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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

FINAL

MINUTES OF THE March 18, 2005 BOARD MEETING

The Sheraton Delfina
530 W. Pico Blvd.
Santa Monica, CA 90405
Telephone: (310) 399-9344
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I. Call to Order.

President Renata M. Sos called the meeting to order at 8:30 a.m. on Friday, March 18, 2005, at the Sheraton Delfina Hotel in Santa Monica and the Board immediately convened into closed session to consider Agenda Items XI.A.-O. The Board reconvened into open session at 9:42 a.m. The Board broke for lunch at 12:05 p.m. and reconvened at 1:15 p.m. The Board adjourned at 2:55 p.m.

Board Members	March 18, 2005
Renata M. Sos, President	8:30 a.m. to 2:55 p.m.
Ronald Blanc, Vice President	8:30 a.m. to 2:55 p.m.
Sally A. Flowers, Secretary-Treasurer	8:50 a.m. to 2:55 p.m.
Richard Charney	8:45 a.m. to 2:55 p.m.
Ruben Davila	Absent
Donald Driftmier	8:30 a.m. to 2:55 p.m.
Charles Drott	Absent
Sara Heintz	8:30 a.m. to 2:55 p.m.
Gail Hillebrand	8:30 a.m. to 2:55 p.m.
Thomas Iino	8:30 a.m. to 2:55 p.m.
Clifton Johnson	8:45 a.m. to 2:55 p.m.

Olga Martinez	8:30 a.m. to 2:55 p.m.
David Swartz	8:30 a.m. to 2:55 p.m.
Stuart Waldman	8:30 a.m. to 2:55 p.m.

Staff and Legal Counsel

Mary Crocker, Assistant Executive Officer
Patti Franz, Licensing Manager
Michael Granen, Deputy Attorney General, Board Liaison
Greg Newington, Chief, Enforcement Program
LaVonne Powell, Legal Counsel
Theresa Siepert, Executive Analyst
Carol Sigmann, Executive Officer
Liza Walker, Regulation Analyst
Jeanne Werner, Deputy Attorney General, Board Liaison
Aronna Wong, Legislation Analyst

Committee Chairs and Members

Nancy Corrigan, Chair, Qualifications Committee
Harish Khanna, Chair, Administrative Committee

Other Participants

Tom Chenowith
Mike Duffey, Ernst & Young LLP
Del Exeter, Society of California Accountants (SCA)
Nancy Hall, Deputy Director, DCA Board Relations
Hal Schultz, California Society of Certified Public Accountants (CalCPA)
Richard Robinson, Big 4 Accounting Firms
Jeannie Tindel, California Society of Certified Public Accountants (CalCPA)
Sarah Weber, Center for Public Interest Law (CPIL)

II. Board Minutes.

A. Draft Board Minutes of the January 21, 2005, Board Meeting.

The draft minutes of the January 21, 2005, Board meeting were adopted on the Consent Agenda. (See Agenda Item XII.B.)

III. Report of the President.

Ms. Sos thanked Ms. Siepert for the excellent job she did in organizing the retirement dinner for Mr. Ian Thomas the previous evening.

determining when the firm becomes aware of the Wells Notice could be a problem. Therefore, EPOC does not recommend requiring firms to report when it becomes aware that a licensee in the firm receives a Wells Notice. The Board concurred with this recommendation.

Ms. Hillebrand indicated that although it was the choice of the Board no to go forward at this time, it would be non-prejudicial to look at this again if in the future the Board becomes aware of additional instances.

F. Practice Privilege Task Force (PPTF).

1. Minutes of the January 20, 2005, Practice Privilege Task Force Meeting.

   The minutes of the January 20, 2005, Practice Privilege Task Force meeting were adopted on the Consent Agenda. (See Agenda Item XII.B.)

2. Report on the March 17, 2005, Practice Privilege Task Force Meeting.

   Ms. Hillebrand reported that the Task Force met the previous day and considered the following issues.

3. Consideration of Q&As Related to Practice Privilege.

   Ms. Hillebrand reported that the Task Force provided staff with some suggested edits. She noted that the nature of the questions staff anticipated and the nuances to the answers indicated how difficult it was to start up a new program and she recognized the depth of staff work that had gone into this project. The changes that the Task Force recommended were:

   - ✓ General Inquiries – Question 4 – Add that you can submit the Notification Form via facsimile.
   - ✓ Question 5 – Item 2 – Add "to practice public accountancy" after "permit."
   - ✓ Further revision and editing to explain more clearly the two ways an individual can qualify based on state versus individual substantial equivalency.
   - ✓ Servicing of Clients – Question 6A – Add "or any other individual" after "Yes, if you."

Ms. Hillebrand indicated that during the discussion of those minor changes, an unanticipated policy issue surfaced. There was a long discussion regarding signing attest reports on behalf of a firm and whether the firm must be registered in California. Under the current statute, a practice privilege holder does not entitle a firm to register in California, firms may only register in California if one partner is licensed in California.

Ms. Hillebrand reported that the policy issue raised is whether some consideration be given to identifying a way for an individual who holds a practice privilege to sign on behalf of the firm.
Ms. Hillebrand indicated that the input from the Enforcement Program was that if the individual were signing on behalf of the firm, the Board would need jurisdiction over the firm.

Ms. Hillebrand reported that since any modification would require a statute change, the Task Force is recommending that staff carefully consider all aspects of this issue, and report back to the Task Force and the Board on the pros and cons of any solution before a legislative proposal is considered.

Ms. Hillebrand noted that this issue of a practice privilege holder not being able to sign on behalf of a firm for work done in California on behalf of a California client will probably still be an issue on January 1, 2006. She indicated that there is a substantial amount of staff work necessary in order to meet the January 1, 2006, deadline and the Task Force is not asking for a delay in the start date.

Ms. Hillebrand reported that the Task Force requested staff to research and make a recommendation at a future Task Force meeting what firm licensure requirements, if any, will be required under the practice privilege.

It was moved by Ms. Sos, seconded by Mr. Iino, and carried to approve the Q&As as modified by the Task Force and to direct staff to work with Ms. Hillebrand and Ms. Sos to consider possible solutions that would allow persons holding a practice privilege to sign on behalf of their firms. Mr. Blanc abstained.

Ms. Sos thanked Ms. Hillebrand for her leadership on the Task Force and the Task Force members for their hard work. She indicated that there were many things happening behind the scenes to ensure that the launch of practice privilege is done in an orderly, effective, seamless, and trouble-free way. Ms. Sos thanked Ms. Sigmann and her staff, in particular Ms. Franz and Ms. Walker

who have worked tirelessly to provide excellent material that allow the Task Force and the Board to address the broad policy issues.

4. Consideration of What Practice Privilege Information Should be Available on the Board's Web Site.

   Ms. Hillebrand reported that the Task Force considered what information should be available to the public regarding who has a practice privilege in California and the recommendation is modeled on the information that is now available. The Task Force recommended the following changes to the proposed agenda item:

   - ✓ The statuses "Administrative Suspension" and "Revoked" will be included under "Practice Privilege Status" as opposed to "Disciplinary Actions."
   - ✓ The field "Disciplinary Actions" will be renamed "Enforcement Actions" and provide guidance to the consumer regarding the possible enforcement actions that can occur under a practice privilege.

   It was moved by Ms. Flowers, seconded by Mr. Johnson, and carried to approve the information provided in the agenda packet with the modifications noted above. Mr. Blanc was temporarily absent. (See Attachment 7.)

5. Consideration of Practice Privilege Communication and Outreach Plan.

   Ms. Hillebrand reported that the Task Force considered an excellent outreach plan that detailed how this information would be communicated to practitioners in other states, licensees, and members of the public. The Task Force recommended adding the following items to the Communication and Outreach Plan:

   - ✓ Send a communication to NASBA encouraging them to collect and compile the information about practice privilege requirements in all states so that practitioners have a resource to identify other states' requirements.
   - ✓ Add a line item to include any future policy issues that may need to be addressed by the Task Force and/or Board.

   It was moved by Mr. Iino, seconded by Ms. Sos, and carried to adopt the proposed outreach plan with the modifications identified above. (See Attachment 8.) Mr. Blanc was temporarily absent.

6. Consideration of Draft Instructions for Notification Form.

   Ms. Hillebrand reported that during discussion, the following edits to the Notification Form were identified:

   - ✓ Statement 2 under Qualification Requirements will be changed to read "My principal place of business is not in California, and I do not have an office in California other than through a firm that is registered in California and of which I am an employee or an employee/owner."
   - ✓ A space for name and unique identifier will be added to Attachment X.

   It was moved by Ms. Flowers, seconded by Ms. Heintz, and carried to adopt the notification form with the modifications noted above. Mr. Blanc was temporarily absent. (See Attachment 9.)

   Ms. Hillebrand reported that the instructions were very well done and the Task Force had the following few minor modifications:

   - ✓ Fax Notification Forms are acceptable.
   - ✓ Any modifications that may be necessary specific to the electronic filing process related to the Notification Form.
   - ✓ Disqualifying Conditions – First paragraph – Delete the word "automatically."

   It was moved by Ms. Flowers, seconded by Dr. Charney, and carried to approve the instructions to the notification form with the minor modifications identified above. (See Attachment 10.) Mr. Blanc was temporarily absent.

G. Peer Review Task Force.

1. Report on the February 11, 2005, Peer Review Task Force Meeting.

   Mr. Blanc reported that the Peer Review Task Force met on February 11, 2005, at the Board office in Sacramento. One outcome of that meeting is that the Task Force will be presenting a comprehensive report and a recommendation to the Board for action in May. The Board's statutorily mandated report is due to the Legislature in September 2005. Mr. Blanc reported on the highlights of the February meeting.

   Mr. Blanc reported that at the Task Force's request, staff provided a cost/benefit analysis of various options for implementing mandatory

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Practice Privilege TF Agenda Item I.
March 17, 2005

Board Agenda Item VIII.F.1.
March 18, 2005

PRACTICE PRIVILEGE TASK FORCE
MINUTES OF THE MEETING
January 20, 2005

DRAFT

The Fairmont San Jose
170 South Market Street
San Jose, CA 95113

CALL TO ORDER

Gail Hillebrand, Chair, called the meeting of the Practice Privilege Task Force to order at 8:06 a.m. and welcomed the participants. Ms. Hillebrand indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, when a quorum of the Board is present at this meeting (eight members of the Board), Board members who are not serving on the Task Force must attend as observers only.

Present:
Gail Hillebrand, Chair
Sally Flowers
Thomas Iino
Renata Sos

Staff and Legal Counsel
Mary Crocker, Assistant Executive Officer
Patti Franz, Licensing Manager
Michael Granen, Deputy Attorney General
Bob Miller, Legal Counsel
Greg Newington, Chief, Enforcement Program
Carol Sigmann, Executive Officer
Liza Walker, RCC Analyst
Jeannie Werner, Deputy Attorney General
Aronna Wong, Legislation/Regulations Coordinator

Other Participants
Tina Caratan, Moss Adams LLP
Michael Duffey, Ernst and Young LLP
Art Kroeger, Society of California Accountants
Richard Robinson, Richard Robinson and Associates
Jeannie Tindel, California Society of Certified Public Accountants

Board Members Observing
Richard Charney
Ruben Davila
Donald Driftmier
Olga Martinez

I. Minutes of the November 18, 2004, Meeting

It was moved by Ms. Sos, seconded by Mr. Iino, and unanimously carried to approve the minutes of the November 18, 2004.

II. Consideration of Proposed Fine Amounts.

Ms. Hillebrand introduced Agenda Items IIA, IIB, IIC, and IID together.

A. Payment not Received or Returned for Insufficient Funds.

Mr. Newington reported that this first agenda item deals with the proposed fine amount to address late payment of the $100 practice privilege fee. The fine amounts recommended by staff range from $100 up to $500 for first time offenders (see Attachment 1). Mr. Newington explained that the actual fine amount itself would be dependent upon various factors that may be present in a given case, such as the length of time after the 30-day time period the practice privilege holder actually submitted the notification fee or if the payment was made voluntarily.

(See the discussion of Agenda Item IID for the Task Force's action on this Agenda Item.)

B. Late Notification Submission.

Mr. Newington indicated that this agenda item covers late notification by the practice privilege holder. He explained this would be a situation where the party begins practice in California prior to submitting the notification form and does not submit it until after the five-business day safe-harbor period (see Attachment 2). Mr. Newington indicated staff reviewed the current statute in place related to unlawful practice in California, Section 5050, and the fine amounts associated with that section. He explained the current cap on that section is $2,500 but he expects that upper limit to rise to $5,000 this year with the statute change. Therefore, the recommended fine range by staff for this agenda item was $250 to $5,000. He explained you could have a significant violation if you caught someone practicing very extensively for an extended amount of time, such as six to eight months.

Ms. Sos asked Mr. Newington to explain the fine amount range recommended by staff since the current fine for a Section 5050 violation start at $150. Mr. Newington explained that currently the range set for Section 5050 starts at $150, but fines are

seldom issued at $150. He added that the staff start midrange when issuing a fine and review the circumstances of the case, such as whether this is a repeat offender, the length of time of the violation, or if the individual has been previously contacted by the Board and has yet to comply.

Ms. Sos then asked Mr. Miller whether it would be desirable to draft a new regulation describing some aggravating and mitigating circumstances related to fines. Mr. Miller indicated that such a section exists in the current regulations, Section 95.3, Citation Factors. Mr. Miller explained that this section contains the appropriate criteria for assessing fines and these criteria are:

(a.)The gravity of the violation.
(b.)The good or bad faith of the cited person or entity.
(c.)The history of previous violations.
(d.)Evidence that the violation was or was not willful.
(e.)The extent to which the cited person or entity has mitigated or attempted to mitigate any damage or injury caused by the violation.

Ms. Wong asked whether the Task Force members thought that Section 95.3 should be cross-referenced in the practice privilege regulations because the factors would be located in a different place in the regulations. Both Ms. Hillebrand and Mr. Miller thought that would be helpful.

Ms. Tindel stated that the fine amount seemed high compared to the fine amounts currently in the regulations. Ms. Sigmann clarified that the fine amounts identified in the existing regulations will also be increased to reflect the $5,000 cap consistent with the statutory change that has occurred. Ms. Hillebrand asked if the other regulations would have the same fine range. Mr. Newington explained that once the current regulations are amended the fine amounts would be parallel. Ms. Hillebrand stated that she believed the Task Force is expressing a general desire that the fine amounts for practice privilege be similar to those for licensed individuals.

Ms. Sos expressed concern that, if an individual voluntarily submitted notification without prodding by the Board, although late, $5,000 would be too steep of a fine amount. She asked whether Mr. Newington thought the fine amount was too high considering the Board has sufficient authority to fine for unlicensed activity. Mr. Newington responded that he believed there are so many different scenarios that may occur that right now it may be too difficult to identify all of the possibilities. He added that the wide range allowed staff to deal with the factors as they present themselves. Further, when drafting his memo he conceptualized it more broadly than just the individual submitting the form late. There may be more egregious situations that may arise. He explained that it has not been the Board's historic practice to issue a fine at the top of the range and considerable thought goes into assessing the actual fine amount. Ms. Hillebrand stated that she thought it was helpful to have a fine range that covers both voluntary late notification and cases involving a long period of lateness, a

period of discovery by the Board prior to filing by the applicant or other circumstances of exceptional gravity.

(See the discussion of Agenda Item IID for the Task Force's action on this Agenda Item.)

C. Failure to Report Changes to the Information in the Notification Timely.

Mr. Newington reported that this agenda item deals with the requirement that practice privilege holders provide updates to the notification form (see Attachment 3). He indicated that the proposed practice privilege regulations would require that the Board be notified within 30-days of any changes. He explained that staff were again recommending a fine range of $250 to $5,000 considering that there could be a vast difference in the importance of information. He added that a change of address would possibly be less significant that the revocation of the license in the home state. He explained that a wide range of fines would facilitate dealing appropriately with each situation. He added that Section 95.3 would provide Enforcement Division staff with general guidance in identifying a fine amount.

Mr. Duffey asked whether there would be situations when a fine would not be assessed for individuals who forget to notify the Board of changes, such as the e-mail address or telephone number, or would $250 be the minimum in every case. Ms. Hillebrand verified with Mr. Newington that a zero fine would be up to the discretion of Board staff. Mr. Duffey added that he believed the $5,000 cap is extreme compared to the rest of the country. However, he stated, it may be appropriate in cases dealing with egregious failures and maybe should be tied to some mental state, such as intentional, willful behavior.

(See the discussion of Agenda Item IID for the Task Force's action on this agenda item.)

D. Failure to Respond to Board Inquiry.

Mr. Newington explained that this Agenda Item covers those instances in which the Board has contacted a practice privilege holder and requested information and the practice privilege holder has failed to supply the requested documentation in a timely basis (see Attachment 4). He explained that again the fine recommended by staff was a range of $250 to $5,000. He explained this fine range would allow for issues such as the number of times the person failed to comply, the length of time the individual failed to comply, the significance of the information being requested, and the formality of the process the Board may have gone through in an attempt to obtain the documentation, such as issuing a subpoena. He added these factors would determine where in the range the fine is assessed.

