



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

**MINUTES OF THE**  
**March 17-18, 2016**  
**CBA MEETING**

DoubleTree Guest Suites Anaheim Resort  
 2085 South Harbor Blvd.  
 Anaheim, CA 92802  
 Telephone: (714) 750-3000

Roll Call and Call to Order.

California Board of Accountancy (CBA) President Katrina Salazar called the meeting to order at 9:00 a.m. on Thursday, March 17, 2016 at the DoubleTree Guest Suites Anaheim Resort. The CBA recessed at 10:43 a.m. to conduct committee meetings. The CBA reconvened from 1:30 p.m. until 1:59 p.m. to conduct agenda items II.A. – II.B. The CBA reconvened at 2:58 p.m. and recessed at 6:02 p.m. The CBA reconvened into open session on Friday, March 18, 2016 at 9:00 a.m. The meeting reconvened into closed session at 10:36 a.m. The meeting reconvened into open session at 11:10 a.m. The meeting reconvened into closed session at 11:32 a.m. President Salazar adjourned the meeting at 2:58 p.m.

CBA Members

March 17, 2016

Katrina Salazar, CPA, President	9:00 a.m. to 6:02 p.m.
Alicia Berhow, Vice-President	9:00 a.m. to 6:02 p.m.
Michael Savoy, CPA, Secretary/Treasurer	9:00 a.m. to 6:02 p.m.
Jose Campos, CPA	9:00 a.m. to 6:02 p.m.
Herschel Elkins, Esq.	Absent
George Famalett, CPA	9:00 a.m. to 6:02 p.m.
Karriann Farrell Hinds, Esq.	9:00 a.m. to 6:02 p.m.
Laurence (Larry) Kaplan	9:00 a.m. to 6:02 p.m.
Kay Ko	9:00 a.m. to 6:02 p.m.
Leslie LaManna, CPA	9:00 a.m. to 6:02 p.m.
Xochitl León	Absent
Jian Ou-Yang, CPA	9:00 a.m. to 6:02 p.m.
Deidre Robinson	9:00 a.m. to 6:02 p.m.

Mark Silverman, Esq. Absent  
Kathleen Wright, CPA 9:00 a.m. to 6:02 p.m.

CBA Members

March 18, 2016

Katrina Salazar, CPA, President 9:00 a.m. to 2:58 p.m.  
Alicia Berhow, Vice-President 9:00 a.m. to 2:58 p.m.  
Michael Savoy, CPA, Secretary/Treasurer 9:00 a.m. to 2:58 p.m.  
Jose Campos, CPA 9:00 a.m. to 2:58 p.m.  
Herschel Elkins, Esq. Absent  
George Famalett, CPA 9:00 a.m. to 2:58 p.m.  
Karriann Farrell Hinds, Esq. 9:00 a.m. to 2:58 p.m.  
Laurence (Larry) Kaplan 9:00 a.m. to 2:58 p.m.  
Kay Ko 9:00 a.m. to 2:58 p.m.  
Leslie LaManna, CPA 9:00 a.m. to 2:58 p.m.  
Xochitl León Absent  
Jian Ou-Yang, CPA 9:00 a.m. to 2:58 p.m.  
Deidre Robinson Absent  
Mark Silverman, Esq. Absent  
Kathleen Wright, CPA 9:00 a.m. to 2:58 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Rich Andres, Information Technology Staff  
Pat Billingsley, Regulations Analyst  
Paul Fisher, Enforcement Supervising CPA  
Dominic Franzella, Chief, Enforcement Division  
Nooshin Movassaghi, Legislative Analyst  
Corey Riordan, Board Relations Analyst  
Gina Sanchez, Chief, Licensing Division  
Ben Simcox, CPA, Enforcement Manager  
Matthew Stanley Information and Planning Officer  
Kristy Schieldge, Legal Counsel, Department of Consumer Affairs (DCA)  
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)

Committee Chairs and Members

Jeffrey De Lyser, CPA, Vice-Chair, Peer Review Oversight Committee  
Joseph Rosenbaum, CPA, Chair, Enforcement Advisory Committee

Other Participants

Geoff Burcaw, CPS HR Consulting (CPS HR)  
Michael DeSousa, CPS HR  
Ian Dingwall, CPA, Chief Accountant, United States Department of Labor

Don Driftmier, CPA, Member, Mobility Stakeholder Group  
Jason Fox, California Society of Certified Public Accountants  
Ed Howard, Esq., Center for Public Interest Law  
Shelly Jones, Manager, DCA  
Pilar Oñate-Quintana, The Oñate Group  
Joseph Petito, The Accountants Coalition

I. Presentation Regarding Assessing the Quality of Employee Benefit Plan Audits.

A. Ian Dingwall, CPA, Chief Accountant, United States Department of Labor.

Mr. Dingwall provided a presentation regarding the Department of Labor's (DOL) report regarding assessing the quality of employee benefit plan audits. Mr. Dingwall reviewed the study, outcomes, the Employee Benefits Security Administration (EBSA) audit quality initiatives, and DOL resources. Mr. Dingwall stated that as a result of the study, improvements in the process is necessary, including increased communication between the DOL and accountancy boards, more education for auditors and plan administrators, more enforcement actions taken with respect to auditors performing deficient audits, enhance licensing procedures and enforcement, and improved peer reviews.

