

Memorandum

AEC Agenda Item III.
April 8, 2010

To : AEC Members

Date : March 29, 2010

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From : Deanne Pearce, Chief
Licensing Division

Subject : AEC Directives, Goals, and Staffing

As noted in the previous agenda item, the California Legislature established, under the jurisdiction of the California Board of Accountancy (CBA), the Accounting Education Advisory Committee – now being referred to as the Accounting Education Committee or AEC – with the express intent to assist the CBA in adopting guidelines for the new 20 units of accounting study that will be required for licensure beginning January 1, 2014. The bill did not prescribe the composition of the committee and CBA members at the recent March 2010 CBA meeting, elected to set the membership of the AEC at nine members. The AEC Chair will communicate to the CBA at its meetings on the progress and activities of the AEC.

In selecting the AEC members, the CBA paid close attention in choosing a group of diverse educators which would bring a range of viewpoints to AEC deliberations. To that end, educators from the California State University and University of California systems, private college/universities, and community colleges were selected.

For this agenda item, staff will provide an overview the following topics: (1) CBA directives for the AEC, (2) goals of the AEC, and (3) support activities provided by CBA staff.

CBA Directives for the AEC

At its November 2009 meeting, the CBA laid out specific directives regarding how the AEC will work towards assisting in the development of the new 20 units of accounting study. Specifically, the CBA provided the below directives to guide the AEC's work.

1. The AEC will meet a minimum of four times per year, with the meetings to rotate between northern and southern California, and held at low or no-cost locations. The meetings will be held separate from the CBA meetings and more meetings could be added if needed.

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2. The AEC will assume the role of drafting proposed regulations for CBA review and adoption for the new 20 units of accounting study.
3. The AEC, in consultation with the Ethics Education Committee, will ensure the 10 units of ethics required to meet the new ethics requirement cannot be double counted and applied to the 20 units of accounting study.
4. The AEC will focus on the new 20 units of accounting study, and not focus on the existing 24/24 requirement.

Goals of the AEC

The primary goal of the AEC, as outlined in Senate Bill (SB) 819, is to assist the CBA in developing the new 20 units of accounting study required for licensure. As defined in SB 819, these units can be comprised of independent study or other academic work in accounting, business, ethics, business law, or other academic work relevant to accounting and business, with the purpose being to enhance the competency of students as practitioners.

With this legislative charge, as well as the CBA's directives in mind, staff have identified the below goals for the AEC to address over the coming meetings.

1. Develop a calendar for meetings and the topics the AEC will discuss at each meeting

This will be one of the primary tasks for the AEC's first meeting. In considering how best to develop a calendar for meetings, the AEC should note that SB 819 places a strict deadline on the CBA to have regulations adopted related to the additional 20 units of accounting study by no later than January 1, 2012. In order to adopt regulations, pursuant to California's Administrative Procedure Act, the CBA must have exposed and conducted a public hearing on the regulations. At this time, staff believe to accomplish this, the AEC will need to have its work completed no later than July 2011. Based on a proposed quarterly meeting schedule, that leaves the AEC a total of six meetings (including this one) in which to complete its work.

Since the CBA has allowed for additional meetings as necessary, and given that members may wish to meet more frequently in order to allow for the CBA to promulgate regulations sooner, thereby allowing colleges and universities to begin advising students on the new educational requirements, members could consider an alternate schedule other than quarterly. In addition, as topics are discussed and prior to each meeting, the AEC could

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employ the use of subcommittees and working groups (as allowed for in the Bagley-Keene Open Meeting Act) to assist in the committee's work.

One other issue of note is that the CBA President has requested the final two AEC meetings be held in conjunction with CBA meetings. CBA meetings occur every other month beginning in January.

To assist the AEC in working its meetings into the CBA's calendar, provided in **Attachment 1** are the CBA's Year-At-A-Glance calendars for 2010 and 2011. These calendars provide dates on which CBA and other committee meetings are scheduled, as well as holidays and, through June 30, 2010, furlough days for CBA staff.

The finalized calendar adopted by the AEC at this meeting will be presented by the AEC Chair to the CBA at its May 2010 meeting for review and approval.

