other correspondence with licensee, requiring the licensee to appear in person at interviews/meetings as directed by the Board to report on probation compliance, submitting written quarterly compliance reports, and/or allowing a practice investigation upon request of the Board.

4. Disciplinary Guidelines

General Findings: Boards of accountancy are charged with protecting consumers by regulating the profession and disciplining licensees who fail to comply with the professional standards. Another goal of the disciplinary process is to increase adherence to licensing requirements and professional standards, thereby elevating the quality of services provided by the profession. Boards have the authority to impose discipline to revoke, suspend, condition, or refuse to renew a license or certificate for violation of rules and regulations or statutes of the accountancy law. Boards should strive to impose fair and consistent discipline against licensees who violate the accountancy laws or rules. These guidelines recommend penalties and conditions of probation for specific statutes and rules violated, as well as aggravating and mitigating circumstances that may necessitate deviation from the recommended discipline. The disciplinary guidelines are to be used by Board members, Board staff, and others involved in the disciplinary process. Boards may exercise discretion in recommending penalties, including conditions of probation, as warranted by aggravating and mitigating circumstances.

- a. The disciplinary process for boards of accountancy should consider offenses and their appropriate penalties, including the following major categories of offenses. Each determination should be fact specific and penalties may be escalated, reduced or combined depending on the Boards' consideration of the relevant mitigating and aggravating factors.
 - i. Grounds for Revocation
 1. Revocation of a license/permit by another agency or Board
 2. Failure to inform the Board of a failed peer review
 3. Fraud or deceit in obtaining a license
 4. Conviction of any crime substantially related to the qualifications, functions, or duties of a CPA (involving dishonesty or fraud)
 5. Dishonesty, fraud, or gross negligence in the practice of public accounting
 6. Commission of a felony
 - ii. Grounds for Suspension/Probation
 1. Failure to comply with board order
 2. Failure to meet firm ownership requirements
 3. Failure of a peer review
 - iii. Grounds for Monetary Fine/Penalty
 1. Unlicensed conduct
 2. Failure to comply with professional standards or code of conduct
 3. Failure to renew
 4. Failure to timely complete CPE or peer review
 - iv. Grounds for Remediation
 1. Failure to comply with professional standards
 2. Issues regarding client records/ownership of work papers
 3. Issues regarding confidential disclosures

4. Unlicensed conduct due to inadvertence (i.e., mobility, multiple designations, foreign accountants, etc.)
 5. Misleading name, title, or designation
- b. Boards may adopt specific factors to consider in assessing penalties, such as:
- i. Permissible sanctions available to the Board, including those sanctions set forth in Section 4(a) above
 - ii. Mitigating or aggravating factors (described in detail below)
 - iii. Past disciplinary history or “trends” in licensee’s behavior involving this Board or other agencies such as SEC, IRS, PCAOB and societies
 - iv. Likelihood of repeating the behavior
 - v. Potential for future public harm
 - vi. Potential for licensee’s rehabilitation
 - vii. Extent of damages or injury due to licensee’s behavior
 - viii. Board sanctions with similar misconduct in other cases
 - ix. Other enforcement actions or legal actions against licensee involving the conduct which is the subject of the current case (and impact of those actions/sanctions upon licensee)
 - x. Whether action was a clear violation or was an area of law/rule subject to interpretation
 - xi. Whether the individual or firm has already been sanctioned for the action by another state, PCAOB the SEC, or other enforcement body, and whether the enforcement body imposed sanctions consistent with sanctions the board would typically impose under the circumstances.
- c. Boards may consider the following mitigating factors in assessing penalties:
- i. Passage of time without evidence of other professional misconduct
 - ii. Convincing proof of rehabilitation
 - iii. Violation was without monetary loss to consumers and/or restitution was made
 - iv. If multiple licensees are involved in the violation, the relative degree of culpability of the subject licensee should be considered
- d. Boards may consider the following aggravating factors in assessing penalties:
- i. Failure to cooperate with Board in investigation of complaint and/or disciplinary process (providing requested documentation, timely responses, participating in informal conference)
 - ii. Violation is willful, knowingly committed and/or premeditated
 - iii. Case involved numerous violations of Board’s statutes and rules, as well as federal or other state statutes
 - iv. History of prior discipline, particularly where prior discipline is for same or similar conduct
 - v. Violation results in substantial harm to client, employer and/or public
 - vi. Evidence that licensee took advantage of his client for personal gain, especially if advantage was due to ignorance, age or lack of sophistication of the client

5. Internet Disclosure

General Findings: The goal is to allow market forces to elevate the profession by directing consumers away from licensees with troubled records and toward those who have adhered to professional standards. Thus, the disclosures must be of sufficient detail for consumers to be able to make informed judgments about whether discipline poses a risk to them or is indicative of a prior problem relevant to why they are retaining the CPA.

Finally, internet disclosure has two other beneficial consequences. One, it elicits confidence in the board's operations. If a consumer found out that the board had secreted information from the public about a CPA that hurt the consumer, that consumer would not view the board as its champion. Likewise, as enforcement is the major duty of the board, disclosure of enforcement promotes transparency and accountability about the performance of an important state government agency.

Internet disclosures should for these reasons provide easy access by consumers to the disciplinary history, if any, of a CPA offering services to the consumer. States will vary in the documents that may be accessed by the public online, but at a minimum, states should provide sufficient information that a consumer can readily determine if any regulatory "red flags" exist that warrant further investigation by the consumer.

- a. Boards should participate in the ALD and CPAverify
 - i. Boards should strive to provide final disciplinary action to ALD/CPA Verify for notation in the database
 - ii. Boards should strive to provide information necessary for "hashing" licensee records across jurisdictions to the ALD to assist transparency and cross-border discipline
- b. Boards should publish final disciplinary action by the Board through a web site, newsletter or other available media, either with specific information regarding the facts that caused the board to impose discipline including, but not limited to, a board considering posting official documents that would be public records if requested by a consumer, or sufficient information to allow the consumer to contact the Board for particular details.
- c. Boards should capture "discipline under mobility" violation in CPAverify licensee record indicating the state where discipline was issued, with sufficient information to allow the consumer to contact the disciplining board to investigate the activity that resulted in discipline.

** These Guiding Principles are intended for use as a reference by NASBA Member Boards and staff only. Due to the unique structure of each Board of Accountancy, the enforcement process will be conducted differently in each jurisdiction. It is the reader's responsibility to learn state specific procedures, bearing in mind that each jurisdiction has different statutes, rules and case law which frequently change the ways that Accountancy Boards conduct enforcement. Only the current version of the document will be available for use.*

**COMPARISON OF DCA/CBA PERFORMANCE MEASURES AND
NASBA GUIDING PRINCIPLES OF ENFORCEMENT**

Performance Measures	NASBA Guiding Principles	NASBA Target	DCA Performance Measures	DCA Target	CBA Actual Performance (FY 2021/22)
Volume	N/A	N/A	Number of complaints and convictions received.	No Target	4,414
Intake	Decision to (i) close complaints for lack of legal merit or jurisdictional nexus or (ii) initiate an investigation.	7 days	Average cycle time from complaint receipt to the date the complaint was closed or assigned to an investigator.	10 days	1 day
	Assignment of investigator.	10 days			
Investigation	Completion of investigation.	180 days	Average cycle time from complaint receipt to closure of the investigation process. (Does not include cases sent to the Office of the Attorney General or other forms of formal discipline.)	180 days	97 days
Formal Discipline	Formal discipline at administrative level—final disposition.	540 days	Average number of days to complete the entire enforcement process for cases resulting in formal discipline.	540 days	978 days
Probation Intake	N/A	N/A	Average number of days from monitor assignment to the date the monitor makes first contact with the probationer.	5 days	5 days
Probation Violation Response	Initiation of action (re-opening of complaint) or initiation of new complaint following probation violation.	15 days	Average number of days from the date of the violation of probation to the date the assigned monitor initiates appropriate actions.	15 days	1 day



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CERT Item VII.
September 15, 2022

Information Regarding the California Board of Accountancy's Continuing Education Requirements

Presented by: Sarah Benedict, Manager, Renewal and Continuing Competency Unit

Purpose of the Item

The purpose of this agenda item is to provide the Consideration of the CPA Experience Requirements Taskforce (CERT) with information regarding the California Board of Accountancy's (CBA) continuing education (CE) requirements for Certified Public Accountants (CPA) renewing a license in the active status.

Consumer Protection Objectives

The CBA's CE requirements are an important component of its mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards.

Action(s) Needed

No specific action is required on this agenda item.

Background

Qualifying CE courses must be a formal program of learning which contributes directly to the professional competence of the licensee in public practice. A formal program of learning is an instructional activity that meets the requirements of California Code of Regulations (CCR), Title 16, sections 88, 88.1 and 88.2 (**Attachment**) or a course for which academic credit is granted by a university, college, or other institution of learning accredited by a regional or national accrediting agency.

Licensees are responsible for selecting acceptable CE courses. The CBA does not pre-approve or register providers of CE courses other than the two-hour Regulatory Review course.

Information Regarding the California Board of Accountancy's Continuing Education Requirements

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Comments

To renew a license in the active status, a total of 80 hours of qualifying CE must be completed during the two-year period immediately preceding license expiration. The 80-hour requirement includes:

- A minimum of 20 hours in each year of the two-year license renewal period, with at least 12 of the 20 hours in a technical subject matter.
- A minimum of 40 hours in technical subject matter.
- Four hours of ethics.
- A two-hour Board-approved Regulatory Review course every six years.

Licensees may be subject, as part of the technical CE hours, to complete specific subjects depending on the type of work they performed in the two-year period immediately preceding license expiration. The requirements include:

- A licensee who engages in planning, directing, conducting substantial portions of field work, or reporting on financial or compliance audits of a governmental agency must complete 24 hours of CE that focuses on governmental accounting auditing or related subjects.
- A licensee who engages in planning, directing, performing substantial portions of work, or reporting on an audit, review, compilation, or attestation service of a non-governmental agency must complete 24 hours of CE specifically related accounting and auditing (A&A).
- A licensee who performs preparation engagements of financial statements as their highest level of service must complete eight hours in preparation engagement CE.

A licensee that is subject to the specified CE requirements above must also complete four hours of CE specifically related to the prevention, detection, and/or reporting of fraud affecting financial statements.

The CE requirements are solely based on the work that a licensee performs and is not associated with whether their license was issued with (attest) or without the authority (general) to sign reports on attest engagements. Licensees who obtained a license with general accounting experience may be subject to the specified CE if they performed certain work associated with a governmental agency, work on an A&A engagement, or work on a preparation engagement.

A licensee who obtained a license with attest experience does not need to complete any of the specified CE related to attest work unless they performed work associated with a governmental agency, work on an A&A engagement, or work on a preparation engagement. They are not required to complete the work-specific CE as a means of

Information Regarding the California Board of Accountancy's Continuing Education Requirements

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maintaining their attest experience license. Once a licensee is issued a license with the attest authority, they maintain that license type for the life of the license.

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

California Code of Regulations, Title 16, Sections 88, 88.1, and 88.2.



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Attachment

California Code of Regulations, Title 16, Sections 88, 88.1, and 88.2

88 – Programs Which Qualify

(a) (1) The overriding consideration in determining whether a specific program qualifies as acceptable continuing education is that it be a formal program of learning which contributes directly to the professional competence of a licensee in public practice. It is the obligation of each licensee to select a course of study, consistent with the requirements of this section and Sections 88.1 and 88.2, which will contribute directly to his/her professional competence.

(2) A formal program of learning is an instructional activity that meets the requirements of this section and Sections 88.1 and 88.2 or a course for which academic credit is granted by a university, college, or other institution of learning accredited by a regional or national accrediting agency.

(b) The following types of live presentation programs are deemed to qualify as acceptable continuing education provided the standards outlined in Section 88(a), Section 88.1, and Section 88.2 are maintained.

(1) Professional development programs of national and state accounting organizations.

(2) Technical session at meetings of national and state accounting organizations and their chapters which are designed as formal educational programs.

(3) University or college courses:

(i) Credit courses -each semester hour credit shall equal 15 hours toward the requirement. Each quarter hour credit shall equal 10 hours.

(ii) Non credit courses -each classroom hour will equal one qualifying hour.

(4) Other formal educational programs provided the program meets the required standards.

(c) Group Internet-Based Programs (Webcast): Programs that enable a licensee to participate from a computer in an interactive course presented by a live instructor at a distant location are qualifying, provided the program is based upon materials specifically developed for instructional use and meets the requirements of Section 88(a), Section 88.1 and Section 88.2. Group viewing of a webcast program is permissible only where a live facilitator logs into the program to ask questions on behalf of the group. The live facilitator shall document and verify group participation and attendance in accordance with the requirements of Section 88.1 and 88.2.

(d) Formal correspondence or other individual study programs are qualifying provided:

(1) the program is based upon materials specifically developed for instructional use,

(2) the program meets the requirements of Section 88(a), Section 88.1, and Section

88.2,

(3) the program is completed within one year from the date of purchase or enrollment, and

(4) the licensee receives a passing score.

(e) Self-study modules for national examinations that contribute to the professional competency of a licensee in public practice, such as the CERTIFIED FINANCIAL PLANNER™ Certification Examination or the Certified Management Accountant examination qualify as acceptable continuing education if the modules meet the requirements of subsection (d).

(f) Credit as an instructor, discussion leader, or speaker shall be allowed for any meeting or program provided that the session is one which meets the continuing education requirements set forth in subsection (a)(1), Section 88.1, and Section 88.2. The credit allowed an instructor, discussion leader, or a speaker shall be on the basis of actual presentation hours, plus up to two additional hours for actual preparation time for each hour taught. The maximum credit for such preparation and teaching shall not exceed 50 percent of the renewal period requirement. For repeat presentations, an instructor shall receive no credit unless the instructor can demonstrate that the program content was substantially changed and that such change required significant additional study or research. Credit for licensees attending, not as instructors, discussion leader, or speakers, is limited to the actual meeting time.

(g) Credit may be allowed by the Board on an hour-for-hour basis for the following activities:

(1) Writing published articles and books provided the publisher is not under the control of the licensee, and the article and/or book would contribute to his/her professional competence.

(2) Writing instructional materials for any continuing education program which meets the requirements of subsection (a)(1), Section 88.1, and Section 88.2,

(3) Writing questions for the Uniform Certified Public Accountant Examination,

(4) Performing a technical review of instructional materials for any continuing education program which meets the requirements of subsection (a)(1), Section 88.1, and Section 88.2. For the purposes of this section a technical review shall mean reviewing for technical accuracy, currency of the information, and attainment of stated learning objectives.

(h) The maximum credit allowed under subsection (g) shall not exceed 25 percent of the renewal period requirement.

(i) In order for any continuing education hours to be acceptable to the Board under this article, the hours shall be completed in a program which qualifies under this section or Section 87.9.

NOTE: cited: Sections 5010 and 5027, Business and Professions Code. Reference: Section 5027, Business and Professions Code.

88.1 – Provider Requirements

(a) Live Presentation

In order to qualify as acceptable continuing education under Section 88(b) the provider of a live presentation program must:

(1) Require attendance and retain for a period of five years a record of attendance that accurately assigns the appropriate number of contact hours for participants including those who arrive late or leave early.

(2) Retain for a period of five years written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.

(3) Issue a certificate of completion, with verification certified by a program provider representative such as a signature or seal, to each licensee upon satisfactory completion of the course and retain records of licensees receiving certificates of completion for a period of five years. The amount of credit reflected on the certificate of completion shall be calculated in accordance with Section 88.2(a). The certificate of completion must delineate the subject areas, as described in Section 87(a)(2) and (3), for which the licensee may claim credit.

(b) Group Internet-Based Programs (Webcast)

In order to qualify as acceptable continuing education under Section 88(c), the provider of a Group Internet-Based Program (Webcast) must:

(1) Require and monitor attendance throughout the program by using attendance monitoring devices such as polling, questions, or surveys. The program shall include a minimum of three monitoring events each hour, at least one of which occurs at an irregular interval

(2) Have a live instructor while the program is being presented and a feature allowing participants to send questions/comments directly to the instructor and receive answers during the program.

(3) If it is recorded or archived, have a live subject matter expert facilitate the program (Webcast) to answer questions. A recorded or archived program that does not have a live subject matter expert must meet the self-study requirements of subsection (c), Section 88, and Section 88.2(c)

(4) Retain for a period of five years a record of attendance that accurately assigns the appropriate number of participation hours for participants.

(5) Retain for a period of five years written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.

(6) Issue a certificate of completion, with verification certified by a program provider representative such as a signature or seal, to each licensee upon satisfactory completion of the course. Satisfactory completion shall at a minimum require responding to at least 75 percent of the monitoring events described in subsection (b)(1) during the period for which continuing education credit is being granted. Retain records of licensees receiving certificates of completion for a period of five years. The amount of

credit shall be displayed on the certificate of completion and shall be calculated in accordance with Section 88.2(b). The certificate of completion must delineate the subject areas, as described in Section 87(a)(2) and (3), for which the licensee may claim credit.

(7) Have a written policy to address rescheduling and the granting of partial credit in the event of a technology failure, and make that policy available to the Board upon request.

(c) Self-Study

In order to qualify as acceptable continuing education under Section 88(d) the provider of a self-study course must:

(1) Retain for a period of five years written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.

(2) Issue a certificate of completion, with verification certified by a program provider representative such as a signature or seal, to each licensee upon satisfactory completion of the course and retain records of licensees receiving certificates of completion for a period of five years. The amount of credit shall be displayed on the certificate of completion and shall be calculated in accordance with Section 88.2(c). The certificate of completion must delineate the subject areas, as described in Section 87(a)(2) and (3), for which the licensee may claim credit.

NOTE: Authority cited: Sections 5010 and 5027, Business and Professions Code.
Reference: Sections 5026 and 5027, Business and Professions Code.

88.2 – Program Measurements

(a) Live Presentation

In order to qualify as acceptable continuing education under Section 88(b) a live presentation program must:

(1) Be measured in 50-minute class hours. A program must be at least one 50-minute class hour in length to be acceptable continuing education. For a program composed of several segments in which individual segments are less than 50 minutes, the sum of the segments, in increments not less than 25 minutes, may be added together to equal a full 50-minute class hour. For a program that is longer than one 50-minute class hour, credit shall be granted for additional 25-minute segments (one-half of a 50-minute class hour). Only class hours or the equivalent (and not participant hours devoted to preparation or study time) will be used to measure the hours of continuing education.

(2) Any program designed pursuant to Section 87(b) must be a minimum of one 50-minute class hour. Should a course be comprised of multiple subject areas as described in Section 87(a)(2), those components specific to Section 87(b) must be a minimum of one 50-minute class hour.

(3) Meet the provider requirements for live presentation under Section 88.1(a).

(b) Group Internet-Based Program (Webcast)

In order to qualify as acceptable continuing education under Section 88(c), a Group Internet-Based Program (Webcast) must:

(1) Be measured by actual program length in 50-minute class hours. A program must be a minimum of one 50-minute class hour in length to be acceptable continuing education. For a program composed of several segments, the sum of the segments, in increments not less than 25 minutes, may be added together to equal a full 50-minute class hour. For a program that is longer than one 50-minute class hour, credit shall be granted for additional 25-minute segments (one-half of a 50-minute class hour). Only class hours or the equivalent (and not participant hours devoted to preparation or study time) will be used to measure the hours of continuing education.

(2) Any program designed pursuant to Section 87(b) must be a minimum of one 50-minute class hour. Should a program be comprised of multiple subject areas as described in Section 87(a)(2), those components specific to Section 87(b) must be a minimum of one 50-minute class hour.

(3) Meet the provider requirements for Group Internet-Based Program (Webcast) under Section 88.1(b).

(c) Self-Study

In order to qualify as acceptable continuing education under Section 88(d), a self-study course, whether in electronic or paper text format, must:

(1) Grant continuing education credit calculated using one of the following methods:

(A) Demonstrating an average completion time, measured in 50-minute continuing education hours, by pre-testing the documentation from a minimum of three current and active certified public accountants simulating the manner in which the course will be completed and showing the length of time spent by each participant to complete the course. Pre-testing participants are required to be independent of the group that developed and/or are offering the course and provide feedback on the level of difficulty of the course. The continuing education credit shall be rounded down to the nearest one-half hour credit when the total minutes of the program are not equally divisible by 50.

(B) Demonstrating an average completion time, measured in 50-minute continuing education hours, by dividing the number of words contained in the text of the required reading (excluding any material not critical to the achievement of the stated learning objectives such as the course introduction, author biography, instructions, table of contents, and supplementary reference materials) by 180, adding the actual length of time in minutes of any audio or video segments, adding the number of review questions, exercises, and final examination questions multiplied by 1.85, and dividing the total by 50. The continuing education credit shall be rounded down to the nearest one-half hour credit when the total minutes of the program are not equally divisible by 50.

(2) Clearly define lesson objectives and manage the participant through the learning process by requiring frequent participant response to questions that test for understanding of the material presented, providing evaluated feedback to incorrectly answered questions and reinforcement feedback to correctly answered questions. For purposes of this section, evaluated feedback means a response specific to each incorrect answer to the study questions that explains why the particular answer is wrong, as each one is likely to be wrong for a different reason. For purposes of this section, reinforcement feedback means a response to the correct answer of the study questions that restates and explains why the answer selected was correct.

(3) Any program designed pursuant to Section 87(b) must be a minimum of one class

hour. Should a program be comprised of multiple subject areas as described in Section 87(a)(2), those components specific to Section 87(b) must be a minimum of one 50-minute class hour.

(4) Require a passing score on a test given at the conclusion of the course. The test shall not include true/false type questions.

(5) Meet the provider requirements for self-study under Section 88.1(c).

NOTE: Authority cited: Sections 5010 and 5027, Business and Professions Code.
Reference: Sections 5026 and 5027, Business and Professions Code.



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CERT Item VIII.
September 15, 2022

Discussion and Overview of California’s Requirements Associated with the Accounting Profession’s Requirements to Adhere to Professional Standards

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

The purpose of this agenda item is to provide the Consideration of the CPA Experience Requirements Taskforce (CERT) an opportunity to review and discuss California’s requirements associated with the accounting professions requirements to adhere to professional standards.

Consumer Protection Objectives

The California Board of Accountancy (CBA) maintains appropriate requirements through its statutes and regulations to ensure that licensees are complying with applicable professional standards.

Action(s) Needed

No specific action is required on this agenda item.

Background

At its May 2022 meeting, CERT requested information on how professional standards, including the American Institute of CPAs (AICPA) Code of Professional Conduct, are incorporated into the California Code of Regulations.

Comments

California Code of Regulations (CCR), title 16, 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.” (*emphasis added*)

In accordance with CCR section 58, licensees in practice must abide by the professional standard found in the AICPA Code of Professional Conduct, Section 1.300.060 – Due Care, which further defines competence (**Attachment**). Specifically, the code subsection 1.300.060.04 states that a CPA is “responsible for assessing his or her own competence of evaluating whether education, experience, and judgment are adequate for the responsibility to be assumed.”

Discussion and Overview of California's Requirements Associated with the Accounting Profession's Requirements to Adhere to Professional Standards

Page 2 of 2

As such, licensees are subject to a wide-range of standards including those promulgated by the AICPA, Internal Revenue Service, Government Accounting Office, Financial Accounting Standards Board, etc. Licensees are required to perform the appropriate due diligence in ensuring that any public accounting services they perform are done so in accordance with the appropriate professional standards. Regardless of what a CPA is authorized to do, professional standards require that a licensee is qualified, *and* meets competency qualifications.

As it pertains to CERT's charge in reviewing experience requirements for licensure, it is important to understand that there is a distinction between a CPA who is authorized by law to sign reports on attest engagements and a CPA who is qualified (due to knowledge and experience) to perform the work that they are hired to perform; this includes signing reports on attest engagements. The CBA has provided the following definitions for authorized and qualified:

- *Authorized* means the CBA has determined that the CPA completed a minimum of 500 hours of experience in attest work. The 500-hour minimum standard ensures entry-level exposure to attest engagements.
- *Qualified* means that in addition to meeting the 500-hour minimum standard to be authorized to sign reports on attest engagements, the CPA complies with applicable professional standards, which requires 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 his or her specific education, experience, and judgment are adequate to perform the services being requested.

Fiscal/Economic Impact Considerations

At this time, there are no fiscal/economic impacts to consider.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

AICPA Code of Professional Conduct Section 1.300.060 – Due Care



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Attachment

AICPA Code of Professional Conduct

1.300.060 Due Care

.01 Due care principle. A member should observe the profession's technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member's ability.

.02 The quest for excellence is the essence of due care. Due care requires a member to discharge professional responsibilities with competence and diligence. It imposes the obligation to perform professional services to the best of a member's ability, with concern for the best interest of those for whom the services are performed, and consistent with the profession's responsibility to the public.

.03 Competence is derived from a synthesis of education and experience. It begins with a mastery of the common body of knowledge required for designation as a certified public accountant. The maintenance of competence requires a commitment to learning and professional improvement that must continue throughout a member's professional life. It is a member's individual responsibility. In all engagements and in all responsibilities, each member should undertake to achieve a level of competence that will assure that the quality of the member's services meets the high level of professionalism required by these Principles.

.04 Competence represents the attainment and maintenance of a level of understanding and knowledge that enables a member to render services with facility and acumen. It also establishes the limitations of a member's capabilities by dictating that consultation or referral may be required when a professional engagement exceeds the personal competence of a member or a member's firm. Each member is responsible for assessing his or her own competence of evaluating whether education, experience, and judgment are adequate for the responsibility to be assumed.

.05 Members should be diligent in discharging responsibilities to clients, employers, and the public. Diligence imposes the responsibility to render services promptly and carefully, to be thorough, and to observe applicable technical and ethical standards. .06 Due care requires a member to plan and supervise adequately any professional activity for which he or she is responsible. [Prior reference: ET section 56]



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CERT Item IX.
September 15, 2022

Discussion and Overview Regarding Peer Review Reporting Standards and How Firm Deficiencies Correspond to Receiving a Pass with Deficiencies or Substandard (Fail) Peer Review Rating

Presented by: Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee and Michelle Center, Chief, Licensing Division

Purpose of the Item

The purpose of this item is to provide the Consideration of the CPA Experience Requirements Taskforce (CERT) with information regarding the American Institute for Certified Public Accountants (AICPA) Peer Review Program's process for determining peer review report ratings.

Consumer Protection Objectives

The California Board of Accountancy (CBA) Peer Review Program is an important component of its mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards. The goal of peer review is to promote quality in the accounting and auditing services provided by an accounting firm, thereby enhancing the products received by consumers.

Action(s) Needed

No specific action is required on this agenda item.

Background

The California Accountancy Act requires California accounting firms (including sole proprietorships) that provide accounting and auditing services to undergo a peer review once every three years as a condition of license renewal. Presently, the AICPA is the only peer review program provider recognized by the CBA to administer peer reviews. The California Society of Certified Public Accountants (CalCPA) administers the AICPA Peer Review Program in California. The AICPA uses other state certified public accountant societies to administer its peer review program nationally.

At its May 2022 meeting, Peer Review Oversight Committee Chair Jeffrey De Lyser, CPA, provided CERT with an overview of California's Peer Review Program, including statistics on substandard peer reviews nationally and in California. Following the

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presentation, CERT requested additional information regarding peer review report ratings, including statistics for pass with deficiencies and substandard report ratings and methodology for determining the report ratings.

Comments

Peer review reports are given one of three ratings: pass, pass with deficiencies, or substandard (fail).¹ The ratings vary slightly depending on whether they are given a System Review or an Engagement Review. California Code of Regulations (CCR), title 16, section 48 specifies the type of peer review a firm must undergo and definitions for the associated report rating (**Attachment 1**).

System Reviews

Accounting firms undergo a System Review, if as their highest level of service, they perform engagements under the Statements on Auditing Standards, Government Auditing Standards, examinations of prospective financial statements under the Statements on Standards for Attest Engagements, or audits of non-Security Exchange Commission issuers performed pursuant to the standards of the Public Company Accounting Oversight Board.

The scope of a System Review is to test firms' system of quality control and provide the peer reviewer with a reasonable assurance that accounting firms' system of quality control are designed in accordance with professional standards and complied with by the accounting firm's personnel. In a System Review, the ratings have the following definitions:

- *Pass* – The accounting firm's system of quality control was suitably designed and complied with by the accounting firm's personnel, which provides the firm with reasonable assurance of performing and reporting on engagements in conformity with applicable standards.
- *Pass with Deficiencies* – The accounting firm's system of quality control was suitably designed and complied with by the accounting firm's personnel with the exception of a certain deficiency or deficiencies that are described in the report. The deficiencies are such that the accounting firm's design of or compliance with its system could create a situation in which the accounting firm would have less than reasonable assurance of performing and/or reporting on engagements in conformity with applicable professional standards. At least one engagement must be nonconforming to receive a pass with deficiencies rating. The pass with deficiencies rating is a wide

¹ The term "fail" is used by the AICPA Peer Review Program. CBA regulations use the term "substandard." This agenda item will use the term substandard in lieu of fail.

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spectrum and may range from minor deviations from the Standards to significant deficiencies.

- *Substandard* – The accounting firm’s system of quality control is not suitably designed or complied with by the firm’s personnel, and thus, does not provide the accounting firm with reasonable assurance of performing and reporting on engagements in conformity with applicable professional standards.

The AICPA Standards for Performing and Reporting on Peer Reviews (Standards), PR-C section 210, Exhibit A (**Attachment 2**) shows a broad understanding of the peer review process, from the evaluation of the design of the system of quality control, to the tests of compliance, to the determination of a matter, finding, deficiency, or significant deficiency. It also illustrates the aggregation of these items, their documentation, and their potential impact to the report rating.

For System Reviews, the distinction between pass with deficiencies and substandard is arrived at using professional judgement and a holistic approach that takes the entire comprehensive review into consideration. Generally, report acceptance bodies will review documentation provided by a team captain to determine if the report rating arrived at by the team captain appears appropriate.

Engagement Reviews

Accounting firms under an Engagement Review, if as their highest level of service, they perform engagements under the Statements on Standards for Accounting and Review Services or under Statements on Standards for Attestation Engagements not encompassed in the System Review requirements undergo.

During Engagement Reviews, peer reviewers look at cross-sections of an accounting firm’s engagements to assess whether they are performed in conformity with professional standards. In an Engagement Review, the ratings have the following meanings:

- *Pass* – The engagements performed by accounting firms are performed in conformity with applicable professional standards.
- *Pass with Deficiencies* – The engagements performed by accounting firms and submitted for review were performed in conformity with applicable professional standards, with the exception of a certain deficiency or deficiencies, nothing would cause the peer reviewer to believe that the engagements performed by the accounting firm and submitted for review were not performed in conformity with applicable professional standards. The deficiencies identified were such that the peer reviewer concluded they were material to the understanding of the report or financial statements or

Discussion and Overview Regarding Peer Review Reporting Standards and How Firm Deficiencies Correspond to Receiving a Pass with Deficiencies or Substandard (Fail) Peer Review Rating

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represented omission of critical procedures required by applicable professional standards.

- *Substandard* – The engagements reviewed were not performed and/or reported on in conformity with applicable professional standards. In issuing such report, the peer reviewer shall assess both the significance of the deficiencies identified and the pervasiveness of the deficiencies.

The Standards, PR-C section 220, Exhibit A (**Attachment 3**) shows a broad understanding of the peer review process, from the review of submitted engagements to the determination of a matter, finding, or deficiency. It also illustrates the aggregation of these items, their documentation, and their potential impact on the report rating.

The Standards, PR-C section 220, Appendix A (**Attachment 4**) contains a list of examples of violations that would constitute noncompliance with the Standards.

For Engagement Reviews, the distinction between a pass with deficiencies and a substandard report rating is relatively straightforward. The difference is based on whether some (or all) engagements selected for review are identified as nonconforming. If an engagement is found to be nonconforming in any way, the firm will receive a peer review report rating of substandard; however, the violation may not necessarily be egregious, and in some cases may be fairly minor.

Peer Review Ratings Statistics

Table 1: System Reviews

Year	Pass w/Deficiencies		Substandard	
	California Count (%)	National ² Count (%)	California Count (%)	National Count (%)
2020	83 (25%)	310 (12%)	25 (8%)	205 (8%)
2019	124 (29%)	477 (13%)	31 (8%)	262 (7%)
2018	141 (26%)	452 (13%)	39 (8%)	249 (7%)
2017	88 (25%)	370 (12%)	31 (9%)	217 (7%)
2016	103 (20%)	462 (13%)	51 (11%)	273 (8%)
2015	128 (24%)	504 (12%)	60 (12%)	244 (6%)
2014	115 (20%)	452 (12%)	71 (12%)	230 (6%)
2013	76 (16%)	420 (10%)	60 (12%)	122 (3%)

² The National data presented in Tables 1 and 2 represent all states and jurisdictions with the exception of California, which are provided separately.

Discussion and Overview Regarding Peer Review Reporting Standards and How Firm Deficiencies Correspond to Receiving a Pass with Deficiencies or Substandard (Fail) Peer Review Rating

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Table 2: Engagement Reviews

Year	Pass w/Deficiencies		Substandard	
	California Count (%)	National Count (%)	California Count (%)	National Count (%)
2020	60 (11%)	313 (11%)	32 (6%)	178 (6%)
2019	93 (12%)	456 (11%)	112 (14%)	415 (10%)
2018	81 (10%)	453 (10%)	124 (15%)	596 (14%)
2017	93 (13%)	415 (10%)	95 (12%)	487 (12%)
2016	80 (9%)	477 (10%)	108 (11%)	347 (7%)
2015	96 (9%)	458 (8%)	57 (6%)	216 (4%)
2014	156 (16%)	715 (13%)	65 (6%)	266 (5%)
2013	218 (21%)	973 (18%)	111 (10%)	362 (7%)

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. California Code of Regulations, Title 16, Section 48.
2. The AICPA Standards for Performing and Reporting on Peer Review, PR-C section 210, Exhibit A
3. The AICPA Standards for Performing and Reporting on Peer Review, PR-C section 220, Exhibit A
4. The AICPA Standards for Performing and Reporting on Peer Review, PR-C section 220, Appendix A



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Attachment 1

California Code of Regulations, Title 16, Section 48

48 – Minimum Requirements for a Peer Review Program

For a peer review program provider to receive Board recognition and be authorized to administer peer reviews in California, the peer review program provider shall submit evidence to the satisfaction of the Board that the peer review program is comprised of a set of standards for performing, reporting on, and administering peer reviews. A peer review program shall include the following components:

(a) Peer Review Types

A peer review program shall have a minimum of two types of peer reviews that include the following:

(1) For firms performing engagements under the Statements on Auditing Standards (SASs), Government Auditing Standards, examinations of prospective financial statements under the Statements on Standards on Attestation Engagements (SSAEs), or audits of non-Security Exchange Commission (SEC) issuers performed pursuant to the standards of the Public Company Accounting Oversight Board (PCAOB), the firm shall undergo a peer review designed to test the firm's system of quality control. The scope of the peer review shall be such that it provides a peer reviewer with a reasonable assurance that a firm's system of quality control was designed in accordance with professional standards and was complied with by a firm's personnel.

(2) For firms only performing engagements under the Statements on Standards for Accounting and Review Services (SSARS) or under Statements on Standards on Attestation Engagements (SSAEs) not encompassed in review performed under subsection (a)(1), the firm shall undergo a peer review designed to test a cross-section of a firm's engagements to assess whether the engagements were performed in conformity with the applicable professional standards.

