



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

MINUTES OF THE
MAY 19-20, 2011
CBA MEETING

Hyatt Regency San Francisco Airport
 1333 Bayshore Highway
 Burlingame, CA 94010
 Telephone: (650) 347-1234
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Roll Call and Call to Order.

President Sally Anderson called the meeting to order at 1:02 p.m. on Thursday, May 19, 2011 at the Hyatt Regency San Francisco Airport. The meeting recessed at 3:49 p.m. CBA President Anderson reconvened the meeting at 9:02 a.m. on Friday, May 20, 2011, and the meeting adjourned at 12:18 p.m.

CBA Members

May 19, 2011

Sarah (Sally) Anderson, President	1:02 p.m. to 3:49 p.m.
Marshal Oldman, Vice President	1:02 p.m. to 3:49 p.m.
Leslie LaManna, Secretary-Treasurer	1:02 p.m. to 3:49 p.m.
Diana Bell	1:02 p.m. to 3:49 p.m.
Alicia Berhow	1:02 p.m. to 3:49 p.m.
Michelle Brough	1:02 p.m. to 3:49 p.m.
Donald Driftmier	1:02 p.m. to 3:49 p.m.
Herschel Elkins	1:02 p.m. to 3:49 p.m.
Laurence (Larry) Kaplan	1:02 p.m. to 3:49 p.m.
Louise Kirkbride	1:02 p.m. to 3:49 p.m.
Kitak (K.T.) Leung	1:30 p.m. to 3:49 p.m.
Manuel Ramirez	Absent.
Michael Savoy	1:02 p.m. to 3:49 p.m.
David Swartz	1:02 p.m. to 3:49 p.m.
Lenora Taylor	Absent.

CBA Members

May 20, 2011

Sarah (Sally) Anderson, President	9:02 a.m. to 12:18 p.m.
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Marshal Oldman, Vice President	9:10 a.m. to 12:18 p.m.
Leslie LaManna, Secretary-Treasurer	9:02 a.m. to 12:18 p.m.
Diana Bell	9:02 a.m. to 12:18 p.m.
Alicia Berhow	9:02 a.m. to 12:18 p.m.
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Manuel Ramirez	Absent.
Michael Savoy	9:02 a.m. to 12:18 p.m.
David Swartz	9:02 a.m. to 12:18 p.m.
Lenora Taylor	9:02 a.m. to 12:18 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
 Dan Rich, Assistant Executive Officer
 Rich Andres, Information Technology Staff
 Don Chang, Supervising Senior Counsel, Department of Consumer Affairs (DCA)
 Veronica Daniel, Board Relations Analyst
 Paul Fisher, Supervising Investigative CPA
 Dominic Franzella, Manager, Licensing Division
 Rafael Ixta, Chief, Enforcement Division
 Deanne Pearce, Chief, Licensing Division
 Carl Sonne, Deputy Attorney General, Department of Justice
 Matthew Stanley, Legislation/Regulation Analyst

Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)
 Fausto Hinojosa, Chair, Qualifications Committee (QC)
 James Rider, Vice Chair, Enforcement Advisory Committee (EAC)

Other Participants

Ruth Astle, Administrative Law Judge (ALJ), Office of Administrative Hearings
 Patrick Heard, Court Reporter, Star Reporting Service
 Louis Miramontes, KPMG
 Pilar Onate-Quintana, KP Public Affairs
 Joseph Petito, The Accountants Coalition
 LaVonne Powell, Senior Advisor to the Director, DCA
 Jonathan Ross, KP Public Affairs
 Johnathon Roux, Petitioner
 Hal Schultz, California Society of Certified Public Accountants (CalCPA)

Jeannie Tindel, CalCPA

I. Report of the President.

A. Update on Peer Review Implementation.

Mr. Ixta provided an overview of the memorandum for this item (**see Attachment 1**).

Ms. Bell inquired if the added workload is manageable considering the current status of staffing in the Enforcement Division. Mr. Ixta stated the Division may run into resource issues as the deadline for reporting approaches in July 2011. Mr. Ixta stated that attempts are being made to notify and remind licensees in advance of the deadline in order to avoid an overload of responses in July.