Ms. Sos requested that in the materials that are going into the regulation process and in any explanatory communications that we underscore the fact that these fine ranges

reflect the need to cover all possibilities and that consideration will be given to the aggravating and mitigating factors that are specified in Section 95.3 in assessing the fine amounts. This will help to dispell any concerns by members of the Legislature or others regarding the broad range of fines in the regulations. Ms. Hillebrand agreed and stated that the Task Force had already done the substantive part by cross-referencing Section 95.3 of the Accountancy Regulations.

It was then moved by Ms. Sos, seconded by Mr. Iino, and unanimously carried to recommend that the Board proceed as outlined in Mr. Newington's memos (Attachments 1 to 4) and that the regulations specifically cross-reference the criteria for the administrative fines that are outlined in Section 95.3.

III. Proposal Specifying a Fine Amount for the Disqualifying Condition Exemption.

Mr. Newington reported that the initial suggested fine amount for the disqualifying condition exemption was $5,000. He stated that, at the request of the Task Force, staff contacted other state boards in order to develop a recommendation that realistically reflected the fines actually issued by other state boards. Staff found that very few boards actually issue administrative fines. Mr. Newington stated that the only state board of accountancy that provided information regarding fine amounts was Oregon. He reported that the fines being issued by the Oregon State Board of Accountancy range from $100 to $500 (see Attachment 5).

He also reported that in response to the information provided by the Oregon Board staff lowered the recommended fine from $5,000 to $500. He added that he did not believe there would be a lot of individuals submitting notifications for practice privilege indicating that they had been issued administrative fines. He stated that fines that are in the range of $500 or below reflect relatively insignificant violations that should not preclude an individual from practice privilege.

Ms. Hillebrand asked Mr. Newington whether we knew anything about the kind of violations that would result in fines up to $500 in other states. Mr. Newington reported that other state boards are not issuing fines. He explained that staff contacted six or seven of the larger states and the information provided was that those states are not issuing monetary fines. Instead, those states would pursue discipline when a matter was sufficiently serious.

Ms. Hillebrand explained to the other Task Force members that she would be comfortable with abandoning the idea of specifying a minimum amount for the disqualifying condition exemption since most states do not use the fine process anyway. She asked Mr. Newington whether he believed that the $500 amount was a sensible line to draw or whether removing this as a disqualifying condition exemption would be acceptable. Mr. Newington stated that based upon the research completed by staff he was not concerned with abandoning this disqualifying condition exemption. Ms. Sos also expressed support for removing this as a disqualifying condition exemption.

After discussion, it was moved by Ms. Sos, seconded by Mr. Iino, and unanimously carried to strike the language from the Notification Form that states "was a fine of less than $_____" and have the item read "an action by a state board of accountancy in which the only sanction was a requirement that the individual complete specified continuing education courses." It was also moved by Ms. Sos, seconded by Mr. Iino, and unanimously carried to amend the wording of Section 32(c)(2)(a) of the draft regulations to conform to the language of the Notification Form.

IV. Consideration of Final Regulations

Ms. Hillebrand asked the Task Force Members to provide any suggested comments to the draft regulations (see Attachment 6). Ms. Sos suggested editing Section 28 to include the electronic signature cross-reference. Ms. Hillebrand then explained to the Task Force that Section 29 was updated to include language indicating that an individual may submit notification for a new practice privilege before the expiration of the current practice privilege. This would allow individuals to ensure they are continuously covered by the practice privilege and not practicing in California unlawfully.

A. Report of Findings from OAL Regarding the Form in the Regulations.

Ms. Wong reported that the Office of Administrative Law (OAL) indicated that the Board could include either the form itself or a complete description of the form in the regulations. She explained that if there are any substantive changes in the concepts that are included in the regulations or the form, that the Board would be required to go through the rulemaking process. However, if it is a nonsubstantive change, the Board would have the option of making the modifications as change without regulatory effect, which is a relatively simple procedure. Ms. Wong suggested that, in light of the input from the OAL, the Task Force should make its decision regarding whether the form is in the regulations or not based on which approach would be clearer and communicate better to licensees. Ms. Hillebrand clarified that, based on Ms. Wong's report, the Task Force could either recommend 1) regulations with the description of the Notification Form but without the actual form itself or 2) regulations with less description that include the actual form itself.

Ms Wong added that she also asked OAL about the electronic form and whether there needs to be any specific language in the regulations related to it. OAL had indicated that the Administrative Procedure Act governing the adoption of regulations does not address electronic forms. She stated that as long as the two versions of the form are essentially the same with all the same elements, OAL is unlikely to have any concerns.

Ms. Sos then stated that the version of the regulations that included the actual form was much cleaner and much less awkward. She stated that she believed the description of the form in the regulations was difficult to follow. Mr. Robinson stated that his clients, the Big 4 Firms, and CalCPA would like to have the form included in the regulations. He explained that this option is clearer than the description of the form.

Ms. Sos asked Ms. Wong, if the Task Force does recommend the regulations with the actual form included, whether Section 28 should include a statement saying that the electronic version and paper version of the form will be identical in content. Ms. Wong agreed that was a good idea and indicated the language would be revised to reflect Ms. Sos' suggestion.

It was moved by Mr. Iino, seconded by Ms. Sos, and unanimously carried to recommend the Board approve the version of the regulations that includes the actual form with the modifications discussed above.

V. Consideration of Final Notification Form.

Mr. Duffey asked the Task Force whether the questions on the Required Additional Information section of the form were actually a requirement for practice privilege and expressed his concern regarding the question related to fraud detection. He proposed that the form include a statement "For Information Only" on a couple of the questions in this section.

After discussion, Ms. Hillebrand suggested that the statement be included in the Required Additional Information section of the form above the question "*I am an associated person of a firm registered with the PCAOB.*" Mr. Duffey agreed that would be an appropriate place to add that the statements are included for statistical purposes and will not preclude an individual from practice privilege.

Mr. Miller asked the Task Force whether those questions are then voluntary and not required. Ms. Hillebrand responded that the questions were not voluntary and need to be answered. After discussion, Mr. Duffey suggested that the language such as "*A no answer does not disqualify you from practice privilege*" be added. **It was then moved by Ms. Sos, seconded by Mr. Iino, and unanimously carried to precede the three questions of concern with a statement "An answer of 'no' to the following statements does not disqualify you from California practice privilege" and also to move the entire Required Additional Information section after the section on Disqualifying Conditions but before the signature block.**

A. Licensee Comments and Responses to Evaluation of Notification Form.

Ms. Franz first thanked Ms. Tindel and Mr. Schultz for providing the assistance necessary in distributing the draft form to licensees and soliciting responses for this Agenda Item. She reported that a significant number of the responses received were from the individuals who were recruited by CalCPA. She also reported that the memo provides the Task Force with the questions that were posed to the licensees who were reviewing the draft notification form (see Attachment 7).

Suggested Edits to the Notification Form

Ms. Franz reported that staff incorporated all of the significant suggestions received. Attachment 1 of the memo provides the changes in underline/strikeout format to assist the Task Force in deciding which comments to include.

Ms. Franz noted that there was an additional modification made by staff that was not reflected in the memo. Staff added to the disqualifying conditions the statement *"I have been notified by the CBA that prior Board approval is required before practice under a new practice privilege may commence."* She indicated that this is consistent with Section 32(c)(7) of the draft regulations.

Ms. Crocker indicated that for Ms. Flowers had asked her to present a few comments on her behalf. Ms. Crocker noted that there should be consistency in the use of CBA or California Board of Accountancy. Ms. Sos stated that she preferred the use of CBA throughout the form. Ms. Hillebrand stated that she would prefer that "California Board of Accountancy" in its entirety remained in the signature block instead of the acronym.

Ms. Crocker reported that Ms. Flowers also suggested that the statement under the Requirements for Signing Attest Reports be broken into two separate statements:

"I wish to be able to sign an attest report under this practice privilege."

"I have at least 500 hours of experience in attest services."

Ms. Sos reported that Ms. D'Angelo Fellmeth also had the same suggestion. However, Ms. Sos believed that if the statement was broken into two separate statements, it might lead an individual to believe that a "Yes" response to both is not required. Ms. Hillebrand suggested that the statement be modified to read *"I wish to be able to sign an attest report under this practice privilege and, if so, I have at least 500 hours of experience in attest services."*

Ms. Flowers then returned to the meeting and asked what date is going to be used in reference to the statement *"Your privilege expires one year from the date of this notice."* Ms. Wong indicated that with the electronic form the date would be the on-line submission date. However, with the paper form the date they sign it and the date of submission might need clarification. Ms. Hillebrand suggested the statement be modified to state *"Your privilege expires at the end of one year."* Ms. Franz requested that the Task Force provide some guidance to staff to determine what the submission date would be for individuals who submit their notification forms through the mail. Ms. Sos responded that the instructions should state that submission is either the date of the on-line submission or the postmark date. Ms. Wong stated that this concept probably would need to be added to the draft regulations.

Ms. Caratan requested clarification from the Task Force regarding the second statement of Item 9 in the Qualification Requirements of page 2 of the underline/strikeout version of the form. She suggested the statement was confusing and needed to be modified to alleviate confusion for individuals who are not familiar with California law. Ms. Sos suggested removing the beginning statement related to the

sunset date of the safe-harbor provision. Ms. Hillebrand expressed concern that individuals may not be aware that this provision will only be available through December 31, 2007. Ms. Crocker added that the statement could be placed in parentheses at the beginning. Ms. Caratan agreed that that would alleviate confusion. After discussion, Ms. Hillebrand proposed that Item 5 of the form be modified to read:

> I am submitting this notice to the CBA at or before the time I begin the practice of public accountancy in California; OR
> (This option is only available through December 31, 2007.) I am submitting this notice to the CBA within five business days after I began the practice of public accountancy in California on __/__/__. My reason(s) for not providing notice on or before that date:_____

During the discussion, other changes to the form were suggested. Ms. Hillebrand summarized the changes to the form as follows: include the changes provided in Ms. Franz's memo; include check boxes for Items 1 and 3 in the Qualifications Requirements; use the acronym CBA after it is first defined except in the signature block; revise the language of Item 9 of the Qualification Requirements as described above; revise the statement under Requirements for Signing Attest Reports to read "*I wish to be able to sign an attest report under this practice privilege and, if so, I have at least 500 hours of experience in attest services*"; under Disqualifying Conditions Statement B change the subsections from "A" and "B" to "1" and "2"; reference "A-G" rather than "A-F" in the introduction to the Disqualifying Conditions; delete the exempting fine amount from Disqualifying Condition B(1); add as a Disqualifying Condition "*I have been notified by the CBA that prior Board approval is required before practice under a new practice privilege may commence*"; modify the final statement of the form to read "*Your privilege expires at the end of one year*"; relocate the Required Additional Information section to follow the Disqualifying Conditions section but come before the signature block; add the statement "*An answer of 'no' to any of the following statements does not disqualify you from a California practice privilege*" above the question "*I am an associated person of a firm registered with the PCAOB*" in the Required Additional Information section; and change "A-F" to "A-G" on Attachment X.

It was moved by Ms. Sos, seconded by Mr. Iino, and unanimously carried to incorporate the edits to the Notification Form as summarized by Ms. Hillebrand and to amend the regulations to include the definition of the submission date of the form as either the on-line submission date or the postmark date on the envelope for hardcopy forms.

Suggested Edits to the Certification of Attest Experience Form

Ms. Franz reported on the suggested edits to the Certification of Attest Experience form. **It was moved by Ms. Sos, seconded by Ms. Flowers, and unanimously carried to modify the *Certification of Attest Experience* Form to incorporate the edit "*Have you ever signed an attest report on behalf of a firm or as a sole practitioner?*".**

Suggested Items to be Included in the Instructions to the Notification Form

Ms. Franz reported on the suggested items to be included in the instructions to the Notification Form. She explained that the instructions will include narrative to explain that some of an individual's contact information will be available as public information. However, items such as Social Security Number and date of birth would not be available. She also reported that a suggestion was received to define "personal and subject matter" used on the Notification Form. Ms. Hillebrand stated that she did not believe that that could be done in any static way because case law is developing. Mr. Granen agreed with Ms. Hillebrand.

VI. Discussion of Possible Questions for Q&A Related to Practice Privilege.

Ms. Hillebrand asked the Task Force members to provide staff with their questions which would be included in the draft Q&As for discussion at the March Task Force meeting.

Ms. Caratan provided a scenario for the Q&As related to practice privilege when practicing in California is not on a temporary basis. She explained that she had been advising members of her firm that if the work is not on a temporary basis, but an ongoing basis, the individual should seek California licensure instead of a California practice privilege. Mr. Granen and Ms. Crocker stated that their understanding was not the same as Ms. Caratan's. Ms. Wong indicated that as long as the individual does not maintain a principal place of business in California, it appears that the statute permits the individual to practice under a practice privilege. Ms. Hillebrand stated that the Task Force has not yet made that determination regarding how many times an individual may submit a Notification Form for a practice privilege, and this may be determined at some future date.

During the discussion, Mr. Driftmeir asked that a Q&A be added regarding attest versus non-attest practice privilege holders. Ms. Sos stated that she thought there were many questions that should be part of the Q&As from prior Task Force meetings. Ms. Franz indicated that staff would review the minutes of the meetings to ensure those questions are included.

VII. Comments from Members of the Public

Members of the public provided comments during the course of the meeting.

VIII. Agenda Items for Next Meeting.

Ms. Walker reported that the following agenda items were scheduled for the next Task Force meeting:

- Review of draft Q&As related to Practice Privilege.

- Review of draft Notification Form Instructions.
- Consideration of the Education and Outreach Plan.
- Discussion of what practice privilege information should be available on the Board's Web site.

There being no further business, the meeting was adjourned at 11:15 a.m.

State of California
Department of Consumer Affairs

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

To : Practice Privilege Task Force Members
Board Members

Date : March 11, 2005

Telephone : (916) 561-1752
Facsimile : (916) 263-3676
E-mail : lwalker@cba.ca.gov

From : Liza Walker
Renewal/Continuing Competency Analyst

Subject : Attachments for the Practice Privilege Minutes

Inadvertently, the following attachments were not included with the Practice Privilege Meeting Minutes of January 20, 2005. Please include them in your packet of materials.

State of California
Department of Consumer Affairs

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

ATTACHMENT 1

Memorandum

Practice Privilege TF Agenda Item II.A.1 and 2.
January 20, 2005

Board Agenda Item VIII.F.3.a.i. and ii.
January 21, 2005

To : Practice Privilege Task Force Members
Board Members

Date : January 13, 2005

Telephone : (916) 561-1731
Facsimile : (916) 263-3763
E-mail : gnewington@cba.ca.gov

From : Gregory P. Newington, Chief
Enforcement Division

Subject : CONSIDERATION OF PROPOSED FINE AMOUNTS
PAYMENT NOT RECEIVED OR RETURNED FOR INSUFFICIENT FUNDS

Background

Effective January 1, 2006, an individual whose principal place of business is not in California and who has a valid and current license to practice public accountancy from another state may, under certain conditions, practice public accountancy in California under a practice privilege (California Business and Professions Code Section 5096, et seq).

Proposed regulations to implement these statutes will provide for a fee of $100 for a practice privilege. Proposed regulations will also allow the Board to fine an individual for failure to pay the fee within 30 days, including attempting to pay with a check that is subsequently dishonored. The fine does not preclude other sanctions.

Issues

Staff have been asked to make recommendations related to the following issues.

- What would be the appropriate fine amount for failure to pay the practice privilege fee as required?
- What would be the appropriate fine amount for any **subsequent** occurrence of failure to pay the practice privilege fee as required?

Recommendation

It is recommended that an individual be subject to a fine of **$100** to **$500** for the first failure to pay the practice privilege fee within the required 30 days, including attempting to pay with a check that is subsequently dishonored.

It is further recommended that an individual be subject to a fine of **$250** to **$1,000** for any **subsequent** occurrence of failure to pay the practice privilege fee within the required 30 days, including attempting to pay with a check that is subsequently dishonored.

These recommended amounts are believed to be high enough to be an incentive for timely payment. In addition, the fine ranges allow for the actual fine amount to be adjusted within the established range, depending on any aggravating or mitigating factors, including but not limited to:

a) How late after 30 days the payment was received; and
b) If the payment was made voluntarily.

GPN:mls

State of California
Department of Consumer Affairs

ATTACHMENT 2

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege TF Agenda Item II.B.
January 20, 2005

Board Agenda Item VIII.F.3.b.
January 21, 2005

To : Practice Privilege Task Force Members
Board Members

Date : January 10, 2005

Telephone : (916) 561-1731
Facsimile : (916) 263-3763
E-mail : gnewington@cba.ca.gov

From : Gregory P. Newington, Chief
Enforcement Division

Subject : CONSIDERATION OF PROPOSED FINE AMOUNTS
LATE NOTIFICATION SUBMISSION

Background

Proposed regulations to implement newly enacted California Business and Professions Code Section 5096, et seq, require that an individual submit the practice privilege notification at or before the time of beginning practice in California or, until December 31, 2007, within five business days of beginning practice. Proposed regulations will allow the Board to issue a fine to an individual who notifies the Board more than five business days after beginning practice.

