



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
QUALIFICATIONS COMMITTEE (QC)**

**QC Meeting
Notice & Agenda**

**Wednesday, October 21, 2015
10:30 a.m. – 5:00 p.m.**

**California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832
Telephone: (916) 263-3680
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Important Notice to the Public

All times indicated, other than those identified as "time certain," are approximate and subject to change. Agenda items may be discussed and action taken out of order at the discretion of the committee Chair. The meeting may be cancelled without notice. For verification of the meeting, call (916) 263-3680 or access the CBA's website at www.cba.ca.gov.

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

- I. Chairperson's Report (**Robert Ruehl**).
 - A. Approval of the July 29, 2015, QC Minutes.
 - II. Report of the CBA Liaison (**Kathleen Wright, CBA Member**).
 - A. Report on the September 17-18, 2015 CBA Meeting.
 - III. Report on Activities for the Initial Licensing Unit (**Veronica Daniel, Licensing Manager**).
 - IV. Public Comment for Items Not on the Agenda.
 - V. Review Files on Individual Applicants [The QC will meet in closed session to review and deliberate on applicant files as authorized by Government Code section 11126(c)(2), and Business and Professions Code (BPC) sections 5022 and 5023.]
- Break.

- VI. 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 Ben Simcox at (916) 561-1743, or by email at ben.simcox@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:

Ben Simcox, CPA, Licensing Coordinator
(916) 561-1743 or ben.simcox@cba.ca.gov
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Sacramento, CA 95815

An electronic copy of this agenda can be found at www.cba.ca.gov.

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**QC Item I.A.**

October 21, 2015

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

**MINUTES OF THE
 July 29, 2015
 QUALIFICATIONS COMMITTEE (QC) MEETING**

California Board of Accountancy Office
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815
 Telephone: (916) 263-3680

The regularly scheduled meeting of the QC was called to order at 10:04 a.m. on July 29, 2015, by QC Chair, Robert Ruehl.

QC Members

Robert Ruehl, CPA, Chair
 Jenny Bolsky, CPA, Vice-Chair
 Eric Borigini, CPA
 Saboohi Currim, CPA – Absent
 David Evans, CPA
 Christine Gagnon, CPA
 Tracy Garone, CPA
 Kristian George, CPA
 Chuck Hester, CPA
 Casandra Moore Hudnall, CPA – Absent
 Jose Palma, CPA
 David Papotta, CPA
 Erin Sacco Pineda, CPA – Absent
 Nasi Raissian, CPA – Absent
 Jeremy Smith, CPA – Absent
 Kimberly Sugiyama, CPA

CBA Members

Kay Ko, CBA Member, QC Liason (Southern California)
 Larry Kaplan, CBA Member

CBA Staff

Gina Sanchez, Licensing Chief
Veronica Daniel, Licensing Manager
Ben Simcox, Licensing Coordinator

I. Chairperson's Report.

Mr. Ruehl welcomed the QC Members and CBA members Larry Kaplan and Kay Ko to the meeting. Mr. Ruehl introduced new QC Member Christine Gagnon who was appointed at the July 22-23, 2015 CBA meeting. Mr. Ruehl announced that Erin Sacco Pineda was re-appointed as a QC Member for another 2-Year term. Mr. Ruehl then took the roll-call.

A. Approval of the April 22, 2015 QC Meeting Minutes.

It was moved by Mr. Evans and seconded by Ms. Bolsky to approve the minutes of the April 22, 2015 QC Meeting.

Yes: Mr. Ruehl, Ms. Bolsky, Mr. Borigini, Mr. Evans, Ms. Gagnon, Mr. Hester, Mr. Palma, Mr. Papotta, Ms. Raissian, and Ms. Sugiyama.

No: None.

Abstain: Ms. Garone.

Absent: Ms. George.

B. Proposed Meeting Dates for 2016 QC Meeting Dates.

Mr. Ruehl presented the proposed 2016 QC Meeting Dates and facilitated a discussion regarding the proposed dates. It was determined that the proposed April 20, 2016 meeting date will be moved to April 27, 2016.

With that change noted, it was moved by Mr. Evans and seconded by Mr. Palma to approve the proposed QC meeting dates for 2016.

Yes: Mr. Ruehl, Ms. Bolsky, Mr. Borigini, Mr. Evans, Ms. Gagnon, Ms. Garone, Mr. Hester, Mr. Palma, Mr. Papotta, Ms. Raissian, and Ms. Sugiyama.

No: None.

Abstain: None.

Absent: Ms. George.

C. Discussion and Review of the QC Best Practices Guide for Conducting Personal Appearances/Section 69 Reviews.

Ms. Daniel provided a synopsis of the discussion held at the April 22, 2015 QC Meeting regarding the QC Best Practices Guide for Conducting Personal Appearances/Section 69 Reviews (Best Practices). Mr. Ruehl stated that this continued discussion regarding the Best Practices is to ensure that all applicants and employers can have a consistent experience as they meet with a QC Committee Panel for a Personal Appearance or Section 69 Review.