Ms. Anderson inquired regarding the number of requests for extension in reporting. Mr. Ixta stated that CalCPA has expressed concern regarding the volume of inquiries they have started to receive regarding this matter.

Ms. Anderson inquired regarding notification to consumers. Ms. Bowers stated that there are a number of outreach activities planned as noted in the CBA's Communications and Outreach Plan.

B. Announcement of New Committee Appointments.

Ms. Anderson stated that changes were made to the CBA committees to accommodate the recently appointed CBA members (**see Attachment 2**). No comments were received.

C. Presentation: Overview of the CBA's Role in Petitions for Reinstatement.

1. Enforcement Overview.
2. Reinstatement Process.
3. CBA Responsibilities.

Mr. Sonne provided an overview of the role of the Attorney General's Office regarding petitions for reinstatement.

Mr. Chang provided an overview of the CBA's role regarding petitions for reinstatement.

Ms. Kirkbride inquired on how to handle matters where the petitioner maintains no wrongdoing and therefore does not illustrate any signs of rehabilitation. Mr. Sonne stated that the petitioner has a number of opportunities to proclaim his/her innocence. Mr. Sonne further stated

that regardless of the petitioner's belief, he/she is still required to be able to demonstrate by clear and convincing evidence that he/she is rehabilitated and is safe to practice.

Ms. Bowers inquired if there are specific steps that CBA staff should take in validating information in the petitioner's file in advance of a hearing. Mr. Chang stated there is no problem with staff reviewing information to confirm validity and that any discrepancy findings should be reported to the AG's Office. Mr. Chang further stated that this practice will protect the due process concern. Mr. Sonne added that the burden of proof lies on the petitioner.

Ms. Bell inquired regarding how to handle the questionable matters where everything appears to be too perfect. Mr. Chang stated that in these cases, members should probe further to gather supplementary information before making a decision.

Ms. Anderson inquired if petitioners are counseled in advance of hearings regarding what the CBA is looking for. Mr. Sonne stated that it is the petitioner's responsibility to either attain this information from his/her attorney, or to study the information provided in the petitioner's packet. Ms. Bowers stated that petitioner's have often contacted CBA staff for assistance regarding this matter.

Ms. Bowers stated that staff will continue to work on improving its internal processes, specifically regarding how information in petitioner's packets is being handled.

D. Discussion Regarding the Joint Meeting of the Accounting Education Committee (AEC) and Ethics Curriculum Committee (ECC) to Review their Proposal for Accounting Study and Ethics Education Requirements.

Ms. Anderson provided an overview of the memorandum for this item **(see Attachment 3)**.

Ms. Bowers stated that the joint meeting will not be noticed as a public meeting of the CBA; therefore, CBA members are urged to observe the meeting via webcast if possible.

II. Report of the Vice President.

A. Resolution for Retiring Qualifications Committee (QC) Member.

It was moved by Mr. Elkins, seconded by Mr. Swartz and unanimously carried by those present to adopt the resolution for retiring QC member, Gary O'Krent.

B. Recommendation for Appointments to the Enforcement Advisory

Committee (EAC).

There was no report for this item.

III. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

B. FY 2010-2011 Third Quarter Financial Statement.

Ms. LaManna provided an overview of agenda item II.B. **(see Attachment 4)**. No comments were received.

IV. Report of the Executive Officer (EO).

A. Update on Hiring Freeze Exemption Requests.

Ms. Bowers stated that the CBA submitted an exemption request for its four vacant Investigative CPA (ICPA) positions and received approval to hire one of the four. Ms. Bowers stated that a hiring offer had been extended and the new ICPA will start work in the very near future. Ms. Bowers further stated that staff is strategizing creative approaches in submitting exemption requests for other various vacant positions within the CBA.

Ms. Bell lauded staff's efforts and its speed of hiring.

B. Update on Paperless Meetings Initiative.

Ms. Bowers stated the CBA still intends on moving forward with its efforts in paperless meetings. Ms. Bowers stated that the request for permission to purchase electronic readers is currently on hold and will be resubmitted in October 2011.

Ms. Bowers stated that CBA members may use personal electronic devices to download meeting materials from the CBA Web site if they desire; however, it is completely optional.