II. Regulations.

A. Regulation Hearing Regarding Title 16, California Code of Regulations Section 9.1 – Approved Credentials Evaluation Service Status.

Mr. Billingsley read the following statement regarding the regulation hearing into the record.

“Good Afternoon. This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider amending CBA Regulations Section 9.1 regarding the criteria and procedures for approval of credentials evaluation services.

On behalf of the Board and its staff, I'd like to welcome you. My name is Pat Billingsley and I serve as the Board's Regulatory Analyst. I will preside over this hearing on behalf of the Board and the Department. The California Board of Accountancy is contemplating this action pursuant to the authority vested by Sections 5010, and 5094 of the Business and Professions Code, authorizing the Board to amend, adopt, or repeal regulations for the administration and enforcement of Chapter 1 of Division 3 of the Business and Professions Code. For the record, the date today is March 17, 2016 and the time is approximately 1:32 p.m. Our hearing is being held at DoubleTree Suites by Hilton Hotel Anaheim Resort - Convention Center, 2085 S Harbor Blvd, Anaheim, CA

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 board's Web site and upon request by other members of the public. Copies of the proposed regulations are available here today.

If the Board has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The Board shall be provided and shall consider all written comments received up to 5:00 p.m., March 14, 2016. 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 in the order determined by recognition from 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 Board an opportunity to address your comments directly when the Board 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.”

No public comments were received.

Mr. Billingsley closed the regulation hearing at 1:36 p.m.

B. Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 9.1 – Approved Credentials Evaluation Service Status.

Mr. Billingsley stated that the CBA received three comment letters regarding the proposed amendment. Mr. Billingsley reviewed the ten comments and staff's recommendations.

- The Association of International Credentials Evaluators, Inc. (AICE) requested that AICE be included in the CBA Regulation section 9.1(a)(1) as a reference organization which credentials evaluation service providers can be members.

Staff recommended that the CBA should reject this comment because statute lists specific organizations and does not include AICE and Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute.

- The Academic & Credential Records, Evaluation & Verification Service's (ACREVS) provided the following comments:
  - ACREVS agreed that American Association of College Registrars and Admissions Officers should be included.

Staff recommended the CBA accept the comment, as the statute lists the specific organization.

- ACREVS stated that the exact name is American Association of Collegiate Registrars and Admissions Officers (The word "Admissions" is plural).

Staff recommended that the CBA reject the comment as the statute is singular.

- ACREVS stated that the organization American Association of Collegiate Registrars and Admissions Officers is more popularly known as AACRAO, and hence identifying it as such may provide further clarity; e.g. American Association of Collegiate Registrars and Admissions Officers (AACRAO).

Staff recommended that the CBA reject the comment as neither statute nor regulations use acronyms.

- ACREVS suggested that since the American Association of Collegiate Registrars and Admissions Officers has affiliated State and Regional Associations (39), and California is part of the Pacific Association of Collegiate Registrars and Admission Officers

(PACRAO), the proposed amended language should be as follows: “CCR section 9.1(a)(1) Be a member of and certify to its membership in either the American Association of Collegiate Registrars and Admissions Officers (AACRAO), or it affiliated California regional association: Pacific Association of Collegiate Registrars and Admissions Officers (PACRAO).”

Staff recommended that the CBA reject the comment as changing the name would be inconsistent with the statute.

- ACREVS agreed that the National Association for Foreign Student Affairs should be included.

Staff recommended that the CBA accept the comment as the statute lists this specific organization.

- ACREVS stated that the National Association for Foreign Student Affairs has gone thru a name change and is currently known as “NAFSA: Association of International Educators”.

Staff recommended that the CBA reject the comment as it would create inconsistency with the statute.

- ACREVS stated that they do not agree that National Association of Credential Evaluation Service should be included in this list of membership organizations.

Staff recommended that the CBA reject the comment as it would create inconsistency with the statute.

- ACREVS stated that they would like to see that evaluations be based off of “Originals” only, unless the documents received directly are printed on official tamper proof paper with the right seals and signatures. Most official seals are embossed and this should be requested.

