



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
PUBLIC MEETING NOTICE FOR THE COMMITTEE ON PROFESSIONAL CONDUCT
(CPC), LEGISLATIVE COMMITTEE (LC), AND CBA MEETINGS**

DATE: Thursday, January 22, 2015

**CPC MEETING
TIME:** 10:45 a.m.

DATE: Thursday, January 22, 2015

**LC MEETING
TIME:** 11:15 a.m. or upon adjournment
of the CPC Meeting

DATE: Thursday, January 22, 2015

**CBA MEETING
TIME:** 11:30 a.m. to 5:00 p.m.

PLACE: Hilton Los Angeles Airport
5711 West Century Boulevard
Los Angeles, CA 90045
Telephone: (310) 410-4000
Fax: (310) 410-6250

Enclosed for your information is a copy of the agendas for the CPC, LC, and CBA meetings on January 22, 2015. For further information regarding these meetings, please contact:

Corey Riordan, Board Relations Analyst
(916) 561-1716 or cfriordan@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

An electronic copy of this notice can be found at <http://www.dca.ca.gov/cba/calendar.shtml>

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Corey Riordan at (916) 561-1718, or email cfriordan@cba.ca.gov, or send a written request to the CBA Office at 2000 Evergreen Street, Ste. 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.



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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
 COMMITTEE ON PROFESSIONAL CONDUCT (CPC)**

**CPC MEETING
 AGENDA**

**Thursday, January 22, 2015
 10:45 a.m.**

**Hilton Los Angeles Airport
 5711 West Century Boulevard
 Los Angeles, CA 90045
 Telephone: (310) 410-4000
 Fax: (310) 410-6250**

- | | <u>CBA Item #</u> |
|--|--------------------------|
| Roll Call and Call to Order (Leslie LaManna, Chair). | |
| I. Approve Minutes of the November 20, 2014 CPC Meeting. | X.B. |
| II. Discussion Regarding Study of California's Attest Experience Requirement (Jose Campos & Katrina Salazar, CPC Subcommittee Members). | IX.A.2. |
| III. Discussion Regarding the Timeline for Continuing the CBA's Study of California's Attest Experience Requirement (Dominic Franzella, Enforcement Chief). | IX.A.3. |
| IV. Discussion Regarding the Outreach Activities Associated with Obtaining Participation in the CBA's Study of California's Attest Experience Requirement (Matthew Stanley, Licensing Manager). | IX.A.4. |
| V. Public Comments.* | |
| VI. Agenda Items for Next Meeting. | |

Adjournment

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the CPC are open to the public.

*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CPC prior to the CPC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CPC. Individuals may appear before the CPC to discuss items not on the agenda; however, the CPC can take no official action on these items at the time of the same meeting. (Government Code section 11125.7(a).)

CBA members who are not members of the CPC may be attending the meeting. However, if a majority of members of the full board are present at the CPC meeting, members who are not CPC members may attend the meeting only as observers.



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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
 LEGISLATIVE COMMITTEE (LC)**

**LC MEETING
 AGENDA**

**Thursday, January 22, 2015
 11:15 a.m.**

Or Upon Adjournment of the Committee on Professional Conduct Meeting

**Hilton Los Angeles Airport
 5711 West Century Boulevard
 Los Angeles, CA 90045
 Telephone: (310) 410-4000
 Fax: (310) 410-6250**

- | | <u>CBA Item #</u> |
|--|--------------------------|
| Roll Call and Call to Order (Mark Silverman, Chair). | |
| I. Approve Minutes of the November 20, 2014 LC Meeting. | X.C. |
| II. Overview of the Legislative and Regulatory Process and the Legislative Committee's Role (Written Report Only). | IX.B.2. |
| III. Overview of Established Legislative Best Practices Including How to Best Handle Legislation That Arises Between CBA Meetings (Kathryn Kay, Legislative Analyst). | IX.B.3. |
| IV. Legislative Proposals for Inclusion in the 2015 Annual Omnibus Bill. (Kathryn Kay, Legislative Analyst). | IX.B.4. |
| V. Public Comments.* | |
| VI. Agenda Items for Next Meeting. | |

Adjournment

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the LC are open to the public.

*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the LC prior to the LC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the LC. Individuals may appear before the LC to discuss items not on the agenda; however, the LC can take no official action on these items at the time of the same meeting. (Government Code section 11125.7(a).)

CBA members who are not members of the LC may be attending the meeting. However, if a majority of members of the full board are present at the LC meeting, members who are not LC members may attend the meeting only as observers.



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**DEPARTMENT OF CONSUMER AFFAIRS (DCA)
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**CBA MEETING
AGENDA**

**January 22, 2015
11:30 a.m. – 5:00 p.m.**

**Hilton Los Angeles Airport
5711 West Century Boulevard
Los Angeles, CA 90045
Telephone: (310) 410-4000
Fax: (310) 410-6250**

Important Notice to the Public

All times indicated, other than those identified as "time certain," are approximate and subject to change. Agenda items may be discussed and action taken out of order at the discretion of the CBA President.

**Thursday,
January 22, 2015
11:30 a.m. –
11:50 a.m.**

Roll Call and Call to Order (**Jose Campos, President**).

- I. Report of the President (**Jose Campos**).
 - A. Report on the CBA Leadership Roundtable.
 - B. Presentation and Discussion Regarding Requirements for Reporting Actions Taken at Board Meetings In Accordance With California Government Code Section 11123 (**Deanne Pearce, Assistant Executive Officer**).
 - C. Resolution for Retiring CBA Members Diana Bell, Kitak Leung and Manuel Ramirez.
 - D. Report on the Committee Chair/Vice-Chair Training.
 - E. Announcement of New Committee and Liaison Appointments (Written Report Only).

- F. Introduction of Newly Appointed CBA Member, Xochitl Leon.
- G. Introduction of Sarah Huchel, Consultant, California State Assembly Committee on Business and Professions.
- H. DCA Director's Report (**DCA Representative**).

11:50 a.m. –
12:00 p.m.

- II. Report of the Vice President (**Katrina Salazar**).
 - A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee (EAC).
 - B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee (QC).
 - C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee (PROC).
- III. Report of the Secretary/Treasurer (**Alicia Berhow**).

12:00 p.m. –
12:05 p.m.

- IV. Report of the Executive Officer (EO) (**Patti Bowers**).
 - A. Update on the Relocation of the CBA's Office.
 - B. Update on Staffing.
 - C. Review and Approval of Proposed Changes to the CBA Member Guidelines and Procedures Manual (**Deanne Pearce, Assistant Executive Officer**).
 - D. Update on the CBA 2013–2015 Communications and Outreach Plan (Written Report Only).

12:05 p.m. –
12:15 p.m.

- V. Report of the Licensing Chief (**Dominic Franzella, Enforcement Chief**).
 - A. Report on Licensing Division Activity.

12:15 p.m. –
12:25 p.m.

- VI. Report of the Enforcement Chief. (**Dominic Franzella**)
 - A. Enforcement Activity Report.

12:25 p.m. –
12:40 p.m.

- VII. Report on the Enforcement Advisory Committee, Qualifications Committee and Peer Review Oversight Committee.
 - A. Enforcement Advisory Committee (EAC) (**Jeffrey De Lyser, Chair**).
 - 1. Report of the December 11, 2014 EAC Meeting.
 - B. Qualifications Committee (QC) (**Robert Ruehl, Chair**).
 - 1. Report of the January 21, 2015 QC Meeting.
 - C. Peer Review Oversight Committee (PROC) (**Robert Lee, Chair**).
 - 1. Report of the December 10, 2014 PROC Meeting.

12:40 p.m. –
1:30 p.m.

Lunch.

Time Certain
1:30 p.m.

- VIII. Regulations (**Pat Billingsley, Regulatory Analyst**).
 - A. Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA Licensure.
 - B. Discussion and Possible Action to Adopt or Amend Title 16, California Code of Regulations (CCR) Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA Licensure.

1:35 p.m. –
2:05 p.m.

- IX. Committee Reports.
 - A. Committee on Professional Conduct (CPC) (**Leslie LaManna**).
 - 1. Report of the January 22, 2015 CPC Meeting.
 - 2. Discussion Regarding Study of California's Attest Experience Requirement.
 - 3. Discussion Regarding the Timeline for Continuing the CBA's Study of California's Attest Experience Requirement.
 - 4. Discussion Regarding the Outreach Activities Associated with Obtaining Participation in the CBA's Study of California's Attest Experience Requirement.

B. Legislative Committee (LC) (**Mark Silverman**).

1. Report of the January 22, 2015 LC Meeting.
2. Overview of the Legislative and Regulatory Process and the Legislative Committee's Role (Written Report Only).
3. Overview of Established Legislative Best Practices Including How to Best Handle Legislation That Arises Between CBA Meetings.
4. Legislative Proposals for Inclusion in the 2015 Annual Omnibus Bill.

**2:05 p.m. –
2:10 pm.**

X. Acceptance of Minutes.

- A. Draft Minutes of the November 20-21, 2014, 2014 CBA Meeting.
- B. Minutes of the November 20, 2014 CPC Meeting.
- C. Minutes of the November 20, 2014 LC Meeting.
- D. Minutes of the October 23, 2014 EAC Meeting.
- E. Minutes of the July 30, 2014 QC Meeting.

**2:10 pm. –
2:15 p.m.**

XI. Other Business.

- A. American Institute of Certified Public Accountants (AICPA).
- B. National Association of State Boards of Accountancy (NASBA).
 1. Report on Strategic Planning Task Force (**Michael Savoy**).
 2. Proposed Responses to NASBA Focus Questions (**Corey Riordan, Board Relations Analyst**).

**2:15 p.m. –
2:20 p.m.**

XII. Closing Business.

- A. Public Comments.*
- B. Agenda Items for Future CBA Meetings.
- C. Press Release Focus (**Deanne Pearce**).

- 2:20 p.m.** XIII. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, and Proposed Decisions).

Action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the CBA President and may be taken out of order.

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

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



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CBA Item I.B.
January 22, 2015

**Presentation and Discussion Regarding Requirements for Reporting Actions
Taken at Board Meetings in Accordance With California Government Code
Section 11123**

Presented by: Deanne Pearce, Assistant Executive Officer

Date: December 12, 2014

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the new procedures staff will follow to meet the requirement to publicly report on each action taken in accordance with California Government Code (Government Code) section 11123.

Action Needed

No specific action is required on this agenda item.

Background

The Bagley-Keene Open Meeting Act defines various terms, including “action taken” which is defined as a “collective commitment or promise by the members of the state body to make a positive or negative decision, or an actual vote by the members of a state body when sitting as a body or entity upon a motion, proposal, resolution, order, or similar action.”

Effective January 1, 2015, Government Code section 11123 was amended, by the passage of Assembly Bill 2720 (**Attachment 1**), to require that all state bodies publicly report any action taken and the vote or abstention on that action of each member present for the action. Pursuant to Business and Professions Code section 5017.1 (**Attachment 2**), the CBA keeps minutes which are publicly posted on the CBA website.

Comments

To ensure the CBA is in compliance with the new provisions that took effect January 1, 2015, the following procedures will be followed after each action at the CBA and committee meetings, including the Committee on Professional Conduct, Enforcement Program Oversight Committee, Legislative Committee, Strategic Planning Committee, Enforcement Advisory Committee, Peer Review Oversight Committee, Mobility Stakeholder Group, and Qualifications Committee:

- After a motion and a second have been put forth for a vote, a roll call vote will be taken, in alphabetical order, by the Board Relations Analyst or the committee's staff liaison.

**Presentation and Discussion Regarding Requirements for Reporting Actions
Taken at Board Meetings in Accordance With California Government Code
Section 11123**

Page 2 of 2

- Members will state their vote as yes, no, or abstain, which will be recorded by the Board Relations Analyst or committee's staff liaison.
- When the role call vote is complete, the CBA President or committee Chair will state if the motion passed or failed.

Additionally, the meeting minutes will document each members vote as "Yes," "No," or "Abstain." If a member is temporarily absent, it will be noted on the minutes.

Fiscal/Economic Impact

None.

Recommendation

None.

Attachments

1. Assembly Bill 2720
2. Business and Professions Code section 5017.1



California
LEGISLATIVE INFORMATION

AB-2720 State agencies: meetings: record of action taken. (2013-2014)

Assembly Bill No. 2720

CHAPTER 510

An act to amend Section 11123 of the Government Code, relating to public meetings.

[Approved by Governor September 20, 2014. Filed with Secretary of State
September 20, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2720, Ting. State agencies: meetings: record of action taken.

The Bagley-Keene Open Meeting Act requires, with specified exceptions, that all meetings of a state body, as defined, be open and public and all persons be permitted to attend any meeting of a state body. The act defines various terms for its purposes, including "action taken," which means a collective decision made by the members of a state body, a collective commitment or promise by the members of the state body to make a positive or negative decision, or an actual vote by the members of a state body when sitting as a body or entity upon a motion, proposal, resolution, order, or similar action.

This bill would require a state body to publicly report any action taken and the vote or abstention on that action of each member present for the action.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 11123 of the Government Code is amended to read:

11123. (a) All meetings of a state body shall be open and public and all persons shall be permitted to attend any meeting of a state body except as otherwise provided in this article.

(b) (1) This article does not prohibit a state body from holding an open or closed meeting by teleconference for the benefit of the public and state body. The meeting or proceeding held by teleconference shall otherwise comply with all applicable requirements or laws relating to a specific type of meeting or proceeding, including the following:

(A) The teleconferencing meeting shall comply with all requirements of this article applicable to other meetings.

(B) The portion of the teleconferenced meeting that is required to be open to the public shall be audible to the public at the location specified in the notice of the meeting.

(C) If the state body elects to conduct a meeting or proceeding by teleconference, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the rights of any party or member of the public appearing before the state body. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. The agenda shall provide an opportunity for members of the public to address the state body directly

pursuant to Section 11125.7 at each teleconference location.

(D) All votes taken during a teleconferenced meeting shall be by rollcall.

(E) The portion of the teleconferenced meeting that is closed to the public may not include the consideration of any agenda item being heard pursuant to Section 11125.5.

(F) At least one member of the state body shall be physically present at the location specified in the notice of the meeting.

(2) For the purposes of this subdivision, "teleconference" means a meeting of a state body, the members of which are at different locations, connected by electronic means, through either audio or both audio and video. This section does not prohibit a state body from providing members of the public with additional locations in which the public may observe or address the state body by electronic means, through either audio or both audio and video.

(c) The state body shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

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**Attachment 2**

**California Business and Professions Code
Division 3, Chapter 1, Article 1, Section 5017.1
Administration**

U5017.1

The board shall post, within 10 days of board approval, the finalized minutes from meetings of the board that are open and public pursuant to Section 5017 on the board's Internet Web site. The minutes shall remain on the board's Internet Web site for at least three years. Providing a link on the Internet Web site to the minutes shall satisfy this requirement.

Department of Consumer Affairs
California Board of Accountancy



RESOLUTION

WHEREAS, Diana Bell was appointed by Senate Rules Committee, and she has faithfully served as a Board member of the California Board of Accountancy from September 4, 2009, through January 7, 2015; and

WHEREAS, she served as Chair and member of the Enforcement Program Oversight Committee and Legislative Committee, and as liaison to the Qualifications Committee; and

WHEREAS, throughout her term of service, at all times Diana Bell gave fully of herself and her ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, Diana Bell previously served as Senior Vice President for Hewlett-Packard Company, Corporate Affairs and Total Customer Experience & Quality; and

WHEREAS, she has held leadership roles in civic organizations including, President of the Girl Scouts of Northern California, the Peralta Community Colleges Foundation, member of the Dean's Advisory Board for Michigan State University's College of Natural Science, Chair of the Imani Community Church, and member of the Advisory Board of Monitoring Division, Inc.

***NOW, THEREFORE, BE IT RESOLVED,** that the members of the California Board of Accountancy express heartfelt appreciation to Diana Bell for the outstanding contribution she made during her term of service on the California Board of Accountancy and to the consumers of California.*

Jose A. Campos, CPA, President

Alicia Berhow, Secretary-Treasurer

Dated: January 22, 2015

Department of Consumer Affairs

California Board of Accountancy



RESOLUTION

WHEREAS, Kitak Leung was appointed by Governor Arnold Schwarzenegger, and he has faithfully served as a Board member of the California Board of Accountancy from December 21, 2010, through November 26, 2014; and

WHEREAS, he served as Secretary-Treasurer in 2013, and as a member of the Enforcement Program Oversight Committee, Committee on Professional Conduct, and Legislative Committee, and as liaison to the Qualifications Committee; and

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

WHEREAS, Kitak Leung has more than 21 years of professional experience as a certified public accountant, and he currently serves as Principal of Leung Accountancy Corporation; and

WHEREAS, he has held leadership roles in civic organizations including, President of the California Certified Public Accountants Association, Chair of the Chinese Americans Cultural Exchange Foundation, Director and Treasurer of the Hong Kong Schools Alumni Federation Scholarship Foundation, Director and Treasurer of the Hong Kong Schools Alumni Foundation, Director of the Chinatown Service Center, and Treasurer of the Rotary Club of Temple City.

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Kitak Leung for the outstanding contribution he made during his term of service on the California Board of Accountancy and to the consumers of California.

Jose A. Campos, CPA, President

Alicia Berhow, Secretary-Treasurer

Dated: January 22, 2015

Department of Consumer Affairs

California Board of Accountancy



RESOLUTION

WHEREAS, Manuel Ramirez was appointed by Governor Arnold Schwarzenegger, and he has faithfully served as a Board member of the California Board of Accountancy from May 5, 2007, through November 26, 2014; and

WHEREAS, he served as President in 2010, Vice President in 2009, as Chair of the Committee on Professional Conduct, Strategic Planning Committee, and Taskforce to Examine Experience for CPA Licensure, and member of the Enforcement Program Oversight Committee and Legislative Committee; and

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

WHEREAS, Manuel Ramirez has more than 20 years of professional experience as a certified public accountant, and he currently serves as President and CEO of Ramirez Jimenez International Certified Public Accountants; and

WHEREAS, he served as a member of the National Association of State Boards of Accountancy Ethics Committee; and

WHEREAS, he has held leadership roles in civic organizations including, Co-founder and first Chair of the Hispanic 100 PAC, President and Chair of the Orange County Hispanic Chamber of Commerce, member and investment Committee Chair of the Make-a-Wish Foundation, Chair of the Santa Ana Business Bank Audit Committee and Loan Committee, Co-founder and executive board member of the GenNext PAC, and Co-founder and Chair of the Orange County Catholic Foundation Investment Committee and Audit Committee.

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Manuel Ramirez for the outstanding contribution he made during his term of service on the California Board of Accountancy and to the consumers of California.

Jose A. Campos, CPA, President

Alicia Berhow, Secretary-Treasurer

Dated: January 22, 2015



CBA AND COMMITTEE MEMBER ROSTER

Revised December 19, 2014

CBA MEMBERS

Jose Campos, CPA, President
Katrina Salazar, CPA, Vice-President
Alicia Berhow, Secretary/Treasurer
Sally Anderson, CPA
Diana Bell
Herschel Elkins, Esq.
Larry Kaplan
Louise Kirkbride
Kay Ko
Leslie LaManna, CPA
Michael M. Savoy, CPA
Mark Silverman, Esq.
Vacant
Vacant
Vacant

Staff: Corey Riordan
(916) 561-1716

CBA Committees

CPC – Committee on Professional
Conduct
EPOC – Enforcement Program
Oversight Committee
LC – Legislative Committee
SPC – Strategic Planning Committee

Advisory Committees

EAC – Enforcement Advisory
Committee
PROC – Peer Review Oversight
Committee
MSG – Mobility Stakeholder Group
QC – Qualifications Committee

CBA COMMITTEES

Attest Experience Sub-Committee

Jose Campos, CPA
Katrina Salazar, CPA

CPC

Leslie LaManna, CPA, Chair
Sally Anderson, CPA
Jose Campos, CPA
Larry Kaplan
Louise Kirkbride
Kay Ko
Michael Savoy, CPA

Staff: Kate Kay
(916) 561-1742

EPOC

Kay Ko, Chair
Diana Bell
Alicia Berhow
Herschel Elkins, Esq.
Louise Kirkbride
Leslie LaManna, CPA
Vacant

Staff: Jenny Sheldon
(916) 561-4339

LC

Mark Silverman, Chair
Sally Anderson, CPA
Diana Bell
Herschel Elkins, Esq.
Larry Kaplan
Michael Savoy, CPA
Vacant

Staff: Kate Kay
(916) 561-1742

SPC

Alicia Berhow, Chair
Leslie LaManna, CPA
Katrina Salazar, CPA
Michael Savoy, CPA
Mark Silverman, Esq.

Staff: Kate Kay
(916) 561-1742

ADVISORY COMMITTEES

EAC

Jeffrey De Lyser, CPA, Chair
Joseph Rosenbaum, CPA, Vice-Chair
Katherine Allanson, CPA
Dale Best, CPA
Joseph Buniva, CPA
Gary Caine, CPA
Mary Rose Caras, CPA
Nancy Corrigan, CPA
William Donnelly, CPA
Robert Lee, CPA
Mervyn McCulloch, CPA
Michael Schwarz, CPA
Vacant

CBA Member Liaisons:
Katrina Salazar, CPA (North)
Herschel Elkins, Esq. (South)

Staff: Allison Nightingale
(916) 561-1723

PROC

Robert Lee, CPA, Chair
Sherry McCoy, CPA, Vice-Chair
Katherine Allanson, CPA
Nancy Corrigan, CPA
Jeffrey De Lyser, CPA
Vacant
Vacant

Staff: Chanda Gonzales
(916) 561-4343

MSG

Katrina Salazar, CPA, Chair
Hal Schultz, CPA, Vice-Chair
Jose Campos, CPA
Dominic Franzella
Ed Howard, Esq.
Joe Petito, Esq.
Stuart Waldman, Esq.

Staff: Matthew Stanley
(916) 561-1792

QC

Robert Ruehl, CPA, Chair
Joanna Bolsky, CPA, Vice-Chair
David Evans, CPA
Tracy Garone, CPA
Charles Hester, CPA
Casandra Moore-Hudnall, CPA
David Papotta, CPA
Nasi Raissian, CPA
Erin Sacco Pineda, CPA
Jeremy Smith, CPA
Kimberly Sugiyama, CPA
Vacant
Vacant
Vacant
Vacant
Vacant

CBA Member Liaisons:
Kay Ko (North)
Kay Ko (South)

Staff: Kate Kay
(916) 561-1742



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CBA Item II.A.
January 22, 2015

**Recommendations For Appointment(s)/Reappointment(s) to the
Enforcement Advisory Committee**

Presented by: Katrina Salazar, CPA, Vice President

Date: December 8, 2014

Purpose of the Item

The purpose of this agenda item is to recommend that Robert Lee, CPA, (**Attachment 1**) be reappointed as a member to the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC).

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee reviews closed investigation files, offers technical guidance on open investigations, and participates in investigative hearings. The committee also considers, formulates, and proposes policies and procedures related to the CBA Enforcement Program.

Comments

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members and areas of expertise is included as **Attachment 2**.

I also confer with the CBA Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed, I review prior attendance records and review the evaluations that may have been completed by the current Chairperson, Vice-Chairperson, CBA Liaisons, and the Enforcement Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at anytime, by action of the CBA.

Recommendations For Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee

Page 2 of 2

Prior to making a decision to recommend Mr. Lee for reappointment to the EAC, I performed all the steps previously mentioned. I believe Mr. Lee has exhibited a high level of professionalism during the performance of his duties and has demonstrated the skills and knowledge to serve on the EAC, which will allow the EAC to assist the CBA with its Enforcement Program.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above, and in consultation with Jeffrey De Lyser, Chairperson of the EAC, I recommend that Robert Lee be reappointed for two years to the EAC, effective February 1, 2015.

Attachments

1. Curriculum Vitae of Robert Lee, CPA
2. Skill Matrix



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CBA Item II.B.
January 22, 2015

**Recommendations For Appointment(s)/Reappointment(s) to the
Qualifications Committee**

Presented by: Katrina Salazar, CPA, Vice President

Date: December 8, 2014

Purpose of the Item

The purpose of this agenda item is to recommend that Robert Ruehl, CPA, (**Attachment 1**) be reappointed as a member to the California Board of Accountancy (CBA) Qualifications Committee (QC).

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members and areas of expertise is included as **Attachment 2**.

I also confer with the CBA Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed, I review prior attendance records and review the evaluations that may have been completed by the current Vice-Chairperson, CBA Liaisons, and the Licensing Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at anytime, by action of the CBA.

Recommendations For Appointment(s)/Reappointment(s) to the Qualifications Committee

Page 2 of 2

Prior to making a decision to recommend Mr. Ruehl for reappointment to the QC, I performed all the steps previously mentioned. I believe Mr. Ruehl has exhibited a high level of professionalism during his term as Vice-Chair and will continue to do so as the recently appointed Chair of the QC. Additionally, Mr. Ruehl has demonstrated the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensure Program.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above, I recommend that Robert Ruehl be reappointed for two years to the QC, effective February 1, 2015.

Attachments

1. Curriculum Vitae of Robert Ruehl, CPA
2. Skill Matrix



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CBA Item II.B.
January 22, 2015

**Recommendations For Appointment(s)/Reappointment(s) to the
Qualifications Committee**

Presented by: Katrina Salazar, CPA, Vice President

Date: January 16, 2015

Purpose of the Item

The purpose of this agenda item is to recommend that Jeremy Smith, CPA, (**Attachment 1**) be reappointed as a member to the California Board of Accountancy (CBA) Qualifications Committee (QC).

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members and areas of expertise is included as **Attachment 2**.

I also confer with the CBA Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed, I review prior attendance records and review the evaluations that may have been completed by the current Chairperson, Vice-Chairperson, CBA Liaisons, and the Licensing Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at anytime, by action of the CBA.

Recommendations For Appointment(s)/Reappointment(s) to the Qualifications Committee

Page 2 of 2

Prior to making a decision to recommend Mr. Smith for reappointment to the QC, I performed all the steps previously mentioned. I believe Mr. Smith has exhibited a high level of professionalism during the performance of his duties and has demonstrated the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensure Program.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above, and in consultation with Robert Ruehl, Chairperson of the QC, I recommend that Jeremy Smith be reappointed for two years to the QC, effective February 1, 2015.

Attachments

1. Curriculum Vitae of Jeremy Smith, CPA
2. Skill Matrix



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CBA Item II.C.
January 22, 2015

**Recommendation For Appointment(s)/ Reappointment(s) to the
Peer Review Oversight Committee**

Presented by: Katrina Salazar, CPA, Vice President

Date: December 24, 2014

Purpose of the Item

The purpose of this agenda item is to recommend that Sherry McCoy, CPA, (**Attachment**) be reappointed as Vice-Chairperson of the California Board of Accountancy (CBA) Peer Review Oversight Committee (PROC).

Action Needed

It is requested that the California Board of Accountancy (CBA) adopt the recommendation.

Background

The PROC assists the CBA in an advisory capacity in its oversight of the Peer Review Program. The committee ensures that Board-recognized peer review program providers administer peer reviews in accordance with standards, evaluates applications to become a Board-Recognized Peer Review Program Provider, collects and analyzes statistical monitoring and reporting data from each Peer Review Provider on an annual basis, and prepares an Annual Report to the CBA regarding the results of its oversight.

Comments

For all appointments to a committee, including recommendations for Vice-Chairperson, I ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities.

I also confer with the CBA's Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed or are being recommended for a leadership role on the committee, I review prior attendance records and review the evaluations that may have been completed by the current Chairperson and Enforcement Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation.

Prior to making a decision to recommend Ms. McCoy as Vice-Chairperson of the PROC, I performed all the steps previously mentioned. During Ms. McCoy's four years

Recommendation for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee

Page 2 of 2

on the PROC, I believe she has exhibited a high level of professionalism during the performance of her duties and demonstrated she has the skills and knowledge to continue to serve in a leadership capacity, which will allow the PROC to continue to perform its mandated activities and assist the CBA with its Peer Review Program.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above, I recommend Ms. McCoy be reappointed for one year as Vice-Chairperson of the PROC, effective January 22, 2015.

Attachment

Statement of Qualifications and Curriculum Vitae of Ms. McCoy, CPA



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CBA Item IV.C.
January 22, 2015

Review and Approval of Proposed Changes to the CBA Member Guidelines and Procedures Manual

Presented by: Deanne Pearce, Assistant Executive Officer

Date: December 19, 2014

Purpose of the Item

The purpose of this agenda item is to provide an overview of the updates made to the California Board of Accountancy (CBA) Member Guidelines and Procedures Manual (G&P Manual).

Action(s) Needed

The CBA will be asked to approve the January 2015 version of the CBA G&P Manual.

Background

The CBA G&P Manual is designed to serve as a reference guide regarding the functions of the CBA and its committees, roles of CBA members, CBA leadership and committee members, and procedures for CBA and committee meetings. The G&P Manual includes, but is not limited to, summarizing existing law and policy of the CBA as it relates to the functions of the board, roles of CBA members and CBA leadership, board committees and task forces, representations on behalf of the CBA, training, expense reimbursement and other helpful resources to assist members in better understanding the responsibilities of their appointment.

Comments

The CBA G&P Manual has been updated to incorporate CBA member composition, the Executive Officer evaluation, voting, committee appointments, board member required training, new travel requirements, and other minor changes that were made for clarity and consistency throughout the manual. All edits to the G&P Manual are identified by underline and strikethrough. The following highlights the more substantive edits made to the G&P Manual:

Section I – The California Board of Accountancy

- Revised Information Regarding the CBA Composition – With the passage of Senate Bill 1467, the composition of CBA members was updated to remove the requirement that at least two of the licensed members represent small public accounting firms (Page 2).
- Revised CBA Member Responsibilities and Duties – The Executive Officer Evaluation was added, which includes the CBA President's and member's

Review and Approval of Proposed Changes to the CBA Member Guidelines and Procedures Manual

Page 2 of 2

responsibilities regarding the annual evaluation of the executive officer's performance (Page 3).

- Voting – Updated the information to reflect the new process of recording actions taken by the CBA in accordance with California Government Code section 11123 (Page 8).
- Appointments to the Enforcement Advisory Committee, Peer Review Oversight Committee, and Qualifications Committee – Revised to reflect the Committee Member Resource Guide (Page 10).

Section IV – Board Member Required Training and Forms

- The section was updated to include the mandatory Defensive Drivers Training, which is required a every four years (Page 31).

Section V – Expense Reimbursement

- Board Member Travel – The section was revised to incorporate the new requirement to use CalTravelStore for travel arrangements (Page 33).

Section VII – Resources List

- Updated DCA Travel Guide (Page 37)

Once the January 2015 version of the CBA G&P Manual is adopted by the CBA, members will receive the updated manual, including the revised appendices.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff recommend that the CBA adopt the January 2015 version of the CBA G&P Manual and welcome any suggestions or edits.

Attachment

CBA Member G&P Manual

California Board of Accountancy

CBA Member

Guidelines and Procedures Manual

CALIFORNIA BOARD OF
ACCOUNTANCY

Updated
January 2015



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

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

Revised and Restated
January, 2010

Amendments to the Guidelines and Procedures Manual
July 2012
January 2013
January 2014
January 2015

TABLE OF CONTENTS

| | |
|---|-----------|
| SECTION I. THE CALIFORNIA BOARD OF ACCOUNTANCY | 1 |
| A. MISSION AND VISION OF THE CBA | 2 |
| B. COMPOSITION (REF. BUSINESS & PROFESSIONS CODE §§ 5000 & 5001(B)) | 2 |
| C. QUALIFICATIONS (REF. BUSINESS & PROFESSIONS CODE §§ 5000.5 & 5001(A)) | 2 |
| D. CBA MEMBER RESPONSIBILITIES AND DUTIES (REF. BUSINESS & PROFESSIONS CODE § 5000.1) | 3 |
| 1. <i>Responsibilities.</i> | 3 |
| 2. <i>Duties.</i> | 3 |
| 3. <i>Mentoring.</i> | 3 |
| 4. <i>Executive Officer Evaluation.</i> | 3 |
| E. TENURE (REF. BUSINESS & PROFESSIONS CODE § 5002)..... | 4 |
| F. OFFICERS (REF. BUSINESS & PROFESSIONS CODE §§ 5003, 5004 & 5007). | 4 |
| 1. <i>Election of Officers.</i> | 4 |
| 2. <i>Vacancy.</i> | 5 |
| 3. <i>Duties.</i> | 5 |
| a. <i>President.</i> | 5 |
| b. <i>Vice-President</i> | 6 |
| c. <i>Secretary/Treasurer.</i> | 6 |
| G. MEETINGS (REF. BUSINESS & PROFESSIONS CODE §§ 5016 & 5017)..... | 7 |
| 1. <i>Frequency.</i> | 7 |
| 2. <i>Locations.</i> | 7 |
| 3. <i>Attendance.</i> | 7 |
| 4. <i>Agenda.</i> | 7 |
| 5. <i>Notice Requirements.</i> | 8 |
| 6. <i>Closed Session.</i> | 8 |
| 7. <i>Minutes.</i> | 8 |
| 8. <i>Voting.</i> | 8 |
| a. <i>Recording.</i> | 8 |
| b. <i>Abstentions.</i> | 8 |
| c. <i>Mail Votes.</i> | 9 |
| 9. <i>Webcast. (Ref. Business and Professions Code § 5017.5)</i> | 9 |
| H. APPEALS TO THE CBA. | 9 |
| I. PETITION FOR REINSTATEMENT OR REDUCTION OF PENALTY..... | 9 |
| J. PRESENTATIONS. | 9 |
| K. COMMITTEES AND TASK FORCES..... | 10 |
| L. APPOINTMENTS TO THE EAC, PROC, QC, AND MSG..... | 10 |
| M. RESPONSIBILITY OF CBA MEMBER LIAISONS TO COMMITTEES AND TASK FORCES. | 10 |
| N. EXAMINATION, LICENSURE, AND LICENSE RENEWAL PROGRAMS | 10 |
| 1. <i>CPA Examination.</i> | 10 |
| 2. <i>Initial Licensing.</i> | 11 |
| 3. <i>License Renewal and Continuing Competency.</i> | 11 |
| O. ENFORCEMENT PROGRAM..... | 12 |
| 1. <i>Default Decisions</i> | 12 |
| 2. <i>Stipulated Settlements.</i> | 12 |
| 3. <i>Proposed Decisions.</i> | 13 |
| P. CBA MEMBER CONFLICT OF INTEREST IN DISCIPLINARY MATTERS..... | 14 |
| 1. <i>Investigative Consultants.</i> | 14 |
| 2. <i>Conflict of Interest Disclosure Statement.</i> | 14 |
| 3. <i>Exparte Communications.</i> | 15 |
| SECTION II. CBA COMMITTEES AND TASK FORCES | 17 |
| A. STATUTORY COMMITTEES (REF. BUSINESS & PROFESSIONS CODE §§ 5020, 5023, 5024, AND 5096.21). | 17 |
| 1. <i>Enforcement Advisory Committee (EAC).</i> | 17 |
| a. <i>Purpose.</i> | 17 |
| b. <i>Membership.</i> | 18 |
| c. <i>Meetings/Minutes.</i> | 18 |
| 2. <i>Peer Review Oversight Committee (PROC)</i> | 18 |

| | | |
|--|--|-----------|
| a. | Purpose..... | 18 |
| b. | Membership..... | 19 |
| c. | Meetings/Minutes..... | 19 |
| 3. | <i>Qualifications Committee (QC)</i> | 19 |
| a. | Purpose..... | 19 |
| b. | Membership..... | 19 |
| c. | Meetings/Minutes..... | 19 |
| 4. | <i>Mobility Stakeholder Group</i> | 20 |
| a. | Purpose..... | 20 |
| b. | Membership..... | 20 |
| c. | Meetings/Minutes..... | 20 |
| 5. | <i>Other Committees</i> | 20 |
| B. | STANDING, AD HOC, AND OTHER COMMITTEES/TASK FORCES..... | 20 |
| 1. | <i>Committee on Professional Conduct (CPC)</i> | 20 |
| a. | Purpose..... | 20 |
| b. | Membership..... | 21 |
| c. | Meetings/Minutes..... | 21 |
| 2. | <i>Enforcement Program Oversight Committee (EPOC)</i> | 21 |
| a. | Purpose..... | 21 |
| b. | Membership..... | 21 |
| c. | Meetings/Minutes..... | 21 |
| 3. | <i>Legislative Committee (LC)</i> | 21 |
| a. | Purpose..... | 21 |
| b. | Membership..... | 22 |
| c. | Meetings/Minutes..... | 22 |
| 4. | <i>Strategic Planning Committee (SPC)</i> | 22 |
| a. | Purpose..... | 22 |
| b. | Membership..... | 22 |
| c. | Meetings/Minutes..... | 22 |
| 5. | <i>Task Forces</i> | 22 |
| 6. | <i>National Committees</i> | 23 |
| SECTION III. REPRESENTATIONS ON BEHALF OF THE CBA | | 25 |
| A. | USE OF CBA STATIONERY..... | 25 |
| B. | TESTIMONY BEFORE THE LEGISLATURE..... | 25 |
| C. | PUBLIC AND MEDIA RELATIONS..... | 25 |
| D. | NEWS RELEASES..... | 26 |
| E. | RESPONDING TO INQUIRIES..... | 26 |
| F. | SPEAKING ENGAGEMENTS..... | 27 |
| G. | UPDATE (REFERENCE BUSINESS AND PROFESSIONS CODE SECTION 5008)..... | 27 |
| SECTION IV. | | 29 |
| A. | CONFLICT OF INTEREST - GENERAL GUIDELINES..... | 29 |
| 1. | <i>Disqualification</i> | 29 |
| 2. | <i>Financial Disclosure</i> | 29 |
| 3. | <i>DCA's Policy: Incompatible Activities (Reference Government Code Section 19990)</i> | 30 |
| B. | ETHICS TRAINING REQUIREMENT..... | 31 |
| C. | SEXUAL HARASSMENT PREVENTION TRAINING..... | 31 |
| <u>D.</u> | <u>DEFENSIVE DRIVERS TRAINING REQUIREMENT</u> | 31 |
| E. | BOARD MEMBER ORIENTATION TRAINING..... | 31 |
| SECTION V. EXPENSE REIMBURSEMENT | | 33 |
| A. | PER DIEM AND TRAVEL..... | 33 |
| 1. | <i>Board Member Travel</i> | 33 |
| 2. | <i>Lodging for Board/Committee Meeting</i> | 33 |
| 3. | <i>Reimbursement for Travel and Per Diem expenses</i> | 33 |
| SECTION VI. COMMONLY USED ACRONYMS | | 35 |
| SECTION VII. RESOURCE LIST | | 37 |

SECTION I.