Mr. Driftmier stated that the City of Ontario could be a resource regarding this matter as it is currently using iPads and is extremely happy with them.

Ms. Bowers requested for CBA members to contact her if they would like to use personal electronic devices to ensure that any technical issues are worked out in advance.

C. DCA Director's Report.

1. New Executive Order(s).

2. Hiring Freeze.
3. Travel Restrictions.
4. Update on BreEZe.
5. Update on Consumer Protection Enforcement Initiative (CPEI).
6. EO Study/Evaluation.

Ms. Powell stated a recent Executive Order restricts travel to only mission critical duties. Ms. Powell stated the authority to approve travel has been delegated to the DCA director for the time.

Ms. Powell stated that the BreEZe project is still in process and it's expected that a vendor contract will be in place by October 2011.

Ms. Powell stated there is a study being conducted in efforts of raising the ceiling on the EO salary cap and that it should be completed by August 2011.

Ms. Powell stated that a survey monkey is expected to be implemented by the end of May 2011 in advance of the EO annual evaluation process.

D. Update on 2010/2012 CBA Communications and Outreach Plan.

Ms. Pearce provided an overview of the memorandum for this item (**see Attachment 5**).

Mr. Driftmier stated that the CBA Web site is very user friendly and he complimented the incorporation of the new social media information.

E. Phase II CBA Succession Plan.

Mr. Rich provided an overview of the memorandum for this item (**see Attachment 6**).

Ms. Anderson commended the incorporation of a mentoring program.

F. Further Discussion on Title 16, California Code of Regulations (CCR) Section 30 of CBA Regulations – Safe Harbor.

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment 7**). No comments were received.

G. Consideration of Modification to Executive Officer's Delegation of

Authority.

Ms. Daniel provided an overview of the memorandum for this item **(see Attachment 8)**.

It was moved by Mr. Swartz, seconded by Ms. Bell and unanimously carried to adopt the modifications to the Executive Officer's Delegation of Authority.

V. Report of the Enforcement Chief.

A. Enforcement Case Activity and Status Report.

Mr. Ixta provided an overview of this item **(see Attachment 9)**.

Mr. Elkins suggested that it may make more sense to track the median time with respect to case aging. Mr. Ixta stated that staff will begin tracking the average and median for reports going forward.

Ms. Anderson inquired regarding how cases are prioritized. Mr. Ixta stated that consumer harm is the highest priority and those cases are immediately pursued. Mr. Ixta stated that the CBA has retained two retired ICPAs who will assist with the more complex investigations. Mr. Ixta further stated that case aging should be decreasing due to the added resource.

B. Aging Inventory Report.

Mr. Ixta provided an overview of this item **(see Attachment 10)**. No comments were received.

C. Report on Citations and Fines.

Mr. Ixta provided an overview of this item **(see Attachment 11)**. No comments were received.

D. Reportable Events Report.

Mr. Ixta provided an overview of this item. **(see Attachment 12)**. No comments were received.

E. Results of the 3rd Quarter Performance Measures Report to DCA.

Mr. Ixta provided an overview of the memorandum for this item **(see Attachment 13)**.

Mr. Driftmier stated that there is a lack of correlation between the performance measures set forth by the DCA and the staffing issues the

CBA is facing.

VI. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of the Licensing Division Activity report **(see Attachment 14)**. No comments were received.

VII. Acceptance of Minutes.

A. Draft Minutes of the February 24, 2011 CBA Meeting.

B. Draft Minutes of the March 24-25, 2011 CBA Meeting.

C. Draft Minutes of the March 24, 2011 Legislative Committee (LC) Meeting.

D. Minutes of the February 18, 2011 AEC Meeting.

E. Minutes of the February 3, 2011 EAC Meeting.

F. Minutes of the January 26, 2011 ECC Meeting.

G. Minutes of the April 6, 2011 ECC Meeting.

H. Minutes of the January 20, 2011 Peer Review Oversight Committee (PROC) Meeting.

I. Minutes of the March 4, 2011 PROC Meeting.

J. Minutes of the January 26, 2011 QC Meeting.

It was moved by Ms. Brough, seconded by Ms. Bell and carried by those present to accept agenda items VII.A-VII.F. and VII.H.-VII.J. Mr. Elkins abstained.

