CALIFORNIA BOARD OF ACCOUNTANCY

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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

AEC Agenda Item II.
June 23, 2010

Draft
June 2, 2010

MINUTES OF THE APRIL 8, 2010 ACCOUNTING EDUCATION COMMITTEE (AEC) MEETING

Holiday Inn Express
2224 Auburn Boulevard
Sacramento, CA 95821
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ROLL CALL AND CALL TO ORDER.

Ruben Davila, Chair, called the meeting of the AEC to order at 10:23 a.m. on Thursday, April 8, 2010 at the Holiday Inn Express. Mr. Davila indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

AEC Members

Ruben Davila, Chair	10:23 a.m. to 4:30 p.m.
Donald Driftmier, CBA Member	10:23 a.m. to 3:45 p.m.
Sherry Anderson	10:23 a.m. to 4:30 p.m.
Betty Chavis	10:23 a.m. to 4:30 p.m.
Thomas Dalton	10:23 a.m. to 4:30 p.m.
Michael Moore	10:23 a.m. to 4:30 p.m.
Gary Pieroni	10:23 a.m. to 4:30 p.m.
Sara Seyedin	10:23 a.m. to 4:30 p.m.
Xiaoli “Charlie” Yuan	10:23 a.m. to 3:08 p.m.

Staff and Legal Counsel
Rich Andres, Information Technology Staff
Patti Bowers, Executive Officer
Veronica Daniel, Executive Analyst
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)
Dominic Franzella, Manager, Licensing
Cindi Fuller, Renewal/Continuing Competency Unit Coordinator
Deanne Pearce, Chief, Licensing Division
Dan Rich, Assistant Executive Officer
Jenny Sheldon, Licensing Coordinator

Other Participants
Bruce Allen, California Society of Certified Public Accountants (CalCPA)
Ed Howard, Center for Public Interest Law (CPIL)
Hal Schultz, CalCPA
Jeannie Tindel, CalCPA
Ellen Glazerman, Ernst & Young

I. Welcome and Introductions.

AEC Chair Ruben Davila called the meeting to order on April 8, 2010 and asked AEC Members and CBA staff to introduce themselves.

II. Overview of Licensure Requirements and the Effects of Senate Bill 819 on the Pathways to Licensure.

Mr. Franzella presented the memorandum (**Attachment #1**) for this item.

Mr. Dalton questioned whether CPAs originally licensed under Pathway 1 would have the same mobility as those licensed under Pathway 2. Mr. Driftmier indicated that the National Association of State Boards of Accountancy has recognized California as substantially equivalent under the Uniform Accountancy Act. Mr. Davila identified this as an item staff can research.

Mr. Allen thanked the AEC members for their service. Mr. Howard and Ms. Glazerman echoed Mr. Allen's comment.

III. AEC Directives, Goals, and Staffing.

Ms. Pearce presented the memorandum (**Attachment #2**) for this item.

AEC Members discussed the purpose and objectives of the AEC and also identified several issues (**Attachment #3**) that will be discussed at future meetings. Mr. Davila pointed out that the requirements developed by the AEC will have a direct impact on students presently in the pipeline and therefore, there is a sense of urgency around the work of the AEC.

Mr. Howard commented that the scope of the statute was targeted at the hollow 30 units and it was not the intention of the statute to revisit the existing 24/24 requirement. Mr. Howard further stated the focus should be on courses that will help applicants become better practitioners and provide better services to consumers.

Mr. Davila expressed appreciation for Mr. Howard's comments and indicated that the AEC is looking at the 20 units of accounting study from multiple dimensions because the other 10 units of ethics courses and what is presently completed in

the undergraduate degree are key issues the AEC needs to be sensitive to when developing the 20 units.

IV. Discussion Regarding Composition of the Additional 20 Units of Accounting Study Required By Business and Professions Code Section 5093.

Ms. Sheldon presented the memorandum (**Attachment #4**) for this item.

Mr. Franzella presented a public comment (**Attachment #5**) received at the CBA office via e-mail from Professor Stan Deal with Azusa Pacific University.

AEC Members continued the discussion started under Agenda Item III regarding the purpose and objectives of the AEC identifying additional issues to be discussed during upcoming meetings.

Mr. Davila asked for consideration of the first question on page 3 of Agenda Item IV regarding the use of lower division, upper division, and graduate-level course work. There was a general consensus among members that course work should be completed at the graduate and/or upper division level. Allowing course work to be completed at the upper division level will allow students the flexibility of completing courses at a community college where costs are lower, thereby reducing a potential financial barrier to becoming licensed. Mr. Dalton and Mr. Moore agreed, but also indicated they were not completely opposed to allowing some lower division coursework.

Mr. Davila asked members for consideration regarding the subject matter allocation of the 20 units. Members discussed the matter and expressed varying opinions. Mr. Driftmier referenced the curriculum of the Master of Science in Accountancy programs from Cal Poly Pomona and California State University, San Bernardino (**Attachment #6**). No consensus was made other than a desire to maintain a level of flexibility how the units are allocated. Mr. Howard made a comment reminding members the purpose of these 20 units of additional education are intended to offset the loss of one year of the experience requirement. Staff were directed to research the education requirements of other states.

Members reached a tentative agreement to use the definitions of accounting and business-related subjects as outlined in Section 9.2 of the CBA Regulations.

Members discussed but came to no conclusion regarding a definition of independent study and whether internships and on-line education would be considered independent study. Members discussed but came to no agreement regarding the allowance, disallowance, and/or restrictions to be placed on independent study. Ms. Glazerman commented that limiting independent study may limit students who receive their education in states where independent study is very acceptable. Ms. Tindel commented that the legislature is not rejecting internships and that placing limits on the use of on-line education would restrict who could come into the profession. Mr. Howard expressed his agreement with

Ms. Tindel and also stated his belief that internships are beneficial for providing practical real-world experience. Staff were directed to research whether transcripts specify on-line courses, internships, and independent study. Staff were also directed to review the composition of undergraduate degrees offered by on-line colleges such as the University of Phoenix and Devry.

V. Introduction to the Bagley-Keene Open Meeting Act.

Mr. Duke presented the memorandum (**Attachment #7**) for this item. Mr. Duke advised the AEC members that all state bodies are subject to the Bagley-Keene Open Meeting Act, including advisory committees established by the CBA. Mr. Duke explained that the purpose of the Bagley-Keene Open Meeting Act is to facilitate accountability and transparency of governmental activities and protect the rights of citizens to participate in State government deliberations. Mr. Duke read the top ten rules of the Bagley-Keene Open Meeting Act, as identified by the Department of Consumer Affairs Division of Legal Affairs, and also answered questions regarding the meaning of a serial meeting and the ability to use subcommittees.

VI. Economic Travel - Official State Business

Mr. Rich presented the memorandum (**Attachment #8**) for this item. Mr. Rich advised AEC members of the requirement to complete a travel expense claim in order to receive reimbursement for travel expenses and reinforced the importance of using the most economic means of travel to meetings and also to hold meetings at low-cost or no-cost locations. Mr. Rich explained that for future AEC meetings members will receive a travel memorandum specifying the meeting location, driving directions, information related to airline reservations, and CBA staff contact information.

VII. Comments from Members of the Public.

ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 4:30 p.m. on Thursday, April 8, 2010.

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Ruben Davila, Chair

Prepared by Jenny Sheldon, Licensing Coordinator.