THE CALIFORNIA BOARD OF ACCOUNTANCY

Created in 1901, The California Board of Accountancy (CBA) licenses and regulates over 88,000 licensees and 5,000 firms, the largest group of accounting professionals in the nation.

By authority of the California Accountancy Act, the CBA:

- Ensures that only candidates who meet certain qualifications are allowed to take the national Uniform Certified Public Accountant (CPA) Examination.
- Certifies, licenses and renews licenses of individual CPAs and Public Accountants (PAs).
- Registers accountancy partnerships and accountancy corporations.
- Takes disciplinary action against licensees for violation of CBA statutes and regulations.
- Monitors compliance with continuing education and peer review requirements.
- Reviews work products of CPAs, PAs and accountancy firms to ensure adherence to professional standards.

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

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

Through its Practice Privilege program, the CBA oversees a no notice, no fee, no escape authority for out-of-state licensed CPAs who meet specific conditions to practice public accountancy in California. The CBA registers out-of-state accounting firms and for certain individuals who do not meet the criteria to practice with no notice or obtains a disqualifying condition while practicing, the CBA reviews pre-notification and cessation notifications from licensees to determine whether they can be granted continued practice rights. Just like a California license, a practice privilege may be revoked, suspended, or otherwise disciplined. In addition, a practice privilege may be administratively suspended pending an investigation by the CBA. To ensure that the consumers of California are protected under this new program, the CBA maintains a website with any public information in its possession about individuals exercising a practice privilege in California. In addition, it contains a search mechanism by which consumers can find current license status information on out-of-state licensees.

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

source, most often reporting unlicensed activity. CBA members and staff also regularly monitor the news media for information regarding licensees that may suggest violations of the Accountancy Act.

In addition, the program monitors compliance with continuing education and peer review requirements, and it actively reviews the work products of CPAs, PAs and accountancy firms to ensure compliance with appropriate professional standards.

A. MISSION AND VISION OF THE CBA.

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

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

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

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

The Governor appoints four of the public members and all of the licensee members with ~~at least two licensees representing a small public accounting firm and one licensee may be an educator in a program that emphasizes the study of accounting within a college, university, or four-year educational institution~~ individuals representing a cross section of the accounting profession. The Senate Rules Committee and the Speaker of the Assembly each appoints two public members.

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

Each public member of the CBA must not:

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

Each licensee member of the CBA must:

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

All members of the CBA must:

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

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

1. Responsibilities.

The CBA members are responsible for carrying out the mission of the CBA as delineated in Section I.A. of this manual. As noted in the CBA Strategic Plan (**Appendix 1**), protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount. In addition, members are to adhere to all statutory and regulatory requirements as well as all policies and procedures contained in this Guidelines and Procedures Manual.

2. Duties.

All members are to attend CBA meetings and volunteer to participate as CBA Liaison to at least one non-CBA member Committee and participate as a member of at least one of the following committees comprised of only CBA members:

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

3. Mentoring.

CBA officers and more experienced members are encouraged to act as mentors to new CBA members, making themselves available to answer procedural and historical questions as they arise.

4. Executive Officer Evaluation.

Each November, members will complete an evaluation of the Executive Officer (EO). The CBA President will use the surveys to complete a written summary of the evaluations and meet with the EO to discuss his/her performance. The original evaluation is signed by the

CBA President and EO and sent to the DCA Human Resources Office for placement in the EO's Official Personnel File.

~~Should the CBA choose to take action to dismiss the EO, the Open Meeting Act requires that members meet in closed session to vote on the action. Additionally, the action must be reported in a subsequent public meeting.~~

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

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

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

No person shall serve more than two terms consecutively.

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

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

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

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

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

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

1. Election of Officers.

The process for the election of officers is as follows:

- At the September CBA meeting, the President shall inform members that the election of officers will be held at the November CBA meeting.
- Interested candidates are requested to prepare a one page written summary outlining their qualifications for the position for which they are applying, which will serve as a self nomination. Candidates are limited to being nominated for one officer position.

The summary is to be sent to the Executive Analyst by a date determined by the Executive Officer and CBA President.

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

2. Vacancy.

In the event of a vacancy of the Vice President or Secretary-Treasurer prior to the annual election of officers, the CBA President shall make an interim appointment to fill the vacancy effective until the next election cycle. In the event of a vacancy of the President, the Vice President shall become the president.

3. Duties.

a. President.

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

- Preside over CBA meetings
- Approve the agenda and time schedule

- Appoint CBA members as Liaison to the Enforcement Advisory Committee (EAC) and Qualifications Committee (QC)
- Appoint CBA members to CBA committees and task forces
- Establish other CBA committees as needed
- Make decisions regarding CBA matters between meetings
- Coordinate the annual evaluation of the Executive Officer
- When necessary, make interim appointments to the EAC, Peer Review Oversight Committee (PROC) and QC committees, subject to ratification at the next CBA Meeting
- Monitor CBA Member attendance at CBA Meetings, and report issues to the Department of Consumer Affairs (DCA)
- Make interim appointments to the Vice-President and Secretary-Treasurer positions should they become vacant mid-term
- Review and approve CBA member travel expenditures and per diem

b. Vice-President.

The Vice-President shall perform the following:

- Act in the absence of the President
- Review the EAC, PROC and QC committee members and recommend appointments and reappointments
- Perform any other duties as assigned by the CBA President
- Review and act upon time sensitive appeals to the CBA by Examination and Licensure candidates
- Serve as the CBA “Ambassador,” performing and coordinating outreach on behalf of the CBA members

c. Secretary/Treasurer.

The Secretary/Treasurer shall perform the following:

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

- Interface with the DCA’s internal auditors regarding internal audit matters affecting the CBA. These matters include such issues as internal audit findings, requests for special reviews, and other related concerns or topics
- Perform other duties as requested by the CBA President

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

All meetings of the CBA and its committees, subcommittees and task forces are subject to the Bagley-Keene Open Meeting Act. This Act is summarized in a document developed by the DCA, and includes statutory requirements for conducting Teleconference and/or Emergency Meetings. **(Appendix 2)**

1. Frequency.

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

2. Locations.

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

3. Attendance.

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

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

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

4. Agenda.

The CBA President, with the assistance of the Executive Officer, shall prepare the agenda and tentative time schedule. Any request not approved by the Executive Officer and CBA President shall be included in a standing agenda item, “Agenda Items for Future CBA Meetings,” for consideration and vote by the full CBA.

Except where an accusation or statement of issues has been filed, and with reference to disclosure of enforcement matters, it shall be the policy of the CBA that, meeting notices or other public documents of the CBA and its committees shall, when necessary, identify enforcement matters solely by case or investigation number.

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

5. Notice Requirements.

The notice requirements defined by the Bagley-Keene Open Meeting Act are summarized in the guide provided by the DCA. **(Appendix 2)**

6. Closed Session.

Closed sessions, if conducted by an Administrative Law Judge (ALJ), may be attended by CBA members only, unless otherwise invited by the ALJ to remain. Those individuals the CBA President deems appropriate as dictated by a need for their expertise may attend all other closed sessions.

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

7. Minutes.

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

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

8. Voting.

A majority of the CBA shall constitute a quorum for the transaction of any business.

a. Recording.

In accordance with California Government Code section 11123, after each motion, a roll call will be taken by the Executive Analyst. Members names will be called in alphabetical order and each member will state their vote for the motion as yes, no, or abstain. the following information is recorded in the minutes: the name of the person making the motion, seconding the motion, opposing, abstaining and absent, respectively. Each member's vote for the action, or the abstention or recusal of each member attending the meeting, will be recorded in the minutes. Those absent are recorded after every motion unless the member is shown as absent for the entire meeting.

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

b. Abstentions.

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

Abstentions do not prevent a motion from carrying. For example, if seven members vote in favor of a motion, six members vote against, and two abstain, the motion would carry.

c. Mail Votes.

Mail votes are not permitted except in disciplinary matters. The CBA has 100 days from the receipt by the CBA of a proposed decision by an ALJ to adopt or non-adopt the decision (Section 11517 (c) (2) California Administrative Procedure Act). A mail vote may be taken at the direction of the CBA President.

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

All CBA meetings are recorded and Webcast live.

H. APPEALS TO THE CBA.

Applicants, who are aggrieved by any action taken by a committee or staff of the CBA, can submit an appeal. Appeals should be submitted a minimum of 20 working days prior to a CBA meeting to be considered. In the event the appeal is related to qualifying for the Uniform CPA Examination or for CPA licensure, and the CBA does not have a meeting scheduled within a reasonable amount of time, then the Vice-President shall act on behalf of the CBA in rendering a decision on the appeal.

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

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

I. PETITION FOR REINSTATEMENT OR REDUCTION OF PENALTY.

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

J. PRESENTATIONS.

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

K. COMMITTEES AND TASK FORCES.

Committees and task forces, other than those created by statute, are established by the CBA President on behalf of the CBA. A CBA and committee roster is included as **(Appendix 3)**.

L. APPOINTMENTS TO THE EAC, PROC, ~~AND QC,~~ AND MSG.

New appointments and Reappointments and new appointments are made as needed. ~~Reappointments are determined through the interest survey and evaluation process. The committee chairs recommend new appointments through the process outlined in each committee manual~~ the Committee Member Resource Guide. The Committee Member Resource Guide is located in the Publications section of the CBA's website. Opportunities to participate on a CBA committee is noticed in the CBA's newsletter, **UPDATE**, and on the CBA website.

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

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

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

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

N. EXAMINATION, LICENSURE, AND LICENSE RENEWAL PROGRAMS

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

1. CPA Examination.

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

Staff has delegated authority to the National Association of State Boards of Accountancy (NASBA) for maintaining a national computerized CPA examination candidate database that stores information for the 55 jurisdictions on candidate's eligibility to test. The CBA qualifies candidates and provides oversight and policy/procedural direction.

The examination is written and graded by the American Institute of Certified Public Accountants (AICPA).

An information booklet for examination applicants regarding requirements to sit for the examination and the CBA's policies and procedures for exam candidates requesting accommodations for disabilities and medical considerations are included in this manual as **Appendix 4**.

2. Initial Licensing.

After passage of the examination, and fulfillment of the requisite experience, an applicant may apply for licensure. Approximately 3,600 applications are received each year and the CBA licenses approximately 3,400 individuals and 200 firms annually.

Applications are reviewed by staff, and if warranted, an employer may be asked to appear with work papers to substantiate the verification of experience (Form E) that was submitted on an applicant's behalf. This review is done by the QC. Individual applicants may also be required to appear before the QC to substantiate their experience if deemed necessary. ~~Effective January 1, 2002, applicants may obtain licensure with general experience only which requires the completion of a Form G for verification of experience.~~

An information booklet regarding licensure requirements is included in this manual as **Appendix 5**.

3. License Renewal and Continuing Competency.

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

~~Licensees are required to complete 80 hours of CE to renew licenses in active status. Licensees report their CE by listing all courses at the time of license renewal.~~

At the time of license renewal, licensees are required to submit the license renewal application (documenting 80 hours of qualifying CE), a peer review reporting form, and remit the license renewal fee. Additionally, licensees not previously fingerprinted for initial licensure or for whom the Department of Justice does not have an electronic record, must submit fingerprints for a state and federal level clearance if they are renewing in an active status.

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

Two programs are used to monitor licensees' compliance with the CE requirements – the CE Worksheet Review Process and the CE Audit Program. With the CE Worksheet Review Process, staff review all licensees self-reported CE at the time of license renewal to ensure

all CE requirements are met, while for the CE Audit Program, a licensee must submit substantiating documentation to demonstrate proof of completion for the reported CE.

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

An information booklet for licensees is included in this manual as **Appendix 6**.

O. ENFORCEMENT PROGRAM.

The CBA receives and investigates approximately 1,000 complaints each year. CBA members will routinely see three different types of enforcement action, including:

1. Default Decisions

Default decisions are presented to the CBA whenever an accusation has been filed by the Executive Officer, and the named respondent has either failed to file a Notice of Defense, or failed to appear at a scheduled administrative hearing. The former is much more common, and default decisions occur in about 20% of the matters brought before the CBA.

Documents CBA members will receive with the agenda packets:

- Accusation
- Draft default decision
- Transmittal memorandum that summarizes the causes for discipline and the CBA's costs invested in the case

Adoption of a default decision results in the revocation of the CPA's license, but **will not** result in the imposition of cost recovery.

2. Stipulated Settlements.

Stipulated settlements are presented to the CBA whenever an accusation has been filed by the Executive Officer and the parties involved on both sides agree to a draft stipulated settlement that they believe to be appropriate for CBA review and consideration. The Executive Officer, Chief of Enforcement, and Investigative CPA collaborate in preparing appropriate proposals.

Documents CBA members will receive with the agenda packets:

- Accusation
- Draft stipulated settlement
- Letter from the Deputy Attorney General that supports the settlement
- Transmittal memorandum that summarizes the causes for discipline and the CBA costs

Adoption will result in the imposition of whatever sanctions are reflected in the draft stipulated settlement. Non-adoption will result in either a revised draft stipulated settlement or the matter proceeding to administrative hearing.

CBA members are free to broadly discuss cases involving stipulated settlements with the Chief of Enforcement prior to taking action on a case. The CBA cannot unilaterally increase the discipline terms of a draft stipulated settlement, but it can provide guidance to the Chief of Enforcement regarding future settlement revisions.

Stipulated settlements occur in about 70% of the matters brought before the CBA.

3. Proposed Decisions.

Proposed decisions are presented to the CBA after a contested accusation has proceeded through an administrative hearing and the administrative law judge has prepared a proposed decision.

Documents CBA members will receive with the agenda packets:

- Accusation
- Proposed decision
- Transmittal memorandum that summarizes the findings and proposed discipline reflected in the proposed decision

CBA members may ask DCA Legal Counsel procedural questions regarding matters that involve proposed decisions; but must otherwise take their action based upon “the record,” which includes the accusation and the ALJ’s proposed decision. Furthermore, the liaison Deputy Attorney General should not be present for the CBA’s discussion of proposed decisions.

Adoption of the proposed decision will result in imposition of whatever sanctions are reflected in the proposed decision. Nonadoption would generally result in the CBA’s later review of the hearing transcript and counsel’s arguments and then the CBA making a decision after nonadopt. The CBA could also adopt a proposed decision but reduce the penalty proposed by an ALJ, or remand a case back to an ALJ for further hearing and the taking of additional evidence.

Proposed decisions occur in about 10% of the matters brought before the CBA.

Some factors to consider when regarding an ALJ’s proposed decisions are:

- a. Consider accepting an ALJ’s proposed decision where:
 - i. The decision is based upon an assessment of the credibility of the witnesses.
 - ii. The law and ethical standards are interpreted correctly.
 - iii. The CBA is simply unhappy with the result but there are no legal problems with the decision.
 - iv. The costs of proceeding are so extreme in comparison with the severity of the offense and the probability of the success for the respondent is high.
 - v. The CBA does not approve the respondent’s practices, but the prevailing standards at the time of the alleged violations did not prohibit such conduct.

- b. Consider non-adopting an ALJ's proposed decision where:
 - i. The record reflects the ALJ clearly abused his or her discretion.
 - ii. The ALJ was clearly erroneous in his or her application of the relevant standard of practice for the issues in controversy at the administrative hearing.
 - iii. The ALJ was clearly erroneous in his or her interpretation of the licensing law and/or implementing regulations.
 - iv. The ALJ failed to interpret properly and/or to apply the appropriate ethical guidelines and standards to the specific facts of the case.
 - v. The ALJ failed to understand the significance of the testimony of respondent with respect to the likelihood of future danger to the public.
 - vi. The ALJ made the correct conclusions of law and properly applied ethical standards and rules of conduct, but the penalty is substantially less than is appropriate to protect the public.

P. CBA MEMBER CONFLICT OF INTEREST IN DISCIPLINARY MATTERS.

Individual CBA members should not vote and should not be present for discussions on any disciplinary matter in which they have a conflict of interest. CBA counsel should be contacted if you have a question of whether you have a conflict of interest in a particular case.

1. Investigative Consultants.

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

2. Conflict of Interest Disclosure Statement.

In disciplinary matters the conflict of interest disclosure statement used by the Enforcement Advisory Committee members should be used as a guide for determining whether a CBA member should participate or vote in CBA deliberations. *Conflict of Interest information can be found in Section IV, beginning on page 26.*

In some instances the relationship or conflict is of such significance the member should not be present during the CBA's deliberations. In all other matters the same guidelines generally apply although the law and rules are less stringent.

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

3. Exparte Communications.

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

SECTION II.

CBA COMMITTEES AND TASK FORCES

The intent of all committees is to serve in an advisory capacity to the CBA. The Enforcement Advisory, Peer Review Oversight, Qualifications Committees, and Mobility Stakeholder Group (MSG) are statutory in nature, meaning their use is written into the Accountancy Act. All other committees are standing in nature, and may be created or dissolved at the CBA's discretion.

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

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

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

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

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

1. Enforcement Advisory Committee (EAC).

a. Purpose.

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

- Serving in a technical advisory capacity to the Executive Officer and the Enforcement Program. The EAC members may participate in investigative

hearings along with staff investigators; counsel from the Attorney General's Office and where appropriate, outside counsel.

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

b. Membership.

The EAC is comprised of up to 13 licensees.

c. Meetings/Minutes.

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

2. Peer Review Oversight Committee (PROC)

a. Purpose.

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

- Holding meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.
- Ensuring that Board-recognized peer review program providers (Provider) administer peer reviews in accordance with the standards set forth in Title 16, California Code of Regulations Section 48:
 - Conduct an annual administrative site visit.
 - Attend peer review board meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend peer review committee meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend meetings conducted for the purposes of accepting peer review reports, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Conduct reviews of peer review reports on a sample basis.

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

b. Membership.

The PROC is comprised of 7 licensees.

c. Meetings/Minutes.

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

3. Qualifications Committee (QC)

a. Purpose.

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

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

b. Membership.

The QC is comprised of 16 licensees.

c. Meetings/Minutes.

The QC meets approximately four times annually, generally for one day each meeting. An additional Section 69 review may be conducted by QC members approximately one month prior to each committee meeting for those employers not in the geographic area of the upcoming QC meeting. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

4. Mobility Stakeholder Group.

a. Purpose.

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

b. Membership.

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

c. Meetings/Minutes.

All meetings of the MSG are subject to the Bagley-Keene Open Meeting Act. The MSG chooses locations that are ADA compliant and easily accessible to the public, applicants, and licensees. The MSG will alternate its meeting locations between Northern California and Southern California to facilitate participation by the public and its licensees. The CBA also recognizes its responsibility regarding the public's concern for the judicious use of public funds when choosing meeting facilities and overnight accommodations. Minutes will be prepared from the meeting, and presented to the CBA for acceptance.

5. Other Committees.

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

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

1. Committee on Professional Conduct (CPC).

a. Purpose.

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

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

- Reviewing selected exposure drafts and developing recommendations to present to the CBA.

b. Membership.

The CPC may be comprised of up to seven CBA members.

c. Meetings/Minutes.

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

2. Enforcement Program Oversight Committee (EPOC).

a. Purpose.

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

- Reviewing and proposing revisions to the CBA's *Manual of Disciplinary Guidelines and Model Disciplinary Orders*.
- Providing oversight on enforcement goals and objectives.
- Recommending proposed legislative and/or regulatory changes related to the Enforcement Program.
- Performing an internal audit of a closed and finalized enforcement case when specific concerns are raised by the CBA in a final decision, in accordance with established guidelines **(Appendix 7)**.
- Defining the responsibilities of the CBA member liaison to the Enforcement Advisory Committee.

b. Membership.

The EPOC may be comprised of up to seven CBA members.

c. Meetings/Minutes.

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

3. Legislative Committee (LC).

a. Purpose.

To assist the CBA in its activities by:

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

b. Membership.

The LC may be comprised of up to seven CBA members.

c. Meetings/Minutes.

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

4. Strategic Planning Committee (SPC).

a. Purpose.

To assist the CBA in the development and implementation of the CBA Strategic Plan by:

- Assisting with and overseeing the development of the CBA Strategic Plan on a triennial basis.
- Reviewing progress on completing goals and objectives outlined in the CBA Strategic Plan.
- Reporting updates to the CBA on a yearly basis, on the progress of the Strategic Plan.

b. Membership.

- The SPC may be comprised of up to seven CBA members.

c. Meetings/Minutes.

- The frequency of the meetings is at least once per year, or as required by the Chair. Minutes are prepared from the meeting and presented to the CBA for acceptance.

5. Task Forces.

Under the CBA's General Authority, the CBA may create Task forces, which are temporary and terminate at a prescribed time. Task forces may be comprised of CBA members,

licensees, staff, and the general public. For a list of all current task forces, refer to the latest CBA and Committee roster. **(Appendix 3)**

6. National Committees.

The CBA encourages its members to participate in national committees, including committees of the American Institute of Certified Public Accountants (AICPA) and National Association of State Boards of Accountancy (NASBA). Members are presented with information on committee participation and an interest form each year during the March CBA meeting. **Appendix 8** includes a link to NASBA and AICPA national committees and information on participation.

SECTION III.

REPRESENTATIONS ON BEHALF OF THE CBA

A. USE OF CBA STATIONERY.

Only correspondence that is transmitted directly by the CBA office may be printed or written on CBA stationery. Any correspondence from a CBA, committee, or task force member requiring use of CBA stationery or California Board of Accountancy/Department of Consumer Affairs logo or emblem, should be transmitted to the CBA office for finalization and distribution. Any correspondence transmitted directly from a CBA, committee, or task force member must be printed or written on their personal, firm, or business stationery.

Members have the option of obtaining a CBA email account solely for the purpose of conducting CBA board-related business. Members obtaining a CBA email account are subject to the provisions identified in DCA Policy ISO 0501, regarding Acceptable Use of Information Technology Systems. A copy of the policy will be provided upon request for a CBA email account.

B. TESTIMONY BEFORE THE LEGISLATURE.

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

C. PUBLIC AND MEDIA RELATIONS.

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

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

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

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

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

D. NEWS RELEASES.

The CBA issues three categories of news releases:

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

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

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

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

E. RESPONDING TO INQUIRIES.

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

Other inquiries may be received such as:

Public Records Act — permits the CBA to withhold disclosing information during a pending investigation.

F. SPEAKING ENGAGEMENTS.

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

G. UPDATE (Reference Business and Professions Code section 5008).

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

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

|

SECTION IV.

BOARD MEMBER REQUIRED TRAINING AND FORMS

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

In addition to the required training, the Department of Consumer Affairs also requires new members to attend a Board Member Orientation session.

A. CONFLICT OF INTEREST - GENERAL GUIDELINES.

The Political Reform Act of 1974 (Proposition 9), as it governs conflicts of interest, was primarily designed to prevent persons from financially benefiting by virtue of their official position.

This act requires state agencies to adopt a Conflict of Interest Code that outlines the specific responsibilities of CBA members and employees in that agency. There are two major aspects of the Political Reform Act included in the Conflict of Interest Code: one refers to disqualification, the other to financial disclosure. CBA members have responsibilities under each of these aspects which are separately discussed.

DCA also has an on-line resource center for board members where information regarding conflict of interest can found at:

http://www.dcaboardmembers.ca.gov/member_info/conflict_interest.shtml

1. Disqualification.

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

Any CBA member who has a financial interest must disqualify himself/herself from making or attempting to use his/her official position to influence the decision. The question of whether a CBA member has a financial interest that would present a legal conflict of interest is a complex one and must be decided on a case-by-case review of the particular facts involved. For more information on disqualifying yourself due to a possible conflict of interest, please refer to the Fair Political Practice Committee's manual, located on their website. <http://www.fppc.ca.gov/index.php?id=37>

2. Financial Disclosure.

The Conflict of Interest Code also requires all CBA members to file annual financial disclosure statements. This is accomplished by submitting a Form 700 – Statement of Economic Interest (**Appendix 9**). New CBA members are required to file a disclosure statement within 30 days after assuming office; or, if subject to Senate confirmation, 30

days after being appointed or nominated. Annual financial statements must be filed not later than April 1 of each year.

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

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

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

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

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

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

- Using the prestige or influence of a state office or employment for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Using state time, facilities, equipment, or supplies for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Using confidential information acquired by virtue of state employment for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Receiving or accepting money, or any other consideration, from anyone other than the state for the performance of an act which the officer or employee would be required or expected to render in the regular course or hours of his or her state employment or as a part of his or her duties as a state officer or employee.
- Performance of an act in other than his or her capacity as a state officer or employee knowing that such an act may later be subject, directly or indirectly, to the control, inspection, review, audit, or enforcement by such officer or employee or the agency by which he or she is employed. [This, of course, would not preclude an "industry" member of a CBA or commission from performing the normal functions of his or her occupation.]

- Receiving or accepting, directly or indirectly, any gift, including money, any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from anyone who is doing or is seeking to do business of any kind with the state or whose activities are regulated or controlled in any way by the state, under circumstances from which it reasonably could be inferred that the gift was intended to influence him or her in his or her official duties or was intended as a reward for any official action on his or her part.
- The aforementioned limitations do not attempt to specify every possible limitation on employee activity that might be determined and prescribed under the authority of Section 19990 of the Government Code. DCA's Incompatible Work Activities Policy and Procedure OHR 10-01 is included in **Appendix 10**. This policy acknowledgement is required when a member is initially appointed.

B. ETHICS TRAINING REQUIREMENT

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

C. SEXUAL HARASSMENT PREVENTION TRAINING

In accordance with the DCA Sexual Harassment Prevention (SHP) Policy (EEO 12-01), **(Appendix 11)** and to ensure compliance with Assembly Bill (AB) 1825 (Reyes, Chapter 933, Statutes of 2004), all DCA employees are required to receive biennial Sexual Harassment Prevention training. The training is mandatory for Rank and File Employees, Temporary Employees (Retired Annuitants, Proctors, Seasonal Employees, and Student Assistants), Managers, Supervisors, Board, Committee Members, and Commission Members. The SHP training titled *Preventing Harassment and Other EEO Issues at Work: It's All About Respect (AB 1825 Compliance)* offers real life scenarios and interactive question and answer segments. DCA requires that all employees complete Sexual Harassment Prevention Training is required within six months of appointment and every two (2) years in every odd calendar year. Training is offered via webinars or in a classroom.

D. DEFENSIVE DRIVERS TRAINING REQUIREMENT

Pursuant to the State Administrative Manual, all State employees, which includes board and committee members, who drive a vehicle on official state business must complete the Department of General Services approved Defensive Driver Training (DDT) within the first six months of their appointment and every four years thereafter. Defensive Driver Training information may be found at:
<http://www.dgs.ca.gov/orim/Programs/DDTOnlineTraining.aspx>

E. BOARD MEMBER ORIENTATION TRAINING

Newly appointed and reappointed members are required to attend a Board Member Orientation session within one year of assuming office. The orientation covers the information member previously mentioned regarding required training, in addition to covering other topics that will ensure a members success, including an overview of DCA, the Bagley-Keene Open Meetings Act, the Discipline Process, and the Administrative Procedure Act. This training is in addition to a CBA specific orientation provided by CBA staff.

DCA also maintains a website which serves as a resource center for board members. The website link is provided in **Appendix 12**.

SECTION V.

EXPENSE REIMBURSEMENT

A. PER DIEM AND TRAVEL.

1. Board Member Travel

CBA staff is always available to assist members with any CBA-related travel arrangements including ~~flight~~ air or train transportation, car rental, and any lodging that is not associated with a board/committee meeting room block, or rental car needs. If a CBA member chooses to coordinate their own ~~flight~~ travel arrangements, they should use ~~www.SWABIZ.com~~ CalTravelStore's online portal www.concur.com to book their travel. ~~flight.~~ Travelers not currently utilizing SWABIZ will need to establish a traveler account. The steps for creating a traveler account are included in Appendix 13. (Corporate ID: 99039695, IRN: 57448). Member's Concur accounts will be setup by CBA staff using the member's personal email address and "accountancy" as the a temporary password, which will be sent to you via email by the CBA board relations analyst. Prior to travel, members will need to update the temporary password and add any applicable information, including rewards/frequent flyer traveler information and TSA Pre ✓ Known Traveler Number.

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

~~Occasionally a CBA member may need to rent a car. The State of California has a contract with Enterprise Rental Company for all car rental needs. CBA members may contact staff, or utilize the DCA established web link when reserving vehicles:~~

~~<http://www.enterprise.com/car-rental/deeplinkmap.do?bid=002&cust=DBCA181>
(A justification may be necessary in the event car rental is needed, which CBA staff will prepare).~~

CBA members are also encouraged to utilize the most economic source of transportation available. For example, if there is a shuttle from the airport to the hotel available, it is not fiscally responsible to rent a car or take a taxi.

2. Lodging for Board/Committee Meeting.

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

3. Reimbursement for Travel and Per Diem expenses.

All new CBA members are provided with an electronic copy of the Per Diem and Travel Expense Worksheet when they are appointed. A paper copy is also available at all

meetings. **(Appendix 13)**. Please complete the worksheet, and return it to the CBA office as soon as possible following the CBA meeting. Staff cannot process your Per Diem and travel expense claim without it. A few key notes regarding the completion of the form:

- The form is actually two forms in one. The top section authorizes the payment of Per Diem of \$100 per day; the bottom section is where CBA members claim expenses for reimbursement.
- Please make sure to complete the time section of the Travel Expense Claim. Breakfast, lunch, dinner, and incidental payments all correspond to the time the traveler left and arrived at travel headquarters.
- In order to complete your travel expense claim, you must submit the original copy of all receipts, with the exception of meals. This includes a copy of your airline itinerary and hotel receipt. Please make sure that the hotel receipt you submit has a zero balance. DCA will NOT pay any receipts that show a balance due.
- When requesting reimbursement for personal vehicle mileage, you must include where the trip originated from, where it ended, and the license plate number of the vehicle. For example, enter From: Home, 123 Green Street, Sacramento, CA 95815 To: CBA Office, 2000 Evergreen St., Sacramento, CA 95815.

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

The Department of Consumer Affairs has compiled a guide to assist in interpreting the various policies, which is what CBA staff use when processing travel expense claims. The DCA Travel Guide is provided as **Appendix 14**.

SECTION VI.