Issue

Staff have been asked to make a recommendation regarding the following issue.

- What would be the appropriate fine amount for notifying the Board more than five business days after beginning practice?

Comments

Practicing public accountancy in California under a practice privilege is a "privilege." An individual who does not timely submit the practice privilege notification would be in violation of Section 5050, Practice without Permit, and Section 5096.1, as well as the proposed regulations.

Currently the Board can assess fines ranging from $150 to $2000 for unlicensed practice under Board Regulation Section 95.2. Proposed revisions scheduled for 2005 will increase the amount of the fines in Section 95.2, now that the statutory level has been increase from $2,500 to $5,000. The range for fines for unlicensed practice is expected to be raised to near or at the maximum.

Recommendation The amount of the fine should be high enough to encourage an individual to file the practice privilege notification timely, as well as demonstrate that practicing under a practice privilege is a "privilege" and that the Board does not regard unlicensed practice lightly. Therefore, it is recommended that fines range from **$250** to **$5,000** for late notification.

The existence of aggravating and/or mitigating factors would be used to determine the actual fine amount within this range.

GPN:mls

State of California
Department of Consumer Affairs

ATTACHMENT 3

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege TF Agenda Item II.C.
January 20, 2005

Board Agenda Item VIII.F.3.c.
January 21, 2005

To : Practice Privilege Task Force Members
Board Members

Date : January 13, 2005

Telephone : (916) 561-1731
Facsimile : (916) 263-3763
E-mail : gnewington@cba.ca.gov

From : Gregory P. Newington, Chief
Enforcement Division

Subject : CONSIDERATION OF PROPOSED FINE AMOUNTS - **FAILURE TO REPORT CHANGES TO THE INFORMATION IN THE NOTIFICATION TIMELY**

Background

As part of the process to obtain a practice privilege under the new practice privilege legislation, an individual must complete a notification form provided by the Board.

The notification requires information such as the individual's name, prior names, firm name (if any), address of principal place of business, date of birth, social security number, telephone number, fax or email address, and the state where the individual holds the license upon which the practice privilege is based including license number and issue date. The individual must also certify that his or her principal place of business is not in California and if the individual has a pending application for licensure in California.

Proposed regulations to implement the practice privilege statutes require that an individual report in writing to the Board changes in the information reported in the notification form within 30 days of the change. Proposed regulations would allow the Board to fine an individual for failure to report the changes as required.

Issue

Staff have been asked to provide a recommendation related to the following issue.

- What would be the appropriate fine amount for failure to report in writing changes in the information reported on the notification within 30 days of the change?

Comments

The notification requires information relative to the individual's eligibility to practice in California under a practice privilege. Any changes in the information may potentially disqualify the individual from holding the practice privilege.

The information in the notification also provides a means for the Board to contact practice privilege holders. Dated or inaccurate information hinders the Board's ability to regulate these individuals and protect California consumers from individuals who are not qualified to practice.

Recommendation

The recommended fine range for failure to report in writing to the Board changes in the information reported on the notification within 30 days of the change is **$250** to **$5,000**.

The actual amount of the fine imposed can be adjusted depending on factors including but not limited to:

a) How late after the 30 day grace period was notice submitted;
b) Was notice supplied voluntarily; and
c) Significance of information involved.

GPN:mls

State of California
Department of Consumer Affairs

ATTACHMENT 4

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege TF Agenda Item II.D.
January 20, 2005

Board Agenda Item VIII.F.3.d.
January 21, 2005

To : Practice Privilege Task Force Members
Board Members

Date : January 13, 2005

Telephone : (916) 561-1731
Facsimile : (916) 263-3763
E-mail : gnewington@cba.ca.gov

From : Gregory P. Newington, Chief
Enforcement Division

Subject : CONSIDERATION OF PROPOSED FINE AMOUNTS - **FAILURE TO RESPOND TO BOARD INQUIRY**

Background

Section 5096(e)(5) of the new practice privilege legislation (California Business and Professions Code Section 5096, et seq), effective January 1, 2006, requires practice privilege holders to cooperate with any Board investigation, inquiry, request, notice, demand or subpoena for information or documents and to timely provide to the Board the identified information and documents.

Proposed regulations to implement the practice privilege statutes authorize the Board to issue a fine for failure to comply with the obligation to timely respond to the Board's inquiry or investigation. The fine does not preclude other sanctions.

Issue

Staff have been asked to provide a recommendation related to the following issue.

- What would be the appropriate fine amount for failure to timely respond to a Board inquiry pursuant to Section 5096(e)(5)?

Recommendation

The recommended fine range for failure to comply with the obligation to timely respond to Board inquiry pursuant to Section 5096(e)(5) is **$250** to **$5,000**.

This fine range along with the possibility of administrative suspension of the practice privilege will provide incentive to practice privilege holders to comply with Section 5096(e)(5).

Factors that would determine the actual fine amount to be imposed within the fine range include, but are not limited to:

a) Number of times person failed to comply;
b) Length of time the person failed to comply;
c) Significance of information withheld; and
d) Formality of request (request versus subpoena).

GPN:mls

State of California
Department of Consumer Affairs

ATTACHMENT 5

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege TF Agenda Item III.
January 20, 2005

Board Agenda Item VIII.F.4.
January 21, 2005

To : Practice Privilege Task Force Members
Board Members

Date : January 4, 2005

Telephone : (916) 561-1731
Facsimile : (916) 263-3763
E-mail : gnewington@cba.ca.gov

From : Gregory P. Newington, Chief
Enforcement Division

Subject : **PROPOSAL SPECIFYING A FINE AMOUNT FOR THE DISQUALIFYING CONDITION EXEMPTION**

Background

Under the new practice privilege legislation to become effective January 1, 2006, the practice privilege will generally commence upon the individual's notification to the Board. However, certain disqualifying conditions, as provided under California Business and Professions Code Section 5096(g) require Board approval before the individual may begin practice.

Included as a disqualifying condition under Section 5096(g) is the following.

> "Revocation, suspension, denial, surrender or other discipline or sanctions involving any license, permit, registration, certificate or other authority to practice any profession in this or any other state or foreign country or to practice before any state, federal, or local court or agency, or the Public Company Accounting Oversight Board."

Section 5096(g) also permits the Board to adopt regulations exempting specified minor occurrences of those conditions.

Issue

Proposed regulations related to disqualifying conditions will exempt individuals from reporting actions by a state Board of Accountancy in which the only sanction was a fine under a specified amount. Staff have been asked to make a recommendation regarding what that specified amount should be.

Comments

Board staff contacted the Boards of Accountancy in the states of Florida, New York, Oregon, Texas, and Virginia. Of these states, only Oregon responded that they issue any type of administrative fine for minor violations.

The type of violations for which Oregon issues fines to its licensees and the fine amounts are listed below:

- Failure to notify of change of address - $100 fine
- Failure to respond to a Board inquiry - $100 fine
- Failure to complete Continuing Professional Education timely - $250 fine
- Failure to register an accounting firm with the Board - $500 fine

Recommendation

Staff's research indicates that few states issue administrative fines. The most common response to our inquiries was that the matter would have to go through the disciplinary process before the Board took action. The representative from Virginia did indicate that in the past, the Board discussed issuing fines to its licensees; however, the Board has not acted on this issue.

Based on the information provided by the Oregon State Board of Accountancy, it is recommended that **$500** be the fine amount specified in the regulation.

GPN:mls

State of California
Department of Consumer Affairs

ATTACHMENT 6

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege TF Agenda Item IV
January 20, 2005

Board Agenda Item VIII.F.5
January 21, 2005

To : Practice Privilege Task Force Members
Board Members

Date : January 4, 2005

Telephone : (916) 561-1788
Facsimile : (916) 263-3674
E-mail : awong@cba.ca.gov

From : Aronna Wong
Legislation/Regulations Coordinator

Subject : Proposed Regulations Implementing Practice Privileges

This memo provides for Task Force and Board consideration and action proposed regulations implementing Practice Privileges. Board President, Renata Sos, requested that this memo also provide a brief overview of the process and policy judgments that underlie the draft regulations.

As you recall, the Practice Privilege concept was developed last year when the Board, through its UAA Task Force, considered a weakness in California law that had permitted out-of-state CPAs to temporarily practice here under vague standards and without notice to the Board. After extensive deliberations, with significant input from the profession, the Center for Public Interest Law, and other interested parties, a process was developed to permit, qualified out-of-state CPAs to temporarily practice in California only after obtaining a "Practice Privilege" that is under the full regulatory umbrella of the Board. It is anticipated that this process, which was enacted into law by SB 1543 (Figueroa, Chapter 921, Statutes of 2004) will not only provide for consumer protection, but also will facilitate the responsible and expeditious cross-border movement of qualified CPAs from other states.

In July 2004, while SB 1543 was still moving through the legislative process, the Task Force – renamed the Practice Privilege Task Force – began developing the proposed implementing regulations which are before you. These proposed regulations are scheduled for consideration by the Task Force at its meeting on January 20, 2005, and Board action on the Task Force's recommendations is scheduled for the Board meeting the next day.

From the beginning, the deliberations were guided by the principles of increasing consumer protection and maximizing compliance, but minimizing the administrative burden on licensees and board staff, to the extent possible without compromising the first two principles. A focal point of the discussion has been the Practice Privilege Notification Form that qualified out-of state CPAs can submit to the Board to obtain a Practice Privilege. When the practice privilege statutes become operative on January 1, 2006, it is anticipated that the Notification Form will be available both as a hard copy paper document that can be completed by hand and mailed or faxed to the Board office and also as a electronic form that can be completed and submitted on-line. It is intended that this form be self-explanatory and easy to use, but that it also be comprehensive to ensure compliance with the statutes.

The attached regulations provide for the Notification Form and for other aspects of program administration. As a result of discussions by the Task Force in November 2004, two versions of the proposed regulations are attached to this memo: one version that describes in the text of the regulations the essential elements in the Notification Form (Attachment 1) and a second version that incorporates the Notification Form itself (Attachment 2). Both versions reflect the same policy decisions. The approach used in Attachment 1 was selected by the Task Force in July 2004. However, plans have been made to revisit this decision at the January 20, 2005, meeting, and it is anticipated that the Task Force will make a determination regarding which version to recommend to the Board. It is also anticipated that the Task Force will develop recommendations specific to the fine amounts that are left blank in both Attachments 1 and 2.

In addition to providing for the Notification Form, these regulations also reflect the policy decisions outlined below which, with two exceptions, were approved by the Board at its September and November 2004 meetings. (See Attachments 3 and 4 for excerpts from the minutes of those meetings.)

- Substantial Equivalency Determinations. The Board decided to accept determinations by NASBA's CredentialNet that individuals seeking Practice Privileges have education, examination, and experience qualifications that are substantially equivalent to qualifications for a California CPA license. The proposed regulations reflect this decision and direct affected individuals to contact NASBA prior to seeking a California Practice Privilege. The Board also decided to accept NASBA's list of "substantially equivalent" states, that is states that have licensure requirements substantially equivalent to the requirements in California law, with the proviso that the Board will retain the authority to add or subtract states from this list. This decision is not reflected in the proposed regulations because it does not impose any requirements on those seeking or holding Practice Privileges, and therefore does not need to be adopted as a regulation. Instead, the list of "substantially equivalent" states can be approved or modified by Board motion giving the Board the flexibility to make changes more quickly than through the rulemaking process.

- Safe Harbor Provision. The Board concluded that while notice is due on or before commencing practice, to facilitate transition to the new requirements during the first two years the practice privilege law is in effect, there will be no penalty if notice is given within five business days after commencing practice. If the notice is given after this "safe harbor period," a fine will be imposed.

- Failure to Pay Fee Timely. The following procedure was approved to address instances when the fee is not received on time: when it is determined that the payment has not been received, is late, or the payment check is dishonored, an administrative suspension and a fine will be issued. When the fee and the fine are paid, the administrative suspension will be lifted and the practice privilege will continue. The amount of the fine will vary depending upon whether it is the first occurrence or a repeat occurrence.

- Exemptions from Disqualifying Conditions. The statutory provisions list potentially disqualifying conditions in which approval by the Board is necessary before practice

under a practice privilege can begin. However, the Board is authorized to adopt regulations to exempt from being a "disqualifying condition" the occurrence of minor infractions related to a permit to practice. The proposed regulations provide for the following exemptions: 1) an action by a state board of accountancy in which the only sanction was a fine of less than a specified amount or a requirement that the individual complete specified continuing education courses and 2) the revocation of a license other than the license upon which the practice privilege is based solely because of failure to complete continuing education or failure to renew. The amount of the fine referenced in this bullet is scheduled for discussion and action at the January 2005 Task Force and Board meetings.

- Additional Disqualifying Conditions. The statutory provisions also permit the Board to specify additional "disqualifying conditions" through the rulemaking process. The proposed regulations add two: 1) The individual held a practice privilege that expired while under administrative suspension or with an unpaid fine. 2) The individual has been notified by the Board that Board approval is required before practice under a new practice privilege can commence. (This last "disqualifying condition" was added by the Task Force in November 2004, and has not yet been acted upon by the Board.)

- Other Violations Subject to a Fine. The proposed regulations show fines as one of the penalties for failure to report to the Board changes in the information reported on the Notification Form that occurred during the term of the practice privilege and also for failure to respond to Board inquiry.

- Holding a Practice Privilege for Consecutive Years. During the review of the proposed regulations, it became apparent that the draft language could make it difficult for an individual to hold a practice privilege on an ongoing basis for two or more consecutive years because to accomplish this the individual would have to give notice again on the day after the expiration date of the previously held practice privilege. An accidental violation could occur if, for any number of reasons, the individual was unable to submit a new notice on that exact date. To address this concern, language was added to permit a new notice to be submitted prior to the expiration date of the current practice privilege. The new practice privilege would commence on the date of the new notice which would supersede the old notice. (This approach has been approved by the Board President and Task Force Chair, but has not been acted upon by the Task Force or the Board.) It should be noted that while an individual may seek to hold a practice privilege for two or more consecutive years, it was not intended as a long-term substitute for a license.

The proposed regulations approved by the Board at this meeting, after editing by legal counsel, will be scheduled for a regulation hearing at the May 2005 Board meeting. With these time frames, it is anticipated that the regulations will be in place in time for the January 1, 2006, effective date of the statutory provisions.

Attachments

Attachment 1

– DRAFT –

Article 4 – Practice Privileges

Section 24. License or Practice Privilege Needed.

(a) This article implements Article 5.1 of the Accountancy Act (commencing with Business and Professions Code Section 5096).

(b) For purposes of Business and Professions Code Section 5096(c)(1), "the manner prescribed by board regulation" for notifying the Board shall be a form that includes the elements described in Sections 26, 27, 28, and 29.

Section 25. Qualifications for and Term of the Practice Privilege.

(a) To be eligible for a practice privilege, an individual whose principal place of business is not in California and who holds a valid, current license to practice public accountancy issued by another state shall meet the requirements of Business and Professions Code Section 5096 including, but not limited to, satisfying one of the following:

(1) Hold a current, valid license, certificate, or permit from a state determined by the Board to have education, examination, and experience requirements for licensure substantially equivalent to the requirements in Business and Professions Code Section 5093;

(2) Possess education, examination, and experience qualifications that have been determined by the Board to be substantially equivalent to the qualifications under Business and Professions Code Section 5093. Pursuant to subdivision (b) of Business and Professions Code Section 5096, the Board accepts individual qualification evaluations of substantial equivalency by the National Association of State Boards of Accountancy's (NASBA's) CredentialNet. Prior to seeking a practice privilege under this paragraph, an individual shall apply to NASBA's CredentialNet, pay the required fee, and obtain the required substantial equivalency determination. The individual shall disclose the CredentialNet file number in the notification required by Sections 26, 27, 28, and 29 and shall make CredentialNet's determination available to the Board upon request; or

(3) Have continually practiced public accountancy as a Certified Public Accountant under a current, valid license issued by any state for four of the last ten years.

(b) Except as provided in Section 30 for practice commencing on or before December 31, 2007, or in those instances in which prior approval by the Board is required pursuant to Section 32, the practice privilege commences on the date the notification pursuant to Sections 26, 27, 28, and 29 is submitted to the Board. When prior approval by the Board is required pursuant to Section 32, the practice privilege commences on the date the practice privilege is approved by the Board.

(c) A practice privilege, including a practice privilege that is or has been on administrative suspension pursuant to Business and Professions Code Section 5096.4, expires one year from the date the practice privilege notification is submitted to the Board or on the date a subsequent practice privilege notification is submitted to the Board, whichever occurs first.

(d) For purposes of this Article and Business and Professions Code Section 5096, the "license upon which the practice privilege is based" or "the license upon which the substantial equivalency is based" is the license under which the individual qualifies for a practice privilege pursuant to paragraph (1) of subsection (a), or the license in the state of the principal place of business for those who qualify for a practice privilege under paragraphs (2) or (3) of subsection (a).

Section 26. Notification Requirements - General.

