



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

**FINAL**

**MINUTES OF THE**  
**NOVEMBER 19, 2009**  
**CBA MEETING**

The Hilton San Francisco  
 Fisherman's Wharf  
 2620 Jones Street  
 San Francisco, CA 94133  
 Telephone: (415) 885-4700  
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Roll Call and Call to Order.

President Robert Petersen called the meeting to order at 8:30 a.m. on Thursday, November 19, 2009 at the Hilton San Francisco Fisherman's Wharf and the CBA members heard Agenda Item III.A. The CBA members convened into closed session at 9:18 a.m. to deliberate Agenda Item III.A., and to deliberate Agenda Items III.C. – D. The meeting reconvened into open session at 10:00 a.m., and the meeting adjourned at 2:28 p.m.

CBA Members

November 19, 2009

Robert Petersen, President	8:30 a.m. to 2:28 p.m.
Manuel Ramirez, Vice President	8:30 a.m. to 2:28 p.m.
Lenora Taylor, Secretary-Treasurer	8:30 a.m. to 2:28 p.m.
Sally Anderson	8:30 a.m. to 2:28 p.m.
Diana L. Bell	8:30 a.m. to 2:28 p.m.
Rudy Bermúdez	8:30 a.m. to 2:23 p.m.
Michelle Brough	8:30 a.m. to 2:28 p.m.
Angela Chi	8:30 a.m. to 2:28 p.m.
Donald Driftmier	8:30 a.m. to 2:28 p.m.
Herschel Elkins	8:30 a.m. to 2:28 p.m.
Louise Kirkbride	8:30 a.m. to 2:28 p.m.
Leslie LaManna	8:30 a.m. to 2:28 p.m.
Marshal Oldman	8:30 a.m. to 2:28 p.m.
David Swartz	8:30 a.m. to 2:28 p.m.
Andrea Valdez	8:30 a.m. to 2:28 p.m.

### Staff and Legal Counsel

Patti Bowers, Executive Officer  
Dan Rich, Assistant Executive Officer  
Rich Andres, Information Technology Staff  
Veronica Daniel, Executive Analyst  
Gary Duke, Legal Counsel, Department of Consumer Affairs (DCA)  
Dominic Franzella, Renewal Coordinator  
Scott Harris, Deputy Attorney General, Department of Justice  
Lauren Hersh, Information and Planning Officer  
Vincent Johnston, Special Projects Analyst  
Larry Knapp, Supervising Investigative Certified Public Accountant  
Deanne Pearce, Chief, Licensing Division  
Matthew Stanley, Legislation/Regulation Analyst  
Liza Walker, Manager, Exam and Practice Privilege

### Committee Chairs and Members

Fausto Hinojosa, Vice Chair, Qualifications Committee (QC)  
Harish Khanna, Chair, Enforcement Advisory Committee (EAC)

### Other Participants

Ruth Astle, Administrative Law Judge (ALJ)  
Kenneth Hansen, KPMG, LLP  
Sarina Mohan, Center for Public Interest Law  
Gregory Newington, Subject Matter Expert  
Carl Olson  
Joe Petito, The Accountants Coalition, E&Y, DT, PWC, KPMG, GT  
Richard Robinson, E&Y, DT, PWC, KPMG, GT  
Greg Santiago, Legislative Analyst, DCA  
Hal Schultz, California Society of Certified Public Accountants (CalCPA)  
Jeannie Tindel, CalCPA  
Star Wilson, Court Reporter

#### I. Roll Call and Call to Order.

CBA President Petersen called the meeting to order on November 19, 2009.

Mr. Petersen introduced new CBA member Andrea Valdez. He stated Ms. Valdez is a public member from Santa Monica, California. He further stated Ms. Valdez works for Transamerica and holds a Bachelor of Arts Degree from the University of California Los Angeles, and she later received her Juris Doctorate from the University of Southern California Gould School of Law.

#### II. Public Comments.

No comments were received.

III. Petitions, Stipulations, and Proposed Decisions [Closed Session Government Code Section 11126(c)(3)] Petition Hearings are Public Before the CBA with a Subsequent Closed Session.

A. Thomas Roger Neal – Petition for Reinstatement of Revoked Certificate.

Mr. Neal appeared before the CBA members to petition for reinstatement of his revoked certificate.

