



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
CERTIFIED PUBLIC ACCOUNTANT QUALIFICATIONS COMMITTEE (QC)**

**QC Meeting
Notice & Agenda**

**Wednesday, January 25, 2012
10:00 a.m. – 5:00 p.m.**

Crowne Plaza Irvine
17941 Von Karman Ave.
Irvine, CA 92614
Telephone: (949) 863-1999
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Roll Call and Call to Order (**Fausto Hinojosa, Chair**).

- I. Chairperson's Report (**Fausto Hinojosa, Chair**).
 - A. Approval of the October 19, 2011, Minutes.
 - B. Report of November 17-18, 2011 CBA Meeting.
- II. Report on Activities in the Initial Licensing Unit (**Deanne Pearce, Assistant Executive Officer**).
- III. Further Discussion and Educational Presentation Related to CBA Regulations at Title 16, CCR, Section 69 and Personal Appearances (**Deanne Pearce, Assistant Executive Officer**).
- IV. Public Comment for Items Not on the Agenda.
- V. Agenda Items for Future CPA QC Meetings (**Deanne Pearce, Assistant Executive Officer**).
- VI. Review Files on Individual Applicants [The Committee will meet in closed session to review and deliberate on applicant files as authorized by Government Code Section 11126(c)(2), and Business and Professions Code Sections 5022 and 5023.]

Lunch.
- VII. Conduct Closed Hearings [The Committee will meet in closed session as authorized by Government Code Sections 11126(c)(2) and (f)(3), and Business and Professions Code Section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]

Adjournment.

Please note: Action may be taken on any item on the agenda. All times are approximate. In accordance with the Bagley-Keene Open Meetings Act, all meetings of the QC are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the QC prior to the QC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the QC, but the QC Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the QC to discuss items not on the agenda; however, the QC can neither discuss nor take official action on these items at the time of the same meeting. (Government Code secs. 11125, 11125.7(a).)

The time and order of agenda items are subject to change at the discretion of the QC Chair and may be taken out of order.

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Stephanie Hoffman at (916) 561-1743, or by email at shoffman@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Stephanie Hoffman, Licensing Coordinator
(916) 561-1743 or shoffman@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

An electronic copy of this agenda can be found at <http://www.dca.ca.gov/cba/calendar.shtml>.



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Department of Consumer Affairs
California Board of Accountancy

Minutes of Meeting
October 19, 2011
CPA Qualifications Committee

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

The regularly scheduled meeting of the Certified Public Accountant Qualifications Committee (QC) of the California Board of Accountancy (CBA) was called to order at approximately 10:00 a.m. on October 19, 2011 by QC Chair, Fausto Hinojosa.

QC Members Present

Fausto Hinojosa, Chair
Maurice Eckley, Jr., Vice-Chair
Gary Bong
Michael Haas (present for closed session only)
Charles Hester
Alan Lee
Kristina Mapes
Casandra Moore Hudnall
Robert Ruehl
James Woyce

Staff Present

Stephanie Hoffman, Licensing Coordinator
Deanne Pearce, Licensing Division Chief
Kris Rose, Licensing Manager
Vicky Thornton, Licensing Coordinator
Liza Walker, Licensing Manager

QC Members Absent

Carlos Aguila
Brian Cates
Ash Shenouda
Jeremy Smith

I. CHAIRPERSON'S REPORT

Deanne Pearce, Licensing Division Chief, introduced Liza Walker as the new manager in the Initial Licensing Unit and discussed the transition of managers in the Licensing Division. Mr. Fausto Hinojosa, Chair and Ms. Pearce thanked Kris Rose, who is now the manager in the Renewal Unit, for her work in the Initial Licensing Unit.

- A. Approval of the April 27, QC Meeting Minutes.

It was moved by Charles Hester, seconded by Alan Lee and unanimously carried to adopt the minutes of the April 27, 2011 QC Meeting.

- B. Minutes of the May 19-20, 2011 and July 21, 2011 CBA Meeting.

Copies of the meeting minutes were included with the QC meeting material, for reference purposes.

- C. Report of the September 22, 2011 CBA Meeting.

Mr. Hinojosa provided a recap of the September 22, 2011 CBA meeting. Items of interest were reported on, including:

- Ms. Sally Anderson, CBA President, presented Ms. Veronica Daniel, Board Relations Analyst, with the first annual CBA Leadership's Award of Excellence.
- Ms. Patti Bowers, Executive Officer, stated that the CBA has submitted two hiring freeze exemption requests which are under review by the Department of Finance. The exemption requests are for an Investigative CPA and a clerical position in the Administration Division.
- Ms. Lauren Hersh, the CBA Information and Planning Manager, provided an overview of the activities regarding communication and outreach which included information about the Staff Outreach Committee (OC), social media, the *UPDATE* publication, the Consumer Assistance Booklet and E-News.
- The CBA voted to initiate the process to require fingerprinting for all licensees who do not currently have fingerprints on file with the Department of Justice. Staff is performing additional research on ways of accomplishing the fingerprinting requirement.

II. INITIAL LICENSING UNIT REPORT

Liza Walker provided the QC with the Initial Licensing Unit report, which included a breakdown of the number of applications received by license type, processing timeframes and the number of licenses issued under each pathway. The report also included the number of firm applications received and processing timeframes for those applications. The numbers reported were for the time period of July 2011-September 2011. A breakdown of these numbers was included with the meeting materials.

III. DISCUSSION AND EDUCATIONAL PRESENTATION RELATED TO CBA REGULATION SECTION 69 AND PERSONAL APPEARANCES

Ms. Pearce provided the members with an overview of the items that have been identified for discussion at this and future QC meetings regarding the preparation of a Peer Training Manual that can be used by new members and existing members as a guideline when performing Section 69 and Personal Appearance reviews.

The items discussed at the October 19, 2011 QC meeting included the use of electronic media during personal appearances, the instructions given the employer relevant to the completion of the Certificate of Attest Experience, and the staff selection process used for a Section 69 review and personal appearance.

The members discussed the use of electronic media and possibly providing laptop computers for use by the candidates and/or projection screens to allow better viewing. The members had concerns over confidentiality issues, problems with software and the difficulties in providing the candidates with computers. The members concluded that it should be the applicant's responsibility to bring laptop computers or items necessary to enable the committee to view their workpapers electronically.