To obtain a practice privilege an individual shall notify the Board and, under penalty of perjury, certify the truthfulness of all information provided in the notification. The notification shall include the individual's name, prior names, firm name (if any), address of principal place of business, date of birth, social security number, telephone number, either a fax number or e-mail address, the date of the notification, the individual's signature, either handwritten or an electronic equivalent, the state where the individual holds the license upon which the practice privilege is based including the license number and license issuance date, and any other states where the individual holds a license or licenses or other authority to practice, including the numbers and issuance dates of those licenses. In addition, this notification shall include all of the statements required by Section 27, all the agreements and consents required by Section 28, and all of the additional information required by Section 29.

Section 27. Notification Requirement – Statements.

The notification required to obtain a practice privilege shall include the following statements made by the individual under penalty of perjury under the laws of the State of California:

(a) The individual has a principal place of business that is not in California, and the individual does not have an office in California other than through a firm registered in

California, or the individual is an applicant for licensure under Business and Professions Code Sections 5087 and 5088, whose application is pending.

(b) The individual holds a current, valid license to practice public accountancy in another state.

(c) The individual meets one of the minimum requirements to be eligible for a practice privilege described in subsection (a) of Section 25.

(d) The individual submits the notice at or before the time of beginning the practice of public accountancy in California or within five business days of beginning the practice of public accountancy in California. If the notice is submitted within the five business days after practice begins, the individual identifies the date on which the practice of public accountancy began and explains the reason for the delayed notice.

(e) The individual certifies to having met the continuing education and examination requirements in the state of licensure upon which the practice privilege is based under Section 25(d) of this Article.

(f) The individual concurrently submits to the Board the required fee.

Section 28. Notification Requirement – Agreements and Consents.

The notification required to obtain a practice privilege shall include the following agreements and consents:

(a) The individual agrees to comply with the laws of the State of California including the California Accountancy Act and the Board's regulations.

(b) The individual consents to the personal and subject matter jurisdiction of the Board including the Board's authority to: (1) administratively suspend the practice privilege pursuant to Business and Professions Code Section 5096.4, without prior notice or hearing and in the sole discretion of the Board; (2) impose discipline pursuant to Business and Professions Code Section 5096.3 for any violations of the California Accountancy Act or regulations thereunder and recover costs for investigation and prosecution; and (3) exchange information relating to the practice privilege and/or refer any additional and further discipline to the board of accountancy of any other state, and/or the Securities and Exchange Commission (SEC), Public Company Accounting Oversight Board (PCAOB) or other relevant regulatory authorities.

(c) The individual agrees to respond to a Board inquiry even as to a practice privilege that has expired.

(d) The individual consents to the authority of the Board to verify the accuracy and truthfulness of the information provided in the notification and consents to the release to

the Board of all information relevant to the Board's inquiries even after the privilege has expired by (1) contacting other states, (2) contacting the SEC, PCAOB, or any other federal agency before which the individual is authorized to practice, and (3) contacting NASBA.

(e)The individual agrees to notify the Board in writing within 30 days of any change in the information in the notice which occurs during the term of the practice privilege, including changes that occur while the practice privilege is administratively suspended.

Section 29. Notification Requirement – Additional Information.

The notification required to obtain a practice privilege shall include the following information, the truthfulness of which the individual certifies under penalty of perjury under the laws of the State of California:

(a) The occurrence of any of the events described in subsection (a) of Section 32, each of which may disqualify the individual from a practice privilege, and thus requires Board approval prior to commencement of the practice privilege.

(b) The applicability, or not, of any of the following:

(1) The individual seeks authorization to sign reports on attest engagements, and , if so, has completed 500 hours of attest experience.

(2) The individual is an "associated person of a registered public accounting firm" as used in Section 2 of the Sarbanes-Oxley Act of 2002.

(3) The individual's firm has undergone a peer review within the past three years.

(4) The individual's state of licensure upon which the practice privilege is based under Section 25(d) requires continuing education related to fraud detection, and, if so, the individual has fulfilled this requirement.

(5) Whether the individual currently holds a California practice privilege and when it will expire.

(6) Whether the individual held a California license and the dates the California license was held.

30. Safe Harbor – Period of the Notice.

(a) The notification described in Sections 26, 27, 28, and 29 shall be submitted to the Board on or before the individual begins practice in California under a practice privilege. However, during the period January 1, 2006, through December 31, 2007, an individual shall not be deemed to be in violation of this Article or Article 5.1 of the Accountancy Act (commencing with Business and Professions Code Section 5096) solely because he or she begins the practice of public accounting in California prior to giving notification, provided notification is submitted within five business days of the date practice begins. An individual who gives notification to the Board within the five-day period provided for

in this Section shall be deemed to have a practice privilege from the first day of practice in California.

(b) In addition to any other applicable sanction, the Board may issue a fine of _____ to _____ for notifying the Board more than five business days after beginning practice in California.

31. Payment of the Fee.

The fee required by Section 70(h) must be received by the Board within 30 days of the date of notification.

(a) In addition to any other applicable sanction, an individual is subject to fine of ____ to ____ for the first failure to pay the practice privilege fee within 30 days of the commencement of the practice privilege, including attempting to pay with a check that is subsequently dishonored.

(b) In addition to any other applicable sanction, an individual is subject to fine of _____ to _____ for any subsequent occurrence of failure to pay the practice privilege fee within 30 days, including attempting to pay with a check that is subsequently dishonored.

(c) In addition to the fines described in this Section and any other applicable sanction, an individual is also subject to an administrative suspension for failure to pay the fee, including attempting to pay with a check that is subsequently dishonored. This administrative suspension shall remain in effect until the Board gives its approval for the individual to resume practice and shall not extend the term of the practice privilege.

32. Board Approval Required.

(a) An individual giving a notification pursuant to Sections 26, 27, 28 and 29 who has any of the conditions listed in subsection (c) of this Section may not commence practice under a practice privilege without prior approval of the Board.

(b) A holder of a practice privilege who acquires any of the conditions listed in subsection (c) during the term of the practice privilege shall cease practicing immediately and shall not begin practicing again without prior approval of the Board.

(c) Conditions requiring Board approval to practice under a practice privilege:

(1) The individual is convicted of a crime other than a minor traffic violation.

(2) The individual has had a license or other authority to practice a profession issued by a state, federal, or local agency or court or the Public Company

Accounting Oversight Board (PCAOB) revoked, suspended, denied, surrendered, put on probationary status, or otherwise sanctioned or limited, except for the following occurrences:

(A) An action by a state board of accountancy in which the only sanction was a fine of less than $_____ or a requirement that the individual complete specified continuing education courses.

(B) The revocation of a license or other authority to practice public accountancy, other than the license upon which the practice privilege is based, solely because of failure to complete continuing education or failure to renew.

(3) The individual is the subject of an investigation, inquiry, or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving his or her professional conduct.

(4) The individual has had a judgment or arbitration award in an amount greater than $30,000 entered against him or her in a civil matter involving the professional conduct of the individual.

(5) The individual held a practice privilege in California that expired while under administrative suspension or with an unpaid fine.

(6) The individual has failed to respond to the satisfaction of the Board to a request for information from the Board regarding a matter related to a current or prior practice privilege.

(7) The individual has been notified by the Board that prior Board approval is required before practice under a new practice privilege may commence.

33. Changes to Information in the Notification.

(a) An individual shall report in writing to the Board changes in the information reported on the notification within 30 days of the change.

(b) In addition to any other applicable sanction, an individual is subject to a fine of _____ to _____ for failure to comply with the requirements of this Section.

34. Response to Board Inquiry.

In addition to any other applicable sanction, failure to comply with the obligation to respond to Board inquiry pursuant to Section 5096(e)(5) could result in one or more of the following:

(a) Issuance of a fine of _____ to _____;

(b) An administrative suspension of a current practice privilege pursuant to Business and Professions Code Section 5096.4; or

(c) The requirement to obtain the approval of the Board before commencing to practice under a future practice privilege.

35. Continuing Education Requirement.

An individual practicing under a practice privilege shall meet the continuing education requirements of the state issuing the license upon which the practice privilege is based pursuant to Section 25(d).

Section 70. Fees.

(a) ~~(1) Commencing July 1, 2002, the fees to be charged each California applicant for the paper and pencil certified public accountant examination, including each applicant for re-examination, shall be an application fee of $60 and a fee of $36 for each part of the examination requested by the applicant.~~
~~(2) The fee to be charged each applicant from another state who sits for the paper and pencil certified public accountant examination in California shall be a total of $75.~~
~~(3)~~ Commencing January 23, 2004 the fee to be charged each California applicant for the computer-based Uniform Certified Public Accountant Examination, shall be an application fee of $100 for issuance of the Authorization to Test to first-time applicants and an application fee of $50 for issuance of the Authorization to Test to repeat applicants.

(b) Commencing July 1, 2001, the fee to be charged each applicant for issuance of a certified public accountant certificate shall be $250.

(c) The fee to be charged each applicant for registration, including applicant for registration under a new name as a partnership or as a corporation, shall be $150.

(d) Commencing July 1, 2000, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be $200.

(e) Commencing July 1, 2000, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be $200.

(f) The fee for the processing and issuance of a duplicate copy of a certificate of licensure or registration shall be $10.

(g) The fee for processing and issuance of a duplicate copy of a registration, or permit or other form evidencing licensure or renewal of licensure shall be $2.

(h) Commencing January 1, 2006, the fee to be charged an individual for a practice privilege pursuant to Business and Professions Code Section 5096 shall be $100.

Note: Authority cited: Section 5010 and 5018, Business and Professions Code. Reference: Sections 122, 163 and 5134 Business and Professions Code.

Attachment 2

– DRAFT –

Article 4 – Practice Privileges

Section 26. Purpose of this Article.

This Article implements Article 5.1 of the Accountancy Act (commencing with Business and Professions Code Section 5096) related to Practice Privileges.

Section 27. Qualifications for the Practice Privilege.

To be eligible for a practice privilege, an individual whose principal place of business is not in California and who holds a valid, current license to practice public accountancy issued by another state shall meet the requirements of Business and Professions Code Section 5096 including, but not limited to, satisfying one of the following:

(a) Hold a current, valid license, certificate, or permit from a state determined by the Board to have education, examination, and experience requirements for licensure substantially equivalent to the requirements in Business and Professions Code Section 5093;

(b) Possess education, examination, and experience qualifications that have been determined by the Board to be substantially equivalent to the qualifications under Business and Professions Code Section 5093. Pursuant to subdivision (b) of Business and Professions Code Section 5096, the Board accepts individual qualification evaluations of substantial equivalency by the National Association of State Boards of Accountancy's (NASBA's) CredentialNet. Prior to seeking a practice privilege under this paragraph, an individual shall apply to NASBA's CredentialNet, pay the required fee, and obtain the required substantial equivalency determination. The individual shall report the NASBA file number on the Notification Form submitted pursuant to Section 28 and shall authorize the Board to review the NASBA file upon request; or

(c) Have continually practiced public accountancy as a Certified Public Accountant under a current, valid license issued by any state for four of the last ten years.

28. Notification.

(a) To obtain a practice privilege, an individual meeting the requirements of Section 27 shall notify the Board by submitting the fully completed Notification Form provided at the end of this Section or the electronic equivalent provided by the Board on its Web site, and shall pay the fee as required by Sections 31 and 70.

(b) The license which shall be reported on Item 3 of "Qualification Requirements" on the Notification Form and "the license upon which the substantial equivalency is based" referenced in subdivision (e) of Business and Professions Code Section 5096 is the license under which an individual qualifies for a practice privilege pursuant to subsection (a) of Section 27, or the license in the state of the principal place of business for an individual who qualifies for a practice privilege under subsection (b) or (c) of Section 27.

(c) The electronic version of the Notification Form shall provide for a certification and electronic signature as follows:

> I understand that any misrepresentation or omission in connection with this notification disqualifies me from the California practice privilege and is cause for termination. Further I authorize the California Board of Accountancy to act accordingly, including notifying other state or federal authorities. By typing my name in the box below and clicking the "I Agree" button I certified under penalty of perjury under the laws of the Sate of California that the information contained in this notice is true and correct. If I am not prepared to so certify, I understand that I should click the "Cancel" button to discontinue the notification process.
>
> Full name
>
> I Agree
> Cancel

DRAFT

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: *http://www.dca.ca.gov/cba*

NOTIFICATION AND AGREEMENT TO CONDITIONS FOR THE PRIVILEGE TO PRACTICE PUBLIC ACCOUNTING IN CALIFORNIA PURSUANT TO CALIFORNIA BUSINESS AND PROFESSIONS CODE SECTION 5096 AND TITLE 16, DIVISION 1, ARTICLE 4 OF THE CALIFORNIA CODE OF REGULATIONS:

Name: _____ Prior Name(s): _____

Firm Name: _____

Address Of Principal Place Of Business: _____

Telephone Number (business hours): _____ Fax Number (business hours): _____ Business E-mail: _____

Date Of Birth: ____/____/_____ Social Security Number: _____

QUALIFICATION REQUIREMENTS:

1. I am an individual.

2. ☐ My principal place of business is not in California and I do not have an office in California other than through a firm that is registered in California and of which I am an employee; **OR**

   ☐ I have a pending application for licensure in California under Sections 5087 and 5088.

3. I qualify for a practice privilege based on my current, valid license to practice public accountancy in the following state:

   State: _____ License Number: _____ Date Issued: _____

4. ☐ a. The state of licensure identified in item 3 is deemed substantially equivalent by the California Board of Accountancy (see Appendix 1 for list of substantially equivalent states); **OR**

   ☐ b. My individual qualifications have been determined by NASBA to be substantially equivalent (NASBA file no. _____); **OR**

   ☐ c. I have continually practiced public accountancy as a certified public accountant under a valid license issued by any state for 4 of the last 10 years.

5. I agree to comply with the laws of the State of California, including the California Accountancy Act (Business and Professions Code Section 5000 et seq., accessible at *http://www.dca.ca.gov/cba/acnt_act.htm*) and the regulations thereunder (accessible at *http://www.dca.ca.gov/cba/regs.htm*).

6. I consent to the personal and subject matter jurisdiction of the California Board of Accountancy (CBA) including, but not limited to, the following:
   a. To suspend or revoke, without prior notice or hearing and in the sole discretion of the CBA or its representatives, the privilege to practice public accounting;
   b. To impose discipline for any violation of the California Accountancy Act or regulations thereunder and recover costs for investigation and prosecution; and
   c. To provide information relating to a practice privilege and/or refer any additional and further discipline to the board of accountancy of any other state and/or the SEC, PCAOB or other relevant regulatory authorities.

7. I agree to respond fully and completely to all inquiries by the CBA relating to my California practice privilege, including after the expiration of this privilege.

8. I consent to the authority of the CBA to verify the accuracy and truthfulness of the information provided in this notification. I consent to the release of all information relevant to the CBA's inquiries now or in the future by:
   a. Contacting other state agencies;
   b. Contacting the SEC, PCAOB or any other federal agency before which I am authorized to practice; and
   c. Contacting NASBA.

9. I am submitting this notice to the CBA:

☐ at or before the time I begin the practice of public accountancy in California; **OR**

☐ if submitted before December 31, 2007, within five business days after I began the practice of public accountancy in California on __/__/__. My reason(s) for not providing notice on or before that date:

_____

_____

10. I have met the continuing education requirements and any exam requirements for the state of licensure identified in item 3 above.

11. In the event that any of the information in this notice changes, I will provide the CBA written notice of any such change within 30 days of its occurrence.

12. I am concurrently submitting the fee of $100.00.

ATTEST REQUIREMENTS:

I wish to be able to sign an attest report under this practice privilege and I have at least 500 hours of experience in attest services. ☐ Yes ☐ No

ADDITIONAL INFORMATION (Required):

Do you currently hold a California Practice Privilege? ☐ Yes ☐ No

When does it expire? _____

Have you ever held a California CPA/PA license? ☐ Yes ☐ No

If so, please provide the license number: _____

In addition to the state of licensure identified in item 3, I am also authorized to practice in the following:

State: _____ License Number: _____ Other Authority: _____

_____ _____ Other Authority: _____

State: _____ License Number: _____ _____

I am an associated person of a firm registered with the PCAOB. ☐ Yes ☐ No

My firm has undergone peer review within the last three years. ☐ Yes ☐ No

The state of licensure identified in item 3 requires continuing education in fraud detection and I have fulfilled this requirement. ☐ Yes ☐ No

DISQUALIFYING CONDITIONS:

Please check any of the items below that apply. *For any checked items in (1)-(6), you must provide additional information as requested in Attachment X and* ***you are not authorized to practice in California unless and until you receive notice from the CBA that the privilege has been granted.***

☐ 1. I have been convicted of a crime other than a minor traffic violation.

☐ 2. I have had a license, registration, permit or authority to practice a profession surrendered, denied, suspended, revoked, or otherwise disciplined or sanctioned except for the following occurrences:

(A) an action by a state board of accountancy in which the only sanction was a fine of less than $_____ or a requirement that the individual complete specified continuing education courses.

(B) the revocation of a license or other authority to practice public accountancy, other than the license upon which the practice privilege is based, solely because of failure to complete continuing education or failure to renew.

☐ 3. I am currently the subject of an investigation, inquiry or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving my professional conduct.