COMMONLY USED ACRONYMS

| | |
|-----------|--|
| AAA | American Accounting Association |
| AB | Assembly Bill |
| AEO | Assistant Executive Officer |
| AG | Attorney General |
| AICPA | American Institute of Certified Public Accountants |
| ALD | Accountancy License Database |
| ALJ | Administrative Law Judge |
| APA | Administrative Procedure Act |
| BCSHA | Business, Consumer Services, and Housing Agency |
| BPC | Business and Professions Code |
| BreEZe | DCA's New Automated On-Line Licensing System |
| CA | Chartered Accountant |
| CAC | Compliance Assurance Committee (NASBA) |
| CalCPA | California Society of Certified Public Accountants |
| CalHR | California Department of Human Resources (Formerly State Personnel Board and Department of Personnel Administration) |
| CBA | California Board of Accountancy |
| CBT | Computer Based Testing |
| CCR | California Code of Regulations |
| CE | Continuing Education |
| CFE | Certified Fraud Examiner |
| CLEP | College Level Examination Program |
| CMA | Certified Management Accountant |
| CORI | Criminal Offender Record Information |
| CPA | Certified Public Accountant |
| CPAVerify | Centralized database of licensing professionals from participating jurisdictions |
| CPC | Committee on Professional Conduct |
| CPE | Continuing Professional Education |
| CPIL | Center for Public Interest Law |
| CSEA | California Society of Enrolled Agents |
| CTEC | California Tax Education Council |
| DA | District Attorney |
| DAG | Deputy Attorney General |
| DCA | Department of Consumer Affairs |
| DGS | Department of General Services |
| DOF | Department of Finance |
| DOI | Division of Investigation |
| EA | Enrolled Agent |
| EAC | Enforcement Advisory Committee |
| EO | Executive Officer |
| EPOC | Enforcement Program Oversight Committee |
| FAF | Financial Accounting Foundation |
| FASB | Financial Accounting Standards Board |
| FTB | Franchise Tax Board |
| GAAP | Generally Accepted Accounting Principles |

| | |
|-------|---|
| GAAS | Generally Accepted Accounting Standards |
| GAGAS | Generally Accepted Government Accounting Standards |
| GAO | Government Accounting Office |
| GASB | Governmental Accounting Standards Board |
| IASB | International Accounting Standards Board |
| ICPA | Investigative Certified Public Accountant |
| iExam | International Delivery of the Uniform CPA Exam |
| IFRS | International Financial Reporting Standards |
| IH | Investigative Hearing |
| IRS | Internal Revenue Service |
| LC | Legislative Committee |
| MOU | Memorandum of Understanding |
| MSG | Mobility Stakeholder Group |
| NASBA | National Association of State Boards of Accountancy |
| NPRC | National Peer Review Committee (AICPA) |
| OAHA | Office of Administrative Hearings |
| OAL | Office of Administrative Law |
| PA | Public Accountant |
| PCAOB | Public Company Accounting Oversight Board |
| PROC | Peer Review Oversight Committee |
| QC | Qualifications Committee |
| RAB | Report Acceptance Body (CalCPA) |
| SAS | Statement on Auditing Standards |
| SB | Senate Bill |
| SCA | Society of California Accountants |
| SCO | State Controller's Office |
| SEC | Securities and Exchange Commission |
| SSAEs | Statements on Standards for Attestation Engagements |
| SSARS | Statement on Standards for Accounting and Review Services |
| TEC | Travel Expense Claim |

SECTION VII.

RESOURCE LIST

| | |
|-------------|--|
| APPENDIX 1 | CBA Strategic Plan http://www.dca.ca.gov/cba/publications/stratpln2013-2015.pdf |
| APPENDIX 2 | DCA guide to the Bagley Keene Open Meeting Act http://www.dca.ca.gov/publications/bagleykeene_meetingact.pdf |
| APPENDIX 3 | CBA and Committee Roster http://www.dca.ca.gov/cba/board_info/commitroster.pdf |
| APPENDIX 4 | Uniform CPA Examination Handbook http://www.dca.ca.gov/cba/publications/exambook.pdf |
| APPENDIX 5 | CPA Licensing Applicant Handbook http://www.dca.ca.gov/cba/publications/applbook.pdf |
| APPENDIX 6 | CPA License Renewal Handbook http://www.dca.ca.gov/cba/publications/applbook.pdf |
| APPENDIX 7 | Guidelines for Performing an Internal Audit of a Closed and Finalized Enforcement Case (Attachment) |
| APPENDIX 8 | NASBA and AICPA National Committees: http://www.nasba.org/mc/committees/ https://volunteers.aicpa.org/ |
| APPENDIX 9 | Form 700 – Statement of Economic Interests http://www.fppc.ca.gov/forms/700-13-14/Form700-13-14.pdf |
| APPENDIX 10 | DCA’s Incompatible Work Activities Policy and Procedure OHR 10-01 (Attachment) |
| APPENDIX 11 | DCA’s Sexual Harassment Prevention Policy EEO 12-01 (Attachment) |
| APPENDIX 12 | DCA’s Board Member Resource Center http://www.dcaboardmembers.ca.gov/index.shtml |
| APPENDIX 13 | Swabiz Information , Per Diem and Travel Expense Worksheet with Travel Reimbursement Guidelines (Attachment) |
| APPENDIX 14 | DCA Travel Guide (Attachment) |

**DEPARTMENT OF CONSUMER AFFAIRS**

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
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CBA Item IV.D.
January 22, 2015

Update on the CBA 2013-2015 Communications and Outreach Plan

Presented by: Lauren Hersh, Information & Planning Manager

Date: January 7, 2015

Purpose of the Item

The purpose of this agenda item is to keep the California Board of Accountancy (CBA) informed of communications and outreach efforts and activities.

Action(s) Needed

No specific action is required on this item.

Background

As requested by the CBA, staff is providing regular updates regarding the communications and outreach activities which have taken place since the last CBA meeting.

Comments

Outreach

Staff is planning for an outreach event in conjunction with the California Society of CPAs at the University of California, Berkeley this spring. The CBA has also been invited to present at the University of California, San Diego, possibly in September 2015 if the CBA meeting is held in San Diego at that time.

Social Media

Five CBA tweets were recognized in November by California Government Tweets as being among the most successful by a California government agency by virtue of link visits, re-tweets and engagement. One of the tweets "*FASB Weighs Delaying New Revenue Rule*" that linked to a CFO.com article on the subject ranked fifth on November 18, one of the highest rankings the CBA has received since launching its Twitter account. The tweet congratulating the new CBA officers immediately after the election was also recognized, ranking as the 31st most engaging tweet on November 25. The CBA currently has 2,880 Facebook fans, 1,560 Twitter followers and 914 LinkedIn connections. On Pinterest, the CBA maintains five boards, has 351 pins and 95 followers.

Update on the CBA 2013-2015 Communications and Outreach Plan

Page 2 of 2

Press Releases

The chart below illustrates the number of press advisories, topical news releases and enforcement press releases issued in 2012, 2013, and to date for 2014. News releases and press advisories are now being shared via social media as well as through traditional distribution methods. In addition to reaching reporters who follow us on Twitter, social media distribution provides the public with another opportunity to access information directly from the CBA.

| Press Releases | 2012 | 2013 | 2014 |
|--|-------------|-------------|-------------|
| Press advisories & topical news releases | 19 | 19 | 22 |
| Enforcement press releases | 35 | 56 | 38 |
| Total | 54 | 75 | 60 |

E-News

E-News subscriptions have increased by 98 since the last report. The table below indicates the number of subscribers by areas of interest, with many subscribers choosing more than one area of interest. New subscriptions to UPDATE and Statutory/Regulatory information account for about half of the new subscriptions.

| List Name | External | Internal | Total |
|-------------------------------------|-----------------|-----------------|---------------|
| California Licensee | 9,546 | 58 | 9,614 |
| Consumer Interest | 4,411 | 61 | 4,483 |
| Examination Applicant | 2,880 | 47 | 2,930 |
| Licensing Applicant | 3,518 | 51 | 3,573 |
| Out-of-State Licensee | 2,310 | 51 | 2,371 |
| Statutory and Regulatory | 7,677 | 67 | 7,755 |
| CBA Meeting Info & Agenda Materials | 3,576 | 49 | 3,648 |
| UPDATE Publication | 7,241 | 29 | 7,296 |
| Total subscriptions | 41,159 | 413 | 41,572 |

Publications

The Winter 2015 edition of UPDATE is in production. Topics include: New Leadership, Sunset Review, mobility law, the updated Consumer Assistance Booklet, and tips on keeping clients' information secure during tax season. The Winter edition is scheduled to be mailed out in mid-February.

Fiscal/Economic Impact Considerations

None.

Recommendation

None.

**California Board of Accountancy
Report on Licensing Division Activity
As of November 30, 2014**

Licensee Population

| Type of License | As of June 30, 2013 | As of June 30, 2014 | As of Nov. 30, 2014 |
|------------------------|--------------------------------|--------------------------------|--------------------------------|
| CPA | 87,015 | 90,912 | 91,581 |
| PA | 105 | 85 | 82 |
| Partnership | 1,431 | 1,460 | 1,476 |
| Corporation | 3,835 | 3,995 | 4,064 |

Contact with CBA Stakeholders

| Telephone Calls Received | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|---|-------------------|-------------------|-------------------|
| Examination Unit | 22,610 | 18,815 | 8,932 |
| Initial Licensing Unit | 24,006 | 27,889 | 9,827 |
| License Renewal and Continuing Competency Unit | 20,958 | 25,172 | 11,798 |
| Practice Privilege Unit | 921 | 663 | 174 |

| Emails Received | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|---|-------------------|-------------------|-------------------|
| Examination Unit | 11,551 | 10,867 | 5,260 |
| Initial Licensing Unit | 9,670 | 14,098 | 5,670 |
| License Renewal and Continuing Competency Unit | 9,601 | 14,488 | 7,568 |
| Practice Privilege Unit | 583 | 381 | 122 |

Examination Unit

- The Examination Unit recently hired one Retired Annuitant Staff Services Analyst and is presently recruiting to fill one Permanent Intermittent Office Technician position.
- On November 6, 2014, staff performed CPA Examination site visits of two Prometric testing centers in San Francisco.

**California Board of Accountancy
Report on Licensing Division Activity
As of November 30, 2014**

| CPA Examination Applications | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|-------------------------------------|-------------------|-------------------|-------------------|
| First-Time Sitter | | | |
| Total Received | 7,175 | 6,661 | 2,731 |
| Total Processed | 7,462 | 6,720 | 3,623 |
| Average Days to Process | 25 | 20 | 28 |
| Repeat Sitter | | | |
| Total Received | 18,584 | 17,044 | 6,618 |
| Total Processed | 18,685 | 17,455 | 6,416 |
| Average Days to Process | 8 | 6 | 11 |

| CPA Examination Special Requests | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|--|-------------------|-------------------|-------------------|
| Conditional Credit and Notice to Schedule Extensions* | | | |
| Total Received | 114 | 173 | 75 |
| Total Completed | 104 | 176 | 60 |
| Average Days to Process | 16 | 18 | 24 |
| Educational Qualification Appeals** | | | |
| Total Received | 40 | 50 | 9 |
| Total Completed | 37 | 52 | 9 |
| Average Days to Process | 20 | 22 | 12 |
| Special Accommodation Requests** | | | |
| Total Received | 69 | 172 | 83 |
| Total Completed | 69 | 178 | 80 |
| Average Days to Process | 8 | 12 | 21 |

* These statistics were not tracked prior to January 1, 2013.

** These statistics were not tracked prior to April 1, 2013.

**California Board of Accountancy
Report on Licensing Division Activity
As of November 30, 2014**

| New Educational Requirements Advisory Reviews | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|--|-------------------|-------------------|-------------------|
| Total Reviews Completed | - | 445 | 1,031 |
| Met All Requirements | - | 166 | 586 |
| Deficient 150 Only | - | 59 | 116 |
| Deficient Ethics Only | - | 51 | 68 |
| Other Combination of Deficiencies | | 169 | 149 |
| Approved Masters Degree | - | 6 | 65 |
| Average Days to Process* | - | 26 | 63 |

* Number of days from exam approval to issuance of new educational requirements review status letter.

Initial Licensing Unit

- The Initial Licensing Unit (ILU) is presently recruiting to fill one Associate Governmental Program Analyst (AGPA) position.
- The ILU welcomed Ben Simcox, CPA, as a new AGPA, ILU Coordinator on December 15, 2014.
- On November 6, 2014, the Licensing Chief attended an outreach engagement at the University of San Francisco to provide information and answer questions regarding CPA examination and licensure requirements.

| Individual License Applications | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|--|-------------------|-------------------|-------------------|
| Certified Public Accountant | | | |
| Total Received | 3,654 | 4,600 | 1,206 |
| Total Processed | 3,474 | 4,906 | 1,020 |
| Average Days to Process | 25 | 24 | 16 |
| Method of Licensure | | | |
| Pathway 0 | 4 | 0 | 0 |
| Pathway 1 – attest | 416 | 522 | 78 |
| Pathway 1 – general | 543 | 824 | 110 |
| Pathway 2 – attest | 756 | 928 | 154 |

**California Board of Accountancy
Report on Licensing Division Activity
As of November 30, 2014**

| | | | |
|----------------------------|-------|-------|-----|
| Pathway 2 – general | 1,755 | 2,560 | 413 |
| New Requirements – attest | n/a | 17 | 61 |
| New Requirements – general | n/a | 55 | 204 |

| Certification Requests | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|-------------------------------|-------------------|-------------------|-------------------|
| Total Received | 1,073 | 1,039 | 461 |
| Total Processed | 1,073 | 972 | 458 |
| Average Days to Process | 20 | 22 | 24 |

| Firm License Applications | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|----------------------------------|-------------------|-------------------|-------------------|
| Corporation | | | |
| Total Received | 221 | 210 | 94 |
| Total Processed | 174 | 200 | 75 |
| Average Days to Process | 14 | 17 | 14 |
| Partnership | | | |
| Total Received | 89 | 91 | 27 |
| Total Processed | 70 | 92 | 34 |
| Average Days to Process | 14 | 17 | 14 |
| Fictitious Name Permit | | | |
| Total Received | 169 | 183 | 59 |
| Total Processed | 105 | 139 | 36 |
| Average Days to Process | 14 | 17 | 14 |

License Renewal and Continuing Competency Unit

- The License Renewal and Continuing Competency (RCC) Unit has approved two regulatory review courses bringing the total number of Board-approved courses to 23 with one provider electing not to renew its course.
- The RCC Unit recently filled a full-time Office Technician position and is presently recruiting to fill one Retired Annuitant Staff Services Analyst position.

**California Board of Accountancy
Report on Licensing Division Activity
As of November 30, 2014**

| License Renewal | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|---------------------------------------|-------------------|----------------------------------|----------------------------------|
| Total Licenses Renewed | | | |
| Certified Public Accountant | 38,334 | 39,164 | 16,872 |
| Public Accountant | 25 | 12 | 7 |
| Corporation | 1,560 | 1,526 | 549 |
| Partnership | 579 | 572 | 172 |
| License Renewal Verification | | | |
| CPA/PA Applications Reviewed | 36,927 | 39,605 | 12,294 |
| Deficient Applications Identified | 4,064 | 5,659 | 3,704 |
| Compliance Responses Received | 3,453 | 4,128 | 3,137 |
| Outstanding Deficiencies | 558 | 1,510 | 1,522 |
| Top Three Renewal Deficiencies | | | |
| 1: | -- | Peer Review Form ¹ | Peer Review Form ¹ |
| 2: | -- | Renewal Application ² | Renewal Application ² |
| 3: | -- | Ethics CE ³ | Ethics CE ³ |
| CE Audits | | | |
| Licensees Selected for Audit | 30 | 855 | 450 |
| Outstanding Audits | 0 | 484 | 143 |
| Compliance Letters Sent | 30 | 374 | 788 |
| Enforcement Referrals* | 53 | 582 | 378 |

-- Previously, license renewal applications that were identified as deficient due to more than one reason were categorized and reported as a "multiple" deficiency. Beginning January 1, 2014 this category was expanded to provide a more accurate accounting of each deficiency type identified.

1 – Failure to submit/incomplete/filed on behalf of firm – peer review reporting form.

2 – Failure to submit/incomplete license renewal application.

3 – Failure to complete four hours of ethics continuing education.

* Enforcement Referrals include license renewal-related deficiencies such as CE, fingerprints, and peer review.

**California Board of Accountancy
Report on Licensing Division Activity
As of November 30, 2014**

| Retired Status | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|---|-------------------|-------------------|-------------------|
| Applications Received | -- | -- | 386 |
| Applications Failing to Meet Minimum Qualifications | -- | -- | 8 |
| Applications Pending Review | -- | -- | 33 |
| Applications Approved | -- | -- | 345 |

Practice Privilege Unit

| Practice Privilege | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|---|-------------------|-------------------|-------------------|
| Out-of-State Accounting Firm Registrations | | | |
| Approved | -- | 209 | 61 |
| Pending Review | -- | 0 | 2 |
| Pending Correction of Deficiencies | -- | 5 | 2 |
| Enforcement Referrals | -- | 11 | 1 |

**California Board of Accountancy
Enforcement Activity Report**

Report as of November 30, 2014

CBA Item VI.A.
January 22, 2015

Complaints

| Complaints/Records of Convictions | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|---|-------------------|-------------------|-------------------|
| Received | 3,271 | 3,255 | 1,144 |
| <i>Internal – Peer Review (Failure to Respond)</i> | <i>1,800</i> | <i>1,481</i> | <i>0</i> |
| <i>Internal – Peer Review (Other)*</i> | <i>508</i> | <i>411</i> | <i>214</i> |
| <i>Internal – All Other</i> | <i>510</i> | <i>969</i> | <i>731</i> |
| <i>External</i> | <i>453</i> | <i>394</i> | <i>199</i> |
| Assigned for Investigation | 2,951 | 2,969 | 804 |
| Closed – No Action | 329 | 289 | 341 |
| Average Days from Intake to Closure or Assignment for Investigation | 3 | 4 | 3 |
| Pending | 3 | 0 | 0 |
| Average Age of Pending Complaints (days) | 3 | 0 | 0 |

* Peer Review (Other) internal complaints typically include investigation of failed peer review reports, failure to comply with peer review citations, filing an incorrect Peer Review Reporting Form, or renewing a license without undergoing a peer review when a peer review is required.

Comments

- The California Board of Accountancy (CBA) received nearly 200 additional complaints since the last reporting period.
- The majority of the complaints received are from internal units within the CBA. The top three reasons that comprise the internal complaints continue to be conviction of a crime, peer review (failing to submit the Peer Review Reporting (PR-1) form and/or discrepancies between the licensees' responses on the PR-1 form and accounting and auditing continuing education question on the license renewal application), and various continuing education deficiencies.
- This fiscal year, the CBA received 199 external complaints, which is comparable to the same period last year. These complaints are received from various sources such as the public, anonymous persons, societies/trade organizations, licensees, and other government agencies. The top reasons that comprise external complaints are unlicensed practice and peer review.
- The number cases closed with no action taken has risen from approximately eight percent in the last fiscal year to 29 percent to date this fiscal year. The rise is attributed to the high number of Criminal Offender Record Information cases resulting from the implementation of mandatory fingerprinting that are ultimately closed.

California Board of Accountancy Enforcement Activity Report

Report as of November 30, 2014

Investigations

| Investigations | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|--|------------|------------|------------|
| Assigned | 2,951 | 2,969 | 804 |
| <i>Internal – Peer Review (Failure to Respond)</i> | 1,794 | 1,481 | 0 |
| <i>Internal – Peer Review (Other)</i> | 437 | 407 | 214 |
| <i>Internal – All Other</i> | 361 | 740 | 420 |
| <i>External</i> | 359 | 341 | 170 |
| Closed | 2,872 | 2,669 | 750 |
| Average Days to Close | 73 | 74 | 144 |
| Total Investigations Pending | 518 | 825 | 884 |
| <i>< 18 Months</i> | 500 | 774 | 806 |
| <i>18-24 Months</i> | 17 | 42 | 67 |
| <i>> 24 Months</i> | 1 | 9 | 11 |
| Average Age of Open Cases (days) | 166 | 202 | 223 |
| Median Age of Open Cases (days) | 104 | 153 | 173 |

Chart A pie graph on Page 9 illustrates the percentage of open cases by length of time.

Comments

- The CBA closed 153 investigations and the average days to close investigations decreased from 150 to 144 since the previous report. The CBA is consistently closing investigations while experiencing an increase in workload.
- The CBA presently has 11 investigations that have been pending over 24 months. These cases are the most complex investigations requiring additional time to resolve. The status of the investigations are as follows:
 - Three investigations are on-going.
 - Two investigations are pending Investigative Hearings set for January 29, 2015.
 - An Investigative Hearing was conducted on December 11, 2014, and the case will be referred to the Attorney General (AG) once the report is finalized.
 - Five investigations have reports in process and will be referred to the AG.

California Board of Accountancy Enforcement Activity Report

Report as of November 30, 2014

Discipline

| Attorney General Referrals | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|---|------------|------------|------------|
| Referrals | 62 | 74 | 44 |
| Accusations Filed | 50 | 34 | 15 |
| Statements of Issues Filed | 3 | 8 | 6 |
| Petitions for Revocation of Probation Filed | 3 | 2 | 0 |
| Closed | 58 | 31 | 35 |
| <i>Via Stipulated Settlement</i> | 39 | 21 | 31 |
| <i>Via Proposed Decision</i> | 5 | 4 | 0 |
| <i>Via Default Decision</i> | 14 | 6 | 4 |
| Discipline Pending | 57 | 95 | 109 |
| <i>< 18 Months</i> | 52 | 82 | 95 |
| <i>18-24 Months</i> | 2 | 10 | 9 |
| <i>> 24 Months</i> | 3 | 3 | 5 |

Chart B pie graph on Page 9 illustrates the percentage of cases pending at the AG Office by length of time.

Comments

- There are five cases pending at the AG's Office for more than 24 months. The current status of the cases, which includes four carried over from the last report, are as follows:
 - A writ was filed with the California Superior Court in August 2012 following adoption of a proposed decision and denial of a Petition for Reconsideration in July 2012. A Superior Court hearing was held in June 2013 and the Court issued a tentative decision in September 2013; however, additional testimony was taken on February 27, 2014 and arguments were heard on March 27, 2014. A decision was issued on August 28, 2014 denying the writ of mandate. The stay previously issued was dissolved and the CBA's decision revoking the Petitioner's license became effective. However, the Petitioner immediately filed a Notice of Appeal with the Appellate Court seeking a stay of the decision. A hearing regarding a motion requesting a trial took place on December 12, 2014.
 - The matter was heard by an Administrative Law Judge (ALJ) and the proposed decision was non-adopted by the CBA. This matter was deliberated at the November 20-21, 2014 CBA meeting. The decision was signed by the CBA Vice-President in December 2014 and will be effective January 18, 2015.

California Board of Accountancy Enforcement Activity Report

Report as of November 30, 2014

- Two cases are scheduled for a hearing with the Office of Administrative Hearings (OAH) on January 7, 2015 and February 26, 2015, respectively.
- An OAH hearing was held in September 2014 and the matter was held open by the ALJ until October 2014 to allow the Respondent to submit mitigating evidence. The CBA is waiting for the Proposed Decision from the ALJ.

California Board of Accountancy Enforcement Activity Report

Report as of November 30, 2014

Citations and Fines

| Citations | FY 2012/13 | FY 2013/14 | FY 2014/15 |
|--|------------------------------------|----------------------------------|----------------------------------|
| Total Citations Issued | 1,883 | 1,522 | 115 |
| Total Fines Assessed | \$532,400 | \$399,020 | \$37,900 |
| Peer Review (Failure to Respond) | 1,800 | 1,481 | 0 |
| <i>Peer Review Fines Assessed</i> | <i>\$450,000</i> | <i>\$370,250</i> | <i>\$0</i> |
| Other Citations | 83 | 41 | 115 |
| <i>Other Fines Assessed</i> | <i>\$82,400</i> | <i>\$28,770</i> | <i>\$37,900</i> |
| Other Fines Average | \$993 | \$702 | \$330 |
| Average number of days from receipt of a complaint to issuance of a citation | 67 | 33 | 135 |
| Top 3 Violations Resulting in Citation | | | |
| 1: | Response to CBA Inquiry (Reg 52) | Response to CBA Inquiry (Reg 52) | CE Basic Requirements (Reg 87) |
| 2: | CE Basic Requirements (Reg 87) | CE Basic Requirements (Reg 87) | Name of Firm (BPC 5060) |
| 3: | Practice Without Permit (BPC 5050) | Name of Firm (BPC 5060) | Response to CBA Inquiry (Reg 52) |

Comments

- As noted in previous reports, the current year average for number of days to issue a citation is higher than the two previous fiscal years due to the high volume and efficiency with which Peer Review (Failure to Respond) citations were issued.
- The Other Fines Average amount of \$330 is lower than the two previous fiscal years. The fine amount assessed varies from \$100 to \$5,000 and is determined on a case-by-case basis. Factors that may increase or decrease the fine amount include aggravating or mitigating circumstances, and length of time the violation existed.

California Board of Accountancy Enforcement Activity Report

Report as of November 30, 2014

Probation Monitoring

| Monitoring Activities | |
|--|----|
| Number of Licensees on Probation as of Last Report | 74 |
| New Probationers | 9 |
| Total Number of Probationers | 83 |
| Out-of-State Probationers | 5 |
| Probation Orientations Held | 2 |

- Upon completion of the disciplinary process, matters are referred to a CBA Probation Monitor for tracking and compliance with the terms of probation. The last probation meetings were held in conjunction with the Enforcement Advisory Committee (EAC) meeting on December 10, 2014.
- Additional probation orientations are in the process of being scheduled in conjunction with the January 29, 2015 EAC meeting.
- In 2015, staff will provide the CBA with an educational presentation on probation monitoring activities.

California Board of Accountancy Enforcement Activity Report

Report as of November 30, 2014

Criminal Offender Record Information (CORI)

| CORI Fingerprints | FY 2014/15 |
|------------------------------|-------------------|
| Notification Letters Sent | 8,219 |
| CORI Compliances Received | 4,991 |
| Non-Compliance Notifications | 128 |

| CORI Enforcement Cases | FY 2014/15 |
|--|-------------------|
| Received | 216 |
| Assigned for Investigation | 29 |
| Closed – No Action | 180 |
| Non-Compliance Citation and Fines Issued | 7 |

Comments

- Effective January 1, 2014, all licensees renewing their license in active status are required to have fingerprints on file for the purpose of conducting a state and federal criminal offender record information background check.

California Board of Accountancy Enforcement Activity Report

Report as of November 30, 2014

Mobility

| Enforcement Aspects of Mobility | FY 2013/14 | FY 2014/15 |
|---|------------|------------|
| Pre-Notification Forms Received | 15 | 2 |
| Cessation Event Forms Received | 0 | 0 |
| SEC Discipline Identified | 37 | 12 |
| PCAOB Discipline Identified | 11 | 4 |
| Out-of-State Accounting Firm Registrants That Reported Other Discipline | 10 | 1 |
| Complaints Against Practice Privilege Holders | 2 | 7 |

Effective July 1, 2013, the CBA implemented a no notice, no fee practice privilege model in California. This table depicts the enforcement aspects of mobility, including the receipt and investigation of Practice Privilege Pre-Notification Forms and Notification of Cessation Event Forms.

Comments

- Staff sent letters to all CPAs who were disciplined from either the Securities and Exchange Commission or the Public Company Accounting Oversight Board to inform them that they must seek CBA authorization prior to practicing in California.

Division Highlights and Future Considerations

- Six new Investigative CPAs were hired and began working in the months of November and December 2014. It is anticipated that one additional new Investigative CPA will be hired and begin working by December 31, 2014. All of these are new positions created through approval from the legislature. Of the seven new Investigative CPAs, three will be working in the Sacramento office and four will be working in remote locations. All of the new Investigative CPAs went through a week long training session at the CBA office.
- Dominic Franzella was named Chief of Enforcement effective December 15, 2014.
- Rafael Ixta retired from his position as Chief of Enforcement effective December 18, 2014.

California Board of Accountancy Enforcement Activity Report

Report as of November 30, 2014

Chart A – Open Investigations as of November 30, 2014

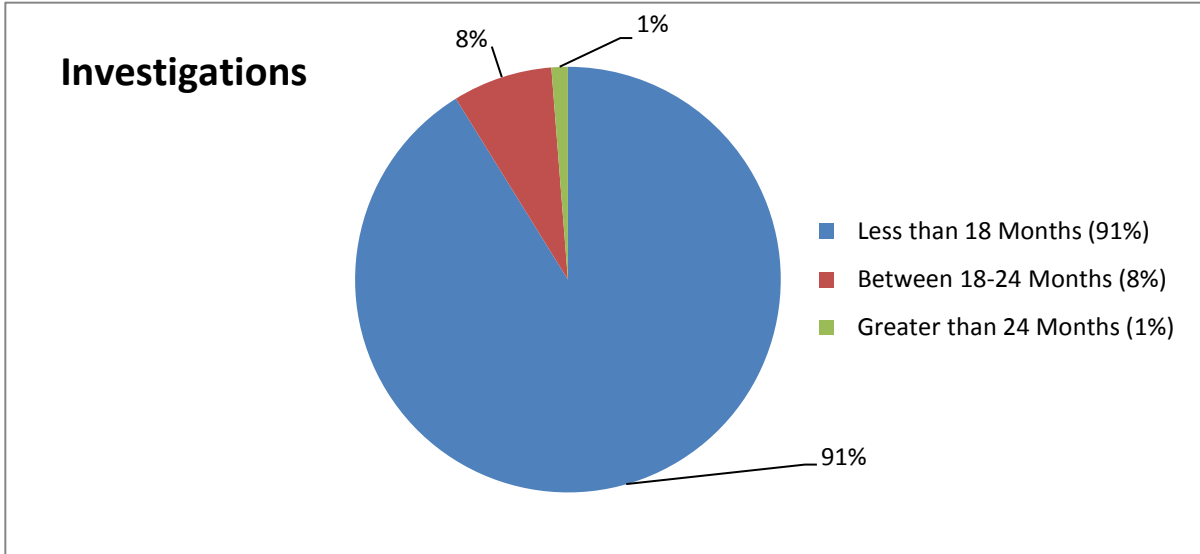
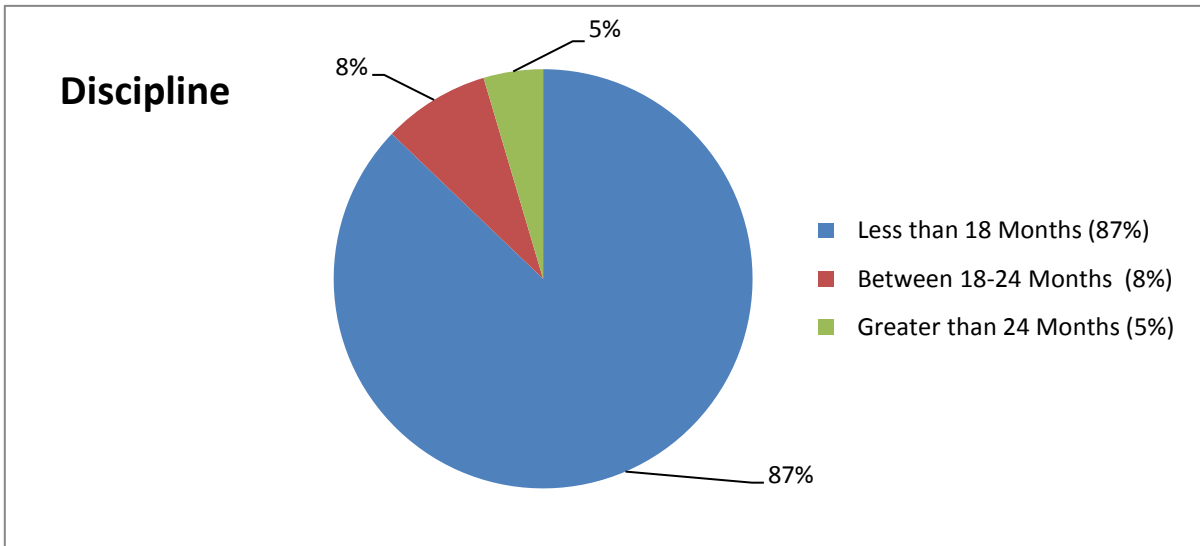


Chart B – Discipline Pending at the Attorney General Office as of November 30, 2014





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.cba.ca.gov>



CBA Item VIII.A.
January 22, 2015

Regulation Hearing Regarding Title 16, California Code of Regulations (CCR)
Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA
Licensure

Presented by: Pat Billingsley, Regulatory Analyst
Date: December 23, 2014

Purpose of the Item

The purpose of this agenda item is to provide information from the rulemaking file for the use of the California Board of Accountancy (CBA) during its regulatory hearing.

Action(s) Needed

No specific action is required on this agenda item.

Background

Effective January 1, 2015, Senate Bill (SB) 1467 (Chapter 400, Statutes of 2014) authorizes the CBA, by regulation, to allow experience in academia to qualify as general accounting experience for certified public accountant (CPA) licensure.

At its May 2014 meeting, the CBA directed staff to move forward with the rulemaking process to amend Title 16, California Code of Regulations, CBA Regulations section 12, and adopt section 12.1. This proposal would define the requirements to allow applicants to use experience in academia to qualify as general accounting experience for CPA licensure.

The Notice of Proposed Action was filed with the Office of Administrative Law (OAL) on November 25, 2014 and published on December 5, 2014, thus initiating the required 45-day public comment period. January 19, 2015 marks the end of the public comment period, and on January 22, 2015, during the CBA meeting, a public hearing will be conducted on the proposed action.

Comments

The following attachments will aid in your preparation for the hearing:

- Notice of Proposed Action (**Attachment 1**)
- Proposed Regulatory Language (**Attachment 2**)
- Initial Statement of Reasons (**Attachment 3**)

During the public hearing the CBA may hear oral testimony and receive written comments. If any changes are made as a result of these comments, a 15-day Notice of Modified Text will be required. As of the date of this memo, staff has received two

**Regulation Hearing Regarding Title 16, California Code of Regulations (CCR)
Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA
Licensure**

Page 2 of 2

public comments in relation to this regulatory package. (**Attachment 4**). Any comments received after the CBA mail out will be supplied to the CBA at the meeting. The CBA can discuss the comments and may act to adopt the proposed regulations under CBA Agenda Item VIII.B. Prior to submitting the final regulation package to OAL, staff will draft responses to the comments and prepare the Final Statement of Reasons for distribution to all persons who provided comments.

After the Notice of Proposed Action was filed the hearing was rescheduled to January 22, 2015 at 9:00 am. (**Attachment 5**)

Recommendation

None.

Attachments

1. Notice of Proposed Action
2. Proposed Regulatory Language
3. Initial Statement of Reasons
4. Public Comments
5. Notice of Regulatory Hearing Date Change

TITLE 16. Division 1. California Board of Accountancy

NOTICE IS HEREBY GIVEN that the California Board of Accountancy (CBA) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at the Hilton Los Angeles Airport, 5711 West Century Boulevard Los Angeles, CA 90045 at 9:00 AM, on January 23, 2015. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the CBA at its office not later than 5:00 p.m. on January 19, 2015 or must be received by the CBA at the hearing. The CBA upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010, 5092 and 5093 of the Business and Professions Code (BPC), and to implement, interpret or make specific Sections 5092 and 5093 of said Code, the CBA is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST

A. Informative Digest

Current law in CCR Title 16, section 12 prohibits experience in academia to qualify for licensure as a Certified Public Accountant (CPA). Senate Bill (SB) 1467 (Chapter 400, Statutes of 2014) amended BPC section 5093 and authorized the CBA, by regulation, to allow experience in academia to qualify for the general accounting experience requirement for CPA licensure

The regulatory proposal is as follows:

1. Amend Section 12 of Title 16 of the California Code of Regulations

This regulatory proposal would delete the language prohibiting experience in academia and instead allow it to count towards the general experience requirement for CPA licensure if the guidelines being established in section 12.1 are met.