The issue concerning instructions to the employers when completing the Certificate of Attest Experience was discussed, and while the employers are provided detailed instructions with the form, the members have concerns as to whether or not the employer/supervisor is reading and understanding the instructions. Members suggested that the CBA prepare information for the UPDATE and also post FAQ's on the CBA website in order to reach out to the employer/supervisor to enable better understanding and communication. In addition, members suggested possibly working with CalCPA in having information provided to the licensees through its publications and website.

Staff provided the members with a brief description on how applicants/firms are selected for a Section 69 review. Members were informed that the selection is made on a case by case basis and the reasons vary.

Members concluded that they need to establish benchmarks for Section 69 reviews, decide on an interview format, have an introductory statement to use

when explaining to the candidate why they are being interviewed and have a goal for the interview.

Since there are a number of additional topics identified for discussion by the QC, staff will present some of these items over the course of the next few meetings to allow sufficient time for full consideration and discussion.

IV. PROPOSED MEETING DATES FOR 2012

The QC discussed future meeting dates for 2012, with the following revision:

- July 18, 2012 meeting changed to August 1, 2012

January 25, April 25 and October 24, 2012, meeting dates remain the same.

It was moved by Ms. Mapes, seconded by Mr. Hester and unanimously carried to recommend the above proposed 2012 meeting dates, with revision, to the CBA.

V. Review Files on Individual Applicants [Closed session to review and deliberate on applicant files as authorized by Government Code Section 11126(c)(2), and Business and Professions Code Sections 5022 and 5023.]

This agenda item was postponed until the next scheduled QC meeting due to time constraints.

VI. PUBLIC COMMENT

None.

VII. AGENDA ITEMS FOR FUTURE CPA QUALIFICATIONS COMMITTEE MEETINGS

- Approval of October 19, 2011 QC minutes.

VIII. CONDUCT CLOSED HEARINGS [Closed session in accordance with Government Code Section 11126(c)(2) and (f)(3), and Business and Professions Code Section 5023 to conduct closed hearings to interview individual applicants for CPA licensure].

C11-031 - Applicant appeared and presented workpapers for her non-public accounting experience. She has 51.5 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-032 - Applicant and his employer appeared and presented workpapers for his public accounting experience. He has 52 months of experience, with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-033 - Applicant and his employer appeared and presented workpapers for his government accounting experience. He has 44.25 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-034 - Applicant appeared and presented workpapers for his non-public accounting experience. Applicant is currently licensed with general experience.

The work reviewed had no deficiencies noted, however the work papers were not complete. The workpapers did not reflect experience in the preparation of and reporting on full disclosure financial statements, nor experience and satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession.

Recommendation: Defer. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain additional experience in planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign reports on attest engagements and an affirmative Certificate of Attest Experience must be submitted. A determination will then be made as to whether or not he will be required to reappear with work papers for the Committee's review.

C11-035 - Applicant's employer appeared for a Section 69 review. Applicant is currently licensed with general experience.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure with the authorization to sign attest reports.

Recommendation: Approve.

C11-036 - Applicant appeared and presented workpapers for public accounting experience. He has 57.25 months of experience, with a 24-month requirement.

The work papers presented lacked evidence of the complete audit process. Deficiencies were found in the planning and preparation of financial statements and disclosures.

Recommendation: Defer. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain additional experience in planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign reports on attest engagements and an affirmative Certificate of Attest Experience must be submitted. A determination will then be made as to whether or not he will be required to reappear with work papers for the Committee's review.

C11-037 - Applicant and his employer appeared and presented workpapers for his non- public accounting experience. He has 24 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-038 - Applicant and her employer appeared and presented workpapers for her non-public accounting experience. She has 24 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-015 - Applicant appeared and presented workpapers for her public accounting experience. She has 49.75 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C10-041 - Applicant's employer appeared for a Section 69 review. Applicant is currently licensed with general experience.

The employer's understanding of the Certificate of Attest Experience was inadequate. The documentation was inadequate and did not support the firm's certification that the work demonstrates satisfactory knowledge of current standards and pronouncements.

The worksheet was not completed and the work reviewed included only one engagement. The workpapers did not reflect experience in the preparation of and reporting on full disclosure financial statements, nor experience and satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession.

Recommendation: Defer. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain additional experience in planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign reports on attest engagements and an affirmative Certificate of Attest Experience must be submitted. A determination will then be made as to whether or not she will be required to reappear with work papers for the Committee's review.

The following personal appearances and Section 69 reviews took place on May 11, 2011, and are made a part of these minutes.

C11-016 - Applicant and his employer appeared for a Section 69 review. Applicant has 54.75 months of experience with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-017 - Applicant appeared and presented workpapers for her public accounting experience. She has 35.5 months of experience with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve

C11-018 - Applicant appeared and presented workpapers for his public accounting experience. Applicant is currently licensed with general experience.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure with the authorization to sign attest reports.

Recommendation: Approve

C11-019 - Applicant and her employer appeared for a Section 69 review. Applicant has 24.25 months of experience with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-020 - Applicant appeared before the committee. She has 41 months of experience with a non-public accounting employer and 20.75 months of public accounting experience with a 12-month experience requirement.

Though the applicant has a qualifying Certificate of Attest Experience from her public accounting employer, because it is stale-dated she chose to appear but failed to bring the workpapers from her non-public accounting experience.

Recommendation: Defer. Applicant must complete 48-hours of continuing education, augmenting her technical knowledge of accounting and auditing standards. Upon completion and submission of the Certificates of Completion, applicant will be approved for licensure.

The following personal appearances and Section 69 reviews took place on June 22, 2011, and are made a part of these minutes.

C11-021 - Applicant and his employer appeared and presented workpapers for his public accounting experience. Applicant is currently licensed with general experience.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-022 - Applicant appeared and presented workpapers for her non-public accounting experience. She has 43.5 months of experience, with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

The following personal appearances and Section 69 reviews took place on August 17, 2011, and are made a part of these minutes.

C11-023 - Applicant appeared and presented workpapers for his non-public accounting experience. Applicant is currently licensed with general experience.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure with the authorization to sign attest reports.

Recommendation: Approve.