ALJ Ruth Astle and the CBA members heard the petition and convened into executive closed session to deliberate the matter. ALJ Astle will prepare the decision.

B. Leland L. Williams – Petition for Reinstatement of Revoked Certificate.

The Petition for Reinstatement of Revoked Certificate in the matter of Leland L. Williams was cancelled at the request of the petitioner prior to the meeting.

C. Amgad Asaad Henen – Default Decision.

The Default Decision in the matter of Amgad Asaad Henen was adopted.

D. Trudy Reed – Petition for Reconsideration of Default Decision.

The Petition for Reconsideration of Default Decision in the matter of Trudy Reed was adopted.

IV. Report of the President.

A. Board Meeting Voting and Transparency.

Mr. Rich reported that Assembly Bill (AB) 1005 regarding transparency was signed by the Governor, thus creating a number of requirements from the CBA going forward. He stated the first requirement is to provide an audio webcast of the CBA meetings. Second, is to post CBA meeting minutes on the Web site. Third, is to post formal accusations on the Web site. Mr. Rich stated the current meeting was being video webcasted back to the CBA office in Sacramento for testing purposes. He further stated that the number of Web “hits” will be monitored by staff to determine if video webcasting is of interest to the public prior to ordering additional equipment.

Ms. Kirkbride inquired if there are other boards that CBA could share the cost for the required equipment. Mr. Rich stated he will follow-up on Ms. Kirkbride’s request.

Mr. Rich proposed a new voting procedure in efforts to further provide transparency with how votes are recorded in the CBA meeting minutes. The proposed voting procedure would require the CBA President to call for a motion and for the members to identify their votes individually by roll call.

The CBA members discussed the option for the proposed voting procedure and it was the intent of the CBA members that the vote be recorded in the meeting minutes. It was determined that the best option would be to maintain the current voting process, with an acknowledgement by show of hands to determine the aye/nay/abstain votes.

B. Update on California Research (CRB) Report.

Mr. Petersen stated the CRB report has not yet been finalized and that Toby Ewing, CRB Director, will provide a presentation to the CBA once it is available.

C. Proposed 2010 Board Member Conference Dates.

See Agenda Item IV.D.

D. Proposed 2010 Special Board Meeting Dates for Legislation.

Mr. Petersen reported on the proposed 2010 date for a CBA conference and special meeting dates for legislation (**See Attachment 1**).

Ms. Bell noted that September 3, 2010 is the Friday before Labor Day, and inquired if there may be a better day available.

Ms. Kirkbride requested that staff coordinate the usage of state-owned facilities in the San Jose area for the special meeting dates for legislation.

Mr. Ramirez suggested September 2, 2010 instead of September 3, 2010.

Ms. Kirkbride inquired if a survey for dates could be provided to CBA members to determine the best option for a conference date.

E. Board Member Committee Interest Surveys.

Mr. Petersen stated that CBA members interested in participating on a CBA committee in 2010 are to complete the CBA Member Committee Interest Survey, and submit them to Veronica Daniel by December 18, 2009.

F. Presentation of Resolution for Retiring CPA Qualifications Committee (QC) Chair, Tracy Garone.

Mr. Petersen stated that Ms. Garone was not in attendance and that she will be presented with her resolution at a later time.

V. Report of the Vice President.

A. Recommendation for Appointment of New QC Vice Chair.

**It was moved by Mr. Ramirez, seconded by Mr. Petersen and unanimously carried by those present to accept the proposed recommendation and appoint Mr. Maurice Eckley as Vice Chair of the QC.**

VI. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

Ms. Taylor suggested the CBA should monitor the California Medical Association lawsuit regarding loans to the general fund and determine if there is any action that may be taken by the CBA.

B. First Quarter FY 2009/10 Financial Statement.

Ms. Taylor presented the FY 2009/10 Financial Statement.

Mr. Rich provided details and explained the encumbrance of funds within the financial statement.

