



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

MINUTES OF THE
NOVEMBER 17-18, 2011
CBA MEETING

The Sainte Claire
 302 South Market Street
 San Jose, CA 95113
 Telephone: (408) 295-2000
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Roll Call and Call to Order.

President Sally Anderson called the meeting to order at 1:05 p.m. on Thursday, November 17, 2011 at the Sainte Claire Hotel in San Jose. The meeting recessed at 5:11 p.m. CBA President Anderson reconvened the meeting at 9:00 a.m. on Friday, November 18, 2011, and the meeting adjourned at 11:26 a.m.

CBA Members

November 17, 2011

Sarah (Sally) Anderson, President	1:05 p.m. to 5:11 p.m.
Marshal Oldman, Vice President	1:05 p.m. to 5:11 p.m.
Leslie LaManna, Secretary-Treasurer	1:05 p.m. to 5:11 p.m.
Diana Bell	1:05 p.m. to 5:11 p.m.
Alicia Berhow	Absent.
Michelle Brough	Absent.
Donald Driftmier	1:05 p.m. to 5:11 p.m.
Herschel Elkins	1:05 p.m. to 5:11 p.m.
Laurence (Larry) Kaplan	1:05 p.m. to 5:11 p.m.
Louise Kirkbride	1:05 p.m. to 5:11 p.m.
Kitak (K.T.) Leung	1:32 p.m. to 5:11 p.m.
Manuel Ramirez	1:05 p.m. to 5:11 p.m.
Michael Savoy	1:05 p.m. to 5:11 p.m.
David Swartz	1:05 p.m. to 5:11 p.m.
Lenora Taylor	1:05 p.m. to 5:11 p.m.

CBA Members

November 18, 2011

Sarah (Sally) Anderson, President	9:00 a.m. to 11:26 a.m.
Marshal Oldman, Vice President	9:00 a.m. to 11:26 a.m.
Leslie LaManna, Secretary-Treasurer	9:00 a.m. to 11:26 a.m.
Diana Bell	9:00 a.m. to 11:26 a.m.
Alicia Berhow	Absent.
Michelle Brough	Absent.
Donald Driftmier	9:00 a.m. to 11:26 a.m.
Herschel Elkins	9:00 a.m. to 11:26 a.m.
Laurence (Larry) Kaplan	9:00 a.m. to 11:26 a.m.
Louise Kirkbride	Absent.
Kitak (K.T.) Leung	9:00 a.m. to 11:26 a.m.
Manuel Ramirez	9:00 a.m. to 11:26 a.m.
Michael Savoy	9:00 a.m. to 11:26 a.m.
David Swartz	9:00 a.m. to 11:26 a.m.
Lenora Taylor	9:00 a.m. to 11:26 a.m.

Staff and Legal Counsel

Dan Rich, Assistant Executive Officer
Rich Andres, Information Technology Staff
Veronica Daniel, Board Relations Analyst
Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Manager, Licensing Division
Rafael Ixta, Chief, Enforcement Division
Kari O'Connor, Special Projects Analyst
Deanne Pearce, Chief, Licensing Division
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)
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)

Other Participants

Carley Bagatelos, Court Reporter
Michael Cohn, Administrative Law Judge (ALJ), Office of Administrative Hearings
Ed Howard, Center for Public Interest Law (CPIL)
Michael Hurley, California Society of Certified Public Accountants (CalCPA)
Christopher Jones, California State University (CSU), Northridge
Cathy Jeppson, CSU, Northridge
Janell Missy Lee, Petitioner
Samuel Lemon, CPIL
Linda McCrone, CalCPA

Pilar Onate-Quintana, KP Public Affairs
Joseph Petito, The Accountants Coalition
Jonathan Ross, KP Public Affairs
Hal Schultz, CalCPA
Jeannie Tindel, CalCPA

I. Report of the President.

A. 2012 CBA Member Committee Interest Survey.

Ms. Daniel requested that members submit committee interest surveys for 2012 to her attention no later than Friday, December 9, 2011.