C11-024 - Applicant and his employer appeared and presented workpapers for his non-public accounting experience. He has 39.5 months of experience, with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-025 - Applicant and his employer appeared and presented workpapers for his public accounting experience. Applicant is currently licensed with general experience.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure with the authorization to sign attest reports.

Recommendation: Approve.

C11-026 - Applicant appeared and presented workpapers for his non-public accounting experience. He has 21.25 months of experience, with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-027 - Applicant and her employer/partner appeared for a Section 69 review. Applicant is currently licensed with general experience.

The employer's understanding of the Certificate of Attest Experience was inadequate. The documentation did not support the firm's certification that the work demonstrates satisfactory knowledge of current standards and pronouncements.

There was little or no documentation in regard to the applicant's ability/experience in planning, in the ability to prepare written explanations or comments on the work performed, or the ability to prepare full disclosure financial statements.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign attest reports, the applicant must obtain additional audit experience. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is

authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether she needs to reappear with work papers for the QC's review.

Firm has been placed on reappearance status.

The following personal appearances and Section 69 reviews took place on September 28, 2011, and are made a part of these minutes.

C11-028 - Applicant appeared and presented workpapers for his non-public accounting experience. He has 79 months of experience, with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-029 - Applicant appeared and presented workpapers for his non-public accounting experience. He has 41.5 months of experience, with a 12-month requirement.

The work papers presented lacked evidence of a complete audit process. Deficiencies were found in the planning and preparation of financial statements and disclosures.

Recommendation: Defer. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain additional experience in planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign reports on attest engagements and an affirmative Certificate of Attest Experience must be submitted. A determination will then be made as to whether or not he will be required to reappear with work papers for the QC's review.

C11-030 - Applicant and his employer appeared for a Section 69 review. Applicant is currently licensed with general experience

The employer's understanding of the Certificate of Attest Experience was inadequate. The documentation did not support the firm's certification that the work demonstrates satisfactory knowledge of current standards and pronouncements.

The work reviewed had no deficiencies noted, however the workpapers were not complete and therefore it was determined that the applicant will need to obtain additional hours of qualifying experience and submit an updated Certificate of Attest Experience. The workpapers did not reflect experience in the preparation of and reporting on full disclosure financial statements, nor experience and

satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession.

Recommendation: Defer. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain additional experience in planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative Certificate of Attest Experience must be submitted. A determination will then be made as to whether or not he will be required to reappear with work papers for the QC's review.

ADJOURNMENT

There being no further business to be conducted, the meeting was adjourned at 4:30 P.M. on October 19, 2011. The next meeting of the CPA Qualifications Committee will be held on January 25, 2012.

Fausto Hinojosa, Chair

Prepared by Vicky Thornton, Licensing Coordinator



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QC Item I.B.
January 25, 2012

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

DRAFT
12/9/11

MINUTES OF THE
NOVEMBER 17-18, 2011
CBA MEETING

The Sainte Claire
 302 South Market Street
 San Jose, CA 95113
 Telephone: (408) 295-2000
 Facsimile: (408) 977-0403

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 ___**).

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 ___**).

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

event. Mr. Ramirez further stated that CAMICO has requested 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.

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 ___**).

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. (see pages XXX-XXX).

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 ___**).

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 ___**).

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 ___**).

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 ___**).

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 ___**).

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 ___)**.

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 ___)**.

No comments were received.

C. Reportable Events Report.

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

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 ___)**.

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 ___**).

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 ___**).

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 (**see Attachment ___**).

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 ___**).

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.

Marshal A. Oldman, Esq., President

Michael M. Savoy, 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.



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QC Item II
January 25, 2012

Initial Licensing Unit Report

Staff: Deanne Pearce, Assistant Executive Officer

Date: January 10, 2012

Purpose of the Item

Provide members with three months worth of statistics and items of interest related to the Initial Licensing Unit.

Action(s) Needed

This agenda item is being provided for review purposes only.

Background

The Initial Licensing Unit Report contains updated statistics related to the workload of the unit. The Licensing Division Report, which provides the statistics of the other units within the Division, is also attached.

Comments

None

Recommendation

None

Attachments:

- **Licensing Division Reports from the November 2011 and January 2012 CBA Meetings**

**CALIFORNIA BOARD OF ACCOUNTANCY
INITIAL LICENSING UNIT REPORT
OCTOBER 2011 – DECEMBER 2011**

QC Item II.
January 25, 2012

INITIAL LICENSING	October	November	December
CPA Licensure Applications Received by Type *			
Type A	297	232	252
Type B	13	9	14
Type C	41	26	36
Type D	8	5	12
Type E	0	1	3
Total	359	273	317
Processing Time Frames			
CPA	14	11	14
Applicants Licensed Under			
Pathway 0	1	2	0
Pathway 1A	38	45	29
Pathway 1G	38	43	29
Pathway 2A	73	61	53
Pathway 2G	99	130	55
Total	249	281	166
Firm Applications Received			
Partnership	9	14	14
Corporation	10	16	17
Fictitious Name Permit (Registration)	12	12	14
Total	31	42	15
Processing Time Frames			
Partnership	10	10	8
Corporation	10	10	8
Fictitious Name Permit (Registration)	10	10	8

**CALIFORNIA BOARD OF ACCOUNTANCY
INITIAL LICENSING UNIT REPORT
OCTOBER 2011 – DECEMBER 2011
UNIT ACTIVITIES**

Initial Licensing Unit

- Information regarding accessing **UPDATE** online, subscribing to the CBA's e-mail notification service, and information regarding the peer review requirements for license renewal were added to the CPA approval letter, issued to new licensees, in December.
- A live Facebook event, "Understanding the Steps to California CPA Licensure" was held on December 1, 2011. Approximately 42 individuals participated and staff has determined this type of outreach to be a useful and inexpensive tool.
- The CPA Licensing Applicant Handbook has been updated and is presently going through an internal review. Once finalized, the updated handbook will be posted to the CBA website.

***Application Types**

Type A – An applicant who passed the Uniform CPA Exam in California and is applying for licensure as a CPA in California for the first time.

Type B – An applicant who passed the Uniform CPA Exam in a state other than California and has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.

Type C – An applicant who passed the Uniform CPA Exam in a state other than California and was issued a valid license to practice public accounting in a state other than California.