VII. Officer Elections.

1. President.

**It was moved by acclamation and unanimously carried to elect Mr. Manuel Ramirez as President of the CBA.**

2. Vice President.

**It was moved by acclamation and unanimously carried to elect Ms. Sally Anderson as Vice President of the CBA.**

3. Secretary/Treasurer.

**It was moved by acclamation and unanimously carried to elect Mr. Oldman as Secretary/Treasurer of the CBA.**

VIII. Report of the Executive Officer.

A. Update on Board Staffing.

Ms. Bowers reported that five vacancies were filled and the CBA is actively recruiting for the remaining 10 vacancies.

B. Update on Enforcement Program Study.

Ms. Bowers reported that the contract for the outside consultant had expired. She stated due to the Governor's Executive Order, the study was on hold for a time span of three months which resulted in an incomplete report. The consultant was able to document internal processes and provide a pay scale comparison against other state agencies' enforcement staff; however, the assessment where CBA might make internal adjustments and improvements was not provided. Ms. Bowers stated she will be working directly with the President and Vice President to determine if CBA should seek a new contract, or if the current report is sufficient as is.

C. Update on Peer Review Outreach Plan.

Ms. Hersh presented the memorandum relating to updates on the Peer Review Outreach Plan **(See Attachment 2)**.

Mr. Bermudez inquired if the CBA members could receive the audio of the radio traffic report. Ms. Hersh stated a copy will be provided.

Mr. Ramirez inquired if there is an opportunity to include how we are protecting the public in the radio traffic reports (*ie.*, "CBA has initiated this report to protect the consumers of California").

Ms. Kirkbride stated that the Contractor's State License Board may have some great data and insight regarding catchy URLs, and suggested for CBA staff to utilize them as a resource. Mr. Bermudez concurred with Ms. Kirkbride's recommendation.

D. Discussion on Extending the Duration of Discipline Decisions Online.

Mr. Rich presented the memorandum regarding discussion of extending the duration of discipline decisions online **(See Attachment 3)**. He stated that AB 797 did not pass, yet would have required the CBA to post disciplinary actions for 10 years. Mr. Rich stated research had been completed regarding how other state Board's handle posting of disciplinary actions to the Web. He further stated staff is seeking direction from the CBA members to either begin posting this information for 10 years, or to maintain the current practice of posting the information for seven years.

CBA members discussed the matter and it was determined that there would be no change at this time.

Mr. Bermudez inquired if the CBA Web site could include previous licensed names in addition to current licensed names in order to assist consumers with tracking down certain individuals who may be practicing under a new name. Ms. Bowers stated that this item is on the Current Projects List with a target date for staff completion of January 1, 2010. She further stated this item will be included on the January 2010 agenda for staff to provide an update on findings.

E. Update on Current Projects List.

Ms. Bowers presented a handout detailing the projects currently assigned to CBA staff (**See Attachment 4**).

F. Consideration of Issuing a 15-day Notice to Title 16, Article 12 of the California Code of Regulations – Continuing Education.

Mr. Franzella stated this item was placed on the agenda in anticipation that the continuing education (CE) rulemaking file would not make it through the review process in time for the effective date of January 1, 2010. He further stated the rulemaking file has since been approved through the DCA, Agency, and the Department of Finance and was submitted to the Office of Administrative Law on Tuesday, November 17, 2009; therefore, the consideration of issuing a 15-day notice is no longer necessary.

IX. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce reported the number of days to process a first-time examination application decreased to 25 days for the month of October, and down to 17 days as of the first week of November. She recognized Ms. Liza Walker for her efforts in getting the processing timeframes down.

Ms. Pearce reported the Initial Licensing Unit is also keeping processing timeframes below 30 days, and that there are currently two vacancies in this unit.

Ms. Pearce reported the Renewal and Continuing Competency Unit staff have been working on developing information to post on the CBA Web site for the upcoming CE changes and Peer Review in addition to providing more general information on license renewal. Staff is working with the Client Services Unit to update the licensee handbook to incorporate information relating to CE changes and Peer Review.

Ms. Pearce reported the Practice Privilege Unit is recruiting for a limited-term Office Technician position. The Client Services Unit is working on various projects as listed in the Current Projects List.

Ms. Pearce stated that recruitment letters were sent out to the EAC and QC members, seeking volunteers to serve as a secret shopper examination site secret shoppers or site evaluators at Prometric Test Centers for the Uniform CPA Examination. She further stated that information would be provided to CBA's newest member, Ms. Valdez.