Staff recommended that the CBA reject the comment as the comment was unclear since the regulation already requires original, authentic transcripts and degrees.

- Education Records Evaluation Service, Inc. (ERES) request that the Legislature’s professional affiliation requirement be reconsidered.

Staff recommended that the CBA reject the comment as the CBA does not have the authority to establish affiliations that would be inconsistent with statute.

Ms. Hinds inquired if there is any impact on the effectiveness on the Regulation with ACREVS not being plural in CBA Regulations.

Mr. Billingsley stated that the comment cannot be accepted, as the statute lists the organization a singular. He stated that staff proposed that the CBA place an item on a future agenda that will review these organizations and provide the CBA with an opportunity to recommend possible legislative language.

**It was moved by Ms. Berhow and seconded by Ms. Wright to reject the comments received by the ACREVS, ERES, and AICE.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**It was moved by Ms. Salazar and seconded by Mr. Campos to direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law (OAL), authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**It was moved by Mr. Campos and seconded by Mr. Savoy to reconsider the motion to reject the comments received by ACREVS, ERES, and AICE.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**It was moved by Mr. Campos and seconded by Ms. Berhow to reject all comments received, with the exception of ACREVS' comments "ACREVS agrees that the American Association of College Registrars and Admissions Officers should be included" and "ACREVS agrees that the National Association of Foreign Student Affairs should be included."**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

III. Report of the President.

- A. Introduction of New California Board of Accountancy Member Karriann Hinds, Esq.

President Salazar welcomed Karriann Hinds to the CBA.

- B. National Association of State Boards of Accountancy/American Institute of Certified Public Accountants Committee Interest Form.

President Salazar stated that members interested in serving on a National Association of State Boards of Accountancy or the American Institute of Certified Public Accountants (AICPA) committee should submit an application by the deadline.

- C. Proposed 2017 California Board of Accountancy Meeting Dates and Locations.

**It was moved by Mr. Campos and seconded by Ms. Berhow to adopt the 2017 CBA meeting dates and locations.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Ms. Ko,**

**Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Kaplan.**

- D. Resolutions for Retiring Qualifications Committee Members Charles Hester and David Papotta.

**It was moved by Ms. Salazar and seconded by Ms. Berhow to approve the resolutions for retiring Qualifications Committee (QC) members Charles Hester and David Papotta.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

- E. Exposure Draft Regarding the American Institute of Certified Public Accountants Professional Ethics Division's Omnibus Proposal Regarding Proposed Revisions to the American Institute of Certified Public Accountants Code of Professional Conduct.

Mr. Stanley provided an overview of the agenda item. Mr. Stanley stated that the revised interpretations provide guidance related to a licensee's obligations concerning the confidentiality and return of client files when the licensee either transfers, sells, or discontinues his or practice or the licensee acquires a practice.

Mr. Stanley stated that revised interpretations also provide guidance when a licensee acquires all or part of a practice that the licensee is satisfied that all clients of the predecessor firm have been notified of the acquisition and have consented to the licensee's continuation of professional services. He further noted that the Professional Ethics Executive Committee is proposing that the disclosure of permitted commissions and referral fees to be in writing. He stated that the intent of the exposure draft is to bring standardization to all states. Mr. Stanley provided a comparison of the exposure draft to CBA Regulations and noted that the CBA will have an opportunity to consider if any changes

may be appropriate to incorporate into CBA Regulations after the final release of the exposure draft.

**It was moved by Mr. Campos and seconded by Ms. Berhow to approve the comment letter, with an edit to change the word “success” to “successor” and delegate the CBA President with the authority to approve the final letter.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

- F. Comments Regarding the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy Re-Issue Exposure Draft Regarding Statement on Standards for Continuing Professional Education Programs.

Ms. Sanchez provided an overview of the agenda item. She stated that the re-issued Exposure Draft regarding proposed revisions to the Statement on Standards for Continuing Professional Education Programs (Standards) contained minor revisions and adjustments to the definitions and terms, and clarifies many of the Standards. Ms. Sanchez provided a comparison of the revisions of the Standards to CBA Regulations, including nano-learning, live programs, and self-study. Lastly, she noted that the CBA will have an opportunity to review and consider which changes may be appropriate to incorporate into the CBA Regulations.

- G. Discussion Regarding the Results of the California Board of Accountancy’s Study of the Attest Experience Requirement.