Ms. Bowers stated that the ECC adopted a minor amendment to the minutes of its April 6, 2011 meeting. Specifically, page 13, paragraph 6 was amended to read "Mr. Mikkelsen suggested placing a limit on the total units allowed for only those disciplines listed under the capped category."

It was moved by Ms. Brough, seconded by Mr. Oldman and carried by those present to accept agenda item VII.G., to include the amendment made by the ECC. Mr. Elkins abstained.

VIII. Other Business.

A. American Institute of Certified Public Accountants (AICPA).

No Report.

B. National Association of State Boards of Accountancy (NASBA).

1. Update on NASBA Committees.

a. Accountancy Licensee Database Task Force.

Ms. Bowers stated that the ALD is in its final stages of testing of the public site CPAVerify. Ms. Bowers further stated that a presentation on CPAVerify will be provided to CBA members at a future meeting.

b. Board Relevance & Effectiveness Committee.

Mr. Oldman stated that the committee held a recent meeting, which he was unable to attend. Mr. Oldman stated that he will provide an update on the committee's activities at a future CBA meeting.

c. Uniform Accountancy Act Committee (UAA).

Mr. Driftmier stated the committee met two weeks ago and again discussed the matter of firm names. Mr. Driftmier further stated that the committee is expected to come to a conclusion regarding this matter at its upcoming meeting.

Mr. Driftmier stressed importance in the need for the CBA being represented on the AICPA's State Board of Examiners Committee.

2. Recommendations for NASBA's Board of Directors and Nominating Committee.

Ms. Daniel provided an overview of the memorandum for this item **(see Attachment 15)**. No comments were received.

3. NASBA 2011 Awards Nominations.

Ms. Daniel provided an overview of the memorandum for this item **(see Attachment 16)**. No comments were received.

At this time the CBA heard Agenda Items XI.A.-XI.D., and XI.G. (see pages 18618-18622).

VIII. C. Discussion of Policy Issues for Regulations Regarding Retired License Status.

Ms. Anderson introduced Assemblymember Fiona Ma.

Assemblymember Ma stated that she is pleased to carry AB 431 and thanked the CBA for sponsoring it. Assemblymember Ma stated there are many CPAs who wish to retire with a preferred retired designation as opposed to delinquent, cancelled, or surrendered. Assemblymember Ma stated that at least 27 other state boards of accountancy offer a retired designation. Assemblymember Ma also noted that AB 431 has had no opposition and is currently in review with the Senate. Assemblymember Ma thanked President Anderson and Ms. Bowers for their attendance at hearings, and further thanked the CBA for its support of the bill.

Mr. Franzella provided an overview of the memorandum for this item (**see Attachment 17**).

CBA members discussed the matter surrounding the establishment of a minimum age requirement for a retired status. Mr. Chang stated that when this matter arose, Ms. Shellans was citing Government Code Section 12944, which provides that licensing agencies within the DCA do not use certain types of protected classes such as age, sex, or ethnicity, as a basis to have an adverse impact upon that particular class, unless an agency can show that it is job related.

It was moved by Ms. Bell, seconded by Mr. Driftmier and unanimously carried by those present to adopt staff's recommendation that licensees maintain a California CPA license for a minimum of five years in an active status, or if seeking a retired status due to a permanent disability to provide documentation verifying a permanent disability. The CBA directed staff to work with DCA legal counsel on a recommendation regarding establishment of a minimum age requirement.

Mr. Oldman offered a friendly amendment to recommend that a CPA be required to maintain his/her most current five years of active licensure in California. Ms. Bell declined to accept the amendment. Mr. Oldman later withdrew his amendment.

It was moved by Ms. Kirkbride, seconded by Ms. Taylor and unanimously carried by those present to adopt staff's recommendation that the CBA establish the application fee for a retired status license at a fixed amount of \$100.

It was moved by Ms. Taylor, seconded by Mr. Savoy and unanimously carried by those present to require a biennial renewal for a retired status license, with no fee.

CBA members discussed the matter regarding restoration from retired status to active.