☐ 4. I have an unresolved administrative suspension or an unpaid fine related to a prior California practice privilege.

☐ 5. I did not respond to a request for information from the Board related to a prior practice privilege.

☐ 6. I have had a judgment or arbitration award against me involving my professional conduct in the amount of $30,000 or greater.

I, _____, understand that any misrepresentation or omission in connection with this notification disqualifies me from the California practice privilege and is cause for termination. Further I authorize the California Board of Accountancy to act accordingly, including notifying other state or federal authorities. I certify under penalty of perjury under the laws of the State of California that the foregoing information is true and correct.

Signature: _____ Date: _____

Your privilege to practice commences with the submission of your completed notification and your fee. Your privilege expires one year from the date of this notice.

State of California Department of Consumer Affairs

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: *http://www.dca.ca.gov/cba*

ATTACHMENT X

1. If you checked any of items 1 - 6 under disqualifying conditions, please provide explanatory details:

_____

_____

_____

2. If you checked item 6 under disqualifying conditions, please also provide:

Date of Judgment/ Arbitration Award: _____ Jurisdiction/Court: _____ Docket No: _____

PRIVACY STATEMENT: The information provided in this form will be used by the California Board of Accountancy to determine whether you qualify for practice privileges in California. Sections 5080 through 5095 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.

Section 29. Term of the Practice Privilege.

(a) Except as provided in Section 30 for practice commencing on or before December 31, 2007, or in those instances in which prior approval by the Board is required pursuant to Section 32, the practice privilege commences on the date the Notification Form is submitted to the Board. When prior approval by the Board is required pursuant to Section 32 the practice privilege commences on the date the practice privilege is approved by the Board.

(b) A practice privilege, including a practice privilege that is or has been on administrative suspension pursuant to Business and Professions Code Section 5096.4, expires one year from the date the Notification Form is submitted to the Board or on the date a subsequent Notification Form is submitted to the Board, whichever occurs first.

30. Safe Harbor – Period of the Notice.

(a) The Notification Form required pursuant to Section 28 shall be submitted to the Board on or before the individual begins practice in California under a practice privilege. However, during the period January 1, 2006, through December 31, 2007, an individual shall not be deemed to be in violation of this Article or Article 5.1 of the Accountancy Act (commencing with Business and Professions Code Section 5096) solely because he or she begins the practice of public accounting in California prior to submitting the Notification Form, provided the Notification Form is submitted within five business days of the date practice begins. An individual who submits the Notification Form to the Board within the five-day period provided for in this Section shall be deemed to have a practice privilege from the first day of practice in California.

(b) In addition to any other applicable sanction, the Board may issue a fine of _____ to _____ for notifying the Board more than five business days after beginning practice in California.

31. Payment of the Fee.

The fee required by Section 70(h) must be received by the Board within 30 days of the date the Notification From is submitted to the Board.

(a) In addition to any other applicable sanction, an individual is subject to fine of ____ to ____ for the first failure to pay the practice privilege fee within 30 days of the commencement of the practice privilege, including attempting to pay with a check that is subsequently dishonored.

(b) In addition to any other applicable sanction, an individual is subject to fine of _____ to _____ for any subsequent occurrence of failure to pay the practice privilege fee

within 30 days, including attempting to pay with a check that is subsequently dishonored.

(c) In addition to the fines described in this Section and any other applicable sanction, an individual is also subject to an administrative suspension for failure to pay the fee, including attempting to pay with a check that is subsequently dishonored. This administrative suspension shall remain in effect until the Board gives its approval for the individual to resume practice and shall not extend the term of the practice privilege.

32. Board Approval Required.

(a) An individual submitting a Notification Form pursuant to Section 28 who has any of the conditions listed in subsection (c) of this Section may not commence practice under a practice privilege without prior approval of the Board.

(b) A holder of a practice privilege who acquires any of the conditions listed in subsection (c) of this Section during the term of the practice privilege shall cease practicing immediately and shall not begin practicing again without prior approval of the Board.

(c) Conditions requiring Board approval to practice under a practice privilege:

(1) The individual is convicted of a crime other than a minor traffic violation.

(2) The individual has had a license or other authority to practice a profession issued by a state, federal, or local agency or court or the Public Company Accounting Oversight Board (PCAOB) revoked, suspended, denied, surrendered, put on probationary status, or otherwise sanctioned or limited, except for the following occurrences:

(A) An action by a state board of accountancy in which the only sanction was a fine of less than $_____ or a requirement that the individual complete specified continuing education courses.

(B) The revocation of a license or other authority to practice public accountancy, other than the license identified in Item 3 of the Qualification Requirements on the Notification Form, solely because of failure to complete continuing education or failure to renew.

(3) The individual is the subject of an investigation, inquiry, or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving his or her professional conduct.

(4) The individual has had a judgment or arbitration award in an amount greater than $30,000 entered against him or her in a civil matter involving the professional conduct of the individual.

(5) The individual held a practice privilege in California that expired while under administrative suspension or with an unpaid fine.

(6) The individual has failed to respond to the satisfaction of the Board to a request for information from the Board regarding a matter related to a current or prior practice privilege.

(7) The individual has been notified by the Board that prior Board approval is required before practice under a new practice privilege may commence.

33. Changes to Information on the Notification.

(a) An individual shall report in writing to the Board changes in the information reported on the Notification Form within 30 days of the change.

(b) In addition to any other applicable sanctions, an individual is subject to a fine of _____ to _____ for failure to comply with the requirements of this Section.

34. Response to Board Inquiry.

In addition to any other applicable sanction, failure to comply with the obligation to respond to Board inquiry pursuant to Section 5096(e)(5) could result in one or more of the following:

(a) Issuance of a fine of _____ to ____;

(b) An administrative suspension of a current practice privilege pursuant to Business and Professions Code Section 5096.4; or

(c) The requirement to obtain the approval of the Board before commencing to practice under a future practice privilege.

35. Continuing Education Requirement.

An individual practicing under a practice privilege shall meet the continuing education requirements of the state of licensure identified in Item 3 of the Qualification Requirements on the Notification Form.

Section 70. Fees.

(a) ~~(1) Commencing July 1, 2002, the fees to be charged each California applicant for the paper and pencil certified public accountant examination, including each applicant~~

~~for re-examination, shall be an application fee of $60 and a fee of $36 for each part of the examination requested by the applicant.~~
~~(2) The fee to be charged each applicant from another state who sits for the paper and pencil certified public accountant examination in California shall be a total of $75.~~
~~(3)~~ Commencing January 23, 2004 the fee to be charged each California applicant for the computer-based Uniform Certified Public Accountant Examination, shall be an application fee of $100 for issuance of the Authorization to Test to first-time applicants and an application fee of $50 for issuance of the Authorization to Test to repeat applicants.

(b) Commencing July 1, 2001, the fee to be charged each applicant for issuance of a certified public accountant certificate shall be $250.

(c) The fee to be charged each applicant for registration, including applicant for registration under a new name as a partnership or as a corporation, shall be $150.

(d) Commencing July 1, 2000, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be $200.

(e) Commencing July 1, 2000, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be $200.

(f) The fee for the processing and issuance of a duplicate copy of a certificate of licensure or registration shall be $10.

(g) The fee for processing and issuance of a duplicate copy of a registration, or permit or other form evidencing licensure or renewal of licensure shall be $2.

(h) Commencing January 1, 2006, the fee to be charged an individual for a practice privilege pursuant to Business and Professions Code Section 5096 shall be $100.

Note: Authority cited: Section 5010 and 5018, Business and Professions Code. Reference: Sections 122, 163 and 5134 Business and Professions Code.

State of California
Department of Consumer Affairs

ATTACHMENT 7

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege TF Agenda Item V.A.
January 20, 2005

Board Agenda Item VIII.F.6.a.
January 21, 2005

To : Practice Privilege Task Force Members
Board Members

Date : January 10, 2005

Telephone : (916) 561-1740
Facsimile : (916) 263-3676
E-mail : pfranz@cba.ca.gov

From : Patti L. Franz
Licensing Manager

Subject : Licensee Comments and Responses to Evaluation of Notification Form

At its meeting of November 18, 2004, the Practice Privilege Task Force requested that staff distribute the draft notification form to a sampling of licensees for evaluation prior to its finalization. The form was e-mailed to 36 California licensees, including the members of the Administrative Committee and the Qualifications Committee. Staff received responses from 21 licensees.

The licensees were requested to provide comments to the following questions:

- Did you encounter any content that was confusing while completing the form?
- Were there sections of the form you believe should be better explained?
- Did you identify additional information you needed in order to complete the form?
- What other suggestions do you have to improve the form?

Provided below are the most substantive comments received. An updated draft notification form with the suggested edits in underline/strikeout format is attached for review (Attachment 1). Staff have incorporated all of the suggested edits for review and consideration by the Task Force (Attachment 2).

Suggested Edits to the Notification Form

Contact Information

- Identify that we are requesting the mailing address for the Principal Place of Business.

Qualification Requirements

- Question 3, Page 1 – Add a field for License Expiration Date.
- Move items 5, 6, 7, 8, 11, and 12 under a separate heading such as "I consent and agree to the following conditions."

- Add check boxes to all of the Qualification Requirements and consent statements.

Additional Information

- The request for information regarding fraud continuing education should be broken into two separate statements. For example:

The state of licensure identified in Item 3 requires CE in fraud detection. ☐ Yes ☐ No
If yes, I have fulfilled this requirement. ☐ Yes ☐ No

Disqualifying Conditions

Suggested Edits to the Notification Form

- Change the labeling of the disqualifying conditions from "1" through "6" to "A" through "F" to alleviate confusion for individuals completing Attachment X.
- Require individuals to answer either "Yes" or "No" to each disqualifying condition.
- Add **California** Board **of Accountancy** to item E to alleviate confusion.

Suggested Edits to the *Certification of Attest Experience* form

The *Certification of Attest Experience* form was also distributed for review.

Provided below are the most substantive comments received regarding the *Certification of Attest Experience* form. An updated *Certification of Attest Experience* form with the suggested edits is attached for review (Attachment 3). Staff have incorporated all of the suggested edits for review and consideration by the Task Force (Attachment 4).

- Add the question, "Have you ever signed an attest report on behalf of your firm?"

It was suggested the following two statements be included in the *Certification of Attest* form. If included in the form, both statements will require narrative from the practice privilege holder. The statements, which are not included in the draft form, are provided to the Task Force for consideration and discussion.

1. Briefly discuss the scope of practice you expect to perform while practicing in California.
2. Describe the experience you have had with respect to the Attestation standards, and the Accounting standards, related to the customary types of transactions you expect to encounter while performing the accounting practice you expect to perform in California.

Suggested Items to be Included in the Instructions to the Notification Form

Also provided below are items suggested to be incorporated into the instructions for the Notification form, which are being presented for consideration and discussion. The draft instructions for the Notification form will be completed for adoption at the March Task Force meeting.

- Provide assurance that the individuals' contact information will not be made available for public requests.
- Define "personal and subject matter" from the second item under the heading "I consent and agree to the following conditions."

Both forms will be revised to reflect the actions of the Task Force and the Board at this meeting.

Attachments

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: *http://www.dca.ca.gov/cba*

Attachment 1

NOTIFICATION AND AGREEMENT TO CONDITIONS FOR THE PRIVILEGE TO PRACTICE PUBLIC ACCOUNTING IN CALIFORNIA PURSUANT TO CALIFORNIA BUSINESS AND PROFESSIONS CODE SECTION 5096 AND TITLE 16, DIVISION 1, ARTICLE 4 OF THE CALIFORNIA CODE OF REGULATIONS:

Name: _____ Prior Name(s): _____

Firm Name: _____

Address Of Principal Place Of Business (mailing address): _____

Telephone Number (business hours): _____ Fax Number (business hours): _____ Business E-mail: _____

Date Of Birth: ____/____/_____ Social Security Number: _____

QUALIFICATION REQUIREMENTS:

. state as follows:

1. I am an individual.

2. ☐ My principal place of business is not in California and I do not have an office in California other than through a firm that is registered in California and of which I am an employee; **OR**

   ☐ I have a pending application for licensure in California under Sections 5087 and 5088.

3. I qualify for a practice privilege based on my current, valid license to practice public accountancy in the following state:

State: _____ License Number: _____ Date Issued: _____ License Expiration Date: _____

4. ☐ a. The state of licensure identified in item 3 is deemed substantially equivalent by the California Board of Accountancy (see Appendix 1 for list of substantially equivalent states); **OR**

   ☐ b. My individual qualifications have been determined by NASBA to be substantially equivalent (NASBA file no. _____); **OR**

   ☐ c. I have continually practiced public accountancy as a certified public accountant under a valid license issued by any state for 4 of the last 10 years.

~~5.~~ ~~I agree to comply with the laws of the State of California, including the California Accountancy Act (Business and Professions Code Section 5000 et seq., accessible at *http://www.dca.ca.gov/cba/acnt_act.htm*) and the regulations thereunder (accessible at *http://www.dca.ca.gov/cba/regs.htm*).~~

~~6.~~ ~~I consent to the personal and subject matter jurisdiction of the California Board of Accountancy (CBA) including, but not limited to, the following:~~

~~a. To suspend or revoke, without prior notice or hearing and in the sole discretion of the CBA or its representatives, the privilege to practice public accounting;~~

~~b. To impose discipline for any violation of the California Accountancy Act or regulations thereunder and recover costs for investigation and prosecution; and~~

~~c. To provide information relating to a practice privilege and/or refer any additional and further discipline to the board of accountancy of any other state and/or the SEC, PCAOB or other relevant regulatory authorities.~~

~~7.~~ ~~I agree to respond fully and completely to all inquiries by the CBA relating to my California practice privilege, including after the expiration of this privilege.~~

~~8.~~ ~~I consent to the authority of the CBA to verify the accuracy and truthfulness of the information provided in this notification. I consent to the release of all information relevant to the CBA's inquiries now or in the future by:~~

~~a. Contacting other state agencies;~~

~~b. Contacting the SEC, PCAOB or any other federal agency before which I am authorized to practice; and~~

~~c. Contacting NASBA.~~

9. I am submitting this notice to the CBA:

☐ At or before the time I begin the practice of public accountancy in California; **OR**

☐ If submitted before December 31, 2007, within five business days after I began the practice of public accountancy in California on __/__/__. My reason(s) for not providing notice on or before that date:

_____

_____

10. ☐ I have met the continuing education requirements and any exam requirements for the state of licensure identified in item 3 above.

~~11.~~ ~~In the event that any of the information in this notice changes, to provide the CBA written notice of any such change within 30 days of its occurrence.~~

~~12.~~ ~~I am concurrently submitting the fee of $100.00.~~

I consent and agree to the following:

☐ ~~I agree~~To comply with the laws of the State of California, including the California Accountancy Act (Business and Professions Code Section 5000 et seq., accessible at *http://www.dca.ca.gov/cba/acnt_act.htm*) and the regulations thereunder (accessible at *http://www.dca.ca.gov/cba/regs.htm*).

☐ ~~I consent~~To the personal and subject matter jurisdiction of the California Board of Accountancy (CBA) including, but not limited to, the following:

d. To suspend or revoke, without prior notice or hearing and in the sole discretion of the CBA or its representatives, the privilege to practice public accounting;
e. To impose discipline for any violation of the California Accountancy Act or regulations thereunder and recover costs for investigation and prosecution; and
f. To provide information relating to a practice privilege and/or refer any additional and further discipline to the board of accountancy of any other state and/or the SEC, PCAOB or other relevant regulatory authorities.

☐ ~~I agree~~ To respond fully and completely to all inquiries by the CBA relating to my California practice privilege, including after the expiration of this privilege.

☐ ~~I consent~~ To the authority of the CBA to verify the accuracy and truthfulness of the information provided in this notification. I consent to the release of all information relevant to the CBA's inquiries now or in the future by:

d. Contacting other state agencies;
e. Contacting the SEC, PCAOB or any other federal agency before which I am authorized to practice; and
f. Contacting NASBA.

☐ In the event that any of the information in this notice changes, to provide the CBA written notice of any such change within 30 days of its occurrence.

☐ ~~I am~~ To concurrently submit~~ting~~ the fee of $100.00.

REQUIREMENTS FOR SIGNING ATTEST REPORTS:

' wish to be able to sign an attest report under this practice privilege and I have at least 500 hours of experience in attest services. ☐ Yes ☐ No

REQUIRED ADDITIONAL INFORMATION:

Do you currently hold a California Practice Privilege? ☐ Yes ☐ No

When does it expire? _____

Have you ever held a California CPA/PA license? ☐ Yes ☐ No License number: _____

In addition to the state of licensure identified in item 3, I am also authorized to practice in the following:

State: _____ License Number: _____ Other Authority: _____

State: _____ License Number: _____ Other Authority: _____

I am an associated person of a firm registered with the PCAOB. ☐ Yes ☐ No

My firm has undergone peer review within the last three years. ☐ Yes ☐ No

~~The state of licensure identified in item 3 requires continuing education in fraud detection and I have fulfilled this requirement. ☐ Yes ☐ No~~

The state of licensure identified in Item 3 requires CE in fraud detection. ☐ Yes ☐ No
If yes, I have fulfilled this requirement. ☐ Yes ☐ No

DISQUALIFYING CONDITIONS:

Please check any of the items below that apply. *For any items checked "yes" in ~~(1)-(6)~~(A) – (F), you must provide additional information as requested in Attachment X and* ***you are not authorized to practice in California unless and until you receive notice from the CBA that the privilege has been granted.***

Y ☐ N ☐ ~~1.~~ A. I have been convicted of a crime other than a minor traffic violation.