(b) Peer Review Report Issuance

(1) For firms undergoing peer reviews pursuant to subsection (a)(1), one of the following three types of peer review reports shall be issued:

(A) A peer review report indicating that a peer reviewer or peer review team concluded that a firm's system of quality control was suitably designed and complied with by the

firm's personnel, which provides the firm with reasonable assurance of performing and reporting on engagements in conformity with applicable professional standards.

(B) A peer review report indicating that a peer reviewer or peer review team concluded that a firm's system of quality control was suitably designed and complied with by the firm's personnel with the exception of a certain deficiency or deficiencies that are described in the report. The deficiencies are such that the firm's design of or compliance with its system could create a situation in which the firm would have less than reasonable assurance of performing and/or reporting on engagements in conformity with applicable professional standards.

(C) A peer review report indicating that a peer reviewer or peer review team concluded that a firm's system of quality control is not suitably designed or complied with by the firm's personnel, and thus, does not provide the firm with reasonable assurance of performing and reporting on engagements in conformity with applicable professional standards.

(2) For firms undergoing peer reviews pursuant to subsection (a)(2), one of the following three types of peer review reports shall be issued:

(A) A peer review report indicating that a peer reviewer or peer review team concluded that there was no evidence which would cause the peer reviewer to believe that the engagements performed by the firm were not performed in conformity with applicable professional standards.

(B) A peer review report indicating that a peer reviewer or peer review team concluded that, with the exception of a certain deficiency or deficiencies, nothing would cause the peer reviewer to believe that the engagements performed by the firm and submitted for review were not performed in conformity with applicable professional standards. The deficiencies identified were such that the peer reviewer concluded they were material to the understanding of the report or financial statements or represented omission of critical procedures required by applicable professional standards.

(C) A peer review report indicating that a peer reviewer or peer review team concluded that the engagements reviewed were not performed and/or reported on in conformity with applicable professional standards. In issuing such report, the peer reviewer shall assess both the significance of the deficiencies identified and the pervasiveness of the deficiencies.

(c) Peer Reviewer Qualifications. A peer review program shall include minimum qualifications for an individual to qualify as a peer reviewer. The qualifications shall, at a minimum, include the following:

(1) Have a valid and active license in good standing to practice public accounting issued by this state or other state.

(2) Be actively involved and practicing at a supervisory level in a firm's accounting and auditing practice.

(3) Maintain a currency of knowledge of the professional standards related to accounting and auditing, including those expressly related to the type or kind of practice to be reviewed.

(4) Provide the Board-recognized peer review program provider with his/her qualifications to be a reviewer, including recent industry experience.

(5) Be associated with a firm that has received a peer review report issued in accordance with subsection (b)(1)(A) or (b)(2)(A) of this section or has received a peer review rating of pass or unmodified as part of the American Institute of Certified Public Accountants Peer Review Program as part of the firm's last peer review.

(d) Planning and Performing Peer Reviews

A peer review program shall include minimum guidelines and/or standards for planning and performing peer reviews commensurate with the type of peer review being performed to include, but not limited to, the following:

(1) For peer reviews performed in accordance with subsection (a)(1) of this section, a peer review program's guidelines and/or standards shall include the following:

(A) Ensuring that prior to performing a peer review, a peer reviewer or a peer review team takes adequate steps in planning a peer review to include the following: (i) obtain the results of a firm's prior peer review (if applicable), (ii) obtain sufficient understanding of the nature and extent of a firm's accounting and auditing practice, (iii) obtain a sufficient understanding of a firm's system of quality control and the manner in which the system is monitored by a firm, and (iv) select a representative cross-section of a firm's engagements.

(B) In performing a peer review, the peer reviewer or peer review team shall test the reviewed engagements while assessing the adequacy of and compliance with a firm's system of quality control. The peer review is intended to provide the peer reviewer or peer review team with reasonable basis for expressing an opinion as to whether a firm's system of quality control is suitably designed and complied with by a firm's personnel such that the firm has reasonable assurance of performing and reporting on engagements in conformity with applicable professional standards.

(2) For peer reviews performed in accordance with subsection (a)(2) of this section, a peer review program's guidelines and/or standards shall include the following:

(A) Ensuring that prior to performing a peer review, a peer reviewer or peer review team select a representative cross-section of a firm's accounting and auditing engagements to include at a minimum one engagement for each partner, shareholder, owner, principal, or licensee authorized to issue reports.

(B) In performing a peer review, the peer reviewer or peer review team shall review the selected engagements to determine if the engagements were performed in conformity with the applicable professional standards.

(3) Nothing in a peer review program provider's guidelines and/or standards shall prohibit a peer reviewer or peer review team from disclosing pertinent peer review-related information regarding a firm to a subsequent peer reviewer.

(e) Peer Review Program Plan of Administration and Accepting Peer Review Reports

(1) The administration plan shall clearly outline the manner in which the peer review program provider intends on administering peer reviews and shall, at a minimum, include the following:

(A) Identify a peer review committee, and if necessary subcommittees, and employ knowledgeable staff for the operation of the review program as needed.

(B) Establish and perform procedures for ensuring that reviews are performed and reported on in accordance with the program's established standards for performing and reporting on peer reviews.

(C) Establish a program to communicate to firms participating in the peer review program the latest developments in peer review standards and the most common findings in peer reviews conducted by the Board-recognized peer review program provider.

(D) Establish and document procedures for an adjudication process designed to resolve any disagreement(s) which may arise out of the performance of a peer review, and resolve matters which may lead to the dismissal of a firm from the provider's peer review program.

(E) Establish guidelines for prescribing remedial or corrective actions designed to assure correction of the deficiencies identified in a firm's peer review report.

(F) Establish guidelines for monitoring the prescribed remedial and corrective actions to determine compliance by the reviewed firm.

(G) Establish and document procedures for ensuring adequate peer reviewers to perform peer reviews. This shall include ensuring a breadth of knowledge related to industry experience.

(H) Establish and document procedures to ensure the qualifications of peer reviewers and to evaluate a peer reviewer's performance on peer reviews.

(I) Establish a training program or training programs designed to maintain or increase a peer reviewer's currency of knowledge related to performing and reporting on peer reviews.

(J) Establish and document procedures to ensure that a firm requiring a peer review selects a peer reviewer with similar practice experience and industry knowledge, and peer reviewer is performing a peer review for a firm with which the reviewer has similar practice experience and industry knowledge.

(K) Require the maintenance of records of peer reviews conducted under the program. Such records shall include, at a minimum, written records of all firms enrolled in the peer review program and documents required for submission under Section 46, with these documents to be retained until the completion of a firm's subsequent peer review.

(L) Provide to the Board's Peer Review Oversight Committee access to all materials and documents required for the administration of peer reviews.

(2) As required by subsection (e)(1)(A) of this section, the peer review program provider shall establish a peer review committee to assist in the review and acceptance of peer review reports. The peer review program provider's committee shall:

(A) Meet regularly to consider and accept peer review reports.

(B) Assist the peer review program provider in resolving instances in which there is a lack of cooperation and agreement between a peer reviewer and/or reviewed firm in accordance with the peer review program's adjudication process.

(C) Make a final determination on a peer review report pursuant to subdivision (b).

(f) The peer review committee established by the peer review program provider shall comply with the following in relation to the composition of the committee:

(1) All committee members shall meet the peer reviewer qualification requirements established in Section 48(c).

(2) In determining the size of the committee, consideration shall be given to the requirement for broad industry experience, and the likelihood that some members will need to recuse themselves from some reviews as a result of the member's close association to the firm or having performed the review.

(3) No committee member may concurrently serve as a member of the Board.

(4) A committee member may not participate in any discussion or have any vote with respect to a reviewed firm when the member lacks independence as defined by California Code of Regulations Section 65 or has a conflict of interest. Examples of conflicts of interest include, but are not limited to:

(A) the member's firm has performed the most recent peer review of the reviewed firm's accounting and auditing practice.

(B) the member served on the review team which performed the current or the immediately preceding review of the firm.

(C) the member believes he/she cannot be impartial or objective.

(5) Each member of the committee shall comply with all confidentiality requirements. The peer review program provider shall annually require its committee members to sign a statement acknowledging their appointments and the responsibilities and obligations of their appointments.

NOTE: Authority Cited: Sections 5010 and 5076, Business and Professions Code.
Reference: Section 5076, Business and Professions Code.

Exhibit A

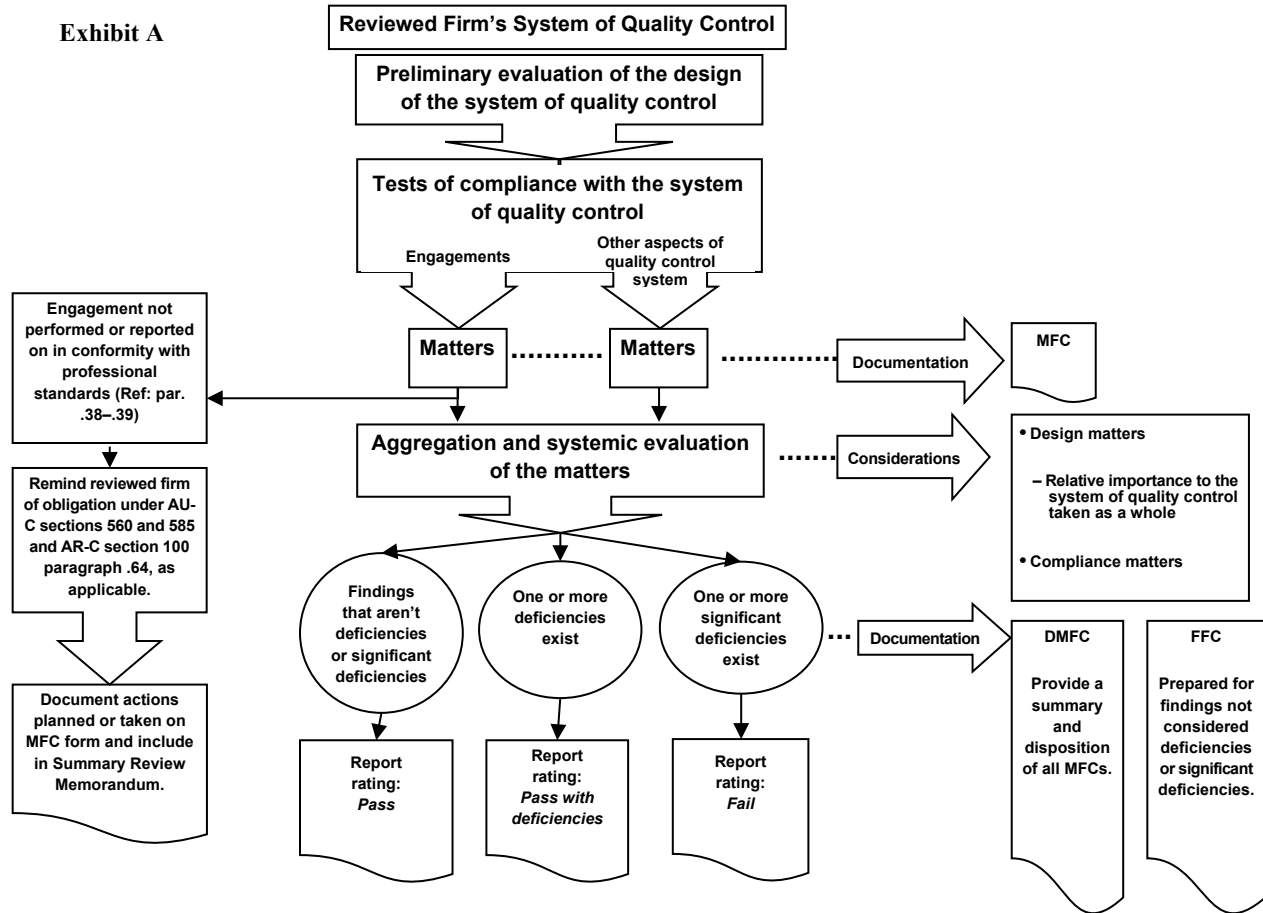
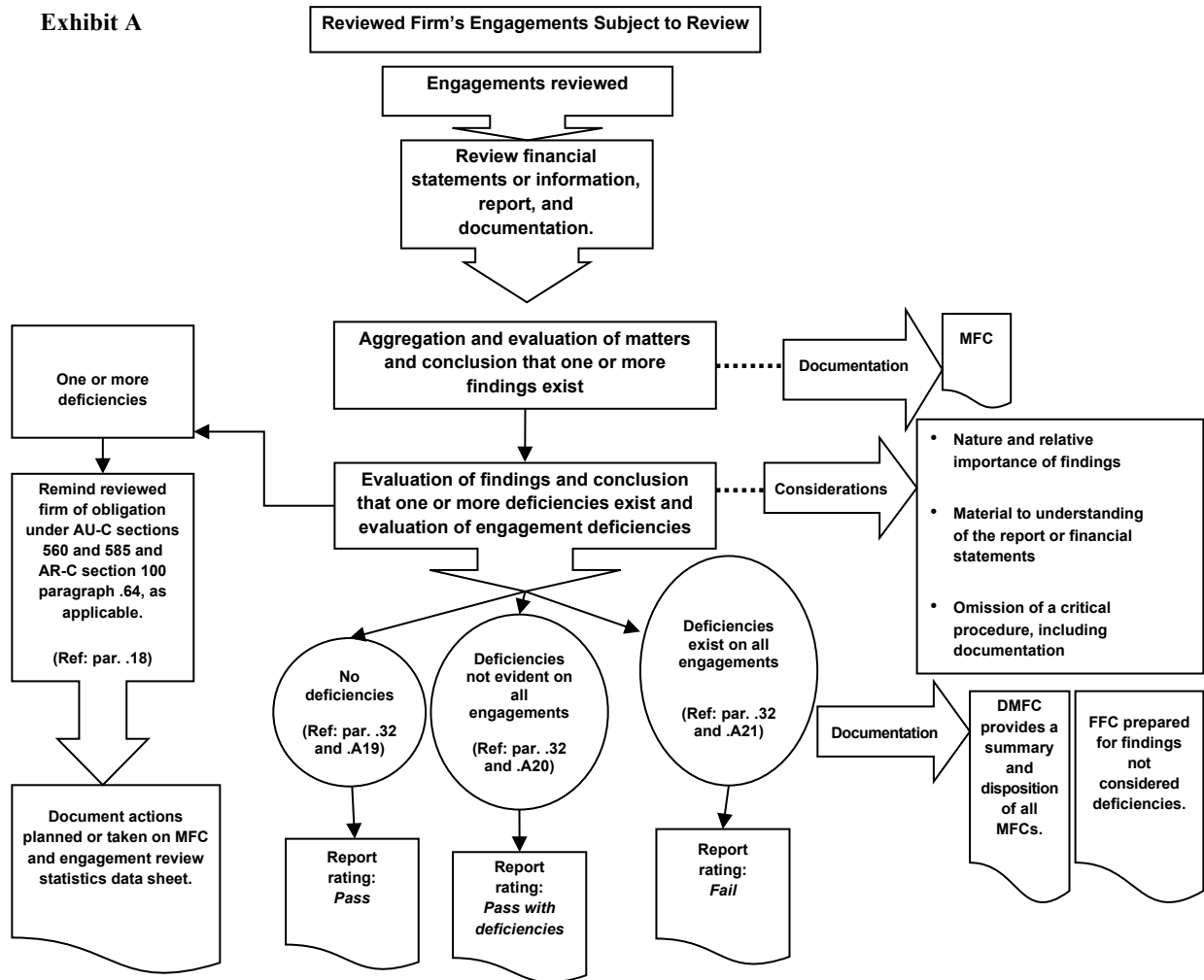


Exhibit A



Appendix A — Examples of Noncompliance With Applicable Professional Standards

.A29 The following is a list of examples of noncompliance with applicable professional standards. This is not an all-inclusive list, and the reviewer should decide if the noncompliance is a matter, finding, or deficiency as described in paragraphs .20–.24 and by using the following guidance. (Ref: par. .20–.24 and .A7)

List of Matters and Findings That Generally Would Not Result in a Deficiency

Reports

- Omission of phrases or use of phrases not in conformity with the applicable professional standards for the report issued
- Compilation reports that failed to include the paragraph regarding the omission of supplemental information, as applicable in the circumstances
- Reports that reflected financial statement titles and terminology not in accordance with applicable professional standards
- Failure to explain the degree of responsibility the accountant is taking with respect to supplementary information

Financial Statement Measurement

- Types of revenues and expenses not presented and disclosed in accordance with applicable professional standards (for example, freight revenue and related shipping and handling expenses)
- Financial statements prepared on a basis of accounting other than generally accepted accounting principles (GAAP) that are properly reported on but contain inconsistencies between the report and the financial statements, where the actual basis is readily determinable

Presentation and Disclosure

- Supplementary information not clearly segregated or marked as supplementary and departures from standard report presentation with respect to supplementary information
- Reviewed financial statement presentation that is inappropriate for the type of not-for-profit organization being reported on
- Compiled financial statements prepared using a special purpose framework reflecting titles normally associated with financial statements prepared under GAAP when the applicable financial reporting framework is not clearly identified

- Failure to disclose the accounting policy related to advertising costs in the notes to the financial statements
- Omission of the disclosure of the method of income recognition as required by applicable professional standards
- Misclassification of items on the statement of cash flows
- Omitted or inadequate disclosures related to account balances or transactions (for example, disclosure deficiencies relating to accounting policies, inventory, valuation allowances, long-term debt, related-party transactions, or concentrations of credit risk)
- Bank overdrafts not properly presented on the balance sheet, failure to accrue income taxes where the accrual and provision are not expected to be significant to the financial statements taken as a whole, and missing insignificant disclosures in the financial statements
- Financial statement titles that were inconsistent with the accountant's report

Statements on Standards for Accounting and Review Services Procedures (Including Documentation)

- The written communication of the understanding with management regarding the services to be performed (for example, an engagement letter) exists but fails to address the requirements of the applicable professional standards

List of Matters and Findings That Generally Would Result in a Deficiency

Reports

- Issuance of a review report when the accountant is not independent
- Inappropriate references to GAAP in the accountant's report when the financial statements were prepared using a special purpose framework
- Failure to disclose the lack of independence in a compilation report
- Failure to appropriately modify a report for a scope limitation or significant departure from the basis of accounting used for the financial statements
- Failure to adopt current applicable professional standards, or the accountant's report does not contain the critical elements of the current applicable professional standards
- Failure to disclose, in the accountant's report, significant departures from professional standards (examples include omission of significant income tax provisions on interim financial statements, omission of significant disclosures

related to defined employee benefit plans, or omission of required supplemental information for a common-interest realty association)

- Failure to indicate on the accountant’s report the periods covered by the report, and they cannot be determined from reading the financial statements
- Failure to include a separate paragraph for departures from the financial reporting framework, including dollar amounts or a statement that the impact was not determined
- A compilation report that fails to include all the reasons why the accountant is not independent when such reasons are presented (for example, the report provides only one of three reasons)
- A review report on financial statements that omits disclosures required by GAAP and that is not appropriately modified for the omissions
- For a compilation engagement, failure to disclose the omission of substantially all disclosures or the statement of cash flows (if applicable) required by the applicable financial reporting framework
- For a compilation or review engagement performed in accordance with Statements on Standards for Accounting and Review Services (SSARSS), failure to appropriately modify the report in accordance with professional standards, when the financial statements are prepared in accordance with a special purpose framework
- For preparation engagements, failure to issue a disclaimer report, when the accountant is unable to include a statement on each page of the financial statements indicating, at a minimum, that “no assurance is provided”

Financial Statement Measurement

- Investments in marketable securities presented at cost and not fair market value, resulting in a material misstatement to the balance sheet
- Inclusion of material balances that are not appropriate for the basis of accounting used
- Failure to include material amounts or balances necessary for the basis of accounting used (examples include omission of accruals, failure to amortize a significant intangible asset, failure to provide for losses or doubtful accounts, or failure to provide for deferred income taxes)
- Improper accounting of a transaction (for example, recording a capital lease as an operating lease)

- Use of an inappropriate method of revenue recognition

Presentation and Disclosure

- Disclosure of omission of substantially all disclosures (in a compilation without disclosures) when, in fact, substantially all disclosures have been included
- Misclassification of transactions or balances and omission of significant required disclosures related to financial statement balances on transactions
- Failure to disclose that compiled financial statements that omit substantially all disclosures were prepared using a special purpose framework and the basis of accounting is not readily determinable from reading the accountant's compilation report
- For a preparation engagement, failure to include, either on the face of the financial statements or in a note to the financial statements, a description of the financial reporting framework when the financial statements have been prepared in accordance with a special purpose framework
- For a preparation engagement, failure to disclose the omission of substantially all disclosures or the statement of cash flows (if applicable) required by the applicable financial reporting framework
- For a preparation engagement, failure to disclose a material misstatement in the financial statements when the accountant prepares financial statements that contain a known departure or departures from the applicable financial reporting framework
- Significant departures from the financial statement formats prescribed by industry accounting and audit guides
- Omission of disclosures related to significant accounting policies applied (GAAP or special purpose framework)
- Failure to include a summary of significant assumptions in a financial forecast or projection
- Failure to segregate the statement of cash flows into the components of operating, investing, and financing
- Failure to disclose the cumulative effect of a change in accounting principles
- Failure to disclose significant related-party transactions
- Omission of actual financial statements that are referred to in the report

- Failure to include one or more statements of cash flows when comparative results of operations are presented in financial statements prepared in accordance with GAAP

SSARs Procedures (Including Documentation)

- Failure to establish an understanding with management regarding the services to be performed through a written communication (for example, an engagement letter)
- Failure to document significant findings or issues
- Failure to document communications to the appropriate level of management regarding fraud or illegal acts that come to the accountant's attention
- For review engagements, failure to perform or document analytical and inquiry procedures, including the matters covered, and the development of and basis for the accountant's expectations
- For review engagements, failure to document significant unusual matters and their disposition
- For review engagements, failure to obtain a client management representation letter
- Failure to obtain all required signatures on the engagement letter (or other suitable written agreement)



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CERT Item X.
September 15, 2022

**Discussion Regarding Providing Input to the California Board of Accountancy's
CPA Experience Requirements Taskforce on the Necessity Attest Experience
Requirements for CPA Licensure**

**Presented by: Jeffrey De Lyser, CPA, Chair, Peer Review Oversight
Committee/Michael Williams, CPA, Chair, Qualifications Committee/Doug
Aguilera, CPA, Chair, Enforcement Advisory Committee**

Purpose of the Item

The purpose of this agenda item is to provide an opportunity for the Peer Review Oversight Committee (PROC), Enforcement Advisory Committee (EAC) and Qualifications Committee (QC) chairs to provide feedback from their respective committees to the Consideration of the CPA Experience Requirements Taskforce (CERT) regarding the necessity of the attest experience requirements for certified public accountant (CPA) licensure.

Consumer Protection Objectives

Requiring applicants for CPA licensure to meet specified requirements, including accounting experience, assists the California Board of Accountancy (CBA) in meeting its mission by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

Action(s) Needed

No specific action is required for this agenda item.

Background

At the May 2022 CERT meeting, a request was made to obtain feedback from the CBA advisory committees regarding the attest experience requirement. Specifically, the advisory committees were requested to discuss the necessity of requiring attest experience.

Comments

The CBA advisory committees were provided high-level summaries of discussions from the CERT meetings. Staff provided links to the CBA website where committee members were able review the materials and webcasts from the two CERT meetings. Additionally,

**Discussion Regarding Providing Input to the California Board of Accountancy's
CPA Experience Requirements Taskforce on the Necessity of the Attest
Experience Requirements for CPA Licensure**

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staff included information regarding California's existing requirements specific to accounting experience, both for general accounting and attest experience.

Each of the committees met and engaged in a discussion of the necessity of the attest experience requirement. At the September 2022 meeting, each committee chair will present a summary of their discussions and will be available to answer members' questions.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

None.



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CERT Item XI.
September 15, 2022

Discussion and Overview of the Attest Experience Requirement Survey

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

The purpose of this item is to provide the Consideration of the CPA Experience Requirements Taskforce (CERT) with information regarding the comparative results from the 2015 and 2022 Attest Experience Requirement Surveys.

Consumer Protection Objectives

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

Action(s) Needed

No specific action is required on this agenda item.

Background

In 2015, the CBA conducted a comprehensive study to gather data from California licensees regarding California's attest experience requirement. This included approving targeted stakeholder audiences (new licensees 0-3 years, hiring manager/signers of the Certificate of Attest Experience form, individuals licensed between 10-20 years, pending applicants for licensure, university accounting programs/faculty, and consumers) and areas/topics to explore for these audiences.

The CBA hired a consulting firm to carry out the study and provide a final report to the CBA. The full attest study survey officially launched in August, 2015 and closed in October, 2015. A total of 10,163 survey responses were received. In March 2016 the CBA was presented with the results of this [survey](#).

Comments

CERT last met May 19, 2022. Recognizing that the next CERT meeting would not occur until September 2022, staff took advantage of the opportunity to try to collect information from stakeholders regarding the CBA's attest experience requirement.

Discussion and Overview of Attest Experience Requirement Survey

Page 2 of 2

Using the same questions as adopted by the CBA in 2015 facilitates comparison between the surveys. By using these questions, staff were able to put the survey together quickly; launch and market the survey; and compile comparative data for CERT use.

In launching a survey, staff were able to further engagement by giving stakeholders, including licensees, an opportunity to contribute to the CERT's deliberative process. The survey ran from June 15, to August 15, 2022 and received over 3,300 responses.

The Comparison of the 2015 and 2022 Attest Survey Results (**Attachment**) provides information CERT may find useful in its continued deliberations on the attest experience requirement, especially related to its present task focused on the necessity of the requirement.

Fiscal/Economic Impact Considerations

At this time, there are no fiscal/economic impacts to consider.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

Comparison of 2015 and 2022 Attest Survey Results



CALIFORNIA BOARD OF ACCOUNTANCY

Comparison of 2015 and 2022 Attest Survey Results

August 2022

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Non-Attest Applicants.....	32
College/University Accounting Program Faculty	34
Consumers.....	38

Overall Respondent Summary

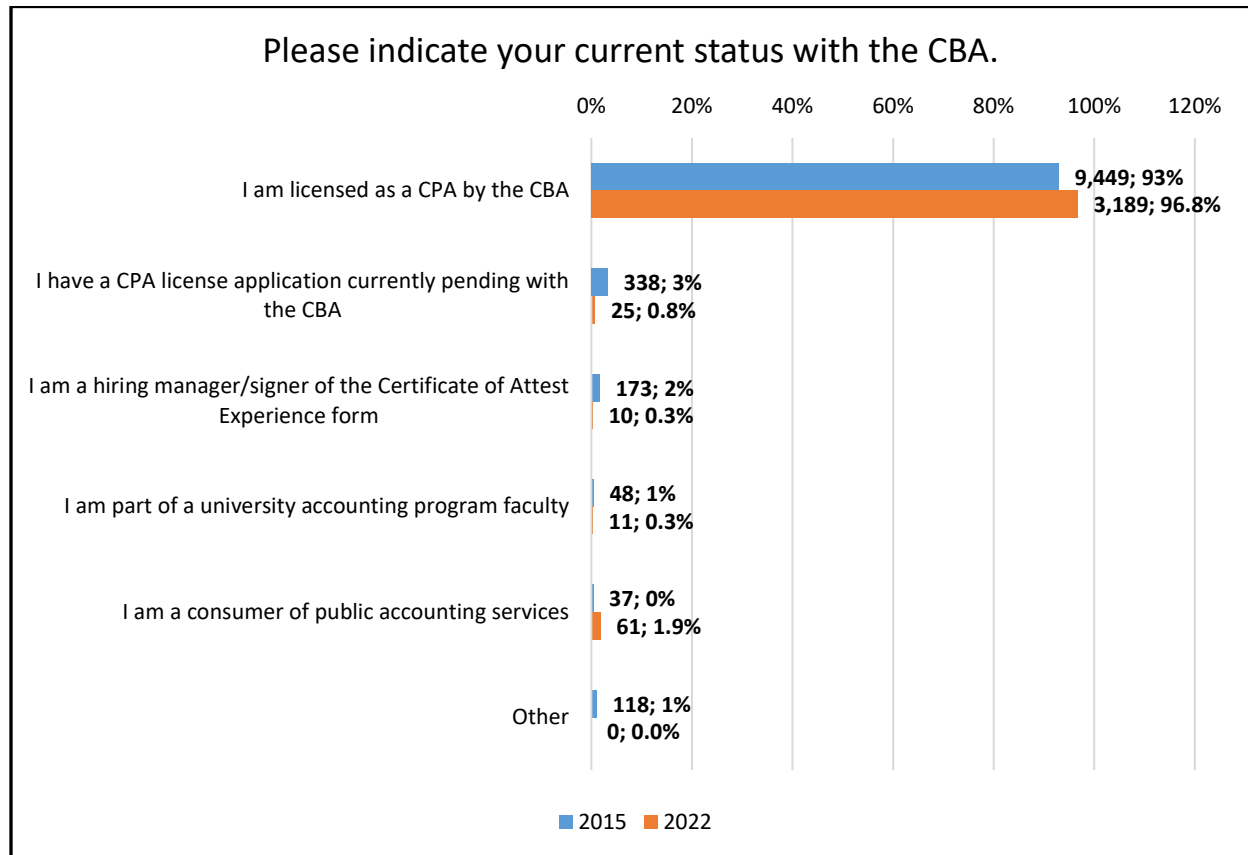
2015 total number of respondents (blue): **10,163**

2022 total number of respondents (orange): **3,324**

The total number of responses to the 2015 survey were significantly higher than the responses to the 2022 survey. To account for the disparity in the number of responses, graphs are charted by percentage. The number of responses to each item are included in the chart for reference.

Most graph percentages are rounded to the nearest ones.

Chart 1



**"Other" was not a response option in 2022.

Chart 2

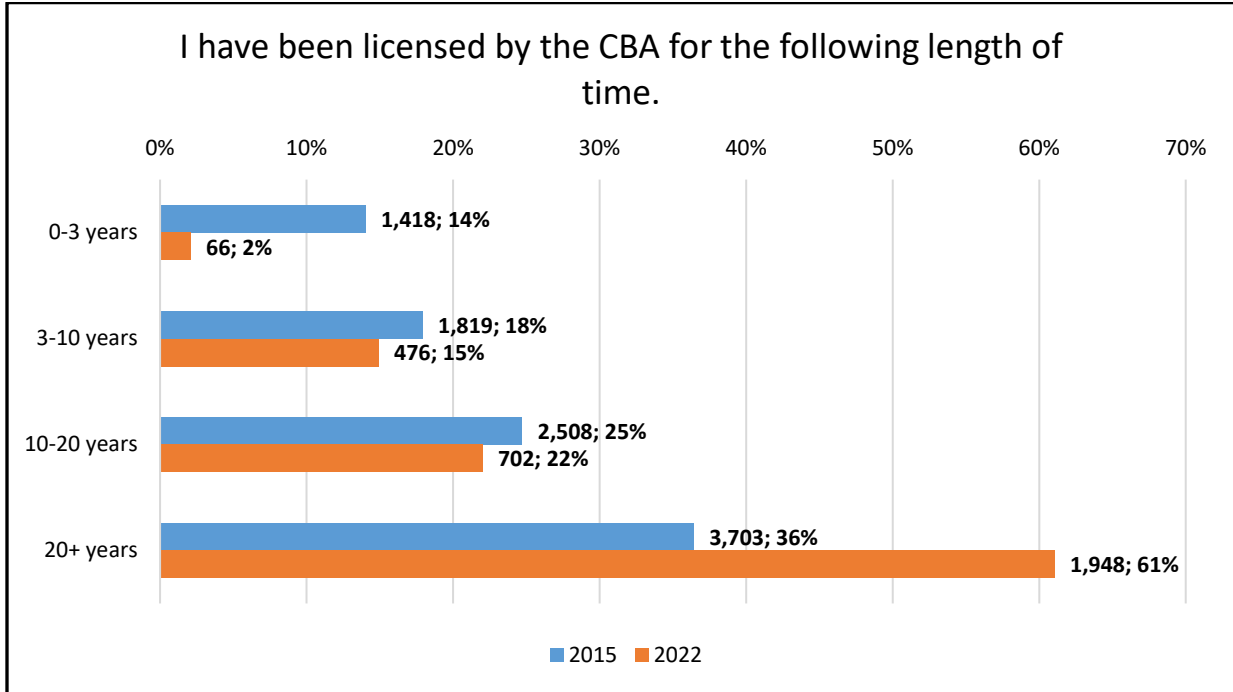
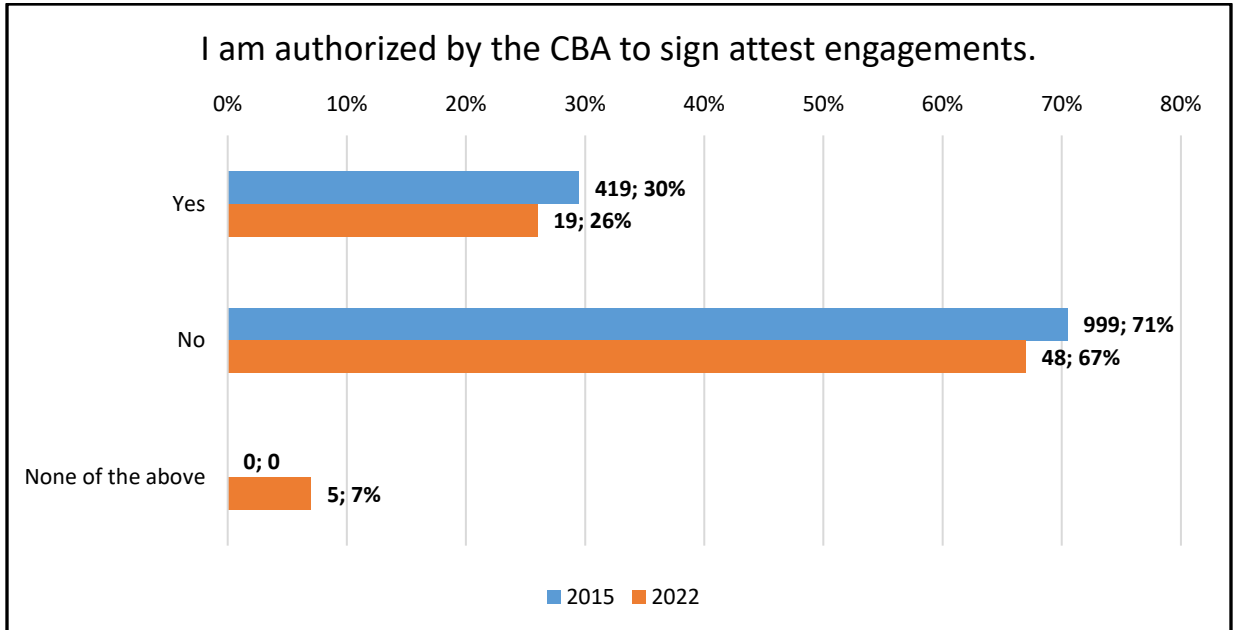
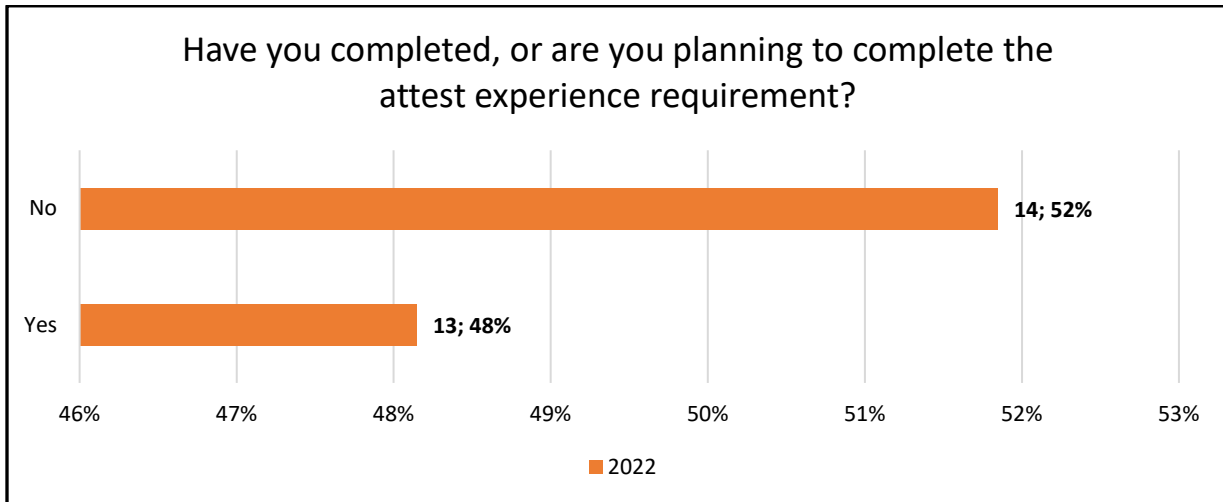


Chart 3



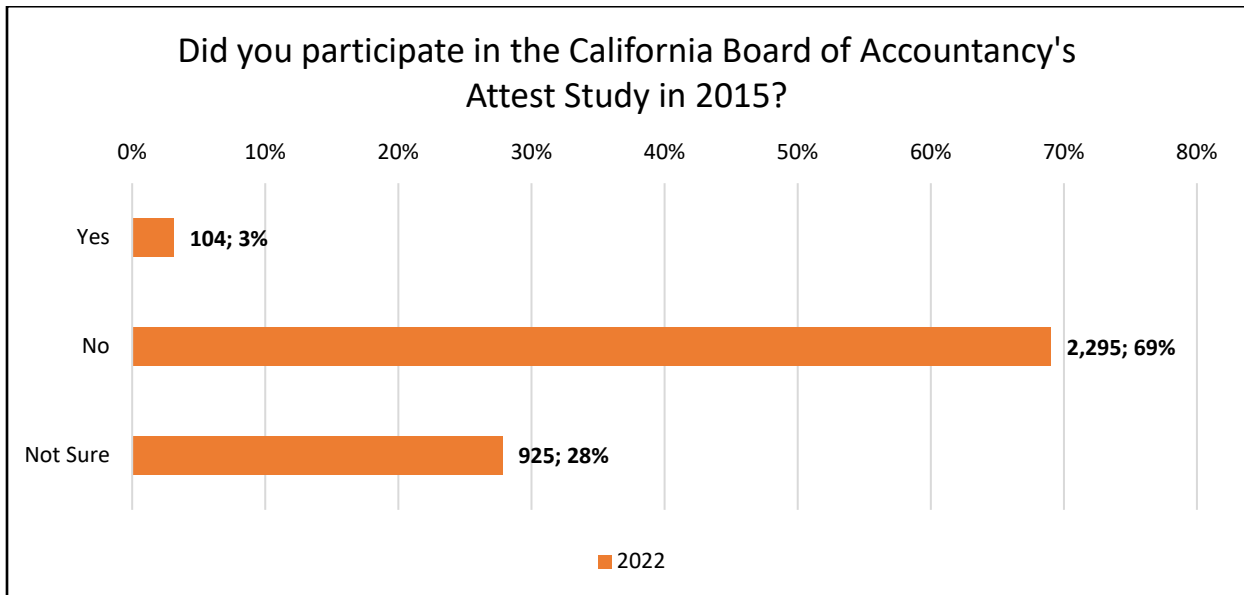
*"None of the above" was not a response option in 2015.