Ms. Chi stated she received a pleasant comment from a CPA candidate who experienced helpful service when contacting the CBA office.

- B. Consideration of Recognizing the Mutual Recognition Agreement recommended by the New Zealand Institute of Chartered Accountants and the United States International Qualifications Appraisal Board.

Ms. Pearce provided an overview of the memorandum for this item **(See Attachment 5)**. Ms. Pearce stated the decision before the CBA is whether New Zealand's Chartered Accountants who pass the IQEX should be recognized as having satisfied the CBA's examination requirement.

Mr. Petersen stated it is important to recognize this is a mutual agreement and that there are other pending recognition agreements that are one-way access and not mutual.

Mr. Swartz inquired if they accept our examination. Ms. Bowers stated that if we adopt the mutual recognition agreement, then yes, it is mutual.

The CBA members further discussed the matter and acknowledged that with the exception of the bridging exam, all other licensure requirements will remain the same.

**It was moved by Mr. Driftmier, seconded by Mr. Swartz and unanimously carried by those present to accept the mutual recognition agreement with the New Zealand Institute of Chartered Accountants.**

The President adjourned the meeting at 11:35 a.m. for a lunch break and stated to reconvene at 12:35 p.m.

- X. Report of the Enforcement Chief.

- A. Report on Status of Enforcement Matters.

- 1. Activity and Status Report.

Mr. Knapp reported that as of October 22, 2009, there were 154 open cases in the licensing category. Mr. Knapp stated in terms of actions, there were eight new accusations filed, six citations issued, 30 cease and desist letters, and 12 disciplinary actions.

Mr. Swartz inquired as to why there are so many cease and desist letters. Mr. Knapp stated staff took a proactive approach and notified all licensees working under unregistered firms that they would need to cease and desist from using the unregistered firm name until registering with the CBA. He further stated that a majority of these firms are now current.

Mr. Ramirez inquired if a log is maintained to document how many days it takes to resolve a complaint/allegation and requested if this information could be provided at the next CBA meeting. Mr. Knapp stated that this information is maintained and will be provided for review.

## 2. Major Case Summary

Mr. Newington reported that there are three open matters in the major case category as of October 23, 2009.

Mr. Ramirez inquired as to an estimated timeframe for completion of Case #1. Mr. Newington stated that there will be a much clearer prospective within the next six months, if it goes to litigation with an accusation, it could extend to a longer timeline.

## 3. Report on Citations and Fines.

Mr. Knapp reported that as of October 23, 2009, seven fines had been issued for \$14,500. Mr. Knapp stated that "practice without a permit" generates the largest fines.

## 4. Reportable Events Report.

Mr. Knapp reported that as of October 12, 2009 39 reportable events had been received; 25 of those reportable events are restatements, the remainder are criminal convictions and civil settlements.

Mr. Petersen inquired if unlicensed individuals listed in the telephone book are followed up on. Mr. Knapp stated that efforts had been made in the past to contact phone directories, with these groups having been uncooperative. These groups have previously stated that it is not their responsibility to verify the information, and accountants are sometimes automatically

categorized as CPAs. Ms. Bowers stated that one of the activities in process within the non-technical unit of the Enforcement Division is to look into unlicensed activity. Ms. Bowers further stated an update regarding status of this process will be provided to CBA members with the next six months.

Mr. Ramirez stated he would like to see this topic assigned to the Enforcement Program Oversight Committee.

#### B. Discussion of State Accountancy Board Disciplinary Actions/Case Aging.

Mr. Knapp stated there was a discussion at the July 2009 meeting relating to how other states handle the reporting of statistics regarding disciplinary matters. Mr. Knapp reported that staff contacted 24 state boards of accountancy to research this information. Of the larger states, Texas, with 62,000 licensees, has 3,800 complaints per year, and 44 disciplinary actions, does not track or breakdown average days spent on investigations. Florida, with 28,000 licensees, had no information to provide. Arizona, with 15,000 licensees, has 110 complaints per year, and 15-17 disciplinary actions per year, had no statistics to report. The New York State Board did not respond to staff's inquiry. Of the smaller states, Hawaii, with less than 8,000 licensees, and 20 complaints per year, only had two disciplinary actions. Washington, with 2,600 licensees, and 122 complaints, had only five disciplinary actions for the year. Mr. Knapp reported that in conclusion, very few states maintain information regarding the average number of days to bring disciplinary actions to closure.

