



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>



**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
QUALIFICATIONS COMMITTEE (QC)**

**QC Meeting
Notice & Agenda**

**Wednesday, January 21, 2015
12:30 p.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**

Roll Call and Call to Order (**Robert Ruehl, Chair**).

- I. Chairperson's Report (**Robert Ruehl**).
 - A. 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**).
 - B. Approval of the July 30, 2014, Minutes.
- II. Report of the CBA Liaison (**Kay Ko, CBA Member**).
 - A. Report on the September 18-19 and November 20-21, 2014 CBA Meetings.
- III. Report on Activities for the Initial Licensing Unit (**Veronica Daniel, Licensing Manager**).
- IV. Public Comment for Items Not on the Agenda.
Break.
- V. Conduct Closed Hearings [The QC will meet in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3), and BPC section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]
Adjournment.

Please note: Action may be taken on any item on the agenda. All times are approximate. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the QC 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 QC prior to the QC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the QC, but the QC Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the QC to discuss items not on the agenda; however, the QC can neither discuss nor take official action on these items at the time of the same meeting. (Government Code sections 11125, 11125.7(a).)

The time and order of agenda items are subject to change at the discretion of the QC Chair and may be taken out of order.

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Veronica Daniel at (916) 561-1754, or by email at veronica.daniel@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 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.

For further information regarding this meeting, please contact:

Veronica Daniel, Licensing Manager
(916) 561-1754 or veronica.daniel@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

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



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QC Item I.A.

January 21, 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 Qualifications Committee (QC) 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:

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

Page 2 of 2

- 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.
- 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 roll 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

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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)**

DRAFT

**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.

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.

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 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.

C14-039 – 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

**California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of November 30, 2014**

Initial Licensing Unit (ILU) Statistics

Individual License Applications	FY 2012/13	FY 2013/14	FY 2014/15
CPA Licensure Applications Received by Type¹			
Type A	3,036	3,819	893
Type B	206	219	70
Type C	329	473	214
Type D	54	52	20
Type E	29	37	9
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 ²	4	0	0
Pathway 1 – attest	416	522	78
Pathway 1 – general	543	824	110
Pathway 2 – with attest	756	928	154
Pathway 2 – without attest	1,755	2,560	413
New Requirements – attest	--	17	61
New Requirements – general	--	55	204

¹ Application Type

² Although uncommon, the CBA does have occasion to issue licenses under Pathway 0 due to the reissuance process.

California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of November 30, 2014

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

Customer Service	FY 2012/13	FY 2013/14	FY 2014/15
Telephone Calls Received	24,006	27,889	9,827
Emails Received	9,670	14,098	5,670
Certifications			
Total Received	1,073	1,039	461
Total Processed	1,073	972	458
Average Days to Process	20	22	24

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 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.