Chart 4



*The 2015 survey did not ask this respondent group this question.

Chart 5



Licensed CPA – 0 to 3 years: Authorized to Perform Attest Work

2015 total number of respondents (blue): 582

2022 total number of respondents (orange): 21

- In the 2015 survey, respondents were divided between CPAs authorized and currently performing attest work, and CPAs authorized but not performing attest work. The respondent groups were combined to be consistent with the 2022 survey.

Chart 6

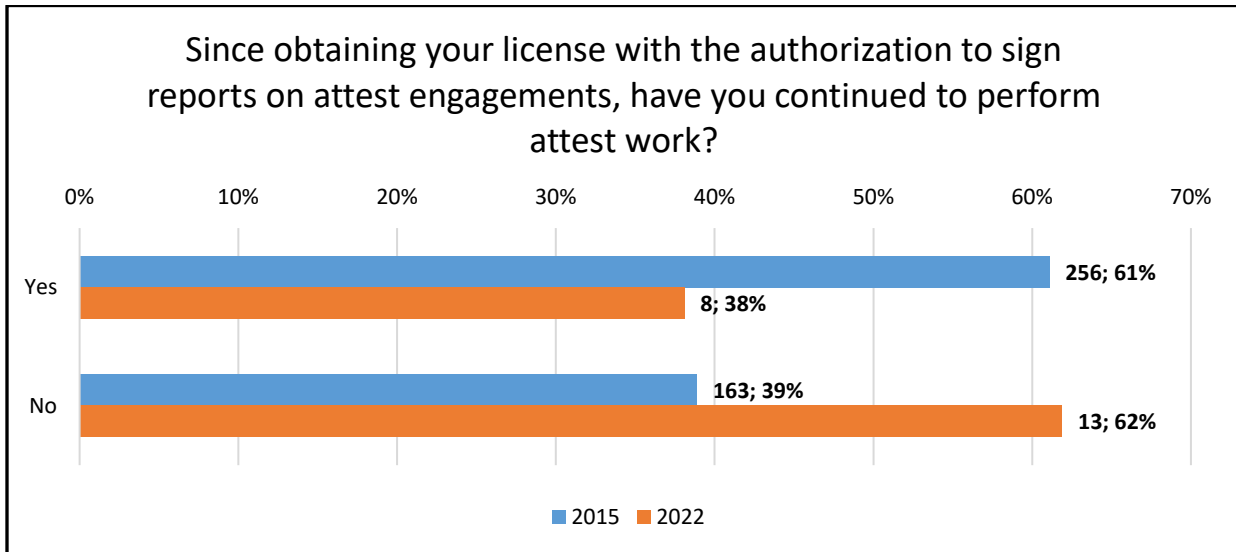


Chart 7

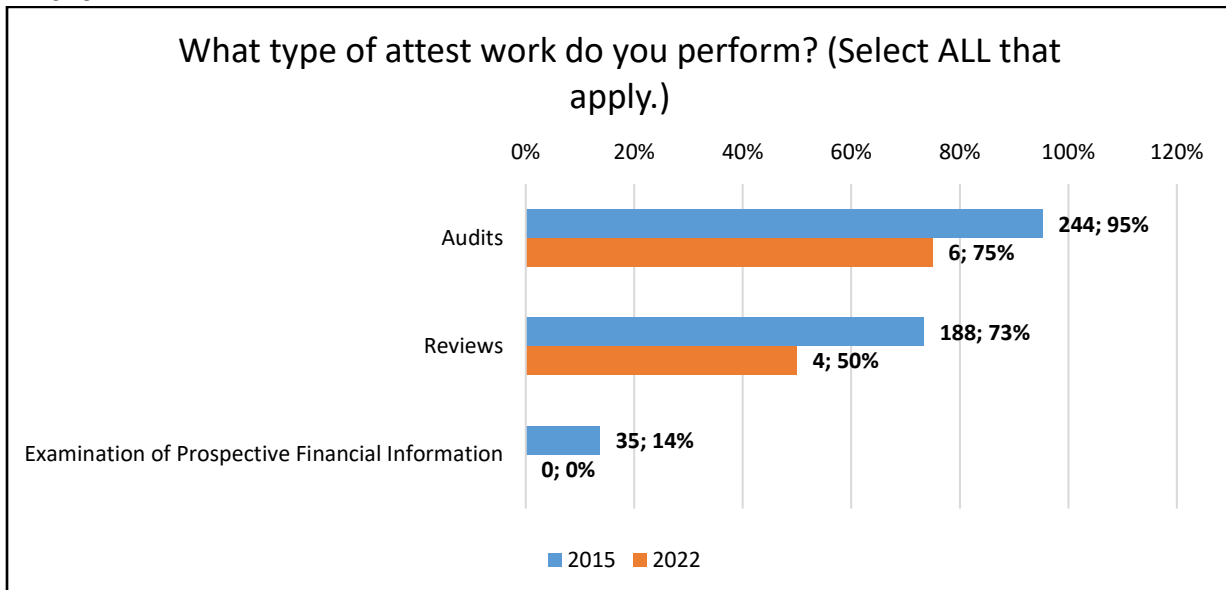


Chart 8

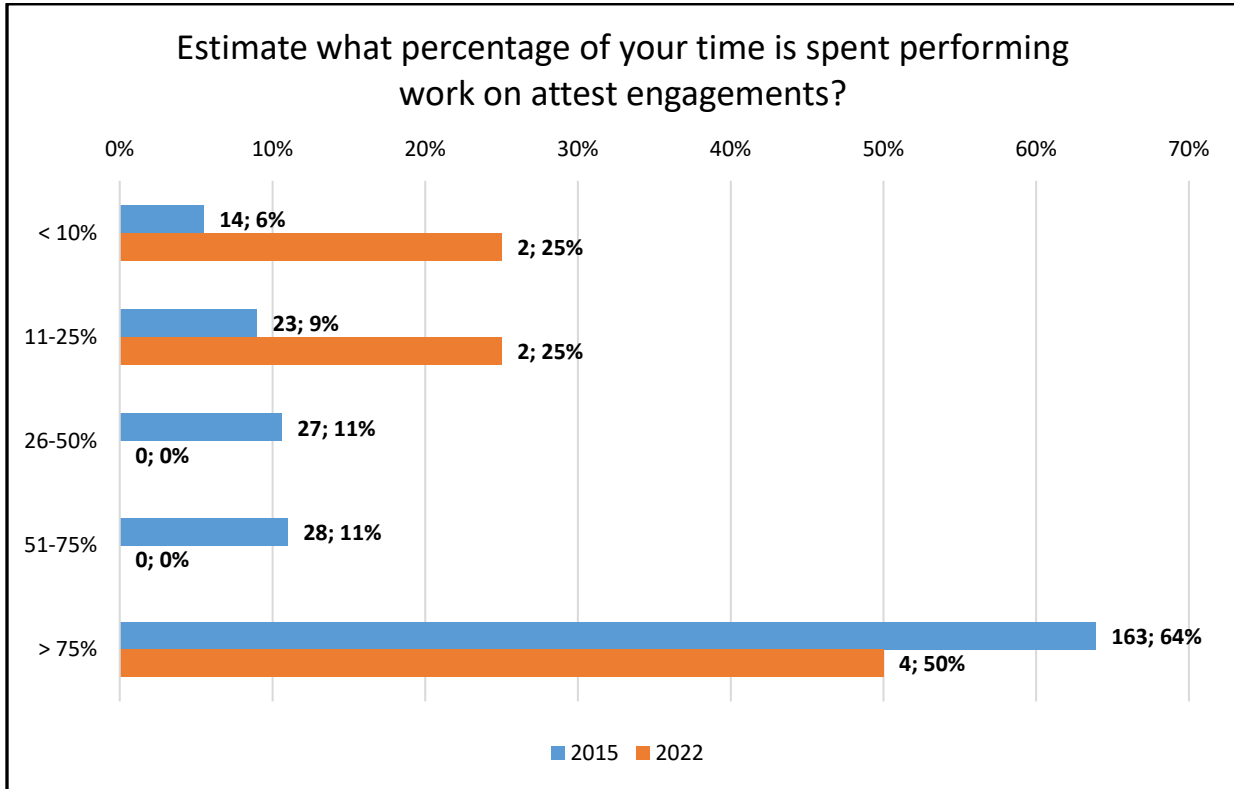


Chart 9

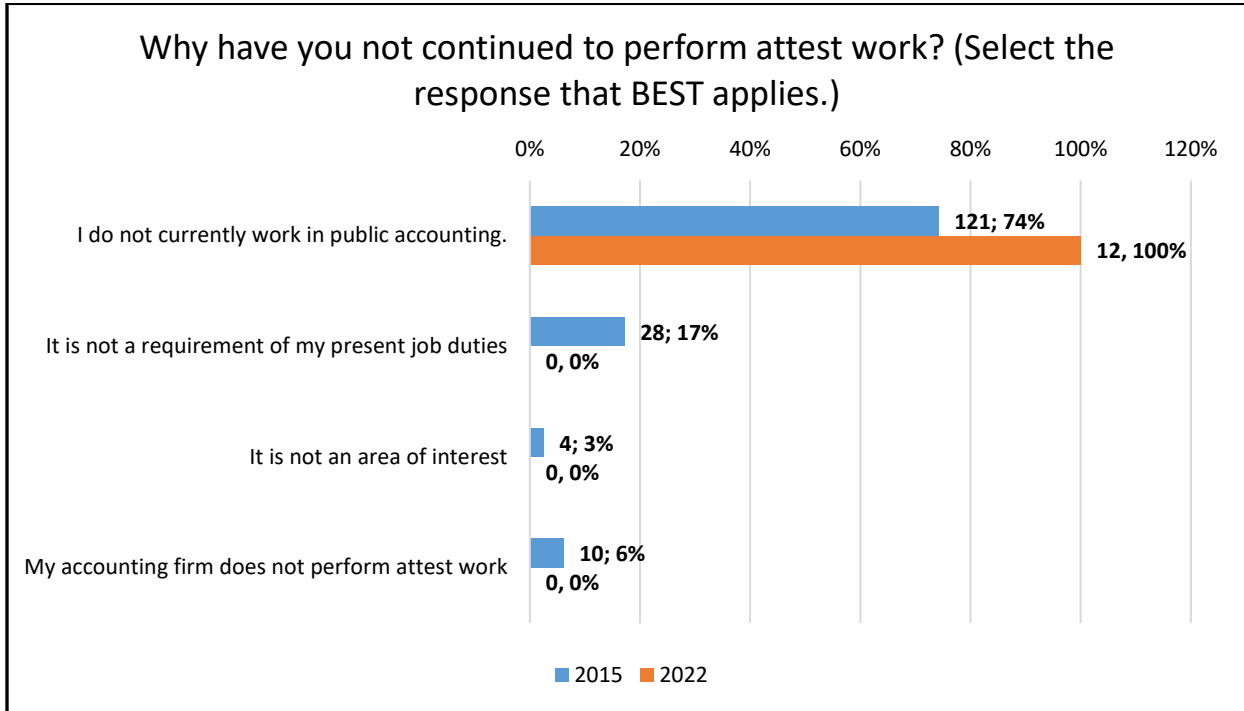


Chart 10

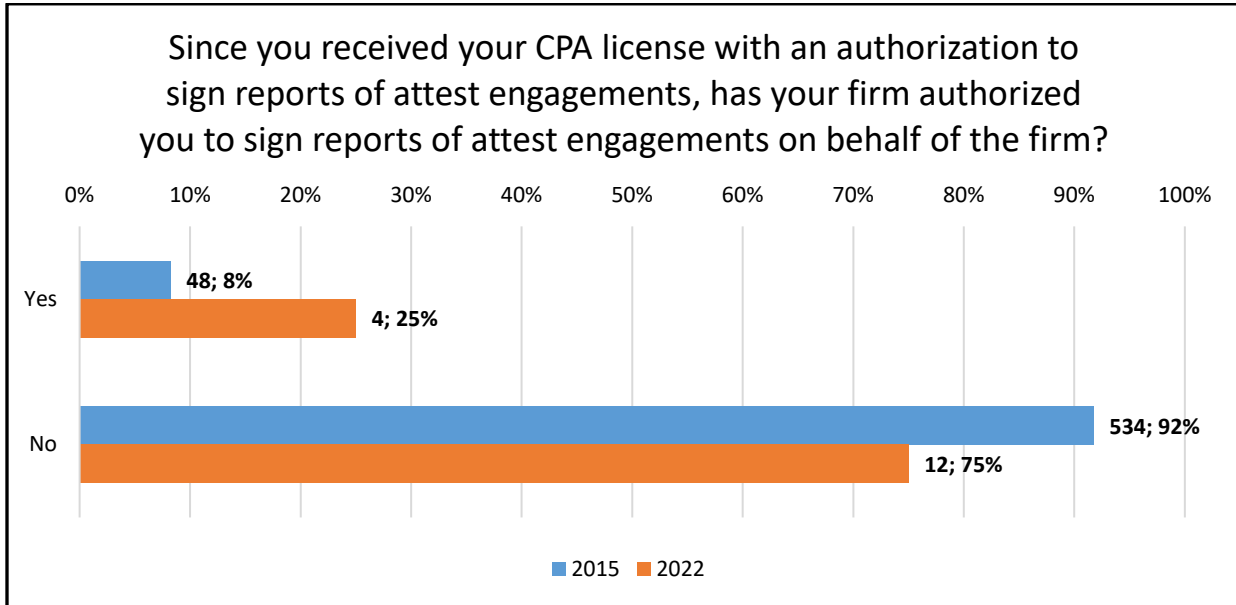


Chart 11

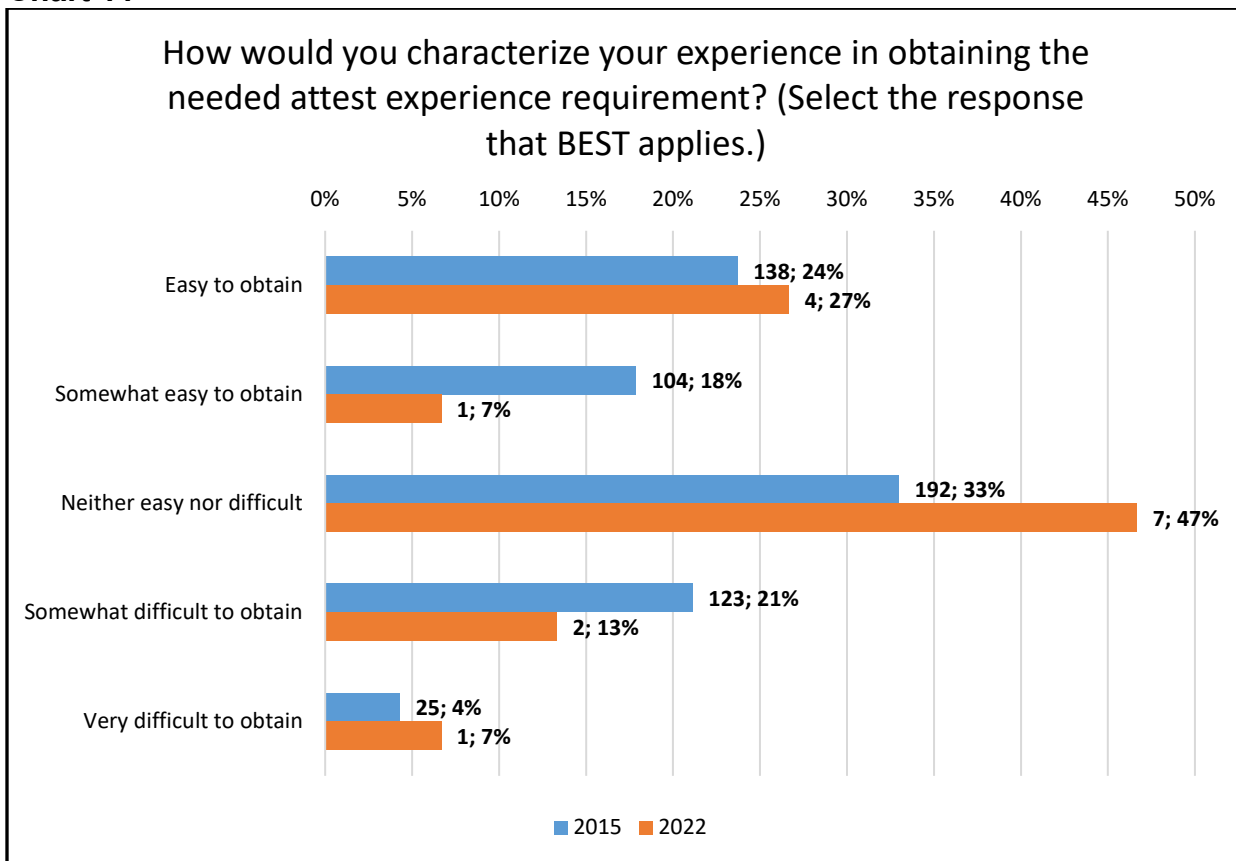


Chart 12

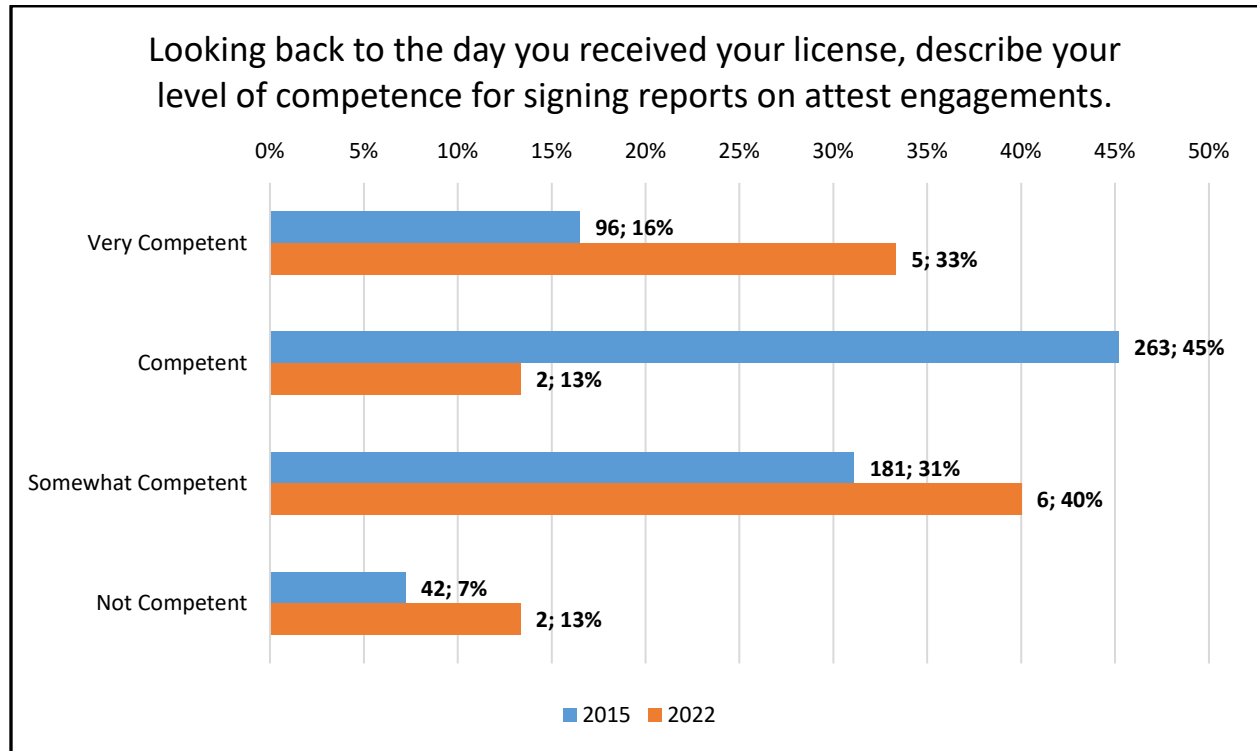


Chart 13

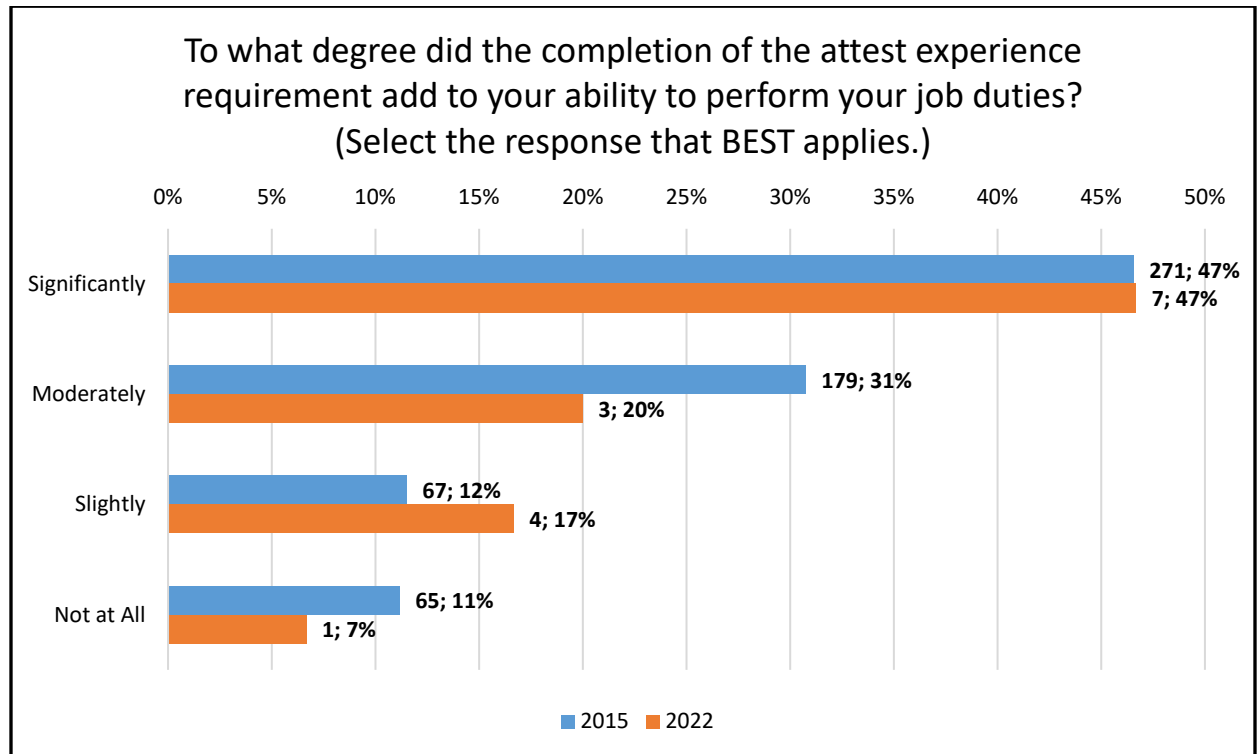
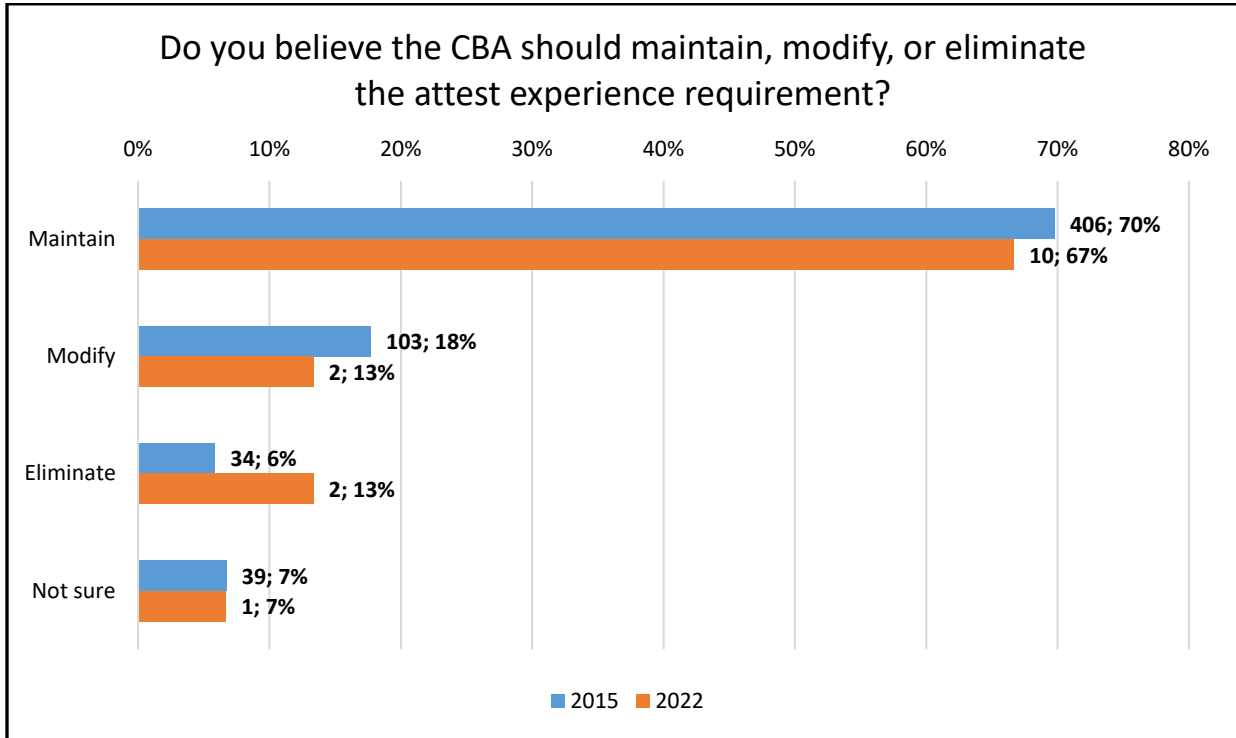