2. Establish an AEC purpose statement

It was suggested that at the first meeting, AEC members should establish a committee-specific purpose statement in order to provide a framework for its upcoming activities. Staff have penned a possible purpose statement for the AEC based on the legislation. Members should feel free to edit, revise, or pose additional purpose statements for consideration. After AEC adoption of a purpose statement at this meeting, the AEC Chair will submit to the CBA at its May 2010 meeting for review and approval.

"The purpose of the Accounting Education Committee is to assist the California Board of Accountancy in defining the additional 20 units of accounting study required for CPA licensure effective January 1, 2014."

3. Determine an appropriate breakdown of the 20 units of accounting study between accounting and business-related subjects

In addition to calendaring out meeting activities for the AEC, for this meeting, members will also begin discussion on this topic. Staff have provided a memorandum for this topic under **AEC Agenda Item IV**. For the memorandum staff have done some research on the Uniform Accountancy Act and other states' requirements to provide a context for discussion.

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4. Deliberate on whether to define “independent study”

SB 819 allows for units obtained through independent study to count towards the new 20 units of accounting study requirement. Presently, the CBA does not have a definition of what constitutes independent study and a definition may be necessary to provide clarity to college/universities, students, and CBA staff.

5. Deliberate on whether to define “other academic work”

Similar to independent study, SB 819 allows for units obtained through other academic work to count towards the new 20 units of accounting study. Again, the CBA does not define what constitutes other academic work and a definition may be necessary to provide clarity to colleges/universities, students, and CBA staff.

6. Draft proposed regulations, with the assistance of CBA staff, to define the new 20 units of accounting study for CBA review and adoption

Once deliberations are concluded and decisions made on the previous five goals, along with any other issues raised by the AEC or CBA, work will begin on drafting the recommendations into regulations. Generally, this takes two meetings to accomplish in order to expose and refine the language. Upon completion, the AEC Chair will present the regulations to the CBA for consideration.

Support Activities Provided by CBA Staff

CBA staff provide numerous support activities for the CBA and its committees. From an administrative aspect, staff will assist members with travel, both in travel arrangement and in expense reimbursement. Staff, in conjunction with the AEC Chair, work on developing the meeting agenda, materials, and minutes. Staff also assist in research activities to enhance the ability of committees to make informed decisions. For example, staff can research information from other colleges and universities and conduct surveys of other state boards of accountancy. As the committee grows closer to drafting regulations, staff, along with CBA legal counsel, will provide important information on the requirements of the rulemaking process.

The CBA staff liaison for the AEC is Jenny Sheldon, Coordinator, Licensing Division. She is available to provide assistance on any item outlined in this memorandum. Please feel free to contact Ms. Sheldon by telephone at (916) 561-4339 or by e-mail at jsheldon@cba.ca.gov.

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
2010 MEETING DATES/LOCATIONS
(BOARD)**

JANUARY 2010

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FEBRUARY 2010

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MARCH 2010

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APRIL 2010

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COMMITTEE/TASK FORCE
 SB-SPECIAL CBA MEETING
 EAC-ENFORCEMENT ADVISORY COMMITTEE
 QC-QUALIFICATIONS COMMITTEE

GENERAL LOCATION
 NC-NORTHERN CALIFORNIA
 SC-SOUTHERN CALIFORNIA

- ON SHADED DATES CBA OFFICE IS CLOSED
- FURLOUGH DAY
- CBA MEETING
- CBA CONFERENCE
- CBA CONFERENCE (TBD)
- SPECIAL CBA MEETING ON LEGISLATION
- EAC MEETING
- QC MEETING
- AEC MEETING

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
PROPOSED 2011 MEETING DATES/LOCATIONS**

JANUARY 2011

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FEBRUARY 2011

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APRIL 2011

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MAY 2011

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AUGUST 2011

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SEPTEMBER 2011

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OCTOBER 2011

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NOVEMBER 2011

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DECEMBER 2011

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 SC-SOUTHERN CALIFORNIA

	ON SHADED DATES CBA OFFICE IS CLOSED
	CBA MEETING
	DCA CONFERENCE
	CBA WORKING CONFERENCE
	SPECIAL CBA MEETING ON LEGISLATION
	EAC MEETING
	QC MEETING