Ms. Sanchez reported that the CBA’s study of the attest experience requirement concluded, and was comprised of two parts: 1 – a California specific survey and 2 – a national survey. Mr. Sanchez stated that the CBA began discussing the CBA’s experience requirement in 2013 and established a taskforce to review the topic, which resulted in the CBA directing staff to gather research of California licensees regarding the 500 hour requirement and obtaining national data. She reviewed the results of the survey of other state boards and introduced Mr. DeSousa and Mr. Burcaw from CPS HR Consulting, who were selected to provide consulting service for the California specific study.

Mr. DeSousa and Mr. Burcaw provided an in depth overview of the results of the California survey.

President Salazar requested that staff provide future updates regarding developments of policy changes of experience requirements in other states.

Mr. Campos suggested that staff review the comments in the study for possible future agenda items or opportunities to provide outreach to consumers and licensees regarding the differences between the types of licenses.

After discussion of the survey results, the CBA concluded that the 500-hour attest experience requirement is necessary and sufficient to support the CBA mission to protect consumers and took no action.

H. Developments Since the February 2015 United States Supreme Court Decision: North Carolina State Board of Dental Examiners v. Federal Trade Commission.

Ms. Schieldge provided an update on the agenda item. She stated that there are three anticipated legislative proposals that are expected to be introduced. She noted that the DCA believes the legislative proposals are aimed to increase active state supervision to boards. Ms. Schieldge highlighted the anticipated legislative proposals.

I. Discussion on the California Little Hoover Commission Hearings Regarding Occupational Licensing.

Mr. Stanley provided an overview of the agenda item. He stated that the first hearing was held on February 4, 2016 where various individuals testified regarding the subject. He noted that the commission has scheduled a second hearing on March 30, 2016.

The CBA discussed sending a comment letter and concluded that a comment letter was not necessary at this time and directed staff to send a representative to the next hearing.

J. Department of Consumer Affairs Director's Report on Departmental Activities.

Ms. Jones provided the DCA' Director's report on departmental activities. She stated that DCA is developing training for new and future Executive Officers (EO) and a survey to assess the training needs will be sent to the EOs and board members. She noted that DCA Director Kidane is working with the Office of Information Security to address the boards information

technology needs and will continue to work with boards regarding online application and credit card acceptance. Lastly, Ms. Jones stated that DCA will be publicly reporting enhanced performance measures for board enforcement activities, which were revised as a result of the review of the current performance measures during the department's sunset review process.

IV. Report of the Vice-President.

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

**It was moved by Mr. Campos and seconded by Ms. LaManna to reappoint Dale Best and Mary Rose Caras to the Enforcement Advisory Committee (EAC) effective April 1, 2016 through March 31, 2018.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Kaplan.**

**It was moved by Mr. Campos and seconded by Ms. Robinson to appoint Nicholas Antonian to the EAC effective March 17, 2016 through March 31, 2018.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Kaplan**

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

**It was moved by Mr. Campos and seconded by Ms. Wright to reappoint David Evans and Tracy Garone to the Qualifications Committee (QC) effective April 1, 2016 through March 31, 2018.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

There was no report for this agenda item.

V. Report of the Secretary/Treasurer.

A. Fiscal Year 2015-16 Mid-Year Financial Statement and Governor's Budget.

Mr. Savoy provided an overview of the agenda item. Mr. Savoy stated that the budget reports have been revised to ensure that they are comprehensive for the CBA and stakeholders. Mr. Savoy stated that the Fiscal Year (FY) 2016-17 proposed budget is currently \$14,833,000. He noted that the revenues for the current year have decreased; however, revenues will significantly increase in FY 2016-17 as a result of the CBA's fee reduction concluding. Mr. Savoy stated that the CBA enforcement costs have increased due to the increased number of investigations that the CBA is able to complete with its increased staffing resources. Mr. Savoy noted that the CBA is scheduled to receive repayment of loans made to the General Fund, with \$10 million in FY 2015-16 and \$21 million in FY 2016-17. Lastly, Mr. Savoy noted that, due to the elimination of the limited-term positions that expire on July 1, 2016, the CBA will be reviewing all program resource needs to determine if any resource needs will be requested through the budget change proposal process for next fiscal year.

VI. Report of the Executive Officer.

A. Update on the Relocation of the California Board Accountancy's Office.

Ms. Bowers stated that the move has stalled and no construction is being completed until the State Fire Marshal gives approval. She stated that if the State Fire Marshal does not approve the location, the process will begin with selecting a new location.

Mr. Campos inquired if there is a problem with the building.

Ms. Bowers stated that as a State agency the stairwell does not meet State fire code requirements.

B. Update on Staffing.

Ms. Bowers stated that Corey Riordan, Board Relations Analyst, has accepted a position with the Enforcement Division and staff will be actively recruiting to fill the position.