Y ☐ N ☐ ~~2.~~ B. I have had a license, registration, permit or authority to practice a profession surrendered, denied, suspended, revoked, or otherwise disciplined or sanctioned except for the following occurrences:

(A) an action by a state board of accountancy in which the only sanction was a fine of less than $_____ or a requirement that the individual complete specified continuing education courses.

(B) the revocation of a license or other authority to practice public accountancy, other than the license upon which the practice privilege is based, solely because of failure to complete continuing education or failure to renew.

Y ☐ N ☐ ~~3.~~ C. I am currently the subject of an investigation, inquiry or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving my professional conduct.

Y ☐ N ☐ ~~4.~~ D. I have an unresolved administrative suspension or an unpaid fine related to a prior California practice privilege.

Y ☐ N ☐ ~~5.~~ E. I did not respond to a request for information from the California Board of Accountancy related to a prior practice privilege.

Y ☐ N ☐ ~~6.~~ F. I have had a judgment or arbitration award against me involving my professional conduct in the amount of $30,000 or greater.

I, _____, understand that any misrepresentation or omission in connection with this notification disqualifies me from the California practice privilege and is cause for termination. Further I authorize the California Board of Accountancy to act accordingly, including notifying other state or federal authorities. I certify under penalty of perjury under the laws of the State of California that the foregoing information is true and correct.

Signature: _____ Date: _____

Your privilege to practice commences with the submission of your completed notification and your fee. Your privilege expires one year from the date of this notice.

State of California Department of Consumer Affairs

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: *http://www.dca.ca.gov/cba*

ATTACHMENT X

1. If you checked any of items ~~1 – 6~~ A – F under disqualifying conditions, please provide explanatory details:

_____

_____

_____

2. If you checked item ~~6~~ F under disqualifying conditions, please also provide:

Date of Judgment/
Arbitration Award: _____ Jurisdiction/Court: _____ Docket No: _____

PRIVACY STATEMENT: The information provided in this form will be used by the California Board of Accountancy to determine whether you qualify for practice privileges in California. Sections 5080 through 5095 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24. Each individual has the right to review his or her file, ›xcept as otherwise provided by the Information Practices Act. The Executive Officer of the California Board of Accountancy is esponsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.

CALIFORNIA BOARD OF ACCOUNTANCY
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Attachment 2

NOTIFICATION AND AGREEMENT TO CONDITIONS FOR THE PRIVILEGE TO PRACTICE PUBLIC ACCOUNTING IN CALIFORNIA PURSUANT TO CALIFORNIA BUSINESS AND PROFESSIONS CODE SECTION 5096 AND TITLE 16, DIVISION 1, ARTICLE 4 OF THE CALIFORNIA CODE OF REGULATIONS:

Name: _____ Prior Name(s): _____

Firm Name: _____

Address Of Principal Place Of Business (mailing address): _____

Telephone Number (business hours): _____ Fax Number (business hours): _____ Business E-mail: _____

Date Of Birth: ____/____/_____ Social Security Number: _____

QUALIFICATION REQUIREMENTS:

I state as follows:

1. I am an individual.

2. ☐ My principal place of business is not in California and I do not have an office in California other than through a firm that is registered in California and of which I am an employee; **OR**

   ☐ I have a pending application for licensure in California under Sections 5087 and 5088.

3. I qualify for a practice privilege based on my current, valid license to practice public accountancy in the following state:

   State: _____ License Number: _____ Date Issued: _____ License Expiration Date: _____

4. ☐ a. The state of licensure identified in item 3 is deemed substantially equivalent by the California Board of Accountancy (see Appendix 1 for list of substantially equivalent states); **OR**

   ☐ b. My individual qualifications have been determined by NASBA to be substantially equivalent (NASBA file no. _____); **OR**

   ☐ c. I have continually practiced public accountancy as a certified public accountant under a valid license issued by any state for 4 of the last 10 years.

5. I am submitting this notice to the CBA:

   ☐ At or before the time I begin the practice of public accountancy in California; **OR**

   ☐ If submitted before December 31, 2007, within five business days after I began the practice of public accountancy in California on __/__/__. My reason(s) for not providing notice on or before that date:

   _____

   _____

6. ☐ I have met the continuing education requirements and any exam requirements for the state of licensure identified in item 3 above.

I consent and agree to the following:

☐ To comply with the laws of the State of California, including the California Accountancy Act (Business and Professions Code Section 5000 et seq., accessible at *http://www.dca.ca.gov/cba/acnt_act.htm*) and the regulations thereunder (accessible at *http://www.dca.ca.gov/cba/regs.htm*).

☐ To the personal and subject matter jurisdiction of the California Board of Accountancy (CBA) including, but not limited to, the following:

a. To suspend or revoke, without prior notice or hearing and in the sole discretion of the CBA or its representatives, the privilege to practice public accounting;
b. To impose discipline for any violation of the California Accountancy Act or regulations thereunder and recover costs for investigation and prosecution; and
c. To provide information relating to a practice privilege and/or refer any additional and further discipline to the board of accountancy of any other state and/or the SEC, PCAOB or other relevant regulatory authorities.

☐ To respond fully and completely to all inquiries by the CBA relating to my California practice privilege, including after the expiration of this privilege.

☐ To the authority of the CBA to verify the accuracy and truthfulness of the information provided in this notification. I consent to the release of all information relevant to the CBA's inquiries now or in the future by:

a. Contacting other state agencies;
b. Contacting the SEC, PCAOB or any other federal agency before which I am authorized to practice; and
c. Contacting NASBA.

☐ In the event that any of the information in this notice changes, to provide the CBA written notice of any such change within 30 days of its occurrence.

☐ To concurrently submit the fee of $100.00.

REQUIREMENTS FOR SIGNING ATTEST REPORTS:

I wish to be able to sign an attest report under this practice privilege and I have at least 500 hours of experience in attest services. ☐ Yes ☐ No

REQUIRED ADDITIONAL INFORMATION:

Do you currently hold a California Practice Privilege? ☐ Yes ☐ No

When does it expire? _____

Have you ever held a California CPA/PA license? ☐ Yes ☐ No License number: _____

In addition to the state of licensure identified in Item 3, I am also authorized to practice in the following:

State: _____ License Number: _____ Other Authority: _____

State: _____ License Number: _____ Other Authority: _____

I am an associated person of a firm registered with the PCAOB. ☐ Yes ☐ No

My firm has undergone peer review within the last three years. ☐ Yes ☐ No

The state of licensure identified in Item 3 requires CE in fraud detection. ☐ Yes ☐ No
If yes, I have fulfilled this requirement. ☐ Yes ☐ No

DISQUALIFYING CONDITIONS:

Please check any of the items below that apply. *For any items checked "yes" in (A) – (F), you must provide additional information as requested in Attachment X and* ***you are not authorized to practice in California unless and until you receive notice from the CBA that the privilege has been granted.***

Y ☐ N ☐ A. I have been convicted of a crime other than a minor traffic violation.

Y ☐ N ☐ B. I have had a license, registration, permit or authority to practice a profession surrendered, denied, suspended, revoked, or otherwise disciplined or sanctioned except for the following occurrences:

(A) an action by a state board of accountancy in which the only sanction was a fine of less than $_____ or a requirement that the individual complete specified continuing education courses.

(B) the revocation of a license or other authority to practice public accountancy, other than the license upon which the practice privilege is based, solely because of failure to complete continuing education or failure to renew.

Y ☐ N ☐ C. I am currently the subject of an investigation, inquiry or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving my professional conduct.

Y ☐ N ☐ D. I have an unresolved administrative suspension or an unpaid fine related to a prior California practice privilege.

Y ☐ N ☐ E. I did not respond to a request for information from the California Board of Accountancy related to a prior practice privilege.

Y ☐ N ☐ F. I have had a judgment or arbitration award against me involving my professional conduct in the amount of $30,000 or greater.

I, _____, understand that any misrepresentation or omission in connection with this notification disqualifies me from the California practice privilege and is cause for termination. Further I authorize the California Board of Accountancy to act accordingly, including notifying other state or federal authorities. I certify under penalty of perjury under the laws of the State of California that the foregoing information is true and correct.

Signature: _____ Date: _____

Your privilege to practice commences with the submission of your completed notification and your fee. Your privilege expires one year from the date of this notice.

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: *http://www.dca.ca.gov/cba*

ATTACHMENT X

1. If you checked any of items A – F under disqualifying conditions, please provide explanatory details:

_____

_____

_____

2. If you checked item F under disqualifying conditions, please also provide:

Date of Judgment/
Arbitration Award: _____ Jurisdiction/Court: _____ Docket No: _____

PRIVACY STATEMENT: The information provided in this form will be used by the California Board of Accountancy to determine whether you qualify for practice privileges in California. Sections 5080 through 5095 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.

State of California Department of Consumer Affairs

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3676
WEB ADDRESS: http://www.dca.ca.gov/cba

Attachment 3

CERTIFICATION OF ATTEST EXPERIENCE

PRINT OR TYPE

FULL NAME OF LICENSEE: (No Initials) (First) (Middle) (Last)	SOCIAL SECURITY #

FIRM NAME (IF ANY)	CURRENT TITLE
BUSINESS ADDRESS (Including City, State, and Zip Code)	
BUSINESS TELEPHONE: Area Code ( )	Approximate Number of Years Practicing Public Accountancy

Pursuant to Section 5096.5, you may not sign an attest report unless you have 500 hours of experience in attest services (see Section 5095 of the California Business and Professions Code). For these purposes, experience is that which has enabled you to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision which results in opinions on full disclosure financial statements.

		Yes	No
	Have you participated in the planning of an audit, including the selection of the procedures to be performed?		
II.	Have you had experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
III.	Have you had experience in the preparation of working papers in connection with the various elements of I and II above?		
IV.	Have you had experience in the preparation of written explanations and comments on the work performed and its findings?		
V.	Have you participated in the preparation of and reporting on full disclosure financial statements?		
VI.	Have you ever signed an attest report on behalf of your firm?		

I hereby certify, under penalty of perjury under the laws of the State of California, that I have met California's experience requirement, Section 5095, prior to the submission of the notification of practice privilege, and that all statements and representations on this form are true and correct.

Licensee Signature	Date Signed

State of California Department of Consumer Affairs

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3676
WEB ADDRESS: http://www.dca.ca.gov/cba

Attachment 4

CERTIFICATION OF ATTEST EXPERIENCE

PRINT OR TYPE

FULL NAME OF LICENSEE: (No Initials) (First) (Middle) (Last)	SOCIAL SECURITY #

FIRM NAME (IF ANY)	CURRENT TITLE
BUSINESS ADDRESS (Including City, State, and Zip Code)	
BUSINESS TELEPHONE: Area Code ( )	Approximate Number of Years Practicing Public Accountancy

Pursuant to Section 5096.5, you may not sign an attest report unless you have 500 hours of experience in attest services (see Section 5095 of the California Business and Professions Code). For these purposes, experience is that which has enabled you to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision which results in opinions on full disclosure financial statements.

		Yes	No
I.	Have you participated in the planning of an audit, including the selection of the procedures to be performed?		
II.	Have you had experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
III.	Have you had experience in the preparation of working papers in connection with the various elements of I and II above?		
IV.	Have you had experience in the preparation of written explanations and comments on the work performed and its findings?		
V.	Have you participated in the preparation of and reporting on full disclosure financial statements?		
VI.	Have you ever signed an attest report on behalf of your firm?		

I hereby certify, under penalty of perjury under the laws of the State of California, that I have met California's experience requirement, Section 5095, prior to the submission of the notification of practice privilege, and that all statements and representations on this form are true and correct.

Licensee Signature	Date Signed

State of California
Department of Consumer Affairs

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege TF Agenda Item II.
March 17, 2005

Board Agenda Item VIII.F.3.
March 18, 2005

To : Practice Privilege Task Force Members
Board Members

Date : March 8, 2005

Telephone : (916) 561-1740
Facsimile : (916) 263-3676
E-mail : pfranz@cba.ca.gov

From : Patti L. Franz
Licensing Manager

Subject : Q&As Related to California Practice Privilege

Provided for consideration and action by the Task Force and Board are the following Q&As developed by staff related to the practice privilege provisions. It is anticipated the following Q&As will be placed on the Board's Web site in accordance with the Communication and Outreach plan provided for consideration at this Task Force meeting.

Introductory Narrative for Q&As

Legislation was signed into law in 2004 providing the California Board of Accountancy (Board) with the California practice privilege provision. The practice privilege provisions will go into effect on January 1, 2006. The practice privilege will allow cross-border practice under which a qualified out-of-state Certified Public Accountant (CPA) may temporarily practice public accountancy in California without having to obtain a California CPA license.

To qualify for a practice privilege, an out-of-state CPA will be required to notify the Board of the intent to practice public accountancy in California, swear under penalty of perjury that the requirements for a California practice privilege have been met, and agree to follow California law and be subject to the full force of the Board's enforcement and disciplinary powers.

The *Notification and Agreement to Conditions for the Privilege to Practice Public Accounting in California Pursuant to California Business and Professions Code Section 5096 and Title 16, Division 1, Article 4 of the California Code of Regulations Form* (Notification Form) and instructions will be available on the Board's Web site on our Forms/Publications Page for on-line submission and for downloading purposes. Once available, you may also contact the Board's Practice Privilege Unit at *pracprivinfo@cba.ca.gov* or telephone (916) 561-XXXX to request that a form be mailed to you.

The practice privilege expires one year from the date of on-line submission or mailing of the hardcopy Notification Form. The fee required for a California practice privilege is $100 and must be received by the Board within 30 days of Notification Form submission.

General Inquiries

1. ***Q: When will the California practice privilege provision go into effect?***

   A: The California practice privilege provision will become effective on January 1, 2006.

2. ***Q: Where can I find the statutes and regulations regarding practice privilege?***

   A: Sections 5096 through 5096.11 of the California Business and Professions Code (Accountancy Act) and Sections 26 through 35.1 of Title 16 of the California Code of Regulations (Accountancy Regulations) will be available on the Board's Web site at *www.dca.ca.gov/cba* or from the Practice Privilege Unit at (916) 561-XXXX.

3. ***Q: Where can I locate the practice privilege Notification Form?***

   A: The practice privilege Notification Form will be available on the Board's Web site at *www.dca.ca.gov/cba* on our Forms/Publications Page or from the Practice Privilege Unit at *pracprivinfo@cba.ca.gov* or from the Practice Privilege Unit at telephone (916) 561-XXXX.

4. ***Q: How can I submit the Notification Form?***

   A: The practice privilege Notification Form will be available on the Board's Web site at *www.dca.ca.gov/cba* on the Forms/Publications Page. You will either have the option of submitting the Notification Form on-line or downloading the form from the Web site for submission through the mail.

   Once the form is submitted on-line or mailed, the practice privilege expires one year from the submission date. The fee required for a California practice privilege is $100 and must be received by the Board within 30 days of Notification Form submission.

5. ***Q: What requirements must I fulfill for a practice privilege in California?***

A: To be eligible for a California practice privilege:

1. Your principal place of business cannot be located in California.

2. You must hold a valid, current license, certificate, or permit from another state and meet one of the following requirements:

- Hold a current, valid license, certificate, or permit from a state determined by the Board to have education, examination, and experience requirements for licensure substantially equivalent to the requirements in Section 5093 of the California Accountancy Act (see Appendix 1 of the Notification Form). **OR**;
- Possess education, examination, and experience qualifications that have been determined by the Board to be substantially equivalent to the qualifications under Section 5093 of the California Accountancy Act. **OR**;
- Have continually practiced public accountancy as a CPA under a current, valid license issued by any state for four of the last ten years.

3. If you have any of the disqualifying conditions identified on the practice privilege Notification Form, you may not practice public accountancy in California until you receive Board approval.

6. ***Q: I am a CPA but am not licensed in a state that is deemed substantially equivalent in Appendix 1 of the Notification Form. What options do I have to qualify for a California practice privilege?***

A:

1. Have continually practiced public accountancy as a CPA under a current, valid license issued by any state for four of the last ten years. **OR**;

2. Submit documents reflecting successful passage of the CPA examination, college transcripts and documents reflecting completion of experience to the National Association of State Boards of Accountancy's (NASBA) CredentialNet. CredentialNet will evaluate your licensure information and determine equivalency. Information regarding CredentialNet can be found on NASBA's Web site at *www.nasba.org*.

   If deemed substantially equivalent, a file number will be given to you. At the time you submit your Notification Form to the Board, you will be required to provide your NASBA CredentialNet file number.

7. ***Q: I am an out-of-state CPA who is applying for licensure in California. Do I have practice rights in California as my application is being processed?***

   A: No, you do not have practice rights as a CPA in California.