B. Resolution for Retiring CBA Member Lenora Taylor.

It was moved by Mr. Swartz, seconded by Ms. Kirkbride and unanimously carried by those present to adopt the resolution for retiring CBA member Lenora Taylor.

C. Accounting Education Committee (AEC).

1. Action to Dissolve the AEC Following Submission of the Accounting Study Guidelines in July 2011.
2. Resolutions for AEC Members.

It was moved by Mr. Ramirez, seconded by Ms. Bell and unanimously carried by those present to approve the resolution to dissolve the AEC and approve resolutions honoring the members of the AEC.

II. Report of the Vice President.

A. Recommendations for Appointment/Reappointment to the Enforcement Advisory Committee (EAC).

It was moved by Mr. Oldman, seconded by Ms. Taylor and unanimously carried by those present to adopt the recommendation to reappoint Mary Rose Caras to the EAC.

B. Recommendations for Appointment/Reappointment to the Qualifications Committee (QC).

It was moved by Mr. Oldman, seconded by Ms. Taylor and unanimously carried by those present to adopt the recommendation to appoint Jenny Bolsky to the QC.

III. Report of the Secretary/Treasurer.

- A. Discussion of Governor's Budget.
- B. Fiscal Year 2011-12 First Quarter Financial Report.

Ms. LaManna provided an overview of this item **(see Attachment 1)**.

Mr. Ramirez inquired whether the CBA should consider a further reduction to licensing fees in efforts of triggering repayment of loans from the General Fund. Ms. LaManna stated it is anticipated that expenditures will start changing over the next quarter, and she suspects the CBA will be close to breaking even on its budget going forward. Ms. Anderson suggested that discussion on further reducing fees be tentatively placed on agenda for a future meeting. Ms. Anderson further stated that the current focus should be on recruiting to fill vacant positions.

IV. Report of the Executive Officer (EO).

- A. Update on Hiring Freeze Exemption Requests.

Mr. Rich stated that the hiring freeze exemption request for the Assistant Executive Officer has been approved and the CBA may move forward with recruitment. Mr. Rich stated that the CBA also received approval to hire one Office Technician and one Investigative CPA. Mr. Rich further stated that hiring freeze exemption requests are currently in process for two Investigative CPA positions and an Office Technician/Executive Officer's Secretary position.

Mr. Ixta reported on activities surrounding the recruitment and hiring for the vacant Investigative CPA positions.

Ms. Bell inquired regarding the CBA's recent successes in obtaining approvals for hiring freeze exemption requests. Mr. Rich stated there was a change to the process with the State and Consumer Services Agency (SCSA). Mr. Rich further stated that with approved workforce reduction plans in place, SCSA now has delegated authority to the DCA to approve hiring freeze exemption requests.

- B. Update on CBA 2010-2012 Communications and Outreach Plan (Written Report Only).

No comments were received for this item.

- C. Proposed Reportable Events/Conditions for Denial of CPA Licensure.

Mr. Fisher provided an overview of this item **(see Attachment 2)**.

Mr. Ramirez stated that he opposes adding bankruptcy as a reportable

event. Mr. Ramirez further stated that CAMICO has recommended for the CBA to consider increasing the reportable event threshold for civil action settlements or arbitration awards against the licensee relating to the practice of public accountancy and where the licensee is not insured for the full amount of award from \$30,000 to \$50,000, or higher.

CBA members further discussed the request to increase the reportable events threshold and concurred to defer the discussion to take place at a future meeting as it would require a statutory change.

Ms. Shellans stated her opinion that the CBA should not collect bankruptcy information unless there is a specific justifiable reason for requiring the reporting. Ms. Shellans further stated that the Bankruptcy Act protects licensees from disciplinary action as a result of bankruptcy.

CBA members further discussed adding bankruptcy as a reportable event and concurred to maintain the status quo.

D. Financial Accounting Foundation (FAF) Request for Comments on Plan to Establish the Private Company Standards Improvement Council.

Mr. Fisher provided an overview of this item (**see Attachment 3**).

Ms. Anderson inquired whether the CBA has commented in the past on FAF matters. Mr. Fisher stated that to his knowledge, the CBA has not commented.