Type D – An applicant who previously was licensed as a CPA in California and the certificate was cancelled after five years for nonpayment of license renewal fees.

Type E – An applicant who passed the Canadian Chartered Accountant Uniform Certificate Public Accountant Qualification Examination (CAQEX) of the American Institute of Certified Public Accountants (AICPA) or the International Uniform Certified Public Accountant Qualification Examination (EQEX) of the AICPA and the National Association of State Boards of Accountancy (NASBA).



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QC Item III
January 25, 2012

**Further Discussion and Educational Presentation Related to CBA Regulation
Section 69 and Personal Appearances**

Staff: Deanne Pearce, Assistant Executive Officer

Date: January 11, 2012

Purpose of the Item

This item is to facilitate further discussion related to the Qualifications Committee (QC) member peer training plan.

Action(s) Needed

Additional QC member input on discussion items below related to the development of a peer training plan to be utilized by members at a future date.

Background

The QC acts as an advisory committee and assists the California Board of Accountancy (CBA) in its licensure activities by:

- Conducting work paper reviews of experience of applicants personally appearing before the QC (personal appearance)
- Interviewing employers that appear before the QC under the provision of Section 69, of the CBA Regulations (Section 69 review)
- Making recommendations and forwarding reports to the CBA for action on any matter on which it is authorized to act

At the April 2011 QC meeting, staff introduced an agenda item regarding the development of a training plan to be utilized by members as it relates to CBA Regulation Section 69 and personal appearance reviews before the committee. The purpose of the peer training is to establish and document best practices related to interview format and procedures for current and new members. QC members and CBA staff identified the following discussion topics to be included in the QC peer training:

- Determine whether Section 69 reviews should be performed with both the applicant and the employer or separately
- Decide whether the use of laptop computers or other electronic media is practical or possible
- Discuss the main focus of the review and interview of the firm and/or applicant

- Establish benchmarks presently used by the QC members to determine whether an applicant is qualified or not qualified for authorization to sign attest reports
- Discuss benchmarks used by QC members to determine if a firm has a clear understanding of the Certificate of Experience
- Discuss the selection process staff uses to determine if a firm/applicant needs to appear for a Section 69 review/personal appearance
- Determine or outline the goal and focus of the review and clarification of who is being reviewed (firm versus the applicant)
- Develop instructions for the firms to ensure understanding of their responsibility in completing the Certificate of Experience
- Develop key talking points or instructions to set the parameters at the beginning of the interview
- Identify the differences and objectives when reviewing government auditing
- Provide standard comments to be used by committee members when experience is not being accepted toward fulfilling the licensure requirement
- Provide direction and parameters when crediting applicants with partial hours toward the required 500 hours

At the October 2011 meeting members provided input on the topics provided below:

- Use of electronic media during personal appearances
- Development of instructions for the firms relevant to the completion of the Certificate of Attest Experience
- Staff selection process used for a Section 69 review and personal appearance

The information being presented for this QC meeting includes a review and discussion of the present and proposed appearance letters that are sent to Certified Public Accountants (CPA) applicants and employers. Additionally, staff developed some preliminary opening and closing statements for use by QC members during the various interviews.

The remaining items will be discussed at future QC meetings to identify and establish guidelines and best practices.

Appearance Letters

Currently, staff mail letters out to CPA licensure applicants when the file is deferred for either a Section 69 or personal appearance. Provided for members' review are sample letters that are presently sent to applicants and employers regarding the Section 69 and personal appearance process. Below is a list of the various attachments for reference during the discussion:

Current appearance letters:

- Attachment 1 – Current Personal Appearance letter to Applicant
- Attachment 2 – Current Section 69 letter to Employer
- Attachment 3 – Current Section 69 letter to Applicant

At the request of members at the October 2011 QC meeting, staff made edits to the letters related to the use of electronic media and included additional information that further explains the interview process. Below is a list of the letters with the proposed revisions:

Draft appearance letters:

- Attachment 4 – Draft Personal Appearance letter to Applicant
- Attachment 5 – Draft Section 69 letter to Employer
- Attachment 6 – Draft Section 69 letter to Applicant

As you will notice at the end of each letter, there is a reference to Enclosures. The attachments below, provided for members reference, are the enclosures which are included in the various appearance letters.

- Attachment 7 – Section 5095 of the Business and Professions Code
- Attachment 8 – Section 12.5 of the California Accountancy Regulations
- Attachment 9 – Section 69 of the California Accountancy Regulations
- Attachment 10 – Worksheet for Substantiation of Qualifying Experience

Opening/Closing Statements

QC members requested that staff begin developing standardized statements that could be used both at the opening and closing of the Section 69 and personal appearances. Provided for members review and input are proposed statements (Attachment 11).

To assist in the discussion related to the opening statement for the personal appearance, members may want to reference Attachment 10, which is The Worksheet for Substantiation of Qualifying Experience Under Section 12.5. This worksheet is provided to the applicant and/or employer in order to assist in the QC work paper review process.

Comments

Input from QC members on ways to improve and make clear the information in the letters will be appreciated. Staff will be available to answer any questions the QC members may have.

Recommendation

None

Attachments:

- Attachment 1 – Current Personal Appearance letter to Applicant
- Attachment 2 – Current Section 69 letter to Employer
- Attachment 3 – Current Section 69 letter to Applicant
- Attachment 4 – Draft Personal Appearance letter to Applicant
- Attachment 5 – Draft Section 69 letter to Employer
- Attachment 6 – Draft Section 69 letter to Applicant

- Attachment 7 – Section 5095 of the Business and Professions Code
- Attachment 8 – Section 12.5 of the California Accountancy Regulations
- Attachment 9 – Section 69 of the California Accountancy Regulations
- Attachment 10– Worksheet for Substantiation of Qualifying Experience Under Section 12.5
- Attachment 11 – Proposed opening and closing statement for QC members to utilize during appearances



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Date

ATTACHMENT 1

Current Personal Appearance letter to Applicant

Name

Address

City, State, Zip

Dear Mr./Ms. Last Name:

You have been scheduled to meet with the Certified Public Accountants Qualifications Committee (QC).