The QC Members discussed the Best Practices and how to effectively implement the Best Practices while conducting the interviews. It was determined that CBA Staff should revise the "QC Section 69 Firm Interview Evaluation" by integrating the Best Practices List as a second page, so that QC Members can circle specific items and write additional comments. The revised "QC Section 69 Firm Interview Evaluation" will be prepared by CBA Staff and reviewed by the QC Members at the October 21, 2015 meeting.

II. Report of the CBA Liaison.

A. Report on the May 28-29, 2015 & July 22-23, 2015, CBA Meetings.

Ms. Ko provided a report for this item.

Ms. Ko reported that The Mobility Stakeholder Group (MSG) met in conjunction with the CBA at both the May and July meetings. The MSG and CBA are working with the National Association of State Boards of Accountancy – or NASBA – regarding the recently adopted Enforcement Guidelines and NASBA's evaluation of other states enforcement practices to determine equivalency to the Enforcement Guidelines.

Ms. Ko reported that the CBA delegated the adjournment of the committee meetings to the committee chairs. This delegation will ensure that the meeting can be adjourned at the conclusion of closed session without a motion or quorum of members present.

Ms. Ko stated that the CBA reappointed Erin Sacco-Pineda to the QC at the May CBA meeting and that Christine Gagnon was appointed to the QC at the July CBA meeting.

Ms. Ko reported that the CBA adopted a legislative proposal in May that will clarify that practice privilege holders may use the Certified Public Accountant

(CPA) designation in California. In June, the proposal was amended into Senate Bill 799, the omnibus bill, which is now making its way through the legislature.

Ms. Ko reported that at both the May and July meetings, the CBA took positions on other various bills and Ms. Ko highlighted Senate Bill 467, which is the CBA's Sunset Review bill. Among other items, it proposes to extend the CBA's sunset date to January 1, 2020. The bill has been successfully moving through the legislature and is presently being held in suspense with the Assembly Appropriations Committee. This is typical for sunset bills and will be voted on by the committee no later than August 28.

Ms. Ko reported that at the July CBA meeting, a Strategic Planning Workshop was held to develop the CBA's 2016-18 Strategic Plan. During the workshop, members made no changes to the Mission, Vision, and Values and also retained the existing goals. The CBA did, however, develop new objectives. The next step is to have the draft strategic plan reviewed by the Strategic Planning Committee at the CBA's September meeting. Based on any changes they have, it is anticipated that the CBA will approve the Strategic Plan at either the September or November CBA meeting.

Ms. Ko stated that as was previously communicated to members, the CBA will be relocating its office. Ms. Bowers reported at the July meeting that the date for relocation has been postponed to the end of the year.

III. Report on the Activities of the Initial Licensing Unit (ILU).

Ms. Daniel provided the final licensing statistics for fiscal year 2014/15. Ms. Daniel noted that the total received applications for 2014/2015 were consistent with the average number of applications trend for the past seven years and that the 2013/14 was an abnormal year with increased applications due to the new educational requirements being implemented in January 2014. Ms. Daniel stated that the ILU staff is currently working towards implementation of the next phase of the Attest Study. Pre-testing of the survey has been conducted and the results of the survey are currently being examined by the CBA staff and outside consultants. It is anticipated that the full study will go live in Mid-August. Outreach will be performed by CBA staff when the survey is launched.

Ms. Daniel concluded her report by asking for any questions or comments.

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 interview individual applicants for CPA licensure.]

C15-015 – The applicant appeared and presented work papers from her private industry experience. She has 34.25 months of experience, with a 12-month experience requirement. She is currently licensed with general accounting experience.

The employer has an adequate understanding of the Certificate of Attest Experience (CAE). The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C15-016 – The applicant appeared and presented work papers from her public accounting experience. She has 30 months of experience, with a 12-month experience requirement. She is currently licensed with general experience.

The employer's understanding of the CAE was inadequate and the CAE was inaccurately prepared. The work reviewed by the QC did not demonstrate that the applicant has sufficient experience in planning attest engagements or performing appropriate procedures and techniques during attest engagements. The work was inadequate to support attest licensure for the applicant and the employer has been placed on reappearance status.

Recommendation: Defer.

C15-017 – The applicant and her employer 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 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.

C15-018 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 109.5 months of experience, with a 12-month experience requirement. She is currently licensed with general 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.

C15-019 – The applicant appeared and presented work papers from his public accounting experience. He has 14.5 months of experience, with a 12-month experience requirement. He is currently licensed with general experience.

The employer's understanding of the CAE was inadequate and the CAE was inaccurately prepared. The work reviewed by the QC did not demonstrate that the applicant has sufficient experience in planning attest engagements or performing appropriate procedures and techniques during attest engagements. The work was inadequate to support attest licensure for the applicant and the employer has been placed on reappearance status.

Recommendation: Defer.