Mr. Driftmier stated this matter is outside the scope of the CBA and that licensees and outside societies should comment. Mr. Swartz concurred with Mr. Driftmier's comments.

Mr. Rich stated that staff provided this item before the CBA because NASBA specifically requested for the CBA to comment regarding this matter.

Mr. Schultz stated that CalCPA's governing council voted to support the AICPA's position that there should be an independent board to set generally accepted accounting principles differences for private companies.

The CBA took no action regarding this item.

At this time, CBA members heard agenda items VIII.A.-VIII.B., IX.A.-IX.C., X.A., X.E., XII.A.-XII.B.1.c., and XII.B.3.

V. Open Session. Petitions for Reinstatement.

Janell Missy Lee – Petition for Reinstatement of Revoked Certificate.

Ms. Lee appeared before the CBA members to petition for the reinstatement of her revoked certificate.

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

- VI. 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 Petitions for Reinstatement).

CBA members convened into closed session at 4:20 p.m., and the meeting recessed at 5:11 p.m.

- VII. Regulation Hearing and Possible Action on Proposed Regulations.

- A. Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Sections 2.8, 9.2, 11, and 11.1 – Accounting Study.

Mr. Stanley read the following statement regarding the regulation hearing into the record:

“This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider adopting regulations to specify and clarify the CBA’s requirements pertaining to accounting education.

“The CBA is contemplating this action pursuant to the authority vested by Sections 5010, 5092, 5093, 5094 and 5094.6 of the Business and Professions Code, authorizing the CBA to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

“For the record, the date today is November 18, 2011 and the time is approximately 9:01 a.m. This hearing is being held at The Sainte Claire, 302 South Market Street in San Jose, California.

“The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today’s hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the CBA’s website and upon request by other members of the public. Copies of the proposed regulations are available at the back of the room.

“If the CBA has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The

CBA shall be provided and shall consider all written comments received up until 5:00 p.m., October 31, 2011. Anyone who wishes to comment in “writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

“Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify by the hearing officer. If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it’s not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

“If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the CBA an opportunity to address your comments directly when the CBA makes its final determination of its response to your comments.

“Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

Mr. Howard stated that CPIL supports staff recommendation that the regulation related to internships be changed to be tethered to relevant course work and further suggested that the coursework specifically be in accounting or business and not in other subjects relative to accounting.

Ms. Tindel stated that CalCPA has no objection to Mr. Howard’s recommendation.

Mr. Jones stated that he agrees with Ms. Tindel’s and Mr. Howard’s comments and recommendations.

Mr. Stanley adjourned the regulation hearing at 9:08 a.m.

- B. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Sections 2.8, 9.2, 11, and 11.1 – Accounting Study.

Mr. Stanley provided an overview of this item **(see Attachment 4)**.

It was moved by Mr. Elkins, seconded by Mr. Swartz and unanimously carried by those present to adopt the staff recommended changes to maintain consistency with the law and to modify Section 11.1(a)(2)(D) to ensure all units are relevant to accounting study per the suggestion made by Mr. Howard. Furthermore, to direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the EO to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

VIII. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

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

Mr. Elkins inquired regarding the number of license renewal applications the CBA receives for Public Accountants (PA). Ms. Pearce reported that there are approximately 19 PA licensees.

B. Report on Activities Related to the New Educational Requirements for CPA Licensure set to Take Effect January 1, 2014.

Mr. Franzella provided an overview of this item **(see Attachment 6)**.

Mr. Savoy expressed concern that the requirements are only being addressed with California students. Mr. Franzella stated that letters have been sent to several associations and interested parties in various states. Mr. Franzella further stated that staff is also working with NASBA and AICPA to extend information. Ms. Pearce stated that articles are being planned for publishing in a national journal in efforts to spread this information through media channels.

Mr. Driftmier stated that the CBA website is a great tool to use when presenting this information.

Ms. Anderson inquired whether the Frequently Asked Questions (FAQs) are periodically updated. Mr. Franzella stated that the FAQs are revised as necessary.

Ms. Anderson requested that educational presentations include information on how to satisfy the requirement for two years of experience.