### XI. Committee and Task Force Reports.

#### A. Report of the Committee on Professional Conduct (CPC).

##### 1. Report of the November 19, 2009 CPC Meeting.

Ms. Anderson reported the CPC met and discussed the following agenda items.

##### 2. Implementation Plans on Legislation:

###### a. AB 138 – Peer Review.

See Agenda Item XI.A.2.b.

###### b. SB 819 – Education Requirements for Licensure.

Ms. Anderson reported that staff provided a status regarding the implementation plans for AB 138 Peer Review and SB 819 Education Requirements for Licensure, and that everything was on

track. She further stated that no action was required at this time.

B. Report of the Legislative Committee (LC).

1. Report of the November 19, 2009 LC Meeting.

Ms. Kirkbride reported the LC met and discussed the following agenda items.

2. Proposed Clean up of AB 138 – Peer Review.

Ms. Kirkbride reported the LC was informed that legislation to extend the sunset date on peer review was no longer needed as the CBA had changed the phase-in period to ensure that all required licensees will undergo one peer review before the sunset date. She stated it was also brought to the LC's attention that a change in the language that was previously approved by the CBA was not in the final version of the legislation. She stated this change can be implemented through a committee omnibus bill. Ms. Kirkbride further stated the LC recommends that the CBA members direct staff to ensure that this language be included in an omnibus bill in 2010.

**It was moved by Ms. Kirkbride, seconded by Mr. Oldman and unanimously carried by those present to adopt the LC's recommendation to direct staff to move forward with clean up language of AB 138 Peer Review.**

3. Proposed Clean up of SB 819 – Education Requirements for Licensure.

Ms. Kirkbride reported that the LC discussed several items that will eventually need to be addressed to clean up SB 819. It was, however, the general consensus of the committee that most of these items do not need to be addressed in the coming legislative year, and that it is not necessary to recommend that CalCPA carry this legislation as the CBA should sponsor the legislation itself as the CBA is responsible for the implementation of SB 819.

Ms. Kirkbride stated the LC discussed whether to assign the Ethics Curriculum Committee (ECC) the task of reviewing the number of units required for ethics to determine if it was reasonable. It was stated that certain stakeholders were adamant about the 10 units and a change in the number should come from the experts on the ECC as opposed to direction by the CBA. Ms. Kirkbride further stated the LC recommends that the CBA allow the ECC to come to its own conclusions regarding the number of ethics units to require.

Ms. Kirkbride stated the LC discussed what was meant by "when regulations are final," as well as to whom the ECC should issue its final

report. Ms. Kirkbride further stated the LC recommends that when the time comes for such legislation that “when regulations are final” be defined as upon CBA approval and that the ECC makes its final report to the Legislature.

Ms. Kirkbride stated the LC discussed a clarity issue regarding whether the accounting education regulations need to address only the 20 new units created by SB 819 or should they also include the existing accounting education units already included in Pathway 2. Ms. Kirkbride further stated the LC recommends deferring action on this issue pending recommendations that will be made by the Accounting Education Committee (AEC).

Ms. Kirkbride stated the LC discussed whether to strike the word “ethics” from the definition of “accounting study” in order to avoid “double-counting” of some units. Ms. Kirkbride further stated the LC recommends that staff’s recommendation to remove the word “ethics” from the definition be accepted.

Ms. Kirkbride stated the LC discussed eliminating the sunset date on B&P Code Section 5096.12 regarding practice privilege. She stated the particular sunset date was inadvertently missed when the sunset was removed from the other code sections. Ms. Kirkbride further stated due to the immediate need for this legislation, the LC recommends that the CBA pursue this change in either an omnibus or spot bill in 2010.

Ms. Kirkbride stated the LC discussed the appropriateness of moving the 10/20 unit requirement from Section 5094 to Section 5093 where it more appropriately belongs. She stated staff recommended that this change not take place at this time pending the results of the accounting study. Ms. Kirkbride further stated the LC recommends that the CBA acknowledge that the change needs to be made, but to defer action until a later date.