Chart 14



Licensed CPA – 0 to 3 years: Not Authorized to Perform Attest Work

2015 total number of respondents (blue): 999

2022 total number of respondents (orange): 46

Chart 15

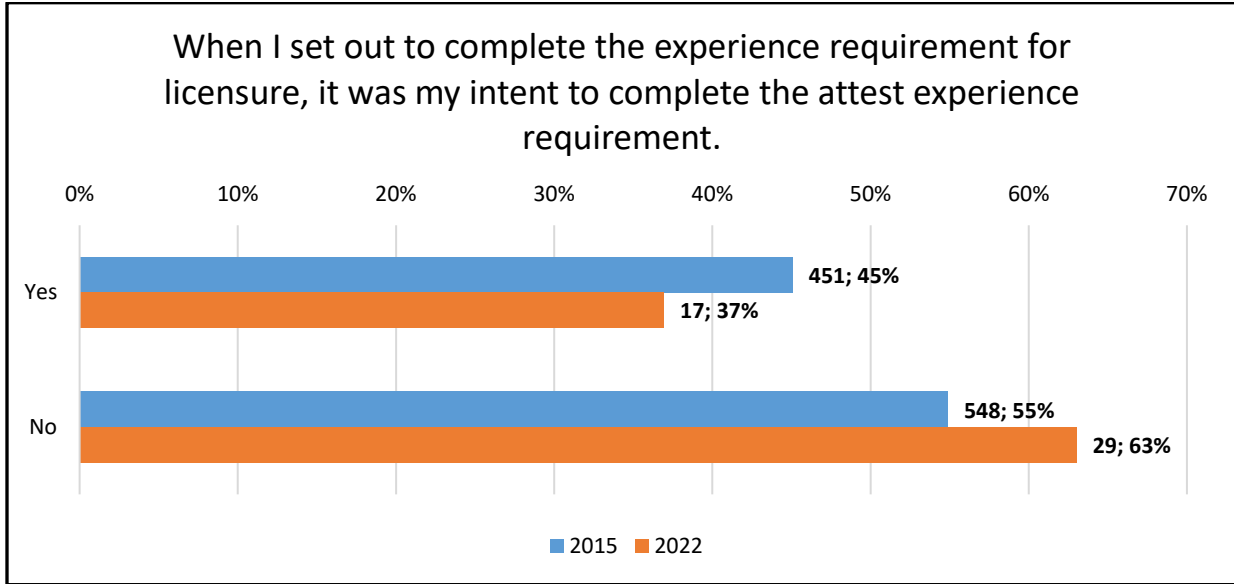


Chart 16

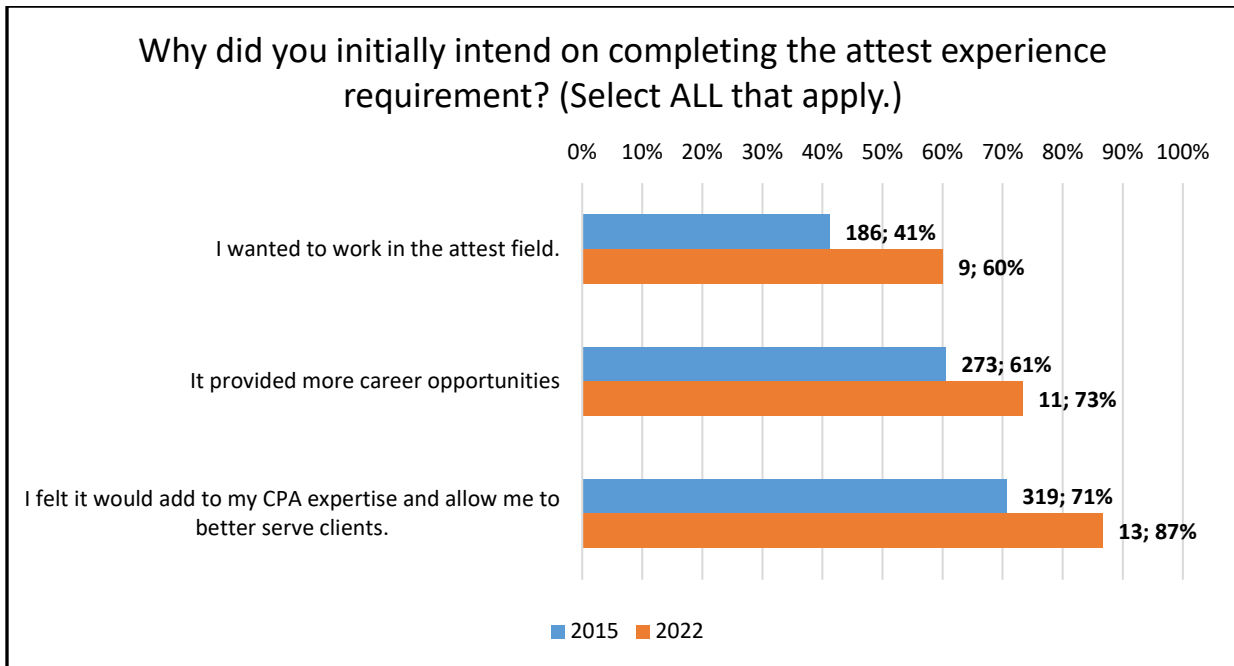


Chart 17

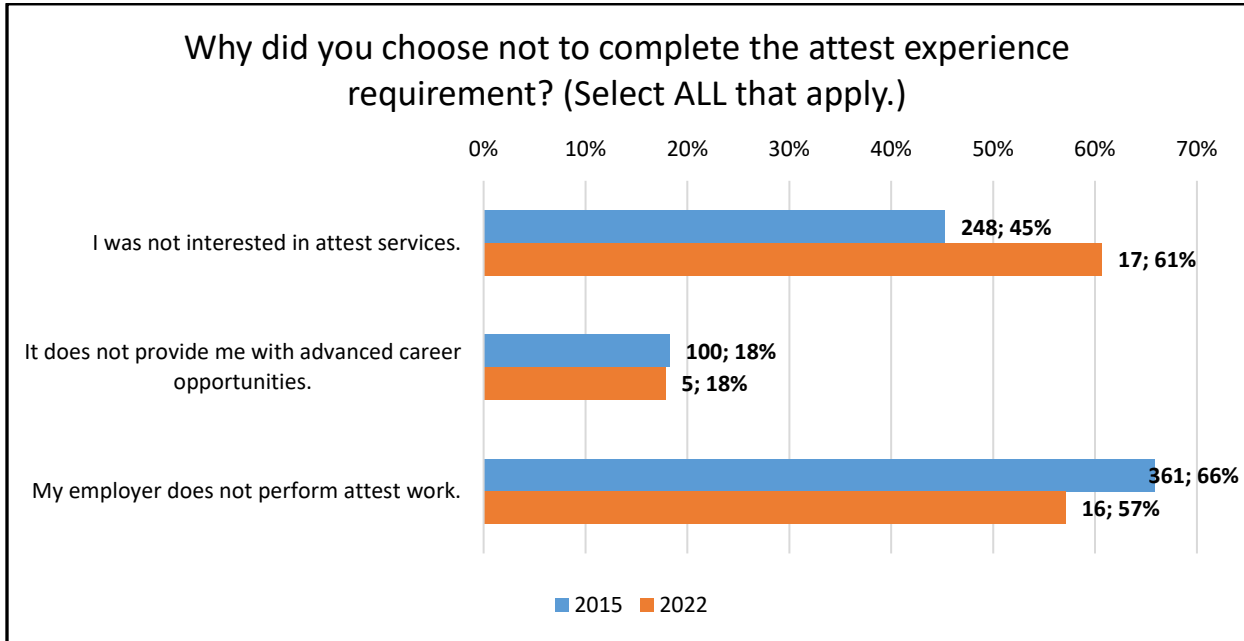


Chart 18

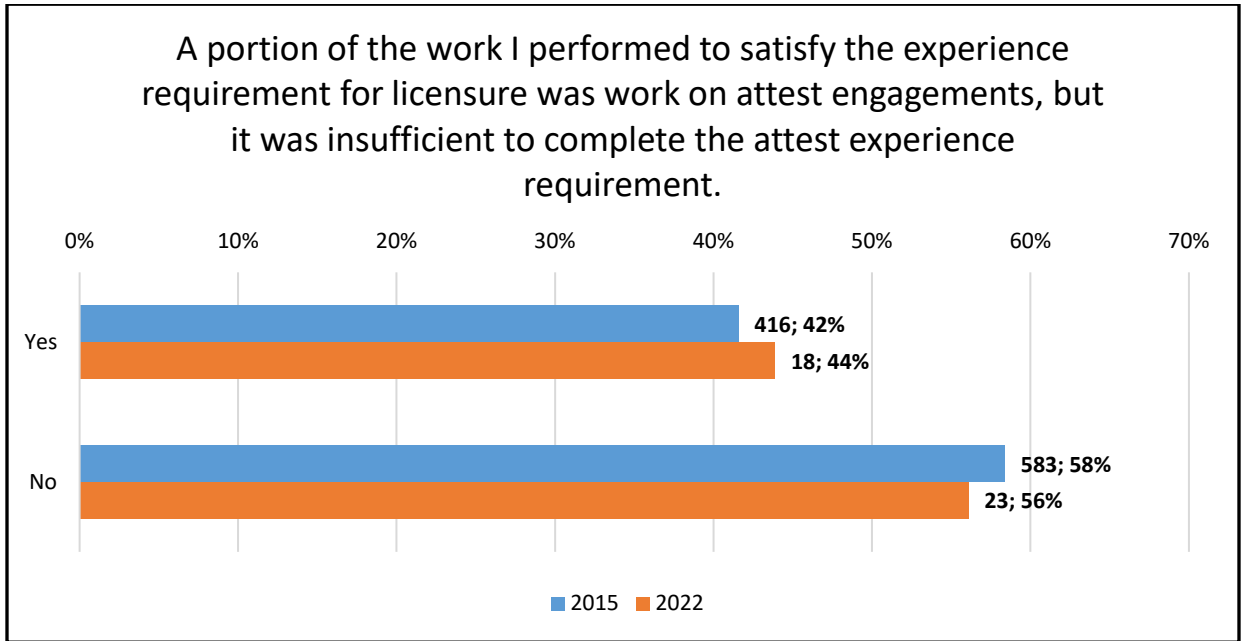


Chart 19

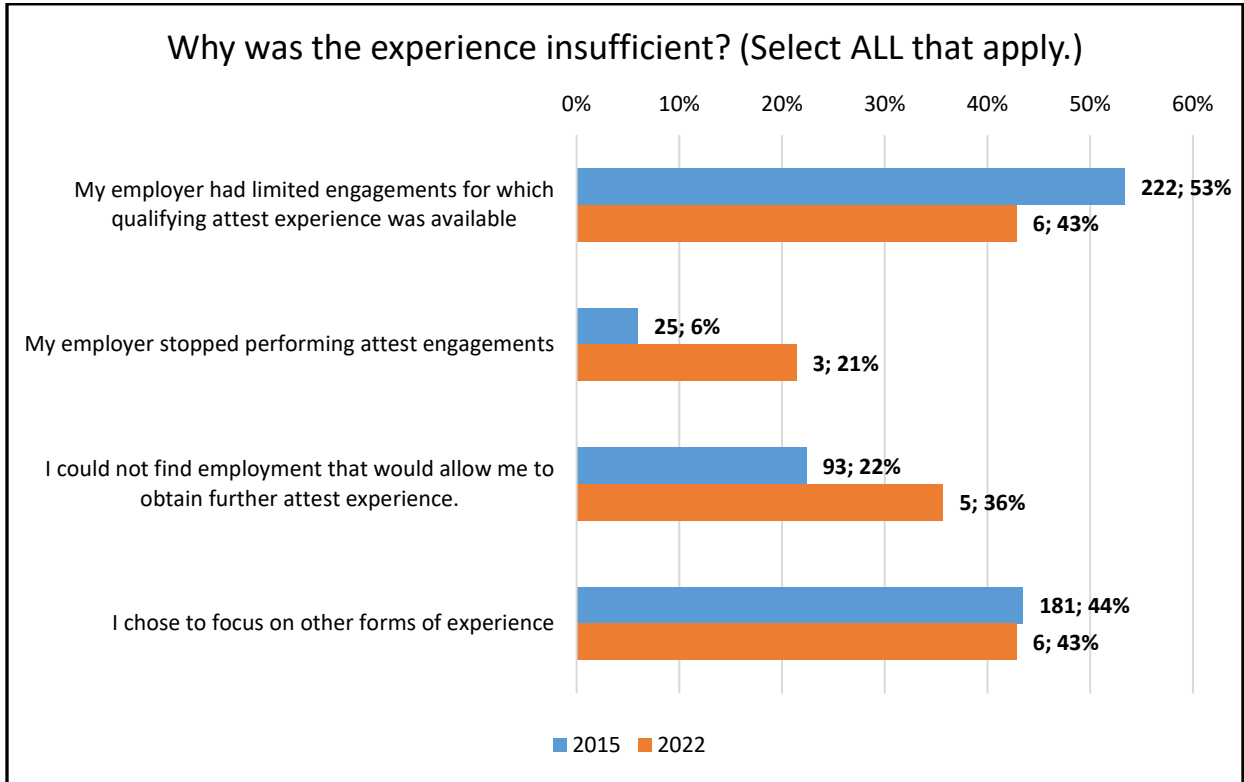


Chart 20

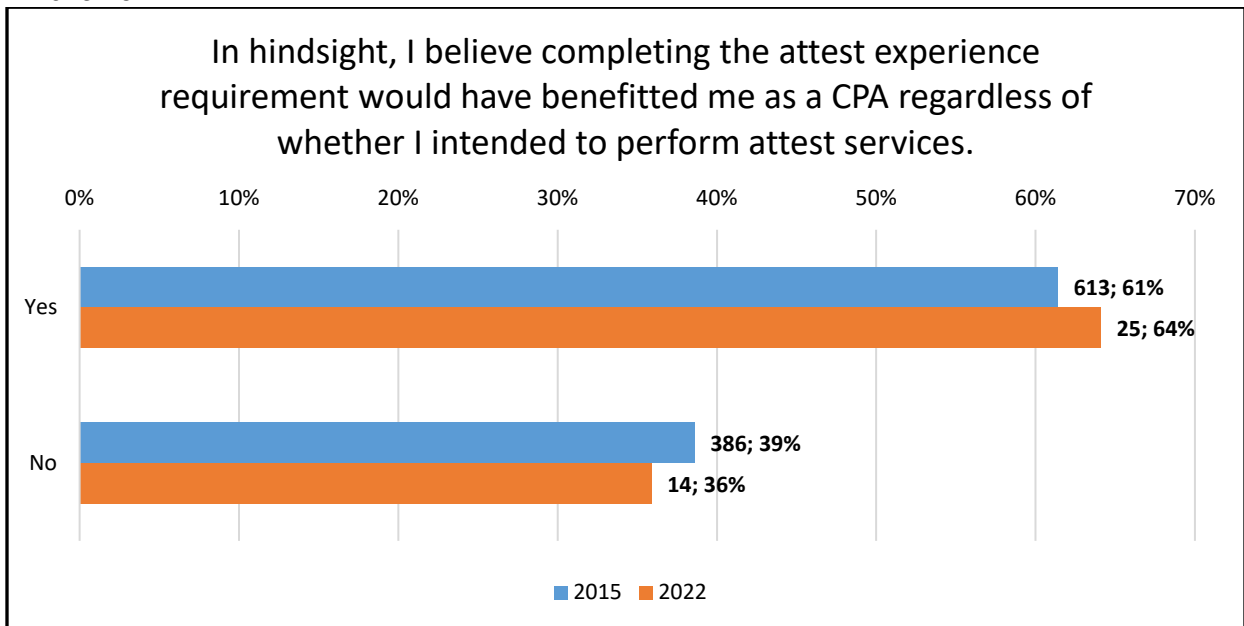


Chart 21

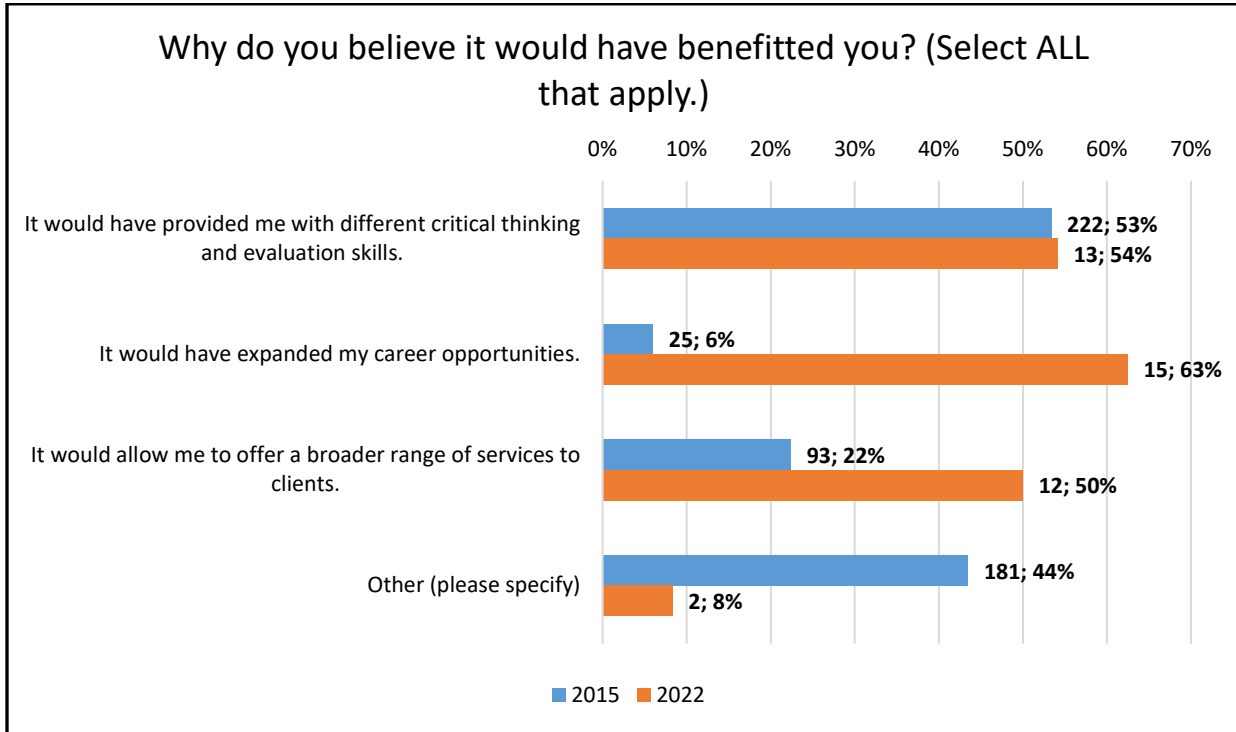


Chart 22

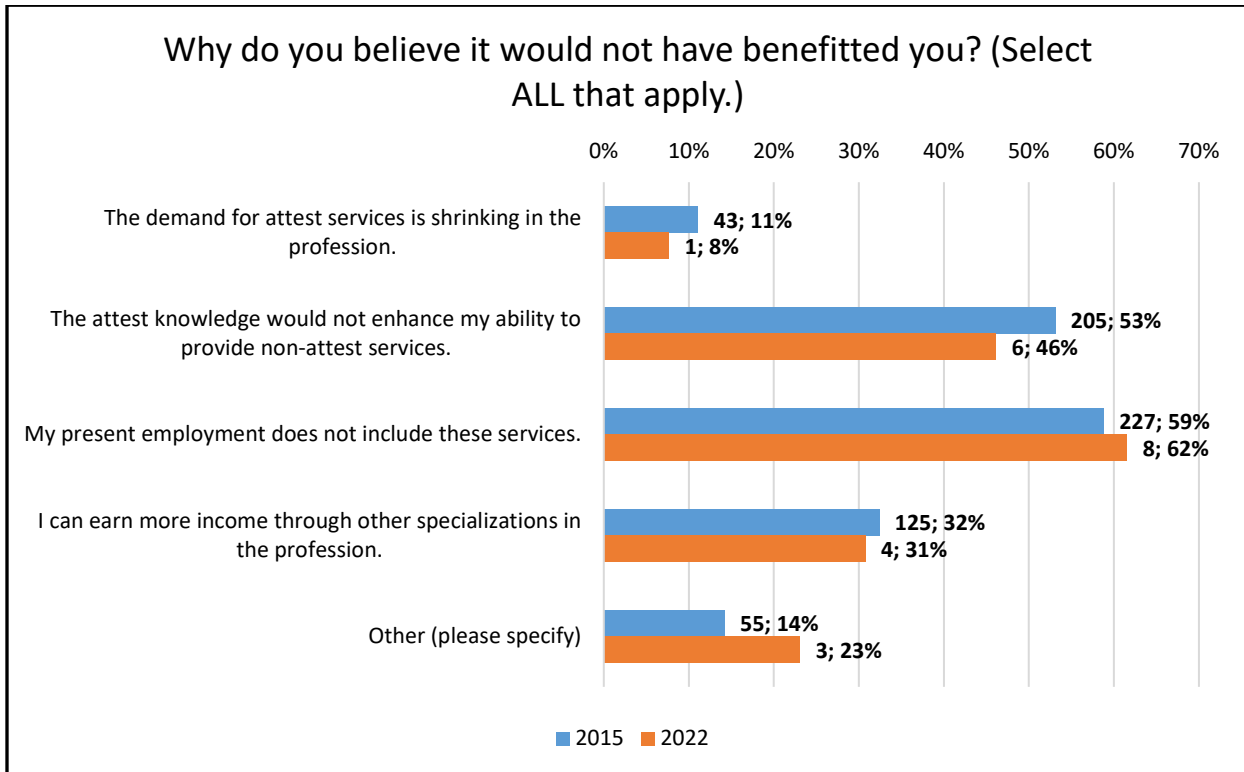


Chart 23

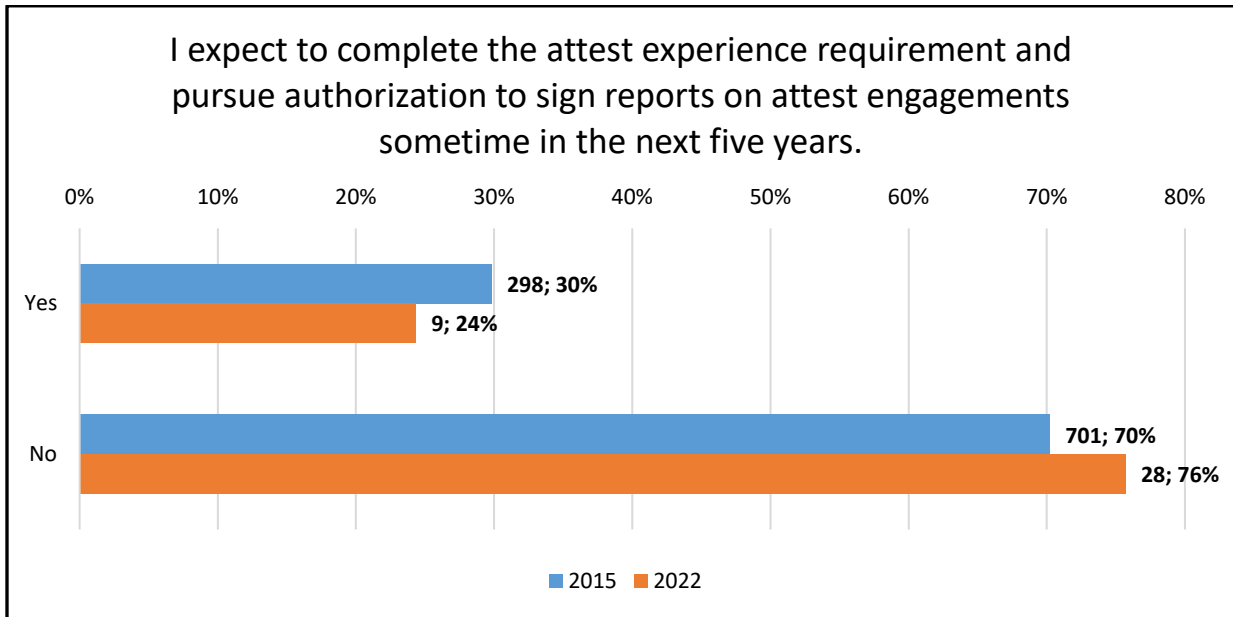
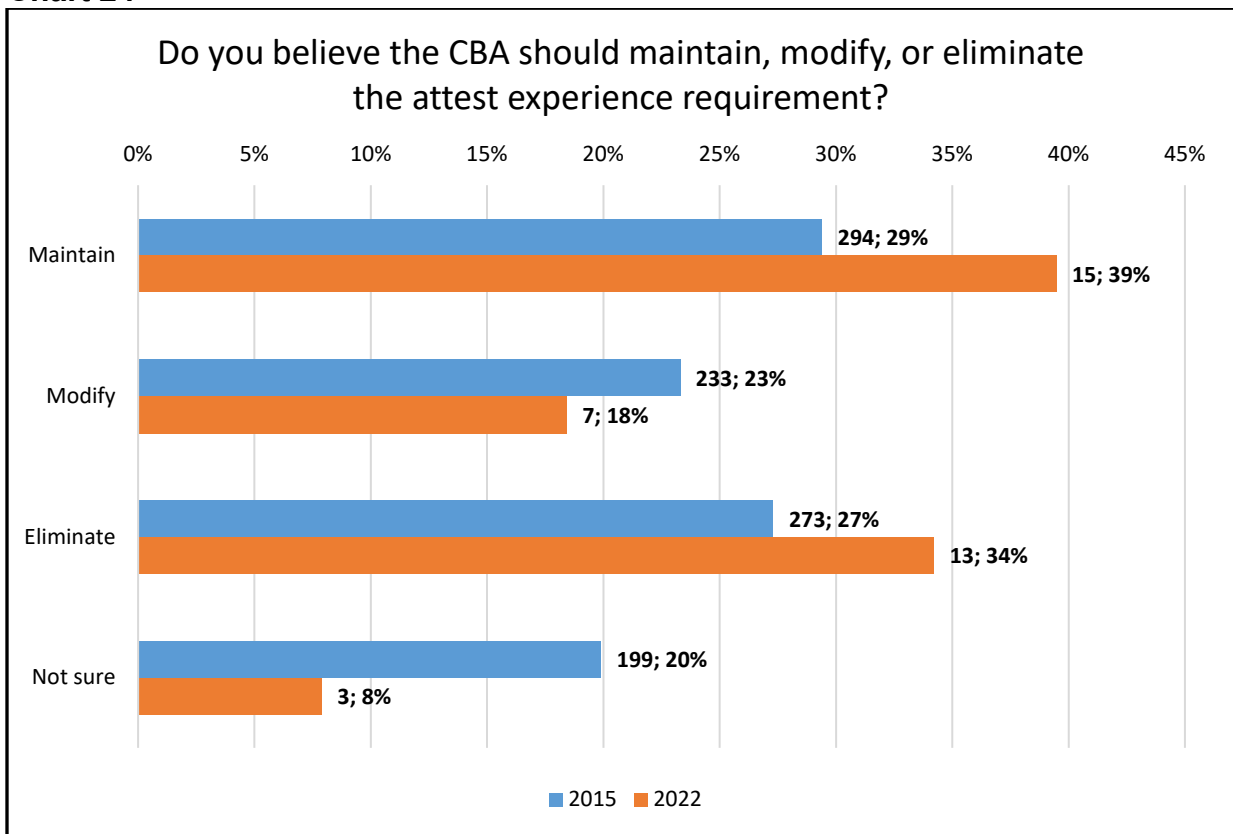