C15-020 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 49 months of experience, with a 12-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.

C15-021 – The applicant and her employer appeared due to a family relationship and presented work papers from her public accounting experience. She has 39 months of experience, with a 12-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.

C15-022 – The applicant and his employer appeared and presented work papers from his public accounting experience. He has 27 months of experience, with a 12-month experience requirement. He is currently licensed with general experience.

The employer's understanding of the CAE was inadequate and the CAE was inaccurately prepared. The work reviewed by the QC did not demonstrate that the applicant has sufficient experience in audit planning, programs, risk assessment or test of controls. The work was inadequate to support attest licensure for the applicant and the employer has been placed on reappearance status.

Recommendation: Defer.

C15-023 – The applicant and his employer appeared and presented work papers from his public accounting experience. He has 27 months of experience, with a 12-month experience requirement. He is currently licensed with general experience.

The employer's understanding of the CAE was inadequate and the CAE was inaccurately prepared. The work reviewed by the QC did not demonstrate that the applicant has sufficient experience in audit planning, programs, risk assessment or test of controls. The work was inadequate to support attest licensure for the applicant and the employer has been placed on reappearance status.

Recommendation: Defer.

C15-024 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 27 months of experience, with a 24-month experience requirement. She is currently licensed with general experience.

The employer's understanding of the CAE was inadequate and the CAE was inaccurately prepared. The work reviewed by the QC did not demonstrate that the applicant has sufficient experience in audit planning, programs, risk assessment or test of controls. The work was inadequate to support attest licensure for the applicant and the employer has been placed on reappearance status.

Recommendation: Defer.

The following Section 69 reviews took place on July 22, 2015, and are made a part of these minutes.

C15-024 – The applicant and her employer appeared due to government experience and presented work papers. She has 42.25 months of experience, with a 12-month experience requirement. She is currently licensed with general 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.

C15-025 – The applicant and his employer appeared and presented work papers from his public accounting experience. He has 12 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.

Note: The employer's understanding of the CAE was inadequate and the employer inaccurately prepared the CAE.

The employer has been placed on reappearance.

C15-026 – The applicant and her employer appeared with work papers from her public accounting experience due to the employer's reappearance status. The applicant has 22 months of experience, with a 12-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 applicant and remove employer from the Reappearance Status list.

C15-027 – The applicant and his employer appeared and presented work papers from his public accounting experience. He has 41.75 months of experience, with a 12-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.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 3:30 p.m. on July 29, 2015. The next meeting of the QC will be held on October 21, 2015 in Northern California.

Robert Ruehl, CPA, Chair

Prepared by: Ben Simcox, ILU Coordinator

**California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of September 30, 2015**

Initial Licensing Unit (ILU) Statistics

Individual License Applications	FY 2013/14	FY 2014/15	FY 2015/16
CPA Licensure Applications Received by Type¹			
Type A	3,819	2,417	747
Type B	219	168	62
Type C	473	503	141
Type D	52	44	8
Type E	37	26	7
Total Received	4,600	3,158	965
Total Approved	4,906	2,682	708
Average Days to Process	24	24	24
Method of Licensure			
Pathway 0 ²	0	0	0
Pathway 1 – attest	522	182	20
Pathway 1 – general	824	272	58
Pathway 2 – with attest	928	320	53
Pathway 2 – without attest	2,560	921	177
New Requirements – attest	17	245	105
New Requirements – general	55	742	295

Firm License Applications	FY 2013/14	FY 2014/15	FY 2015/16
Corporation			
Total Received	210	272	65
Total Approved	200	208	59
Average Days to Process	17	16	19

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 September 30, 2015

Partnership			
Total Received	91	92	25
Total Approved	92	76	18
Average Days to Process	17	16	19
Fictitious Name Permit			
Total Received	183	120	27
Total Approved	139	87	22
Average Days to Process	17	16	19

Customer Service	FY 2013/14	FY 2014/15	FY 2015/16
Telephone Calls Received	27,889	22,993	6,086
Emails Received	14,098	14,160	4,267
Certifications			
Total Received	1,039	1,051	252
Total Processed	972	1,042	235
Average Days to Process	22	20	20

ILU Highlights

- The ILU recently filled four of its Program Technician II position vacancies. It is currently recruiting for once Seasonal Clerk position.
- ILU staff are working diligently in its outreach efforts to notify stakeholders regarding the attest study. The attest study launched August 11, 2015 and will continue through October 31, 2015.
- The ILU is continuing its outreach efforts regarding the upcoming expiration to the extension of Pathway 1 and Pathway 2 on December 31, 2015. Most recently ILU staff mailed over 700 letters to applicants who passed the Uniform CPA examination prior to 2014 notifying them of the upcoming deadlines for document submission and providing them information regarding the current education requirements. Additionally, ILU staff incorporated verbiage regarding this in all status letters and updated the CBA website. ILU continues to use UPDATE and social media outlets such as Facebook and Twitter to keep applicants informed.