The purpose of this meeting is to determine if you meet the experience requirements of the California Accountancy Act as outlined in Sections 12.5 and Section 5095 (copies enclosed). Prior to your interview, please make sure you have read Sections 12.5, 5095, the Certificate of Attest Experience, and its instructions, as they will answer many of your questions.

You are to present for review by the QC, complete sets of work papers, including the resulting financial statements with accountants report as issued. It is understood that you may not have completed all work paper sections under review. However, the QC needs to have the complete work papers to grasp your overall involvement.

Your documentation should include several different engagements in which you have participated, as one engagement may not be sufficient to adequately demonstrate your abilities. The work papers should illustrate your understanding of the requirements of planning and conducting an audit with a minimum of supervision, which results in an opinion on full disclosure financial statements.

Original work papers are preferred. However, legible photocopies of the entire audit/review work papers are acceptable.

Enclosed is the Worksheet of Substantiation of Qualifying Experience under Section 12.5. This form enumerates the audit areas included in the Certificate of Attest Experience and its instructions. You **MUST** provide this completed form to the QC at the beginning of your interview.

This form should be completed in duplicate with work paper references. It should reflect those Section 12.5 procedures you performed for each client to which you were assigned during the period covered by the Certificate of Attest Experience. The worksheet will serve as an index to the work papers presented. Thorough cross-referencing to pertinent work paper sections will help ensure an efficient and speedy review of your work.

Name
Date
Page Two

If this is not your initial appearance, you should bring all information requested during your prior interview. It is your responsibility to provide sufficient, competent, evidential material to the QC so they can determine you have met the provisions of Section 12.5 and the Certificate of Attest Experience. You may be interviewed by different QC members, so be sure your information is complete when you appear.

Approximately forty-five minutes have been allotted for your appearance. You have been scheduled to meet with the Qualifications Committee on:

Date: TBD

Time: TBD

Place: TBD

If you are unable to attend this meeting, please contact this office immediately so we may reschedule this appointment. Be advised you may not be guaranteed an appointment at the next regularly scheduled meeting.

If you have any questions regarding this matter, you can reach me by telephone at (916)561-XXXX or by e-mail at name@cba.ca.gov .

Sincerely,

CBA Staff
Title

Enclosures



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Date

ATTACHMENT 2

SENT CERTIFIED MAIL RETURN RECEIPT REQUESTED

Name

Address

City, State, Zip

Current Section 69 letter to Employer

RE: Applicant's name

Dear XXX:

You have been scheduled to meet with the California Board of Accountancy's (CBA) Qualifications Committee (QC) regarding the Certificate of Attest Experience you signed and submitted on behalf of the above named applicant under the provisions of Section 69 of the CBA's Regulations. Enclosed for your review is a copy of Section 69 and explanatory information.

The purpose of this meeting is to review the experience provided to the applicant under your supervision and to determine if it meets the provisions of Sections 12.5 of the California Board of Accountancy. This appearance relates to the applicant's pending application for licensure and is conducted under statutory authority contained in the California Accountancy Act (Sections 5023 and 5024 of the Business and Professions Code),

Prior to your appearance, please complete the following enclosed forms:

- THE SECTION 69 FIRM INFORMATION SHEET
- THE WORKSHEET OF SUBSTANTIATION OF QUALIFYING EXPERIENCE UNDER SECTION 12.5

The Section 69 Firm Information Sheet provides the review team with a general understanding of your practice.

The Worksheet of Substantiation of Qualifying Experience enumerates the audit areas included in the Certificate of Attest Experience (CAE) and its instructions. This form should be completed in duplicate with work paper references. It should reflect those Section 12.5 procedures the applicant performed for each client to which the applicant was assigned during the period covered by the CAE. The worksheet will serve as an index to the work papers presented. Thorough cross-referencing to pertinent work paper sections will help ensure an efficient and speedy review of the applicant's work.

You are to present for review by the Qualifications Committee complete sets of work papers, including the resulting financial statements with accountants report as issued. It is understood that not all work paper sections may have been completed by the applicant under review. However, the Committee needs to have the complete work papers to grasp the applicant's overall involvement.

Your documentation should include several different engagements in which the applicant has participated, as one engagement may not be sufficient to adequately demonstrate the applicant's abilities. The work papers you present should illustrate the applicant has demonstrated

Name

Date

Page Two

an understanding of the requirements of planning and conducting an audit with a minimum of supervision, which results in an opinion on full disclosure financial statements.

Original work papers are preferred. However, legible photocopies of the entire audit/review work papers are acceptable.

Please keep in mind, this is a review of your understanding of the CAE and subjects may be discussed which would not specifically relate to the applicant. Conversely, subjects discussed could relate solely to the applicant and not affect the firm. For this reason, the applicant should be encouraged to attend the Section 69 meeting. However, there may be instances where the Committee members may wish to speak to the employer (firm representative) and applicant separately.

Approximately one hour has been allotted for your appearance. You have been scheduled to meet with the Qualifications Committee on:

Date: TBD

Time: TBD

Place: TBD

Your failure to appear delays the applicant licensure process and may be viewed by the Board as an attempt to impede the applicant's certification. This may result in your name being forwarded to the Board's Enforcement Division for possible disciplinary consideration [Section 69(b), (e) and (f)].

In the event extenuating circumstances arise preventing you from attending the meeting as scheduled, please contact me at (916) 561-XXXX. You may designate, in writing, another licensee to represent you. This designation must be received in the Board office prior to your appearance. Designation of another licensee, however, does not absolve you of your responsibilities as the signer of the CAE. If the appearance results in an Enforcement Division referral, it will be directed to you as the signer of the CAE.

Sincerely,

Name

Title

Enclosures

c: Applicant



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Date

ATTACHMENT 3

Current Section 69 letter to Applicant

Name

Address

City, State Zip

Dear Ms./Mr. Last Name:

This sentence is used if applicant is not licensed:

Your application for a California Certified Public Accountants Certificate was reviewed and deferred for the following reason(s).

This sentence is used if applicant is currently licensed:

Your Request for Acknowledgment of Licensee's Completion of Attest Experience has been reviewed and deferred for the following reason(s).