Chart 24



Hiring Managers/Signers Certificate of Attest Experience Form

2015 total number of respondents (blue): 173

2022 total number of respondents (orange): 48

Chart 25

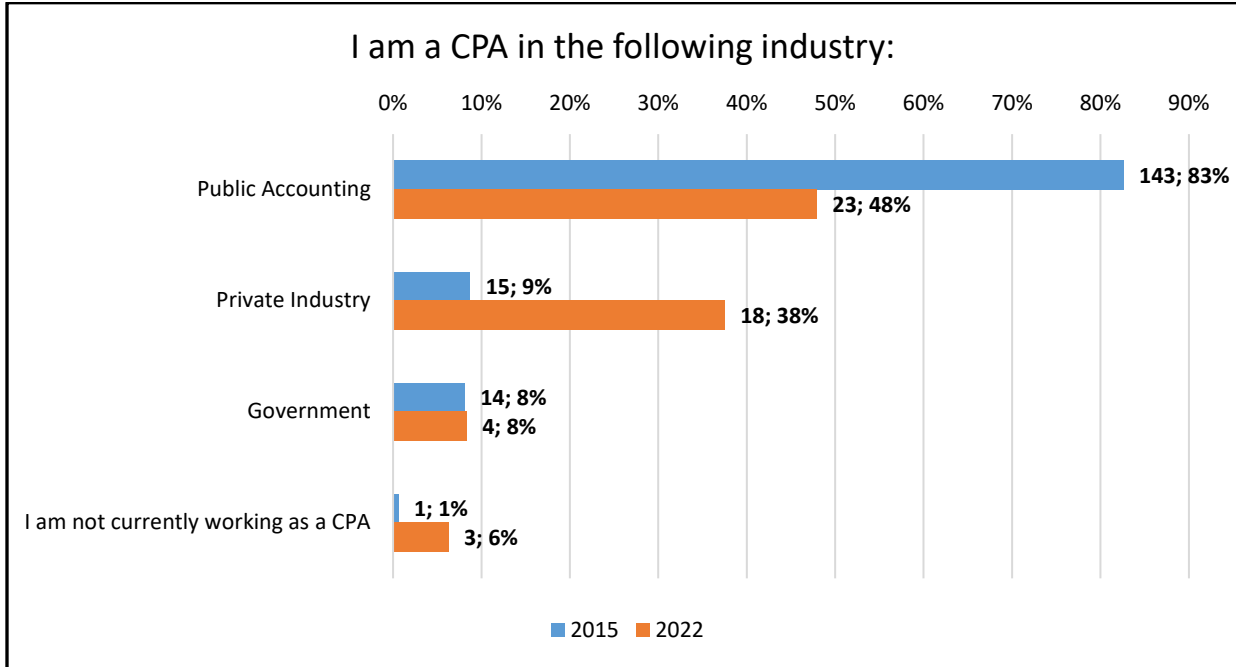


Chart 26

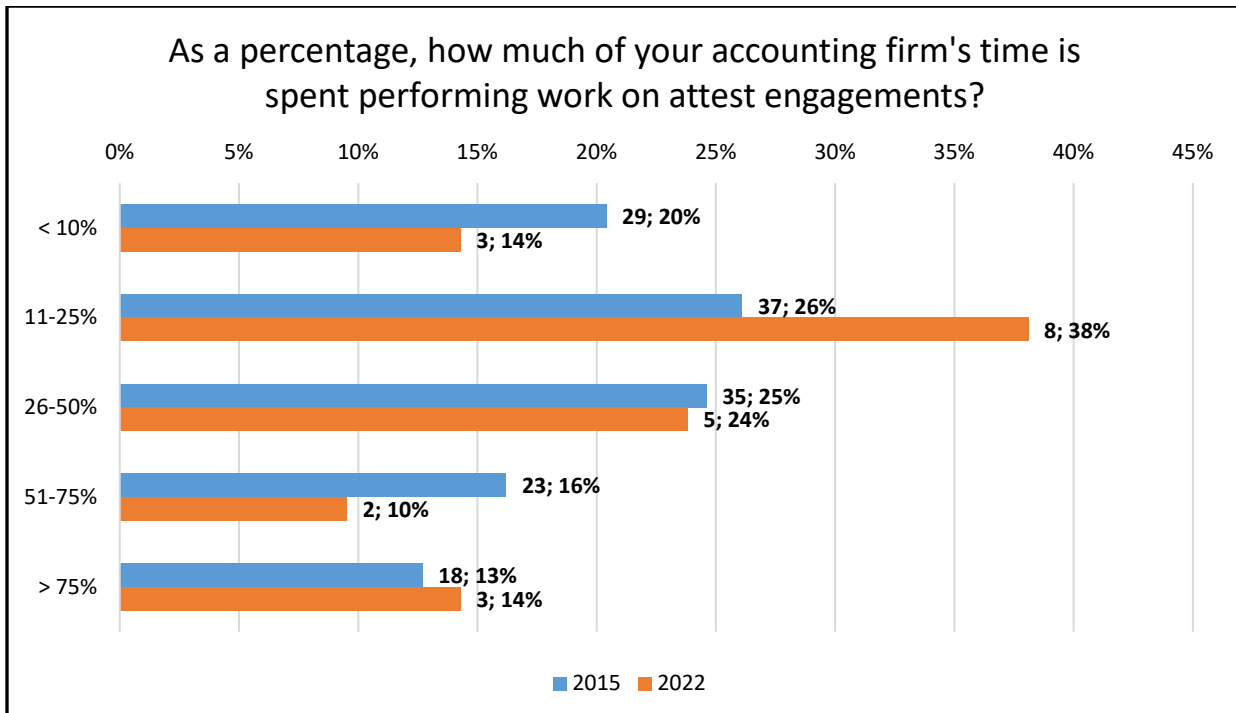


Chart 27

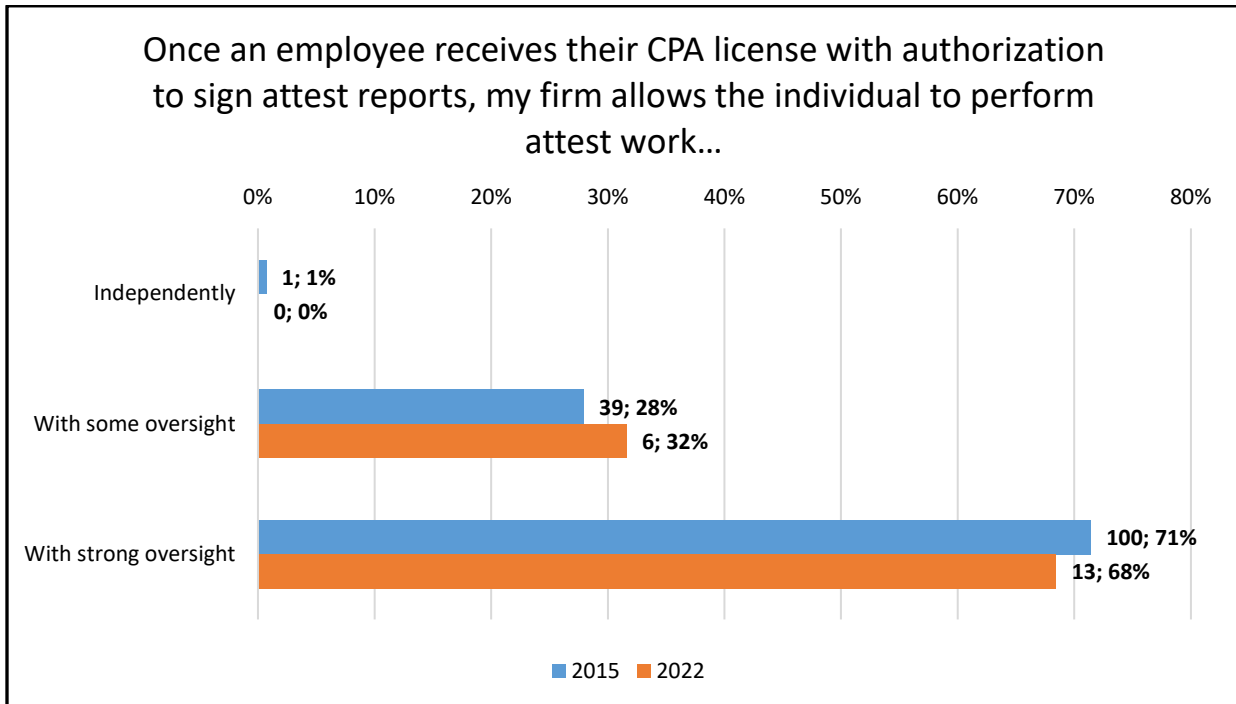


Chart 28

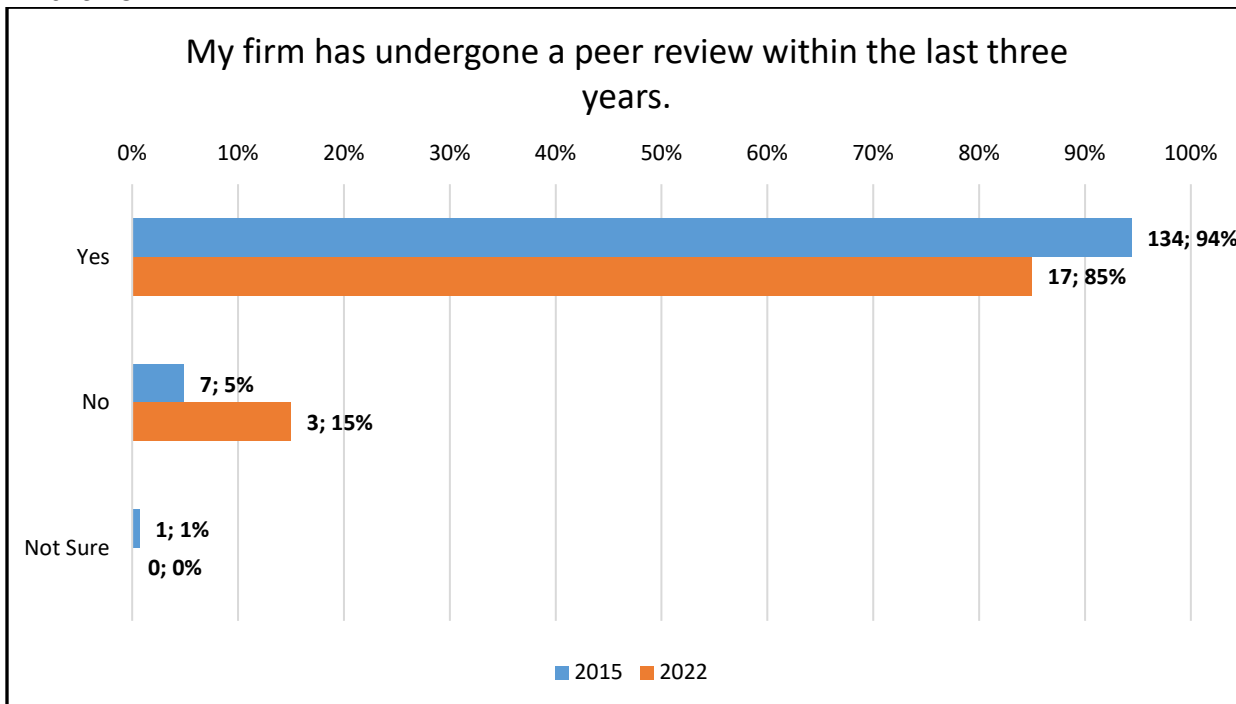


Chart 29

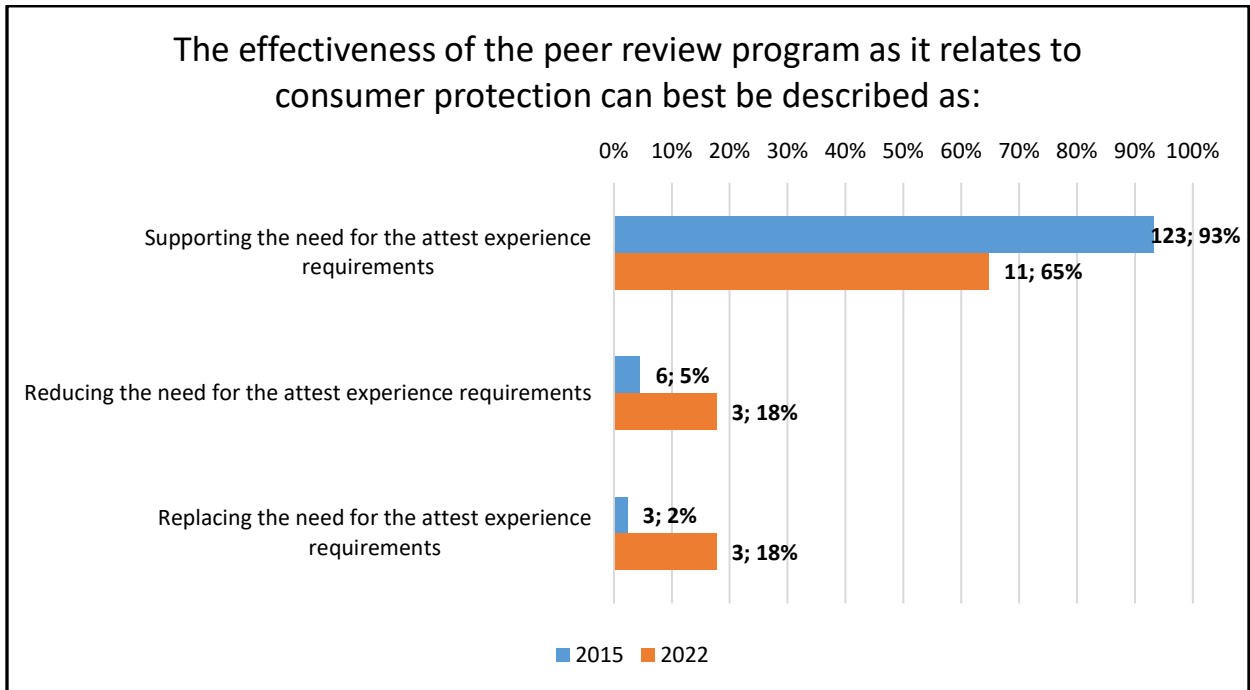


Chart 30

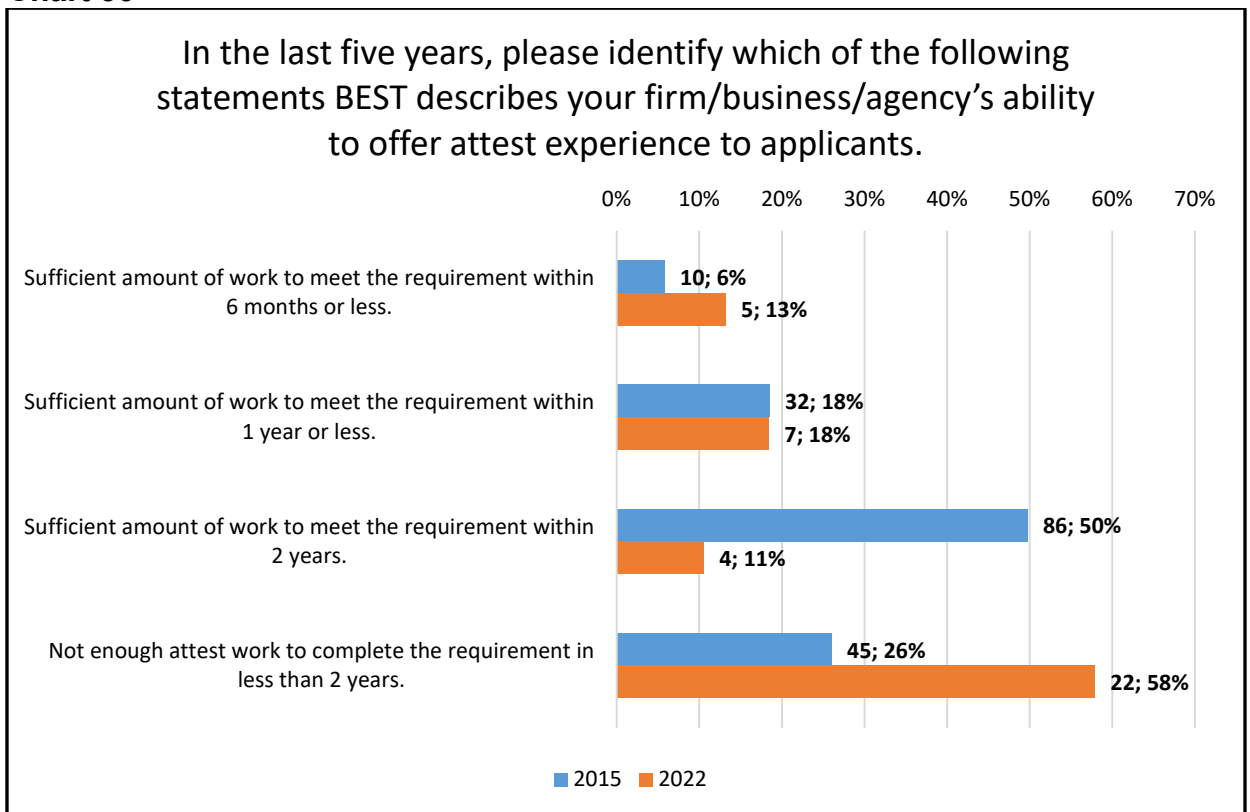


Chart 31

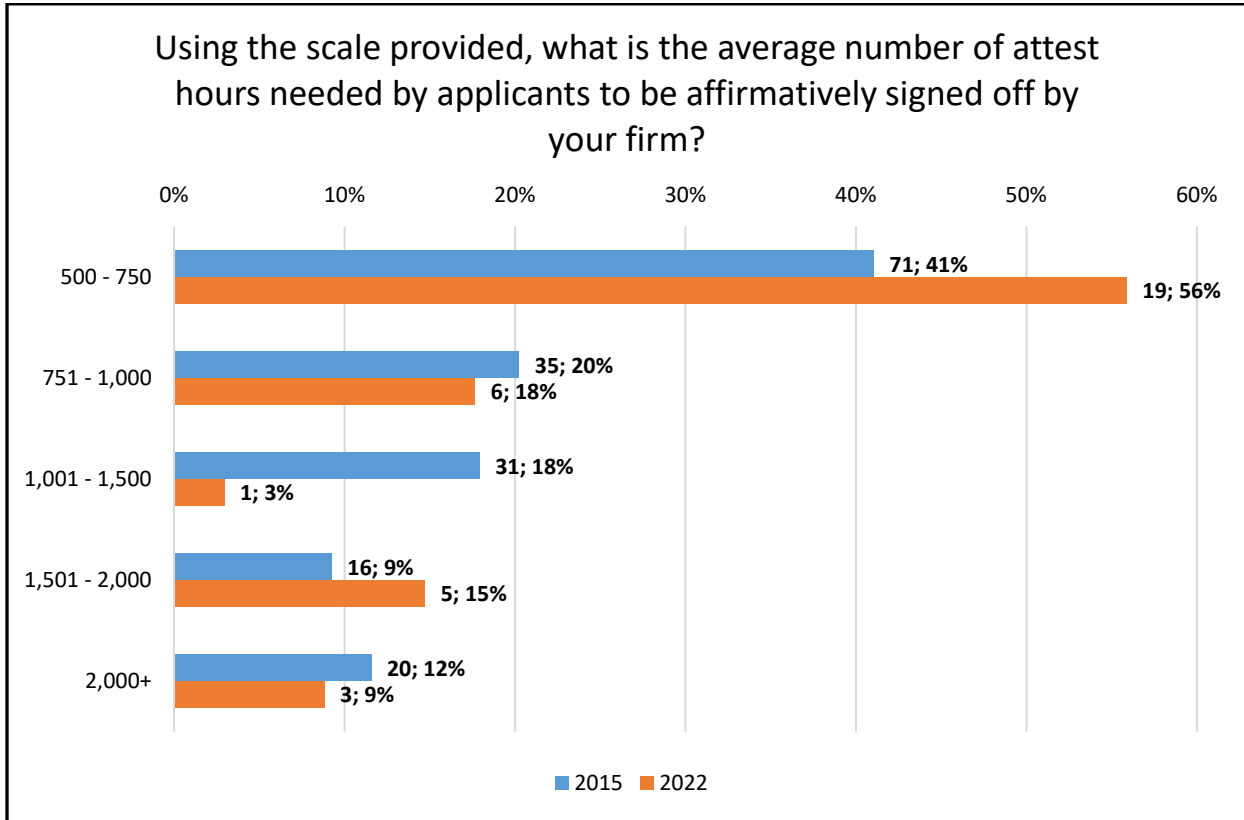


Chart 32

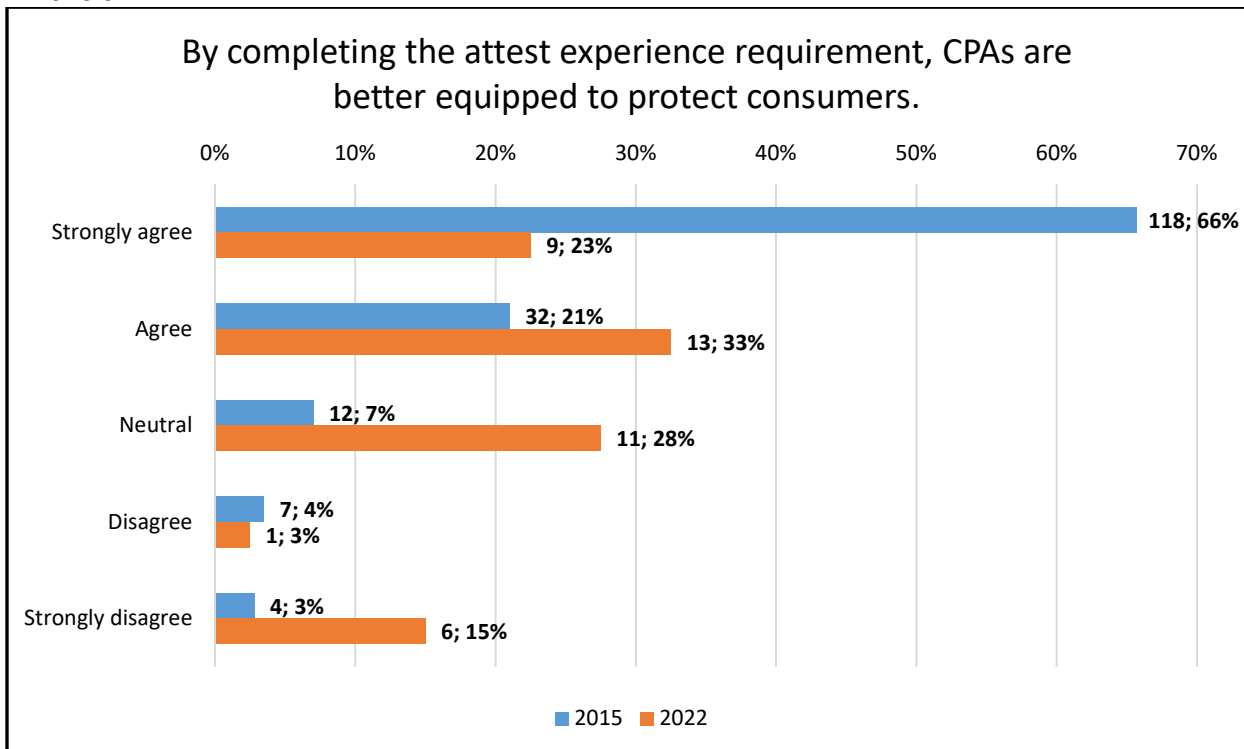
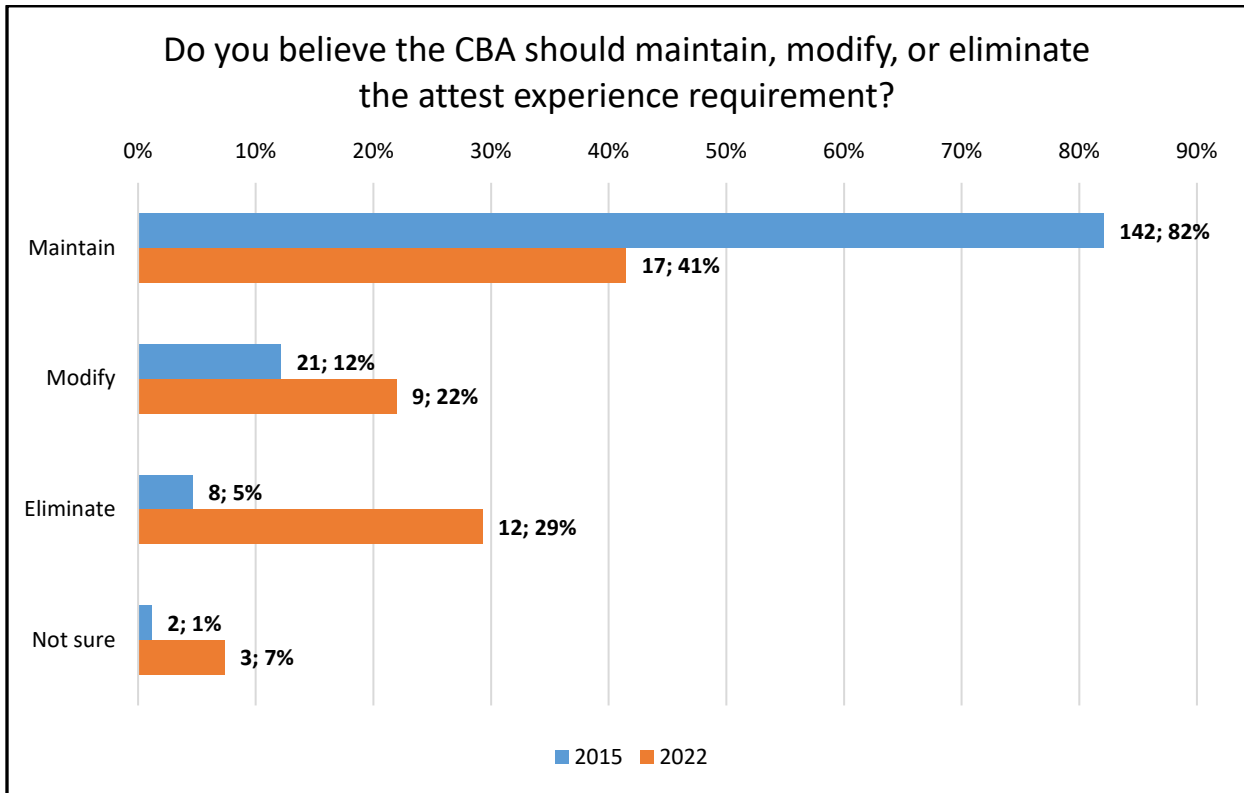


Chart 33



Licensed CPA – 3+ Years' Experience

2015 total number of respondents (blue): **2,500**

2022 total number of respondents (orange): **3,047**

- In the 2015 survey, experienced CPAs were defined as licensed CPAs with 10-20 years of experience. The 3-10 years and 20+ years of experience CPA groups were designated as non-targeted groups and did not complete any scaled survey items. The non-targeted stakeholder groups only had the option for written responses to provide general feedback on the attest experience requirement.
- In the 2022 survey, experienced CPAs are defined as all licensed CPAs with 3+ years of experience.
- The response numbers from CPAs authorized to perform attest services and CPAs not authorized to perform attest services from the 2015 survey were combined.

Chart 34

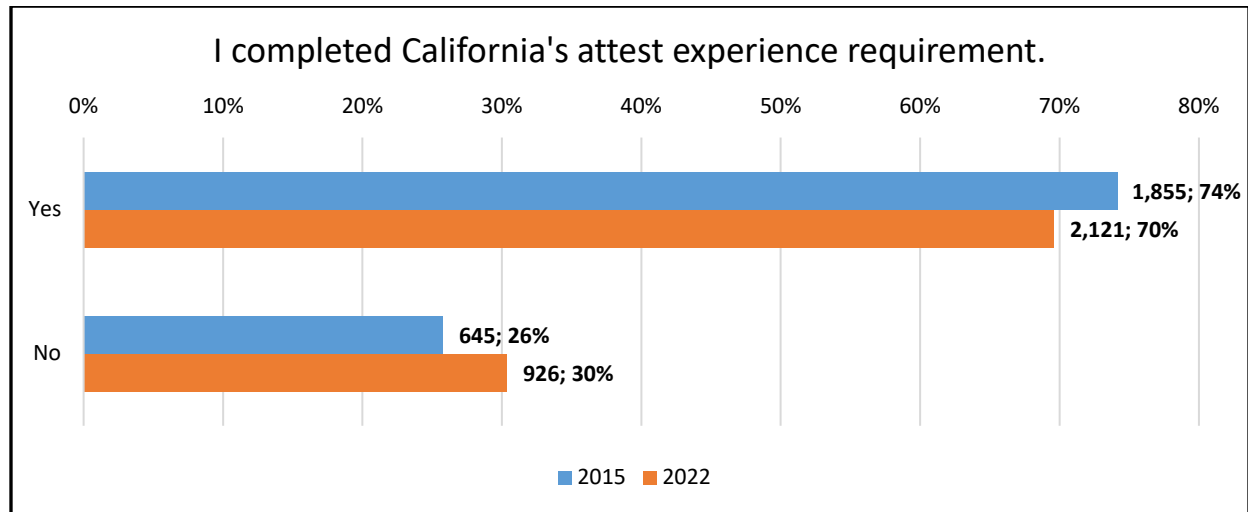


Chart 35

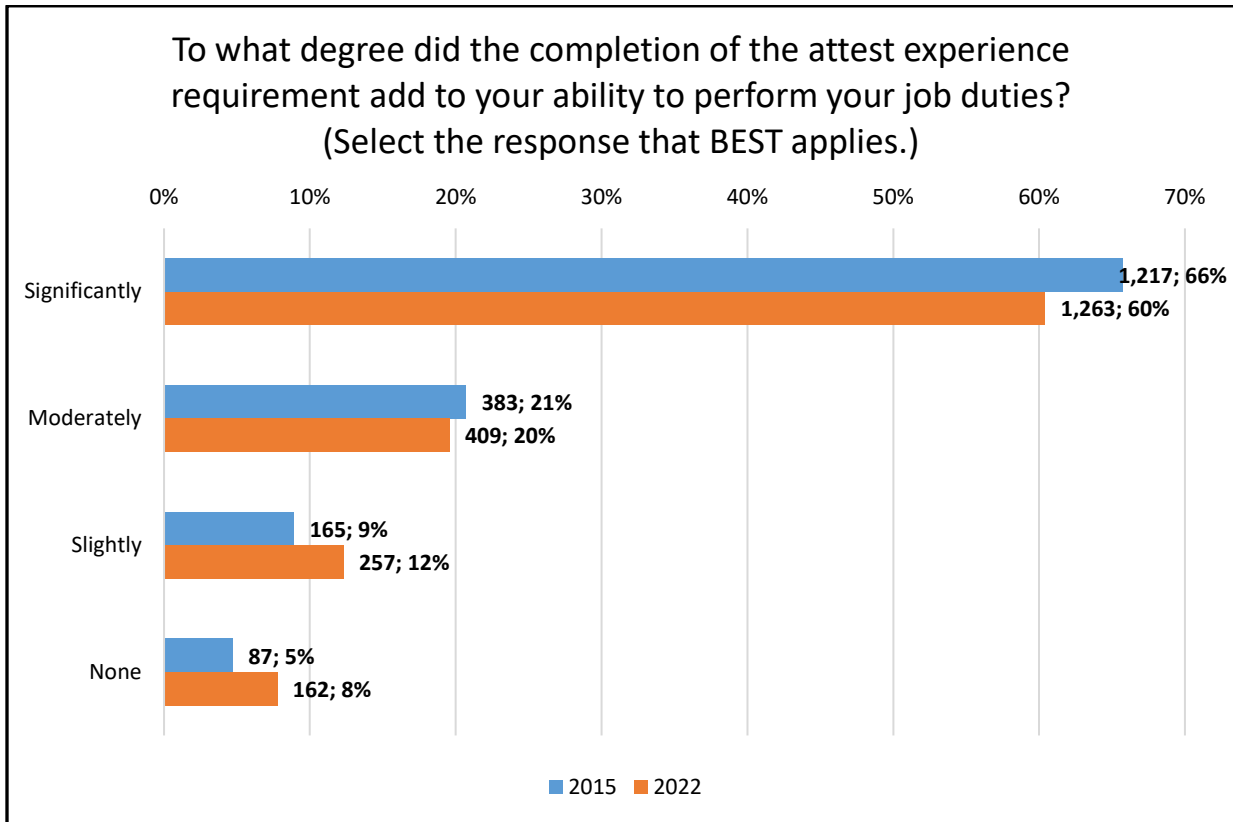
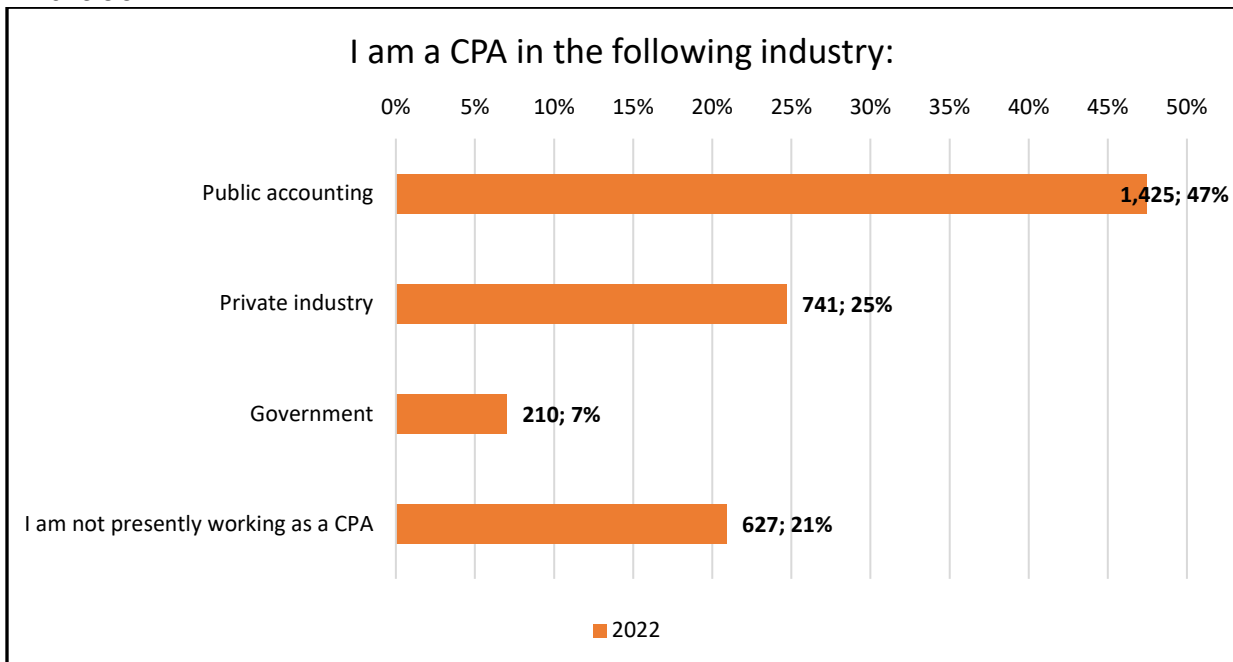


Chart 36



*This question was not included in the 2015 survey.

Chart 37

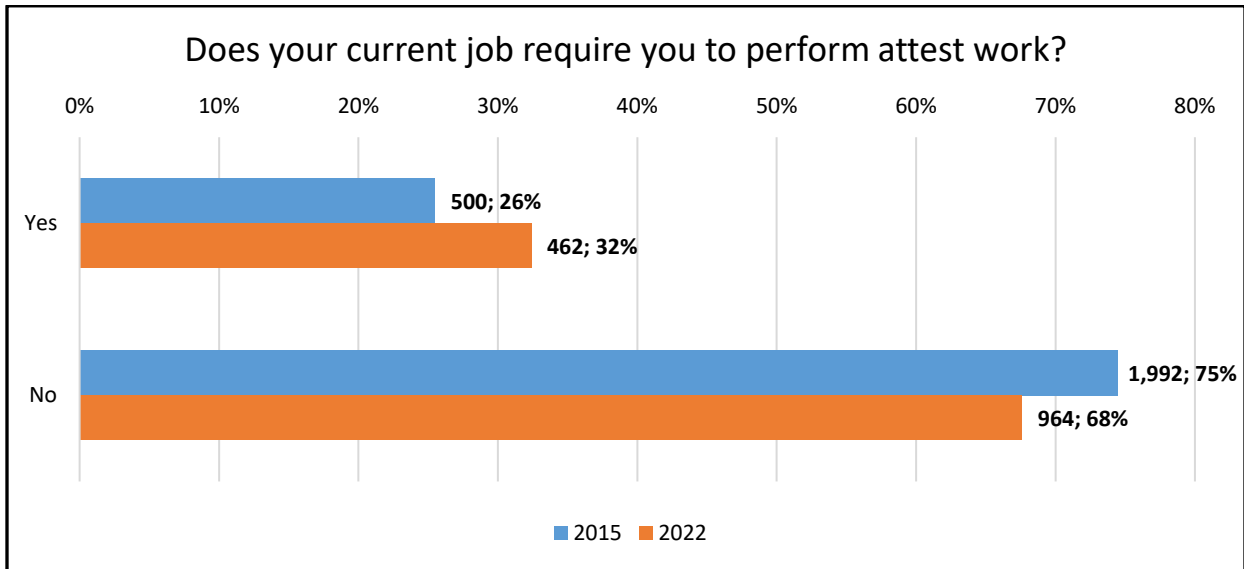


Chart 38

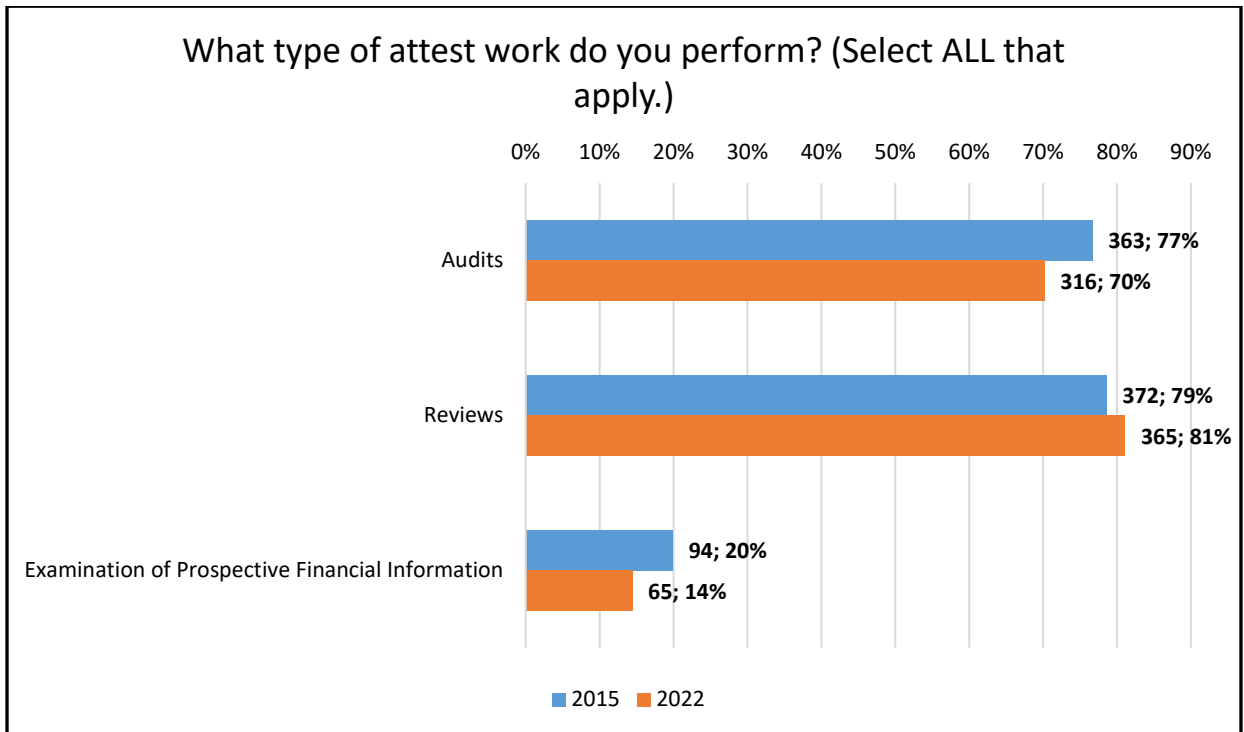


Chart 39

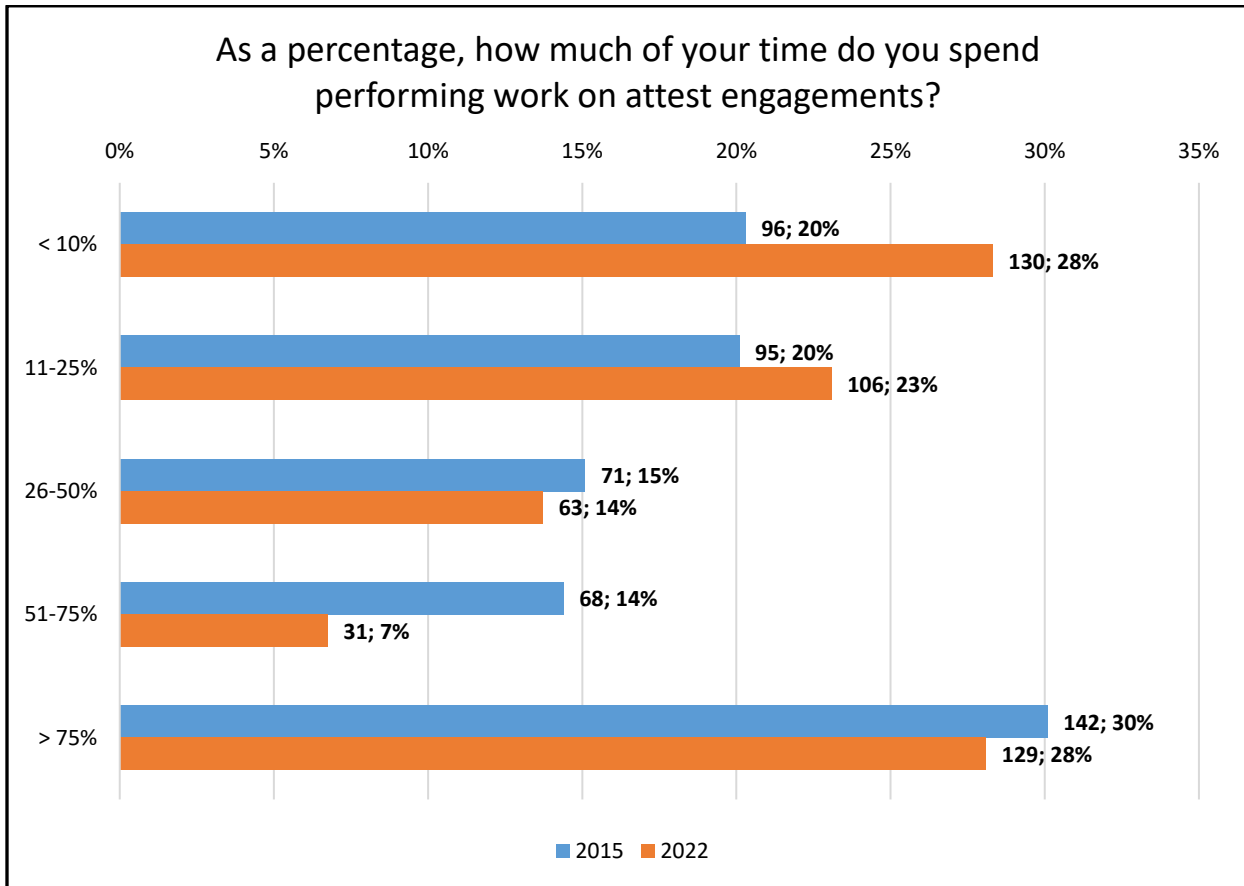
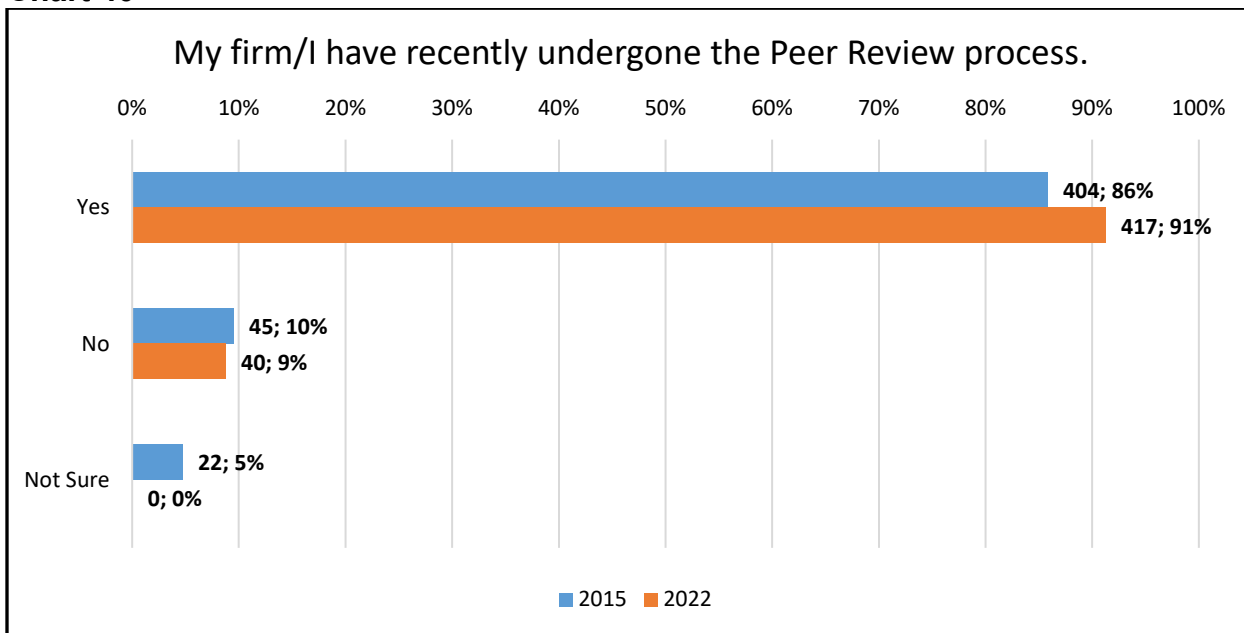