Mr. Oldman suggested that restoration fees should be equivalent to what they would be for renewal, not to exceed \$1,000 dollars.

Mr. Savoy stated the CBA should consider that licensees will also have additional fees associated with the continuing education (CE) requirements for restoration.

Ms. Bell stated that there should be some sense of burden associated with a request for restoration.

Ms. Brough expressed concern for retirees that may need to return to the profession due to economic hardships. Ms. Kirkbride commented that the CBA does not have the capability of differentiating the reasons for restoration.

Ms. Brough inquired if the CBA could look into the restoration requirements of the Dental Board. Mr. Franzella stated that he would provide follow up regarding this request.

Ms. Anderson concurred with Mr. Oldman's suggestion.

Mr. Swartz suggested to only allowing a retiree to reinstate their license to an active once. Ms. Bowers stated that this addition may also prevent misuse of the retired status.

It was moved by Mr. Swartz, seconded by Ms. Kirkbride and unanimously carried by those present to allow restoration from a retired status to an active status only once, and the individual is to pay all back license renewal fees not to exceed \$1,000 dollars.

Ms. Bowers stated that CBA staff will need to explore whether the motion will require a statutory change.

Ms. Brough requested that staff look at other state's fees for licensure restoration.

CBA members deferred the discussion regarding continuing education requirements to take place in conjunction with other CE changes, including the QC proposal regarding license restoration, for consistency.

At this time the CBA heard Agenda Item XI.F. (see page 18622).

IX. Open Session. Petitions for Reinstatement.

Johnathon Mark Roux – Petition for Reinstatement of Revoked Certificate.

Mr. Roux appeared before the CBA members to petition for reinstatement of

his revoked certificate.

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

- X. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulations, Default Decisions, Proposed Decisions, and the Petition for Reinstatement).

CBA members convened into closed session on Friday, May 20, 2011 at 11:09 a.m., and the meeting reconvened into open session at 11:55 a.m.

At this time the CBA heard Agenda Item XI.H. (see page 18623).

At this time the CBA heard Agenda Item XI.E. (see page 18621).

- XI. Committee and Task Force Reports.

- A. Enforcement Program Oversight Committee (EPOC).

No Report.

- B. Committee on Professional Conduct (CPC).

1. Report of the May 19, 2011 CPC Meeting.
2. Overview of Position Letters Received by the CBA on AB 2473 – Mobility.

Mr. Oldman stated that the CPC recommends that the CBA request that CPIL, the large firms, and CalCPA work together to bring a proposal on mobility that can pass the Legislature. The CBA concurred with the CPC's recommendation.

3. Further Discussion on International Delivery of the Uniform CPA Examination (iExam).

Mr. Oldman stated that the CPC recommends that the CBA direct staff to research why Texas and New York felt secure enough to participate in iExam. The CBA concurred with the CPC's recommendation.

4. Discussion to Amend the Safe Harbor Language Contained in Title 16, CCR Section 4.

Mr. Oldman stated that the CPC recommends that the CBA direct staff to reach out to stakeholders to vet language that incorporates both

Options 1 and 2 and bring it back to the CPC in July 2011. The CBA concurred with the CPC's recommendation.

C. Legislative Committee (LC).

1. Report of the May 19, 2011 LC Meeting.
2. Discussion on Status of AB 431 – Retired Status.

Ms. Bell stated that AB 431 has successfully passed out of the Assembly without any "No" votes and will now repeat the process in the Senate. Ms. Bell further stated that staff identified a drafting error in the bill that will be corrected when the author feels the timing is right.

3. Possible Ratification and Adoption of Position on SB 541 – Regulatory Boards: Expert Consultants.

It was moved by Ms. Bell, seconded by Mr. Elkins and unanimously carried by those present to accept the LC's recommendation to adopt a Support position on SB 541.

4. Reconsideration of Positions on Legislation.
 - a. AB 229 – The Controller: Audits.

Ms. Bell stated that the LC declined to set forth different scenarios for the Support of AB 229. Ms. Bell further stated that the amendment requested at this time is to delete the portion allowing the Controller to suspend a CPA from the list pending an investigation by the CBA.