Ms. Anderson suggested that the online webinars be archived for future viewing. Ms. Anderson further acknowledged a minor typo on Attachment 3.

- C. Consideration of Recognizing the Mutual Recognition Agreement Recommended by the Hong Kong Institute of CPAs and the United States International Qualifications Appraisal Board (IQAB).

Ms. Pearce provided an overview of this item (**see Attachment 7**).

Mr. Leung stated that the members of the Hong Kong Institute of CPAs are held to high standards and it is a respectable organization.

It was moved by Mr. Oldman, seconded by Mr. Savoy and unanimously carried by those present to adopt the staff recommendation to recognize members of the Hong Kong Institute of CPAs as having satisfied the examination requirement under Section 5082.3 of the Business and Professions Code upon successful completion of the International Qualification Examination.

- D. Grant/Deny Appeal of Uniform CPA Examination Candidate KD 122701.

Ms. Shellans provided an overview of this item (**see Attachment 8**).

Mr. Swartz stated that based on the course description, it appears that EMBA 350 – Financial Management would qualify as an accounting subject. Mr. Swartz further stated that the course description for EMBA 330 – Managerial Economics is vague as it relates to accounting.

Mr. Driftmier stated that the CBA has to make a decision based on materials and information provided by staff. Mr. Driftmier further stated it is possible that the course may have already been counted at an undergraduate level.

Ms. Shellans stated that if the CBA desires further research, this matter could be deferred back to staff and reconsidered at a future meeting.

It was moved by Mr. Ramirez and seconded by Ms. LaManna to grant the appeal.

After further discussion by CBA members, Ms. Taylor offered a friendly amendment to deny the appeal, but accept course EMBA 350 – Financial Management. Mr. Ramirez accepted Ms. Taylor's friendly amendment and revised his motion as follows:

It was moved by Mr. Ramirez, seconded by Ms. LaManna and carried by those present to deny the appeal. The CBA will notify the

applicant of acceptance of Golden Gate University (GGU) course EMBA 350 – Financial Management as meeting the CBA’s definition for accounting subject requirements as defined by CBA Regulation Section 9.2(b); however, the CBA has denied acceptance of GGU course EMBA 330 – Managerial Economics. Mr. Savoy opposed.

IX. Report of the Enforcement Chief.

A. Enforcement Case Activity and Aging Report.

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

Mr. Ramirez inquired regarding the longest pending case. Mr. Ixta stated the longest case is from 2008 and is close to being resolved.

B. Citation and Fine Activity Report.

Mr. Ixta provided an overview of this item **(see Attachment 10)**.

No comments were received.

C. Reportable Events Report.

Mr. Ixta provided an overview of this item **(see Attachment 11)**.

Ms. Anderson inquired regarding how many reportable events turn into investigations. Mr. Ixta stated that this information is not available at this time, but will be provided as part of the Reportable Events Report for future meetings.

D. Update on Peer Review Implementation.

Mr. Ixta provided an overview of this item **(see Attachment 12)**.

Mr. Driftmier inquired whether the reminder letters are being sent to A and G licensees. Mr. Ixta stated that this information is being provided to all licensees.

Ms. Anderson inquired whether renewal applications are cross-referenced to ensure peer review is complete at time of renewal. Mr. Ixta stated that renewal staff has access to the peer review reporting information.

Ms. Pearce stated that language was added to the renewal application regarding the reporting requirement and by signing the form the licensee acknowledges the reporting requirement.

Mr. Ramirez inquired when the sample reviews will take place.

Mr. Ixta stated that the sampling will be generated by the end of the year and review will take place in the first quarter of 2012. Mr. Ixta further

stated that a report will be provided at the May meeting.

E. Enforcement Actions on Failed Peer Review Reports.

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

Mr. Ramirez stated the intent of the initial peer review reports was as an educational tool to improve the quality of audit work by firms who are first-time reporters. Mr. Ramirez inquired whether this sentiment has been carried over to the Enforcement Unit. Mr. Ixta stated that investigations are opened on all fail peer review reports and any disciplinary actions are handled on a case-by-case basis, depending on the severity of the conduct.