Chart 40



**"Not Sure" was not a response option in 2022

Chart 41

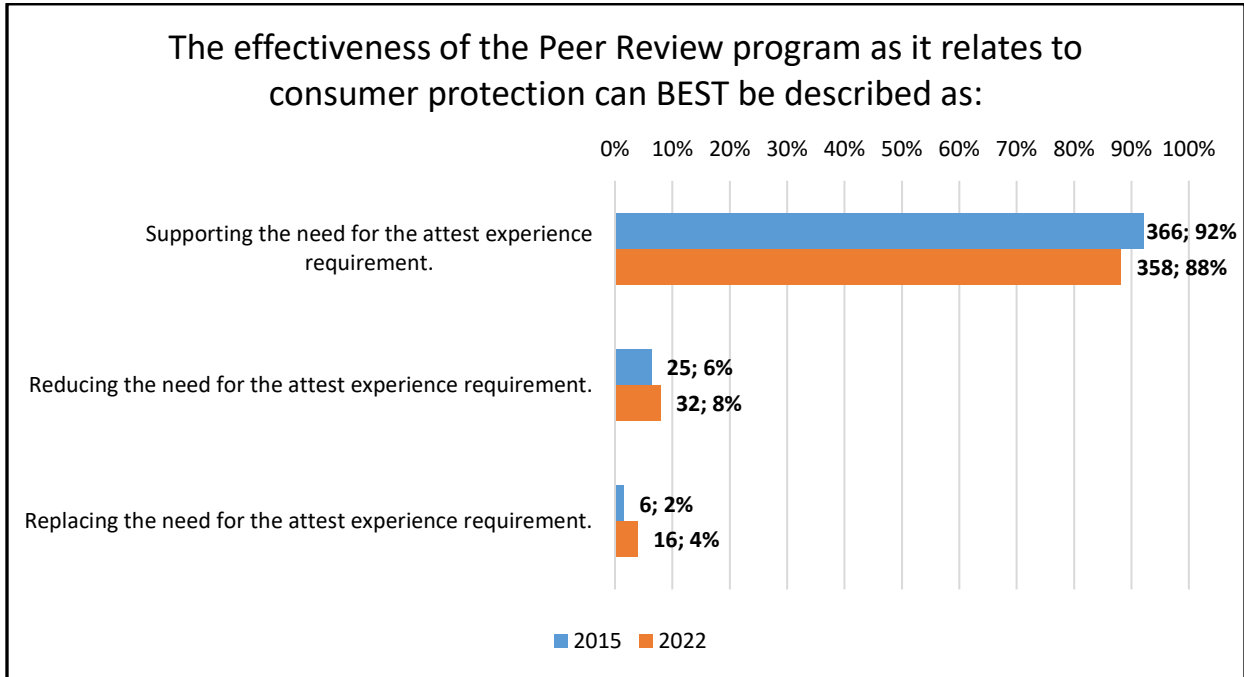


Chart 42

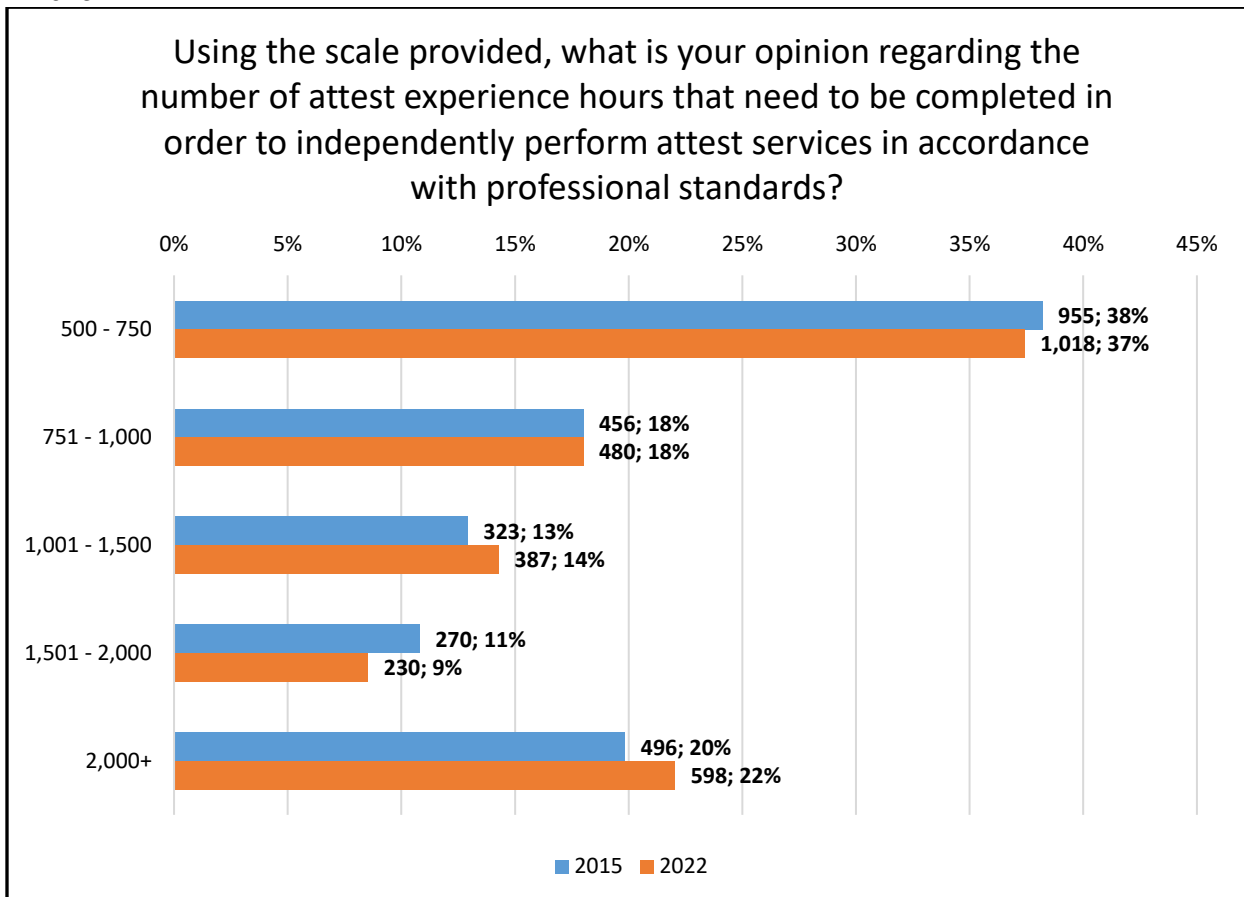


Chart 43

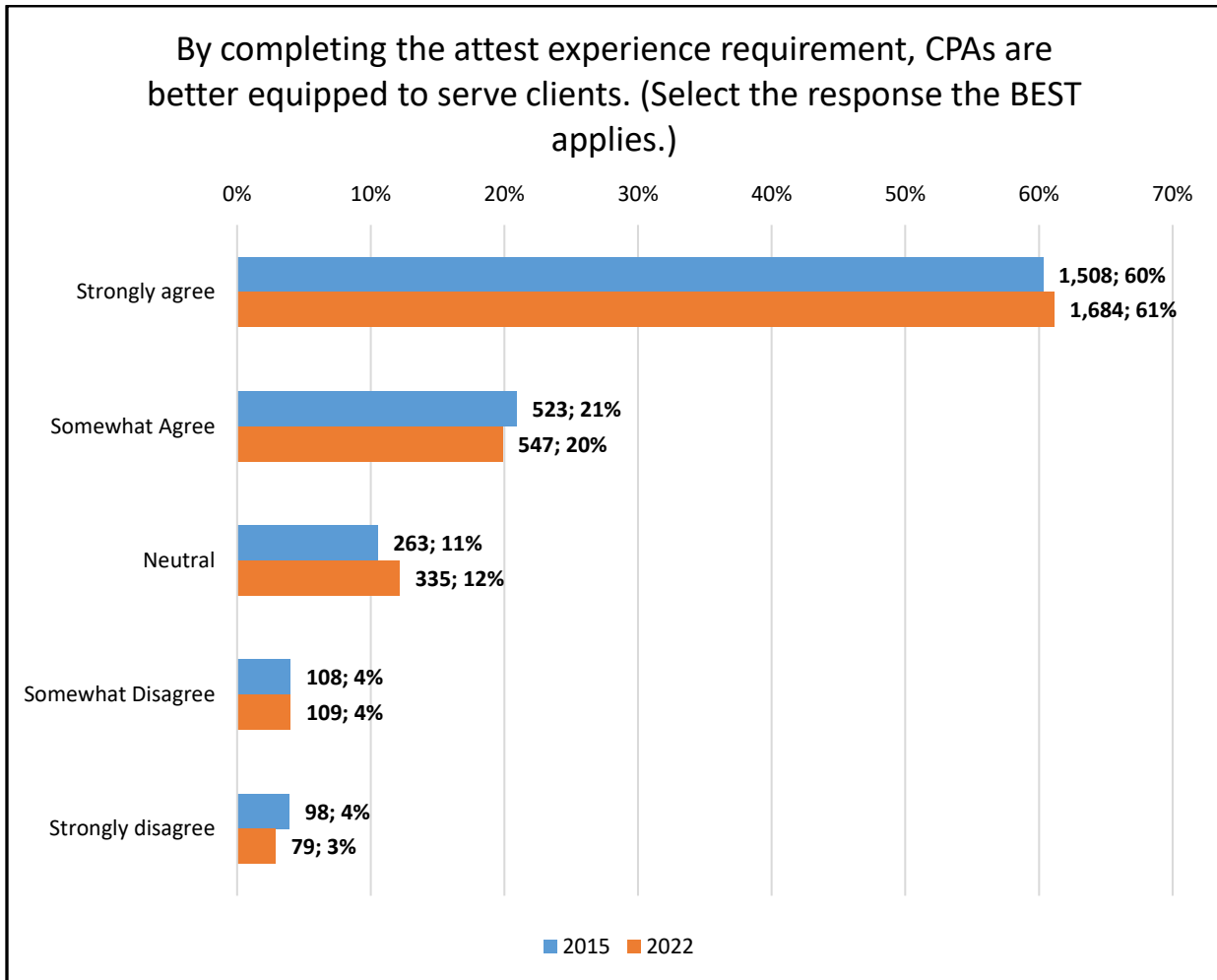


Chart 44

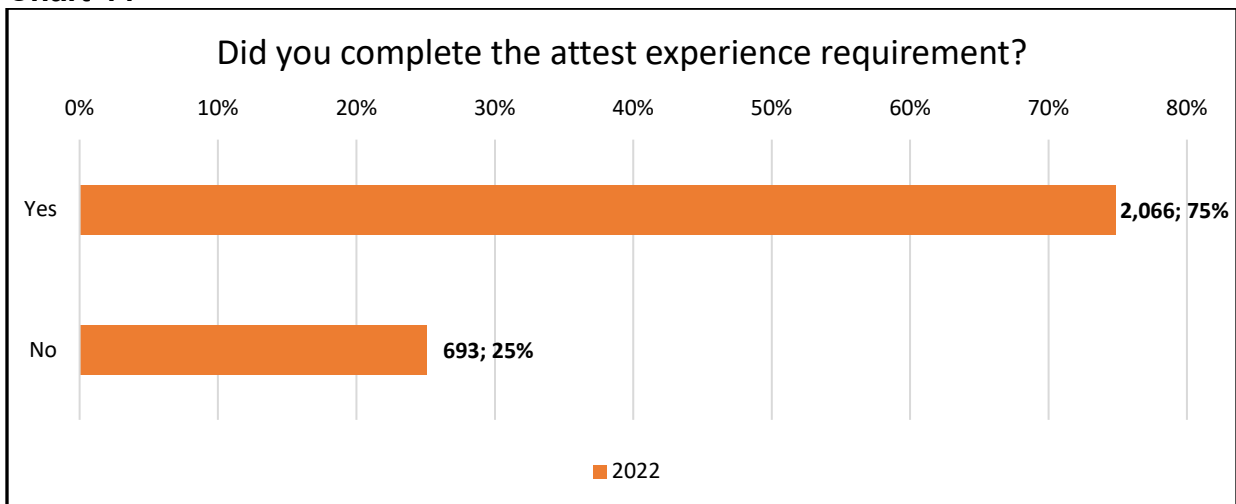


Chart 45

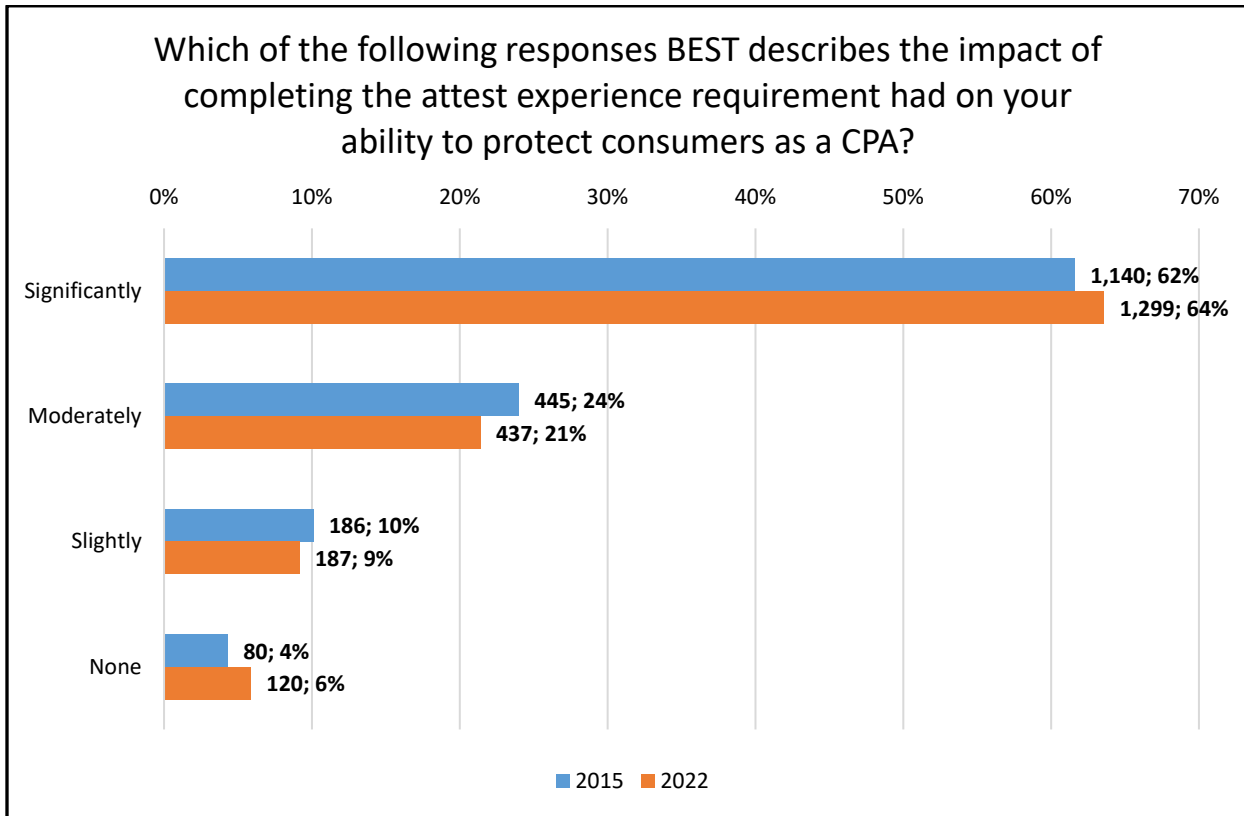
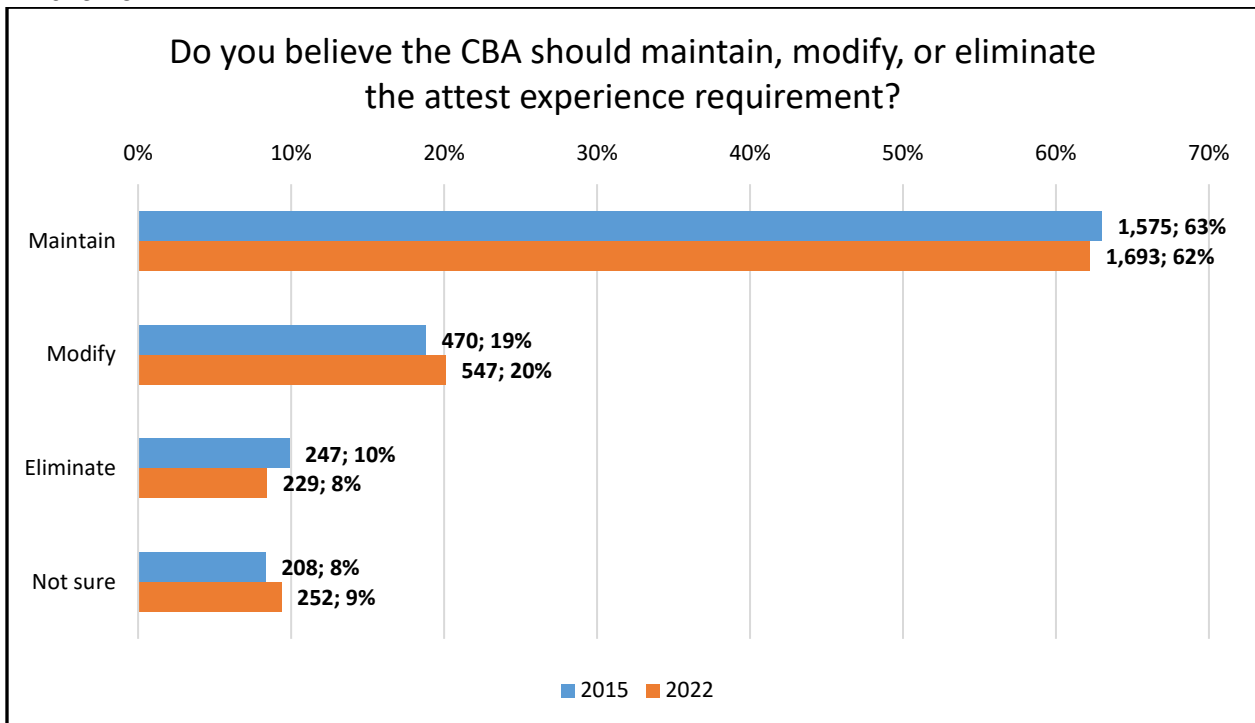


Chart 46



Attest Applicants

2015 total number of respondents (blue): 105

2022 total number of respondents (orange): 19

Chart 47

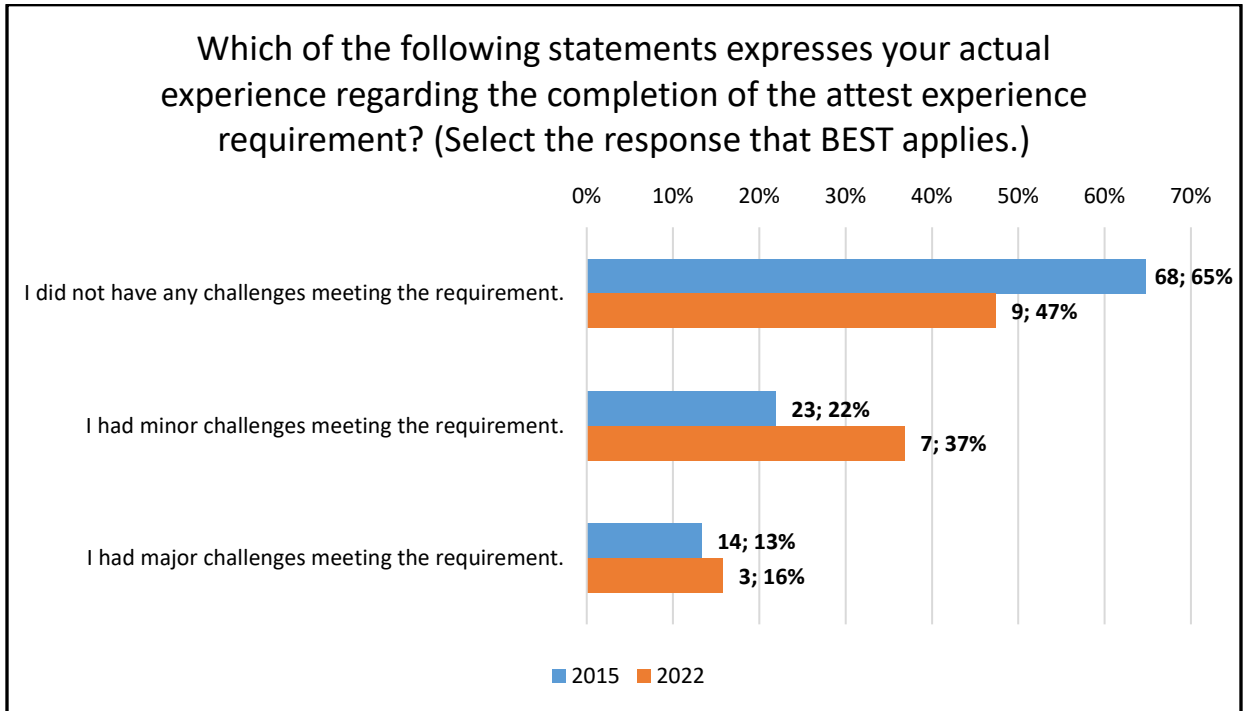


Chart 48

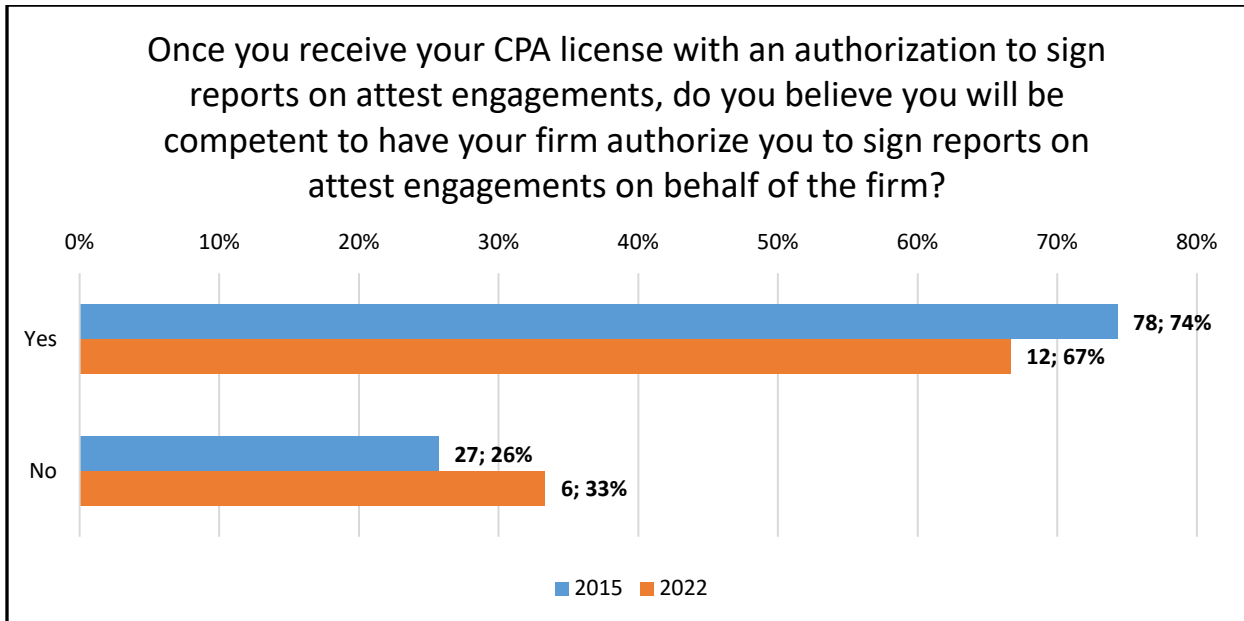
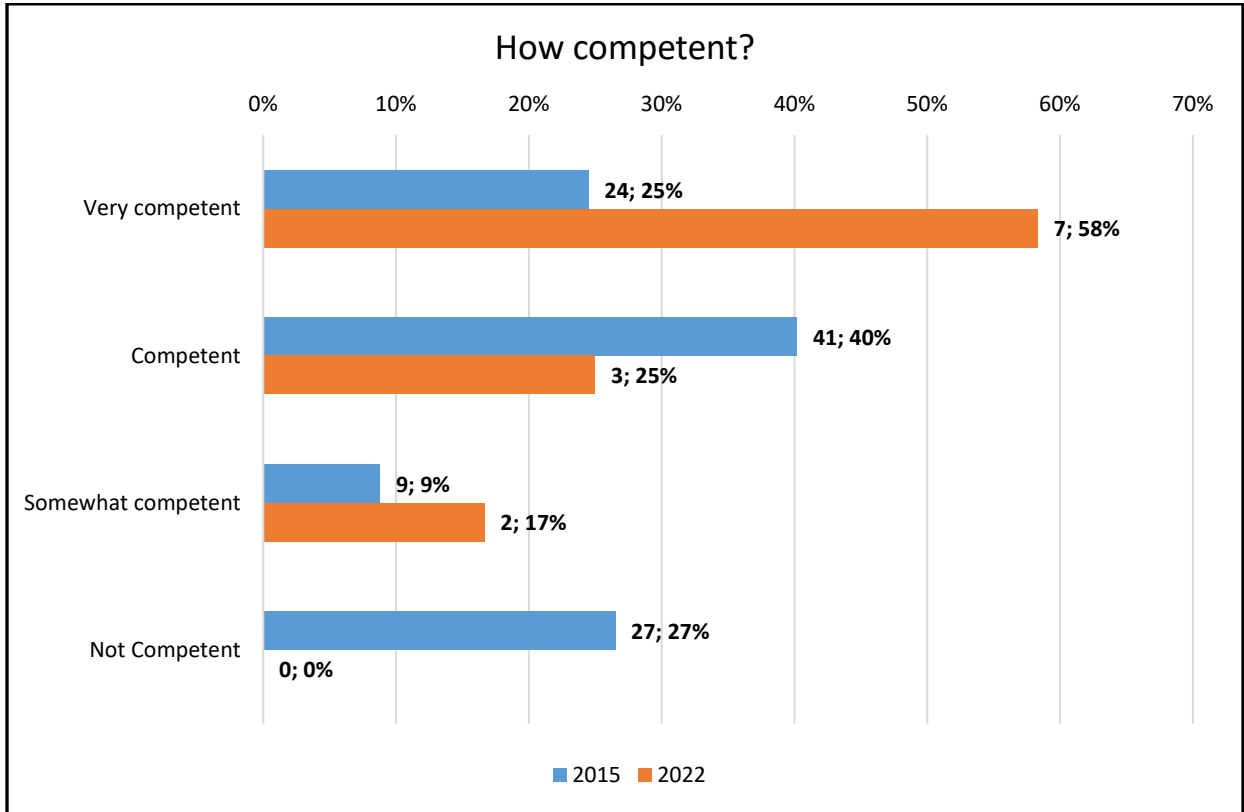


Chart 49



*"Not Competent" was not a response option in 2022

Chart 50

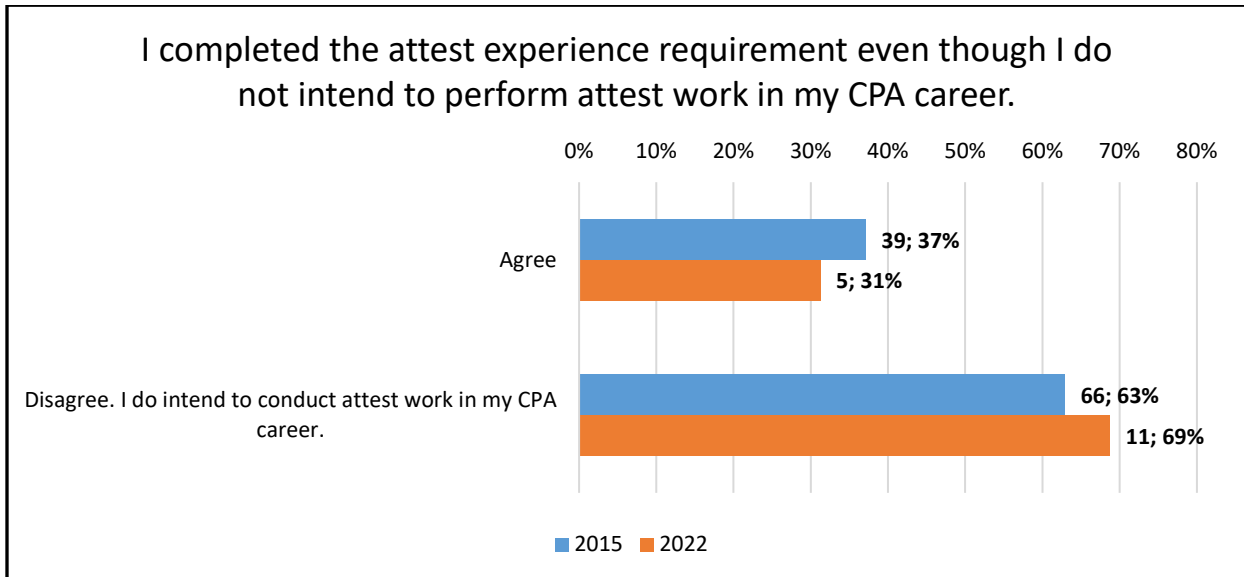
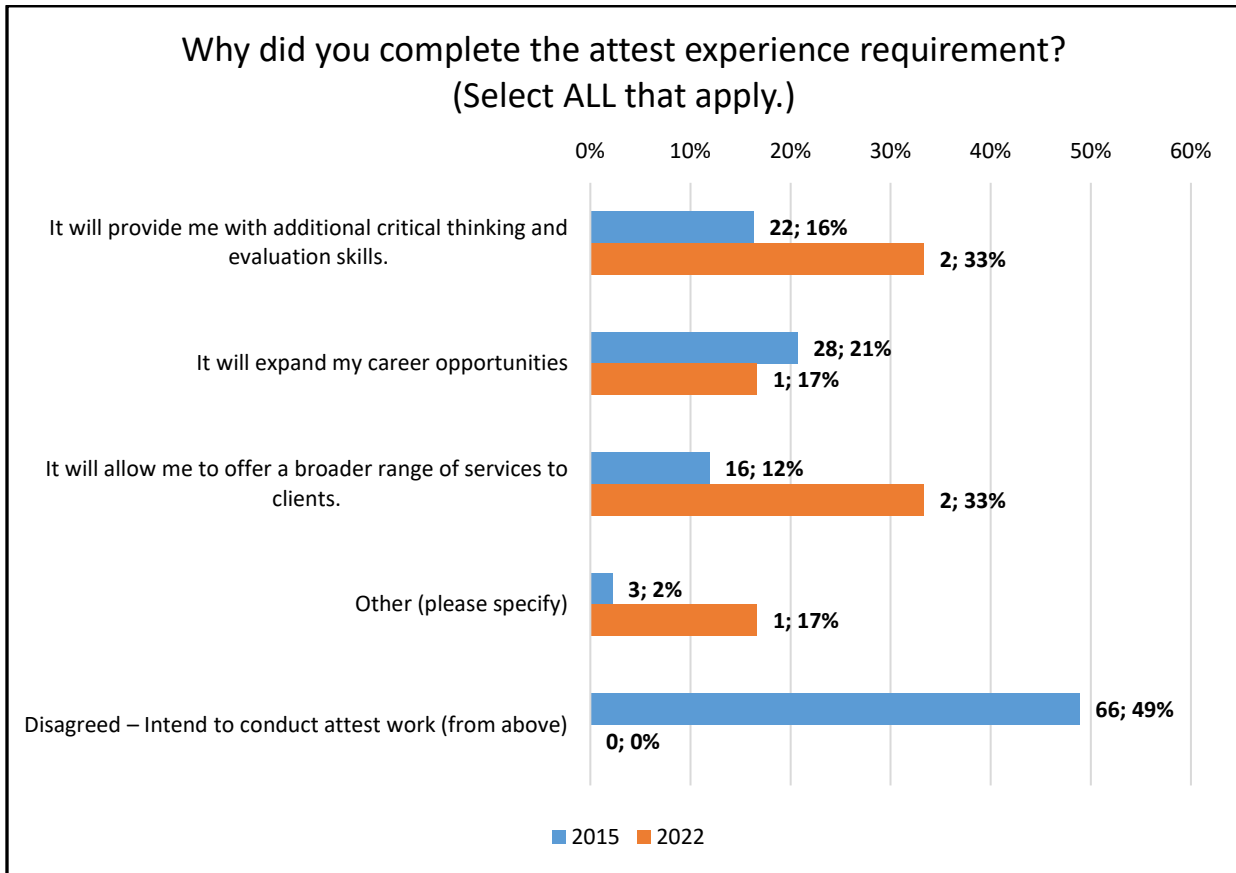


Chart 51



**"Disagreed" was not a response option in 2022

Chart 52

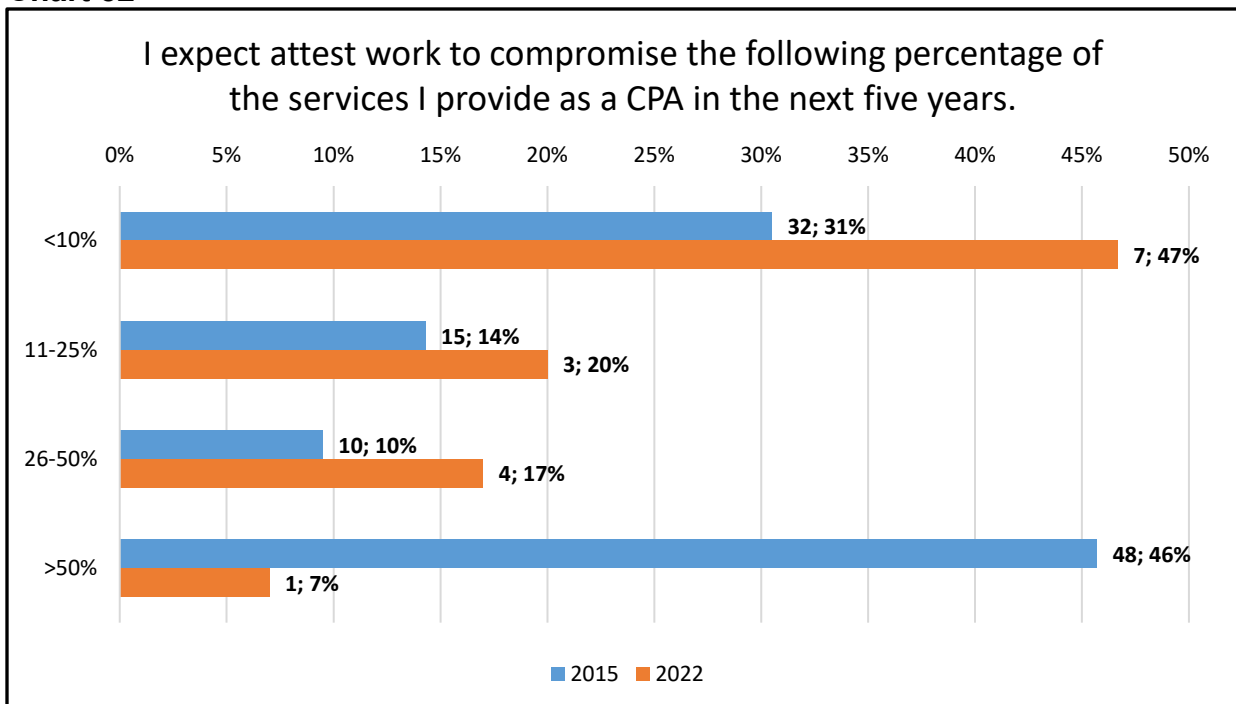
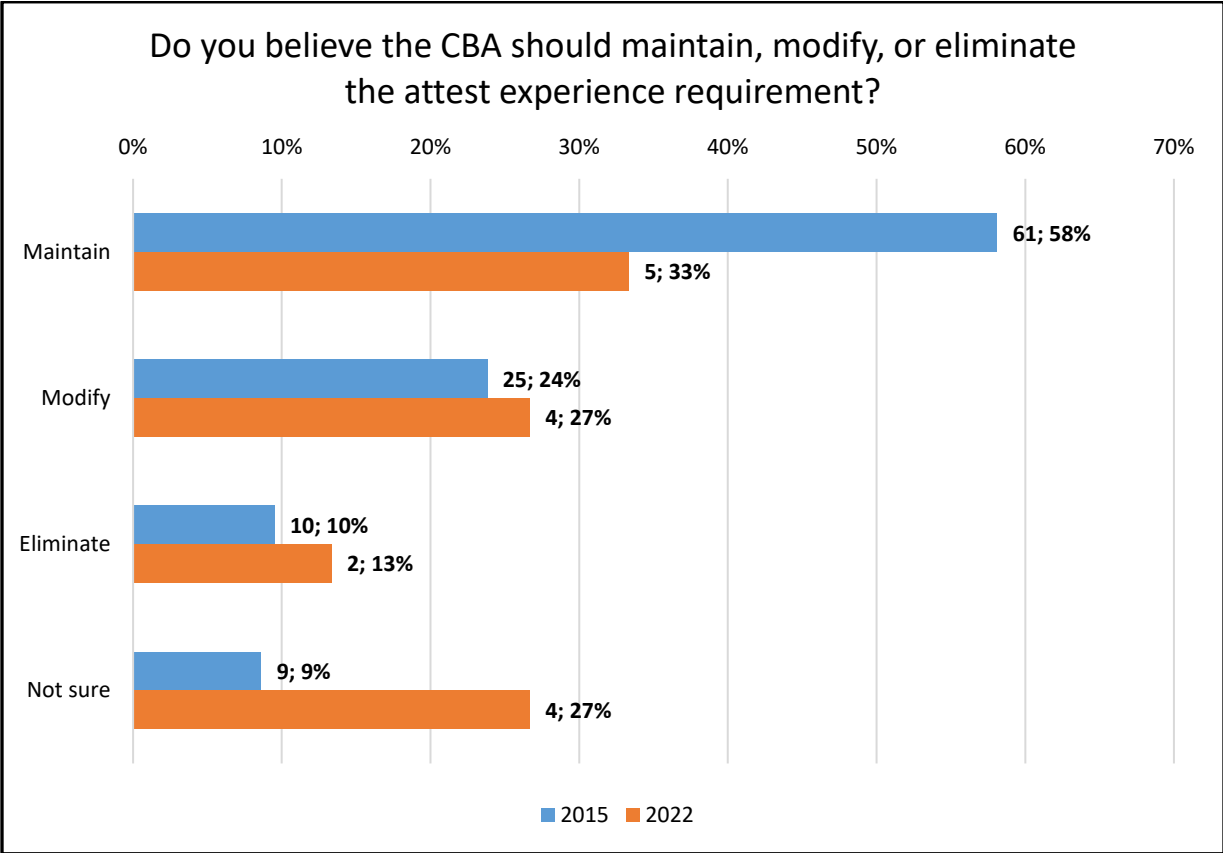