   In order to have practice rights while the Board is processing your California licensure application, you will be required to submit the practice privilege Notification Form as well as the $100 notification fee. The notification fee must be received by the Board within 30 days of your Notification Form submission. Your practice privilege will be terminated at the time your California CPA license is issued by the Board.

8. ***Q: As an out-of-state CPA, is there a limit to the number of times I can submit the practice privilege Notification Form as opposed to applying for California licensure?***

   A: The statute and regulations pertaining to practice privilege do not identify a limitation to the number of times you can submit the Notification Form for a practice privilege.

9. ***Q: Can I open a California office and practice full or part-time there under a practice privilege?***

   A: No. Pursuant to Section 5096(e)(3) of the California Accountancy Act, a practice privilege holder cannot provide public accountancy services in California from any office located in this state, except as an employee of a firm registered in this state or in the client's office.

10. ***Q: What documentation must I provide for a California practice privilege?***

    A: You are not required to submit documentation with the practice privilege Notification Form. However, the Board has the authority to request documentation from you and verify any of the information you provide on the Notification Form.

11. ***Q: I am licensed in California and in Texas. My principal place of business is not in California. Can I practice public accountancy in California under practice privilege and allow my California license to lapse?***

    A: Yes, you can allow your California CPA license to lapse and practice under the practice privilege as long as you have a valid, current CPA license in another state and meet all other requirements to obtain a California practice privilege.

12. ***Q: I am a California CPA and prepare tax returns for a few clients in other states. Do other states require a practice privilege in order to continue to serve these clients?***

A: The requirements to practice public accountancy vary from state to state. It is your responsibility to comply with the laws and requirements of any jurisdiction in which you practice. Therefore, it is suggested you contact the relevant state board(s) to determine what is required. Unauthorized practice in another state can be cause for discipline against your California license.

Requirements for Signing Attest Reports

1. ***Q: What experience must I fulfill before I sign an attest report under a California practice privilege?***

A: You may not sign an attest report unless you have completed 500 hours of experience in attest services as described in Section 5095 of the California Accountancy Act. Qualifying experience is that which has enabled you to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision that results in opinions on full disclosure financial statements.

2. ***Q: What documentation must I provide to be able to sign an attest report in California under the practice privilege?***

A: You are not required to submit any documentation with the practice privilege Notification Form. However, the Board has the authority to request documentation from you and verify any of the information you have submitted on the Notification Form, including whether you have fulfilled the attest experience requirement to sign an attest report in California prior to the issuance of the practice privilege.

Servicing of Clients

1. ***Q: I'm a CPA in another state and do not plan to be in California. Through the mail, I do only one tax return for a California client. Do I need a California practice privilege?***

A: Yes, in order to provide public accounting services to clients who reside in California you will be required to obtain a California practice privilege or obtain a California CPA license. Preparing tax returns as a CPA is a service that falls within the definition of the practice of public accountancy contained in Section 5051 of the California Accountancy Act.

If tax returns are prepared in the name of a firm, the firm would also need to be registered in California. You can visit the Board's Web site at *www.dca.ca.gov/cba* to review the firm registration requirements and obtain the application.

2. ***Q: I'm a CPA in another state. One of my clients retired and moved to California. Do I need a practice privilege to continue to prepare that client's tax return?***

A: Yes, in order to provide public accounting services to clients who reside in California you will be required to obtain a California practice privilege or obtain a California CPA license. Preparing tax returns as a CPA is a service that falls within the definition of the practice of public accountancy contained in Section 5051 of the California Accountancy Act.

If tax returns are prepared in the name of a firm, the firm would also need to be registered in California. You can visit the Board's Web site at *www.dca.ca.gov/cba* to review the firm registration requirements and obtain the application.

3. ***Q: I will be performing work in California on an audit engagement on a contract basis for another CPA who is a sole proprietor and is not licensed in California. Who will need to be licensed or obtain a practice privilege?***

A: The non-California CPA responsible for the audit would need to obtain a California practice privilege or California CPA license. If you as the contracted individual hold out (identify yourself) as a CPA while performing work on the audit, you also would need to obtain a California practice privilege or California CPA license.

4. ***Q: I am a Utah CPA who prepares state tax returns filed with the California Franchise Tax Board for my Utah resident clients. Do I need a practice privilege after December 31, 2005?***

A: No. However, you would need to obtain a California practice privilege or obtain a California CPA license to practice public accountancy as defined in Section 5051 of the California Accountancy Act if you intend to service clients who reside in California.

5. ***Q: If I need to conduct part of my audit work in California for a client principally based in Florida, do I need to secure a practice privilege under the new requirements?***

A: Yes, in order to physically enter California to practice public accountancy as defined in Section 5051 of the California Accountancy Act you need to obtain a California practice privilege or obtain a California CPA license.

If the audit report will be issued under the name of the firm, the firm would need to be registered in California. You can visit the Board's Web site at *www.dca.ca.gov/cba* to review the firm registration requirements and obtain the application.

6. ***Q: My client's primary business operation is located in California. However, their administrative office is located in Washington. I have been engaged to conduct an audit. All the work will be done in Washington, except for the inventory observation. Do I, as the engagement partner, need to obtain practice privilege?***

A: Yes, if you physically enter California to practice public accountancy as defined in Section 5051 of the California Accountancy Act you will be required to obtain a California practice privilege or California CPA license. Audit services, including inventory observation, fall within the definition of the practice of public accountancy.

The firm would also need to be registered in California. You can visit the Board's Web site at *www.dca.ca.gov/cba* to review the firm registration requirements and obtain the application.

7. ***Q: I am an out-of-state CPA who performs peer reviews for California accountancy firms. Would I be required to obtain a California practice privilege?***

A: No, you would not be required to obtain a California practice privilege. Performing a peer review for a California accountancy firm is not a service that falls within the definition of the practice of public accountancy contained in Section 5051 of the California Accountancy Act.

Safe Harbor Provision

1. ***Q: When am I required to notify the Board that I'm practicing public accountancy in California under the practice privilege?***

A: Notice is required on or before beginning practice. However, there will be no penalty if the notice is given within five business days of commencing practice. The safe-harbor provision for this short delay in the notice is only effective through December 31, 2007. Because the notification requirements for practice privilege are new, the Board will permit a five-business day safe-harbor period for notification for the first two years. This will allow time for licensees to become familiar with the practice privilege requirements.

If the Notification Form is submitted after practice began in California, even if it is submitted within the five-day safe-harbor period, you will be required to provide a reason why the notice was not submitted prior to the date practice began in California.

Firm Licensure in California

1. ***Q: I work for a CPA firm that is licensed in the State of Maryland. We have an opportunity to do audit work in California. We would be sending one CPA to California to perform the audit work for one week. The audit report will be issued in Maryland under the firm name. Does the CPA who is coming to California need a practice privilege? What type of license does the firm need?***

A: Yes, notice is required to commence practice of public accountancy in California. In order to practice public accountancy as defined in Section 5051 of the Accountancy Act in California or service clients who reside in California the non-California CPA who is performing the audit work in California will be required to obtain California practice privilege or obtain a California CPA license.

In addition, the firm would need to be registered with the California Board of Accountancy. You can visit the Board's Web site at *www.dca.ca.gov/cba* to review the firm registration requirements and obtain the application.

State of California
Department of Consumer Affairs

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege TF Agenda Item III.
March 17, 2005

Board Agenda Item VIII.F.4.
March 18, 2005

To : Practice Privilege Task Force Members
Board Members

Date : March 8, 2005

Telephone : (916) 561-1740
Facsimile : (916) 263-3676
E-mail : pfranz@cba.ca.gov

From : Patti L. Franz
Licensing Manager

Subject : Information Available on the Board's Web Site for California Practice Privilege

For consumer information purposes, a look-up feature will be available on the Board's Web License Lookup related to the individuals who submit notifications for the California Practice Privilege.

Currently, the Board maintains the following licensure information for California CPAs/PAs on the Web License Lookup (Attachment 1):

- Licensee Name.
- License Type.
- License Number.
- License Status.
- Experience Completed (attest or general).
- License Expiration Date.
- License Issuance Date.
- Address of Record.
- City.
- State.
- Zip.
- County.
- Whether there have been any Disciplinary Actions.

Currently, the Board captures the following information on License Lookup for individuals who are licensed in another state but are applying for licensure in California and have temporary practice rights (Attachment 2):

- Licensee Name.
- State of Licensure.
- License Number.
- Contact Information for State of Licensure.

Below is information for Task Force consideration specific to information reflected on the Board's Web site for individuals who submit Notification Forms for the California practice privilege:

- Licensee Name.
- Practice Privilege Unique Identifier.
- Practice Privilege Status.
- Address of Record.
- Attest Authority Requested – Y/N.
- Practice Privilege Issuance Date.
- Practice Privilege Expiration Date.
- Whether there have been any Disciplinary Actions in California.
- State of Licensure (Identified in Item 3 on the Notification Form).
- License Number from State of Licensure.
- Contact Information for State of Licensure.

- **Practice Privilege Unique Identifier**
  It is anticipated the Practice Privilege Database will issue a unique identifier to individuals who submit notification for California practice privilege. Once issued, the unique identifier will remain the same each time the individual submits a new Notification Form.

- **Practice Privilege Status**
  An explanation of the proposed status and definition is provided below for consideration and approval. The proposed definition language below is similar to the language currently used for the Web License Lookup. (Attachment 3.)

  CLEAR – reflected for individuals who submit their Notification Form either hardcopy or on-line without any disqualifying conditions, so long as the $100 fee is received within 30 days of submission.

  Definition for Web site: The practice privilege is current and valid. The practice privilege holder can engage in the practice of public accountancy in California prior to the practice privilege expiration date.

- **Attest Authority Requested**
  This information is currently reflected on the Board's Web site for individuals who are licensed in California. It is proposed that this field also be available for practice privilege holders and be populated with either a **"Y"** or **"N"** based on how the item is completed by the practice privilege holder on the Notification Form. This information will assist consumers in determining the types of services the practice privilege holder can perform in California on their behalf.

Definition for Web site (if **"Y"**): The practice privilege holder certified to meeting California's 500-hour attest experience requirement prior to signing attest reports and has authority to perform the full range of accounting services, including signing attest reports on attest engagements.

Definition for Web site (if **"N"**): The practice privilege holder did not certify to meeting California's 500-hour attest experience and therefore is **not authorized to sign reports on attest engagements.** This licensee can perform all other accounting services and may also participate in attest engagements.

- **Disciplinary Actions**
  The following statuses are being proposed for use on the License Lookup regarding disciplinary actions for practice privilege holders:

  ADMINISTRATIVE SUSPENSION – this status code would be reflected on the Board's Web site if the practice privilege is administratively suspended.

  Definition for Web site: The practice privilege holder is not authorized to practice public accountancy in California. Please contact the Board for further information.

  REVOKED – this status code would be reflected when the Board has taken disciplinary action to revoke a California practice privilege.

  Definition for Web site: The practice privilege holder is no longer authorized to practice public accountancy in California as a result of a disciplinary action.

- **Practice Privilege Issuance Date**
  This field will provide the consumer with the date when the practice privilege was issued. It is anticipated this date will be the date the notification was submitted on-line or hardcopy, provided the notification fee is received timely and there are no disqualifying conditions identified during the notification process.

- **Practice Privilege Expiration Date**
  This field will provide the consumer the date on which the practice privilege will expire. If the individual does not submit a subsequent Notification Form once the practice privilege has expired, it is anticipated that the practice privilege information will automatically be removed from the License Lookup.

- **Contact Information for State of Licensure and License Number**
  The link, along with the license number, will provide the consumer with the information necessary to verify the status of the individuals' license, if available.

Outstanding Issue

Will the License Lookup feature regarding practice privilege include historical information for each practice privilege granted? For instance, will past discipline be available on-line? Will the Web site provide information indicating what prior years each individual held a practice privilege?

This issue must be decided before the Board's Information Technology staff can begin development of the Practice Privilege Database.

I will be available at the meeting to answer any questions the Task Force or Board members may have.

Attachments

CALIFORNIA BOARD OF ACCOUNTANCY

Licensee Name:	AMY KATHLEEN SMITH
License Type:	Certified Public Accountant
License Number:	75868
License Status:	**CLEAR** **Definition**
Experience Completed:	A **Definition**
Expiration Date:	June 30, 2005
Issue Date:	July 17, 1998
Address:	1040 MAIN ST # 204
	O'DOWD FRANKLIN & RABANAL LLP
City:	NAPA
State:	CA
Zip:	94559
County:	NAPA
Disciplinary Actions:	No

No records returned

Back

California Board of Accountancy

Out-of-State CPAs with Temporary Practice Rights in California

Under Section 5088 of the Business and Professions Code (Accountancy Act), a CPA who is licensed in another state and applies to the California Board of Accountancy for licensure under the provisions of Section 5087 has temporary practice rights to perform the same accounting services as a California licensee until the application is granted or rejected if the applicant:

- Possesses a valid and unrevoked CPA license; and
- Provides evidence of completion of 80 hours of continuing education within the 24 months prior to the application filing date.

Below is a list of out-of-state licensees with temporary practice rights in California.

A - L ► M - Z

Licensee's Name	State of Licensure	License No.	Contact Information for State of Licensure
Abdelmegied, Mohamed	Colorado	21368	Colorado State Board of Accountancy 1560 Broadway Suite 1340 Denver, CO 80202 Phone: 303-894-7800 Fax: 303-894-7802 Web: www.dora.state.co.us/accountants
Albero, Joseph M.	New York	069673	New York State Board for Public Accountancy State Education Department Division of Professional Licensing Services 89 Washington Avenue, 2nd Fl. East Mezzanine Albany, NY 12234-1000 Phone: 518-474-3817 ext. 160 Fax: 518-474-6375 Web: www.op.nysed.gov/cpa.htm
Aleskovsky, Michael	Texas	076951	Texas State Board of Public Accountancy 333 Guadalupe, Tower III, Suite 900 Austin, TX 78701-3900 Phone: 512-305-7800 Fax: 512-305-7854 Web: www.tsbpa.state.tx.us
Anzai, Ronald A.	Hawaii	2914	Hawaii Board of Public Accountancy Department of Commerce & Consumer Affairs P.O. Box 3469 335 Merchant Street (96813) Honolulu, HI 96801-3469 Phone: 808-586-2696 Fax: 808-586-2689 Web: www.hawaii.gov/dcca/pvl/areas_accountancy.html
Baer, David R.	Oklahoma	60	Oklahoma Accountancy Board 4545 Lincoln Blvd., Suite 165 Oklahoma City, OK 73105-3413 Phone: 405-521-2397 Fax: 405-521-3118 Web: www.oab.state.ok.us
Bakker, Christie J.	Washington	18036	Washington State Board of Accountancy P.O. Box 9131 Olympia, WA 98507-9131 Phone: 360-753-2585 Fax: 360-664-9190 Web: www.cpaboard.wa.gov
Ballard, Glenn C.	Georgia	019203	Georgia State Board of Accountancy 237 Coliseum Drive Macon, GA 31217-3858 Phone: 478-207-1400 Fax: 478-207-1410 Web: www.sos.state.ga.us/plb/accountancy/
Banks, James W.	Virginia	7368	Virginia Board of Accountancy 3600 West Broad Street Suite 378 Richmond, VA 23230-4916 Phone: 804-367-8505 Fax: 804-367-2174

California Board of Accountancy

Web License Status Lookup

To begin a new search choose:

Individual Licenses
or
Licensed Firms
or
Out-of-State Licensees
with temporary California Practice Rights

Web License Status Lookup Information

When you search for a license status and locate a licensee, you will see the following information listed:

Licensee / Firm Name
Type of License
License Number
Status
Experience Completed
Expiration Date
Issue Date
Address of Record
Actions ("yes" or "no")*

** If a "yes" appears in Actions, please click on "**Details**" under the Accusations Filed/Disciplinary Actions heading for further information.*

The information available through this search is public information pursuant to California Code of Regulations, Title 16, Article 1, Section 3 - Notification of Change of Address and the California Public Records Act.

STATUS CODE Definitions	
CANCELED	A license is canceled if not renewed within five years following its expiration date. A licensee with a canceled license may reapply as a new applicant and meet the current requirements for approval. Upon approval, a new CPA license number is issued.

CLEAR	The license is current and valid. The licensee can engage in the practice of public accountancy prior to the **license expiration date**. IMPORTANT NOTE: If status is CLEAR, the license still could carry restrictions from a disciplinary action. Please contact the Board for further information.
CLEAR, PROBATION	The license is current and valid. The licensee can engage in the practice of public accountancy prior to the **license expiration date**. Additionally, the licensee has been disciplined and may have part of the disciplinary order (for example, revocation or suspension) stayed and may continue to practice under specific terms and conditions. Please contact the Board for further information.
DECEASED	Licensee is deceased
DELINQUENT	A license is delinquent if not renewed by its expiration date.
DELINQUENT, PROBATION	A license is delinquent if not renewed by its expiration date. Additionally, the licensee has been disciplined and may have part of the disciplinary order (for example, revocation or suspension) stayed with specific terms and conditions. Please contact the Board for further information.
DENIED	The license is denied pursuant to Section 17520 of the Family Code. Any questions should be directed to the Family Support Unit at (916) 323-0884.
INACTIVE	An inactive license is current; however, the licensee is not required to meet the continuing education requirements and they may not engage in the practice of public accountancy.
INACTIVE, PROBATION	An inactive license is current; however, the licensee is not required to meet the continuing education requirements and they may not engage in the practice of public accountancy. Additionally, the licensee has been disciplined and may have part of the disciplinary order (for example, revocation or suspension) stayed with specific terms and conditions. Please contact the Board for further information.
RENEWAL IN PROCESS	A renewal application has been submitted and is being processed. Please contact the Board for further information.
RETIRED	The licensee is retired and may not engage in the practice of public accountancy.