Mr. Ramirez inquired regarding how many of the 36 failed peer review reports were first time peer reviews. Mr. Ixta stated that staff will research this inquiry and information will be provided at a future meeting.

Mr. Savoy inquired regarding how the public will know whether a firm has failed a peer review. Mr. Ixta stated that two initiatives have been implemented to educate consumers; the Consumer Assistance Handbook has been updated urging consumers to request a peer review report from their CPA, and public radio spots have been broadcasted echoing the same message to consumers.

Ms. Anderson stated that the biggest safeguard is to educate the public to ask for peer reviews.

Mr. Elkins inquired whether there was a pattern of aspects surrounding the 36 fail peer review reports. Mr. Ixta stated that trend analysis will be performed and reported at a future meeting.

Mr. Hurley stated that if a peer reviewer identifies an audit engagement that is substandard, they are required to report the matter upstream. Mr. Hurley further stated that one of the corrective actions is to recall the report, which is how the client becomes aware of the failure.

Mr. Hurley stated that a lot of the fail reports on the compilation side are due to a failure to change reports for SSARS 19. Mr. Hurley stated that while a fail report is issued, consumers are not greatly damaged. Mr. Hurley further stated that the profession is based on people making honest mistakes, and the CBA can expect to see great improvements in the area of peer review over the next three years.

Mr. Howard stated it is premature to infer too much; however, this is a potentially rich source of finding licensees which the CBA needs to take swift action against. Mr. Howard further stated that from a management perspective it is important to ensure the Enforcement Unit is triaging

appropriately and aggressively moving to act in formal enforcement actions.

Mr. Ramirez requested that the research on the number of first-time peer reviews also include information on the scope of services provided on failed peer review reports. Ms. Anderson requested that these findings be provided in table format at the next meeting.

F. Role of the Peer Review Oversight Committee in Developing Peer Review Enforcement Guidelines.

Mr. Ixta provided an overview of this item **(see Attachment 14)**.

Ms. Anderson inquired whether the PROC is testing the work of CalCPA. Mr. Ixta stated that the CBA is providing oversight to CalCPA.

Ms. Anderson recommended that over the next year or two, the CBA should reevaluate the PROC's responsibilities and processes.

X. Committee and Task Force Reports.

A. Enforcement Program Oversight Committee (EPOC).

There was no report for this item.

B. Committee on Professional Conduct (CPC).

1. Report of the November 17, 2011 CPC Meeting.
2. Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Sections 15, 15.1, 15.2, 15.3, 15.4 and Amend Sections 70, 71, and 87.1 – Retired Status.

Mr. Oldman stated that after reviewing the language and clarifying that the regulations will not be duplicative of existing law, the CPC accepted the proposed language in order to hold a public hearing in January 2012.

It was moved by Mr. Oldman, seconded by Mr. Elkins and unanimously carried by those present to adopt the CPC's recommendation to approve the proposed regulations and direct staff to initiate the rulemaking process for retired status.

3. Discussion on Title 16, CCR Sections 87(e) and 87.1(d) – Eight-Hour Fraud Continuing Education (CE) Requirement.

Mr. Oldman stated that while the CPC was in agreement that the course content has not changed and appears repetitive; it also agreed

that the course serves a purpose of putting licensees on notice. The CPC debated incorporating the fraud requirement into the 24 hour A&A requirement, but decided that the full 24 hours is needed for its current purpose. Instead, the discussion centered on reducing the number of hours that would be required. The CPC believes that a reduction in hours would be justified as fraud is now a component of the education provided by schools, whereas it was not prior to the implementation of the eight-hour fraud requirement. Mr. Oldman further stated the CPC discussed whether the CBA could direct providers to keep the information current.

It was moved by Mr. Oldman, seconded by Mr. Driftmier and unanimously carried by those present to adopt the CPC's recommendation to reduce the Fraud CE requirement from eight to four hours. In addition, to direct staff to draft a new course description so that providers will revise the content of courses to prevent the course from becoming stale.

Mr. Driftmier stated the importance to note that the profession has increased standards through Statement on Auditing Standards No. 99: Consideration of Fraud in a Financial Statement Audit, commonly known as SAS 99.

4. Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Section 37.5 – Fingerprinting Requirements.

Mr. Oldman stated that the CPC questioned whether traffic infractions needed to be reported to the CBA. Counsel indicated that there may be some infractions that the CBA may wish to be aware of, but that it may wish to raise the \$300 fine threshold so as to avoid being notified of infractions such as red light violations.

Mr. Oldman stated that staff indicated further changes had been made to subsection (b) to strike the word “electronic,” after the words “record of fingerprints,” add the phrase “in compliance with subsection (a),” and to strike the remainder of subsection (b) starting with “to the Department of Justice.”

It was moved by Mr. Oldman, seconded by Mr. Elkins and unanimously carried by those present to adopt the CPC's recommendation to raise the fine threshold in Section 37.5(c) from \$300 to \$1000. In addition, to adopt the CPC's recommendation to accept the proposed language with modifications to subsection (b), and direct staff to initiate the rulemaking process in order to hold a public hearing in January 2012.

5. Information Regarding the Collection of Email Addresses from

Licensees.

Mr. Oldman stated that staff will begin drafting language to bring to the CPC next year to require licensees to provide an email address on their application or renewal forms. In the interim, staff is pursuing several avenues to expand the voluntary collection of email addresses including adding an optional item to the licensing renewal applications.

Mr. Oldman further stated that the CPC approved staff's approach on this matter and took no action on this item.

C. Legislative Committee (LC).

There was no report for this item.

D. Peer Review Oversight Committee (PROC).

1. Report of the October 27, 2011 PROC Meeting.

Ms. Corrigan stated that at its October meeting, the PROC discussed its participation in various activities.

Ms. Corrigan stated there is currently a shortage of peer reviewers and that there is a backlog of peer reviews.

Ms. Corrigan stated that the PROC's annual report is scheduled to be presented in March. Ms. Corrigan further stated that the PROC's Procedure Manual is well on its way.

Mr. Ramirez inquired whether the running list of areas of deficiencies could be communicated to the profession. Mr. Ramirez further inquired on what initiatives can be proposed to increase the number of peer reviewers. Ms. Corrigan stated the PROC will look into these inquiries and provide a response at a future meeting.

Ms. McCrone stated that CalCPA has written articles on hot issues and when quality control standards change. Ms. McCrone stated there is also a peer review letter that is available via E-News, as well as webcast videos for peer reviewers. Ms. McCrone further stated that CalCPA is trying to educate both groups on activities and challenges surrounding peer review.

Ms. McCrone stated that she is available to assist the CBA in educating and communicating information to both peer reviewers and firms.

2. Update on Proposed Changes to the American Institute of Certified Public Accountants Standards for Performing and Reporting on Peer

Reviews: Performing and Reporting on Reviews of Quality Control Materials.

Ms. Corrigan provided an overview of this item.

Ms. Anderson thanked Ms. Corrigan and the PROC members for their efforts.

E. Enforcement Advisory Committee (EAC).

Report of the November 3, 2011 EAC Meeting.

Mr. Ixta stated that at the November EAC meeting, 16 closed files were reviewed and the EAC concurred with staff conclusion on all 16. Mr. Ixta further stated the EAC held four investigative hearings, one was closed with no discipline, one was closed through issuance of a citation and fine, and two were referred to the Attorney General's Office for possible issuance of an accusation.

Mr. Ixta stated there are two vacancies on the EAC.

F. Qualifications Committee (QC).

1. Report of the October 19, 2011 QC Meeting.
2. Acceptance of 2012 QC Meeting Dates.

Ms. Pearce stated that at the October QC meeting, there were 10 appearances; six were approved and two were not approved. Ms. Pearce stated there were two Section 69 appearances; one was approved and one not approved. Ms. Pearce stated the QC further discussed implementation of a peer training manual as a guideline when performing various reviews. Ms. Pearce further stated that there are a number of additional topics which the QC will discuss over the next few meetings.

It was moved by Mr. Ramirez, seconded by Mr. Swartz and unanimously carried by those present to accept the QC report and meeting dates for 2012.