The California Board of Accountancy's (CBA) Qualifications Committee (QC) has requested further documentation supporting the experience certified on the Certificate of Attest Experience submitted by **EMPLOYER'S NAME**. This review is being conducted under the provisions of Section 69 of the CBA's Accountancy Regulations. A copy of Section 69 and explanatory materials are enclosed. The QC has requested your employer meet with them for this review as it is an evaluation of their (employer's) understanding of Section 12.5 of the Accountancy Regulations and the CBA's Certificate of Attest Experience.

You are encouraged to attend this meeting. It is CBA's belief that the process is greatly improved when the employer and the applicant appear together. The need for follow-up meetings is lessened when there is an opportunity to interview the applicant. However, please keep in mind; this is a review of your employer's understanding of the Certificate of Attest Experience. Subjects may be discussed which would not relate to you, and there may be instances where the QC members will ask to speak to each party separately.

This paragraph is used if applicant is not licensed:

As an alternative to obtaining licensure with attest experience, you may request licensure under Section 5092 of the Accountancy Act with general experience pursuant to Section 12 of the Accountancy Regulations. A CPA license that is issued based on general experience will authorize you to provide any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills. Be advised, a licensee obtaining licensure without satisfying the attest experience requirement cannot sign attest reports of any kind. Should you elect to pursue licensure with general experience rather than attest, please submit your request in writing to the CBA.

This sentence is used if applicant is currently licensed:

While you are currently licensed with general experience, you are not authorized to sign reports on attest engagements of any kind.

Name

Date

Page Two

Accordingly, your application will be retained in a deferred status pending satisfactory completion of all requirements.

If you have any questions regarding this matter, you can reach me at (916) 561-XXXX.

Sincerely,

CBA Staff

Title

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Date

ATTACHMENT 4

DRAFT Personal Appearance letter to applicant

Name

Address

City, State Zip Code

Dear Ms./Mr. Last Name:

Your application for a Certified Public Accountant (CPA) has been reviewed by the California Board of Accountancy (CBA). You have been scheduled for an interview with the Certified Public Accountant Qualifications Committee (QC) for a review of your experience in order to determine if you meet the experience requirements of Section 5095 of the California Accountancy Act and Section 12.5 of the CBA Regulations (copies enclosed). Prior to your interview, please make sure you have read the referenced sections, the Certificate of Attest Experience and its instructions, as they will answer many of your questions.

You are to present to the QC for review complete sets of workpapers for several engagements in which you have participated. Please include the resulting financial statements with accountants report as issued. It is understood that you may not have completed all workpaper sections under review; however, the QC needs to have the complete workpapers to grasp your overall involvement.

We ask that your documentation include several different engagements in which you have participated, as one engagement may not be sufficient to adequately demonstrate your abilities. The workpapers should illustrate your understanding of the requirements of planning and conducting an audit with minimal supervision, which results in an opinion on full disclosure financial statements.

Original workpapers are preferred. However, legible photocopies of the entire audit/review workpapers are acceptable. Should you choose to bring the workpapers in an electronic format, please bring all essential equipment, including a laptop, extension cord, flash drive, and items necessary to connect to the internet, if needed. The CBA is unable to provide any necessary equipment to access electronic files.

Enclosed is the Worksheet of Substantiation of Qualifying Experience Under Section 12.5. This form enumerates the audit areas included in the Certificate of Attest Experience and its instructions. You **MUST** provide **TWO** copies of this completed form to the QC at the beginning of your interview.

This form should be completed with workpaper references. It should reflect those Section 12.5 procedures you performed for each client to which you were assigned during the period covered by the Certificate of Attest Experience. Please keep in mind that during the meeting with the QC the worksheet will serve as an index to the workpapers presented. Thorough cross-referencing to pertinent workpaper sections will help ensure an efficient and speedy review of your work.

Name
Date
Page Two

It is your responsibility to provide sufficient, competent, evidential material to the QC so they can determine whether you have met the provisions of Section 12.5 and the Certificate of Attest Experience. Please be sure your information is complete when you appear.

Approximately forty-five minutes have been allotted for your appearance. You have been scheduled to meet with the Qualifications Committee on:

Date: TBD

Time: TBD

Place: TBD

Please contact the CBA immediately if you are unable to attend at the date and time referenced above.

If you have any questions regarding this matter, please contact me by telephone at (916) 561-XXXX or by e-mail at email address@cba.ca.gov.

Sincerely,

CBA Staff
Title

Enclosures



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Date

ATTACHMENT 5
Draft Section 69 letter to Employer

Name
Firm Name
Address
City, State Zip

RE: Applicant Name

Dear Ms./Mr. Last Name:

You have been scheduled to meet with the California Board of Accountancy's (CBA) Qualifications Committee (QC) regarding the Certificate of Attest Experience you signed and submitted on behalf of the above named applicant under the provisions of Section 69 of the CBA's Regulations. Enclosed for your review is a copy of Section 69 and explanatory information.

The purpose of this meeting is to review the experience provided to the applicant under your supervision and to determine if it meets the provisions of Section 12.5 of the CBA Regulations. This appearance relates to the applicant's pending application for licensure and is conducted under statutory authority contained in the California Accountancy Act (Sections 5023 and 5024 of the Business and Professions Code).

Prior to your appearance, please complete the following enclosed forms:

1. The Section 69 Firm Information Sheet

The Section 69 Firm Information Sheet provides the review team with a general understanding of your practice.

2. Worksheet of Substantiation of Qualifying Experience Under Section 12.5

The Worksheet of Substantiation of Qualifying Experience enumerates the audit areas included on the Certificate of Attest Experience and its instructions. This form should be completed with workpaper references. It should reflect those Section 12.5 procedures the applicant performed for each client to which the applicant was assigned during the period covered by the Certificate of Attest Experience. The worksheet will serve as an index to the workpapers presented. Thorough cross-referencing to pertinent workpaper sections will help ensure an efficient and speedy review of the applicant's work.

You are to present for review by the QC complete sets of workpapers, including the resulting financial statements with accountants report as issued. It is understood that not all workpaper sections may have been completed by the applicant under review. However, the QC needs to have the complete workpapers to grasp the applicant's overall involvement.

Your documentation should include several different engagements in which the applicant has participated, as one engagement may not be sufficient to adequately demonstrate the applicant's abilities. The workpapers you present should illustrate the applicant has demonstrated an understanding of the requirements of planning and conducting an audit with a minimum of supervision, which resulted in an opinion on full disclosure financial statements.