C. Update Regarding the Department of Consumer Affairs Proposed Revisions to the Enforcement Performance Measures.

Ms. Bowers stated the DCA is currently revising the Enforcement Performance Measures, which the CBA has used since 2010. She stated that as part of the most recent sunset review, the Legislature requested that the DCA perform a system-wide review and analysis of enforcement programs, including the presently used Enforcement Performance Measures. She stated staff will be evaluating the new measures and suggested that the CBA President delegate the topic to the Enforcement Program Oversight Committee (EPOC).

D. Educational Presentation on the California Board of Accountancy's Redesigned Website and Update on Communications and Outreach.

Mr. Stanley provided an update on the CBA's Communications and Outreach. He stated that President Salazar attended the California Society of Certified Public Accountants' (CalCPA) Council meeting to share the CBA's objectives and priorities for 2016. Mr. Stanley also noted that Vice-President Berhow was interviewed by the Korea Daily, which covered a wide range of subjects and focused on the services the CBA provides. He noted that staff have reached out to three universities and, as a result, have scheduled two presentations regarding the CBA's educational requirements. Lastly, Mr. Stanley provided an overview of the CBA's new website, which is anticipated to be launched by the end of April.

VII. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

There was no report on this agenda item.

B. Qualifications Committee.

There was no report on this agenda item.

C. Peer Review Oversight Committee.

1. Report of the January 29, 2016 Peer Review Oversight Committee Meeting.

Mr. De Lyser reported that the Peer Review Oversight Committee (PROC) scheduled the 2016 oversight activities that the PROC will perform. He stated that the committee reviewed the annual reports of the National Peer Review Committee, AICPA, and CalCPA.

Mr. De Lyser also reported that the Peer Review Oversight Committee (PROC) began reviewing the checklists used for their oversight activities, which were created when the PROC was established.

2. Presentation and Approval of the 2015 Peer Review Oversight Committee Annual Report.

Mr. De Lyser presented the 2105 PROC Annual Report.

**It was moved by Mr. Campos and seconded by Mr. Savoy to continue to recognize AICPA's Peer Review Program as a board recognized peer review provider and accept the 2015 PROC Annual Report.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

VIII. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of the Enforcement Activity Report. He stated that there are currently 85 investigations over 24 months; however, staff have completed or nearly completed 45 of these cases.

Mr. Franzella stated that for FY 2015-16 there have been 58 referrals to the Attorney General's Office and 46 cases have been closed.

Mr. Franzella noted that the Enforcement Division has nine positions that are scheduled to expire over the next year and a half and staff is reviewing internal processes and the redirection of resources. Lastly,

Mr. Franzella thanked the Director of Business, Consumer Services, and Housing Agency and Governor Brown for approving his out-of-state travel request to attend NASBA's Board of Accountancy Legal Counsel Conference, where he presented on the CBA's process of handling matters related to DOL referrals.

Ms. Hinds inquired about the significant decrease in complaints received and investigations assigned between the three fiscal years.

Mr. Franzella stated that the decrease between FY2013-14 and FY 2014-15 was contributed to the peer review reporting issues.

IX. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Sanchez provided an overview of the agenda item. Ms. Sanchez stated that the quantity and types of contact with stakeholders continues to be in close proximity to last FY. She stated that the Initial Licensing Unit is continuing to meet the 30-day time frames. Lastly, Ms. Sanchez stated that 1,942 applications for licensure have been approved in FY 2015-16.

X. Committee Reports.

A. Committee on Professional Conduct.

1. Report of the March 17, 2016 Committee on Professional Conduct Meeting.
2. Discussion and Possible Action to Make Technical ("Section 100") or Regulatory Changes to Amend Title 16, California Code of Regulations Sections 20 and 36.1.

Ms. LaManna reported that the Committee on Professional Conduct (CPC) discussed technical changes changes to amend Title 16, California Code of Regulations sections 20 and 36.1. Ms. LaManna stated that, in consultation with Legal Counsel, changes to proposed section 20 were not necessary. She stated that last year Assembly Bill (AB) 181 amended Business and Professions Code section 5087 to require applicants for California certified public accountant licensure who were licensed in another state to possess a current, active and unrestricted license from the other state and the prior law only required a valid and unrevoked license. Ms. LaManna stated that the changes would establish consistency between the statute and the regulations,

which will eliminate confusion for applicants and staff helping to ensure the protection of consumers in California.

**The CPC recommended that the CBA authorize the Executive Officer to pursue a Section 100 Change to amend CBA Regulations section 36.1 as proposed in the draft regulatory language or initiate the regular rulemaking process if the Section 100 action is denied by the OAL.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**B. Enforcement Program Oversight Committee.**

1. Report of the March 17, 2016 Enforcement Program Oversight Committee Meeting.
2. Discussion Regarding the Revision Schedule for the Disciplinary Guidelines and Model Orders.