2. Add Section 12.1 of Title 16 of the California Code of Regulations

This regulatory proposal would establish guidelines for experience in academia to qualify as general accounting experience for licensure as authorized by BPC section 5093(d)(3). Specifically, this regulatory proposal would equate 48 semester units of instruction, or its equivalent in quarter units, to one year of general accounting experience.

To be qualifying, the applicant must have been the instructor for a course in subject matter listed in CBA Regulations section 9.2(b), taught at an accredited institute as established in BPC section 5094, and verified by the dean, head, or chair of the applicant's department on Form 11A-29B (4/14) entitled "Certificate of Experience in Academia," which is being incorporated by reference.

The information requested on the Certificate of Experience in Academia form includes the course number, title of the course, number of units, dates of instruction, institution where the courses were taken, and verification from the dean, head, or chair of the department.

The proposal also allows the applicant to submit other forms of verification for the 48 semester units (or portions thereof) if the applicant is unable to obtain the verification.

Further, the proposal would allow the experience in academia to be combined with other general accounting experience meeting the requirements of section 12 at a ratio of four semester units, or its equivalent in quarter units, to one month of general accounting experience, but the total general accounting experience needed for licensure could not be obtained in less than 12 calendar months.

B. Policy Statement Overview/Anticipated Benefits of Proposal

This regulatory proposal would provide applicants for CPA licensure the ability to use experience gained in academia towards meeting the general accounting experience requirement. This would integrate theoretical knowledge gained from academia with real world application and it would encourage a closer relationship between academia and the accounting profession, benefiting both consumer protection and the accounting profession.

C. Consistency and Compatibility with Existing State Regulations

During the process of developing these regulations and amendments, the CBA has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

INCORPORATION BY REFERENCE

Certificate of Experience in Academia 11A-29B (4/14)

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement: None

Business Impact:

The board has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

AND

The following studies/relevant data were relied upon in making the above determination:

This regulatory proposal simply specifies what academia experience can qualify as general accounting experience for CPA licensure and how that experience is verified and documented.

Cost Impact on Representative Private Person or Business:

The CBA is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS

The CBA has determined that the proposed regulations would not affect small businesses as it would only establish guidelines for experience in academia to qualify as general accounting experience for CPA licensure as authorized by BPC section 5093(d)(3).

RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

Impact on Jobs/Businesses:

The CBA has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Benefits of Regulation:

The CBA has determined that this regulatory proposal will have the following benefits to health and welfare of California residents, worker safety, and state's environment:

This regulatory proposal would benefit consumer protection and the accounting profession by integrating theoretical knowledge gained from experience in academia with real world application, and it would encourage a closer relation between academia and the accounting profession. In addition, this proposal would provide applicants for CPA licensure additional routes to licensure while preserving the integrity of the licensure requirements.

CONSIDERATION OF ALTERNATIVES

The CBA must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the

information upon which the proposal is based, may be obtained at http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml and may also be obtained at the hearing or prior to the hearing upon request from the CBA at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named above.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Deanne Pearce
Address: California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815
Telephone No.: (916) 561-1740
Fax No.: (916) 263-3678
E-Mail Address: Deanne.Pearce@cba.ca.gov

The backup contact person is:

Name: Matthew Stanley
Address: California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815
Telephone No.: (916) 561-1792
Fax No.: (916) 263-3678
E-Mail Address: Matthew.Stanley@cba.ca.gov

Website Access: Materials regarding this proposal can be found at http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml.

Proposed Regulatory Language

Section 12. General Experience Required Under Business and Professions Code Sections 5092 and 5093.

(a) In order to meet the experience requirement of Section 5092 or Section 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid, active license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3)(A) All verifications shall be submitted to the Board on Form 11A-29 (5/11) for public accounting experience or Form 11A-29A (5/11) for private industry and governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (a)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (a)(3)(A).

(b) The experience required by Section 5092 or Section 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is ~~not qualifying~~ considered qualifying if the requirements of Section 12.1 are met.

(c) The experience required by Section 5092 or Section 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(d) An applicant who is applying with experience obtained five (5) or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period shall be required to complete 80 hours of continuing education, which shall meet

the following requirements:

- (1) The 80 hours must be completed in the two years preceding receipt of application by the Board.
- (2) All 80 hours must meet the requirements as described in Section 87.
- (3) A minimum of 20 hours must be completed in the one year period immediately preceding the receipt of the application, with a minimum of 12 hours in subject areas described in Section 87(a)(2).
- (4) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas, as described in Section 87(a)(2) and (3), for which the applicant may claim credit.

NOTE: Authority cited: Sections 5010, 5092 and 5093, Business and Professions Code.
Reference: Sections 5092 and 5093, Business and Professions Code.

Section 12.1 – Experience in Academia

(a) Pursuant to Business and Professions Code section 5093(d)(3), experience in academia qualifies as general accounting experience for certified public accountant licensure if it meets the requirements provided in this section.

(b) In evaluating an applicant's experience in academia, 48 semester units of instruction, or its equivalent in quarter units, shall be considered equivalent to one year of general accounting experience.

(c) Experience in academia shall be qualifying when the applicant is the instructor for a course meeting the following requirements:

- (1) The course was in a subject listed in section 9.2(b); and
- (2) The course was at an institution which meets the qualifications of Business and Professions Code section 5094(b).

(d)(1) All experience must be verified by the dean, head, or chair of the applicant's department who has authority and oversight over the applicant. The verification shall be submitted to the Board on Form 11A-29B (4/14) entitled "Certificate of Experience in Academia," which is hereby incorporated by reference.

(2) If the applicant is unable to obtain the verifications required in subsection (d)(1), the Board may approve other forms of verification if they contain the information as required in subsection (d)(1).

(e)(1) Experience in academia may be combined with other general accounting experience meeting the requirements of Section 12 at a ratio of four semester units, or its equivalent in quarter units, to one month of general accounting experience.

(2) Notwithstanding subdivision (e)(1), the total qualifying general accounting experience needed for licensure shall not be obtained in less than 12 calendar months.

NOTE: Authority cited: Sections 5010 and 5093, Business and Professions Code.
Reference: Section 5093, Business and Professions Code.

CERTIFICATE OF EXPERIENCE IN ACADEMIA

This form is to be MAILED directly to the California Board of Accountancy (CBA) by the person verifying the experience.

PRINT OR TYPE

| | | |
|---|----------|--------|
| FULL NAME OF APPLICANT: (No Initials) (First) | (Middle) | (Last) |
|---|----------|--------|

EXPERIENCE IN ACADEMIA

Please list the following information for all courses in qualifying subjects for which the applicant was an instructor. Qualifying subjects are (accounting, auditing, financial reporting, external or internal reporting, financial statement analysis or taxation). Attach additional pages as needed.

| Course Number | Title of Course | Number of Units | Dates of Instruction |
|---------------|-----------------|---|----------------------|
| | | <input type="checkbox"/> Quarter <input type="checkbox"/> Semester | |
| | | <input type="checkbox"/> Quarter <input type="checkbox"/> Semester | |
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| INSTITUTION NAME: | INSTITUTION TELEPHONE: Area Code () |
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| ADDRESS: (Include City, State, and Zip Code) |
|--|

Section 12.1 of the CBA Regulations requires that experience in academia be verified by the dean, head, or chair of the applicant's department.

I hereby certify, under penalty of perjury under the laws of the state of California, that the records of the above named institution indicate that the applicant was the instructor for the courses indicated herein.

| | |
|--|-------|
| SIGNATURE (Dean, head, or chair of department) (DO NOT USE BLACK INK) | TITLE |
| PRINTED NAME | Date: |

NOTICE ON COLLECTION OF PERSONAL INFORMATION

Collection and Use of Personal Information

The California Board of Accountancy (CBA) of the Department of Consumer Affairs collects the personal information requested on this form as authorized by Business and Professions Code Sections 5080-5095, Title 16, CCR Section 12.1, and the Information Practices Act. The CBA uses this information principally to identify and evaluate applicants for licensure, issue and renew licenses, and enforce licensing standards set by law and regulation.

Mandatory Submission

Submission of the requested information is mandatory. The CBA cannot consider your application for licensure or renewal unless you provide all of the requested information.

Access to Personal Information

You may review the records maintained by the CBA that contain your personal information, as permitted by the Information Practices Act. See below for contact information.

Possible Disclosure of Personal Information

We make every effort to protect the personal information you provide us. The information you provide, however, may be disclosed in the following circumstances:

- In response to a Public Records Act request (Government Code Section 6250 and following), as allowed by the Information Practices Act (Civil Code Section 1798 and following);
- To another government agency as required by State or Federal law; or,
- In response to a court or administrative order, a subpoena, or a search warrant.

Contact Information

For questions about this notice or access to your records, you may contact the Executive officer at 2000 Evergreen Street, Suite 250, Sacramento, CA, 95843 or by phone at (916) 263-3680.

For questions about the Department's Privacy Policy, you may contact the Department of Consumer Affairs at 1625 North Market Boulevard, Sacramento, CA 95834, by phone at (800) 952-5210, or by e-mail at dca@dca.ca.gov.

CALIFORNIA BOARD OF ACCOUNTANCY

INITIAL STATEMENT OF REASONS

Hearing Date: January 22, 2015

Subject Matter of Proposed Regulations: Experience in Academia as Qualifying Experience

Section(s) Affected: Title 16, Division 1, sections 12 and 12.1

Specific Purpose of each adoption, amendment, or repeal:

1. Amend Section 12

Problem being addressed:

Senate Bill (SB) 1467 (Chapter 400, Statutes of 2014) authorized the California Board of Accountancy (CBA), by regulation, to allow experience in academia to qualify as general accounting experience for Certified Public Accountant (CPA) licensure. Presently, California Code of Regulations (CCR) Title 16, section 12 contains language that prohibits experience in academia.

Anticipated benefits from this regulatory action:

This regulatory amendment would delete language in CCR Title 16, section 12 that prohibits academia experience from qualifying for general licensure. Deleting the language will allow the CBA to adopt guidelines detailing how experience in academia can qualify.

Factual Basis/Rationale

Factual basis for determination that each proposed change is reasonably necessary to address the problem for which it is proposed:

BPC section 5093(b)(3) authorizes the CBA to adopt regulations allowing the acceptance of academia experience to qualify towards the general accounting experience for CPA licensure.

This regulatory proposal would delete language in CCR section 12 that presently prohibits academia experience. The amendment would prevent any conflict between existing regulations and the guidelines for accepting academia experience proposed for CCR section 12.1.

2. Adopt Section 12.1

Problem being addressed:

Senate Bill (SB) 1467 (Chapter 400, Statutes of 2014) authorized the California Board of Accountancy (CBA), by regulation, to allow experience in academia to qualify as general accounting experience for Certified Public Accountant (CPA) licensure. Presently, there are no guidelines that specify what academia experience can qualify, how much experience is needed, who can verify the completion of the experience, whether it can be combined with accounting experience and on which form the academia experience must be documented. This regulatory proposal would provide the CBA with guidelines to specify what academia experience would qualify, where the academia experience can be earned, how the experience is verified, and whether other forms of verification can be accepted to verify the academia experience.

Anticipated benefits from this regulatory action:

This regulatory proposal would establish guidelines for experience in academia to qualify as general accounting experience for licensure as authorized by Business and Professions Code (BPC) section 5093(d)(3). Specifically, this regulatory proposal would equate 48 semester units of instruction, or its equivalent in quarter units, to one year of general accounting experience. To be qualifying, the applicant must have been the instructor for a course in subject matter listed in CBA Regulations section 9.2(b). The courses must be taught at an accredited institution, as defined in BPC section 5094. The proposal further identifies the dean, head, or chair of the applicant's department as those able to verify the completion of academia experience, specifically it is to be verified on Form 11A-29B (4/14) entitled "Certificate of Experience in Academia," incorporated by reference. Further, experience in academia may be combined with other general accounting experience, but the total general accounting experience needed for licensure may not be accepted in less than 12 calendar months.

This regulatory proposal would benefit consumer protection and the accounting profession by integrating theoretical knowledge gained from experience in academia with real world application, and it would encourage a closer relation between academia and the accounting profession. In addition, this proposal would provide applicants for CPA licensure additional routes to licensure while preserving the integrity of the licensure requirements.

Factual Basis/Rationale

Factual basis for determination that each proposed change is reasonably necessary to address the problem for which it is proposed:

This regulatory proposal would establish guidelines for how experience in academia may qualify as general accounting experience, and would incorporate by reference Form 11A-29B (4/14) to report the CPA applicant's experience in academia.

This regulatory proposal would equate 48 hours of semester units, or its equivalent in

quarter units, to one year of general accounting experience. In a one year timeframe, a full-time instructor typically teaches 24 semester units. This regulatory proposal would require applicants to obtain the equivalent of two full-time years in academia as even with a full time schedule their time is not solely dedicated to accounting. Requiring two years will ensure the adequate time and experience was obtained by applicants prior to granting a CPA license.

Course subject matter being taught that would be eligible to qualify as academia experience and count towards the general accounting experience requirement would be restricted to the accounting subjects listed in CCR Title 16 section 9.2(b). This course subject matter is consistent with the education that is required for applicants to qualify for the Uniform CPA Examination required to obtain CPA licensure.

Academia experience must be earned from a degree-granting university, college, or other institution of learning accredited by a regional or national accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 et seq.). This is consistent with the education requirements for CPA licensure as defined in BPC section 5094.

This regulatory proposal would require the dean, head, or chair of the applicant's department who has authority and oversight over the applicant to verify the applicant's experience in academia. The CBA elected not to require the experience to be verified by a CPA, as is required for both general and attest experience in sections 12 and 12.5, because an academic institution may not have a CPA serving in this capacity. The dean, head, or chair of the department is in a position of authority or oversight and can verify what courses were taught and when.

To verify the academia experience, this regulatory proposal would require the verification to be submitted on Form 11A-29B (4/14) entitled "Certificate of Experience in Academia," which is incorporated by reference. This form would ensure that adequate information is provided to the CBA to verify that the qualifying academia experience meets the requirements of CCR Title 16, section 12.1. Specifically, the form requests the applicant's name for identification purposes. The form requires the course number and title of the course to allow the CBA to identify whether the course meets the subject matter criteria as identified in CCR Title 16, section 9.2(b). This information, in addition to the date of the course, would also assist staff in researching the course in the event the title does not provide adequate information to make a determination regarding whether it qualifies. The form requests the courses be identified as quarter or semester units so that staff can determine how many of the 48 semester units have been satisfied/completed.

The form also requires the name of the institution to ensure the course was earned at an institution as defined in BPC section 5094 as well as the signature of the person

verifying the course information. This information also provides a point of contact should further clarification be necessary. In addition, the form must be signed in ink other than black in order to distinguish between the original form and a copy.

In the event that an applicant is unable to obtain the requested verification, this regulatory proposal would allow an applicant to provide other forms of verification containing the information required in Form 11A-29B (4/14).

This regulatory proposal would allow an applicant to combine other general accounting experience with experience in academia meeting the requirements of CBA Regulations section 12 at a ratio of four semester units, or its equivalent in quarter units, to one month of general accounting experience. However, the total general accounting experience needed for licensure cannot be obtained in less than 12 calendar months to ensure an applicant has attained at least one full year of general accounting experience. Allowing experience to be combined will assist applicants in meeting the requirements for CPA licensure and allow them to meet the requirement in different ways.

Underlying Data

Technical, theoretical or empirical studies, reports, or documents relied upon (if any):

State Boards of Accountancy Acceptance and Requirements Regarding Experience Obtained via Academia

Minutes of the November 21, 2013 CBA's Committee on Professional Conduct (CPC) Meeting

Minutes of the November 22, 2013 CBA Meeting

Minutes of the May 29, 2014 CBA's CPC Meeting

Minutes of the May 29, 2014 CBA Meeting

Business Impact

This regulatory proposal will not have a significant adverse economic impact on businesses. This initial determination is based on the following facts or evidence/documents/testimony:

Existing law does not authorize the acceptance of academia experience to meet the requirements for CPA licensure. Further, CCR Title 16, section 12 prohibits the acceptance of academia experience. This regulatory proposal specifies what academia experience can qualify for CPA licensure and how the experience is verified and documented.

Economic Impact Assessment

This regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California. This regulatory proposal establishes how experience in academia can be used to qualify towards CPA licensure. This would integrate theoretical knowledge gained from academia with real world application and it would encourage a closer relationship between academia and the accounting profession. It is not of sufficient magnitude to impact the creation or elimination of jobs in the State of California.
- It will not create new business or eliminate existing businesses within the State of California. This regulatory proposal establishes how experience in academia can be used to qualify towards CPA licensure and is not of sufficient magnitude to create or eliminate businesses in the State of California.
- It will not affect the expansion of businesses currently doing business within the State of California. This regulatory proposal establishes how experience in academia can be used to qualify towards CPA licensure and is not of sufficient magnitude to affect the expansion of business within the State of California.
- The regulatory proposal benefits the health and welfare of California residents by integrating theoretical knowledge gained from academia with real world application and encouraging a closer relationship between academia and the accounting profession. This has the effect of benefitting those employed in the accounting profession as well as the consumers of accounting services.
- The regulatory proposal does not affect worker safety because it has nothing to do with worker safety. The regulatory proposal only impacts those seeking to obtain CPA licensure with academia experience and does not affect worker safety.
- This regulatory proposal does not affect the state's environment. The regulatory proposal only impacts those seeking to obtain CPA licensure with academia experience and does not affect the state's environment.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

Alternative: The CBA considered not accepting experience in academia as general accounting experience.

Rejected: This regulatory proposal would benefit consumers and the accounting profession by integrating theoretical knowledge gained from experience in academia with real world application, and it would encourage a closer relationship between academia and the accounting profession.

Public Comments:

From: CaATTYnCPA@aol.com [<mailto:CaATTYnCPA@aol.com>]
Sent: Friday, December 05, 2014 11:23 AM
To: Pearce, Deanne@CBA
Cc: CaATTYnCPA@aol.com
Subject: Academia Experience Qualifying for CPA Licensure.

Dear Ms. Pearce:

Will a person who teaches the exact same class over-and-over again (i.e. "Introduction to Accounting"; "Intermediate Accounting"; "Cost Accounting"; Advanced Accounting; Auditing; or narrow technical courses such as Income Taxes) be allowed to claim multiple hours of experience credit for teaching this same course over-and-over again?

If accounting students have to earn credit in different courses to satisfy the education requirement for a CPA license, it seems to me that accounting teachers should have to base their substituted experience requirement on a similarly broad minimum sample of courses.

Personally, I don't think you should equate accounting teaching experience as work experience. At best, teachers would have a better theoretical understanding of what is taught in the classroom than would normal students ... and even top students fail to "make the grade" at their first CPA firm job. Just ask the auditors who get whacked on "Black Friday" at a "Big 4" CPA firm.

Very truly yours,

/s/

Michael W. Szkaradek,
CaATTYnCPA@aol.com
714-730-5880

From: Ryan Callahan [mailto:ryan_callahan@yahoo.com]
Sent: Friday, December 05, 2014 9:34 AM
To: Pearce, Deanne@CBA
Subject: Inquiries about Notice of Proposed Experience in Academia as Qualifying Experience for CPA Licensure

Hi Ms. Pearce,

I have a few questions about this proposal:

- Has anyone researched the effect that this change will have on reciprocity with other states?
- I don't see a requirement that the certifying official (dean, head or chair) be a licensed CPA, is that a requirement? If it is not, what is the justification that a non-certified public accountant is able to certify someone as having obtained *appropriate* experience or knowledge in the subject matter?
- Prior to instructing the subject, why is there no CPE requirement to ensure that old/outdated rules are not being taught and being claimed as experience by the instructor?

Is this proposal currently on any upcoming meeting agendas?

Thanks for your help,

Ryan Callahan, CPA 113669

TITLE 16. Division 1. California Board of Accountancy

NOTICE OF REGULATORY HEARING

NOTICE IS HEREBY GIVEN that the California Board of Accountancy has rescheduled the regulatory hearing originally scheduled for January 23, 2015 at 9:00 A.M. regarding allowing experience in academia to qualify for general accounting experience for Certified Public Accountant (CPA) licensure (Title 16, California Code of Regulations, section(s) 12, 12.1), pursuant to the Notice of Proposed Changes filed with the Office of Administrative Law and published on December 5, 2014 (Register 49, No. 49-Z-2014-1125-05).

The new date of the regulatory hearing is as follows:

Date of Hearing: January 22, 2015

Time: 1:30 P.M.

Persons who have previously submitted written comments to the board regarding the proposed action **need not** submit comments again. Any comments previously submitted remain in the rulemaking file.

If you have any questions or comments, you may direct them to:

Name: Pat Billingsley

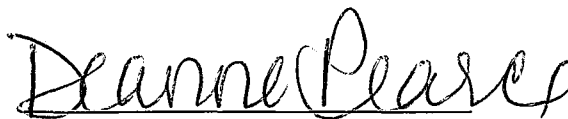
Title: Regulatory Analyst

Board: California Board of Accountancy

Address: 2000 Evergreen Street, Suite 250, Sacramento, CA 95815-3832

E-mail address: pat.billingsley@cba.ca.gov

DATED: December 23, 2014



Deanne Pearce

Assistant Executive Officer

California Board of Accountancy



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.cba.ca.gov>



CBA Item VIII.B.
January 22, 2015

Discussion and Possible Action to Adopt or Amend Title 16, California Code of Regulations (CCR) Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA Licensure

Presented by: Pat Billingsley, Regulatory Analyst
Date: December 23, 2014

Purpose of the Item

The purpose of this agenda item is to provide an opportunity for the California Board of Accountancy (CBA) to adopt proposed changes to Title 16, California Code of Regulations, Division 1 (CBA Regulations), section 12 and 12.1 allowing applicants to use experience in academia as qualifying experience for certified public accountant (CPA) licensure.

Action(s) Needed

The CBA will be asked to adopt the proposed changes to CBA Regulations sections 12 and 12.1.

Background

Effective January 1, 2015, Senate Bill (SB) 1467 (Chapter 400, Statutes of 2014) authorizes the CBA, by regulation, to allow experience in academia to qualify as general accounting experience for CPA licensure.

At its May 2014 meeting, the CBA directed staff to move forward with the rulemaking process to amend CBA Regulations section 12 and add section 12.1. This proposal would define the requirements for allowing applicants to use experience in academia to qualify as general accounting experience for CPA licensure.

Following the regulatory hearing to receive public comment on the proposal (CBA Agenda Item VIII.A) the next step in the rulemaking process is that the CBA must act to formally adopt the proposed regulations outlined in this item. The CBA may decide to make changes to the proposed regulations based on any received comments, or it may proceed with adopting the proposal without modification.

Comments

Following the May 2014 CBA meeting, staff identified additional amendments for CBA consideration. Modifications to the originally proposed language are identified in double underline and ~~double strikethrough~~ (**Attachment**).

Discussion and Possible Action to Adopt or Amend Title 16, California Code of Regulations (CCR) Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA Licensure

Page 2 of 3

For CBA Regulations, section 12.1(c)(2), staff are proposing a change to more clearly identify where academic courses must be taught to qualify as experience for CPA licensure.

CBA Regulations section 12.1 also incorporates a form used by applicants to verify experience in academia. Staff is proposing the following changes to further clarify required information on the form:

- Section heading numbers have been added to distinguish applicant and course information (section I) from institution information (section II).
- The instructive paragraph in Sections I and II has been changed to clarify the institutions records show that the applicant is or was an instructor at the institution.
- The certification statement was modified to ensure the person supplying the information has personal knowledge and that the information provided is true and correct.
- The Title box has been modified to include check boxes for the title of the certifying authority.

Public Comments

As identified in the regulation hearing item, staff received two comments on the proposal:

Mr. Ryan Callahan, CPA, made the following comment:

- Will this change effect reciprocity with other states?
- Does the (Dean, Head of Department or Chair) have to be a CPA?
- Are there established CPE requirements for the applicant to ensure that old/outdated rules are not being taught and claimed as experience?

Presently staff would respond that there is no anticipated effect on reciprocity. Additionally, as discussed at the November 21, 2013 CBA meeting the dean, head or chair of the department are being allowed to sign off on the experience as limiting the certifying authority to a CPA was deemed to be too restrictive.

In response to Mr. Callahan's comment regarding requiring CPE if the experience in academia is outdated, staff would propose amending the language to incorporate a provision, similar to what is required for current CPA applicants. The amendment would incorporate new subdivision (f) to proposed CBA Regulations section 12.1 and would require applicants applying with experience in academia obtained five or more years prior to submitting an application to complete 80 hours of continuing education.

Michael W. Szkaradek, CPA, Esq., made the following comment:

- Teaching the exact same class over-and-over again may result in an applicant getting multiple hours of experience credit, when applicants have to use different courses to satisfy the education requirement for CPA licensure.
- Personally, I don't think you should equate accounting teaching experience as work experience.

Discussion and Possible Action to Adopt or Amend Title 16, California Code of Regulations (CCR) Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA Licensure

Page 3 of 3

Staff proposes the following response to Mr. Szkaradek:

This regulation proposal is applicable to experience required for licensure, not the education required for licensure. Applicants for licensure are currently given experience credit even if they perform the same accounting task every day. The value of repeating general accounting tasks is similar to the value and experience gained in repetitively teaching the same course. The value of repeatedly performing similar tasks is a well established in the accounting industry and education. In addition, the Legislature passed a law that allows the CBA to accept experience in academia as qualifying general experience.

If no additional changes are to be made after the public comment period and hearing closes:

Motion: Direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

If substantive changes are to be made after the public comment period and hearing closes:

Motion: Direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff recommends the CBA adopt the motion regarding substantive changes in order to incorporate the changes described and to direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

Attachment

Proposed Regulatory Language

Proposed Regulatory Language

Section 12. General Experience Required Under Business and Professions Code Sections 5092 and 5093.

(a) In order to meet the experience requirement of Section 5092 or Section 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid, active license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3)(A) All verifications shall be submitted to the Board on Form 11A-29 (5/11) for public accounting experience or Form 11A-29A (5/11) for private industry and governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (a)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (a)(3)(A).

(b) The experience required by Section 5092 or Section 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is ~~not qualifying~~ considered qualifying if the requirements of Section 12.1 are met.

(c) The experience required by Section 5092 or Section 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(d) An applicant who is applying with experience obtained five (5) or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period shall be required to complete 80 hours of continuing education, which shall meet

the following requirements:

- (1) The 80 hours must be completed in the two years preceding receipt of application by the Board.
- (2) All 80 hours must meet the requirements as described in Section 87.
- (3) A minimum of 20 hours must be completed in the one year period immediately preceding the receipt of the application, with a minimum of 12 hours in subject areas described in Section 87(a)(2).
- (4) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas, as described in Section 87(a)(2) and (3), for which the applicant may claim credit.

NOTE: Authority cited: Sections 5010, 5092 and 5093, Business and Professions Code.
Reference: Sections 5092 and 5093, Business and Professions Code.

Section 12.1 – Experience in Academia

(a) Pursuant to Business and Professions Code section 5093(d)(3), experience in academia qualifies as general accounting experience for certified public accountant licensure if it meets the requirements provided in this section.

(b) In evaluating an applicant's experience in academia, 48 semester units of instruction, or its equivalent in quarter units, shall be considered equivalent to one year of general accounting experience.

(c) Experience in academia shall be qualifying when the applicant is the instructor for a course meeting the following requirements:

- (1) The course was in a subject listed in section 9.2(b); and
- (2) The course was taught at an accredited institution ~~which meets the qualifications of~~ as described in Business and Professions Code section 5094(b).

(d)(1) All experience must be verified by the dean, head, or chair of the applicant's department who has authority and oversight over the applicant. The verification shall be submitted to the Board on Form 11A-29B (4/14) entitled "Certificate of Experience in Academia," which is hereby incorporated by reference.

(2) If the applicant is unable to obtain the verifications required in subsection (d)(1), the Board may approve other forms of verification if they contain the information as required in subsection (d)(1).

(e)(1) Experience in academia may be combined with other general accounting experience meeting the requirements of Section 12 at a ratio of four semester units, or its equivalent in quarter units, to one month of general accounting experience.

(2) Notwithstanding subdivision (e)(1), the total qualifying general accounting experience needed for licensure shall not be obtained in less than 12 calendar months.

(f) An applicant who is applying with experience obtained five (5) or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period shall be required to complete 80 hours of continuing education, which shall meet the following requirements:

(1) The 80 hours must be completed in the two years preceding approval of the application by the Board.

(2) All 80 hours must meet the requirements as described in Section 87(a)(2-4) and Section 88.

(3) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas, as described in Section 87(a)(2) and (3), for which the applicant may claim credit.

NOTE: Authority cited: Sections 5010 and 5093, Business and Professions Code.
Reference: Section 5093, Business and Professions Code.

CERTIFICATE OF EXPERIENCE IN ACADEMIA

This form is to be MAILED directly to the California Board of Accountancy (CBA) by the person verifying the experience.

SECTION I: *(PRINT OR TYPE)*

| | | |
|---|----------|--------|
| FULL NAME OF APPLICANT: (No Initials) (First) | (Middle) | (Last) |
|---|----------|--------|

EXPERIENCE IN ACADEMIA

This institution's record show that the above named individual is / was an instructor at this institution.

Please list the following information for all courses in qualifying subjects for which the applicant was an instructor. Qualifying subjects are (accounting, auditing, financial reporting, external or internal reporting, financial statement analysis or taxation). Attach additional pages as needed.

| Course Number | Title of Course | Number of Units | Dates of Instruction |
|---------------|-----------------|---|----------------------|
| | | <input type="checkbox"/> Quarter <input type="checkbox"/> Semester | |
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SECTION II

| | |
|--|--|
| INSTITUTION NAME: | INSTITUTION TELEPHONE: Area Code () |
| ADDRESS: (Include City, State, and Zip Code) | |

Section 12.1 of the CBA Regulations requires that experience in academia be verified by the dean, head, or chair of the applicant's department.

I hereby certify, under penalty of perjury under the laws of the state of California, that I have personally reviewed this institution's the records of the above named institution indicate that the applicant was the instructor for the courses indicated herein, and that the foregoing information provided in Sections I and II above are true and correct.

| | |
|--|---|
| SIGNATURE (Dean, head, or chair of department) (DO NOT USE BLACK INK) | TITLE: <input type="checkbox"/> <u>Dean</u> <input type="checkbox"/> <u>Chair of Department</u> <input type="checkbox"/> <u>Head of Department</u> |
| PRINTED NAME | Date: |

NOTICE ON COLLECTION OF PERSONAL INFORMATION

Collection and Use of Personal Information

The California Board of Accountancy (CBA) of the Department of Consumer Affairs collects the personal information requested on this form as authorized by Business and Professions Code sections 5080-5095, Title 16, California Code of Regulations section 12.1, and the Information Practices Act. The CBA uses this information principally to identify and evaluate applicants for licensure, issue and renew licenses, and enforce licensing standards set by law and regulation.

Mandatory Submission

Submission of the requested information is mandatory. The CBA cannot consider your application for licensure or renewal unless you provide all of the requested information.

Access to Personal Information

You may review the records maintained by the CBA that contain your personal information, as permitted by the Information Practices Act. See below for contact information.

Possible Disclosure of Personal Information

We make every effort to protect the personal information you provide us. The information you provide, however, may be disclosed in the following circumstances:

- In response to a Public Records Act request (Government Code Section 6250 and following), as allowed by the Information Practices Act (Civil Code Section 1798 and following);
- To another government agency as required by State or Federal law; or,
- In response to a court or administrative order, a subpoena, or a search warrant.

Contact Information

For questions about this notice or access to your records, you may contact the Executive Officer at 2000 Evergreen Street, Suite 250, Sacramento, CA, 95843 or by phone at (916) 263-3680.

For questions about the Department's Privacy Policy, you may contact the Department of Consumer Affairs at 1625 North Market Boulevard, Sacramento, CA 95834, by phone at (800) 952-5210, or by e-mail at dca@dca.ca.gov.



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CPC Item II.
January 22, 2015

CBA Item IX.A.2.
January 22, 2015

Discussion Regarding Study of California's Attest Experience Requirement

Presented by: Jose Campos, CPA, President
Katrina Salazar, CPA, Vice-President

Date: December 22, 2014

Purpose of the Item

The purpose of this agenda item is for the Committee on Professional Conduct (CPC) Subcommittee (subcommittee) to provide the California Board of Accountancy (CBA) with the final survey items to be used in the attest study (**Attachment**).

Action(s) Needed

The CBA will be asked to approve the study and direct staff to move forward with the study process.

Background

At its July 2014 meeting, the CBA agreed to a single unifying question that would direct the development of survey items for its attest study. Specifically, that question is as follows:

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

In an effort to assist the CBA in answering that unifying question, at its September 2014 meeting, the CBA was presented with an initial series of survey items for the following audiences:

- New licensees (licensed three years or less)
- Hiring managers/signers of the Certificate of Attest Experience (CAE) form
- Experienced licensees (licensed between 10-20 years)
- Pending applicants for CPA licensure
- University accounting programs/faculty

Discussion Regarding Study of California's Attest Experience Requirement

Page 2 of 4

The CBA thoroughly evaluated the audience selection and methodologies for conducting the study. It was proposed that all audiences with the exception of the University accounting programs/faculty would participate via an online survey, which would be hosted on the CBA website. The University accounting programs/faculty would be individually contacted by CPS HR Consulting (CPS HR) to participate via telephonic interview.

At that meeting, the CBA approved the estimated targeted response rates for each of the audiences, the methodology types for each target audience, and the overall direction of the survey items for each target audience.

Since the CBA's September 2014 meeting, the subcommittee has met on two occasions, most recently in mid-December. In advance of these meetings, staff, working with CPS HR, made adjustments to the survey items based on feedback received by the CPC. Additionally, staff reached out to both the California Society of CPAs (CalCPA) and the Center for Public Interest Law (CPIL) regarding the survey items to obtain additional feedback. Using this input, staff, working with CPS HR, revised the survey items.

Comments

At the subcommittee's December 2014 meeting, it approved the study included in the **attachment**. The study is now being brought before the CBA for consideration and approval. The study is comprised of four parts:

1. Audience Selection
2. Survey Items
3. Demographics
4. National Survey for Other State Boards of Accountancy

The audience selection questions will act as a filter to direct participants to the appropriate set of survey items for the audience into which they fall. At a maximum, an individual would answer four questions in this part. Individuals that do not fall into one of the CBA targeted audiences will be provided the opportunity to offer written comments on the attest experience requirement and will also be directed to participate in the demographic portion of the survey.

The second part of the attest study is the actual survey items with the final revisions approved by the subcommittee. During the revision process, staff ensured the general direction was maintained as this was previously approved by the CBA. Staff and CPS HR revised the survey items based on the feedback received from the subcommittee, CalCPA, and CPIL, including the following.