Name
Date
Page 2

Original workpapers are preferred. However, legible photocopies of the entire audit/review workpapers are acceptable. Should you choose to bring the workpapers in an electronic format, please bring all essential equipment, including a laptop, extension cord, flash drive, and items necessary to connect to the internet, if needed. The CBA is unable to provide any necessary equipment to access electronic files.

Please keep in mind, this is a review of your understanding of the Certificate of Attest Experience and subjects may be discussed which would not specifically relate to the applicant. Conversely, subjects discussed could relate solely to the applicant and not affect the firm. For this reason, the applicant should be encouraged to attend the Section 69 meeting. However, there may be instances where the QC members may wish to speak to the employer (firm representative) and applicant separately.

Approximately one hour has been allotted for your appearance. You have been scheduled to meet with the Qualifications Committee on:

Date: TBD

Time: TBD

Place: TBD

Your failure to appear delays the applicant licensure process and may be viewed by the CBA as an attempt to impede the applicant's certification. This may result in your name being forwarded to the CBA's Enforcement Division for possible disciplinary consideration and/or the applicant filing a complaint against you pursuant to Section 69 of the CBA Regulations.

In the event extenuating circumstances arise preventing you from attending the meeting as scheduled, please contact me at (916) 561-XXXX. You may designate, in writing, another licensee to represent you. This designation must be received in the CBA office prior to your appearance. Designation of another licensee, however, does not absolve you of your responsibilities as the signer of the Certificate of Attest Experience. If the appearance results in an Enforcement Division referral, it will be directed to you as the signer of the Certificate of Attest Experience.

If you have any questions regarding this matter, please contact me by telephone at (916) 561-XXXX or by e-mail at email address@cba.ca.gov.

Sincerely,

CBA Licensing Staff
Title

Enclosures

c: Applicant Name



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WEB ADDRESS: <http://www.cba.ca.gov>



Date

Name

Address

City, State Zip

ATTACHMENT 6

Draft Section 69 letter to applicant

Dear Ms./Mr. Last Name:

Your application for a California Certified Public Accountants (CPA) license has been reviewed; however, your application has been deferred for review by the California Board of Accountancy's (CBA) Qualifications Committee (QC). Your file was deferred for the following reason(s):

- Reason(s) supplied here in a bulleted format

This review is being conducted under the provisions of Section 69 of the CBA Regulations. A copy of Section 69 and explanatory materials are enclosed. The QC has requested your employer meet with them for this review as it is an evaluation of their (employer's) understanding of Section 12.5 of the CBA Regulations and the Certificate of Attest Experience form. Enclosed is a copy of the letter that was sent to [Firm Name Here].

You are encouraged to attend this meeting. It is the CBA's belief that the process is greatly improved when the employer and the applicant appear together and that the need for follow-up meetings is lessened. However, please keep in mind that this is a review of your employer's understanding of the Certificate of Attest Experience. Topics may be discussed that do not relate to your application and there may be instances where the QC members will ask to speak to each party separately.

This paragraph is used if applicant is not licensed:

As an alternative to obtaining licensure with attest experience, you may request licensure under Section 5092 of the Accountancy Act with general experience pursuant to Section 12 of the CBA Regulations. A CPA license that is issued based on general experience will authorize you to provide any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills; however, a licensee obtaining licensure without satisfying the attest experience requirement cannot sign attest reports of any kind. Should you elect to pursue licensure with general experience rather than attest, please submit your request in writing to the CBA.

This sentence is used if applicant is currently licensed:

While you are currently licensed with general experience, you are not authorized to sign reports on attest engagements of any kind.

Accordingly, your application will be retained in a deferred status pending satisfactory completion of the experience requirement. If you have any questions regarding this matter, please contact me by telephone at (916) 561-XXXX or by e-mail at email address@cba.ca.gov.

Sincerely,

CBA Staff Member
Title

Enclosures

**BUSINESS AND PROFESSIONS CODE
SECTION 5095**

5095. (a) To be authorized to sign reports on attest engagements, a licensee shall complete a minimum of 500 hours of experience, satisfactory to the board, in attest services.

(b) To qualify under this section, attest experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy and provide attest services, and this experience shall be verified. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy and perform attest services, and this experience shall be verified. An applicant may be required to present work papers or other evidence substantiating that the applicant has met the requirements of this section and any applicable regulations.

(c) An individual who qualified for licensure by meeting the requirements of Section 5083 shall be deemed to have satisfied the requirements of this section.

(d) The board shall adopt regulations to implement this section, including, but not limited to, a procedure for applicants under Section 5092 or Section 5093 to qualify under this section.

**CALIFORNIA CODE OF REGULATIONS
SECTION 12.5**

(a) To be authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095, an applicant for a California Certified Public Accountant license pursuant to Business and Professions Code Sections 5087, 5092, or 5093 or older of an unexpired California Certified Public Accountant license issued pursuant to Business and Professions Code Sections 5087, 5092, or 5093 shall show to the satisfaction of the Board that he or she meets the requirements of this section and Business and Professions Code Section 5095.

(1) Some or all of the experience required by Section 5095 and this section may be completed prior to issuance of the California Certified Public Accountant license. Any experience that would be qualifying for purposes of Section 5095 and this section may also serve as qualifying experience for purposes of Sections 5083, 5092, or 5093. To be qualifying for purposes of Section 5095 and this section, any experience obtained after issuance of the California Certified Public Accountant license must be obtained while the license is held in active status.

(2) A holder of an active California Certified Public Accountant license may commence signing reports on attest engagements upon receipt of notification from the Board that he or she has met the requirements of this section and Business and Professions Code Section 5095. A holder of an inactive California Certified Public Accountant license may apply under this section, but must convert the license to active status before commencing to sign reports on attest engagements.

(3) An applicant for the California Certified Public Accountant license who has met the requirements of this section and Business and Professions Code Section 5095 may commence signing reports on attest engagements upon license issuance.

(b) In order to meet the attest experience requirements of Section 5095 an applicant for or holder of a California Certified Public Accountant license shall show to the satisfaction of the Board that the applicant has completed a minimum of 500 hours of attest experience. This experience shall include all of the following:

(1) Experience in the planning of the audit including the selection of the procedures to be performed.