Ms. Wright reported that staff provided the Enforcement Program Oversight Committee (EPOC) a schedule for the revision of the CBA's Disciplinary Guidelines and Model Orders (Guidelines). She stated that the EPOC will be reviewing the changes to the Guidelines over the next few meetings and staff will provide the final version for the EPOC and CBA's consideration at the September 2016 CBA Meeting.

**The EPOC recommended that the CBA approve the revision schedule of the CBA's Guidelines.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

3. Discussion and Possible Approval of Model Orders for Permanent Restricted Practice for Inclusion in Proposed Amendments to the California Board of Accountancy Disciplinary Guidelines and Model Orders.

Ms. Wright reported that staff provided the EPOC background information regarding permanent restricted practice orders. She stated that staff noted that as a result of legislation that took effect January 1, 2016, the CBA can, after notice and hearing, permanently restrict a licensee's ability to perform specified services when there has been unprofessional conduct, including gross negligence, on the part of the licensee and when the problem will not necessarily be remediated during the term of probation. She stated that permanent restricted practice order would prohibit the licensee from performing or offering specific services during and after the term of probation until the respondent successfully petitions the CBA to have the restriction removed. She noted that staff will propose regulatory language for inclusion in a future rulemaking associated with the Guidelines.

**The EPOC recommended that the CBA approve the proposed regulatory language for Permanent Restricted Practice Order for inclusion in a future rulemaking associated with the Guidelines.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

C. Legislative Committee.

1. Report of the March 17, 2016 Legislative Committee Meeting.
2. Review and Consideration of Possible Positions on Legislation Impacting the California Board of Accountancy.
  - a. Assembly Bill 1566 – Reports to the Legislature.

Ms. Robinson reported that AB 1566 would require a written report be submitted to the Legislature to include a signed statement by

the head of an agency stating the factual contents of the report are true to the best of his or her knowledge. She noted that the bill would also make any person who states that the content is true but know it is false liable for a civil penalty up to \$20,000. She stated that legal counsel expressed concern that the current language would require the Executive Officer to certify on documents not created by the CBA.

**The Legislative Committee (LC) recommended that the CBA take a Support if Amended position on AB 1566, if the amendment stated “A document, summary, or statement created by the board in the ordinary course of business that is requested by a member of the Legislature.” on lines 21-22 of page 2 of the bill.**

**Yes: Mr. Campos, Mr. Famalett, Mr. Kaplan, Ms. Ko, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: Ms. Berhow and Ms. LaManna.**

**Abstain: None.**

**Absent: Ms. Hinds.**

- b. Assembly Bill 1707 – Requirements for Denials of Public Records Requests.

Ms. Robinson reported that AB 1707 would require the response to a public records request to be in writing regardless of whether the request was in writing and to include a list of the names of the documents withheld and the exemption that applies to each document. She stated the according to the author’s office, an amendment to the bill will be asking agencies to only make public the titles that can be disclosed and to not contain any privileged information.

**The LC recommended that the CBA take a Watch position on AB 1707.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Ou-Yang.**

- c. Assembly Bill 1939 – Study of Licensing Requirements.

Ms. Robinson reported that AB 1939 would require the Director of the DCA to conduct a study on the occupational licensing requirements and whether they create unnecessary barriers to the labor market entry or mobility. She noted that the study would be due to the Legislature by July 1, 2017. Ms. Robinson stated that the CBA discussed at the January meeting, the Little Hoover Commission is conducting hearings regarding the impact of occupational licensing on upward mobility and opportunities for entrepreneurship, specifically to those with modest means.

**It LC recommended that the CBA take a Watch position on AB 1939.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: Mr. Ou-Yang.**

- d. Assembly Bill 2560 – Professional Land Surveyors' Act.

Ms. Robinson stated that AB 2560 is a spot bill and will be used for the CBA's previously approved proposal to grant the CBA the legislative authority to adopt the emergency regulations to remove states from the no notice, no fee Practice Privilege program. Ms. Robinson stated that no action was needed as the bill is sponsored by the CBA.

- e. Assembly Bill 2853 – Public records.

Ms. Robinson stated that AB 2853 will be amended to clarify the California Public Records Act, to say that if requested documents are already available on the internet, the agency may direct the requestor to its website.

**The LC recommended that the CBA take a Watch position on AB 2853.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: Mr. Ou-Yang.**

**Absent: None.**

- f. Assembly Bill 2859 – Professions and vocations: retired category: licenses.