Ms. Kirkbride motioned for the CBA members to adopt the LC’s recommendations regarding the proposed cleanup of SB 819. Ms. Kirkbride later withdrew her motion.

Ms. Anderson inquired regarding the first item and how the 10 hours came about. She stated the CBA members should make a recommendation to the committee instead of passing the responsibility. The members discussed that the ECC recommendation will come back before the CBA for review prior to action.

Ms. Anderson inquired why there was consideration to change what is already in law regarding the accounting education requirement. Mr. Stanley stated the way SB 819 was written is causing confusion. Mr. Stanley stated that Section 509 regulations must address section 5093

accounting education requirements. Mr. Stanley stated that law does not specify the subject matter of the new 20 hours, it only labeled the section. Mr. Stanley further stated this is what will need to be decided by the AEC.

Mr. Swartz inquired as to why we do not clarify if it is a recommendation on how to change the law. Mr. Petersen stated the CBA could make a recommendation that the consensus of members is that the 24-hour rule not be changed. Mr. Petersen further stated he would not recommend moving towards new legislation. Ms. Anderson stated the CBA should not charge the committee to do anything other than designate what the 20 hours is for.

The CBA members further discussed this matter.

**It was moved by Ms. Anderson, seconded by Mr. Driftmier and carried by those present to charge the AEC with addressing what subject matter the 20 additional hours should be comprised of. Ms. Taylor and Mr. Elkins abstained.**

Ms. Anderson stated if there is a concern with double counting, the language should be clarified to state that the number of units in ethics cannot be used to satisfy the 20 units of accounting. The CBA members further discussed this matter.

**It was moved by Ms. Anderson, seconded by Mr. Elkins and unanimously carried by those present to charge the AEC and ECC to ensure the law does allow the 10 hours of ethics to be counted for both requirements (either or, but not both).**

**It was moved by Ms. Kirkbride, seconded by Mr. Ramirez and unanimously carried by those present to adopt the LC's remaining four recommendations regarding the proposed clean up of SB 819.**

#### 4. Membership of Committees Required by SB 819.

Ms. Kirkbride stated the LC was informed that staff need some general direction in order to establish the AEC and ECC. Ms. Kirkbride stated that staff made several recommendations that were accepted or modified by the LC on how to accomplish this.

1. The number of members on the AEC should be set at seven.
2. Expertise in accounting education will be determined through the recruitment and appointment process.
3. The AEC will assume the role of writing the accounting study regulations.
4. The committees will meet four times per year in one day meetings rotating between northern and southern California, with

meetings in low-cost or no-cost locations. These meetings will occur separately from CBA meetings and more meetings could be added if needed.

5. The CBA will appoint one member to the ECC. Staff will begin an outreach program to potential members of the AEC asking for a letter of interest and a résumé to be submitted by January 31, 2010.
6. The CBA President and Vice President will review all applications and bring nominations to fill the AEC to the March 2010 CBA meeting where the full CBA will vote on appointments to the committee. The appointment to the ECC would occur at the same time.
7. Chairs will be appointed by the CBA based on recommendations by the CBA President and Vice President.
8. The CBA President will appoint committee liaisons to these committees unless a CBA member is sitting on that committee.

Ms. Kirkbride stated the LC recommends that the CBA adopt these recommendations.

**It was moved by Ms. Kirkbride, seconded by Ms. Brough and unanimously carried by those present to adopt the LC's recommendations.**

5. Update on Bills which the CBA has taken a position.

Ms. Kirkbride stated the LC was informed that bills which were chaptered or vetoed will no longer appear on the status update. Staff also recommended a policy be adopted to clarify that once a bill has completed its lifecycle, the CBA's position on the bill does not carry over to future legislation on that topic. Ms. Kirkbride further stated the LC recommends that the CBA adopt the recommended policy.

**It was moved by Ms. Kirkbride, seconded by Ms. Anderson and unanimously carried by those present to adopt the LC's recommendation.**

6. Suggested Legislation for 2010.

Ms. Kirkbride stated staff proposed three items for possible CBA sponsorship. The first two items are spot bills. The first spot bill will be a placeholder for potential legislation arising from the CRB report. The second spot bill could possibly be used to eliminate the sunset date from the Practice Privilege Program should such language not be able to be included in an omnibus bill.