Chart 53

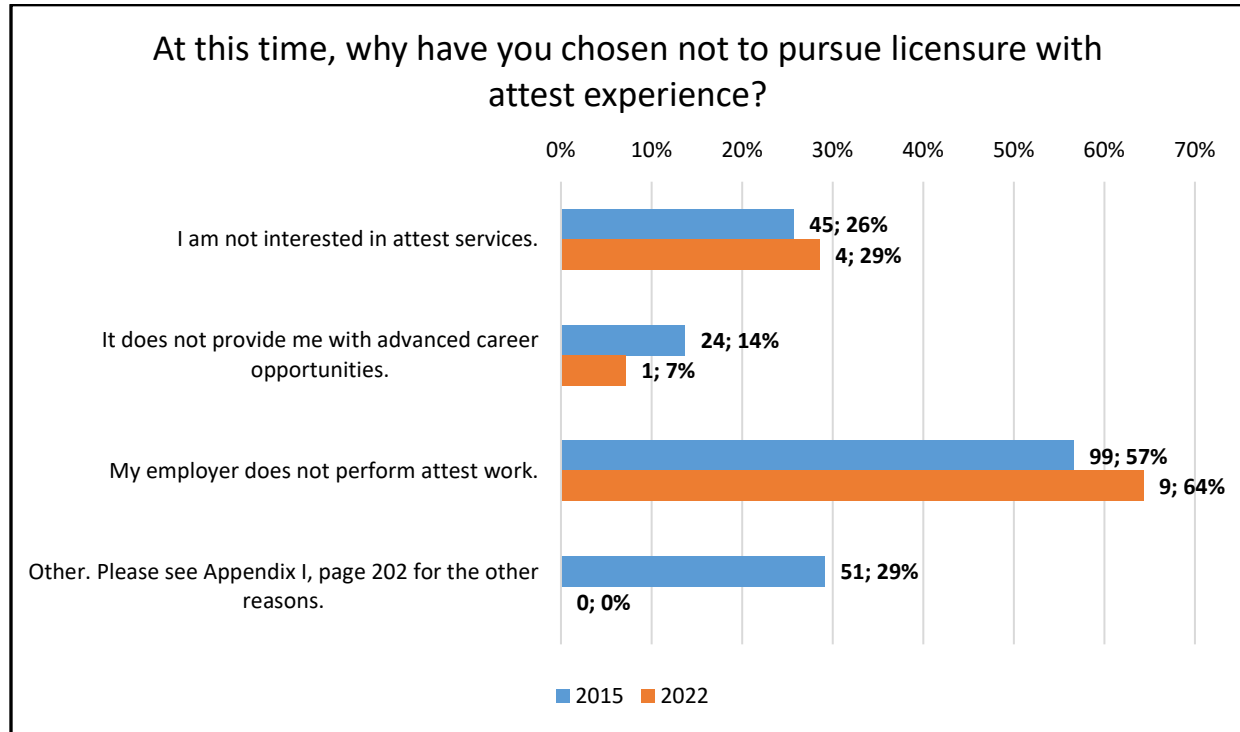


Non-Attest Applicants

2015 total number of respondents (blue): 219

2022 total number of respondents (orange): 14

Chart 54



**"Other" was not a response option in 2022

Chart 55

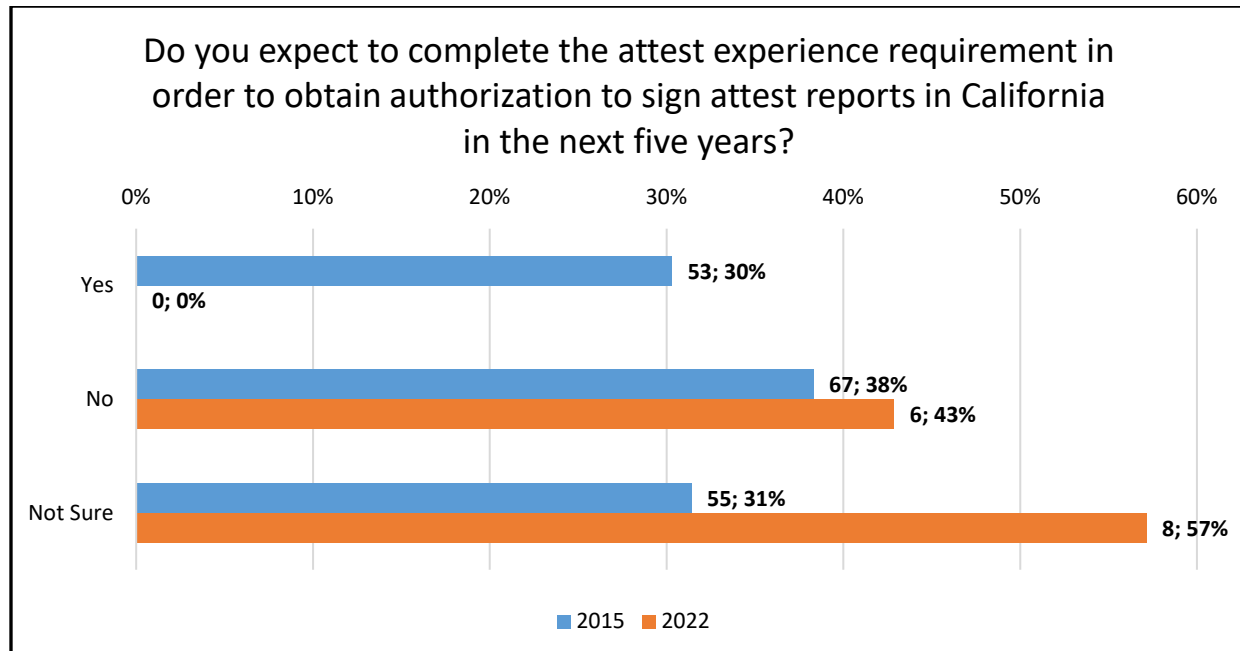
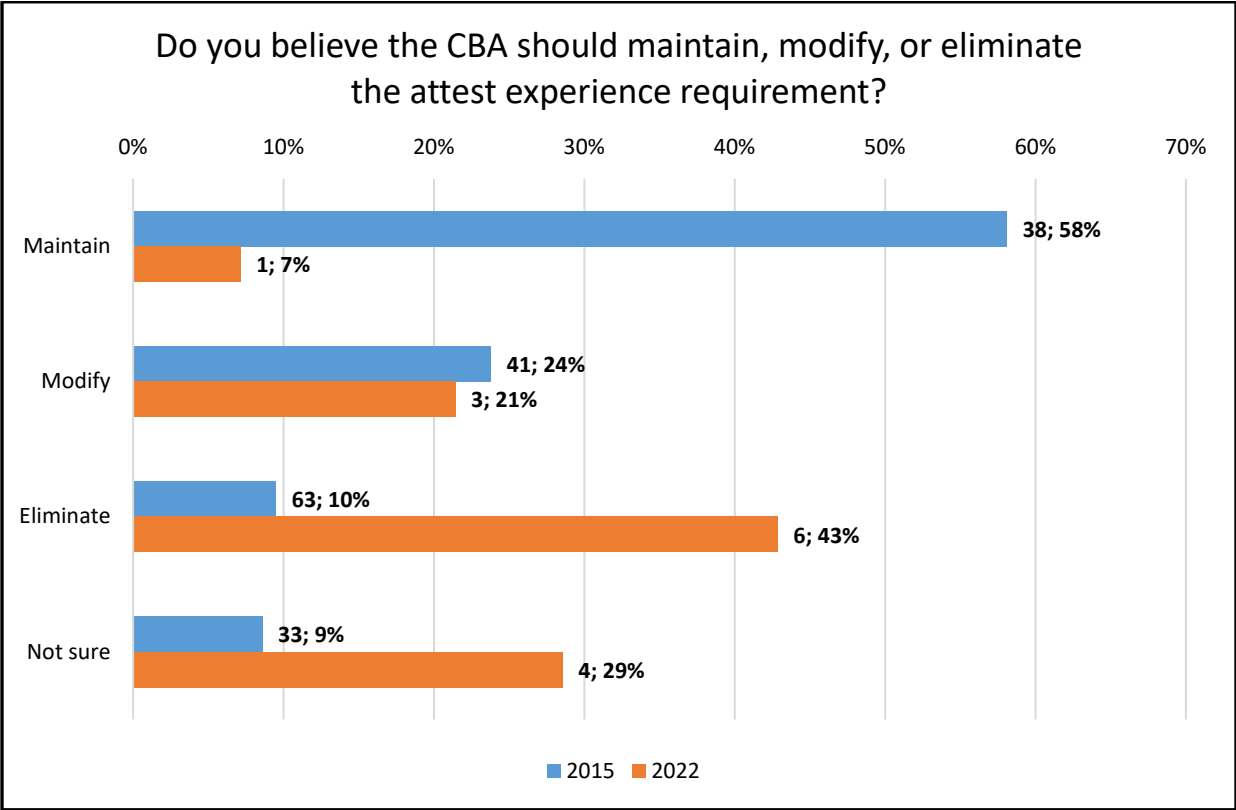


Chart 56



College/University Accounting Program Faculty

2015 total number of respondents (blue): 48

2022 total number of respondents (orange): 10

Chart 57

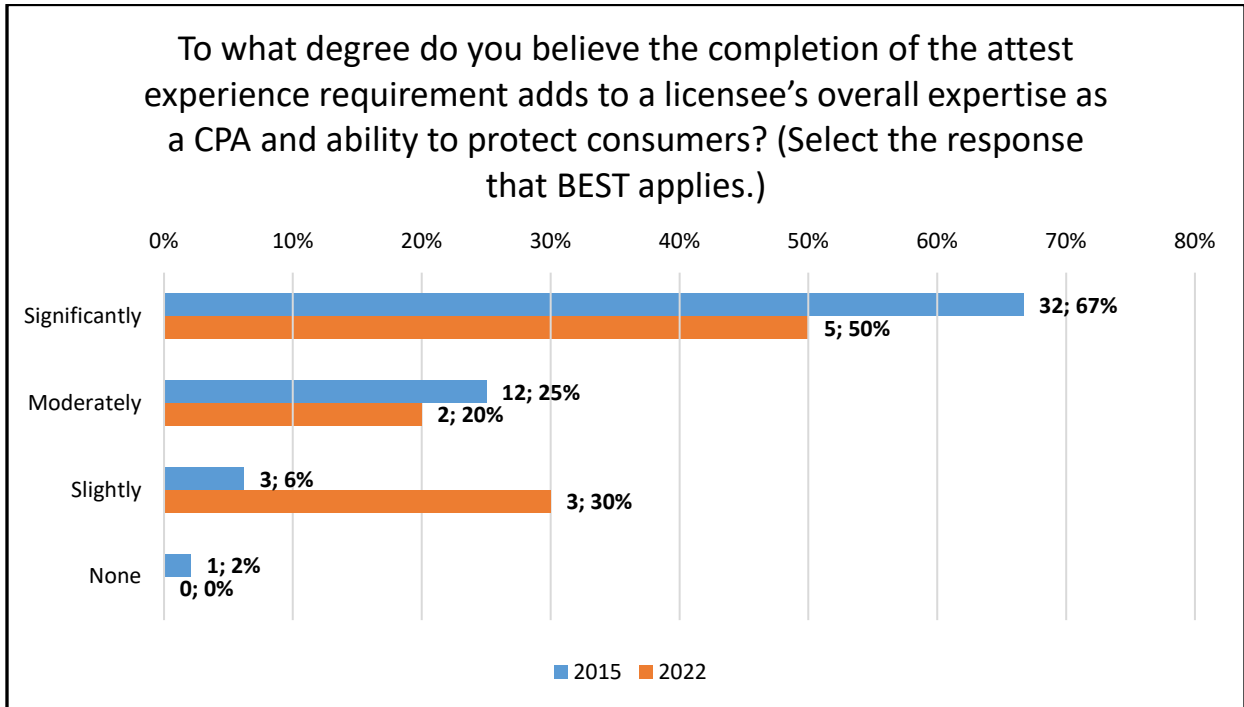


Chart 58

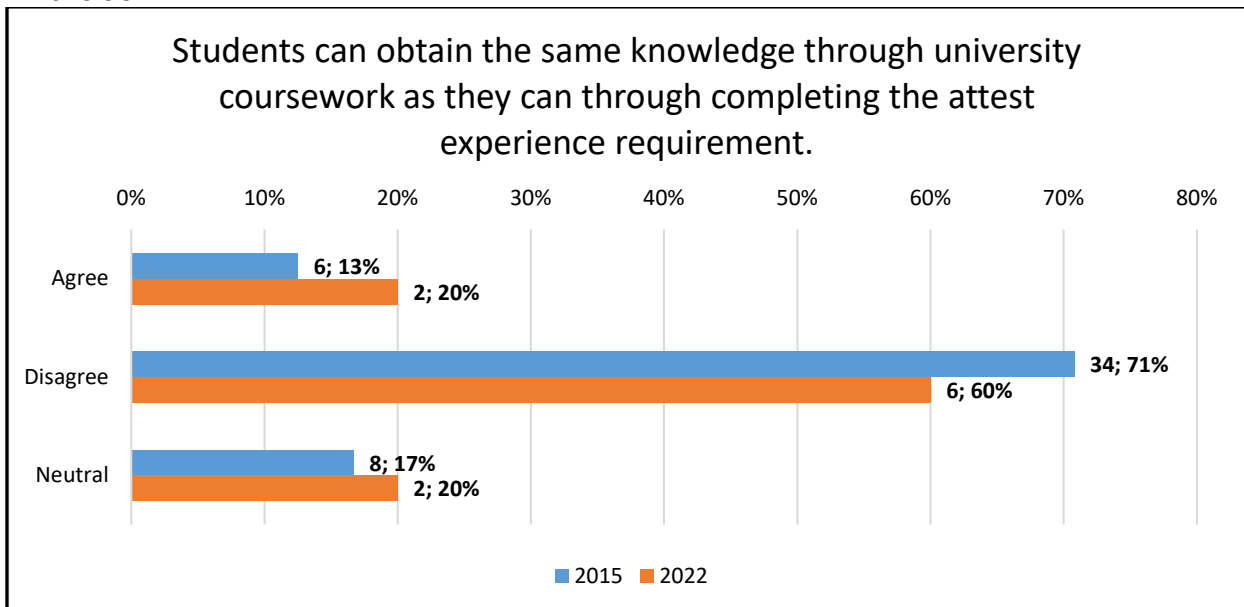


Chart 59

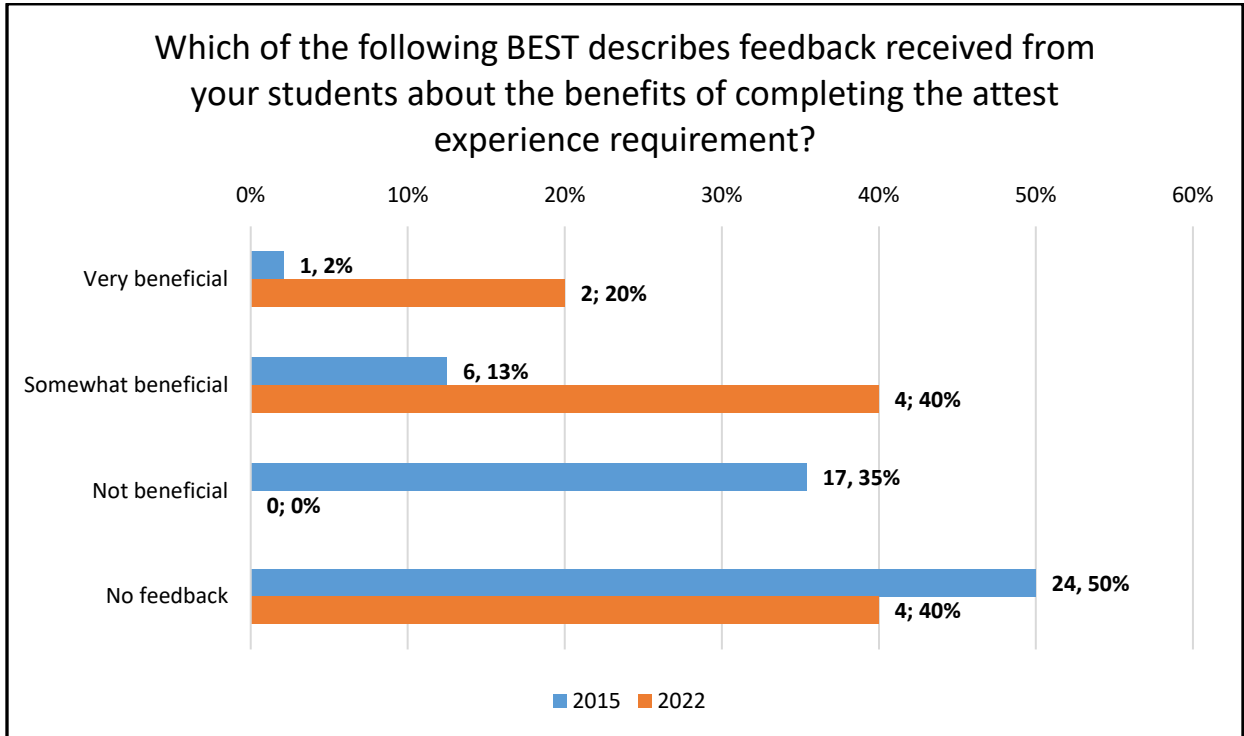


Chart 60

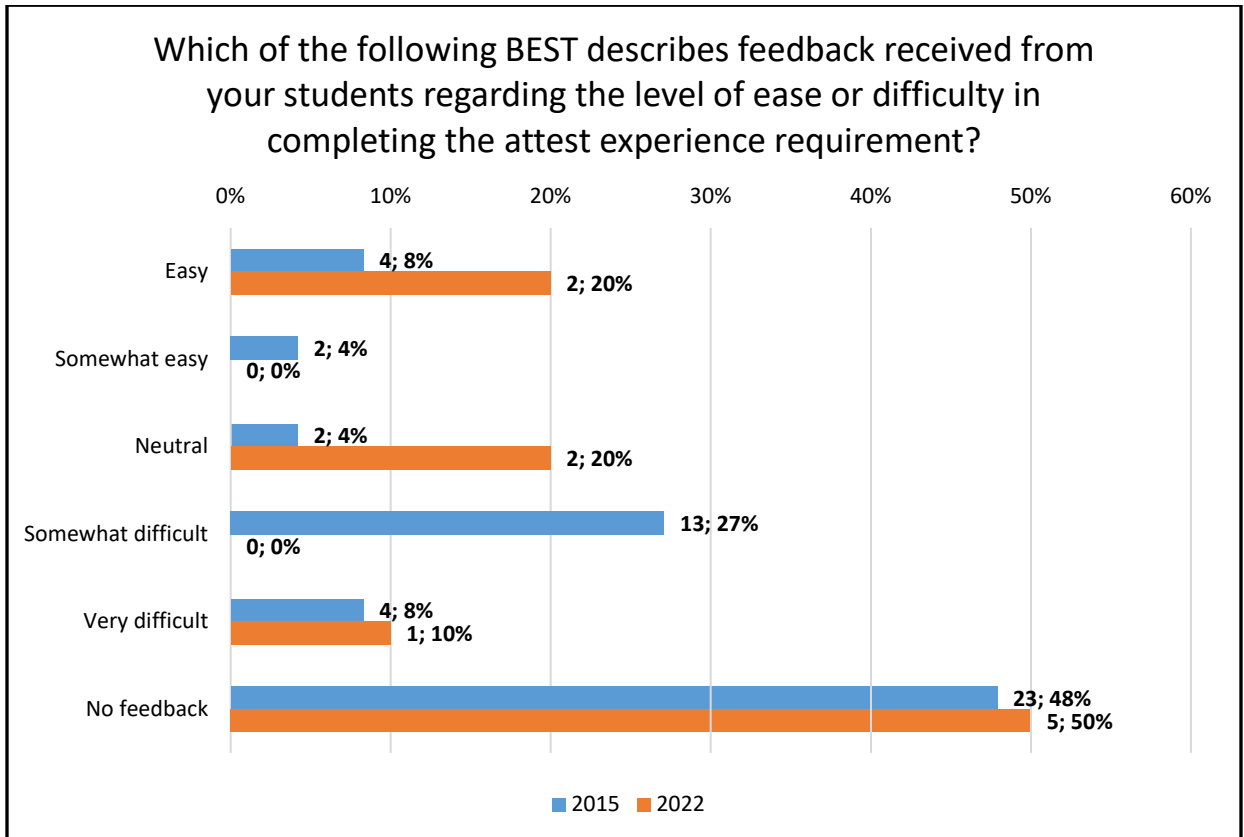


Chart 61

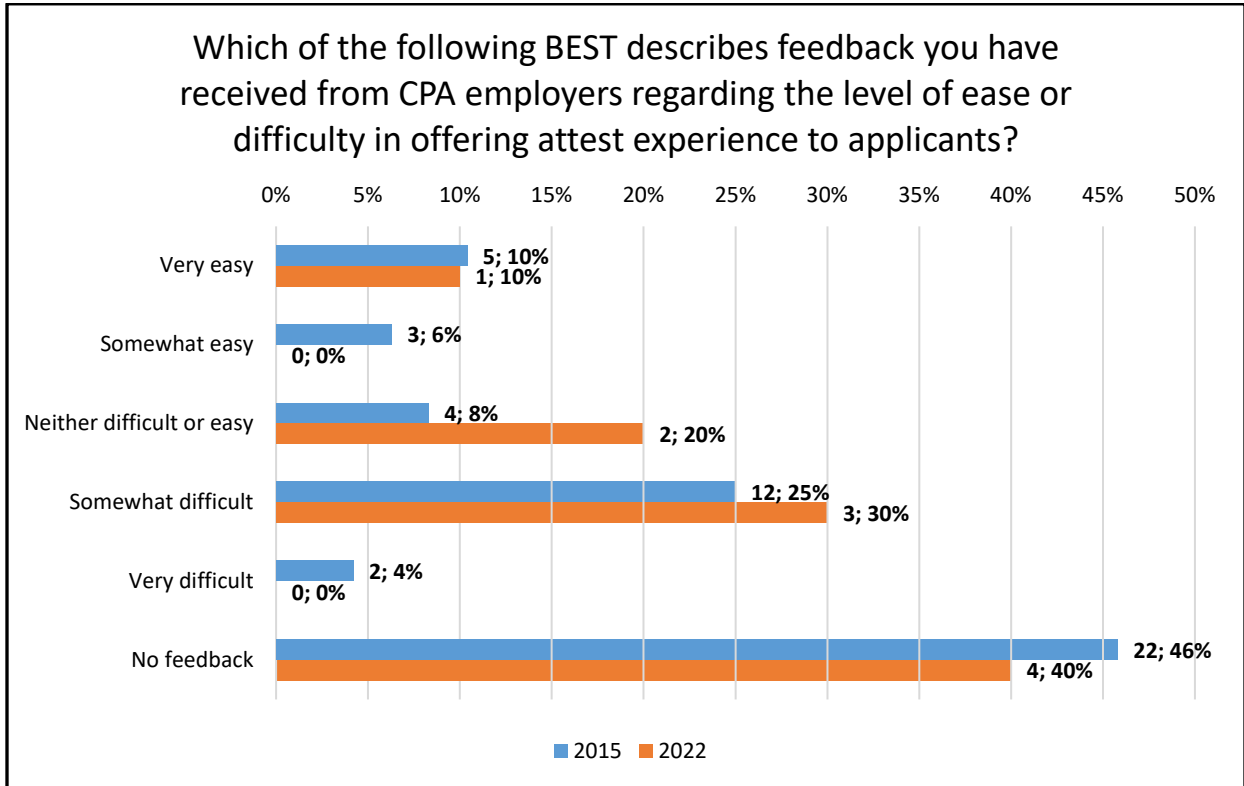
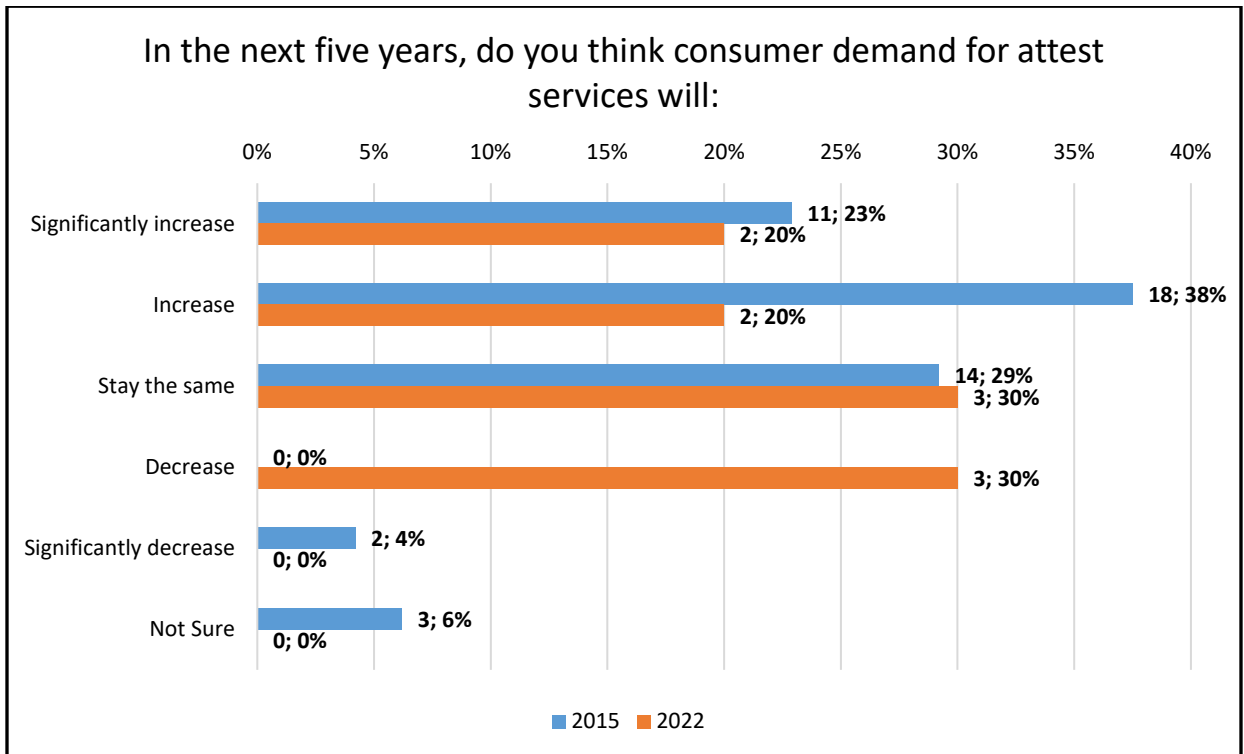
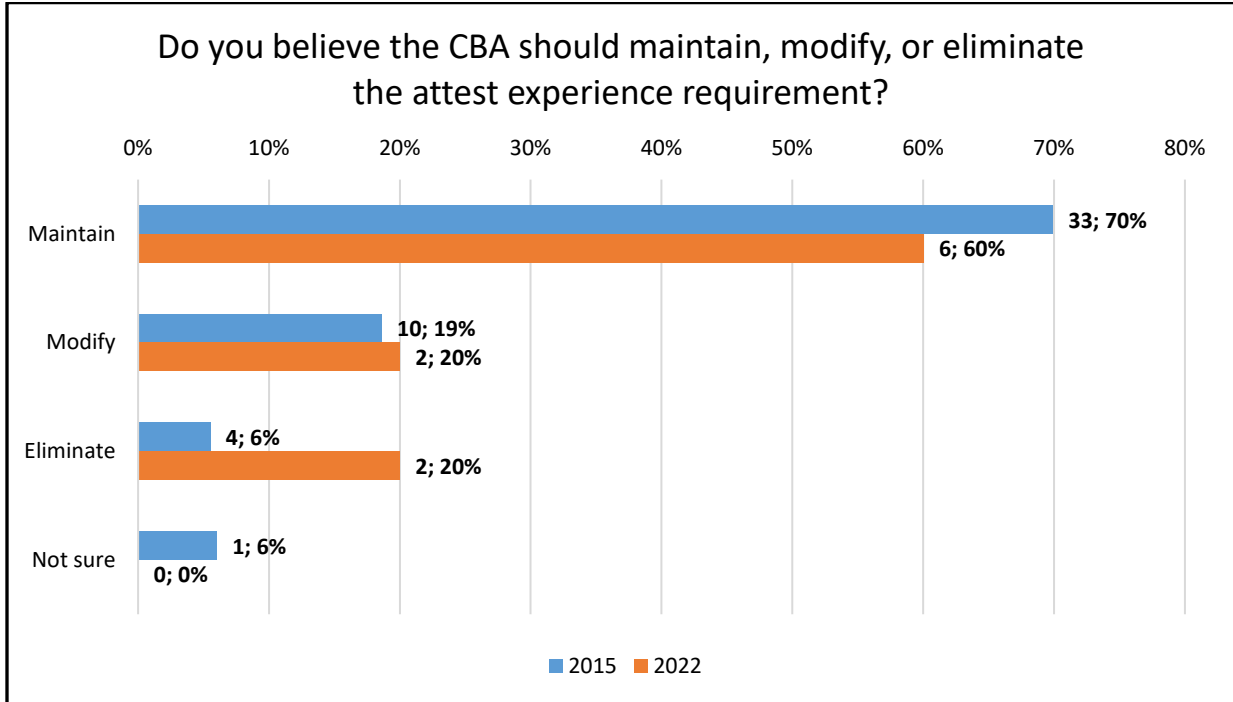