Mr. Elkins stated that the concern was whether there was a due process issue. Mr. Stanley stated that the motion is crafted to accommodate any due process concerns.

Ms. Brough expressed opposition regarding AB 229.

Mr. Swartz stated that the matter of enforcement is better maintained under the authority of the CBA and not the Controller's Office. Mr. Swartz further stated that it is his opinion that the CBA should take a Neutral position regarding this matter.

Ms. Bell stated that staff has followed up with the Controller's Office regarding the areas of opposition. Ms. Bell further stated that two of the three areas of opposition have been addressed, and that the recommendation of the LC incorporates a Support if Amended position to address the remaining issue.

Ms. Tindel stated that CalCPA is in negotiations with the Controller's Office regarding the contents of this bill and does not presently support the bill in its current form.

It was moved by Ms. Bell and seconded by Ms. Kirkbride to accept the LC's recommendation to adopt a Support if Amended position on AB 229. Ms. Anderson, Mr. Oldman, Ms. LaManna, Ms. Brough, Mr. Driftmier, Mr. Savoy, and Mr. Swartz opposed. The motion failed.

It was moved by Mr. Swartz, seconded by Ms. Berhow and carried by those present to adopt a Neutral if Amended position on AB 229. Ms. Bell, Ms. Brough, and Ms. Kirkbride opposed.

b. SB 306 – Safe Harbor Extension.

Ms. Bell stated that the LC recommends no change on SB 306. No action was taken regarding this item.

c. SB 542 – Sunset Review.

Ms. Bell stated that the LC recommends that the CBA maintain its Watch position on SB 542. No action was taken regarding this item.

d. SB 773 – Webcasting.

Ms. Bell stated that the LC recommends that the CBA maintain its Watch position on SB 773. No action was taken regarding this item.

e. SB 921 – Office of Inspector General.

It was moved by Ms. Bell, seconded by Ms. Kirkbride and unanimously carried by those present to discontinue following SB 921.

5. Adoption of Position on SB 706 – Business and Professions.

It was moved by Ms. Bell, seconded by Mr. Elkins and unanimously carried by those present to adopt a Neutral position on SB 706.

D. Accounting Education Committee (AEC).

1. Report of the April 15, 2011 AEC Meeting.

2. Report of the May 9, 2011 AEC Meeting.

Mr. Franzella stated that at its May 9, 2011 meeting, the AEC moved to approve a recommendation to be presented to the CBA at its July 2011 meeting.

E. Ethics Curriculum Committee (ECC).

1. Report of the April 6, 2011 ECC Meeting.

2. Report of the May 18, 2011 ECC Meeting.

Mr. Driftmier stated that after significant discussion regarding the subcommittee's proposal for the 10 units of ethics study, members formally voted on the ethics study guidelines to be provided at the June 7, 2011 joint AEC/ECC meeting. The proposal is as follows:

RECOMMENDATION #1 – MANDATED ACCOUNTING ETHICS

- Require applicants complete a minimum of four quarter units or three semester units in an upper division or higher course or courses devoted to accounting ethics or accountants' professional responsibilities.
- Applicants must meet this requirement beginning January 1, 2017. Until that time applicants can meet this requirement using any of the following courses.

RECOMMENDATION #2

- Applicants can receive credit for up to seven semester units from the following courses:

Business Law
Ethics, Morals, or Fraud
Human Resources Management
Business Government & Society
Legal Environment and Business Corporate Social Responsibility
Corporate Governance
Organizational Behavior
Management of Organizations
Business Leadership
Professional Responsibilities (non-Accounting)

- Applicants can receive credit for up to seven semester units from courses taken in the following disciplines:

Philosophy	Cultural, Ethnic, or Diversity Studies
Sociology	Religion
Psychology	Theology
Economics	Political Science

- The course title must contain one of the below words or terms, or the sole name in the course title is the name of the discipline.

Introductory	General
Introduction	Fundamentals of
Principles of	Foundation of
Survey of	

RECOMMENDATION #3 – FINANCIAL STATEMENT AUDITING COURSE

- Applicants can receive credit of one semester unit for a course devoted solely to financial statement auditing.

Mr. Driftmier restated the information that was previously provided by staff on the joint AEC/ECC meeting and the remaining activities required by the ECC.