Ms. Kirkbride stated the third proposal was for an outreach program for peer review to mandate that required licensees notify their clients that

they are required to undergo a peer review and that the client has the right to ask for a copy of their report. Ms. Kirkbride further stated the LC decided to not pursue this item.

Ms. Kirkbride stated the LC recommends that the CBA sponsor two spot bills in the next legislative year.

**It was moved by Ms. Kirkbride, seconded by Ms. LaManna and unanimously carried by those present to adopt the LC's recommendation.**

C. Report on the Enforcement Program Oversight Committee (EPOC).

There was no report for this item.

D. Report of the Enforcement Advisory Committee (EAC).

1. Report of the November 5, 2009 EAC Meeting.

Mr. Khanna reported that the EAC acquired three new members. Mr. Khanna stated at its November 5, 2009 meeting there was one investigative hearing and 16 decisions. The EAC concurred with staff recommendations on all 16. Mr. Khanna further stated the next EAC meeting is scheduled for January 28, 2010.

E. Report of the CPA Qualifications Committee (QC).

1. Report of the October 21, 2009 QC Meeting.

Mr. Hinojosa expressed gratitude to the CBA for recently appointing him as Chair of the QC for 2010. Mr. Hinojosa reported that at the October 21, 2009 QC meeting, there was a total of five personal appearances, with four of the five candidates approved for licensure. Mr. Hinojosa stated there were also 11 section 69 reviews, with seven approved. Mr. Hinojosa stated the QC has had ongoing discussion regarding attest hours. He further stated at its April meeting, staff will be providing information as to what other states are doing with respect to the 500-hour attest requirement. Mr. Hinojosa stated the QC will discuss defining supervision at its upcoming meeting. Mr. Hinojosa further stated the QC will discuss general experience as the QC is having challenges with candidates coming before the committee attempting to qualify under this requirement.

Mr. Driftmier suggested to CBA members to visit a QC meeting if they are interested in finding out what it takes to become a CPA.

XII. Appeals – Personal/Written

None.

XIII. Adoption of Minutes.

- A. Draft Minutes of the July 8, 2009 QC Meeting.
- B. Draft Minutes of the September 3, 2009 Special Board Meeting.
- C. Draft Minutes of the September 24-25, 2009 Board Meeting.
- D. Minutes of the September 24, 2009 CPC Meeting.
- E. Minutes of the September 24, 2009 LC Meeting.

**It was moved by Ms. Anderson, seconded by Mr. Swartz and unanimously carried by those present to approve the minutes of all five meetings as a group.**

XIV. Other Business.

A. American Institute of Certified Public Accountants.

1. Update on AICPA State Board Committee.

Mr. Petersen recognized Mr. Driftmier for his special efforts in attending a NASBA committee meeting on November 18, 2009, in Chicago, Illinois, and making the next-day trip to the CBA meeting.

Mr. Driftmier provided an overview of AICPA's organization for new CBA member Andrea Valdez. Mr. Driftmier reported on the changes coming forward with regards to the International Financial Reporting Standards.

B. National Association of State Boards of Accountancy.

1. Update on NASBA Committees.

a. Uniform Accountancy Act Committee.

Mr. Driftmier stated the Uniform Accountancy Act Committee met on November 18, 2009, in Chicago, Illinois, and discussed what is acceptable for firm names. Mr. Driftmier stated the committee also discussed the passage of SB 819 in California.

Mr. Driftmier thanked Ms. Bowers and staff for being an example for the state boards of accountancy.

b. Compliance Assurance Committee.

Mr. Petersen stated the Compliance Assurance Committee had become more concerned with transparency of the oversight committees with respect to peer review and are moving forward with an aggressive proposal to change some of the oversight committee responsibilities. Mr. Petersen stated he will remain on the committee during the next year.

c. Global Strategies Committee.

There was no report on this agenda item.

d. Ethics Committee.

Mr. Ramirez stated if anyone is interested in getting involved with the NASBA Ethics Committee for the next year, please contact him.

e. Legislative Support Committee.

There was no report on this agenda item.

f. Education Committee.

Ms. LaManna stated she was re-appointed to the committee for next year.