Ms. Robinson stated that AB 2859 would authorize any board or bureau with the DCA to establish by regulation a system for a retired category of license for people who are not actively engaged in the practice of the profession. She noted that the CBA has its own statute and regulations for retired status application.

**The LC recommended that the CBA take a Support if Amended position on AB 2859 and directed staff to request the author's office exclude entities within the DCA that have their own statutes regarding retired license status.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

- g. Assembly Concurrent Resolution 131 – Professions and vocations: licensing fees: equity.

Ms. Robinson stated that Assembly Concurrent Resolution (ACR) 131 would encourage the DCA and its boards and bureaus to create policies that promote fairness and equity to guarantee that each licensee pays a fair amount. She stated that the CBA has a prorated fee at initial licensure for those who will hold the license for less than a year prior to the first renewal date.

**The LC recommended that the CBA take a Watch position on ACR 131.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

- h. Senate Bill 1155 – Professions and vocations: licenses: military service fee waiver.

Ms. Robinson reported that Senate Bill (SB) 1155 requires the DCA to establish a program that grants veterans who have been honorably discharged an initial application fee waiver. She stated that current law requires that each board inquire if an applicant has served or is serving in the military and expedite and assist veterans with the initial licensure process.

**The LC recommended that the CBA take a Support position on SB 1155.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

- i. Senate Bill 1251 – Publication of state financial obligations.

Ms. Robinson reported that Senator John Moorlach, the only CPA in the Legislature, requested that staff review his bill proposals. She stated that SB 1251 is about transparency of financial obligations and voting information.

**The LC recommended that the CBA take a Watch position on SB 1251.**

**Yes: Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: Ms. Berhow and Ms. LaManna.**

**Abstain: None.**

**Absent: None.**

- j. Senate Bill 1348 – Licensure applications: military experience.

Ms. Robinson reported that SB 1348 would require each board, with a governing law authorizing veterans, to apply military experience and training towards licensure requirements and to modify their application for licensure to advise veteran applicants about their ability to apply that experience and training towards licensure requirements. Ms. Robinson stated that the CBA does not have such governing law, but there is no law prohibiting a veteran to apply military experience and training under a licensed CPA towards licensure requirements.

**The LC recommended that the CBA take a Support position on SB 1348.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

- k. Senate Bill 1445 – Taxation.

Ms. Robinson reported that SB 1445 is an intent language bill that would impose a sales tax on services. She stated that current law imposes a tax on retailers measured by the gross receipts from the sale of a tangible personal property sold. Ms. Robinson states that the author introduced a similar bill in 2015, SB 8, which the CBA took a Watch position on.

The LC recommended that the CBA take a Watch position on SB 1445.

**Yes: Ms. Berhow, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. Robinson, and Ms. Salazar.**

**No: Mr. Famalett, Ms. LaManna, Mr. Ou-Yang, Mr. Savoy, and**

**Ms. Wright.**

**Abstain: Mr. Campos.**

**Absent: None.**

- I. Update on Previously Approved Legislative Proposal Regarding Expedited Rulemaking Authority for Practice Privilege Program.

Ms. Robinson reported that the Senate Business, Professions and Economic Development Committee introduced its omnibus bill on March 10, 2016, as SB 1479. She stated that included in the proposal is a provision that provides a level of flexibility by modifying the current ethics course title requirement for initial licensure to a subject requirement.

**The LC recommended that the CBA take a Support position on SB 1479.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

- m. Other Bills Being Watched by the California Board of Accountancy (Assembly Bill 1868, Assembly Bill 1887, Assembly Bill 1949, Assembly Bill 2421, Assembly Bill 2423, Assembly Bill 2691, Assembly Bill 2701, Assembly Bill 2843, Senate Bill 1130, Senate Bill 1444, and Senate Bill 1448).

Ms. Robinson reported that staff will be monitoring the bills, as most are currently spot bills, which may have potential implications on the CBA.

**D. Mobility Stakeholder Group.**

1. Report of the March 17, 2016 Mobility Stakeholder Group Meeting.
2. Mobility Stakeholder Group Decision Matrix and Stakeholder Objectives.

This agenda item was a written report only and no comments were received.

3. Timeline for Activities Regarding Determinations to be Made Pursuant to Business and Professions Code Section 5096.21.

This agenda item was a written report only and no comments were received.

4. Discussion and Possible Action Regarding the Findings of the National Association of State Boards of Accountancy Related to Business and Professions Code Section 5096.21(c).

Mr. Campos stated that the MSG discussed the NABSA findings regarding substantially equivalent states and how best to proceed with assessing the information. He stated that the discussion revolved around setting a framework for staff to use in evaluating NASBA's findings of substantially equivalent states.