- Keep the survey short as this will garner a higher response rate
- Reduce the number of subjective questions and subjective wording in the questions

Discussion Regarding Study of California's Attest Experience Requirement

Page 3 of 4

- Reorder the sequence of the questions to place more subjective questions near the end
- Add and subtract various questions
- Change various grammar errors and word choices

As staff and CPS HR continued making revisions on the questions, they remained cognizant of the amount of time an individual could spend in completing the survey. The primary benchmark used was approximately 15 minutes. The table below provides the potential maximum number of questions that could be asked of an individual in that audience.

| Audience | Maximum Number of Questions |
|--|------------------------------------|
| New Licensees / Attest (licensed three years or less) | 9 |
| New Licensees / General (licensed three years or less) | 9 |
| Hiring Managers and Signers of the CAE Form | 10 |
| Experienced Licensees (licensed between 10-20 years) | 14 |
| Pending Applicants for CPA Licensure / Attest | 8 |
| Pending Applicants for CPA Licensure / General | 4 |
| University Accounting Programs / Faculty | 8 |
| Consumers | 12 |

One area within this second part that the subcommittee wants to highlight is the consumer survey items. These were not exposed to the CBA when it reviewed the survey items at its September 2014 meeting. Therefore, the subcommittee would like to draw the CBA's attention to the fact that this is its first exposure to these questions. As with the other questions, every attempt was made to keep the survey brief and as objective as possible.

The third part of the attest study is the demographic questions. The inclusion of the demographic questions was at the request of the CPC. One of the recommendations from CPIL was, if the CBA wished to collect demographic data, that it be at the end of the survey. These demographic questions will be asked of CPAs only and will be optional following the end of the essential survey items. These questions simply gather some basic data about the CBA's licensee population and should not have any bearing on the unifying question of the study. An individual answering these questions would answer a maximum of nine questions.

Finally, the fourth part of the attest study is the national survey of other state boards of accountancy. At its March 2014 meeting, the CBA approved the questions and the use of SurveyMonkey as the method for collecting the data. At that time, the CBA also agreed to delay the national survey until such time as the remainder of the attest study was ready for release.

Discussion Regarding Study of California's Attest Experience Requirement

Page 4 of 4

As the CBA considers adoption of the attest study, it is important to remain aware that the study is being developed to assist the CBA in its future deliberation on the policy decision of whether to change the attest experience requirement. Therefore, the members should ensure the survey items eventually adopted include any statements or questions they believe will aid them in these future deliberations.

Fiscal/Economic Impact Considerations

The CBA will enter into a contract for the survey to be conducted and a final report to be prepared.

Recommendation

The subcommittee recommends adopting the proposed attest study along with any changes the CBA may wish to propose.

Attachment

CBA Attest Study Survey

CALIFORNIA BOARD OF ACCOUNTANCY



**Study of California's
Attest Experience Requirement**

Attest Study Survey

TABLE OF CONTENTS

| | |
|---|----|
| INTRODUCTION..... | 3 |
| AUDIENCE SELECTION..... | 4 |
| SURVEY ITEMS..... | 5 |
| NEW LICENSEES (LESS THAN 3 YEARS)..... | 5 |
| Attest..... | 6 |
| General..... | 8 |
| HIRING MANAGERS/SIGNERS OF THE CERTIFICATE OF ATTEST EXPERIENCE FORM..... | 10 |
| EXPERIENCED CPAS (LICENSED BETWEEN 10-20 YEARS) | 13 |
| PENDING APPLICANTS FOR CPA LICENSURE..... | 17 |
| Attest..... | 18 |
| General..... | 20 |
| UNIVERSITY ACCOUNTING PROGRAMS/FACULTY | 21 |
| CONSUMERS..... | 24 |
| DEMOGRAPHICS..... | 29 |
| NATIONAL SURVEY FOR OTHER STATE BOARDS OF ACCOUNTANCY..... | 32 |

INTRODUCTION

The mission of the California Board of Accountancy (CBA) is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

The CBA is evaluating California's attest experience requirement for certified public accountant (CPA) licensure. By completing the survey that follows, you will be providing important input that the CBA will use during its continued evaluation of the attest experience requirement. In order to meet the attest experience requirement and be authorized to sign reports on attest engagements pursuant to Business and Professions Code section 5095, an applicant for or holder of a CPA license shall show to the satisfaction of the CBA that s/he has completed a minimum of 500 hours of attest experience.

The CBA recognizes that your time is valuable, but encourages you to take part in the survey so your voice can be heard and your opinions considered. All data collected from the survey will be compiled in aggregate prior to presentation before the CBA.

The CBA genuinely appreciates your participation in this survey.

AUDIENCE SELECTION

1. Please indicate your current status with the CBA. (Mark one)
 - a. I am licensed as a CPA by the CBA.
 - i. I have been licensed by the CBA for the following length of time: (Mark one)
 1. 0-3 years
 - a. I am authorized by the CBA to sign attest engagements.
 - i. Yes (New Licensees/Attest survey)
 - ii. No (New Licensees/General survey)
 2. 3-9 years¹
 3. 10-20 years
 4. 21+ years¹
 - b. I have a CPA license application currently pending with the CBA.
 - i. Have you completed, or are you planning to complete the attest experience requirement?
 1. Yes (Pending Applicants for CPA Licensure/Attest survey)
 2. No (Pending Applicants for CPA Licensure/General survey)
 - c. I am a hiring manager/signer of the Certificate of Attest Experience form.
 - d. I am part of a university accounting program/faculty²
 - e. I am a consumer of public accounting services. (Consumer survey)
 - f. Other¹

¹ Individuals that fall into these categories, which are not CBA targeted audiences, will be provided the opportunity to offer written comments on the attest experience requirement and will also be directed to participate in the demographic portion of the survey.

² Individuals that fall into this category will be prompted to provide their contact information and will be advised that university accounting programs/faculty will be individually contacted to participate via telephonic interview.

SURVEY ITEMS
NEW LICENSEES (LESS THAN 3 YEARS)

Estimated Population:
10,300

Targeted Response Rates:
2,060-2,575 (20-25%)

Attest

1. Since obtaining your license with the authorization to sign reports on attest engagements, have you continued to perform attest work?
 - a. Yes
 - i. What type of attest work do you perform? (Select ALL that apply.)
 1. Audits
 2. Reviews
 3. Examination of Prospective Financial Information
 - ii. Estimate what percentage of your time is spent performing work on attest engagements?
 1. <10%
 2. 11-25%
 3. 26-50%
 4. 51-75%
 5. >75%
 - b. No
 - i. Why have you not continued to perform attest work? (Select the response that BEST applies.)
 1. I do not currently work in public accounting.
 2. It is not a requirement of my present job duties.
 3. It is not an area of interest.
 4. My accounting firm does not perform attest work.
2. Since you received your CPA license with an authorization to sign reports on attest engagements, has your firm authorized you to sign reports on attest engagements on behalf of the firm?
 - a. Yes
 - b. No
3. How would you characterize your experience in obtaining the needed attest experience requirement? (Select the response that BEST applies.)
 - a. Easy to obtain
 - b. Somewhat easy to obtain
 - c. Neither easy nor difficult
 - d. Somewhat difficult to obtain
 - e. Very difficult to obtain

4. Looking back to the day you received your license, describe your level of competence for signing reports on attest engagements.
 - a. Very competent
 - b. Competent
 - c. Somewhat competent
 - d. Not competent

5. To what degree did the completion of the attest experience requirement add to your ability to perform your job duties? (Select the response that BEST applies.)
 - a. Significantly
 - b. Moderately
 - c. Slightly
 - d. Not at All

6. Do you believe the CBA should maintain, modify, or eliminate the attest experience requirement?
 - a. Maintain
 - b. Modify
 - c. Eliminate
 - d. Not sure

7. Please provide any additional comments you may have regarding the attest experience requirement. (Text box)

General

1. When I set out to complete the experience requirement for licensure, it was my intent to complete the attest experience requirement.
 - a. Yes
 - i. Why did you initially intend on completing the attest experience requirement? (Select ALL that apply.)
 1. I wanted to work in the attest field.
 2. It provided more career opportunities.
 3. I felt it would add to my CPA expertise and allow me to better serve clients.
 - b. No
 - i. Why did you choose not to complete the attest experience requirement? (Select ALL that apply.)
 1. I was not interested in attest services.
 2. It does not provide me with advanced career opportunities
 3. My employer does not perform attest work.
2. A portion of the work I performed to satisfy the experience requirement for licensure was work on attest engagements, but it was insufficient to complete the attest experience requirement.
 - a. Yes
 - i. Why was the experience insufficient? (Select ALL that apply.)
 1. My employer had limited engagements for which qualifying attest experience was available.
 2. My employer stopped performing attest engagements.
 3. I could not find employment that would allow me to obtain further attest experience.
 4. I chose to focus on other forms of experience.
 - b. No

- 3. In hindsight, I believe completing the attest experience requirement would have benefitted me as a CPA regardless of whether I intended to perform attest services.
 - a. Yes
 - i. Why do you believe it would have benefitted you? (Select ALL that apply.)
 - 1. It would have provided me with different critical thinking and evaluation skills.
 - 2. It would have expanded my career opportunities.
 - 3. It would allow me to offer a broader range of services to clients.
 - 4. Other: _____
 - b. No
 - i. Why do you believe it would not have benefitted you? (Select ALL that apply.)
 - 1. The demand for attest services is shrinking in the profession.
 - 2. The attest knowledge would not enhance my ability to provide non-attest services.
 - 3. My present employment does not include these services.
 - 4. I can earn more income through other specializations in the profession.
 - 5. Other: _____
- 4. I expect to complete the attest experience requirement and pursue authorization to sign reports on attest engagements sometime in the next five years.
 - a. Yes
 - b. No
- 5. Do you believe the CBA should maintain, modify, or eliminate the attest experience requirement?
 - a. Maintain
 - b. Modify
 - c. Eliminate
 - d. Not sure
- 6. Please provide any additional comments you may have regarding the attest experience requirement. (Text box)

SURVEY ITEMS

HIRING MANAGERS/SIGNERS OF THE CERTIFICATE OF ATTEST EXPERIENCE FORM

**Estimated Population:
717**

**Targeted Response Rates:
359 (50%)**

Hiring Managers/Signers

1. I am a CPA in the following industry:
 - a. Public accounting
 - i. As a percentage, how much of your accounting firm's time is spent performing work on attest engagements?
 1. <10%
 2. 11-25%
 3. 26-50%
 4. 51-75 %
 5. >75%
 - ii. Once an employee receives their CPA license with authorization to sign attest reports, my firm allows the individual to perform attest work:
 1. Independently
 2. With some oversight
 3. With strong oversight
 - iii. My firm has undergone a peer review within the last three years.
 1. Yes
 - a. The effectiveness of the peer review program as it relates to consumer protection can best be described as:
 - i. Supports the need for the attest experience requirement.
 - ii. Reduces the need for the attest experience requirement.
 - iii. Replaces the need for the attest experience requirement.
 2. No
 - b. Private industry
 - c. Government
 - d. I am not currently working as a CPA

2. In the last five years, please identify which of the following statements BEST describes your firm/business/agency's ability to offer attest experience to applicants.
 - a. Sufficient amount of work to meet the requirement within 6 months or less.
 - b. Sufficient amount of work to meet the requirement within 1 year or less.
 - c. Sufficient amount of work to meet the requirement within 2 years.
 - d. Not enough attest work to complete the requirement in less than 2 years.

3. Using the scale provided, what is the average number of attest hours needed by applicants to be affirmatively signed off by your firm?
 - a. 500 – 750
 - b. 751 – 1,000
 - c. 1,001 – 1,500
 - d. 1,501 – 2,000
 - e. 2,000+

4. By completing the attest experience requirement, CPAs are better equipped to protect consumers.
 - a. Strongly Agree
 - b. Agree
 - c. Neutral
 - d. Disagree
 - e. Strongly Disagree

5. Do you believe the CBA should maintain, modify, or eliminate the attest experience requirement?
 - e. Maintain
 - f. Modify
 - g. Eliminate
 - h. Not sure

6. Please provide any additional comments you may have regarding the attest experience requirement. (Text box)

SURVEY ITEMS
EXPERIENCED CPAS (LICENSED BETWEEN 10-20 YEARS)

Estimated Population:
20,196

Targeted Response Rates:
4,039-5,049 (20-25%)

Experienced CPAs

1. I completed California's attest experience requirement.
 - a. Yes
 - i. To what degree did the completion of the attest experience requirement add to your ability to perform your job duties? (Select the response that BEST applies.)
 1. Significantly
 2. Moderately
 3. Little
 4. None
 - b. No

2. I am a CPA in the following industry:
 - a. Public accounting
 - i. Does your current job require you to perform attest work?
 1. Yes
 - a. Which type of attest work do you perform? (Select ALL that apply.)
 - i. Audits
 - ii. Reviews
 - iii. Examination of prospective financial information
 - b. As a percentage, how much of your time do you spend performing work on attest engagements?
 - i. <10%
 - ii. 11-25%
 - iii. 26-50%
 - iv. 51-75 %
 - v. >75%
 - c. My firm/I have recently undergone the Peer Review Process.
 - i. Yes
 1. The effectiveness of the Peer Review Program as it relates to consumer protection can BEST be described as:
 - a. Supports the need for the attest experience requirement.
 - b. Reduces the need for the attest experience requirement.
 - c. Replaces the need for the attest experience requirement.
 - ii. No
 2. No
 - b. Private industry
 - c. Government
 - d. I am not presently working as a CPA

3. Using the scale provided, what is your opinion regarding the number of attest experience hours that need to be completed in order to independently perform attest services in accordance with professional standards?
 - a. 500 – 750
 - b. 751 – 1,000
 - c. 1,001 – 1,500
 - d. 1,501 – 2,000
 - e. 2,000+

4. By completing the attest experience requirement, CPAs are better equipped to serve clients. (Select the response the BEST applies.)
 - a. Strongly Agree
 - b. Somewhat agree
 - c. Neutral
 - d. Somewhat disagree
 - e. Strongly Disagree

5. Did you complete the attest experience requirement?
 - a. Yes
 - i. Which of the following responses BEST describes the impact of completing the attest experience requirement had on your ability to protect consumers as a CPA?
 1. Significantly
 2. Moderately
 3. Little
 4. None
 - b. No

6. Do you believe the CBA should maintain, modify, or eliminate the attest experience requirement?
 - a. Maintain
 - b. Modify
 - c. Eliminate
 - d. Not sure

7. Please provide any additional comments you may have regarding the attest experience requirement. (Text box)

SURVEY ITEMS
PENDING APPLICANTS FOR CPA LICENSURE

Estimated Population:
1,245

Targeted Response Rates:
249-311 (20-25%)

Attest

1. Which of the following statements expresses your actual experience regarding the completion of the attest experience requirement? (Select the response that BEST applies.)
 - a. I did not have any challenges meeting the requirement.
 - b. I had minor challenges meeting the requirement.
 - c. I had major challenges meeting the requirement.

2. Once you receive your CPA license with an authorization to sign reports on attest engagements, do you believe you will be competent to have your firm authorize you to sign reports on attest engagements on behalf of the firm?
 - a. Yes
 - i. How competent?
 1. Very competent
 2. Competent
 3. Somewhat competent
 - b. No

3. I completed the attest experience requirement even though I do not intend to perform attest work in my CPA career.
 - a. Agree
 - i. Why did you complete the attest experience requirement? (Select ALL that apply)
 1. It will provide me with additional critical thinking and evaluation skills.
 2. It will expand my career opportunities.
 3. It will allow me to offer a broader range of services to clients.
 4. Other: _____
 - b. Disagree. I do intend to conduct attest work in my CPA career.

4. I expect attest work to compromise the following percentage of the services I provide as a CPA in the next five years:
 - a. <10%
 - b. 11-25%
 - c. 26-50%
 - d. >50%

5. Do you believe the CBA should maintain, modify, or eliminate the attest experience requirement?
 - a. Maintain
 - b. Modify
 - c. Eliminate
 - d. Not sure

6. Please provide any additional comments you may have regarding the attest experience requirement. (Text box)

General

1. At this time, why have you chosen not to pursue licensure with attest experience?
 - a. I am not interested in attest services.
 - b. It does not provide me with advanced career opportunities.
 - c. My employer does not perform attest work.

2. Do you expect to complete the attest experience requirement in order to obtain authorization to sign attest reports in California in the next five years?
 - a. Yes
 - b. No
 - c. Unsure

3. Do you believe the CBA should maintain, modify, or eliminate the attest experience requirement?
 - a. Maintain
 - b. Modify
 - c. Eliminate
 - d. Not sure

4. Please provide any additional comments you may have regarding the attest experience requirement. (Text box)

SURVEY ITEMS
UNIVERSITY ACCOUNTING PROGRAMS/FACULTY

Estimated Population:
200

Targeted Response Rates:
100 (50%)

University Accounting Programs/Faculty

1. To what degree do you believe the completion of the attest experience requirement adds to a licensee's overall expertise as a CPA and ability to protect consumers? (Select the response that BEST applies.)
 - a. Significantly
 - b. Moderately
 - c. Slightly
 - d. Not at All

2. Students can obtain the same knowledge through university coursework as they can through completing the attest experience requirement.
 - a. Agree
 - b. Disagree
 - c. Neutral

3. Which of the following BEST describes feedback received from your students about the benefits of completing the attest experience requirement?
 - a. Not beneficial
 - b. Somewhat beneficial
 - c. Very beneficial
 - d. No feedback

4. Which of the following BEST describes feedback received from your students regarding the level of ease or difficulty in completing the attest experience requirement?
 - a. Easy
 - b. Somewhat easy
 - c. Neutral
 - d. Somewhat difficult
 - e. Very difficult
 - f. No feedback

5. Which of the following BEST describes feedback you have received from CPA employers regarding the level of ease or difficulty in offering attest experience to applicants?
 - a. Very easy
 - b. Somewhat easy
 - c. Neither difficult nor easy
 - d. Somewhat difficult
 - e. Very difficult
 - f. No feedback

6. In the next five years, do you think consumer demand for attest services will:
 - a. Significantly increase
 - b. Increase
 - c. Stay the same
 - d. Decrease
 - e. Significantly decrease

7. Do you believe the CBA should maintain, modify, or eliminate the attest experience requirement?
 - a. Maintain
 - b. Modify
 - c. Eliminate
 - d. Not sure

8. Please provide any additional comments you may have regarding the attest experience requirement. (Text box)

SURVEY ITEMS

CONSUMERS

**Estimated Population:
TBD**

**Targeted Response Rates:
TBD**

Consumers

1. Have you used the services of a California CPA in the last five years?
 - a. Yes
 - i. Please describe the capacity in which you have used CPA services in the last five years. (Select all that apply)
 1. Personal matters (Non-business related)
 2. Small business owner
 3. As manager/owner of a private sector firm
 4. As a manager of a government agency or non-profit
 - ii. From the list below, please identify the CPA services that were provided. (Select all that apply)
 1. Accounting
 2. Compiled Financial Statements
 3. Management advisory
 4. Financial advisory
 5. Tax
 6. Consulting
 7. Audited financial statements
 8. Reviewed financial statements
 9. Examination of prospective financial information
 - b. No

2. Do you expect to use CPA services in the next five years?
- a. Yes
 - i. What types of CPA services will you need?
 1. Accounting
 2. Compiled Financial Statements
 3. Management advisory
 4. Financial advisory
 5. Tax
 6. Consulting skills
 7. Audited financial statements
 8. Reviewed financial statements
 9. Examination of prospective financial information
 - ii. In the next five years, I expect my need for CPA services to _____.
 1. Increase
 2. Decrease
 3. Stay the same
 - b. No

- 3. I have visited the CBA's website.
 - a. Yes
 - i. From the list below, please identify the consumer resources available you have used while visiting the CBA's website. (Select all that apply)
 - 1. Information about License Lookup
 - 2. License Lookup feature
 - 3. Definitions
 - 4. The distinction between a licensee with the authorization to sign attest reports, and one without this authorization.
 - 5. How to Select a CPA
 - 6. Selecting a CPA on the Intranet
 - 7. CPAverify – National Database of CPAs
 - 8. Consumer Assistance Booklet
 - 9. Disciplinary Actions
 - 10. Pending Accusations
 - 11. How to file a complaint
 - 12. None/I did not access these resources
 - b. No
- 4. Do you have experience verifying a CPA's qualifications with the CBA?
 - a. Yes
 - i. How did you verify their qualifications?
 - 1. I contacted the CBA by telephone, email, fax, or in person.
 - 2. I used the license lookup feature available on the CBA website
 - 3. I asked a friend
 - 4. I asked another CPA
 - b. No
- 5. For CPAs to be authorized to sign reports on attest engagements (audits, reviews, or examination of prospective financial information), they need to have additional authorization from the CBA.
 - a. Yes
 - b. No
 - c. I don't know

6. Do you believe the CBA should maintain, modify, or eliminate the attest experience requirement?
- a. Maintain
 - b. Modify
 - c. Eliminate
 - d. Not sure

DEMOGRAPHICS

The second series of demographic questions is designed to gather demographic data on CPA licensees and will be placed as optional questions at the end of the survey questions applicable to CPA licensees.

1. You have completed the questions that were the main purpose of this survey. Are you willing to participate in the CBA's efforts to gather additional data about its licensee population at this time?
 - a. Yes (Continue to CPA Demographic survey)
 - b. No (End survey)

2. Your primary employment is in: (Mark one)
 - a. Public Accounting
 - i. Your primary responsibility/are of practice (more than 50%) is in: (Mark one)
 1. Auditing
 2. Accounting
 3. Taxation
 4. Consulting
 5. Management
 6. Financial Planning
 7. Information Systems
 - ii. Your firm type is: (Check all that apply)
 1. Sole Proprietor (non-incorporated)
 2. Corporation
 3. General Partnership
 4. Limited Liability Partnership
 - iii. The number of licensees in your firm:
 1. 1
 2. 2-10
 3. 11-50
 4. 51-100
 5. Over 100
 - a. You are a: (For Responses 1-5)
 - i. Staff member
 - ii. Manager
 - iii. Partner
 - iv. Managing Partner
 - v. Shareholder
 - iv. Do you plan to continue in the practice of public accounting?
 1. Yes
 2. No
 - b. Private Industry
 - c. Government
 - d. Education
 - e. Law

- f. Not Currently Employed
- g. Other _____

3. Your principal place of business is located:

- a. In California
 - i. List of California counties from which to choose
- b. In another United States board of accountancy jurisdiction
 - i. List of other jurisdictions from which to choose
- c. Outside of the United States

NATIONAL SURVEY FOR OTHER STATE BOARDS OF ACCOUNTANCY

1. What is the name and title of the individual completing the survey? (Text box)
2. Which board of accountancy jurisdiction do you represent?
 - a. List of jurisdictions

3. Does your state currently require attest work as a part of the experience requirement for licensure?
 - a. Yes
 - i. Is the authority for your requirement in law, regulation or policy?
 1. Law
 2. Regulation
 3. Policy
 - ii. As a part of the experience requirement for licensure, does your state require a specific amount of time (hours/months/years) performing attest work?
 1. Yes
 - a. What is the required amount of time (hours/months/years)? (Text box)
 2. No
 - iii. Is your state considering eliminating the attest experience requirement?
 1. Yes
 2. No
 - b. No
 - i. Has your state ever required attest work as a part of the experience requirement for licensure?
 - a. Yes
 - a. What was the amount of time (hours/months/years) performing attest services that was required for the experience requirement for licensure? (Text box)
 - b. When was the attest experience requirement eliminated?
 - i. <1 year ago
 - ii. 1-2 years ago
 - iii. 2-5 years ago
 - iv. >5 years ago
 - c. Has your state ever considered reinstating the attest experience requirement?
 - i. Yes
 1. Why did your state decide to not reinstate the attest experience requirement? (Text box)
 - ii. No
 - d. Has your board experienced any issues or problems stemming from the removal of the attest experience requirement?
 - i. Yes
 1. Can you please explain those issues or problems? (Text box)
 - ii. No
 - e. Why was your state's attest experience requirement removed? (Text box)

2. No

4. Please provide any additional information you may wish regarding your state's experience with an attest experience requirement. (Text box)



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CPC Item III.
January 22, 2015

CBA Item IX.A.3.
January 22, 2015

Discussion Regarding the Timeline for Continuing the CBA's Study of California's Attest Experience Requirement

Presented by: Dominic Franzella, Chief, Enforcement Division

Date: December 22, 2014

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with proposed timelines for conducting the study of California's attest experience requirement.

Action(s) Needed

The CBA will be asked to determine which timeline is preferred.

Background

Over the past year, the CBA, in conjunction with the CPS HR Consulting (CPS HR), has been developing a survey to study California's attest experience requirement. With the anticipated CBA approval of that study at its January 2015 meeting, the CBA will now be ready to move forward with conducting the study.

Comments

Staff have developed the following two proposed timelines for the study. Both timelines allow time to conduct the study, a report on the results to be prepared, consideration by the CBA, and, if necessary, sponsor legislation.

As staff have previously communicated, the CPS HR development of the survey occurred under one contract, and it is anticipated that the actual conducting of the survey and preparation of the report will occur under a separate contract. It is possible that the contract review process may need to extend beyond the Department of Consumer Affairs to include the Department of General Services (DGS). If DGS needs to review the contract, the release of the study could potentially be impacted while the CBA awaits final DGS approval of the contract. While this possibility is not factored into the following timelines, staff believed it was important to include here in order that the CBA may have all of the information it needs when determining which timeline it wishes to pursue.

Discussion Regarding the Timeline for Continuing the Study of California's Attest Experience Requirement

Page 2 of 4

Timeline #1

May 1, 2015:

Release the study

June 30, 2015:

Study closes

July – first week of August 2015:

Consultant to compile data and prepare report

September 2015 CBA Meeting:

CBA to review attest study report and consider what changes, if any, are necessary to the attest experience for licensure

November 2015 CBA Meeting:

Finalize any legislative language that may be necessary to modify the attest experience requirement

December 2015/January 2016:

Submit language to Legislative Counsel for drafting of a bill and seek author to carry the bill

Timeline #2

May 1, 2015:

Release the study

August 31, 2015:

Study closes

September – November 2015:

Consultant to compile data and prepare report

January and March 2016 CBA Meetings:

CBA to begin deliberation on the attest experience for licensure and determine what changes, if any, are needed

April through July 2016:

Conduct any follow up investigation or additional meetings that may be seen as beneficial following examination of the study results

September and November 2016 CBA Meeting:

Conclude deliberations on the attest experience requirement for licensure and finalize any legislative language that may be necessary to modify requirement

Discussion Regarding the Timeline for Continuing the Study of California's Attest Experience Requirement

Page 3 of 4

December 2016/January 2017:

Submit language to Legislative Counsel for drafting of a bill and seek author to carry the bill

The primary difference between the two timelines is the timing of any potential legislation and whether the CBA wishes to pursue legislation in 2016 or 2017. Staff have provided the following advantages and disadvantages for these two proposed timelines for use by the CBA as it considers which timeline best meets its needs.

Timeline #1

Advantages

- This timeline offers the more aggressive option, which the CBA may wish to pursue if it is interested in a quick resolution.

Disadvantages

- This timeline only provides for two months for the CBA to conduct its survey which may limit participation.
- This timeline limits the number of planned meetings the CBA will have to consider this important topic (two meetings in September and November 2015).
- This timeline does not allow for the CBA to perform any follow-up procedures associated with its survey should it desire additional insight regarding the responses.

Timeline #2

Advantages

- This timeline allows for a minimum of four months to receive responses from participants of the survey.
- This will provide the CBA almost all of 2015 to deliberate the attest experience requirement to determine what, if any, changes are needed.
- This timeline allows the CBA to perform follow-up procedures associated with its survey should it desire additional insight regarding the responses.
- This timeline will allow additional time to discuss with stakeholders the possibility of modifying the attest experience requirement.

Disadvantages

- This timeline is less aggressive and will not allow the CBA to render a decision on possible modifications to the attest experience requirement until 2016.

Discussion Regarding the Timeline for Continuing the Study of California's Attest Experience Requirement

Page 4 of 4

Fiscal/Economic Impact Considerations

There will be costs associated with having CPS HR conduct the study, including the telephonic interviews, and any letters and mailings the CBA issues.

Recommendation

The CPC subcommittee recommends that the CBA adopt the second proposed timeline as it will allow the CBA additional time to conduct a thorough study of the attest experience requirement for licensure.

Attachment

None.



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CPC Item IV.
January 22, 2015

CBA Item IX.A.4.
January 22, 2015

Discussion Regarding the Outreach Activities Associated with Obtaining Participation in the CBA's Study of California's Attest Experience Requirement

Presented by: Matthew Stanley, Manager, Examination and Practice Privilege Units

Date: December 22, 2014

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an overview of the planned outreach activities associated with the attest study.

Action(s) Needed

While no specific action is required on this agenda item, staff value any feedback members may have regarding the planned outreach associated with the attest study.

Background

Over the past year, the CBA, in conjunction with the CPS HR Consulting (CPS HR), has been developing a survey to study California's attest experience requirement.

Comments

The objective of the outreach plan is to gain maximum participation in the attest study from the various selected audiences. At the July 2014 meeting, the CBA identified the following audiences for the study:

- New licensees (licensed three years or less)
- Hiring managers/signers of the Certificate of Attest Experience form
- Experienced Licensees (licensed between 10-20 years)
- Pending applicants for CPA licensure
- University accounting programs/faculty
- Consumers

The CBA will employ two methodologies for conducting the study. All audiences with the exception of the University accounting programs/faculty will participate via an online survey, which will be hosted on the CBA website. The University accounting programs/faculty audience will be individually contacted by CPS HR to participate via telephonic interview.

Discussion Regarding the Outreach Activities Associated with Obtaining Participation in the CBA's Study of California's Attest Experience Requirement

Page 2 of 3

Staff will employ several methods both pre- and post survey release in an effort to obtain a high volume of participation. Staff have already done some initial marketing of the survey. In the CBA's most recent publication of UPDATE, staff included an article titled "What's Next for Attest." The article provided readers with information on the CBA's ongoing consideration of the attest experience requirement. The article also encouraged participation and provided an initial proposed roll out of the survey in late April or early May 2015. Below, staff have listed methods it will employ in its continued marketing of the survey.

Letters and Mailers

Individuals within each target group will be selected to receive mailers containing an introduction to the study, instructions regarding participation, and a link or information on how to participate in the survey.

CBA Website

Advertising on the CBA website homepage is easy and very effective. The CBA website receives traffic from applicants, licensees, and consumers. The homepage receives approximately 7,000 web hits per day.

Social Media

Presently, the CBA has over 2,800 Facebook fans and more than 1,500 Twitter followers. Information posted on social media is often reposted and re-tweeted by others, which will expand the CBA's initial outreach efforts.

UPDATE Articles

The CBA's publication UPDATE provides an excellent opportunity to increase stakeholder awareness and interest regarding the study.

E-News

The CBA's email notification system – E-News – offers another platform that will be used to reinforce stakeholder awareness and interest regarding the upcoming study.

Press Releases

Media distribution provides great opportunity for the consumer to access the information on the attest study.

Partnership with Outside Agencies/Resources

Staff will pursue partnering with the Department of Consumer Affairs, California Society of CPAs (CalCPA), National Association of State Boards of Accountancy (specific to the national survey), and other outside resources to maximize outreach efforts.

Two of the audiences that staff will need to rely upon outside entities to assist it in obtaining participation are the University accounting programs/faculty and consumers. Recently, CalCPA provided the CBA with a listing of educational institutions it maintains that have accounting programs. The list includes approximately 200 institutions. Staff,

Discussion Regarding the Outreach Activities Associated with Obtaining Participation in the CBA's Study of California's Attest Experience Requirement

Page 3 of 3

working with CPS HR, will be contacting each one of these schools directly to request participation in the study via a telephone interview.

As it relates to the audience of consumers, staff will be looking to partner with other public and private agencies to target this group. These will include, but not be limited to: Better Business Bureaus; Chambers of Commerce; CalCPA; State Controller's Office; and Business, Consumer Services, and Housing Agency (the Agency under which the CBA operates).

Fiscal/Economic Impact Considerations

There will be costs associated with having CPS HR conduct the study, including the telephonic interviews, and any letters and mailings the CBA issues.

Recommendation

Staff have no recommendation on this agenda item, but value feedback from members on how to further the outreach activities for the attest study.

Attachment

None.

M e m o r a n d u m

To : CBA Members

Date : January 13, 2015

Telephone : (916) 561-1716

Facsimile : (916) 263-3674

E-mail : cfriordan@cba.ca.gov

From : Corey Riordan
Board Relations Analyst

Subject : January 22, 2015 Committee on Professional Conduct (CPC)
Agenda Item V. Public Comment

The attached correspondence is provided for member review for the January 22, 2015 CPC Meeting. Dominic Franzella, Enforcement Chief, will reference Mr. Hubik's email during Agenda Item V. Public Comment.

Attachment

From: Robert Hubik
Sent: Tuesday, November 18, 2014 2:20 PM
To: Licensing Info. Mailbox@CBA
Subject: Experience requirement study input

To Whom It May Concern:

I just read that there is a study underway to “revisit” the current 500-hour attest experience requirement to qualify for signing reports on attest engagements. I would like to put forward my opinion on this requirement to any interested parties. My name is Robert P. Hubik and I have been a CPA since 1983, a sole-practitioner since 1994, and have been in public accounting since 1980 (CPA license # 37841). I have performed hundreds of attest engagements over the years, including at least twelve thousand hours in auditing alone. My first 4.5 years in public accounting was as a full-time auditor for a CPA firm specializing in auditing credit unions.

I have a very strong opinion that the experience requirement has been going in the wrong direction ever since it was reduced from its requirement of 4000 hours of auditing experience in a public accounting environment. My experience and education leads me to believe that we are only producing vastly more unqualified people to be in charge of auditing and as a result we are doing great harm to the public for which we are charged to protect. If anything, we need to increase it back to the previous levels and maybe even increase it from those levels. I agree with the increase in the education levels but experience is always the best education. This is so common sense to me that I find it hard for me to elaborate on the matter. Take it for what it’s worth, I guess. I don’t expect my opinion to count for anything with the CBA but after seeing what has gone on in my profession for the last 30+ years I felt compelled to give my opinion on this matter.

Sincerely yours,
Bob Hubik

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LC Item II.
January 22, 2015

CBA Item IX.B.2.
January 22, 2015

Overview of the Legislative and Regulatory Process and the Legislative Committee's Role

Presented by: Kathryn Kay, Legislation Analyst

Date: January 5, 2015

Purpose of the Item

The purpose of this agenda item is to present information regarding the legislative and regulatory process and the Legislative Committee's (LC) role.

Action(s) Needed

No specific action is required on this agenda item.

Background

One of the main roles of the LC is to assist the California Board of Accountancy (CBA) in its activities by reviewing, recommending, and advancing legislation relating to consumer protection and the practice of public accountancy.