REVOKED	The individual, partnership, or corporation is no longer licensed as a result of a disciplinary action.
SURRENDERED	The licensee has surrendered the license. The individual, partnership, or corporation is no longer licensed. The Board, however, may impose discipline against a surrendered license in certain circumstances. Surrender also may require certain conditions be met should the former licensee ever choose to reapply for licensure.
SUSPENDED / DISCIPLINE, PROBATION	The licensee is prohibited from engaging for a specific period of time in the activities for which licensure is required. The licensee has been disciplined and may have part of the disciplinary order (for example, revocation or suspension) stayed with specific terms and conditions. Please contact the Board for further information.

EXPERIENCE COMPLETED

The *Experience Completed* field reflects the type of experience the licensee completed either at the time of initial application for licensure as a CPA, or subsequent to obtaining the CPA license. The "A" designation indicates the licensee completed the experience required to perform the full range of accounting services, including signing attest reports on attest engagements. The "G" designation indicates the licensee completed the experience required, except attest experience, and therefore is not authorized to sign reports on attest engagements. This licensee can perform all other accounting services and may also participate in attest engagements.

A	This licensee completed the experience required to perform the full range of accounting services, **including signing attest reports on attest engagements**.
G	This licensee completed the experience required, except attest experience, and therefore is **not authorized to sign reports on attest engagements.** This licensee can perform all other accounting services and may also participate in attest engagements.

NOTE: The *Experience Completed* field is left blank on the Web License Lookup for firm licenses, as the designation applies only to individual licenses.

Licensees who practice public accounting in California must complete 80 hours of acceptable continuing education in the 24-month period preceding the license expiration date.

A licensee who performs substantial portions of an attest or compilation engagement is required to complete continuing education in accounting and auditing. Information about continuing education is reported to the Board at license renewal.

In all instances, it is required that licensees engage in continuing education which directly contributes to their competence as accountants. Consumers are advised to ask

the licensee for up-to-date information on the continuing education the licensee has completed.

For more information on questions to ask, see Selecting a Certified Public Accountant or Public Accountant.

NOTE: To return to your current search, please click your browser's BACK button.

To begin a new search choose:

Individual Licenses
or
Licensed Firms
or
Out-of-State Licensees
with temporary California Practice Rights

The enforcement actions provided on this Web site contain the following:

- Names of licensees for which accusations have been filed and are pending possible enforcement action.
- Summaries of decisions since July 1, 1993, for licenses revoked, surrendered, or placed on long-term probation (beyond 3 years), and
- Summaries for all other enforcement actions within the past seven years.

For more information or details of earlier enforcement actions, or information regarding possible citations and fines, please contact the CALIFORNIA BOARD OF ACCOUNTANCY by mail, e-mail, telephone, or FAX as listed below:

E-mail: enforcementinfo@cba.ca.gov
Telephone: (916) 561-1729
FAX: (916) 263-3673

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832
Attn: Enforcement Division

Please report problems encountered viewing this information or address any questions concerning this material to pagemaster@cba.ca.gov.

Page Last Updated: February 16, 2005

State of California
Department of Consumer Affairs

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege Task Force Agenda Item IV.
March 17, 2005

Board Agenda Item VIII.F.5.
March 18, 2005

To : Practice Privilege Task Force Members
Board Members

Date : March 1, 2005

Telephone : (916) 561-1789
Facsimile : (916) 263-3675
E-mail : mgale@cba.ca.gov

From : Mary Gale
Communications and Planning Manager

Subject : **PROPOSED PRACTICE PRIVILEGE COMMUNICATION AND OUTREACH PLAN**

Attached please find a draft Practice Privilege Communication and Outreach Plan.

The attached matrix provides information regarding tasks, timelines, resources, and status of each task related to this project.

This plan is before you for your consideration and action.

Attachment

PRACTICE PRIVILEGE COMMUNICATION AND OUTREACH PLAN TASKS/TIMELINES/RESOURCES/STATUS

TASK	TIMELINE	RESOURCES	STATUS
Write, print and issue a special mailing that includes information about Practice Privilege to Licensees (individuals and firms) and Interested Parties.	January 2005	R. Sos/M. Gale/ A. Wong/T. Dobson	Completed
Print and mail Information in UPDATE No. 57 (President's Message) including Regulation Notice.	March 2005	R. Sos/M. Gale/ A. Wong/T. Dobson	Completed 2/24/05
Post *UPDATE* with Regulation Notice on Web Site.	Feb-March 2005	M. Gale/T. Dobson/ H. Hansen	Completed
Prepare Frequently Asked Questions (FAQs) with introductory narrative/ Provide for Mailout for March 2005 Task Force and Board Meetings.	March 2005	L. Walker	Completed
Post FAQs & introductory narrative on Web Site after approval by Board. (subject to final regulations)	March 2005	M. Gale/H. Hansen	In Process
Hold Regulation Hearing at May 2005 Board Meeting. Re-Notice Regulation Language as Necessary.	May — July 2005	A. Wong	In Process
When Regulation is approved, initiate concentrated outreach: ▪ Write, produce, and print special mailing to all licensees (Individuals and Firms), interested parties, State Boards of Accountancy, NASBA, AICPA, Societies (all states and jurisdictions), Legislature, Persons on Board-Mailout List and other designated parties or individuals. ▪ In special mailings to State Boards and Societies, request that they convey this information to all their licensee members, and provide sample narrative for them to do so. ▪ Post Special Mailing on Web site. ▪ Post updated outreach information in the Web site's 'For the Consumer' area.	July— August 2005	L. Walker/ M. Gale/ C. Esquivel T. Dobson H. Hansen	

TASK	TIMELINE	RESOURCES	STATUS
Notify NASBA of CBA's intention to enlist the services of NASBA's CredentialNet as necessary to enable Practice Privilege for eligible licensees.	March—May 2005	L. Walker	
Establish dedicated email box for inquiries related to Practice Privilege (*pracprivinfo@cba.ca.gov*).	March—May 2005	L. Walker/ D. Hansen	In Process
Develop and Test Interactive Practice Privilege Notification Form.	March-November 2005	D. Hansen	In Process
Develop and test database to interface with and capture information from Interactive Practice Privilege Notification Form.	March-December 2005	D. Hansen	In Process
Write and develop Informational Booklet to accompany Interactive Practice Privilege Notification Form.	September —October 2005	L. Walker	In Process
Rollout Interactive Practice Privilege Notification Form on Web site.	January 1, 2006	D. Hansen	
Post Informational Booklet on Web site/Create Link to Interactive Notification Form.	December 2005	M. Gale/ H. Hansen	

State of California
Department of Consumer Affairs

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Memorandum

Practice Privilege TF Agenda Item V.
March 17, 2005

Board Agenda Item VIII.F.6
March 18, 2005

To : Practice Privilege Task Force Members
Board Members

Date : March 9, 2005

Telephone : (916) 561-1740
Facsimile : (916) 263-3676
E-mail : pfranz@cba.ca.gov

From : Patti L. Franz
Licensing Manager

Subject : Draft Instructions for Notification Form

Attached for consideration and action by the Task Force and Board are the draft instructions for the California Practice Privilege Notification Form.

In response to the direction of the Task Force at its January 20, 2005, meeting, staff included the statement "The practice privilege is not intended to be a long-term substitute for obtaining a California Certified Public Accountant (CPA) license" in the instructions.

I will be available at the meeting to answer any questions the Task Force or Board members may have.

Attachment

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: *http://www.dca.ca.gov/cba*

General Information and Instructions for Completing Your California Practice Privilege Notification Form

These instructions are intended to assist you in completing your California Practice Privilege Notification Form (Notification Form). For additional information, please visit the Board's Web site at *www.dca.ca.gov/cba* to download the *California Practice Privilege Handbook* or request a paper copy of either the Notification Form or Handbook by contacting the Practice Privilege Unit at *pracprivinfo@cba.ca.gov* or call (916) 561-XXXX.

The practice privilege is not intended to be a long-term substitute for obtaining a California Certified Public Accountant (CPA) license. You can visit the Board's Web site at *www.dca.ca.gov/cba* to review the licensure requirements and obtain the application or telephone the Licensing Unit at (916) 561-1702.

General Practice Privilege Information

Practice Privilege Requirements: If you are an out-of-state CPA, not licensed in California, and you intend to come into California to offer and/or provide public accounting services OR if you intend to offer and/or provide public accounting services to a California client from a location outside of California, you must meet the following requirements for a California practice privilege:

1. Your principal place of business cannot be located in California.

2. You must hold a valid, current license, certificate, or permit from another state and meet one of the following requirements:

- Hold a current, valid license, certificate, or permit to practice public accountancy from a state determined by the California Board of Accountancy (CBA) to have education, examination, and experience requirements for licensure substantially equivalent to the requirements in Section 5093 of the California Accountancy Act (see Appendix 1 of the Notification Form);
  OR
- Possess education, examination, and experience qualifications that have been determined by the CBA to be substantially equivalent to the qualifications under Section 5093 of the California Accountancy Act. The Board will accept individual qualification evaluations of substantial equivalency completed by the National Association of State Boards of Accountancy's (NASBA) CredentialNet. Information regarding CredentialNet can be found on NASBA's Web site at *www.nasba.org.*
  OR
- Have continually practiced public accountancy as a CPA under a current, valid license issued by any state for four of the last ten years.

Form Submission: Once you have completed and submitted the Notification Form you will have practice rights in California, unless you have any of the disqualifying conditions listed on the form. The form can either be submitted on-line or through the mail. Your practice privilege in California will be valid for one-year from the date of the on-line submission or, if submitted by mail, the postmark date on the envelope.

Notification Fee: You are required to submit the $100 practice privilege notification fee, along with the Board-provided remittance form, which must be received by the CBA within 30 days of submission of the Notification Form. The check or money order should be made payable to the California Board of Accountancy.

Where to Mail the Fee: The fee, along with the Board-provided remittance form, should be mailed to the California Board of Accountancy, 2000 Evergreen Street, Suite 250, Sacramento, CA., 95815-3832.

Incomplete Forms: You are required to provide all information requested in the form. An incomplete or improperly completed Notification Form will delay your obtaining a practice privilege or result in the loss of practice rights. You will be notified in writing of any such deficiencies.

Updates to the Notification Form: You are required to notify the CBA within 30 days of any change in the information reported on the Notification Form. Failure to notify the CBA of any update(s) to your information may subject you to a fine under the California Code of Regulations, Title 16, Division 1, Section 33.

Completing Your California Practice Privilege Notification Form

Contact Information

Please provide all of the contact information requested on the Notification Form. The contact information asterisked below will be public information available on the Board's Web License Lookup. However, your telephone number, fax number, e-mail address, birthdate, and Social Security Number will not be made available to the public.

***Name:** Please provide the name you have used with the state of licensure identified in Item 3 of the Notification Form.

Prior Name(s): Please provide any prior name(s) you may have used with the state of licensure identified in Item 3 of the Notification Form.

Address of Principal Place of Business (mailing address): Please provide your address of principal place of business in the state you identified in Item 3 of the Notification Form.

***Address of Record:** Your Principal Place of Business address will be used as your address of record unless otherwise indicated. Your address of record will be available on the Board's Web License Lookup.

Telephone Number: Please provide a daytime business telephone number.

Fax Number: Please provide a daytime fax number.

Business E-mail: Please provide an e-mail address in this space only if you would like to receive communications from the Board via e-mail in lieu of mail through the U.S. Postal Service to your address of record. In certain circumstances, the Board will continue to use your address of record for its communications.

Date of Birth: Self-explanatory.

Social Security Number (SSN): Disclosure of your SSN is mandatory. Your SSN will not be made available to the public. If you fail to disclose your SSN, you will not be authorized to practice public accountancy in California under the practice privilege.

Qualification Requirements

You are required to check a box for each of the items 1 through 12. Otherwise, you will not be authorized to practice public accountancy in California under the practice privilege.

1. Self-explanatory.

2. Self-explanatory;

   OR

   You have submitted an application for California CPA licensure and would like to have practice rights in California while your licensure application is being processed.

3. Please provide the state of licensure, license number, date of issuance, and license expiration date for the CPA license you are using to qualify for the California practice privilege. The licensure information you provide will be reflected on the Board's Web License Lookup.

4. a. Please check this box if you are an individual who is licensed in a state that is listed in Appendix 1 of the Notification Form. The states listed in Appendix 1 of the Notification Form are deemed substantially equivalent;

   OR

   b. Please check this box if your qualifications have been deemed substantially equivalent by the National Association of State Boards of Accountancy's (NASBA) CredentialNet. Please provide your CredentialNet file number in the space provided;

   OR

   c. Please check this box if you have continually practiced public accountancy as a CPA under a valid license issued by any state for at least four of the last ten years.

5. Please check this box if you are submitting the Notification Form at or before the time you began the practice of public accountancy in California;

   OR

   Please check this box if you are submitting the Notification Form within five business days after you began the practice of public accountancy in California. You will also be required to provide the reason you did not provide notice on or before the date you began the practice of public accountancy in California. **This option will only be available through December 31, 2007.**

6. Please check this box if you have met all of the continuing education requirements and any exam requirements for the state of licensure that you identified in Item 3 on the Notification Form.

7. Self-explanatory.

8. Self-explanatory.

9. Self-explanatory.

10. Self-explanatory.

11. Self-explanatory.

12. Self-explanatory.

Requirements for Signing Attest Reports

You may not sign an attest report under a practice privilege unless you have 500 hours of qualifying experience in attest services in accordance with Section 5096.5 of the California Business and Professions Code. For these purposes, qualifying experience is that which has enabled you to demonstrate an understanding of the requirements of planning and conducting an audit with minimum supervision which results in opinions on full disclosure financial statements.

Please select either "Y" or "N". If you select "N", you cannot sign attest reports under this practice privilege and that information will be reflected on the Board's Web License Lookup.

Disqualifying Conditions

If you check "Y" to any of the disqualifying conditions on the Notification Form, you are not automatically authorized to practice public accountancy in California unless you are so notified by the Board.

You must mail the required documentation requested below to the attention of the Practice Privilege Unit for review. The Board will accept copies of original documents. It is suggested you retain copies for your records. Each time you submit a practice privilege Notification Form you will be required to report the disqualifying condition(s).

Please allow two to four weeks for review once all of the required documents are received. You will be notified in writing of the outcome of the Board review.

A: Convictions: In addition to completing Attachment X, you are required to provide copies of the following: a) Criminal Complaint or Indictment, b) Plea and Judgment, and c) Probation Report.

B: Discipline: In addition to completing Attachment X, you are required to provide a copy of the charging document (Citation, Accusation, etc.), and the conclusion document (Decision, Stipulation, Board or Agency Order, etc.).

C: Subject to an investigation: In addition to completing Attachment X, you are required to provide a copy of the Notice of Investigation received from the agency involved, the agency's own written Summary of Issues or Work Under Investigation, and a Summary of Investigative Actions that have occurred (Depositions, Hearings, etc.).

D: Unresolved administrative suspension or unpaid fine: You are required to provide a written explanation on Attachment X regarding the circumstances that resulted in the administrative suspension or fine and why the administrative suspension and/or fine have not been resolved.

E: Did not respond to earlier request for information from CBA: You are required to provide a written explanation on Attachment X of what was requested by CBA and why it was not supplied.

F: Board approval is required before practice may commence: You are required to provide a written explanation on Attachment X regarding the circumstances that resulted in the requirement of Board approval of a future practice privilege.

G: Civil judgement or arbitration award documents: In addition to completing Attachment X, you are required to provide the Complaint, Response to Complaint, Court Judgement, and Arbitration ruling. In addition to the documents listed, please attach a written explanation of the events that led to the dispute.

Required Additional Information
Please answer the following questions and statements.

Do you currently hold a California Practice Privilege?: Self-explanatory.

Have you ever held a California CPA/PA license?: Self-explanatory.

In addition to the state of licensure identified in Item 3, I am also authorized to practice in the following: Self-explanatory

An answer of "NO" to the following three statements will not disqualify you from the California practice privilege.
I am an associated person of a firm registered with the PCAOB: Self-explanatory.

My firm has undergone peer review within the last three years: Self-explanatory.

The state of licensure identified in Item 3 requires CE in fraud detection: Self-explanatory.

Signature: Sign and date the renewal form. Your signature, either electronic or hardcopy, is required in order for you to be granted a California practice privilege.