(2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements.

(3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.

(4) Experience in the preparation of written explanations and comments on the work performed and its findings.

(5) Experience in the preparation of and reporting on full disclosure financial statements.

(c) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised by a person holding a valid license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095.

(1) Experience shall be verified by the supervisor and by a second person with a higher level of responsibility in the firm or agency. The verification shall be signed by

both persons under penalty of perjury. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm signing the verification is also the person supervising the experience, no second signature is required.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(d) In order to demonstrate the completion of qualifying experience, an applicant for or holder of a California Certified Public Accountant license may be required to appear before the Qualifications Committee to present work papers, or other evidence, substantiating that his or her experience meets the requirements of Section 5095 of the Business and Professions Code and of subsection (b) of this section.

(e) The applicant who is applying with attest experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of subsection (b) and generally accepted auditing standards. Alternatively, the applicant may acquire a minimum of 500 hours of United States experience which meets the requirements of Business and Professions Code Section 5095 and subsection (b).

(f) The applicant who is applying with experience obtained five (5) or more years prior to application may be required to obtain 48 hours of continuing education which shall include financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting; and to submit the certificates of completion to the Board.

(g) The experience required by Section 5095 may be obtained in full-time or part-time employment.

**CALIFORNIA CODE OF REGULATIONS
SECTION 69**

(a) Any licensee who shall have been requested by an applicant to prepare and submit to the board certification of the applicant's experience and shall have refused to prepare and submit said certification shall, when requested by the board, explain in writing, or, when so requested by the board, explain in person, the basis for refusal to complete and submit said certification.

(b) Any licensee who shall have signed a certification of experience shall, when requested by the board, explain in writing, or, when so requested by the board, explain in person, the information provided on any said certification of experience, in any situation including, but not limited to, the following:

(1) Where there is an alleged disagreement between an applicant and any licensee as to dates and/or type of work performed;

(2) Where there is satisfactorily answered certification of experience submitted to the board, but the period of experience appears to be unduly short;

(3) Where the board seeks to verify on a sample basis information submitted by an applicant or attested thereto on a certification of experience; or

(4) Where the board reasonably believes that the information in the certification of experience may be false or incorrect.

(c) Any false or misleading statement, made by a licensee as to material matters in the certification of an applicant's experience, shall constitute a violation of Section 5100 (g) of the Accountancy Act.

(d) Inspection by the board or its representatives of documentation relating to an applicant's fulfillment of the experience requirements set forth in Sections 5083, 5092, 5093, and 5095 of the Accountancy Act and Sections 11.5, 12, and 12.5 herein above may be made at any of the board's offices or at such other places as the board may designate.

(e) The failure or refusal, by any licensee to complete and submit a certification of experience or to comply with a request for explanation of said certification or inspection of documentation as set forth in this rule constitutes a violation of Section 5100 (g) of the Accountancy Act.

(f) Any unreasonable act or failure to act which jeopardizes an applicant's chances for obtaining a certificate, shall constitute a violation of Section 5100 (g) of the Accountancy Act.

DRAFT
Opening and Closing Statements to Applicants and/or Employers

Personal Appearance

Proposed Opening Statement

Good afternoon. I am **[member name]**, and this is **[member name]**. We are members of the CPA Qualifications Committee, which is an advisory committee that assists the California Board of Accountancy in its licensure activities. As referenced in your letter, the purpose of this meeting is to determine if you meet the experience requirements for CPA licensure. With that said we are going to review the work papers you brought to determine whether you meet the minimum requirements for CPA licensure with the authorization to sign reports on attest engagements.

We will specifically be looking for **[QC member input here]**.

Proposed Closing Statement – Recommending Licensure

(Applicant is brought back into the room from the hallway). Thank you for coming in today. After reviewing the documents we will be recommending to the CBA that you be issued a CPA license. You should be receiving a letter in approximately a week. Congratulations and thank you again for coming in.

Proposed Closing Statement – Not Recommending Licensure

(Applicant is brought back into the room from the hallway). Thank you for coming in today. After reviewing the documents, at this time we cannot recommend licensure. This is based on **(explain to the applicant the deficiencies found during the review)**. You will receive a letter from the CBA in approximately two weeks detailing the outcome of this meeting and your possible options. Thank you again for coming in today.

Section 69 Appearance

Proposed Opening Statement

Good afternoon, I am **[member name]** and this is **[member name]**. We are members of the CPA Qualifications Committee, which is an advisory committee that assists the California Board of Accountancy in its licensure activities. As referenced in each of your letters, the purpose of this meeting is to determine if the experience obtained meets the experience requirements for CPA licensure. With that said we are going to review the work papers you brought to determine whether you meet the minimum requirements for CPA licensure with the authorization to sign reports on attest engagements.

We will specifically be looking for **[QC member input here]**.

Proposed Closing Statement – Recommending Licensure

Statement to Applicant – **(Applicant is brought back into the room from the hallway).**

Thank you for coming in today. After reviewing the documents we will be recommending to the CBA that you be issued a CPA license. You should be receiving a letter from the CBA in approximately a week. Congratulations and again thank you for coming in.

Statement to Employer – **(Employer is brought back into the room from the hallway).**

Thank you for coming in today. After reviewing and discussing the work papers we have found that you have a clear understanding of the Certificate of Attest Experience.

Proposed Closing Statement – Not Recommending Licensure

Statement to Applicant – **(Applicant is brought back into the room from the hallway).**

Thank you for coming in today. After reviewing the documents at this time we cannot recommend licensure. This is based on **(explain to the applicant the deficiencies found during the review)**. You will receive a letter from the CBA in approximately two weeks detailing the outcome of this meeting and your possible options. Thank you again for coming in today.

Statement to Employer - **(Employer is brought back into the room from the hallway).** Thank you for coming in today. Based on (explain to the employer the deficiencies found in the work papers) your firm's understanding of Sections 5095 of the Accountancy Act and Section 12.5 of the CBA Regulations does not meet the CBA's requirements. As a result **(if appropriate – we will be recommending to the CBA that [applicant's name] be issued a license)** we are recommending that your firm be placed on reappearance, requiring you to reappear before our Committee with the next applicant you submit a Certificate of Attest Experience for. Thank you again for coming in today.