Comments

Attachment 1, Overview of the Legislative Process, provides information on all necessary steps for a bill to become law in California, as well as provides some considerations the CBA may wish to keep in mind as it discusses legislation.

Attachment 2, Considerations for Taking Positions on Legislation, is meant to assist the CBA when determining the best position to take regarding proposed legislation. As the LC and CBA review proposed legislation, it may be helpful to make reference to these considerations.

Attachment 3, Overview of the Regulatory Process, is an overview of the activities associated with making regulatory amendments or additions. The regulatory process created by the Legislature is complex. The process ensures public participation when state agencies develop or modify regulations.

Fiscal/Economic Impact Considerations

There are no fiscal or economic impact considerations as this item is for information only.

Recommendation

None.

Overview of the Legislative and Regulatory Process and the Legislative Committee's Role

Page 2 of 2

Attachments

1. Overview of the Legislative Process
2. Considerations for Taking Positions on Legislation
3. Overview of the Regulatory Process



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Attachment 1

Overview of the Legislative Process

The process of government by which bills are considered, and laws enacted by the California State Legislature, is commonly referred to as the legislative process. The Legislature maintains a legislative calendar governing the introduction and processing of the legislative measures during its two-year regular session. A bill must pass both houses, the Senate and Assembly, and be signed by the Governor before it can become law. Once law, it is still subject to judicial review.

The Legislative Process Step-by-Step

Idea

All legislation begins with an idea. Ideas can arise from many different sources, including the California Board of Accountancy (CBA). When the CBA develops an idea, it is analyzed internally, draft statutory language is prepared and later presented to the CBA. Upon the CBA's approval, staff then seeks an author.

Author

A legislator often acts as the vehicle for an idea to be carried through the legislative process as a bill. When choosing a legislator, it is important to do so carefully. Staff takes into consideration the legislator's background, party, voting history, policy interests, committee membership, and how the idea relates to the legislator's constituents.

Introduction

Bills are introduced and read on the house floor (Assembly or Senate) between January and February. No bill may be acted upon until 30 day after the bill's introduction.

Committee Hearings

Bills go before the Rules Committee of the house of origin where it is assigned to a policy committee for its first hearing. The majority of bills related to the CBA are expected to be sent to the Committee on Business and Professions in the Assembly, or the Business, Professions, and Economic Development Committee in the Senate. Bills that require the expenditure of funds must also be heard in the fiscal committees: Assembly Appropriations or Senate Appropriations.

Committee staff prepares bill analyses to be available for the public, which generally summarize the bill's background, what it does, fiscal/economic impact, support and opposition, and other information the staff deem necessary.

During the committee hearings, bills are presented by the author or a representative of the author, and after the bill is discussed among committee members, it becomes open for public comment. If the bill is of particular interest to the CBA, members and staff

Overview of the Legislative Process

Page 2 of 5

may wish to take this opportunity to comment on the bill and to highlight concerns or support for the bill.

Second and Third Reading

Bills passed by committees are read a second time on the floor in the house of origin and then assigned to a third reading. While the bill is on the floor, discussion is restricted to legislators who reside in that house. Bills that require an appropriation or that take effect immediately, generally require 27 votes in the Senate and 54 votes in the Assembly to be passed. Other bills generally require 21 in the Senate and 41 in the Assembly.

Once the bill is approved by the house of origin, it proceeds to the other house where the procedure is repeated.

Resolution of Difference

If a bill is amended in the second house, it must go back to the house of origin for concurrence, which is agreement on the amendments. If agreement cannot be reached, the bill is referred to a two house conference committee to resolve differences. Three members of the committee are from the Senate and three are from the Assembly. If a compromise is reached, the bill is returned to both houses for a vote.

Governor

Once both houses approve the bill, it goes before the Governor. The Governor has three options: sign, veto, or do nothing. If the Governor signs the bill, it goes into effect. If the Governor does nothing to the bill within 30 days, it will go into effect without his or her signature. If the Governor issues a veto, the veto can be overridden by a two-thirds vote in both houses.

California Law

If the bill is an urgency measure, it will go into effect immediately after it is signed or allowed to go into law. If the bill is not an urgency measure, it will go into effect January 1st the following year, unless otherwise specified in the bill.

Considerations for Sponsoring a Legislative Agenda

When putting together a legislative agenda, there are several factors that must be considered. The following is a discussion of the major factors the CBA faces when it considers sponsoring legislation.

DCA Involvement

The Department of Consumer Affairs (DCA) can be a valuable ally in the legislative process. DCA can offer assistance to the CBA by both assuring the approved language is clear and accomplishes the desired result, and by political influence. When DCA takes a position on a bill, it is called an "approved position." Since DCA is a department of the executive branch, it cannot take a position without the Governor's approval.

Participation

CBA members play a significant role in advancing the CBA's legislative agenda. The legislature often relies on the professional expertise from the industry to gain a stronger sense of the issue. CBA members wishing to contact members of the legislature should

Overview of the Legislative Process

Page 3 of 5

involve CBA staff. CBA staff will schedule an appointment and work to ensure you are properly prepared for the discussion.

Beware of Interactions

Some bills do not do well when introduced with other bills. Legislative consultants have indicated the CBA needs to carefully consider what bills it introduces. Certain unpopular bills can have a negative impact on good bills. A good bill can easily die due to its association, real or perceived, with an unpopular bill.

Be Willing to Compromise

Throughout the legislative process, various committees and legislators may seek to amend bills. It is important to note that the bill introduced is often amended during the legislative process prior to being signed by the Governor.

Additionally, while the CBA may sponsor a given bill, it is not the author. Frequently, the author will defer to the sponsor of a bill when deciding whether or not to accept an amendment. However, that is not always the case. If an author takes an amendment that the CBA does not like, it has three options.

1. The first option is to accept the amendment. It may not be exactly what the CBA would like, but may be workable.
2. The second option is to ask the author to amend the bill back to an acceptable form. This can be very tricky. Once an author accepts an amendment from a committee or another member, the intent of that amendment must be maintained or the author could be seen by fellow legislators as going back on their word. This is certain death for the bill. Therefore, in amending the bill again to make it more palatable to CBA, the author must maintain the intent of the original amendment. If that intent is entirely unacceptable to the CBA, there is only one remaining option.
3. The final option is to remove sponsorship of the bill. The CBA has no power to stop the author from going forward with the bill if they so choose, but it is not required to continue its sponsorship. It may issue a letter of opposition if appropriate.

Some Bills Just Die

In the end, it must be realized that sometimes bills die due to fiscal impacts and factors outside the CBA's control, despite CBA members' and staff's best efforts.

2015 Tentative Legislative Calendar

Lastly, members may wish to review the calendar provided on the following pages for more information regarding important legislative dates.

2015 TENTATIVE LEGISLATIVE CALENDAR

Revised 10-21-14

DEADLINES

| JANUARY | | | | | | | |
|---------|----|----|----|----|----|----|----|
| | S | M | T | W | TH | F | S |
| | | | | | 1 | 2 | 3 |
| Wk. 1 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Wk. 2 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| Wk. 3 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| Wk. 4 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |

| FEBRUARY | | | | | | | |
|----------|----|----|----|----|----|----|----|
| | S | M | T | W | TH | F | S |
| Wk. 1 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Wk. 2 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Wk. 3 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| Wk. 4 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |

| MARCH | | | | | | | |
|---------------|----|----|----|----|----|----|----|
| | S | M | T | W | TH | F | S |
| Wk. 1 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Wk. 2 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Wk. 3 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| Wk. 4 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| Spring Recess | 29 | 30 | 31 | | | | |

| APRIL | | | | | | | |
|---------------|----|----|----|----|----|----|----|
| | S | M | T | W | TH | F | S |
| Spring Recess | | | | 1 | 2 | 3 | 4 |
| Wk. 1 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Wk. 2 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| Wk. 3 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Wk. 4 | 26 | 27 | 28 | 29 | 30 | | |

| MAY | | | | | | | |
|---------|----|----|----|----|----|----|----|
| | S | M | T | W | TH | F | S |
| Wk. 4 | | | | | | 1 | 2 |
| Wk. 1 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Wk. 2 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| Wk. 3 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| Wk. 4 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| No hrs. | 31 | | | | | | |

- Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).
- Jan. 5 Legislature reconvenes (J.R. 51(a)(1)).
- Jan. 10 Budget Bill must be submitted by Governor (Art. IV, Sec. 12 (a)).
- Jan. 19 Martin Luther King, Jr. Day observed.
- Jan. 30 Last day to submit bill requests to the Office of Legislative Counsel.

- Feb. 16 Presidents' Day observed.
- Feb. 27 Last day for bills to be introduced (J.R. 61(a)(1), J.R. 54(a)).

- Mar. 26 Spring Recess begins upon adjournment (J.R. 51(a)(2)).
- Mar. 30 Cesar Chavez Day observed.

- Apr. 6 Legislature reconvenes from Spring Recess (J.R. 51(a)(2)).

- May 1 Last day for policy committees to hear and report fiscal bills for referral to fiscal committees (J.R. 61(a)(2)).
- May 15 Last day for policy committees to hear and report to the Floor nonfiscal bills (J.R. 61(a)(3)).
- May 22 Last day for policy committees to meet prior to June 8 (J.R. 61(a)(4)).
- May 25 Memorial Day observed.
- May 29 Last day for fiscal committees to hear and report bills to the Floor (J.R. 61(a)(5)). Last day for fiscal committees to meet prior to June 8 (J.R. 61(a)(6)).

2015 TENTATIVE LEGISLATIVE CALENDAR

Revised 10-21-14

| JUNE | | | | | | | |
|----------|----|----|----|----|----|----|----|
| | S | M | T | W | TH | F | S |
| No Hrgs. | | 1 | 2 | 3 | 4 | 5 | 6 |
| Wk 1 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Wk 2 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| Wk 3 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| Wk 4 | 28 | 29 | 30 | | | | |

June 1-5 Floor Session only. No committee may meet for any purpose (J.R. 61(a)(7)).

June 5 Last day to pass bills out of house of origin (J.R. 61(a)(8)).

June 8 Committee meetings may resume (J.R. 61(a)(9)).

June 15 Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)(3)).

| JULY | | | | | | | |
|---------------|----|----|----|----|----|----|----|
| | S | M | T | W | TH | F | S |
| Wk 4 | | | | 1 | 2 | 3 | 4 |
| Wk 1 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Wk 2 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| Summer Recess | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Summer Recess | 26 | 27 | 28 | 29 | 30 | 31 | |

July 3 Independence Day observed.

July 17 Last day for policy committees to meet and report bills (J.R. 61(a)(10)). Summer Recess begins upon adjournment, provided Budget Bill has been passed (J.R. 51(a)(3)).

| AUGUST | | | | | | | |
|---------------|----|----|----|----|----|----|----|
| | S | M | T | W | TH | F | S |
| Summer Recess | | | | | | | 1 |
| Summer Recess | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Summer Recess | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Wk 3 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| Wk 4 | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| No Hrgs. | 30 | 31 | | | | | |

Aug. 17 Legislature reconvenes from Summer Recess (J.R. 51(a)(3)).

Aug. 28 Last day for fiscal committees to meet and report bills to the Floor (J.R. 61(a)(11)).

Aug. 31 – Sept. 11 Floor Session only. No committee may meet for any purpose except for Rules Committee and Conference Committees (J.R. 61(a)(12)).

| SEPTEMBER | | | | | | | |
|----------------|----|----|----|----|----|----|----|
| | S | M | T | W | TH | F | S |
| No Hrgs. | | | 1 | 2 | 3 | 4 | 5 |
| No Hrgs. | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Interim Recess | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| Interim Recess | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| Interim Recess | 27 | 28 | 29 | 30 | | | |

Sept. 4 Last day to amend on the Floor (J.R. 61(a)(13), A.R. 69(e)).

Sept. 7 Labor Day observed.

Sept. 11 Last day for any bill to be passed (J.R. 61(a)(14)). Interim Study Recess begins upon adjournment (J.R. 51(a)(4)).

IMPORTANT DATES OCCURRING DURING INTERIM RECESS

2015

Oct. 11 Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 11 and in the Governor's possession after Sept. 11 (Art. IV, Sec.10(b)(1)).

2016

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 4 Legislature reconvenes (J.R. 51(a)(4)).



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Attachment 2

Considerations for Taking Positions on Legislation

As new bills are introduced or amended in the Legislature, the California Board of Accountancy (CBA) may take a variety of possible positions, which are outlined below. Introduced legislation rarely passes through the legislative process without amendment; and those amendments may change the CBA's position. Should the CBA take one of the positions outlined below on a bill, staff will track the legislation and update the CBA regarding developments and amendments. This process will allow the CBA to update its position throughout the legislative session.

Positions the CBA May Take:

Sponsor:

The CBA is the sponsor of a bill, meaning the CBA participated in the development of the legislation and advocates its passage.

Support:

CBA supports the bill as written, and sends a letter of support to interested legislators. If the CBA considers the bill's passage crucial, increased communication with legislators to include involving the CBA will be initiated.

Support if Amended:

The CBA supports the concept of the bill, but it would need a modification to obtain the CBA's full support. This position would be communicated to legislators along with the suggested amendment. If the CBA's amendment is accepted without further significant amendments, the CBA's position will be changed automatically to support the bill, and a letter reflecting this new position will be sent to legislators.

Neutral:

The bill in question affects the CBA's interests in some way, but the CBA does not have a position one way or the other. This position may be communicated to interested legislators if the CBA chooses.

Oppose unless Amended:

The CBA opposes the bill as presently written, but if the bill were modified as requested by the CBA, the CBA would no longer be opposed. If the CBA's amendment is accepted without other significant amendments, a letter will be sent withdrawing the CBA's opposition. Further, the CBA may choose at a later

Considerations for Taking Positions on Legislation

Page 2 of 2

time to take a Neutral, or Support position. This position will be communicated to interested legislators along with the suggested amendment.

Oppose:

The CBA opposes the bill. There are no reasonable amendments that would change the CBA's position. The CBA would send a letter of opposition to interested legislators and may consider lobbying against the bill, if it's considered crucial to the CBA.

Watch:

The bill may develop into an item of interest for the CBA. While it is not presently something the CBA wishes to take a position on, staff will continue to follow the bill and update the CBA on developments and status.

Discontinue Following:

The bill has changed in such a way that it is no longer of interest to the CBA. Staff would no longer monitor or provide updates on this bill.

Throughout the legislative process, staff will track the bills that the CBA takes a position on, and will continue to examine other legislation and amendments that may cause other bills to become of interest to the CBA.

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**Attachment 3****Overview of the Regulatory Process****What Is the Regulatory Process?**

The regulatory process was created by the Legislature to ensure public participation when state agencies develop regulations. While the regulatory process can be complex, the full regulatory process is presented in graphic form on the last page of this attachment which can assist in understanding the sequence of actions.

What is a Regulation?

A regulation is necessary in order to implement, interpret, or make specific the law enforced by a state agency or to govern its procedure. A regulation has the full force of law.

From where does the authority for rulemaking come?

The Constitution, adopted and amended by the people, established the Legislative, Executive and Judicial branches and gave each their own separate powers. The Legislature's responsibility is to make law, and the Executive's is to enforce the law. However, the statutes created by the Legislature need, from time to time, additional clarity or specificity. Rather than bog the Legislature down in the minutiae, it chose to delegate the writing of these details to those who are tasked with enforcing the rules, the Executive branch.

Specifically in the case of the California Board of Accountancy (CBA), the Legislature created, and amends, the Accountancy Act. Section 5010 of the Accountancy Act reads as follows:

The board may adopt, repeal, or amend such regulations as may be reasonably necessary and expedient for the orderly conduct of its affairs and for the administration of this chapter. The regulations shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

This delegation of authority from the Legislature is what permits the CBA to engage in the regulatory process. That process, as referred to in Section 5010, is spelled out in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, otherwise known as the Administrative Procedures Act (APA). The purpose of the APA is to provide the public with a meaningful opportunity to participate in the adoption of regulations by state agencies and to ensure the creation of an

Overview of the Regulatory Process

Page 2 of 6

adequate record for the public and judicial review. The Office of Administrative Law (OAL) is charged with ensuring that agencies comply with the APA.

Pre-Notice Steps

The rulemaking process starts with an idea by a CBA member or a concept in the law that needs to be clarified. The CBA typically discusses how to approach the issue and whether or not a rulemaking is needed. When the CBA votes to initiate a rulemaking, four documents must be created: the Proposed Regulatory Language, the Notice of Proposed Action, the Initial Statement of Reasons, and the Economic/Fiscal Impact Statement.

The Proposed Regulatory Language

Typically, the regulatory language is prepared by CBA staff for presentation at a CBA meeting. During the meeting, the CBA comments on the proposed language and makes any changes it determines necessary. The proposed language always takes the form of strikethrough (text being deleted from regulations) and underline (text added to the regulations) in order to further the purpose of the APA in providing the public a meaningful opportunity to participate.

The Notice of Proposed Action (Notice)

The Notice is an announcement to the public that the agency is undertaking a rulemaking and an invitation to participate in the process. The Notice lists the time and place of the public hearing on the regulations and provides contact information for those who wish to submit written comments.

In addition, the Notice provides an Informative Digest/Policy Statement Overview which lays out the scope of the rulemaking. Specifically, it identifies current law and how the proposed changes will affect that law.

The Initial Statement of Reasons (ISR)

The purpose of the ISR is to explain to the public why an agency is making the changes it is proposing. It is the most important document in the rulemaking record as it establishes necessity.

When OAL reviews a rulemaking record, it is looking for six standards established in the APA: authority, reference, consistency, clarity, non-duplication, and necessity. Authority and reference are found in the proposed language and identify the code sections that give the agency rulemaking authority and identify which sections are being “implemented, interpreted, or made specific.” Consistency and clarity are determined by OAL as they decide whether the proposal does or does not violate or contradict the law, and whether the proposal is easily understood with no further interpretation needed. Non-duplication means that agencies are not allowed to copy statutory code sections into their regulations as it is unnecessary and could be confusing to the public. The final standard is necessity, and it is the most important and most complicated to determine.

Overview of the Regulatory Process

Page 3 of 6

The ISR must, for each proposed adoption, amendment or repeal, identify the specific purpose of it, the problem it is meant to address, and the agency's rationale for why it is necessary to carry out the described purpose. The ISR also identifies any studies, reports, or other documents an agency may have relied upon in coming to its conclusions.

Finally, the ISR must describe reasonable alternatives to the proposal and why each was rejected.

The Economic/Fiscal Impact Statement (Form 399)

While the Proposed Regulatory Language allows the public to see the changes being made and the ISR tells them why it is being done, the Form 399 tells the public what the changes will cost. The economic impact portion assesses the cost and benefits to private individuals and businesses. The fiscal impact portion identifies the cost to the state agency. The Form 399 must be reviewed and signed by the Department of Consumer Affairs (DCA), the Secretary of the Business, Consumer Services, and Housing Agency (BCSHA), and the Department of Finance (DOF). It is the review of this document that commonly takes the most time to complete in the regulatory process.

Starting the Regulatory Clock

Publishing the Notice

The APA gives agencies one year to submit the rulemaking package to OAL for review. That one year clock starts the day the Notice is published by OAL; this is known as opening the rulemaking record. This publication also starts the 45-day public comment period.

On or before the date of publication, the agency must send the Notice to the following:

- OAL for publication,
- Any interested parties that have requested to be notified of rulemakings, and,
- Posting the rulemaking materials on the agency's website.

Again, this provides the public with an opportunity to participate in the rulemaking process. Following publication, a member of the public may submit comments to the agency in any way they choose. The agency must then consider and respond to each comment.

The Public Hearing

The public hearing on the proposal, which was identified in the Notice, must be scheduled no sooner than 45 days after the publication of the Notice, but can be any time after the 45 days. At the public hearing, additional public comments are received either orally or in writing. While the CBA has chosen to hold these public hearings at CBA meetings, this is not a requirement as long as the CBA members are presented with, and consider, all the comments received prior to adopting a proposal.

Overview of the Regulatory Process

Page 4 of 6

Adoption of the Proposal

Following the public hearing and consideration of all public comments, the agency is authorized to do one of two things assuming it wishes to proceed. First, it may adopt the proposal with no changes and move forward with the regulatory process to the Final Statement of Reasons (FSR). Second, it may request changes to the proposal, and authorize the proposal's adoption following a 15-Day Notice of Modified Text (15 day Notice) if no adverse comments are received. Typically, this is the final stage for input by CBA members during the rulemaking process due to the fact that adverse comments during the 15 day period are very rare for the CBA. However, it has occurred, and when it does, such comments will be returned to the CBA for its further consideration and possibly even a second 15-Day Notice.

Finalizing the Regulatory Package

15-Day Notice of Modified Text

Assuming that changes are made, the first thing an agency must do is make sure that the changes are within the original scope of the rulemaking as outlined by the Notice. If they are, the agency must prepare the modified text and a 15-Day Notice for public consumption. These must be sent out to the following:

- Anyone who made comments on the original proposal,
- Anyone who requested to be informed of changes to the proposal, and
- Posting the rulemaking materials on the agency's website.

This is a smaller group than those who receive the original Notice, and there is no public hearing on these changes. The public has 15 days to comment, and the comments must pertain to the changes only rather than the original proposal. If substantive or adverse comments are received, they must be considered by the agency prior to the proposal moving forward.

Final Statement of Reasons

Once the public participation phase of the process is complete, an agency can begin to finalize its rulemaking by preparing an FSR. The FSR updates the ISR and provides any reasoning (necessity) for changes that were made to the original proposal.

In addition, the FSR is where the agency responds to any comments that were received from the public. Each comment (and several similar comments can be grouped together) must be responded to by the agency in the form of accepting or rejecting the comment. If a comment is rejected, adequate reasons must be provided in the FSR for rejecting the comment. If a comment is accepted, it is usually through a change that was made to the original proposal.

The Approval Process

Once the CBA finalizes a rulemaking package, it is required to submit it for review to DCA. The Director has 30 days to review the file, but others within DCA, such as Legal

Overview of the Regulatory Process

Page 5 of 6

and Budget Offices, are not given a time limit, and this DCA review can take up to two months or more depending on the subject and complexity of the proposed changes.

Following its review, DCA sends the file to BCSHA for the Secretary's review and signature on the Form 399. Again, there is no time limit provided in the law, but BCSHA typically takes less than two weeks to review CBA files. BCSHA has requested that CBA files be presented to the Secretary no less than three months prior to the one year deadline for submission to OAL.

BCSHA returns the file to DCA which then submits it to DOF for its signature on the Form 399. Although DOF has no timeline in law, it has stated that its goal is 30 days or less for approval. However, according to DOF, with DCA files, this often times takes up to 3 months or more due to the volume of files from DCA.

After DOF signs the Form 399, it returns the file to DCA which then returns it to the CBA. The CBA then officially closes the file, which is simply putting the current date on the cover sheet, and submits the file to OAL for its approval.

Once it is submitted, OAL has 30 working days to take action on the file. This usually means 40-45 calendar days depending on state holidays. As was stated earlier, OAL is reviewing the file for six things, authority, reference, consistency, clarity, non-duplication, and necessity. In addition, they are also checking to ensure that the APA process was followed. The OAL may then either approve or disapprove the file. If it is disapproved, it is returned to the agency. The agency may then do a 15-Day Notice to fix the file and resubmit it within 120 days, or it may restart the entire process with a new Notice. In addition, there is provision for an agency to appeal the OAL decision to the Governor, but this is very rarely done.

If OAL approves the file, it submits it to the Secretary of State for printing in the California Code of Regulations (CCR). The date that OAL submits it to the Secretary of State determines the effective date of the new regulation unless a later date is requested by the agency. Regulations become effective on a quarterly basis based on the following:

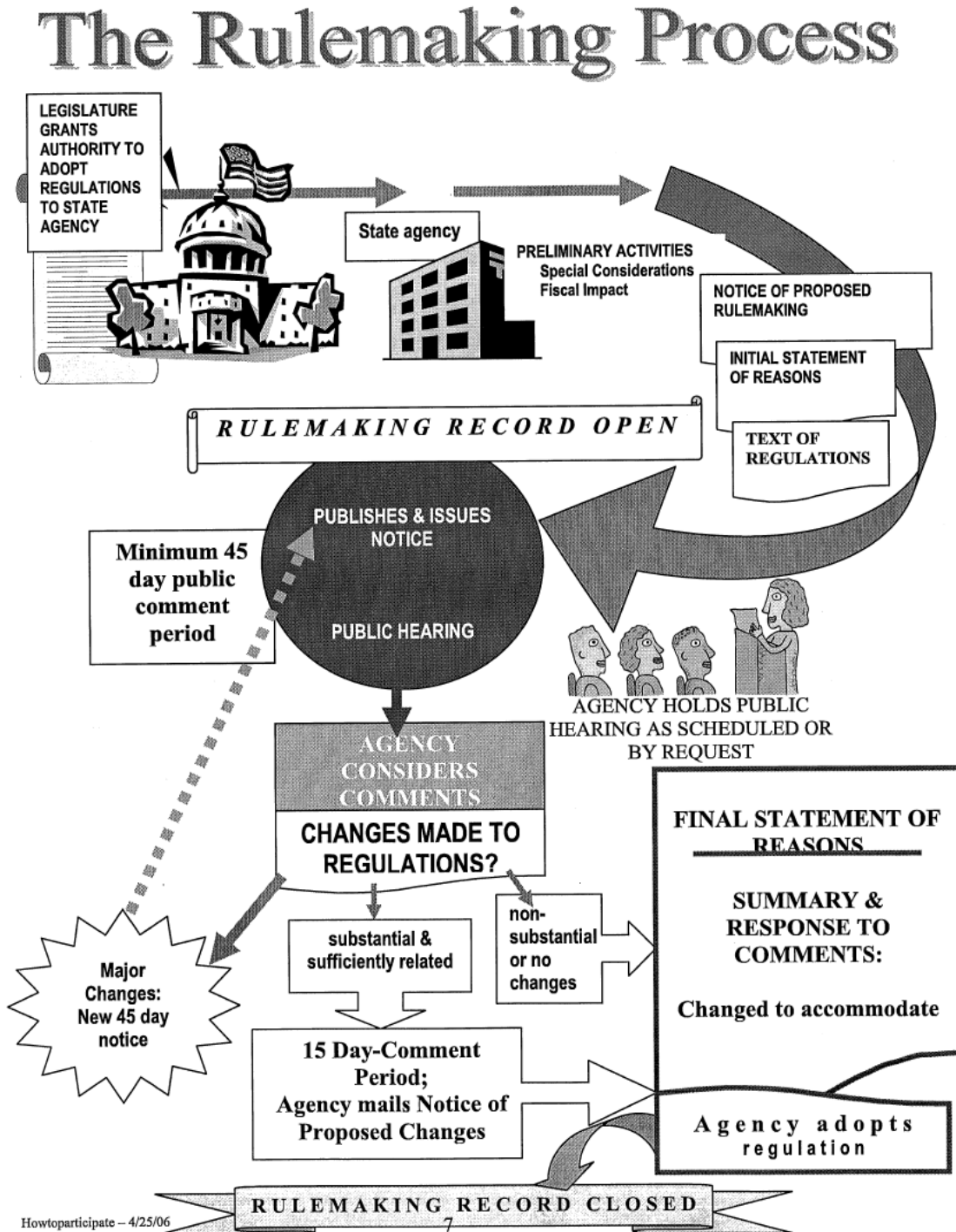
- January 1 if the regulation is filed on September 1 to November 30, inclusive.
- April 1 if the regulation is filed on December 1 to February 29, inclusive.
- July 1 if the regulation is filed on March 1 to May 31, inclusive.
- October 1 if the regulation is filed on June 1 to August 31, inclusive.

It is important to note that "effective" means that the regulation has been printed in the CCR and is now a part of the law. A regulation could be "operative" on a date that is later than its effective date. An example of this would be the CBA's fingerprinting regulations, which was effective (printed in the CCR) in January 2013. This regulation was not operative until January 1, 2014. This was because the operative date was a part of the regulation itself.

Overview of the Regulatory Process

Page 6 of 6

Once the regulation is printed in the CCR it becomes law and concludes the regulatory process. Although the rulemaking process may be complicated, the chart below provides members with essential steps in the rulemaking process.





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LC Item III.
January 22, 2015

CBA Item IX.B.3.
January 22, 2015

Overview of Established Legislative Best Practices Including How to Best Handle Legislation That Arises Between CBA Meetings

Presented by: Kathryn Kay, Legislative Analyst

Date: January 5, 2015

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) established legislative best practices to properly identify, monitor, and advance CBA interests regarding legislation impacting the CBA.

Action(s) Needed

No specific action is required on this agenda item unless the CBA determines modifications to the established legislative best practices are needed.

Background

At the November 2014 Legislative Committee (LC) meeting, members requested that staff provide information regarding legislative best practices, as well as how to best handle legislation that comes to light between regularly scheduled meetings that may be of interest to the CBA. Additionally, at the December 2014 Leadership Roundtable, CBA leadership directed staff to present information regarding legislative best practices so that the CBA can gain a better understanding of staff procedures related to the process.

Comments

To ensure effective advancement of legislation that is of interest to the CBA, it is critical to have established best practices. Best practices are used by staff to identify, track, and monitor legislation and to ensure effective communication as bills advance through the Legislature. Further, it is important to include in these best practices how staff apprises the CBA regarding the status of legislation. These functions are primarily performed by the CBA's Legislative Analyst to assist the CBA in identifying, analyzing, and monitoring legislation.

Staff Tools for Identifying, Tracking, and Monitoring Legislation

During the legislative process, staff identifies and monitors legislation by using various tools, including Leginfo, Capitol Track, and through communication with the California

Overview of Established Legislative Best Practices Including How to Best Handle Legislation That Arises Between CBA Meetings

Page 2 of 3

Legislature, bill authors, the Department of Consumer Affairs (DCA), and CBA stakeholders.

Leginfo is a website maintained by the state that contains information on bills introduced from 1999 through today. It provides bill history, status, votes, and committee analyses.

Capitol Track is an online resource that expands upon Leginfo's services by providing the ability to track and monitor legislation more efficiently and enables staff to conduct bill searches using key terms. Capitol Track also allows staff to flag, specially categorize, and track pertinent bills to prepare weekly reports summarizing legislative developments.

The information from Leginfo and Capitol Track is used to apprise management of status, location, and progress of pertinent bills and aid staff in performing thorough bill tracking, as well as providing synthesized information in legislative reports and analyses provided at CBA meetings.

Staying in close communication with the DCA, other boards, state agencies, stakeholders, legislative committees, and legislators is just as important as monitoring legislation. Effective communication improves staff's understanding of various interpretations, questions, concerns, and plans to advance legislation.

Enhanced Communication Efforts

In the Legislature, the CBA works primarily with the Senate Committee on Business, Professions and Economic Development (Senate BP&ED) and the Assembly Committee on Business and Professions (Assembly B&P). Once committee membership is announced at the beginning of the year, staff schedules meetings with new members to introduce the CBA, its members, our mission, and staff. This is valuable face time and a great opportunity for all parties to become better acquainted as the legislative season commences.

As part of monitoring legislation, staff is continually in contact with bill authors and their offices. When staff identifies a bill that may have a possible impact on the CBA, staff will contact the author's office to obtain further clarity. Staff will also contact an author's office to schedule and hold meetings to discuss a position the CBA took on his/her bill, and provide details regarding its impact. Post discussion, staff will follow up with the author's office by providing a legislative analysis and a summary of the CBA's position and communicate the CBA's willingness to continue discussions.

Once a bill passes through the Legislature, and is awaiting the Governor's signature, staff will submit a letter to the Governor's Office providing the CBA's position. Further, the CBA will specifically request that the Governor either sign or veto the bill, depending on the CBA's position.

Overview of Established Legislative Best Practices Including How to Best Handle Legislation That Arises Between CBA Meetings

Page 3 of 3

Staff Reporting and Keeping the CBA in the Legislative Loop

The CBA Legislative Analyst provides regular updates at CBA meetings on pertinent bills, and facilitates discussions between CBA meetings with legislators and bill authors regarding questions, concerns, and CBA positions. Between regularly scheduled meetings, staff will actively monitor bill amendments, communicate with CBA members, bill authors and stakeholders, and, if necessary, initiate a special meeting so the CBA can take immediate action if desired.

The Bagley-Keene Open Meeting Act allows the CBA to initiate a special meeting when legislation is proposed between regularly scheduled meetings that would cause a substantial hardship on the CBA, or require immediate action to protect public interest. Should this situation arise, staff will apprise members and consult the CBA President regarding whether a special meeting should be initiated.

Fiscal/Economic Impact Considerations

There are no fiscal or economic impact considerations as this item is information only.

Recommendation

In conjunction with the CBA's mission to protect consumers, these legislative best practices work to ensure a successful legislative season. The CBA may wish to accept, alter, or add to these best practices, or provide other direction to staff.

Attachments

None.

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**LC Item IV.**

January 22, 2015

CBA Item IX.B.4.

January 22, 2015

Legislative Proposals for Inclusion in the 2015 Annual Omnibus Bill**Presented by:** Kathryn Kay, Legislative Analyst**Date:** January 5, 2015**Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding proposed language (**Attachment**) for inclusion in the Legislature's annual omnibus bill.

Action(s) Needed

These proposals were previously approved by the CBA and do not require specific action. This item provides information to the new Legislative Committee (LC) membership regarding omnibus proposals submitted to the Legislature in early January.

Background

Every year, typically in December, the Senate Committee on Business, Professions and Economic Development (Senate BP&ED), requests that all Department of Consumer Affairs boards and bureaus submit ideas for inclusion in its annual omnibus legislation. Omnibus legislation, contrary to most bills presented before the Legislature, proposes a mix of changes to a variety of existing statutes or subjects in a singular legislative package.

In 2014, the CBA approved three proposals to amend Business and Professions Code (BPC) sections 5070.1, 5087, and 5100, and directed staff to initiate the legislative process regarding these changes. These changes relate to further clarifying the CBA's retired license status (BPC section 5070.1), reciprocity provision (BPC section 5087), and providing the CBA and Administrative Law Judges (ALJ) the statutory authority to impose permanent practice restrictions as part of a final disciplinary order (BPC section 5100). In January 2015, staff is prepared to submit these three items to the Senate BP&ED for consideration into the annual omnibus bill.

Comments

The first provision proposed involves BPC section 5070.1, which provides license restoration requirements for a license placed into retired status. The purpose and scope of the legislative change is to further clarify restoration requirements for licenses canceled pursuant to BPC section 5070.7 that were later placed into retired status. Present law does not reference BPC section 5070.7, which states in pertinent part, that a canceled license "may not be renewed, restored, or reinstated thereafter." This

Discussion Regarding Legislative Proposals for Inclusion in the Annual Omnibus Bill

Page 2 of 2

ambiguity could mislead individuals to believe that a canceled license that was placed into retired status could later be restored to an active or inactive status.