Chart 62



**"Not Sure" wasn't a response option in 2022

Chart 63



Consumers

2015 total number of respondents (blue): 37

2022 total number of respondents (orange): 59

Chart 64

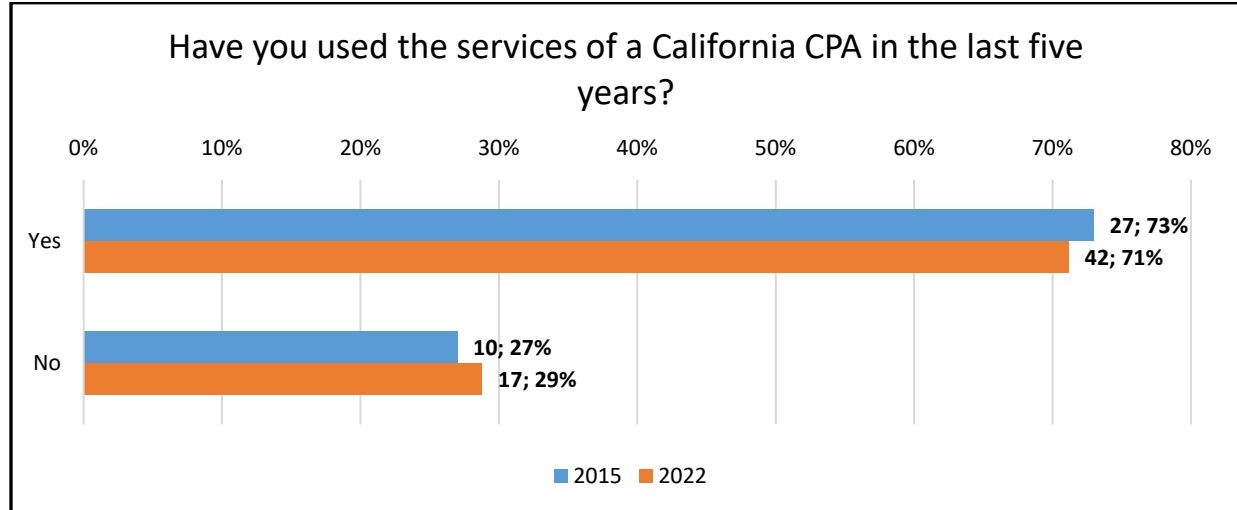


Chart 65

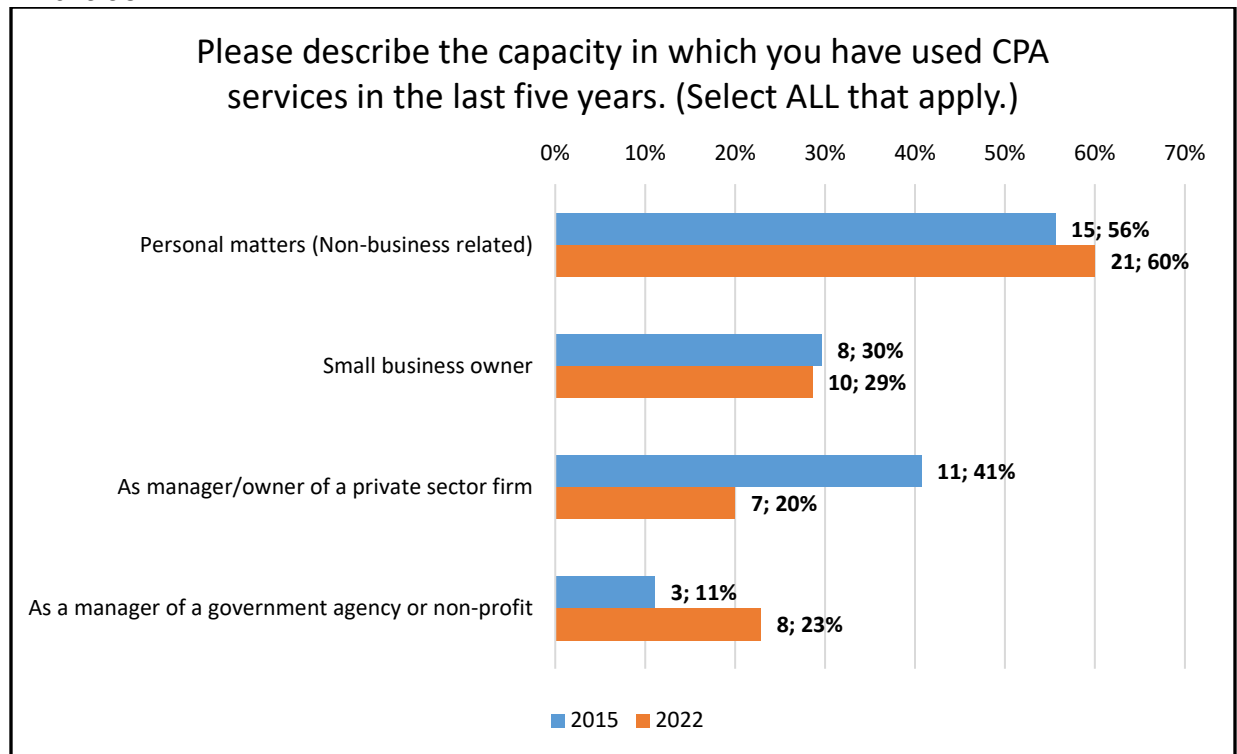


Chart 66

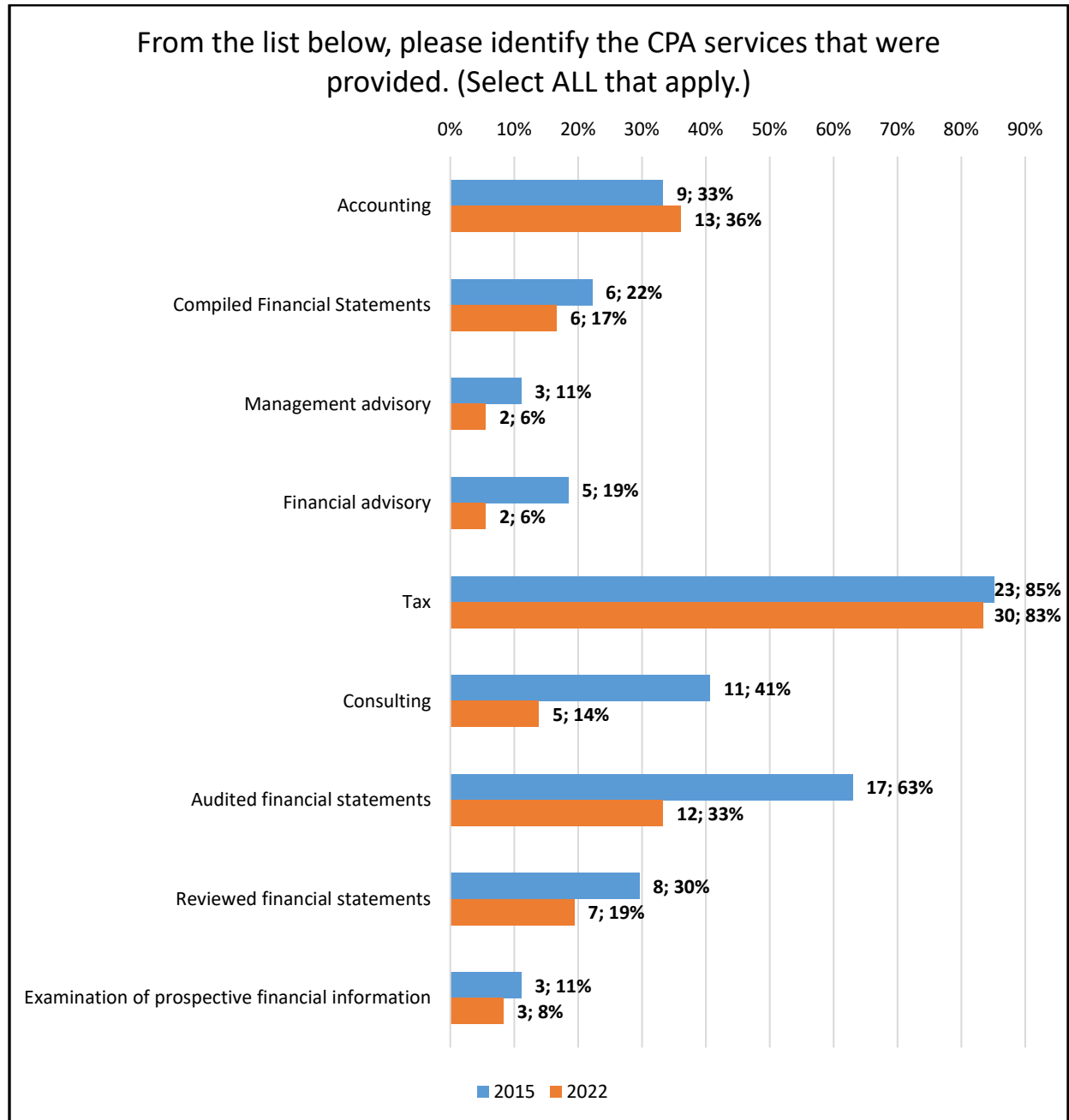


Chart 67

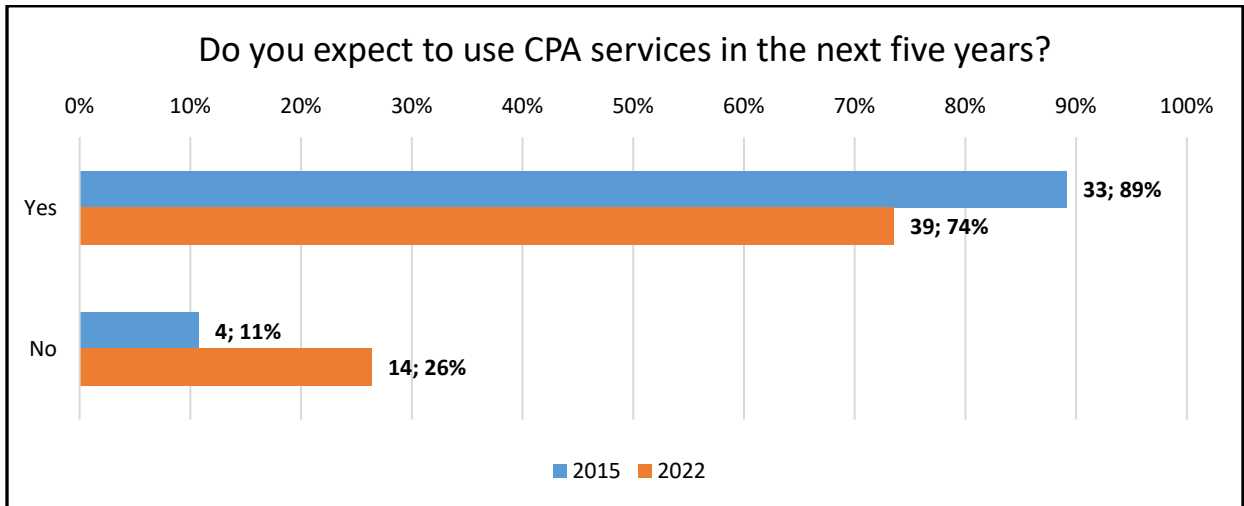


Chart 68

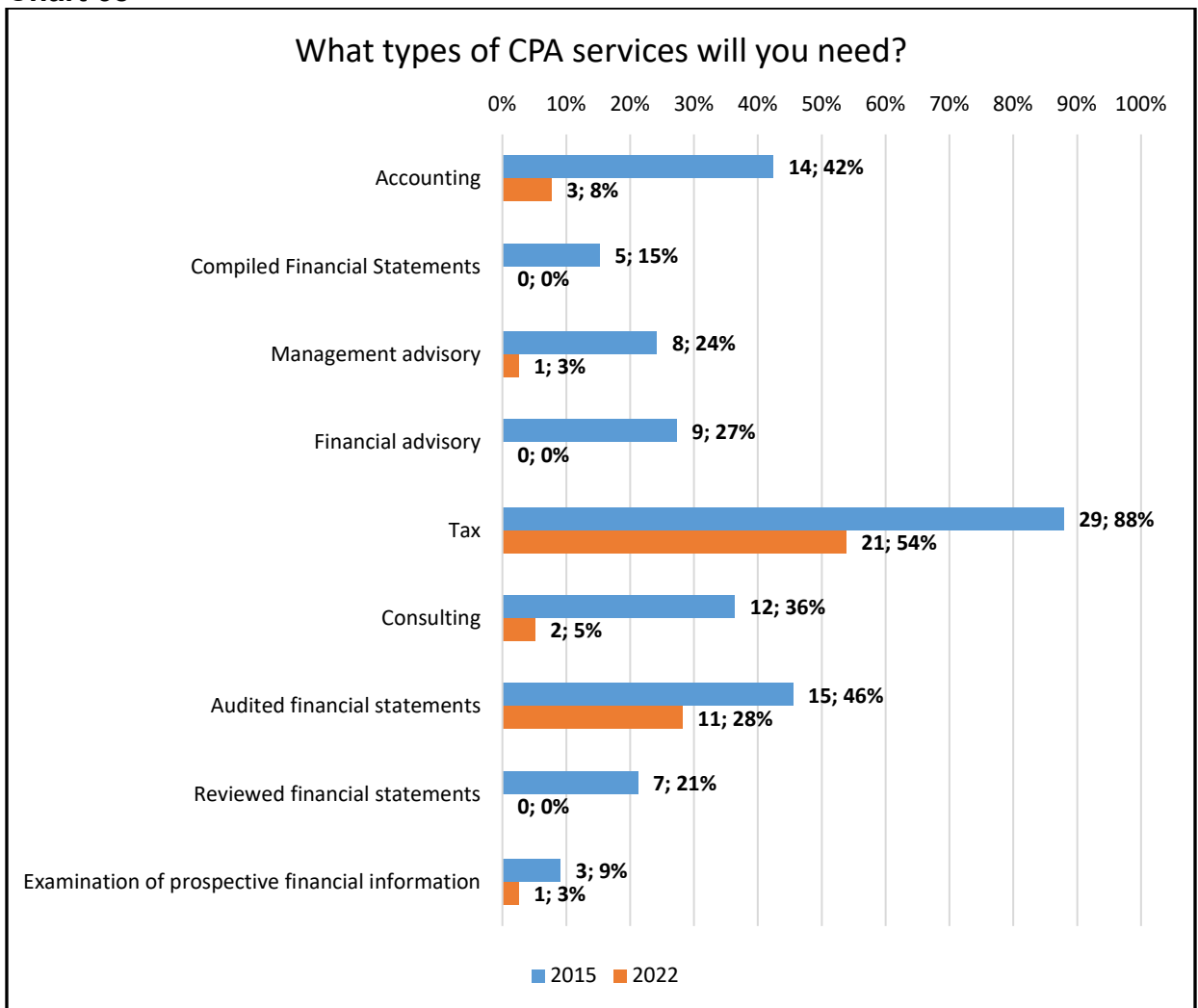


Chart 69

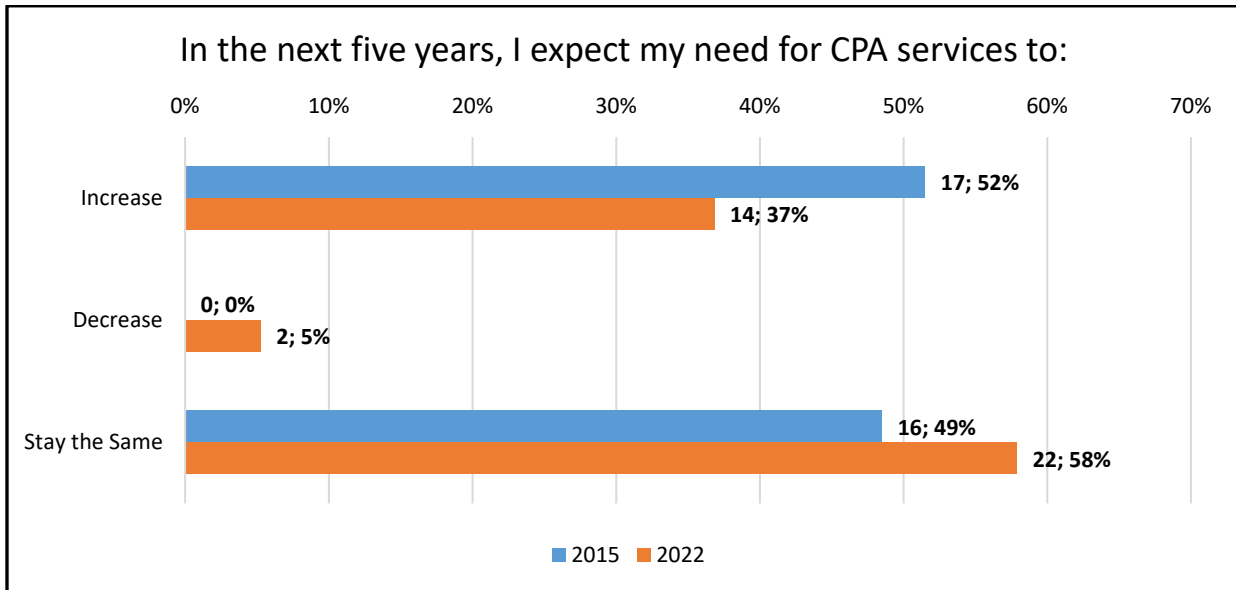


Chart 70

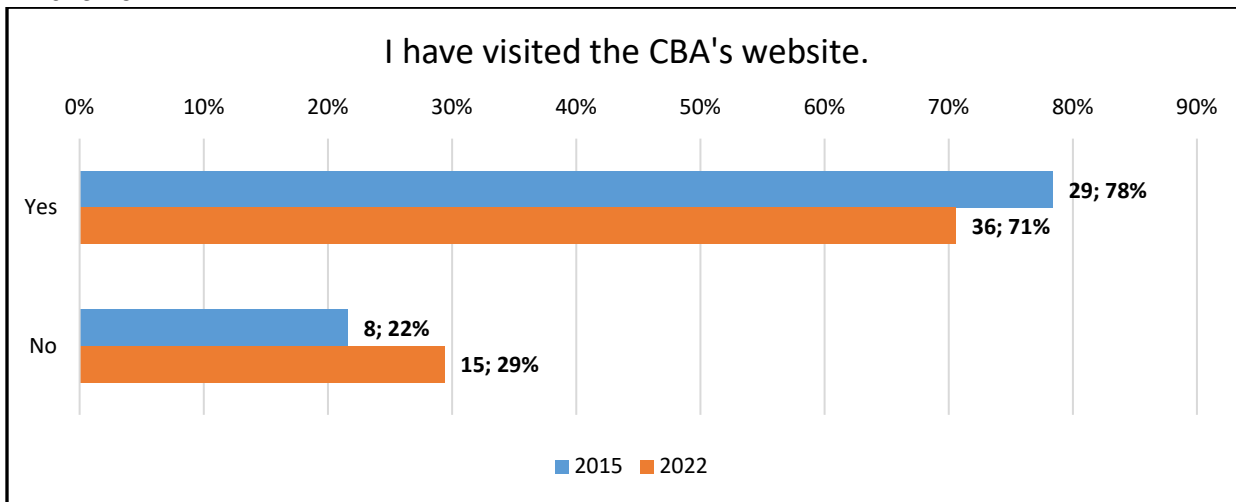


Chart 71

From the list below, please identify the consumer resources available you have used while visiting the CBA’s website. (Select ALL that apply.)

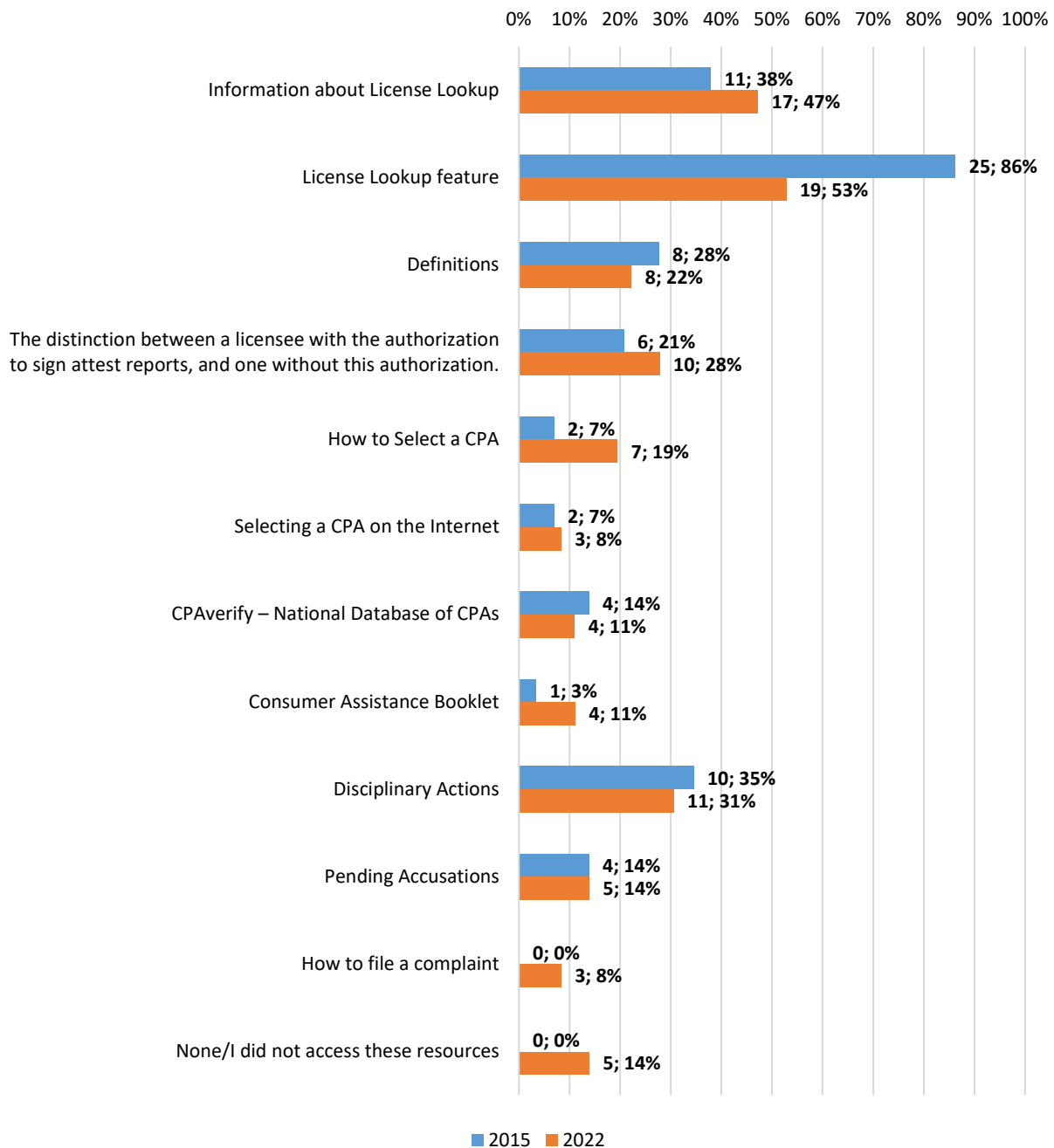


Chart 72

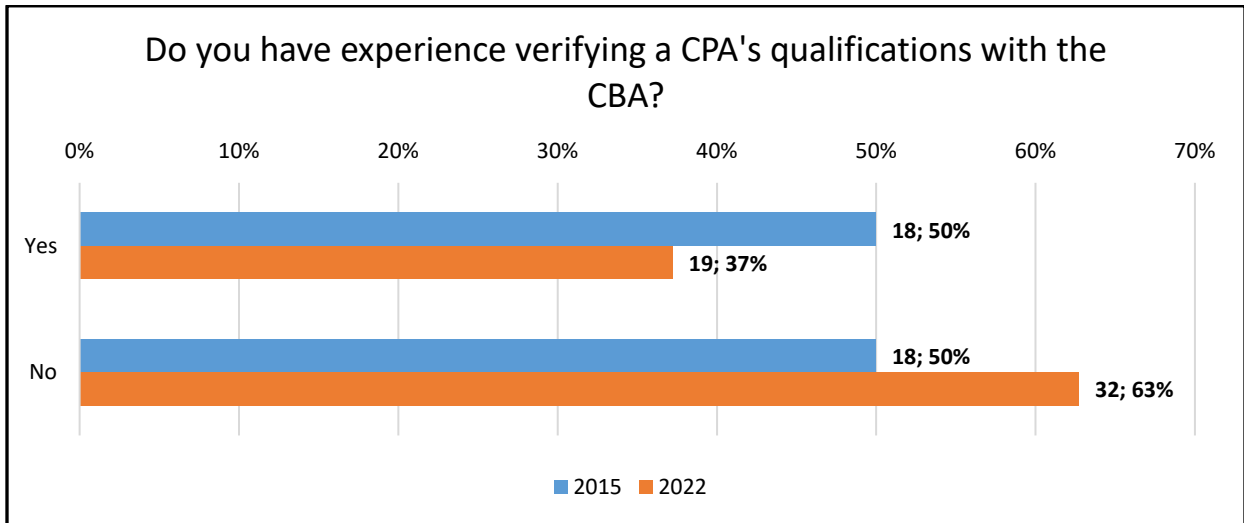


Chart 73

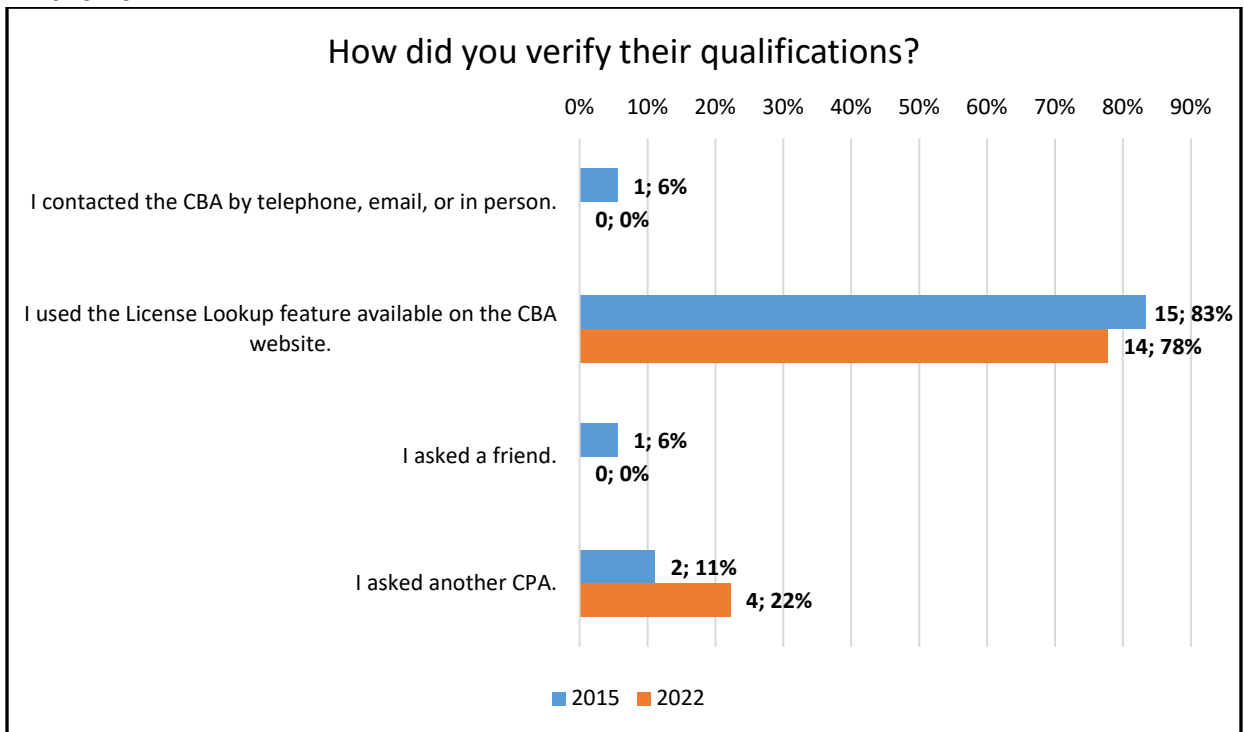


Chart 74

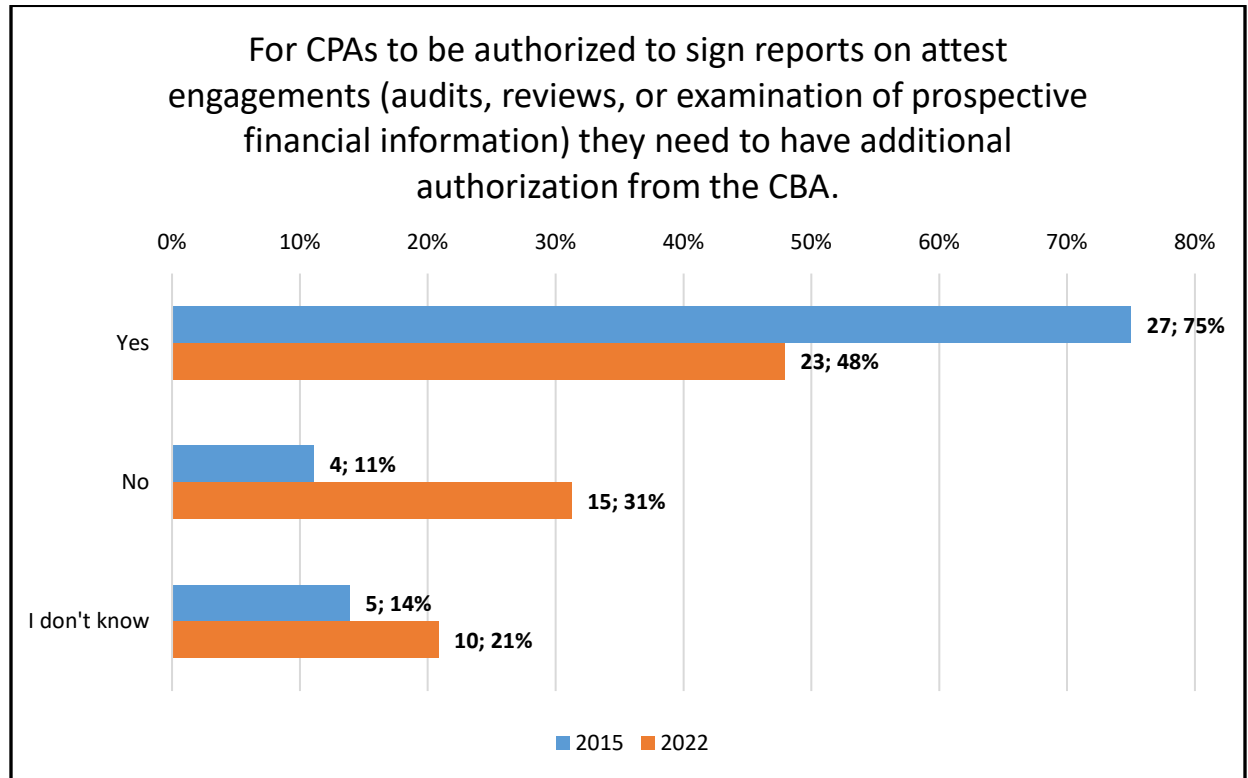
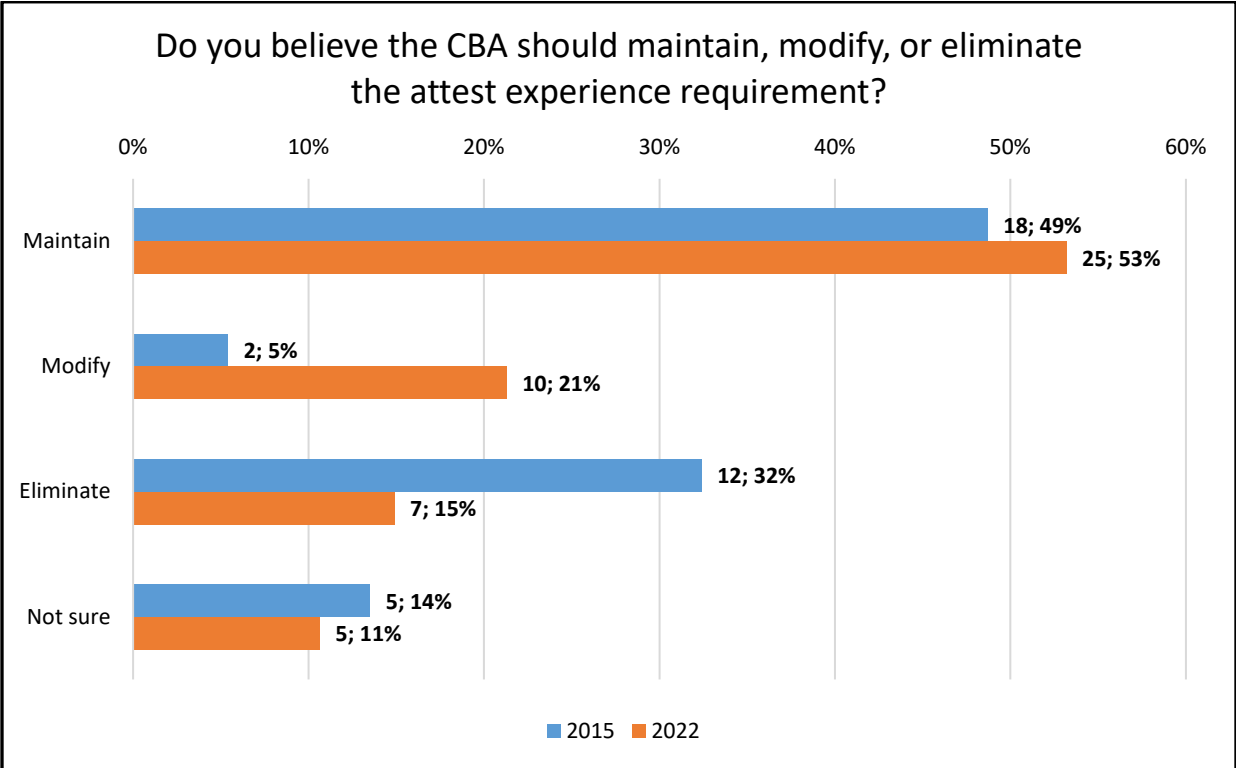


Chart 75





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



CERT Item XII.
September 15, 2022

Discussion Regarding Possible Recommendations to the California Board of Accountancy Regarding Experience Required for CPA Licensure

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

The purpose of this agenda item is to serve as the Consideration of the CPA Experience Requirements Taskforce (CERT) starting point for discussion on possible recommendations to the California Board of Accountancy (CBA) regarding the experience required for CPA licensure.

Consumer Protection Objectives

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

Action(s) Needed

CERT is being asked to decide whether it wishes to provide a recommendation regarding the necessity component of the primary question regarding the attest experience requirement.

Background

At its previous meetings, CERT members discussed various topics and raised various questions regarding the attest and general accounting experience requirement, as it related to California and nationally. These included:

- Possible ramifications should California eliminate the attest experience requirement
- Concerns regarding consumer confusion on the types of services performed between licensees who completed general accounting or attest experience
- Understanding the application review process for licensees applying with attest experience, including the role of the Qualifications Committee
- How peer review ties into the licensure process
- California disciplinary information, including information on out-of-state registered firms

Discussion Regarding Possible Recommendations to the California Board of Accountancy Regarding Experience Required for CPA Licensure

Page 2 of 3

- How other states without the attest experience requirement ensure appropriate safeguards

Comments

As noted in **CERT Agenda Item III.**, the CBA established a primary question for CERT's review:

Is the present attest experience requirement necessary and sufficient to support the CBA mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards? (underline emphasis added)

This agenda item is CERT's opportunity to discuss an initial recommendation regarding the need to continue to require applicants to complete an attest experience requirement for those wanting to sign reports on attest engagements.

As highlighted in **CERT Agenda Item III.**, any recommendation CERT makes will be provided to the full CBA for its consideration. Depending on the nature of the recommendation, it may require the CBA to seek a legislative change which would necessitate that the CBA seek an author to carry a bill to effectuate any change.

Based on discussions from this meeting, staff will do one of the following:

- Should CERT decide to recommend that the attest experience requirement is necessary, staff will perform requested research for the next CERT meeting to discuss the sufficiency of the attest experience requirement (e.g., an increase or decrease of the minimum number of required hours and possible modifications to the various areas of qualifying experience that applicants must obtain, or maintaining the status quo to the hours or the various areas).¹
- Should CERT decide to recommend that attest experience is no longer necessary, based on CERT direction, staff will begin preparing materials around a method to eliminate the attest experience requirement, including, but not limited to what backstops would be put in place to offset the elimination of the attest experience requirement (e.g., attest accounting firm licensure/registration).

Fiscal/Economic Impact Considerations

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

Recommendation

Staff do not have a recommendation on this agenda item.

¹ Once CERT completes its sufficiency review and any recommendations, staff will provide items associated with the various policy issues highlighted in CERT's previous meetings.

**Discussion Regarding Possible Recommendations to the California Board of
Accountancy Regarding Experience Required for CPA Licensure**

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Attachment

None.



California Board of Accountancy
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CERT Item XIII.
September 15, 2022

Discussion and Possible Action to Approve the Proposed November Meeting Date for the Consideration of the CPA Experience Requirements Taskforce

Presented by: Dominic Franzella, Chief, Enforcement Division

Purpose of the Item

The purpose of this agenda item is to present the Consideration of the CPA Experience Requirements Taskforce (CERT) with proposed meeting dates for the November 2022 meeting.

Consumer Protection Objectives

Requiring applicants for CPA licensure to meet specified requirements, including accounting experience, assists the CBA in meeting its mission by ensuring only qualified licenses practice public accountancy in accordance with established professional standards,

Action(s) Needed

CERT is being asked to select a meeting date for the November 2022 meeting.

Background

After the September CBA meeting, the last CBA meeting of the year will be conducted on November 17-18, 2022.

Comments

For the November 2022 CERT meeting, staff are proposing the following dates and times:

- Tuesday, November 8, 2022 – 9:00am-12:00pm; 1:00pm-4:00pm
- Wednesday, November 9, 2022 – 9:00am-12:00pm; 1:00pm-4:00pm
- Thursday, November 10, 2022 – 9:00am-12:00pm; 1:00pm-4:00pm
- Thursday, November 17, 2022 (in conjunction with the CBA Meeting)

Fiscal/Economic Impact Considerations

There are no fiscal/economic impacts to considerations.

Discussion and Possible Action to Approve the Proposed November Meeting Date for the Consideration of the CPA Experience Requirements Taskforce

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Recommendation

Staff recommend that the CERT adopt or modify one of the proposed dates for the November meeting.

Attachment

2022 Year-At-A-Glance Calendar

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
2022 MEETING DATES/LOCATIONS CALENDAR
(CBA MEMBER COPY)**

JANUARY 2022

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	TBD	TBD	22
23	24	25	TBD			29
30	31					

FEBRUARY 2022

S	M	T	W	Th	F	S
		1	2	TBD	4	5
6	7	8	9	10	11	12
13	14	15	16	17	TBD	19
20	21	22	23	24	25	26
27	28					

MARCH 2022

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	TBD	TBD	26
27	28	29	30	31		

APRIL 2022

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	TBD	28	29	30

MAY 2022

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	TBD	TBD	14
15	16	17	18	TBD	TBD	21
22	23	24	25	26	27	28
29	30	31				

JUNE 2022

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

JULY 2022

S	M	T	W	Th	F	S
					1	2
3	4	5	6	TBD	8	9
10	11	12	13	14	15	16
17	18	19	20	TBD	TBD	23
24	25	26	TBD	28	29	30
31						

AUGUST 2022

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	TBD	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER 2022

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	TBD	TBD	24
25	26	27	28	29	30	

OCTOBER 2022

S	M	T	W	Th	F	S
						1
2	3	4	5	TBD	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	TBD	27	28	29
30	31					

NOVEMBER 2022

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	TBD	TBD	19
20	21	22	23	24	25	26
27	28	29	30			

DECEMBER 2022

S	M	T	W	Th	F	S
				TBD	2	3
4	5	6	7	8	TBD	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

COMMITTEES
 EAC - Enforcement Advisory Committee
 QC - Qualifications Committee
 PROC - Peer Review Oversight Committee

GENERAL LOCATION
 NC-NORTHERN CALIFORNIA
 SC-SOUTHERN CALIFORNIA

	CBA OFFICE CLOSED
	CBA MEETING
	EAC MEETING
	PROC MEETING
	QC MEETING