Mr. Driftmier commended his fellow ECC members, CBA leadership and staff for their efforts in supporting the committee.

F. Peer Review Oversight Committee (PROC).

Report of the May 6, 2011 PROC Meeting.

Ms. Corrigan stated that at its May 6, 2011 meeting, the PROC received in-depth presentations by AICPA and NASBA, associated with peer review. Ms. Corrigan stated 22 states currently have peer review oversight procedures in place and that six states are actively involved in the process (including California). Ms. Corrigan stated that California was commended by NASBA for its efforts and progress.

Ms. Corrigan stated that NASBA will be providing information on other states, which may be of assistance in resolving conflict of interest matters regarding peer reviewers serving on the PROC.

Ms. Corrigan provided an update on upcoming PROC assignments. The committee's next meeting will be held on July 8, 2011.

G. Enforcement Advisory Committee (EAC).

Report of the May 5, 2011 EAC Meeting.

Mr. Rider expressed thanks to CBA member, Louise Kirkbride and her support for the EAC.

Mr. Rider stated that at its May 5, 2011 meeting, the EAC reviewed 15 cases, 10 of which were closed in agreement with staff's recommendations. Mr. Rider stated that two cases were referred to the Attorney General's Office for discipline. Mr. Rider further stated that three cases moved forward for accusation.

H. Qualifications Committee (QC).

1. Report of the April 27, 2011 QC Meeting.

Mr. Hinojosa stated the QC met on April 27, 2011 and there were two appearances; one was approved and one was not approved. Mr. Hinojosa stated there were two Section 69 appearances; one was approved and one not approved. Mr. Hinojosa stated the QC discussed the need to implement a peer training manual for guidelines and consistency, to be used by QC members. Mr. Hinojosa further stated that the QC will discuss the Peer Training manual in depth at its August 3, 2011 meeting.

It was moved by Ms. Taylor, seconded by Ms. Brough and unanimously carried by those present to accept the report of the QC.

2. QC Recommendation to Amend Title 16, CCR Sections 37 – Reissuance, 12(d) and 12.5(f) – Experience Obtained Five or More Years Prior to Application.

Mr. Hinojosa provided an overview of the memorandum for this item **(see Attachment 18)**.

Mr. Hinojosa stated that the QC is recommending the following changes for reissuance applicants and for initial licensure applicants applying with experience obtained five or more years prior to application:

- 80 hours of CE be completed in either the two years prior to application for reissuance, or as prescribed by the CBA.
- 20 of the 80 hours be completed in the one year immediately preceding application for reissuance, of which 12 hours must be completed in technical subject matter.
- CE must meet the same requirements as the CE necessary for CPA

license renewal, including required hours in technical subject matter.

- To obtain the authority to sign reports on attest engagements, 56 of the 80 hours must be in the following subject areas:
 - 16 hours in Financial Accounting Standards
 - 16 hours in Auditing Standards
 - 8 hours in Compilation and Review
 - 8 hours in Other Comprehensive Basis of Accounting
 - 8 hours in the detection and/or reporting of fraud in financial statements

It was moved by Mr. Driftmier and seconded by Ms. Taylor to adopt the QC's recommendation. Mr. Driftmier later withdrew this motion.

Mr. Swartz stated that with peer review oversight in place, this matter may not be as critical. Ms. Anderson concurred with Mr. Swartz.

The CBA further discussed this matter and reached consensus to not take action at this time. Ms. Pearce stated that staff will research options regarding a combined concept for inactive, retired, and reissuance. Ms. Pearce further stated that information will be presented to the CPC for consideration.

XII. Closing Business.

A. Public Comments for Items Not on the Agenda.

No comments were received.

B. Agenda Items for Future CBA Meetings.

Ms. Brough requested a future educational presentation on the procedures of the Securities Exchange Commission.

C. Press Release Focus.

Recent Press Releases.

Mr. Rich stated that the post meeting press release will focus on actions taken regarding AB 431.

Adjournment.

President Anderson adjourned the meeting at 12:18 p.m. on Friday, May 20, 2011.

Sally Anderson, CPA, President

Leslie LaManna, CPA, Secretary-Treasurer

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