The proposal put forward to the Senate BP&ED would add the phrases “the board shall not restore to active or inactive status a license that was previously canceled” and that individuals “must apply for a new license” should they wish to return to the profession. The wording of this section would now reference the requirements of BPC section 5070.7, clarifying that a canceled license may not be restored. Further, BPC section 5070.1(i) would clarify these individuals must reapply for licensure and reference those requirements.

BPC section 5087, the second provision, involves reciprocity law that provides the CBA with the authority to issue a CPA license to applicants who hold a “valid and unrevoked” license under the laws of any state, if certain licensure requirements are met. As a result of legal guidance, the CBA determined to further clarify the meaning of a license that is valid and unrevoked to mean “current, active, and unrestricted.”

Lastly, the third provision being proposed involves BPC section 5100, which allows the CBA to revoke, suspend, or refuse to renew any permit or certificate, or censure the holder of that permit or certificate due to unprofessional conduct. This provision does not presently allow an ALJ the authority to include permanent practice restrictions as part of a proposed decision. Practice restrictions may only be imposed beyond the probationary term and when specifically agreed to by the licensee via a stipulated settlement.

Some circumstances may warrant permanent practice restrictions in order to protect the public, however, if the licensee is unwilling to agree to such terms via a stipulated settlement, the only recourse for the CBA is to seek revocation of the license through an Administrative Hearing.

This proposal would amend BPC section 5100.5 to allow the CBA and ALJs to include permanent practice restrictions as part of a disciplinary order, while still permitting the licensee to retain a license to practice in such areas where competency is not compromised. Additionally, these changes would provide an additional tool available to the CBA in its mission to protect consumers.

Fiscal/Economic Impact Considerations

As these proposals do not change CBA implementation of renewal, licensing or enforcement programs, there is not expected to be any fiscal or economic impact.

Recommendation

None.

Attachment

Proposed Legislative Language to Revise Business and Professions Code Sections 5070.1, 5087, and 5100

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**Attachment**

**Proposed Legislative Language to Revise Business and Professions Code
Sections 5070.1, 5087, and 5100**

*First Proposal***5070.1.** *(added by Stats. 1959, Ch. 310.)*

(a) The board may establish, by regulation, a system for the placement of a license into a retired status, upon application, for certified public accountants and public accountants who are not actively engaged in the practice of public accountancy or any activity which requires them to be licensed by the board.

(b) No licensee with a license in a retired status shall engage in any activity for which a permit is required.

(c) The board shall deny an applicant's application to place a license in a retired status if the permit is subject to an outstanding order of the board, is suspended, revoked, or otherwise punitively restricted by the board, or is subject to disciplinary action under this chapter.

(d) (1) The holder of a license that was canceled pursuant to Section 5070.7 may apply for the placement of that license in a retired status pursuant to subdivision (a).

(2) Upon approval of an application made pursuant to paragraph (1), the board shall reissue that license in a retired status.

(3) The holder of a canceled license that was placed in retired status between January 1, 1994, and January 1, 1999, inclusive, shall not be required to meet the qualifications established pursuant to subdivision (e), but shall be subject to all other requirements of this section.

(e) The board shall establish minimum qualifications to place a license in retired status.

(f) The board may exempt the holder of a license in a retired status from the renewal requirements described in Section 5070.5.

(g) The board shall establish minimum qualifications for the restoration of a license in a retired status to an active status. These minimum qualifications shall include, but are not limited to, continuing education and payment of a fee as provided in subdivision (h) of Section 5134.

(h) The board shall not restore to active or inactive status a license that was previously canceled by operation of law pursuant to subdivision (a) of Section 5070.7 and then placed into a retired status pursuant to subdivision (d). The individual must apply for a new license as described in subdivision (c) of Section 5070.7.

**Proposed Legislative Language to Revise Business and Professions Code
Sections 5070.1, 5087, and 5100**

Page 2 of 2

Second Proposal

5087 (Amended by Stats. 2001, Ch. 718, Sec. 16. Effective January 1, 2002.)

(a) The board may issue a certified public accountant license to any applicant who is a holder of a ~~valid and unrevoked~~ current, active, and unrestricted certified public accountant license issued under the laws of any state, if the board determines that the standards under which the applicant received the license are substantially equivalent to the standards of education, examination, and experience established under this chapter and the applicant has not committed acts or crimes constituting grounds for denial under Section 480. To be authorized to sign reports on attest engagements, the applicant shall meet the requirements of Section 5095.

(b) The board may in particular cases waive any of the requirements regarding the circumstances in which the various parts of the examination were to be passed for an applicant from another state.

Third Proposal

5100.5

(a) After notice and hearing the board may, for unprofessional conduct, permanently restrict or limit the practice of a licensee or impose a probationary term or condition on a license, which prohibits the licensee from performing or engaging in any of the acts or services described in Section 5051. Unprofessional conduct shall include, but not be limited to, those grounds for discipline or denial listed in Section 5100. A practice restriction may include, but not be limited to, the prohibition on engaging in or performing any attestation engagement, audits or compilations.

(b) A licensee may petition the board pursuant to Section 5115 for reduction of penalty or reinstatement of the privilege to engage in the service or act restricted or limited by the board.

(c) The authority or sanctions provided by this section are in addition to any other civil, criminal, and administrative penalties or sanctions provided by law, and do not supplant, but are cumulative to, other disciplinary authority, penalties or sanctions.

(d) Failure to comply with any restriction or limitation imposed by the board pursuant to this section is grounds for revocation of the license.



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CBA Item X.A.
 January 22, 2015

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

DRAFT

MINUTES OF THE
November 20-21, 2014
CBA MEETING

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Roll Call and Call to Order.

CBA President Michael Savoy called the meeting to order at 11:30 a.m. on Thursday, November 20, 2014 at the Hilton Pasadena. The meeting convened into closed session at 2:38 p.m. The open meeting reconvened from 3:17 p.m. to 4:39 p.m. followed by closed session until 5:12 p.m. President Savoy reconvened closed session on November 21, 2014 at 9:00 a.m. and adjourned the meeting at 10:35 a.m.

CBA Members

November 20, 2014

| | |
|--------------------------------------|-------------------------|
| Michael Savoy, President | 11:30 a.m. to 5:12 p.m. |
| Jose Campos, Vice President | 11:30 a.m. to 5:12 p.m. |
| Katrina Salazar, Secretary-Treasurer | 11:30 a.m. to 5:12 p.m. |
| Sarah (Sally) Anderson | 11:30 a.m. to 5:12 p.m. |
| Diana Bell | 11:30 a.m. to 5:12 p.m. |
| Alicia Berhow | 11:30 a.m. to 5:12 p.m. |
| Herschel Elkins | 11:30 a.m. to 5:12 p.m. |
| Laurence (Larry) Kaplan | 11:30 a.m. to 5:12 p.m. |
| Louise Kirkbride | 11:30 a.m. to 5:12 p.m. |
| Kay Ko | 11:30 a.m. to 5:12 p.m. |
| Leslie LaManna | 11:30 a.m. to 5:12 p.m. |
| K.T. Leung | 11:30 a.m. to 5:12 p.m. |
| Manuel Ramirez | 11:30 a.m. to 5:12 p.m. |
| Mark Silverman | 11:30 a.m. to 5:12 p.m. |

CBA Members

November 21, 2014

| | |
|--------------------------------------|-------------------------|
| Michael Savoy, President | 9:00 a.m. to 10:35 a.m. |
| Jose Campos, Vice President | 9:00 a.m. to 10:35 a.m. |
| Katrina Salazar, Secretary-Treasurer | 9:00 a.m. to 10:35 a.m. |
| Sarah (Sally) Anderson | 9:00 a.m. to 10:35 a.m. |
| Diana Bell | 9:00 a.m. to 10:35 a.m. |
| Alicia Berhow | 9:00 a.m. to 10:35 a.m. |
| Herschel Elkins | 9:00 a.m. to 10:35 a.m. |
| Laurence (Larry) Kaplan | 9:00 a.m. to 10:35 a.m. |
| Louise Kirkbride | 9:00 a.m. to 10:35 a.m. |
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| Leslie LaManna | 9:00 a.m. to 10:35 a.m. |
| K.T. Leung | 9:00 a.m. to 10:35 a.m. |
| Manuel Ramirez | 9:00 a.m. to 10:35 a.m. |
| Mark Silverman | 9:00 a.m. to 10:35 a.m. |

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Rich Andres, Information Technology Staff
Paul Fisher, Enforcement Supervising ICPA
Dominic Franzella, Chief, Licensing Division
Rafael Ixta, Chief, Enforcement Division
Vincent Johnston, Enforcement Manager
Dorothy Osgood, Acting Supervising Investigative CPA
Corey Riordan, Board Relations Analyst
Kristy Schieldge, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)
Matthew Stanley, Examination and Practice Privilege Manager

Committee Chairs and Members

Maurice Eckley, Chair, Qualifications Committee (QC)
Robert Lee, Chair, Peer Review Oversight Committee (PROC)

Other Participants

Jason Fox, California Society of Certified Public Accountants (CalCPA)
Matthew Goldsby, Administrative Law Judge
Edward Howard, Center for Public Interest Law (CPIL)
Hee Yong Park, Petitioner
Joseph Petito, The Accountants Coalition
Pilar Oñate-Quintana, KP Public Affairs
Jon Ross, KP Public Affairs
Taylor Schick, Budget Officer, Department of Consumer Affairs
Hal Schultz, CalCPA

I. Report of the President.

A. Report of the National Association of State Boards of Accountancy 107th Annual Meeting.

Mr. Savoy stated that he attended the National Association of State Boards of Accountancy (NASBA) 107th Annual Meeting and provided members with information regarding the annual meeting. Mr. Savoy thanked Governor Brown for approving his attendance at the meeting.

B. Discussion and Approval of the Peer Review Report to the Legislature.

Ms. Bowers provided an overview of the Peer Review Report. She noted that additional narrative was drafted that clarify actions taken by the board regarding self reporting.

It was moved by Mr. Ramirez, seconded by Mr. Elkins, and unanimously carried by those present to approve the Peer Review Report to the Legislature with the additional language to replace the last paragraph on pages 8-9 and delegate authority to make any last minute changes to the Executive Officer.

C. 2015 CBA Member Committee Interest Survey.

Ms. Riordan requested that the CBA members complete the committee member interest survey by December 5, 2014. She stated that the surveys will be used by the incoming CBA President to appoint members to the Committee on Professional Conduct (CPC), Enforcement Program Oversight Committee (EPOC), Legislative Committee (LC), Strategic Planning Committee (SPC), and the liaisons to the Qualifications Committee (QC) and the Enforcement Advisory Committee (EAC).

D. DCA Director's Report.

There was no report for this item.

II. Report of the Vice President.

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

It was moved by Mr. Elkins, seconded by Mr. Silverman, and carried by those present to appoint Katherine Allanson to the EAC for a two-year term effective December 1, 2014. Mr. Ramirez abstained.

It was moved by Mr. Elkins, seconded by Mr. Ramirez, and unanimously carried by those present to reappoint Nancy Corrigan

to the EAC for a two-year term effective December 1, 2014.

It was moved by Mr. Leung, seconded by Ms. Berhow, and unanimously carried by those present to appoint Jeffrey De Lyser as Chair of the EAC effective December 1, 2014 until December 31, 2015.

It was moved by Mr. Elkins, seconded by Ms. Bell, and unanimously carried by those present to appoint Joseph Rosenbaum as Vice-Chair of the EAC effective December 1, 2014 until December 31, 2015.

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

It was moved by Mr. Ramirez, seconded by Ms. Anderson, and unanimously carried by those present to appoint Robert Ruehl as Chair of the QC effective December 1, 2014 until December 31, 2015.

It was moved by Ms. Bell, seconded by Ms. LaManna, and unanimously carried by those present to appoint Joanna Bolsky as Vice-Chair of the QC effective December 1, 2014 until December 31, 2015.

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

It was moved by Ms. Anderson, seconded by Ms. Berhow, and unanimously carried by those present to appoint Seid Sadat as Vice-Chair of the PROC effective January 1, 2015 until December 31, 2015.

III. Report of the Secretary/Treasurer.

- A. Discussion of Governor's Budget.

Ms. Salazar stated that the Governor's Budget is currently set at \$13.4 million with anticipation of slight increases to the personal services budget.

- B. Fiscal Year 2014-2015 First Quarter Financial Statement.

Ms. Salazar provided an overview of the 2014-2015 First Quarter Financial Statement. She stated that the revenues collected for the first quarter was \$1.6 million, which is \$5 million less than the same period last year because of the fee reductions in license renewals, initial permit, examinations, and license applications and registration.

- C. Discussion on Title 16 California Code of Regulations Section 70,

Regarding Fees and the CBA Reserve.

Ms. Pearce provided an overview of the analysis of the fee levels and their impact on the Accountancy Fund Reserve (Reserve). She noted that the CBA's plan intended to reduce the Reserve to three months in Reserve (MIR) by the end of fiscal year (FY) 2015-2016. Mr. Pearce stated that to ensure the CBA's statutory mandate of consumer protection, staff are suggesting a six MIR level to maintain and provide the necessary resources in future years. She stated that four scenarios were prepared, two with a six MIR target and two with three MIR target.

Scenario # 1 would increase license renewal and initial permit fees to \$155, revert examination and licensing application/registration fees back to their pre-FY 2014-15 levels of \$100/\$50 and \$250/\$150 respectively and increase target MIR to six.

Scenario # 2 would increase license renewal and initial permit fees to \$185, maintain reduced examination and licensing application registration fees of \$50/\$25 and \$50/\$30 respectively, and increase target MIR to six.

Scenario # 3 would increase license renewal and initial permit fees to \$140, revert examination and licensing application/registration fees back to their pre-FY 2014-15 levels of \$100/\$50 and \$250/\$150 respectively, maintain a three MIR target, and gradually reduce the Reserve to targeted levels by the end of FY 2019-20.

Scenario # 4 would increase license renewal and initial permit fees to \$170, maintain reduced examination and licensing application registration fees of \$50/\$25 and \$50/\$30, maintain a three MIR target, and gradually reduce the Reserve to targeted levels by the end of FY 2019-20.

It was moved by Mr. Ramirez, seconded by Ms. Anderson to approve Scenario #4.

Mr. Ramirez inquired if Scenario #4 would be closest to the CBA's original goal of a three MIR. He stated that he would support the scenario as it would reduce the fees of those entering the profession and shift the costs to those that are currently working.

Ms. Berhow stated that she would like the fees to be consistent over a longer period of time.

Ms. Bell inquired why staff are recommending a six MIR rather than the original plan of a three MIR.

Ms. Bowers stated that the 6 MIR would be a conservative plan, as the loan repayment is not guaranteed. Additionally, it is difficult to anticipate

unknown costs.

Mr. Elkins stated that he supports Scenario #1 or #2, as he believed that the fees were not too much and that Scenario #4 was too dangerous.

Mr. Campos stated that because of the time it takes to complete the regulatory process there would not be enough time to increase fees if needed in the future.

Ms. Anderson stated that she would support Scenario #2, as it was only \$15 more than Scenario #4 for the license renewal and initial permit fees and would provide the CBA with a six MIR.

After deliberation the motion failed with a vote of 3 members for and 11 members against Scenario #4.

It was moved by Mr. Ramirez, seconded by Ms. Anderson, and unanimously carried by those present to approve scenario #2.

IV. Petition Hearings.

A. Hee Yong Park – Petition for Reinstatement of Surrendered Certificate.

The CBA heard Mr. Park's petition for reinstatement of his surrendered certificate.

V. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Convened Into Closed Session to Deliberate on Disciplinary Matters (Petition for Reinstatement of Surrendered Certificate).

VI. Report of the Executive Officer (EO).

A. Update on the Relocation of the CBA's Office.

There was no report on this item.

B. Update of Staffing.

Ms. Bowers announced the CBA was currently recruiting for the Enforcement Chief position, Administration Manager, and Regulation Analyst positions. She noted that Dorothy Osgood was recently selected to serve in an acting Supervising Investigative CPA position. Additionally, Matthew Stanley has been promoted to Examination Manager, and Kathryn Kay has been selected to fill the Legislation Analyst position.

C. Presentation of CBA Annual Report for Fiscal Year 2013-2014.

Ms. Pearce provided an overview of the CBA Annual Report for Fiscal

Year 2013-2014.

D. Update on the CBA 2013-2015 Communications and Outreach Plan (Written Report Only).

There were no comments on this item.

VII. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Mr. Franzella provided an overview of this item.

Mr. Franzella congratulated Matthew Stanley on his recent promotion to Examination Manager.

Mr. Franzella stated that the initial license application processing timeframe was currently at 14 days, which was well below the 30 day requirement. Lastly, he noted that the top renewal deficiency continues to be due to the peer review reporting form.

VIII. Report of the Enforcement Chief.

A. Report on Enforcement Division Activity.

Mr. Ixta provided an overview of this item and introduced Ms. Osgood to the CBA. He stated that the Enforcement Division has received 945 complaints, assigned 646 and closed 297 cases. He stated the complaints was elevated and would remain at elevated levels due to the internal peer review reporting and fingerprinting. Mr. Ixta stated that 41 cases were referred to the Attorney General's Office (AG) resulting in 118 pending cases. He noted that 77 citations have been issued for FY 2014-2015. Lastly, Mr. Ixta thanked the CBA for their support during his career at the CBA.

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

A. Enforcement Advisory Committee (EAC).

1. Report of the October 23, 2014 EAC Meeting.

Mr. Lee reported, on behalf of the EAC Chair, that the EAC reviewed 45 closed files and held eight investigative hearings.

B. Qualifications Committee (QC).

There was no report on this item.

C. Peer Review Oversight Committee (PROC).

There was no report on this item.

X. Committee Reports/Group Report.

A. Mobility Stakeholder Group (MSG).

1. Report of the November 20, 2014 MSG Meeting.
2. The MSG Decision Matrix – A Summary of Previous Decisions Made by the MSG (Written Report Only).

There were no comments on this item.

3. Practice Privilege – Information and Statistics for Licensing and Enforcement Division and Website Usage (Written Report Only).

Ms. Salazar reported that the MSG requested staff provide more detail regarding the technical issues that prevent New York from fully participating in CPAVerify, as well as a timetable for resolving these issues. She noted that staff will be working to educate other agencies that use CPAs, such as the State Controller's Office, about the mobility law. Lastly, Ms. Salazar stated that staff will inform the MSG of the broad nature of the customer service contacts that are received via phone and email in order to determine if there are issues that the MSG may be able to address.

4. Discussion Regarding Defining Stakeholders and Summary of Stakeholder Objectives Pursuant to Business and Professions Code Section 5096.21(e).

Ms. Salazar stated that the MSG is charged by law with ensuring that California's practice privilege law satisfies the objectives of stakeholders of the accounting profession, including consumers. She stated that staff provided the MSG with a list of the stakeholder objectives, which the MSG may revise or add to. Additionally, Ms. Salazar stated that the MSG chose to adopt the definition of stakeholders as follows:

- Stakeholders include consumers, licensees, applicants, and professional organizations and groups that have direct or indirect stake in the CBA because they can affect or be affected by the CBA's actions, objectives, and policies.

5. Discussion Regarding the Consumer Protection Provisions of Business and Professions Code Sections 5096 and 5096.1.

Ms. Salazar stated that staff provided an overview of the consumer protection provisions of the practice privilege law in Business and Professions Code sections 5096 and 5096.1. She noted that after the review the MSG agreed that the real test of whether the law protects consumers is in the implementation results. Lastly, she noted that the MSG will review the remainder of the mobility law at the next meeting.

6. Discussion Regarding the Mobility Stakeholder Group Annual Report.

Ms. Salazar reported that the MSG will review its first Annual Report to the CBA at the March 2015 meeting. She stated that the MSG directed staff to include the following topics:

- A message from the Chair
- Background on mobility
- The MSG's responsibilities
- A list of MSG members
- Legislative and regulatory changes that have already occurred in the mobility law
- Statistics
- A list of meetings and activities
- Future consideration for 2015

Ms. Salazar also noted that the MSG requested that staff include the ongoing activities of NASBA and determine whether it should be in a separate point or included with the other topics.

7. Discussion Regarding Proposed Agenda Items for the Next MSG Meeting.

Ms. Salazar reported that the following topics will be discussed at the next MSG meeting:

- A review of the remaining consumer protection provisions
- Review and approval of the Annual Report
- An update of statistics if they begin to deviate in a manner that warrants further consideration
- Review of the answers to the survey of other state boards of accountancy
- NASBA activities

It was moved by Ms. Berhow, seconded by Ms. Anderson, and unanimously carried by those present to accept the Report of the MSG Annual Report.

B. Committee on Professional Conduct (CPC).

1. Report of the November 20, 2014 CPC Meeting.
2. Review of the CPA License Renewal Requirements, Including Continuing Education and Timeline of Recent Changes.

Mr. Campos reported that staff provided the CPC with a written overview of the license renewal requirement including continuing education (CE) and discussed a brief timeline of recent changes to CE. Mr. Campos stated that staff recommended no additional changes to the CE requirements to allow time for licensees to acclimate to the recent changes. He stated that the CPC inquired how California's requirement compared to other states. He noted that staff stated it varied from state to state; however, staff noted that the quantity of CE is fairly universal between the states. Mr. Campos stated that the CPC recommended that the CBA adopt the recommendation of staff and take no action at this time.

Mr. Ramirez stated that CE is overly prescribed, specifically audit and accounting, and he recommended it be reduced.

Ms. LaManna stated that the CBA may want to reevaluate the item after it is determined if individuals that simply prepare financial statements are subject to peer review.

It was moved by Mr. Campos, seconded by Ms. Berhow, and unanimously carried by those present to accept the CPC's recommendation to make no additional changes to the CE requirement at this time.

C. Enforcement Program Oversight Committee.

1. Report of the November 20, 2014 EPOC Meeting.
2. Consideration of Proposed Legislative Language to Allow the CBA to Restrict a License Outside of Probation.

Ms. Berhow reported that the EPOC discussed the consideration of proposed legislative language to allow the CBA to permanently prohibit a licensee from performing a certain type of service. She noted the CBA currently has the authority to enter into a stipulated settlement with a licensee which includes a condition that permanently restricts their practice. However, this authority is not extended to the Administrative Law Judge when they are preparing a proposed decision. Mr. Berhow stated that staff proposed an addition to the Accountancy Act in Business and Professions Code (BPC) section

5100.5 that would allow the CBA to permanently restrict or limit the practice of a licensee for unprofessional conduct. She stated that 5100.5(b) would allow the licensee to petition for a reduction of penalty or reinstatement of the privilege to engage in the restricted services. Ms. Berhow stated the EPOC recommends that the CBA approve the staff proposed language and direct staff to initiate the legislative process.

It was moved by Ms. Berhow, seconded by Ms. Bell, and carried by those present to approve the language and direct staff to initiate the legislative process. Mr. Ramirez opposed the motion.

D. Legislative Committee (LC).

1. Report of the November 20, 2014 LC Meeting.
2. Consideration of Legislative Proposal to Amend Business and Professions Code Section 5070.1 Regarding Retired Status.

Mr. Kaplan stated that the LC was provided with a brief history of the retired status. He stated staff examined BPC section 5070.1 governing retired status and section 5070.7 governing cancelled licenses and determined that while a cancelled license could clearly be placed in a retired status, section 5070.7 prohibits the CBA from restoring such a license to active status. Mr. Kaplan stated that the LC determined that clarity could be added to the proposed language, possibly by cross-referencing section 5070.7, if the proposal referenced that a person holding a cancelled license in a retired status would need to reapply for and obtain a new license, should s/he decide to practice again.

It was moved by Mr. Kaplan, seconded by Mr. Ramirez, and unanimously carried by those present to accept the CPC's LC's recommendation to approve the proposed language, provide staff with the flexibility to craft additional language to provide clarity, possibly cross-referencing section 5070.7, and direct staff to move forward with the legislative process

E. Strategic Planning Committee (SPC).

1. Report of the November 20, 2014 SPC Meeting.
2. Update on the Progress of the 2013-2015 Strategic Plan Goals and Objectives.

Ms. LaManna reported that the SPC heard an update on the progress of the 2013-2015 Strategic Plan Goals and Objectives. She noted the plan has seven goals and 28 objectives, of which some have been completed and others are ongoing or in-progress. Lastly,

Ms. LaManna stated that the SPC will update the plan in 2015.

XI. Acceptance of Minutes.

- A. Draft Minutes of the July 24, 2014 CBA Meeting.
- B. Draft Minutes of the September 18-19, 2014 CBA Meeting.
- C. Draft Minutes of the July 24, 2014 Joint CBA & MSG Meeting.
- D. Minutes of the July 23, 2014 MSG Meeting.
- E. Minutes of the September 18, 2014 CPC Meeting.
- F. Minutes of the May 29, 2014 EPOC Meeting.
- G. Minutes of the July 24, 2014 LC Meeting.
- H. Minutes of the July 10, 2014 EAC Meeting.

It was moved by Mr. Ramirez, seconded by Ms. Bell, and unanimously carried by those present to approve agenda items XI.A. – XI.H.

XII. Other Business.

- A. American Institute of Certified Public Accountants (AICPA).

There was no report on this item.

- B. National Association of State Boards of Accountancy (NASBA).

- 1. Update on NASBA Committees.

- a. Accountancy Licensee Database Task Force.

There was no report on this item.

- 2. Proposed Responses to NASBA Focus Questions.

Mr. Savoy stated that Mr. Aubrey will no longer serve as the Pacific Regional Director.

XIII. Officer Elections.

- A. Secretary-Treasurer.

The CBA unanimously voted to elect Ms. Berhow for the position of Secretary-Treasurer of the CBA.

B. Vice-President.

The CBA unanimously voted to elect Ms. Salazar for the position of Vice-President of the CBA.

C. President.

The CBA unanimously voted to elect Mr. Campos for the position of President of the CBA.

XIV. Closing Business.

A. Public Comments.

Mr. Schultz stated that CalCPA would like to recognize Mr. Ixta, Ms. Bell, and Mr. Savoy for their service and leadership and congratulated the newly appointed CBA Leadership.

B. Agenda Items for Future CBA Meetings.

Mr. Kaplan requested that staff report on the CBA's practice on enforcement actions regarding cultural diversity.

Ms. Bowers requested that the CBA determine if they would like an update regarding BreEZe, as DCA has notified staff that the contract with the current vendor for BreEZe will be ending.

Mr. Campos requested an update on the CBA member vacancy status.

C. Press Release Focus.

Ms. Pearce stated the topic of consideration was CBA officer elections.

XV. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Convened Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, and Decision after Non-Adoption).

XVI. Closed Session. Pursuant to Government Code Section 11126(e), the CBA Met In Closed Session to Receive Advice from Counsel on Litigation (*David Greenberg v. California Board of Accountancy, Orange County Superior Court, Case No. 30-2014-00751855-CU-BT-CJC*).

President Savoy adjourned the meeting at 10:35 a.m. on Friday, November 21, 2014.

_____ Jose A. Campos, CPA, President

_____ Alicia Berhow, Secretary-Treasurer

Corey Riordan, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.

**DEPARTMENT OF CONSUMER AFFAIRS**

CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
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**CPC Item I.**

January 22, 2015

CBA Item X.B.

January 22, 2015

**DEPARTMENT OF CONSUMER AFFAIRS (DCA)
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**MINUTES OF THE
 November 20, 2014
 COMMITTEE ON PROFESSIONAL CONDUCT (CPC) MEETING**

DRAFT

Hilton Pasadena
 168 South Los Robles Avenue
 Pasadena, CA 91101
 Telephone: (626) 577-1000

The regularly scheduled meeting of the CPC was called to order at approximately 9:56 a.m. on November 20, 2014, by CPC Chair, Jose Campos.

CPC Members

| | |
|------------------------|-------------------------|
| Jose Campos, Chair | 9:56 a.m. – 10:13 a.m. |
| Sarah (Sally) Anderson | 9:56 a.m. – 10:13 a.m. |
| Larry Kaplan | 9:56 a.m. – 10:13 a.m. |
| Leslie LaManna | 9:56 a.m. – 10:13 a.m. |
| K.T. Leung | 10:10 a.m. – 10:13 a.m. |
| Katrina Salazar | 9:56 a.m. – 10:13 a.m. |
| Mark Silverman | 9:56 a.m. – 10:13 a.m. |

CBA Members Observing

Diana Bell
 Alicia Berhow
 Herschel Elkins
 Kay Ko
 Manuel Ramirez
 Michael Savoy

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
 Deanne Pearce, Assistant Executive Officer
 Rich Andres, Information Technology Staff
 Paul Fisher, Supervising Investigative CPA

Dominic Franzella, Chief, Licensing Division
Rafael Ixta, Chief, Enforcement Division
Vince Johnston, Enforcement Manager
Dorothy Osgood, Acting Supervising Investigative CPA
Corey Riordan, Board Relations Analyst
Kristy Schieldge, Senior Staff Counsel, DCA Legal Affairs
Matthew Stanley, Manager, Examination and Practice Privilege Units

Other Participants

Maurice Eckley, Chair, Qualifications Committee
Ed Howard, Center for Public Interest Law
Jason Fox, CalCPA
Bob Lee, Chair, Peer Review Oversight Committee
Pilar Onate-Quintana, KP Public Affairs
Joe Petito, Accountants Coalition
Jonathan Ross, KP Public Affairs
Taylor Schick, Budget Officer, Department of Consumer Affairs
Hal Schultz, CalCPA
Stuart Waldman, Esq.

- I. Approve Minutes of the September 18, 2014 CPC Meeting.

It was moved by Ms. LaManna, seconded by Ms. Salazar and unanimously carried by those present to adopt the minutes of the September 18, 2014, CPC meeting. Mr. Leung was temporarily absent.

- II. Review of the CPA License Renewal Requirements, Including Continuing Education, and Timeline of Recent Changes.

Mr. Franzella stated this item was being discussed by the CPC at the request of the CBA to assess whether the present license renewal requirements are overly prescriptive. Mr Franzella provided an overview of these requirements and highlighted a timeline of recent license renewal changes, including changes to the continuing education (CE) requirements. Mr. Franzella added that since there have been several changes to the CE and license renewal requirements occurring over the past few years, it may be appropriate to allow licensees time to become sufficiently acclimated to the changes.

Members inquired how the CBA's CE requirements compare with those of other states. Mr. Franzella responded that staff reviewed the CE requirements of other states, such as Texas, Florida and Ohio and noted that many have yearly and ethics subjects requirements, however, each state appears to have some unique differences. He added that although California's CE requirements are generally more prescriptive, the 80-hour CE requirement is consistent with the renewal requirements of other states.

Members inquired whether there is generally a lot of confusion by licensees regarding the CE requirements at the time of license renewal. Mr. Franzella reported that staff receive a lot of questions regarding the 24-hour Accounting and Auditing requirement and has explored CE tracking models to better assist licensees during the renewal process. He highlighted that the California Society of Certified Public Accountants' (CalCPA) does offer a CE tracking tool to licensees.

It was moved by Ms. Anderson, seconded by Ms. Salazar and unanimously carried by those present to make no changes to the present license renewal requirements.

VII. Public Comments for Items Not on the Agenda.

None.

VIII. Agenda Items for Next Meeting.

Staff reported that an agenda item regarding the study of California's attest experience requirement will be presented at the January 2015 CPC meeting.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 10:13 a.m. on November 20, 2014. The next meeting of the CPC will be held on January 22, 2015, at the Hilton Los Angeles Airport in Los Angeles, California.

Leslie J. LaManna, Chair

Prepared by: Kathryn Kay, Legislative Analyst

**DEPARTMENT OF CONSUMER AFFAIRS**

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LC Item I.
 January 22, 2015

CBA Item X.C.
 January 22, 2015

DEPARTMENT OF CONSUMER AFFAIRS (DCA)
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
November 20, 2014
LEGISLATIVE COMMITTEE (LC) MEETING

DRAFT

Hilton Pasadena
 168 South Los Robles Avenue
 Pasadena, CA 91101
 Telephone: (626) 577-1000

The regularly scheduled meeting of the LC was called to order at approximately 10:32 a.m. on November 20, 2014, by LC Chair, Larry Kaplan.

LC Members

| | |
|------------------------|-------------------------|
| Larry Kaplan, Chair | 10:32 a.m. – 10:59 a.m. |
| Sarah (Sally) Anderson | 10:32 a.m. – 10:59 a.m. |
| Diana Bell | 10:32 a.m. – 10:59 a.m. |
| Alicia Berhow | 10:32 a.m. – 10:59 a.m. |
| Leslie LaManna | 10:32 a.m. – 10:59 a.m. |
| Manuel Ramirez | 10:32 a.m. – 10:59 a.m. |
| Katrina Salazar | 10:32 a.m. – 10:59 a.m. |

CBA Members Observing

Jose Campos
 Herschel Elkins
 Kay Ko
 Michael Savoy, CBA President
 Mark Silverman

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
 Deanne Pearce, Assistant Executive Officer
 Rich Andres, Information Technology Staff
 Paul Fisher, Supervising Investigative CPA
 Dominic Franzella, Chief, Licensing Division

Rafael Ixta, Chief, Enforcement Division
Vince Johnston, Enforcement Manager
Dorothy Osgood, Acting Supervising Investigative CPA
Corey Riordan, Board Relations Analyst
Kristy Schieldge, Senior Staff Counsel, DCA Legal Affairs
Matthew Stanley, Legislation and Regulation Coordinator

Other Participants

Maurice Eckley, Chair, Qualifications Committee
Ed Howard, Center for Public Interest Law
Jason Fox, CalCPA
Bob Lee, Chair, Peer Review Oversight Committee
Pilar Onate-Quintana, KP Public Affairs
Joe Petito, Accountants Coalition
Jonathan Ross, KP Public Affairs
Taylor Schick, Budget Officer, Department of Consumer Affairs
Hal Schultz, CalCPA

- I. Approve Minutes of the July 30, 2014 LC Meeting.

It was moved by Ms. Berhow, seconded by Ms. Salazar and unanimously carried by those present to adopt the minutes of the July 30, 2014, LC meeting.

- II. Consideration of Legislative Proposal to Amend Business and Professions Code Section 5070.1 Regarding Retired Status.

Mr. Franzella provided an overview of this item. He highlighted that the purpose and scope of the proposed legislative change to Business and Professions Code (BPC) section 5070.1 is to clarify restoration requirements for a license in retired status. He added an ambiguity recently came to light regarding this provision when the CBA received a request from an individual to have their canceled license placed in a retired status, with the understanding that the individual then wished to have the license thereafter restored to an active status. He highlighted that BPC section 5070.7(a) clearly states that a canceled license may not be renewed, restored, or reinstated thereafter. Therefore, although it is possible to place a canceled license into a retired status pursuant to BPC section 5070.1, it is not possible to later restore this license to an active status because BPC section 5070.7(a) expressly prohibits it.