Mr. Driftmier requested an educational presentation on the role of the QC.

XI. Acceptance of Minutes

- A. Draft Minutes of the September 1, 2011 CBA Meeting.
- B. Draft Minutes of the September 22, 2011 CBA Meeting.

- C. Minutes of the May 19, 2011 CPC Meeting.
- D. Minutes of the August 4, 2011 EAC Meeting.
- E. Minutes of the April 27, 2011 QC Meeting.
- F. Minutes of the August 30, 2011 PROC Meeting.

It was moved by Mr. Ramirez, seconded by Ms. Bell and unanimously carried by those present to accept agenda items XI.A.-F.

XII. Other Business.

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

There was no report for this item.

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

- 1. Update on NASBA Committees.

- a. Accountancy Licensee Database Task Force.

Ms. Anderson stated that CPAVerify is up and running and NASBA is continuing its efforts in obtaining participation from all jurisdictions.

- b. Board Relevance & Effectiveness Committee.

Mr. Oldman stated the Board Relevance & Effectiveness Committee will meet in December.

- c. Education Committee.

Mr. Driftmier stated that he was appointed to the Education Committee and there is nothing to report at this time.

- 2. Recommendation to Support Carlos Johnson for NASBA Vice Chair Nominee 2012.

It was moved by Mr. Driftmier, seconded by Mr. Ramirez and unanimously carried by those present to direct staff to prepare and send a letter of support for Mr. Carlos Johnson as Vice Chair Nominee of NASBA

Ms. Anderson took a moment to acknowledge Dan Rich for his service

to the CBA and wished him well on his upcoming retirement.

3. Proposed Responses to NASBA Regional Director's Focus Questions.

Mr. Rich provided an overview of this item **(see Attachment 15)**.

Mr. Rich stated that staff suggests a revision to the proposed response for Questions #2 to include customer complaints.

It was moved by Mr. Driftmier, seconded by Ms. Bell and unanimously carried by those present to adopt the proposed responses with suggested revision to NASBA Regional Directors' Focus Questions.

XIII. Officer Elections.

A. President.

It was moved by Mr. Swartz, seconded by Mr. Driftmier and unanimously carried by those present to elect Mr. Marshal Oldman as President of the CBA.

B. Vice President.

It was moved by Mr. Elkins, seconded by Mr. Swartz and unanimously carried by those present to elect Ms. Leslie LaManna as Vice President of the CBA.

C. Secretary/Treasurer.

It was moved by Mr. Leung, seconded by Mr. Ramirez and unanimously carried by those present to elect Mr. Michael Savoy as Secretary/Treasurer of the CBA.

At this time, CBA members heard agenda items XIV.B.-XIV.C.

XIV. Closing Business.

A. Public Comments.*

Mr. Ramirez expressed thanks to Ms. Anderson for her service as President and welcomed the newly elected CBA officers.

Ms. Taylor stated that she has enjoyed getting to know everyone at the CBA and that her experience as a CBA member has been both interesting and rewarding.

Mr. Schultz thanked Ms. Taylor, Mr. Rich and Ms. Anderson for their

service. Mr. Schultz congratulated the newly-elected CBA officers.

B. Agenda Items for Future CBA Meetings.

Mr. Ramirez requested that staff be directed to seek clarification from GGU regarding the descriptions of courses EMBA 330 and EMBA 350.

Ms. Anderson concurred with Mr. Ramirez and requested that staff provide educational information on steps for determining course acceptance.

Mr. Ramirez commented on New York adopting mobility and indicated the CBA should work towards achieving mobility for California. Mr. Oldman stated this matter is a high priority and that stakeholders are working together in efforts of resolution.

Ms. LaManna requested information regarding types of self-reporting activities that prevent applicants from obtaining a license.

Mr. Elkins requested that staff provide an informational report on the amount of time associated with accomplishing CBA directives.

C. Press Release Focus.

Recent Press Releases.

Ms. Rich stated the topics for consideration in a post-meeting press release include the officer elections and the results of the regulatory hearing.

Adjournment.

President Anderson adjourned the meeting at 11:26 a.m. on Friday, 18, 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.