**The MSG recommended that the CBA**

- **Set the initial population at 43, the total number of states identified as substantially equivalent by NASBA irrespective of the Internet Disciplinary Disclosure**
- **Direct staff to review the internet portion concurrently**
- **Direct staff to recommend an appropriate sample size**
- **Conduct an initial assessment of information regarding Washington and Arizona and present the findings at the May MSG and CBA meeting**
- **Use the State Information Sheet as suggested to be modified to remove the checkboxes and provide for an "Evaluation of NABSA's answers" as a guideline when conducting the assessment**

5. Discussion Regarding the National Association of State Boards of Accountancy's Activities and CPAVerify.

Mr. Campos reported that there are currently 51 jurisdictions participating in Accountancy Licensee Database (ALD) and CPAVerify. He noted that Michigan was added to the list of participating jurisdictions after the January 2016 CBA meeting. He stated that there are four states (Delaware, Hawaii, Utah, and Wisconsin) that are not participating in ALD and CPAVerify and that NASBA is continuing its efforts to bring these jurisdictions onto the system.

6. Discussion Regarding Proposed Agenda Items for the Next Mobility Stakeholder Group Meeting.

Mr. Campos reported that staff proposed the standing topics for the next MSG meeting, which would include the items outlined from the March meeting and a review of the timeline.

XI. Acceptance of Minutes.

- A. Draft Minutes of the January 21-22, 2016 California Board of Accountancy Meeting.
- B. Minutes of the January 21, 2016 Committee on Professional Conduct Meeting.
- C. Minutes of the January 21, 2016 Legislative Committee Meeting.
- D. Minutes of the November 19, 2015 Enforcement Program Oversight Committee Meeting.
- E. Minutes of the January 21, 2016 Mobility Stakeholder Group Meeting.
- F. Minutes of the December 9, 2015 Peer Review Oversight Committee Meeting.

**It was moved by Mr. Campos and seconded by Ms. Berhow to approve agenda items XI.A – IX.F.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: Ms. Hinds.**

**Absent: None.**

XII. Other Business.

- A. American Institute of Certified Public Accountants.
  - 1. Report on Public Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

There was no report on this agenda item.

- B. National Association of State Boards of Accountancy.

1. Report on Public Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Representative.

There was no report on this agenda item.

2. Proposed Responses to the National Association of State Boards of Accountancy's Focus Questions Regarding Issues Relevant to the Regulation of the Accounting Profession.

**It was moved by Ms. Berhow and seconded by Ms. Robinson to approve the responses to the NASBA focus questions.**

**Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Kaplan, Ms. Ko, Ms. LaManna, Mr. Ou-Yang, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.**

**No: None.**

**Abstain: None.**

**Absent: None.**

XIII. Closing Business.

A. Public Comments.

B. Agenda Items for Future California Board of Accountancy Meetings.

Ms. Salazar stated that the CBA identified items throughout the meeting, including DOL audit of employee benefit plans and the enforcement performance measures.

XIV. Petition Hearings.

A. Federico Quinto Jr., License No. 68925 –Petition for Reduction of Penalty.

The CBA heard Mr. Quinto's petition for reduction of penalty.

B. Rom N. De Guzman – Petition for Reinstatement of Revoked Certificate.

The CBA heard Mr. De Guzman's petition for reinstatement of revoked certificate.

C. Jack Rickman Sowell – Petition for Reinstatement of Revoked Certificate.

The CBA heard Mr. Sowell's petition for reinstatement of revoked certificate.

D. Closed Session. Pursuant to Government Code Section

11126(c)(3), the California Board of Accountancy Convened into Closed Session to Deliberate on Disciplinary Matters (Petitions for Reinstatement of Revoked Certificate and Reduction of Penalty).

XV. Closed Session.

A. Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Convened Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, and Proposed Decisions).

B. Pursuant to Government Code Section 11126(e), the California Board of Accountancy Met In Closed Session to Receive Advice from Legal Counsel on Litigation (David Greenberg v. California Board of Accountancy, Los Angeles County Superior Court, Case No. BS155045; David B. Greenberg v. California Board of Accountancy, Orange County Superior Court, Case No. 30-2015-00809799-CU-WM-CJC.; David B. Greenberg v. California Board of Accountancy, Orange County Superior Court, Case No. 30-2015-00809802-CU-WM-CJC.; and David Greenberg v. Erin Sunseri, et al., U.S. District Court, Southern District of Florida, Case No. 15-CV-80624.).

President Salazar adjourned the meeting at 2:58 p.m. on Friday, March 18, 2016.

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Katrina L. Salazar, CPA, President

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Michael M. Savoy, CPA, Secretary/  
Treasurer

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