Members inquired how a license becomes canceled and whether this information is reflected in license lookup. Mr. Franzella responded that if a license is delinquent for five continuous years, the license is canceled and although the license cannot be renewed, restored, or reinstated, the individual does have the option to return to the profession by completing the initial licensure process and obtaining a new license. He added license status, including cancelation, does appear on the license lookup feature on the CBA website.

Members inquired to legal counsel whether this opportunity provides latitude to add further clarity to the proposed retired status language regarding how to obtain a new license. Staff responded that these requirements are provided in BPC section 5070.7, and may be referenced in the proposed language if desired.

It was moved by Mr. Ramirez, seconded by Ms. Bell, and unanimously carried by those present to recommend that the CBA amend and approve the proposed language to include reference to BPC 5070.7(c) and direct staff to initiate the legislative process.

VII. Public Comments for Items Not on the Agenda.

None.

VIII. Agenda Items for Next Meeting.

Members requested that there be future agenda discussions regarding the current procedures for communicating with bill authors, including how to improve upon these procedures.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 10:59 a.m. on November 20, 2014. The next meeting of the LC will be held on January 22, 2015, at the Hilton Los Angeles Airport in Los Angeles, California.

Mark J. Silverman, Chair

Prepared by: Kathryn Kay, Legislative Analyst

**DEPARTMENT OF CONSUMER AFFAIRS**

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CBA Item X.D.
 January 22, 2015

FINAL

DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
 ENFORCEMENT ADVISORY COMMITTEE (EAC)

MINUTES OF THE
OCTOBER 23, 2014
EAC MEETING

Hilton Pasadena
 168 South Los Robles Ave.
 Pasadena, CA 91101
 Telephone: (626) 577-1000

I. Roll Call and Call to Order.

The regularly scheduled meeting of the EAC was called to order at 9:02 a.m. on October 23, 2014 by EAC Chair, Cheryl Gerhardt.

Members

| | |
|------------------------------|---------|
| Cheryl Gerhardt, Chair | Present |
| Jeffrey De Lyser, Vice Chair | Present |
| Joe Buniva | Absent |
| Gary Caine | Absent |
| Nancy Corrigan | Present |
| Mary Rose Caras | Present |
| William Donnelly | Present |
| Robert A. Lee | Present |
| Mervyn McCulloch | Absent |
| Joseph Rosenbaum | Present |
| Seid Sadat | Present |
| Michael Schwarz | Present |
| Dale Best | Present |

CBA Member Liaison

Herschel Elkins

CBA Staff and Legal Counsel

Rafael Ixta, Chief, Enforcement Division
 Paul Fisher, Supervising Investigative CPA
 David Jones, Investigative CPA
 Marla Weitzman, Investigative CPA
 Allison Nightingale, Enforcement Secretary
 Dorothy Osgood, Investigative CPA

Vincent Johnston, Enforcement Manager
Grace Zad, Enforcement Analyst
Carl Sonne, Deputy Attorney General (DAG), Department of Justice

II. Review Enforcement Files on Individual Licensees.

The EAC adjourned into closed session under provisions of Government Code section 11126(c)(2) and Business and Professions Code (BPC) section 5020. EAC members convened into closed session at 9:05 a.m. and reconvened into open session at 10:30 a.m.

III. Report of the Committee Chair (**Cheryl Gerhardt**).

A. Approval of the July 10, 2014 EAC Meeting Minutes.

It was moved by Mr. Sadat, seconded by Ms. Caras, and unanimously carried to approve the minutes of the July 10, 2014 EAC meeting.

The minutes for this meeting will be submitted to the CBA members for review and adoption at the next CBA meeting.

IV. Report of the CBA Liaison (**Herschel Elkins**).

A. Report of the September 18-19, 2014 CBA and Committee Meetings.

Mr. Elkins reported that at the September CBA meeting, Ms. Bowers announced the recipients of the CBA Leadership Award of Excellence which were Matthew Stanley, Regulation and Legislation Coordinator and Terri Dobson, Personnel Analyst.

Mr. Elkins also reported that Matthew Stanley provided the CBA with an overview of the Draft Peer Review Report. The CBA and stakeholders provided various suggestions for the final report, which is due to the legislature by January 1, 2015. A final draft will be presented at the November CBA meeting for adoption.

Mr. Elkins reported that Kristy Schieldge, DCA Legal Counsel and Carl Sonne, DAG, provided the CBA with an educational presentation regarding what criminal convictions are substantially related to the accounting profession.

Mr. Elkins reported that the CBA reappointed Mr. Buniva to the EAC and that the CBA members approved the Resolution for retiring EAC member Cheryl Gerhardt and Mr. Elkins presented the Resolution to Ms. Gerhardt.

Mr. Elkins also reported that that the Fiscal Year (FY) 2014/15 budget is at \$13.4 million. He noted that in FY 2013/14 the CBA collected approximately \$10.3 million and the net expenditures were approximately \$11.5 million.

V. Report of the Enforcement Chief (**Rafael Ixta**).

A. Enforcement Activity Report.

Mr. Ixta provided an overview of the report. Mr. Ixta reported that the Enforcement Division received 3,255 complaints in FY 2013/14. The number of complaints had increased since the previous reporting period.

Mr. Ixta also reported that the number of investigations pending increased from 825 to 858 since the previous report and the total number of pending investigations that are between 18 and 24 months has decreased from 42 to 34 since the previous report.

Mr. Ixta also reported on the Attorney General (AG) Referrals. He stated that there are 23 disciplinary matters that became effective during this fiscal year, 21 were Stipulated Settlements and two were Default Decisions. Mr. Ixta also reported that the number of investigations pending at the AG has increased from 57 in FY 2012/13 to 107 during the current fiscal year.

Mr. Ixta reported that with the addition of seven Investigative CPAs, he expects the Enforcement Division will further decrease its investigative timeframes.

B. Discussion Regarding the Survey of EAC Members Conducted in July 2014.

Mr. Ixta reported that the survey was e-mailed to the EAC Members after the July 10, 2014 EAC Meeting and there were six questions. Nine out of the 13 EAC Members answered all five questions with 100% satisfaction. In response to question six regarding any other feedback, one of the EAC members reported difficulty with getting the state government rate at the hotel. Mr. Ixta stated that going forward, Ms. Nightingale would provide letters to all the EAC members addressed to the hotel explaining that the EAC member is a government employee and that he or she is traveling on state government business and to honor the state government rate.

VI. Public Comments for Items Not on the Agenda.

There were no comments from the public for items not on the Agenda.

VII. Conduct Closed Hearings.

[The Committee will meet in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3) and B&P Code section 5020 to conduct closed sessions to interview and consider possible disciplinary action against an individual licensee or applicant prior to the filing of an accusation.]

VIII. Adjournment.

The next EAC meeting is scheduled for December 11, 2014 at the Hilton San Diego Airport/Harbor Island.

Having no further business to conduct, the EAC general meeting adjourned at approximately 11:15 a.m. to reconvene in closed session at 1:00 p.m. Closed session adjourned at approximately 5:00 p.m.

Jeff De Lyser, CPA, Chair
Enforcement Advisory Committee
Prepared by: Allison Nightingale, Enforcement Secretary

**DEPARTMENT OF CONSUMER AFFAIRS**

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**QC Item I.B.**

January 21, 2015

CBA Item X.E.

January 22, 2015

**DEPARTMENT OF CONSUMER AFFAIRS (DCA)
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**MINUTES OF THE
 July 30, 2014
 QUALIFICATIONS COMMITTEE (QC) MEETING**

Hotel Irvine Jamboree Center
 17900 Jamboree Road
 Irvine, California 92614
 Telephone: (888) 230-4452

The regularly scheduled meeting of the QC was called to order at approximately 12:35 p.m. on July 30, 2014, by QC Chair, Maurice Eckley, Jr.

QC Members

Maurice Eckley, Jr., Chair
 Robert Ruehl, Vice Chair
 Jenny Bolsky
 David Evans
 Tracy Garone
 Chuck Hester
 Fausto Hinojosa
 Kristina Mapes
 Casandra Moore Hudnall – Absent
 Alan Lee
 David Papotta
 Erin Sacco Pineda
 Kimberly Sugiyama
 Nasi Raissian
 Jeremy Smith – Absent

CBA Members

K.T. Leung

CBA Staff

Veronica Daniel, Licensing Manager
Dominic Franzella, Chief, Licensing Division
Kathryn Kay, Licensing Coordinator

I. Chairperson's Report.

Mr. Eckley welcomed Ms. Kimberly Sugiyama and Ms. Nasi Raissian to the QC. He added that an orientation was held for the new members and they were provided an overview of the CBA and information on the overall purpose of the QC.

Mr. Eckley noted this will be Mr. Hinojosa's final meeting as he will retire from the QC effective September 30, 2014. He presented Mr. Hinojosa with a resolution from the CBA thanking him for his commitment and service to the consumers of California. Mr. Eckley added that Ms. Moore Hudnall was reappointed to the QC.

A. Approval of the April 23, 2014 QC Meeting Minutes.

It was moved by Mr. Evans, seconded by Ms. Bolsky and unanimously carried by those present to adopt the minutes of the April 23, 2014 QC meeting. Ms. Sacco Pineda abstained.

B. Proposed 2015 QC Meeting Dates.

It was moved by Ms. Bolsky, seconded by Mr. Evans and unanimously carried by those present to adopt the proposed 2015 QC meeting dates.

II. Report of the CBA Liaison.

A. Report on the May 29-30 and July 24, 2014, CBA Meetings.

Mr. Franzella provided an overview of this item. Additionally, he highlighted that at the July 24, 2014 meeting, the CBA heard from representatives of CPS HR Consulting, who will be working with the Committee on Professional Conduct (CPC) on the study of the attest experience requirement. He added it is anticipated that CPS HR Consulting will return to the CPC in September 2014, with initial questions, methodologies, and population and sample size information.

He announced the next CBA meeting will be held in San Diego on September 18-19, 2014 at the Declan Suites.

III. Report on the Activities of the Initial Licensing Unit.

Ms. Daniel provided an overview of this item. She reported the Initial Licensing Unit (ILU) continues its efforts toward implementation of the reduction in licensing fees, which took effect July 1, 2014. She stated that CBA website information and documents, as well as current internal processes have been updated accordingly.

Ms. Daniel stated that the ILU saw an increase in the volume of initial applications received for FY 2013/14 under the new educational requirements. She also added there is an increased review time associated with evaluating education under the new requirements and streamlined internal processes have been implemented in efforts of maintaining current processing timeframes.

Ms. Daniel reported that on May 15, 2014, she attended an annual meeting of the accounting department at Cosumnes River College along with Dominic Franzella, Licensing Division Chief. She added that at the meeting, staff provided information on the current discussions before the CBA, as well as, information regarding the new educational requirements for CPA licensure.

Ms. Daniel reported that the ILU is presently recruiting to fill one Office Technician (OT) position and one Retired Annuitant Staff Services Analyst (SSA) position.

IV. Public Comment for Items Not on the Agenda.

None.

V. CONDUCT CLOSED HEARINGS [Closed session in accordance with Government Code section 11126(c)(2) and (f)(3), and Business and Professions Code section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]

C14-024 – The applicant appeared and presented work papers from her private industry experience. She has 25.5 months of experience, with a 12-month experience requirement. She is currently licensed with general accounting experience.

Recommendation: Defer. The content of the work papers provided did not provide satisfactory evidence of preparing full disclosure financial statements. The applicant must complete additional experience in the preparation of full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative Certificate of Attest Experience (CAE) must be submitted. A determination will then be made as to whether she will be required to reappear with work papers for the QC's review.

C14-025 – The applicant appeared and presented work papers from his public accounting experience. He has 101 months of experience, with a 24-month experience requirement. He is currently licensed with general accounting experience.

Recommendation: Defer. The employer's understanding of the CAE was inadequate. The content of the work papers provided did not include evidence of risk assessment, compliance with current audit standards, or objectives of test and conclusions. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum, 500 hours of qualifying experience that will enable him to demonstrate an understanding of the requirements of planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether he will be required to reappear with work papers for the QC's review.

The employer has been placed on reappearance.

C14-026 – The applicant and her two employers appeared and presented work papers from her public accounting experience. She has 12.75 months of experience, with a 12-month experience requirement. She is currently licensed with general accounting experience.

The employers had adequate understanding of the CAE. The work performed by the applicant was reviewed and no deficiencies were noted. The work in aggregate was adequate to support licensure.

Recommendation: Approve.

C14-027 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 31.25 months of experience, with a 12-month experience requirement. She is currently licensed with general accounting experience.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C14-028 – The applicant and his employer appeared with work papers from his public accounting experience. He has 62.25 months of experience, with a 12-month experience requirement.

Recommendation: Defer. The employer's understanding of the CAE was inadequate. The content of the work papers provided did not include audit engagements. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum, 500 hours of qualifying experience that will enable him to demonstrate an understanding of the requirements of planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether he will be required to reappear with work papers for the QC's review.

The employer has been placed on reappearance.

C14-029 – The applicant and her employer appeared due to a family relationship and presented work papers from her public accounting experience. She has 97 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

C14-030 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 75.25 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

C14-031 – The applicant and her employer appeared due to a family relationship and presented work papers from her public accounting experience. She has 47 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

C14-032 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 101 months of experience, with a 12-month experience requirement.

Recommendation: Defer. The employer's understanding of the CAE was inadequate. The content of the work papers provided did not include evidence of risk assessment, clarity on the applicant's level of responsibility regarding the work papers, and planning of an audit. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum, 500 hours of qualifying experience that will enable him to demonstrate an understanding of the requirements of planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether he will be required to reappear with work papers for the QC's review.

The employer has been placed on reappearance.

The following Section 69 reviews took place on July 23, 2014, and are made a part of these minutes.

C14-021 – The applicant appeared and presented work papers from his public accounting experience. He has 25.25 months of experience, with a 12-month experience requirement.

Recommendation: Defer. The content of the work papers provided included a reporting deficiency primarily pertaining to supplementary information, incomplete planning documentation and incomplete work paper documentation. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum, 500 hours of qualifying experience that will enable him to demonstrate an understanding of the requirements of planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative

CAE must be submitted. A determination will then be made as to whether he will be required to reappear with work papers for the QC's review.

C14-022 – The applicant appeared and presented work papers from her foreign public accounting attest experience. She has 25.75 months of experience, with a 24-month experience requirement.

The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C14-023 – The applicant and her employer appeared with work papers from her government experience. She has 56.25 months of experience, with a 12-month experience requirement. She is currently licensed with general accounting experience.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

The following Section 69 reviews took place on October 22, 2014, and are made a part of these minutes.

C14-033 – The applicant appeared with work papers from his foreign public accounting experience. He has 187 months of experience, with a 12-month experience requirement.

The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C14-034 – The applicant and her employer appeared due to a family relationship and presented work papers from her public accounting experience. She has 79.75 months of experience, with a 12-month experience requirement. She is currently licensed with general accounting experience.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

The following Section 69 reviews took place on October 29, 2014, and are made a part of these minutes.

C14-035 – The applicant and her employer appeared with work papers from her public accounting experience. She has 59.5 months of experience, with a 12-month experience requirement. She is currently licensed with general accounting experience.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C14-036 – The applicant and his employer appeared with work papers from his public accounting experience. He has 73.5 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C14-037 – The applicant and his employer appeared with work papers from his public accounting experience. He has 107.5 months of experience, with a 24-month experience requirement. He is currently licensed with general accounting experience.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C14-038 – The applicant appeared and presented work papers from her private industry experience. She has 44 months of experience, with a 12-month experience requirement. She is currently licensed with general accounting experience.

Recommendation: Defer. The content of the work papers provided did not include evidence of conformance with current audit standards. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum, 500 hours of qualifying experience that

will enable her to demonstrate an understanding of the requirements of planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether she will be required to reappear with work papers for the QC's review.

C14-039 – The applicant appeared and presented work papers from her private industry experience. She has 41 months of experience, with a 12-month experience requirement. She is currently licensed with general accounting experience.

Recommendation: Defer. The content of the work papers provided did not provide satisfactory evidence of preparing full disclosure financial statements. The applicant must complete additional experience in the preparation of full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative Certificate of Attest Experience (CAE) must be submitted. A determination will then be made as to whether she will be required to reappear with work papers for the QC's review.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 1:08 p.m. on July 30, 2014. The next meeting of the QC will be held on January 21, 2015 in Sacramento, California.

Robert Ruehl., Chair

Prepared by: Kathryn Kay, Licensing Coordinator



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CBA Item XI.B.2.
January 22, 2015

Proposed Responses to NASBA Focus Questions

Presented by: Corey Riordan, Board Relations Analyst

Date: December 9, 2014

Purpose of the Item

The purpose of this agenda item is to present the California Board of Accountancy's (CBA) responses to the National Association of State Boards of Accountancy (NASBA) Regional Director's Focus Questions.

Action(s) Needed

No specific action is required on this agenda item.

Background

Attached for your information are staff prepared responses to NASBA Regional Directors' Focus Questions. These responses have been prepared for Edwin G. Jolicoeur, NASBA's Pacific Regional Director. The responses were due on December 22, 2014, for use at the Board of Director's meeting in March.

Comments

Staff has been informed that the Focus Questions are used to help NASBA regional directors stay apprised of each state's policies and procedures and to see where improvements or adjustments might be made. The eight regional directors review the states' answers and then present their findings to NASBA.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff has no recommendation on this item. Due to timing issues, the responses were provided to NASBA prior to receiving CBA approval. Should CBA members have additional input on any question, staff can provide a follow-up communication to Mr. Jolicoeur.

Attachment

NASBA Focus Questions

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.**MEMORANDUM**

November 18, 2014

To: State Board Chairs and Executive Directors
From: John F. Dailey, Jr. – Chair, Committee on Relations with Member Boards
Re: Focus Questions

As Chair of the 2014-15 Committee on Relations with Member Boards, I would like to thank you for your assistance with our past Focus Questions. Your continued support helps keep NASBA an organization that responds to its member boards.

We enjoyed meeting representatives of the State Boards at the 2014 Annual Meeting, and I hope your Board is making plans to have its representatives attend the Annual Conference for Executive Directors and State Board Legal Counsel, March 24-26 in Tampa, Florida. Scholarship information for those conferences is available from Meetings Director Thomas Kenny (tkenny@nasba.org). In the meantime, please do not hesitate to call your Regional Director to discuss the following questions or any other issues you feel NASBA should consider. We look forward to hearing from you.

Sincerely,

Jack Dailey

Central Director – **Janeth Glenn** Phone: 402-597-4804 jglenn@esu3.org

Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Great Lakes Director – **W. Michael Fritz** Phone: 614-229-4806 wfritz@deloitte.com

Illinois, Indiana, Michigan, Ohio, Pennsylvania, Wisconsin

Middle Atlantic Director – **Robert J. Cochran** Phone: 804-370-0626 cochranrj@longwood.edu

DC, Delaware, Maryland, North Carolina, South Carolina, Virginia, West Virginia

Mountain Director – **Benjamin C. Steele** Phone: 775-882-7198 ben@steelecpas.com

Colorado, Idaho, Montana, Nevada, Utah, Wyoming

Northeast Director – **John F. Dailey** Phone: 856-782-2883 jdailey@bowmanllp.com

Conn., Maine, Mass., New Hampshire, New Jersey, New York, Rhode Island, Vermont

Pacific Director – **Edwin G. Jolicoeur** Phone: 509-953-5365 egj4411@gmail.com

Alaska, Arizona, California, CNMI, Guam, Hawaii, Oregon, Washington

Southeast Director – **Maria E. Caldwell** Phone: 305-372-3124 mcaldwell@deloitte.com

Alabama, Florida, Georgia, Kentucky, Mississippi, Puerto Rico, Tennessee, Virgin Islands

Southwest Director – **J. Coalter Baker** Phone: 512-477-4458 coalter@coalterbakercpa.com

Arkansas, Louisiana, New Mexico, Oklahoma, Texas

REGIONAL DIRECTORS' FOCUS QUESTIONS

The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next Board meeting to allow for sufficient time for discussion. Please send your Board's responses to your Regional Director by December 22, 2014. Use additional sheets for your responses if needed.

JURISDICTION: California Board of Accountancy (CBA)

DATE: December 9, 2014

NAME OF PERSON SUBMITTING FORM: Patti Bowers, Executive Officer

1. We understand that some estate attorneys on the west coast are advising partners of CPA firms to move their partnership equity account into a living trust. Does your accountancy act allow for partner's interest to be held in a trust capacity?

It depends upon who will be holding legal or equitable interests in the trust. Interested parties should review the relevant provisions of the Moscone-Knox Professional Corporation Act (California Corporations Code Sections 13406 et seq.) and the Accountancy Act's exemptions to nonprofessional ownership at Business and Professions Code Section 5079, including the requirement that each ultimate beneficial owner of an equity interest be "a natural person materially participating in the business conducted by the firm or an entity controlled by the firm."

2. At the NASBA Annual Meeting and October Board of Directors' meeting, there were concerns voiced regarding changes in accounting education, specifically allowing college credit for life experience, testing out of college courses, and other accelerated accounting degree programs. NASBA is considering ways of tracking disparities in accounting education. Has your Board discussed or raised concerns about the disparity in qualifying courses and methodologies in accounting education? If so, can you describe the concerns raised?

No, the California Board of Accountancy (CBA) has not discussed disparity in qualifying courses and methodologies in accounting education.

3. Should there be reconsideration of developing a "CPA - retired" status besides the "CPA-inactive" status (currently in the Uniform Accountancy Act) that would apply to people who have been in public practice for at least 20 years with no disciplinary charges against them? Explain.

In 2011, the CBA sponsored legislation authorizing it, at its discretion, to create a retired status for certified public accountant (CPA) and public accountant (PA) licensees. The CBA adopted regulations that took effect July 1, 2014 that implemented the legislation. The law provides for individuals with a CPA/PA license who are not actively engaged in the practice of public accountancy or any activity that requires them to be licensed by the CBA to apply for the license to be placed in a retired status. The individual's license must not be: subject to an outstanding order of the CBA, suspended or revoked, otherwise punitively restricted by the CBA, or subject to disciplinary action. The individual must submit: the required application, remit the application fee, and meet the minimum qualifications (minimum of 20 years of licensure and five years as a California licensee with a license in an active

status). Upon approval of the application and conversion of the license to the retired status, the individual, when using the title “certified public accountant,” the CPA designation, or any other reference that would suggest that the individual is licensed by the CBA, must place the term “retired” immediately after the title designation, or reference.

4. What is happening in your jurisdiction that other Boards and NASBA should know about?

Academia Experience for Licensure

As the CBA noted in its prior Focus Questions submissions, last year the CBA supported legislation that will allow it to accept experience earned in academia to qualify for the general accounting experience requirement for initial licensure. At its January 2015 meeting, the CBA will be conducting a public hearing on its regulatory proposal that specifies how experience earned in academia will qualify. At the conclusion of the hearing, the CBA will either adopt or make modifications to its proposal. At this time, it is anticipated that the regulations will be in effect in 2016.

Mobility Stakeholder Group

In July 2013, the California’s mobility provisions took effect. Included as part of the provisions, the California Legislature established the Mobility Stakeholder Group (MSG) and charged it with a twofold purpose: (1) to consider whether the mobility provisions are consistent with the CBA’s statutory mandate to protect the public, and (2) to consider whether the mobility provisions satisfies the objective of stakeholders of the accounting profession, including consumers. The MSG held its inaugural meeting in March 2014, and has met two additional times. During these meetings, the MSG has set up various policies for how it will conduct its required business, developed plans for fulfilling its legislatively mandated charges, and begun evaluating the overall implementation of the mobility law. The MSG will continue to meet over the next several years and will provide the CBA with annual reports regarding its work.

Study on Attest Experience Requirement

At the beginning of the year, the CBA began work on developing a study to examine its attest experience requirement. The study will examine a broad range of groups throughout California and also seek input from other state boards of accountancy and NASBA. To aid in the study that the CBA will conduct in California, it has secured an outside vendor to help in designing the study. The vendor, working with staff, has assisted the CBA in determining targeted audiences and initial concepts for targeted survey response rates and draft questions. The CBA will continue to complete the development of the survey through the remainder of 2014 and early part of 2015.

Senate Bill 1159 – Individual Taxpayer Identification Number

The Governor of California recently signed Senate Bill 1159. Current law requires that an applicant provide a social security number when applying for a CPA license. This new law mandates that the CBA, and other licensing boards in California, require an applicant for licensure to provide either a social security number or an individual taxpayer identification number beginning January 1, 2016. In addition, it prohibits licensing boards, including the CBA, from denying a license to an applicant based on citizenship or immigration status.

Senate Bill 1226 – Professions and Vocations

On September 27, 2014 the Governor of California signed Senate Bill 1226. Beginning on July 1, 2016, the new law requires all Department of Consumer Affairs (DCA) boards, including the CBA, to

expedite, and may assist, the initial licensure process for an applicant who supplies evidence that he or she has served as an active duty member of the armed forces and was honorably discharged.

Assembly Bill 2720 – State agencies: meetings: record of action taken

Beginning January 1, 2015, Assembly Bill 2720 requires a state body to publicly report any action taken and the vote or abstention on that action of each member present for the action.

5. Are there any ways in which NASBA can assist your Board at the present time?

6. NASBA’s Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

- Input only from Board Chair
 - Input only from Executive Director
 - Input only from Board Chair and Executive Director
 - Input from all Board Members and Executive Director
 - Input from some Board Members and Executive Director
 - Input from all Board Members
 - Input from some Board Members
- Other (please explain):



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CBA Item XII.C.
January 22, 2015

Press Release Focus

Presented by: Deanne Pearce, Assistant Executive Officer

Date: January 7, 2015

Purpose of the Item

The purpose of this agenda item is to provide suggestions for an appropriate focus for the press release to be issued following each California Board of Accountancy (CBA) meeting. This is a dynamic analysis based on the activities of each CBA meeting.

Action(s) Needed

No specific action is required on this item.

Background

Two post-CBA meeting press releases, *California Board of Accountancy Elects New Officers* and *California Board of Accountancy Announces Appointment of Michael M. Savoy, CPA* were issued following the November 20-21, 2014 CBA meeting. A press release *New Laws Impact Accounting Profession in 2015* was issued on December 31, 2014. Eight new enforcement action press releases have also been issued.

A press advisory notifying the media of the January 22, 2015 CBA meeting is scheduled to be distributed January 19, 2015.

Comments

None.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff recommendation will be made at the time of this presentation.

Attachments

1. California Board of Accountancy Elects New Officers
2. California Board of Accountancy Announces Appointment of Michael M. Savoy, CPA
3. New Laws Impact Accounting Profession in 2015
4. Enforcement Action Press Releases

**DEPARTMENT OF CONSUMER AFFAIRS**

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**Attachment 1**

FOR IMMEDIATE RELEASE

Contact: Lauren Hersh
(916) 561-1789

NEWS RELEASE**CALIFORNIA BOARD OF ACCOUNTANCY
ELECTS NEW OFFICERS**

(Sacramento, CA) –The California Board of Accountancy (CBA) elected new leadership at its meeting on November 20, 2014 in Pasadena. Mr. Jose Campos, CPA was elected President of the CBA, Ms. Katrina Salazar, CPA, as Vice President, and Ms. Alicia Berhow, as Secretary/Treasurer.

Mr. Campos was appointed to the CBA in December 2012 by Governor Edmund G. Brown, Jr. and served as Vice President prior to his election as President in November 2014. He is currently a partner at Deloitte and Touche LLP. Mr. Campos serves on the Board of Advisors of the Robert Day School of Finance and Economics at Claremont McKenna College and previously served as Chairman of the Finance Committee of the Board of Directors of AltaMed Health Services. Mr. Campos is a member of the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants and the Association of Latino Professionals in Finance and Accounting.

Ms. Salazar was appointed to the CBA in December 2012 by Governor Edmund G. Brown, Jr. and served as Secretary/Treasurer prior to her election as Vice President in November 2014. She has also served as the Executive Director of the Rotary Club of Sacramento, Chief Financial Officer at the Academic Senate for California Community Colleges and the American Red Cross Sacramento Sierra Chapter. Ms. Salazar previously held several positions at Reznick Group, including senior audit manager, and has been an adjunct accounting professor with the Los Rios Community College District. Ms. Salazar is a member of the California Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Ms. Berhow was appointed to the CBA by the Speaker of the Assembly in February 2011 and elected as Secretary/Treasurer in November 2014. She has served as the Vice President of Workforce Development and Advocacy for the Orange County Business Council since April of 2007. Previously, she served for five years as Senior

Field Representative for Congresswoman Loretta Sanchez working on education and health care issues. Ms. Berhow currently serves as a board member, chairing Economic Development for the Anaheim Workforce Investment Board, an Ambassador for the Delhi Center in Santa Ana, and as a board member for the Community Action Partnership – Orange County.

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Created by statute in 1901, the CBA's mandate requires that protection of the public shall be its highest priority in exercising licensing, regulatory, and disciplinary functions. The CBA currently regulates more than 90,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

Subscribe to CBA [E-News](#) to receive links to the latest digital edition of UPDATE and the latest information on CBA programs and activities.



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**Attachment 2**

FOR IMMEDIATE RELEASE

Contact: Lauren Hersh
(916) 561-1789**NEWS RELEASE****CALIFORNIA BOARD OF ACCOUNTANCY ANNOUNCES
APPOINTMENT OF MICHAEL M. SAVOY, CPA**

SACRAMENTO – The California Board of Accountancy (CBA) has announced the appointment of Michael M. Savoy, CPA to the CBA. Mr. Savoy, who previously served since 2010, was appointed by Governor Edmund G. Brown, Jr., on November 25, 2014.

Mr. Savoy has held the office of Secretary/Treasurer from 2011-2012, Vice President from 2012-2013, and President from 2013-2014. Mr. Savoy is managing director at Gumbiner Savett Inc., and was previously a partner at Savoy & Colin. He is a member of the finance committee, executive committee and member of the board of the Los Angeles Chapter of the Chamber of Commerce, as well as a member of the Employee Stock Ownership Plan Association. He is a past chairman of the Board of the Americas Region of BKR International. Mr. Savoy is a member of the California Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

This position does not require Senate confirmation and the compensation is \$100 per diem. Mr. Savoy is a Republican.

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**Attachment 3****NEWS RELEASE**

FOR IMMEDIATE RELEASE

Contact: Lauren Hersh
(916) 849-9022

**NEW LAWS IMPACT
THE ACCOUNTING PROFESSION IN 2015**

(Sacramento, CA) – Several laws take effect January 1, 2015 which impact the accounting profession in California. Among the changes:

SB 1467

Academia: SB 1467 authorizes the CBA, by regulation, to allow experience in academia to qualify as general accounting experience for the one-year general accounting experience requirement necessary for CPA licensure.

E-mail: SB 1467 authorizes the CBA to collect, but not require, a valid electronic mail address at the time of application for, or renewal of, a certified public accountant license. By law, these electronic mail addresses shall not be considered public records and the new law would prohibit these electronic mail addresses from being disclosed pursuant to specified provisions of law, unless required pursuant to a court order.

Mobility (Practice Privilege): SB 1467 requires that an individual who holds and is exercising a practice privilege in California must notify the CBA of any pending criminal charges other than a minor traffic violation, in any jurisdiction, in writing within 30 days of the date the individual has knowledge of those charges.

Other laws for 2015 include:

AB 1702

Prohibits a delay in processing of an application or a denial of a license of an individual who has satisfied any of the requirements needed to obtain a license while incarcerated, who applies for that license upon release from incarceration, and who is otherwise eligible for the license on the sole basis that some or all of the licensure requirements were completed while the individual was incarcerated.

AB 2720

Requires the CBA and other boards, under the Bagley-Keene Open Meeting Act, to publicly report any action taken as well as the vote or abstention on that action by each member present for the action at a board meeting.

AB 2396

Prohibits a board within the Department of Consumer Affairs from denying a license based solely on a conviction that has been dismissed pursuant to certain penal code provisions. The bill would require an applicant who has a conviction that has been dismissed pursuant to those provisions to provide proof of the dismissal.

For more information on the new laws, please visit the CBA website, www.cba.ca.gov.

###

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**California Board of Accountancy
Enforcement Action News Release**

Sent to Blee@fresnobee.com, business@fresnobee.com (Fresno Bee), bmarch@frontiernet.net (Modoc Independent News) and editor@northhawaiinews.net (North Hawaii News) on January 2, 2015

Jerrel Lee Tucker, Fresno, CA (CPA 72045), TCA Partners, LLP, Fresno, CA (PAR 6980) and Richard Edson Jackson, Fresno, CA (CPA 36244) have been disciplined by the California Board of Accountancy. Please utilize the attached links to the California Board of Accountancy's Web page to access details of these enforcement actions. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at pbowers@cba.ca.gov should you have any questions regarding these enforcement actions.

http://www.dca.ca.gov/cba/discipline/index.shtml#T_1948
http://www.dca.ca.gov/cba/discipline/index.shtml#J_1947
http://www.dca.ca.gov/cba/discipline/index.shtml#T_1946
http://www.dca.ca.gov/cba/discipline/index.shtml#S_1949

Sent to jowens@mercurynews.com and business@mercurynews.com (San Jose Mercury News); sanjosebizjournals.com (San Jose Business Journal) on January 2, 2015

Robbie Teruel, San Jose, CA (CPA 104234) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/index.shtml#T_1982

Sent to newsroom@yumasun.com (The Yuma Sun) on January 2, 2015

Michael Stephen Mitchell, San Luis, AZ (CPA 20146) and Michael S. Mitchell CPA, Inc (COR 6159) have been disciplined by the California Board of Accountancy. Please utilize the attached links to the California Board of Accountancy's Web page to access details of these enforcement actions. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at pbowers@cba.ca.gov should you have any questions regarding these enforcement actions.

http://www.dca.ca.gov/cba/discipline/index.shtml#M_1958

Sent to msall@standard.net (Standard Examiner) and news@sltrib.com (Salt Lake City Tribune) on January 2, 2015

Inger Alice Sullenger, Plain City, UT (CPA 88971) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/index.shtml#S_1949

Sent to business@latimes.com (The Los Angeles Times) on January 15, 2015

Dennis Lawrence Duban, Los Angeles, CA (CPA 22749), Duban Accountancy Corporation (COR 1115) and Duban Accountancy, LLP (PAR 6850) have been disciplined by the California Board of Accountancy. Please utilize the attached links to the California Board of Accountancy's Web page to access details of these enforcement actions. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at pbowers@cba.ca.gov should you have any questions regarding these enforcement actions.

http://www.dca.ca.gov/cba/discipline/index.shtml#D_1997

http://www.dca.ca.gov/cba/discipline/index.shtml#D_1998

http://www.dca.ca.gov/cba/discipline/index.shtml#D_1999

Sent to strousdale@bayareanewsgroup.com (Oakland Tribune), editor@alamedasun.com (Alameda Sun) and Autumn.Johnson@patch.com (Alameda Patch) on January 2, 2015

Victor Philip Republicano, Alameda, CA (CPA 55813) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by email at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/index.shtml#R_1353