Mr. Petersen stated that Angela Chi was appointed to the NASBA Global Strategies Committee.

Mr. Swartz stated he was appointed to the NASBA Mobility Committee.

g. Accountancy Licensee Database (ALD) Task Force.

Ms. Anderson reported the committee is dealing with getting all states signed up to be on the database and that there are some technical difficulties regarding this matter. Ms. Anderson further stated that a section dedicated to unlicensed complaints had been added to the database. Ms. Bowers stated that the ALD acknowledged that once the technical difficulties are resolved there is an intent to make the system available to the public.

2. Report of the 102<sup>nd</sup> Annual NASBA Meeting.

Mr. Petersen stated that he will bring back more comments regarding this meeting at a later time. Mr. Petersen stated there are other states experiencing funding issues and restrictions with

out-of-state travel.

Mr. Petersen further stated that Washington reported complaints regarding CPAs moving from other states and targeting senior citizens with financial schemes. Mr. Petersen stated the Executive Officer is reaching out to senior citizens and other groups in Washington with respect to the importance of looking at the reports available on the licensee database.

Ms. Kirkbride stated that CSLB has an excellent outreach program for senior citizens and recommend staff contact CSLB for insight.

Mr. Petersen stated there was a presentation at NASBA's Annual meeting regarding Mr. Madoff's activities. He stated it was recommended for state boards to hold off on devoting resources and investigations until such time as all disciplinary files were available. Mr. Petersen stated this was the decision made by the CBA at a previous meeting, and that this decision is the appropriate course of action at this time.

## XV. Closing Business.

### A. CBA Member Comments.

Mr. Ramirez thanked Mr. Petersen for a job well done this past year as President of the CBA. Mr. Ramirez also thanked Mr. Robinson for his contributions to the profession.

Mr. Driftmier echoed the comments of Mr. Ramirez and expressed high regard and appreciation of Mr. Petersen's efforts as President of the CBA.

Ms. Anderson thanked Mr. Petersen for his efforts and accomplishments while serving as President of the CBA.

Mr. Swartz thanked Mr. Petersen for his leadership. Mr. Swartz also thanked Mr. Robinson for his encouragement and support. Mr. Swartz also welcomed Ms. Valdez to the CBA.

Ms. Bowers expressed thanks on behalf of CBA staff to Mr. Petersen for making himself available to staff whenever needed. Ms. Bowers further stated that Mr. Petersen positively impacted staff with his personal interaction and it has been a pleasure working with him.

### B. Comments from California Society of Certified Public Accountants Representative.

Mr. Schultz stated CalCPA would like to express thanks and welcome to Andrea Valdez for joining the CBA. Mr. Schultz further stated CalCPA would like to thank this year's officers for the great efforts towards serving the consumers and wishes success and congratulations to the newly appointed officers.

C. Comments from Society of California Accountants Representative.

No comments were received.

D. Public Comments.

Mr. Olson presented a written statement regarding restatements **(See Attachment 6)**.

Mr. Petersen stated that Mr. Olson's rulemaking petition was not ignored and was reviewed. Mr. Petersen stated the request could be accomplished if there was a meaningful purpose to do so without regulation. Mr. Petersen further stated the CBA is not convinced that there is a meaningful purpose to do so at this time. Mr. Petersen stated Mr. Olson's contributions are taken seriously, and thanked Mr. Olson for his attendance.

E. Agenda Items for Future CBA Meetings.

No agenda items were received.

Ms. Anderson thanked CBA staff for their efforts over the past year. She further stated the CBA staff is amazing and she enjoys working with them.

Mr. Petersen congratulated the CBA in strengthening staff with the hiring of Ms. Hersh, Mr. Stanley, and other staff in positions which have contributed tremendously to the success of the CBA. Mr. Petersen acknowledged the accomplishments with the establishment of peer review. Mr. Petersen further stated the attainment at least as a work in progress with respect to substantial equivalency was very important as well. In closing, Mr. Petersen recognized the success of engagement and support of Ms. Bowers.

Adjournment.

President Petersen adjourned the meeting at 2:28 p.m. on Thursday, November 19, 2009.

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Robert A. Petersen, President

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Lenora Taylor, Secretary-Treasurer

Veronica Daniel, Executive Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.